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How two McKinney brothers started a worldwide phenomenon

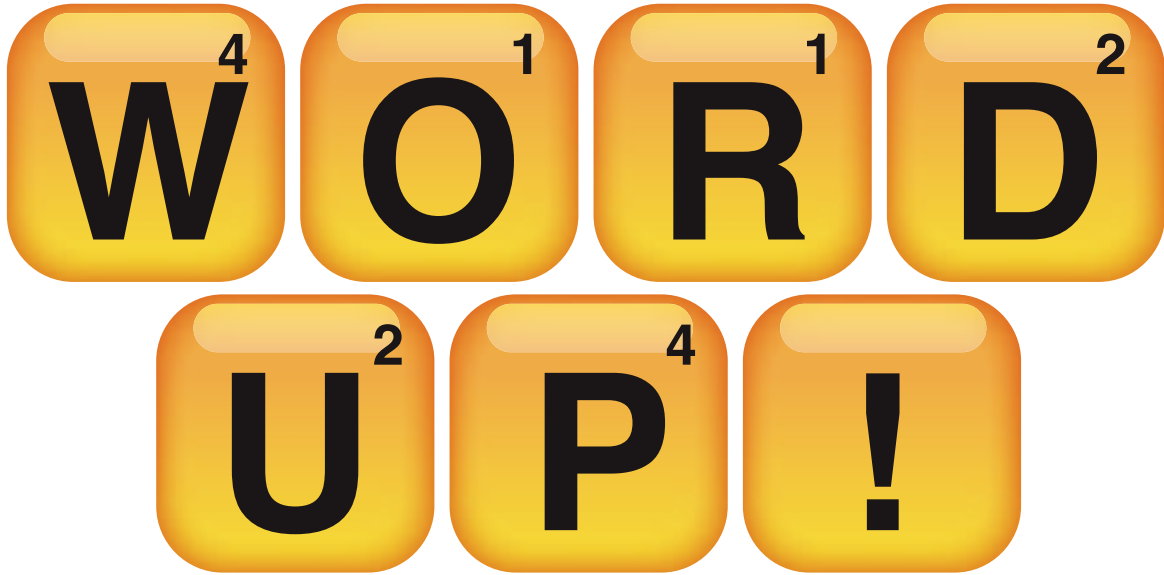
BY JOHN McALLEY

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WORDS WITH FRIENDS CREATORS DAVID AND PAUL BETTNER



THREE **PERSPICACIOUS²⁶ KIDS
IN MCKINNEY
ARE SCORING MILLIONS
AND ENSLAVING A NATION
WITH THEIR iPhone APP.**

BY JOHN McALLEY // PHOTOGRAPHY BY ELIZABETH LAVIN



SPELL CHECK: Michael Chow (standing) and brothers David and Paul Bettner hit it big with their adaptation of Scrabble. Words With Friends has been downloaded almost 5 million times and has even infected the Rangers clubhouse.

HAIR AND MAKEUP: KIMMI PEACOCK WITH DEAR CLARK SALON AND CAMPBELL AGENCY; STYLING: STEPHANIE QUADRI; MODELS: LOGAN CASALEGNO, JORDYN BEARD, AND GEORGIA ACKLAND

SPELLING BEE



If

YOU WANT TO KNOW WHAT RAISES THE GOOSE FLESH ON A GROUP of video game developers—the kind of thing that triggers fist pumps and gasps of pleasure—sit in the daily “scrum” at Newtoy Inc., the small collective of code writers crammed into tight quarters in a converted flour mill on the outskirts of McKinney. If most of the gathered staff weren’t wearing flip-flops this mid-April day, their socks surely would be knocked off by engineer Vijay Thakkar’s ecstatic update on a game he’s tinkering with.

“This morning,” Thakkar reports with the cocksure eminence of an MIT researcher, “I hacked together some crazy magic mojo to reload the UIs and proto-datas, which are pretty f--kin’ cool. And I just did some first tests on UI auto-reload, sprites-sheets auto-reload, and *proto*-database auto-reload in the client, so, *theoretically*, you guys might never have to restart the game unless you pull down new code.”

“That,” a colleague says in almost devout admiration, “is spectacular.”

