**SIDEBAR 4:          Company Profile: Sega**

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In 1951 the U.S. passed some new laws regulating slot machines, which led Marty Bromley, who managed game rooms at military bases in Hawaii, to buy some of the machines that were now not allowed on the continent and open Service Games (SEGA). In 1964 Rosen Enterprises, Japan's largest amusement company, merged with Sega, becoming Sega Enterprises. In 1966 Sega released *Periscope*, a game **(video game or some other kind of game?)** that became such a hit in Japan and then the US and Europe, making it Japan's first amusement game export. High shipping costs led US arcade owners to charge a quarter per play,  thereby setting the standard price for playing arcade games for years to come.

 Sega released its first Master System in 1986, and in 1987 unveiled its 16-bit Mega Drive game console. Sega released the Mega Drive in the U.S. as the Genesis in 1989, and in 1991 the company recreated itself with a new mascot – Sonic the Hedgehog. By 1992, now starting to fall behind Nintendo in sales, Sega shipped a Sega CD peripheral for Genesis game console, whose power was increased to 32x **(32 times the original?)** in 1994. That same year Sega released the Saturn in Japan and met new competition in the form of the Sony Playstation. By 1997 it was clear that the Saturn could not compete and it was discontinued.

In 1999 Sega released its Dreamcast game console in U.S. with record pre-release sales. In 2000, the Sega Internet Service for the Dreamcast was added, leading to sales of 10 million consoles by 2001. The Dreamcast was now leading the industry: it had a one-year jump on the Playstation 2, it started out with some excellent games, most notably *Sonic Adventure* and *Shenmue*, it moved from 16 bit to 32 bit, and the Dreamcast was designed in such a way that it was easy to recode PC games for the Dreamcast. Clearly, Sega expected players to buy a Dreamcast instead of a computer for online gaming, and take advantage of the well-designed Dream Arena portal and the system's low price. But developers were hesitant, preferring to wait for the Playstation 2.  The Dream Arena Portal was fine, but no online games were offered through it during that crucial year before the PS2 was released.

*Shenmue* proved that SEGA's strength was in game design. Players take on role of Ryo and walk through world, alternating sleuthing with fighting. Time passes in *Shenmue*; characters in the embedded story lead their own lives even when the player is not interacting with them, and the whole is packaged with incredibly realistic and beautiful 3D graphics.  An online version of the game appeared, which was discontinued in the Spring of 2002, at the same time that Sega withdrew from the hardware race. SEGA now develops games for other consoles and arcade games. Sega's transition, as many of its earlier transitions have been, is a sign of a sea change in industry, where battle is not over console capability, but content.