

Gabe Newell: the Man Who Transformed the World of PC Gaming

March 1, 2016

By Anish Dhesikan



Gabe Newell. Photo: businessbigwigs.com

At first glance, Gabe Newell looks like the epitome of a gamer who spends all of his time in the basement munching on cheese puffs, gulping down Mountain Dew, and becoming a Level 99 Wizard. However, his look isn't the only thing that has made him an icon of the Internet and gaming community.

Newell is the co-founder and managing director of one of the most successful videogame companies in the world, Valve Corporation. As of February 2016, Forbes has estimated Newell's net worth at \$2.2 Billion, which puts him in the Forbes 400.

Valve is widely known for its games such as the Half-Life series, the Portal series, the Left 4 Dead series, and more. It's perhaps even more known for its online digital game distribution platform, Steam, which has revolutionized the way people purchase digital content.

But where did this incredibly successful company originate? After attending Harvard University for 3 years, Newell decided to drop out to join Microsoft. Newell worked at Microsoft for nearly 13 years and produced the first three versions of Windows OS software, but eventually decided in 1996 to begin his

own venture with his co-worker, Mike Harrington. Newell has said that the videogame Doom is what made him believe that videogames were the future. This was the start of Valve.

Valve's success began with its first game, Half-Life, which won several awards upon release and has since won over 50 "game of the year" accolades. Valve's other games, including Counterstrike, Portal, and Left 4 Dead, have gained wide popularity as well, totaling over 32.8 million games sold since 1998. Although its games have been very successful, Valve also has other, more lucrative, venues of sale.



Screenshot of Half-Life gameplay, 1998. Photo: wikimedia.org

Valve's greatest success is surely its Steam platform. Steam is essentially a virtual store for people to purchase games to play on their computers. Its constant flash sales and wide collection of games has led it to become the most successful store for computer gaming by far, with almost 70% of all computer game sales going through the platform. Steam brought in more than \$3.5 billion in game sales in 2015, according to SteamSpy's Sergey Galyonkin. However, the figures alone do not indicate the impact Steam has had on the community; some people say that Steam saved the PC (computer) gaming industry.

Many other PC game distributors have claimed that over 90% of their players have pirated their games. In other words, less than 10% of people who play certain PC games actually paid for the games. However, Steam changed this all with its ease of use and incredible discounts. Hundreds of users have commented on forums and even written articles stating that they used to pirate all their games, but haven't done so since the release of Steam.

So how exactly does Steam incentivize users to pay for its games? Well, first and foremost, Steam provides a great service of quickly purchasing games and connecting users. The convenience of the process is enough for many people not to spend their time trying to find pirated copies of games. Next, Steam's sales and bundle discounts make digital games affordable. After all, game developers would rather people buy their games at a lower cost than pirate them or not buy them at all. Finally, Steam's DRM, or Digital Rights Management, is an undisruptive way to ensure that people have an authentic copy of the game.

In the gaming community, DRM is almost a curse word. Often, game developers ensure that people own a legitimate copy of their game by requiring them to be connected to the Internet. The program can then make sure that the logged-in user does in fact legally own the game. However, this causes several issues because not only does the program automatically have access to send lots of data through the Internet, but it also doesn't allow games to be played without an Internet connection. Steam does DRM in a much less intrusive way, requiring users to be connecting to the internet to purchase and download the game, but allowing users to freely play games offline at their will after installing. This form of DRM has made users much happier, which in turn has made Steam much more successful than some of its competitors.

When asked about piracy rates on Steam, Gabe Newell says, "they're low enough that we don't really spend any time [on it]. When you look at the things we sit around and talk about, as big picture cross game issues, we're way more concerned about the stability of DirectX drivers or, you know, the erroneous banning of people. That's way more of an issue for us than piracy." By focusing on making gamers happy with their experience of purchasing games, Newell has drastically decreased piracy rates.

In the end, Valve Corporation has been successful because Gabe Newell represents a majority of the dedicated gamers and knows what gamers want. This is perhaps why he has gained widespread endearment and has become an icon. There are even several internet memes attributed to him, parodying the attraction of Steam sales, making fun of the fact that Valve has not released a third game in a series, and generally praising him. Newell is known for embracing his role as an icon of the Internet and has connected with many fans to let them know that he cares. In the meantime, however, he will surely continue to transform the growing world of gaming.