Leading the scrum, in front of a large flat-screen monitor that displays the charted progress on Newtoy’s secret next gaming project, is Paul Bettner, 32, the company’s co-founder. Bettner’s breezy manner and even more chill attire (cutoffs and a logo tee) can’t hide the fact that he’s squeezing the life out of a stress ball. But that’s about the only outward sign of pressure you’ll find at Newtoy—unless you mistake the overflowing garbage receptacles, half-eaten bagels, scattered open soda cans, and roll of duct tape for anything other than what happens when you throw a bunch of guys into a room together.

The truth is, these are high times at Newtoy. The young studio of nine employees is on a remarkable tear, with two of its three published games—games designed for the iPhone—currently ranked among the top grossing applications in the iTunes Store. Its newest release, *We Rule*, a simulation game modeled after the hugely successful Facebook time-sink *FarmVille*, was highlighted in early April as the online store’s “iPhone App of the Week” and is a money-printing hit. But the game that has made players of Newtoy and has infected American culture like a new super virus is an unapologetic Scrabble rip-off called *Words With Friends*.

“We prefer the word *adaptation*,” jokes David Bettner, Paul’s 29-year-old brother and partner.

Newtoy’s 25-year-old COO, Michael Chow,

says *Words With Friends* has been downloaded 4.5 million times since its July 2009 release, with the average player jacked into the game an hour and a half each day. “It is,” Chow says, “a very sticky platform.” The genius of the game—and the reason Newtoy started with iPhone apps when the company launched in September 2008—is the way in which the new technology allows you to play.

“The iPhone is the s---,” David says. “When I first held it, I was like, ‘This is *Star Trek*.’”

Paul is more lucid on the subject, which is a joke between the brothers. He is the C-student dropout whose innate enthusiasm and intelligence (he began programming when he was 8) make him the company’s natural spokesman and leader; David is the straight-A college grad with the punk attitude and age-inappropriate asides.

“The iPhone,” Paul explains, “allows for a type of gaming that couldn’t exist before. It has tons of unique characteristics, like the touch screen and the fact that it’s always with you. But the most important thing is that it’s always *connected*.”

What that means vis-à-vis *Words With Friends*—and Newtoy’s first app foray, *Chess With Friends*—is the ability to play games wirelessly across great distances but without the kind of “appointment gaming” requirements, Ethernet cables, and internet connections of earlier networked experiences like the PC blockbusters *Doom* and *World of Warcraft*. In other words, you don’t have to be at home to play, and you don’t even have to be playing the game at the same time as your opponent. The Bettners call it “asynchronous, turn-based gaming,” but it’s not nearly as daunting as it sounds.

In fact, it’s liberatingly simple. If, by playing the first word, someone initiates a *Words With Friends* match with, say, a relative on the other side of the country, that relative will have a replica of the game board appear on his own iPhone and be free to take his turn in the game—to play a word of his making—at

his leisure. This back-and-forth volley of “quiet” and “taxi” and “qi” goes on until the game is complete, which, depending on your school workload or the tonnage of laundry in your hamper, might take two hours or two weeks. Users can juggle up to 20 games at a time. And, of course, there’s in-game text messaging. By very precise design, *Words With Friends* has become a casual and playful way for millions of people to stay connected through an infectious game, whether it’s long distance or with a co-worker in the next cubicle. Even with the starting pitcher at the end of the dugout.

“Anytime you’ve got downtime, it’s something to keep your mind occupied, and it’s another way to talk trash when you get the opportunity,” says Michael Young, standing in front of his locker in the Texas Rangers clubhouse. Young is one of a dozen or so Rangers obsessed with *Words With Friends*—and one of the 400,000 Dallas-area residents who, Newtoy estimates, are similarly fixated. By most accounts, it got started for the Rangers in spring training, with pitcher and Scrabble fan Brandon McCarthy, and quickly spread to the dexterous thumbs of Young, C.J. Wilson, Darren O’Day, David Murphy, Taylor Teagarden, even general manager Jon Daniels. Daniels demoted McCarthy to Triple A as the regular season began. Was he just too formidable a *Words With Friends* competitor? “No, that’s an absolute fallacy,” says Young in mock seriousness. “By the way, the word ‘fallacy’ would probably be worth about 18 points.”

“I usually have about 10 games going at once. I don’t go overboard like some people,” says O’Day, whose iPhone dust-ups aren’t



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limited to his Rangers teammates. “I play with my fiancée. I play with other guys’ girlfriends. Uh, *against* other guys’ girlfriends.”

