

Nascar Driver Lays Groundwork For Global VR's Future Development

SAN JOSE, CA — Global VR is back in the forefront of coin-op videogame manufacturers. After launching seven well-received products this year, the company achieved a record sales month in September and is now in a backorder situation. It expects to increase sales in November and December, according to chairman Jim DeRose.

After building momentum with its attention-getting Alien deluxe cabinet in 2006, the company revved up this summer with aggressive price cuts and a new quality control regime. This fall, Global VR bid for leader-of-the-pack status with the release of its acclaimed EA Sports Nascar Racing simulator.

In October, DeRose used Nascar's trade show debut to pull back the curtains on the company itself, offering a behind-the-scenes glimpse at how a hit game is created — and how a once-floundering company has been resuscitated.

In the process of reinventing the company, DeRose said he hopes GVR can also prove instrumental in helping restore strength to the U.S. amusements industry as a whole. "We are trying hard to breathe new life into our industry through a strategy that combines quality design with an aggressive pricing posture," he said.

The company has been unusually forthright about its game prices. The standard upright cabinet version of Nascar Racing, featuring a 32-in. LCD, should be available from distributors for less than \$6,000, officials said. The deluxe sitdown unit, featuring a 42-in. LCD, is priced in the range of \$8,500 to operators. The full-motion version is available for less than \$20,000 to the operator.

Distributor Brad Brown of Worldwide Video Entertainment (San Diego, CA) hailed the game's cost as "extremely attractive for any FEC owner, and in my opinion, attractive for most of the street operator's better locations." He specifically applauded the cabinet and hardware as "superb," while terming gameplay "very interesting" and saying the result was strong earnings.

Brown called on operators to support Global VR's efforts to provide the competitively priced products that have long been requested. While hosting an October 4 nationwide conference call with DeRose and numerous operators, Brown urged the industry to "send a message to other manufacturers that they too can produce good, less expensive games so operators can survive and thrive in this challenging economic environment."

DeRose used the spotlight provided by Nascar to point out GVR's ongoing turnaround. Since becoming chairman in April of 2005, DeRose told operators during the conference call, he has implemented drastic, across-the-board changes.

Acknowledging that in the early 2000s GVR was plagued by poor-quality games, weak service support and extremely shaky finances, he asserted that all three problems have been resolved and that today's Global VR "is a brand new company." Accordingly, he urged operators to support the firm "regardless of whatever past experiences you might have had."

DeRose said that with support from Global VR's investors, Calim Private Equity LLC, the company has funded game development to the tune of \$5 million per year in 2006 and 2007, and will do the same in 2008 — totaling \$15 million over three years. Today's regime is "lean and mean," he said. "We're aggressively attacking costs and expenses in all areas."

This approach is also reflected in a new pricing strategy on several products that were instituted last summer, DeRose said. "We are determined to save money and pass those savings on to the operator," he said. "We have now achieved positive operating income and GVR is fully self-funding."

The company's beefed-up quality-control protocols began with using a new contract manufacturer to reduce defect rates. Next, the company significantly expanded the size and hours of its customer service team, led by director Dave Cantrelle, and also added phone lines so that operators' wait times are limited to a few minutes and they can enjoy 24-7 customer care.

Quality checks are now rigorously administered at many points during the manufacturing process, under a quality assurance team headed by Leo Ott. And the "new" GVR does not hesitate to hold back games if they're not truly ready for launch, executives said.

Nascar Racing provides a powerful case in point for how the revamped operation is achieving positive results in terms of quality games that earn strongly while cutting costs for the manufacturer and operators alike, said DeRose.

"We drove down cost of goods by negotiating better prices on many components, and we focused on more efficient development," he said. Nascar runs on a PC-based Windows operating system that allows GVR to develop high-quality games more economically while lowering costs for updates and upgrades. "We also established lower distributor price points, which in turn enabled distributors to offer lower prices to operators."

The company is counting on increased volume and reduced operating expenses to protect its bottom line. "We have generated strong demand for the game following exhibitions at the London Preview, the Enada Show in Rome and the AMOA Show in Las Vegas," DeRose said. "Domestic reaction is very strong and an international appeal is overwhelming."

DeRose added that the company is "shipping games as fast as we can make them" to Europe, Australia and the Middle East.



While using a PC-based system is part of the Nascar game's price strategy, DeRose took pains to emphasize that GVR's coin-op version of the title is not a simple cut-and-paste porting of the home game into an arcade cabinet.

GVR's Nascar team included vice-president and executive producer John Ray, a former Atari Corp. developer who was instrumental in that company's hit series of Rush driving games. The lead developer was Chris Downed, who describes himself as a "longtime Nascar fan who is thoroughly indoctrinated into the culture."

To create Global VR's simulator, these professionals creatively merged the software engine from one EA Sports Nascar title and the gameplay from another. They also accelerated the lengthy consumer version's storyline to a supercharged three-minute experience; simplified game physics to accommodate casual players; ensured the presence of challenging tracks for more advanced players; turned up the color (literally adding a more vivid palette); and energized the gameplay (bumping, tagging and spinouts are definitely a big part of the action).

The most competitive players will discover an intricate strategy of drafting, drifting, following and leading that can boost speed at crucial moments and provide an equally exciting challenge whether one is in the lead or at the back of the pack. Both positions have advantages and disadvantages; the trick is to discover them and exploit them.

GVR believes Nascar Racing's final result provides the slam-bang type of driving experience that coin-op racing game aficionados seem to prefer, whether they're casual players or hardcore simulator enthusiasts.

The driving game also demonstrates how GVR is applying its new quality-control regime to a specific product. PC reliability has been enhanced through increased cooling, reduced vibrations and standardized motherboards and video cards. These changes are being made on

all of GVR's games for flexibility and ease of service, DeRose noted.

The Nascar game features a new input/output card with better ESD (static). The Immersion force feedback card also has better static resistance and stronger drive circuitry. All units produced at Grand Products in Chicago have metal gears on the motors and improved steering belts to better ensure toughness and reliability. GVR uses LCDs on Nascar and all new games, because they too are more reliable, officials said.

The company used the Nascar product launch to announce a new one-year warranty on all electrical components for all new releases, which goes into effect the date the customer receives the game.

From funding to sophisticated game development and from service to warranty support, DeRose summarized: "Global VR is committed to this industry, financially strong, and here to stay."



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