The Knights of Networking

Online Fantasy Game RuneScape Has Dull Graphics, but It’s Free, Luring Millions to Play, Mingle

By Nick Wingfield

INSIDE AN OFFICE PARK in Cambridge, England, several hundred people administer an online world of knights and knaves that—despite its crude graphics and unsurprising story lines—has achieved the kind of Web popularity usually reserved for the likes of Paris Hilton.

The office workers toil for Jagex Ltd., a closely held company whose primary business is operating RuneScape, an online fantasy game that lets players control characters decked out in Arthurian garb as they embark on a variety of adventures, socializing with each other in the process.

RuneScape isn’t the most sophisticated or original online game, and its graphics pale in comparison with those in better-known titles like Vivendi Universal SA’s World of Warcraft. But because the game is free and easy to download, it has become a big hit, especially among teenagers, for whom the game is something like a three-dimensional version of the social-networking Web site MySpace.com. This week, for example, “RuneScape” is the fourth most searched-for term on the Lycos search engine, after “poker,” “Pamela Anderson” and “Paris Hilton.”

The game’s burgeoning audience is attracting the attention of mainstream media and Internet companies, fueling speculation that it could become the latest in a line of acquisition targets like MySpace, which News Corp. purchased last year for $585 million. Last year, Jagex executives demonstrated the game for Barry Diller, the chief executive of IAC/Interactive Corp. No deal resulted, but Mr. Diller, through a spokeswoman, says, “I more than liked it.”

A person familiar with the matter says Jagex executives have indicated they wouldn’t sell the business for less than $500 million. But Constant Tedder, the co-founder and CEO of Jagex, says Jagex isn’t interested in being acquired right now and hasn’t placed a price on the company for suitors.

RuneScape’s numbers are the source of all the buzz. The game has more than five million active players, 55% of whom are in the U.S. Over 50,000 of RuneScape’s users pay $5 a month for access to extra playing levels and better customer support. That suggests more than $50 million in annual subscription revenue for Jagex. (The company doesn’t disclose its finances.) In addition, the company is expanding its business by running ads through a partnership with game firm WildTangent Inc., which RuneScape users see while they play.

RuneScape is part of the expanding genre of
RuneScape Luring Millions to Play and Mingle

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"massively multiplayer online games," or MMOGs, in which thousands of players inhabit virtual worlds as characters simultaneously. MMOGs have typically appealed to hard-core gamers—those with souped-up PCs capable of running elaborate games graphics—and only a few have passed the million-player mark. The genre is receiving more attention from big game companies following the huge success of World of Warcraft, which has more than 6.5 million subscribers world-wide.

RuneScape's achievement has been to win over more casual game players. Many of them don't play other MMOGs, some of which carry subscription fees of as much as $15 a month. One of RuneScape's attractions is that it's written in Java, a programming language that allows games and other software to be run through ordinary Web browsers. Players can also start playing within seconds after registering and downloading the game over a high-speed Internet connection, even on older PCs. By contrast, the rich graphics and sophisticated software behind World of Warcraft come on multiple CDs that users must purchase and install.

Players start by customizing the appearance of their RuneScape characters, and then they're free to set their own goals. They can storm castles, practice skills like casting spells, fishing and pickpocketing, or go on quests for buried treasure. Players can also conduct text chats with each other to coordinate missions—or merely to mingle. As with MySpace and similar sites, RuneScape players can amass contacts in "friends lists," making it easy to connect with their acquaintances online.

"In my view, they've picked up on the convergence of social networks and entertainment," says Jeff Horing, a venture capitalist with Insight Venture Partners, a New York firm that acquired a minority stake in Jagex late last year.

RuneScape has a large audience of young teenage players, so Jagex filters out profanity and other risqué language. But resourceful youngsters regularly come up with inventive misspellings to get around the restrictions. "It's a constantly evolving linguistic challenge," Mr. Tedder says.

The game taps the same teenage fascination with medieval lore and knights in shining armor that made Dungeons & Dragons so appealing to earlier generations. As in other MMO games, players don't "win" at RuneScape. Instead, the objective is to enhance a character's skill levels, whether they involve mining, woodcutting or combat. Higher skill levels raise the player's overall rating and status within the game, with top-scorers listed publicly in the game.

Increasing skills also unlocks new parts of the game. For example, honing strength and defense skills will allow a character to fight more powerful enemies with more advanced weapons, and to enter new areas. A character that boosts construction skills can build more elaborate furniture and more rooms in a house.

RuneScape usage typically spikes in the midafternoon, after school gets out. Cecilia Sinclair, 24 years old, witnessed that phenomenon firsthand two years ago at a public library in Denver, where she accessed the Internet with her husband. After school let out, the library computers filled up with youngsters playing RuneScape, and Ms. Sinclair and her husband got hooked.

Now the couple averages about two hours a day playing the game. Ms. Sinclair recently threw a birthday party within RuneScape for an online friend, a woman in Virginia she has never met in person. Ms. Sinclair had her character bake a birthday cake—cooking is among the skills players can acquire—using virtual wheat she had ground up in the game. The dozen or so partygoers belted out "Happy Birthday," typing the lyrics in RuneScape's chat program at roughly the same time.

RuneScape started as a pet project of computer programmer Andrew Gowers when he was an undergraduate at Cambridge University in the late 1990s. Mr. Gowers—a fan of early text-based multiplayer games called MUDs, or Multi-User Dungeons—introduced the first RuneScape online in early 2001, then formed Jagex with his brother, Paul, and Mr. Tedder.

The company hires as many computerscience graduates as it can from Cambridge to help improve RuneScape, Mr. Tedder says. Right now, the game is only in English, and players are concentrated in Britain, Holland, Australia, New Zealand and Scandinavia, in addition to the U.S. To expand its reach, the company says it will focus heavily over the next 12 to 18 months on rolling out translations of the game in European languages, including German.

The Jagex founders like to foster a festive atmosphere. Whenever the company hits a milestone, Mr. Tedder says, everyone is quick to head off on "jollies," a British term that translates roughly into junket in American English. In its most elaborate jolly to date, Jagex will soon charter a jet to fly the entire company to the Canary Islands for a beach party at a hotel.