O’Day and Young say there is no clear-cut Words ace in the clubhouse. “Although,” O’Day says, pointing down the row of lockers, “I’m sure there’s someone who’ll tell you he is.”

“I was a writing major, so words are just another form of math to me,” says Wilson, who the night before beat the Red Sox in Fenway Park to earn his first Major League victory as a starting pitcher. “On Words With Friends, I’m in the 400- to 500-point range every game, so I’m pretty good. I try to feel out the guy I’m playing and get a gauge if he’s gonna be a strategy player or a run-and-gun guy. If he’s a run-and-gun guy, I’m gonna beat him 100 percent of the time because I can choke him. I can choke the board.”

Does he know that there are 99 legitimate two-letter words that can be played in the game? “I probably know 85 of those,” he says. “I mean, literally.” Then he pauses. “But there are 99, though?”

IT WASN’T QUITE FUN AND GAMES THAT GOT the phenomenon started. The Dallas area has long been, and remains, a nexus of video game development. But it was the bust-up, in late 2008, of one of its biggest gaming companies, the Microsoft-owned Ensemble Studios, that threatened to put the Bettners on a bus back home. The Miami natives had come to Dallas in the early aughts, when Ensemble was making a mint with its Age of Empires franchise. And the office perks—an arcade, a screening room—were princely. Microsoft’s money made for plush digs high above Royal Lane and Central Expressway, until the company decided it was game over.

Sitting in the airless and cramped Newtoy conference room that doubles as their COO’s office, the Bettners are still unsure of what happened at Ensemble. Picking over a microwaveable lunch of chicken tikka masala, Paul speculates that Microsoft’s thinking went something like this: “Hey, the studio in Dallas is burning x millions of dollars every month. Why not just close it and spend that money in Redmond?”

Rather than wait to be pushed, the Bettners decided to jump, leaving Ensemble on September 15, 2008—just months before the company shuttered and to the cheers of envious co-workers. Earlier in the year, Apple had launched its app store and had made game development for the iPhone an

open invitation to any and all coding geeks—deep-pocketed industry giants such as Electronic Arts as well as the so-called garage developer—who could come up with the \$99 it cost to buy its software development kit. There was suddenly, Paul remembers, “incredible excitement about building games for the iPhone, and we thought we could be among the pioneers.”

Absorbing the expense of a rented office space wasn’t a possibility, so the Bettners carved out a corner of the McKinney Public Library, which, for almost a year, they treated as their headquarters. It was working out fine

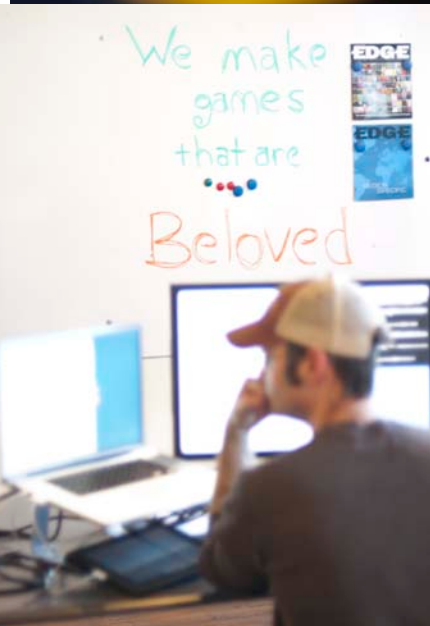


IN THEIR DOMAIN: (clockwise from top) A Scrabble homage in the waiting room of Newtoy; a programmer coming up with the next big thing; David Bettner at work.

until they began Skyping with their cousin Michael Chow, a young Harvard grad they brought in as a Newtoy co-founder. “It was very *quiet* Skyping,” Paul says, laughing about the library ruckus they made.

“Put it this way,” David says. “We got a lot of random *shushes*.”

Desperate to get to market with a product, the Bettners worked on side-by-side laptops—“pair-programming in the extreme,” David says—and within two months had built and delivered to the iTunes Store something called Chess With Friends, the most obvious game they could think of that would be engaging (checkers, *meh*) but, most important, would fulfill their turn-based gaming concept and vision of the iPhone as a uniquely mobile and flexible gaming platform.



