



# Horizons

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## Sega closes door on Dreamcast

After weeks of speculation, Sega announces its exit from the hardware business.

Ending many weeks of rumours, Sega Corporation finally announced that it would no longer produce its Internet-enabled console game system, Dreamcast. Many news analysts site poor international sales and an inability to compete with the marketing hype of Sony's PlayStation2, Microsoft's Xbox and Nintendo's GameCube as major factors in Sega's decision to halt its hardware manufacturing operation.

Sega had only managed to sell some three million Dreamcasts in the US and only about 6.5 million worldwide. Despite the setback with hardware sales, Sega still maintains relatively strong sales figures for its software. It is expected that the 30 games or so that are currently in development for the Dreamcast will be completed as Sega has a strong history of maintaining support for its install base.

However, all is not lost for Sega as it has decided to refocus its efforts into becoming a 'platform agnostic' developer of games. As part of this strategy Sega has also decided to license its Dreamcast technology to developers of digital television set-top boxes.

One of the first major set-top box developers to license the technology from

Sega is UK-based PACE Micro Technology. The device that PACE expects to produce will not come with a CD-ROM drive of any sort but will instead include a very large hard drive. PACE says that users will be able to play Sega Dreamcast games by downloading the games to their hard drives using digital television bandwidth. The device will also act as a personal video recorder for capturing television broadcasts and is expected for release in the UK by next year. No plans have been made for a US release and considering the delay in the finalisation of datacasting regulations in Australia until 2003, it seems unlikely such a device will make its way to the local market any time soon.

Sega has also chosen to license out technology from the older Genesis and Master System game consoles for use with cellular phones and JavaScript. Motorola phones will sport Java-based games some time later this year. Also, Sega recently announced a strategic partnership with Palm

that will bring Sega's older videogames to Palm's handheld devices. According to Sega Corporation, games for the Palm V and Palm VII are expected later this year as well.

Sega plans to move most of its existing base of game software to other platforms including the PlayStation2 and Nintendo's 32-bit Game Boy Advance, according to a report on msnbc.com. Among the games being ported over to the PS2 are Yu Suzuki's Virtua Fighter 4 and Tetsuya Mizaguchi's Space Channel 5, while Sonic The Hedgehog Advance will make its way to the Game Boy Advance. Apparently, there are

discussions underway which will determine if Sega will also produce games for Nintendo's GameCube and Microsoft's Xbox.

Sega of America spokesman Charles Bellfield indicated in a recent msnbc.com report that he was hopeful that Sega could become a 'dominant force' in the market if it managed to handle its resources correctly. Nevertheless, the restructuring required for Sega to change its focus will cost hundreds of jobs as the hardware side of its business is shut down. Prices for the Dreamcast have been slashed down to \$US100 in the US but there has been no official word as to what the discounted price will be in Australia.

