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## E SPEAKER: VIDEO GAMES RESHAPING ECONOMY

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**Abstract (Abstract):** "In the year 2010, there will be 75 million Americans between the ages of 10 and 30, as many in this millennium generation as in the baby boom generation, and every one of them will have grown up with video games as a central part of their DNA," he said. "Video games are the rock 'n' roll music for the digital generation and Halo and The Sims and Zelda are their Grateful Deads and their Rolling Stones."

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**Full text:** LOS ANGELES - The American economy is being reshaped by the video game industry, according to Douglas Lowenstein, president, Entertainment Software Association, Washington, during his state of the industry address at the Electronic Entertainment Expo here this month.

Lowenstein took the opportunity to identify the industry as transformative, comparing it to the auto, television and computer industries.

Citing an Associated Press/AOL games poll conducted by Ipsos, New York, and released in time for the expo, Lowenstein said that today 35% of American parents play video games, 80% of them with their kids.

"In the year 2010, there will be 75 million Americans between the ages of 10 and 30, as many in this millennium generation as in the baby boom generation, and every one of them will have grown up with video games as a central part of their DNA," he said. "Video games are the rock 'n' roll music for the digital generation and Halo and The Sims and Zelda are their Grateful Deads and their Rolling Stones."

U.S. sales of video games for consoles, the PC, the Internet and mobile platforms reached \$10.3 billion in 2004, according to a white paper titled, "Video Games: Serious Business for America's Economy," written for ESA by J. Gregory Sidak, visiting professor of law at Georgetown University, and Robert W. Crandall, senior fellow at The Brookings Institution. It was released in time for this year's E.

Crandall and Sidak estimate that beyond software sales, the video game industry stimulates an additional \$7.7 billion in spending each year in the U.S. alone, bringing the total economic impact of the game industry on the U.S. economy to \$18 billion, Lowenstein said.

"And even this understates the reality because it does not consider the industry investment in human capital and research and development, which in turn creates additional benefits that ripple through other sectors of the economy."

The development of powerful processors, such as those in Microsoft's Xbox 360 and Sony's upcoming PlayStation 3 consoles, are attributed to the demands of game developers, but are driving technology in other areas, he said. For example, IBM is selling the CELL processor it developed for the PlayStation 3 to medical technology companies for 3D imaging.

Real estate, broadband and wireless networks and education are all areas benefiting from video game technology, Lowenstein said.

### Console Competition

LOS ANGELES - The video game industry's insatiable appetite for new consoles got a taste of things to come at this month's Electronic Entertainment Expo here.

This year's E drew 60,000 attendees with over 1.5 million visits to its official website during the three days of the show, the Entertainment Software Association, Washington, which owns the show, reported.

"E is the one and only venue where all of the world's leading interactive entertainment companies convene to launch the industry's next evolution," said Douglas Lowenstein, ESA's president.

Bill Gates, chairman and chief software architect at Microsoft, Redmond, Wash., appeared at the show to announce that his company's Xbox 360, which launched in November 2005, will have a 10 million unit head start by the time its competition enters the market later this year.

The competition, namely Sony Computer Entertainment America, Foster City, Calif., announced that it would launch PlayStation 3 in North America on Nov. 17, while Nintendo of America, Redmond, Wash., demonstrated its upcoming Wii home console, which lets users manipulate the action on their television with life-like motion through use of the Wii Remote.

Sony's newest entry will use the Blue-ray disc, a high-definition successor to DVD. The unit will be backwards-compatible with games designed for earlier PlayStation generations. It will sell initially for \$499 with a 20-gigabyte hard drive and \$599 for units with a 60-gigabyte drive. Its competitive predecessor, the Xbox 360, launched last year at \$299 for its "Core System," and \$399 for an upgraded version.

Nintendo said only that Wii will be available in the fourth quarter of 2006 and priced affordably.

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