Seeing the fruit of their labor so quickly posted to the iTunes Store had the thrill of a checkmate, even if Chess With Friends turned out to be a bit of a fizzle. While still at the library on McKinney’s town square, they set out to expand their “games with friends” franchise with the next obvious choice: Scrabble.

Or maybe it wasn’t so obvious. Only a handful of months earlier, Hasbro, the toy powerhouse and owner of North American rights to Scrabble, had filed suit against Rajat and Jayant Agarwalla, another wily team of brother-programmers whose Scrabulous, a blatant online knock-off of the classic board game, had become a runaway hit on Facebook. The

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Why, in a time of declining literacy, of “redonkulous” and “chillaxin’,” does the game (and its many iterations) not only thrive but maintain its fierce hold on us?

WORDS

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Bettners went to school on the Agarwallas' troubles. It turns out the similarity in game play between Scrabulous and Scrabble wasn't necessarily the problem. There are numerous, only slightly modified variations of the Scrabble format—games such as Literati and Alfapet—available online and at the iTunes Store. What got the Agarwallas in Dutch with Hasbro was the appropriation of the Scrabble name.

Eight months after Chess With Friends was launched, and after many hours of close consultation with intellectual property attorneys, Paul and David Bettner floated Words With Friends into the app universe—and held their breath.

“Paul and I had been working almost a year at that point, just burning through our life savings,” David says. “And I was rapidly watching my bank account go down to zero.”

“We both were,” Paul says. “Coming in for a landing! We were literally counting the number of weeks we had to go before we had to get a job.”

Like tiles on a Scrabble board, the Qs and Us mercifully aligned.

“Pretty much all in the same few weeks,” David says, “we sealed a deal for seed money from some investors, signed with [game publisher] NGMOCO to develop We Rule, and Words With Friends was released. Our monetization got a little better.”

Still, they couldn't afford to properly promote Words With Friends, a game that, unlike the NGMOCO-financed We Rule, they own outright. The Bettners definitely had an “oh, no” moment when, like Chess With Friends before it, their Scrabble copycat failed to gain immediate traction.

But strange things happen in the cybersphere, where Words With Friends slowly became buzz-worthy and eventually a full-blown viral sensation. The game went on “rocket boosters,” Paul says, when just past midnight on October 5 of last year—three months after its initial release—pop star John Mayer tweeted to his 3.2 million followers: “The ‘Words With Friends’ app is the new Twitter.”

Did Newtoy pounce on Mayer's

out-of-nowhere endorsement? “No,” Paul says. “We were too busy keeping our servers from catching on fire!”

“READING AND WRITING—it's such a basic human thing,” Paul says in what even he'd admit is a vocabulary-challenged summation of the enduring appeal of Scrabble. Why, in a time of declining literacy, of “redonkulous” and “chillaxin’,” does the game (and its many iterations) not only thrive but also maintain its fierce hold on us?

“Because it cuts to the root of who we are,” says Stefan Fatsis, the author of the definitive *Word Freak: Heartbreak, Triumph, Genius, and Obsession in the World of Competitive Scrabble Players*, which chronicles his own ascent in the ranks of the game. “First of all, it combines luck and skill, which is huge because it levels the playing field in some way. If you don't know as much as your opponent, you can still win. You can just hope against hope that your deficiencies will be compensated for by the luck factor. And it's true! But the biggest reason [it's so enduring] is that it uses language. And language is what unites us. You put these things together—luck, skill, language, competition, strategy, a board, points, winning, and losing—and you have the perfect stew for human behavior.”

There's that, yes. “And,” adds David, back at Newtoy HQ, “the way we created the game, you don't actually have to know *how* to spell. You just have to be really good at guessing.”

It's the thing about Words With Friends that drives purists like Fatsis to distraction: in part to steer clear of Hasbro's lawyers and in part to make the game more “dramatic” and “fun,” the Bettners have tweaked the Scrabble basics in just enough ways to turn it, for some, into the equivalent of Go Fish. The point values on the tiles have been changed; the premium squares have been moved around the board in such a way that double- and triple-letter opportunities frequently align with double- and triple-word bonuses; most egregiously, players can, without penalty, throw made-up words at the board until one of them sticks. If a wild guess like “abomh” doesn't fly, “abohm” (a basic unit of electrical resistance) will. The Rangers call these types of cheaters “pluggers.”

“Yeah,” says Fatsis, good-naturedly

mimicking a Words With Friends enthusiast, “I only scored 280 points on Scrabble, but, wow, I got 612 playing Words With Friends!”

Chow is having none of it. “Scrabble,” he says blasphemously about what many consider to be the perfectly conceived board game and an irreplaceable piece of Americana, “isn't necessarily the best implementation of this game. That was our starting point.”

Just by virtue of the fact that he has seen a gym and the sun in the past few months, the Newtoy COO—buff, tanned, *groomed*—stands out among his pasty team of code crunchers. He's an interesting mix of effusive kid and Ivy League intellect. Growing up near the brothers in Florida, Chow claims Paul and David Bettner were his favorite cousins. “If you can say that without sounding like an ass,” he blurts. Even so, he initially turned down two or three offers to run the business side of Newtoy. It just didn't fit his five-year plan, which involved work in renewable energy in Japan and, eventually, law school. He finally relented when it dawned on him how much he has always loved video games.

“Joining Newtoy,” he says in inimitable Cambridge dude-speak, “has sucked me into the vortex of entrepreneurial excitement and awesomeness.”

For an international relations major whose experience in the extremely complex gaming industry is, in his words, “exactly none,” he has a suddenly booming business to corral and shape. Take, for example, their cash cow Words With Friends. The app can be downloaded from the iTunes Store in one of two ways: as a “free” version laden with ads that pop up as you play or as an ad-free à la carte purchase for \$2.99. (Until March, the game sold for \$1.99, but its popularity has been so explosive that a price increase was necessary to offset Newtoy's now \$60,000-a-month server expenses.) The paid version is a straight-up calculation for Chow and company. Apple skims 30 percent off the top, leaving Newtoy with a fat 70 percent takeaway. Chow and the Bettners decline to break down the number of paid vs. free downloads (and Apple, famously, does not provide iTunes Store figures), but if only 10 percent of the 4.5 million total were à la carte purchases, that represents (at the \$1.99 price) a gross of almost three-quarters of a million dollars.

According to Chow, the free version of the app can generate more revenue or sometimes less per download than the paid version, depending on predictable seasonal cycles and the unpredictable ups and downs of the ad market. But here's the twist, and why you're bound to see the free-game model proliferate at the app store: those ad dollars will keep rolling into Newtoy for as long as its users keep turning back to the game, which could be years. Even at the modest calculation of a buck of ad revenue generated for each of, say, 4 million free downloads, that's in the range of a \$2.5 million gross after an ad agency's standard 40 percent cut.

And the "games with friends" franchise has only just begun to bloom. The Bettners expect to have at least two more apps ready for market in 2010. By June 1, Newtoy will be settled into new digs, swapping their 1,200-square-foot space in a flour mill for a 5,000-square-foot pad just down the road in a converted cotton mill. Two new staffers will soon be onboard. And at what Paul estimates to be a compounding 10 percent growth per week, Words With Friends, astonishingly, continues to outsell and out-gross Electronic Arts' official Scrabble iPhone app. The bottom line is looking so fat, in fact, that suitors are at the door.

"We have been entertaining conversations from many different, very, very awesome companies about acquiring Newtoy," Chow says. "We just haven't made the decision yet that it's something we want to go forward with. We really like having control over our own destiny—our agency, so to speak. Our attorneys say, 'Well, eventually that's going to change because the amount of money that's going to be offered to you is just silly money, and then you can't turn it down.' Maybe that's true, but it doesn't ring true for us yet."

Besides, the Bettners have something more pressing than mergers on their minds: the collateral damage of a run-amok hit. Paul's mother-in-law, in McKinney, is complaining that her knitting group has been invaded by Words With Friends but that they've had to embargo it because the ladies' ferocious competitive streaks are tearing the fabric of their friendships.

David is in a pickle of his own. His fiancée gets paralyzed when she plays because she's afraid her word choices will be a referendum on her intelligence.

It gets even worse. "Recently," David says, "I had my mom call from Florida in the middle of the day. 'Your servers are down!' she yelled at me. 'Fix your s---!' And I'm like, I don't need this." **D**

John McAlley is a contributing editor at NPR.org.