

MONTEVIDEO JOURNAL Pastoral Uruguay Yields a Crop of Digital Yetis and Adventures



The team at Ironhide Game Studio, a start-up in Montevideo, Uruguay, was responsible for the popular game Kingdom Rush.

MONTEVIDEO, Uruguay — For a start-up that has a hit video game for the iPhone, the new loft-style offices of Ironhide Game Studio are exactly what one would expect — a newly hired staff labors feverishly on software updates not far from a pinball machine and custom-built monster arcade cabinet intended for letting off steam.

Multimedia



Space Holiday by Powerful Robot



D.E.D. by Trojan Chicken

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Uruguay is gaining attention for its video game start-ups.

But the company, a success in the fiercely competitive field of video game development, stands out from other high-tech ventures in one respect: its unconventional location, which frequently confuses people abroad. "They politely ask, 'Where is Uruguay?'" said Alvaro Azofra, one of the three founders of Ironhide, the company behind Kingdom Rush, a lucratively popular game in the United States that involves a cartoonish kingdom under attack by marauding yetis and ogres.

Squeezed between Brazil and Argentina and long dependent on commodities exports, Uruguay may be better known for its flocks of sheep and herds of cattle. But attention is now shifting to the country's growing constellation of start-ups that are engineering video games for computers and hand-held devices.

Developers point to a variety of reasons that Uruguay has been able to compete with South America's larger economies, whether the creativity of its engineers and commercial artists or its relatively relaxed immigration rules and extensive use of computers in schools.

"It's ironic, because historically, this is a country that hates entrepreneurship, but not the culture of entrepreneurship," said Gonzalo Frasca, a video game theorist whose company, Powerful Robot, has developed numerous games for clients in the United States, including Legends of Ooo, based on the Cartoon Network animated television series "Adventure Time."

Mr. Frasca, 40, contrasted the skepticism that persists in relation to private enterprise in Uruguay's cradle-to-grave welfare state, in which companies in sectors like telecommunications, casinos and even whiskey production remain under state control, with the country's robust tradition of creativity in the arts and sciences.

"We still have strong schools for computer science," said Mr. Frasca, who has a doctorate in video game studies from IT University of Copenhagen and is a pioneer in Uruguay's game industry. "When people graduate, they realize they're in a small country where they have no choice but to engage with the rest of the world."

While ORT, Uruguay's largest private university, offers one of the region's first degrees in video game design, the relaxed atmosphere of seaside Montevideo — the Uruguayan writer Eduardo Galeano once remarked that his countrymen resembled "Argentines on Valium" — can still make it seem as if it would be an unlikely place for technology start-ups to thrive.

Other parts of Latin America are nurturing their own video game development scenes. Chile, for instance, recently drew attention when Atakama Labs, a game developer based in Santiago, was acquired by the Japanese gaming company DeNA.

Gaming studios have also emerged in São Paulo and Rio de Janeiro, Brazil's two largest cities, but developers there complain of byzantine tax regulations and labor rules that make hiring employees costlier than in some rich industrialized countries. In Argentina, dozens of game-developing start-ups have been founded in Buenos Aires.

But while Argentina has traditionally had more companies in the industry, some of the momentum is seen shifting across the border to Uruguay as Argentine ventures struggle with abrupt changes in economic policy, including the tightening of currency controls that have complicated operations for exporters.

In Latin America and beyond, developers are seeking to mimic the success of Kingdom Rush, ranked in 2012 among the top-selling paid applications for the iPhone in the United States. In addition to Ironhide and Powerful Robot, an array of other game developers operates quietly.

Some, like Trojan Chicken, a developer of educational games in Spanish for schoolchildren, benefit from the heavy presence of the state across Uruguay's economy, which avoided the privatization wave of neighboring Latin American countries in the 1990s.

Ingenio, a state-controlled incubator for start-ups, helped finance Trojan Chicken, which has created educational games including 1811, an adventure game set in colonial Uruguay, and D.E.D., a detective game in which players solve thefts of national heritage. The games are designed to be played on the inexpensive laptops distributed to schoolchildren across Uruguay.

Nearly all of the 300,000 children in Uruguay's public schools now have their own computers, after the authorities here began embracing One Laptop per Child, the ambitious project aimed at bringing computing to children in the developing world, in 2006. Called the Plan Ceibal here, it is financed by public money.

Miguel Brechner, the director of the Plan Ceibal, said the initiative was already serving as a catalyst for Uruguayan content developers, notably gaming and animation studios. Describing Ceibal as a "digital equality plan," he said that "reality has shown that kids get excited about games."

Encompassing the video game companies, software development in Uruguay has evolved into a \$600 million industry, making the country Latin America's leader in per-capita software exports. But some here say that the industry may also be falling victim to its success, as salaries for developers rapidly climb and make it more expensive for start-ups to compete internationally.

Still, Uruguay's immigration laws offer certain advantages in the competition for talented employees. Building on a history of attracting immigrants from Europe, engineers, animators and other foreign hires at start-ups can legally reside and work in Uruguay while their applications for work visas are being processed.

"Uruguay is a remarkably open place when it comes to attracting talent," said Evan Henshaw-Plath, an American among the founders of the company that became Twitter. After moving to Uruguay in 2007, Mr. Henshaw-Plath founded a software development company that now has employees from countries like Poland and Ecuador.

Drawing a contrast between Uruguay and Brazil, he delights in telling a story about an American technology investor based in Japan who was about to embark on a business trip to South America aimed at finding start-ups in which to invest or to acquire outright.

Upon discovering that Brazil required Americans to go through a bureaucratic ordeal to obtain a visa, the investor canceled his trip there. Instead, he visited Uruguay, which has no such visa requirements, and eventually acquired Mr. Henshaw-Plath's 20-person company, Cubox.

Mauricio Rabuffetti contributed reporting.

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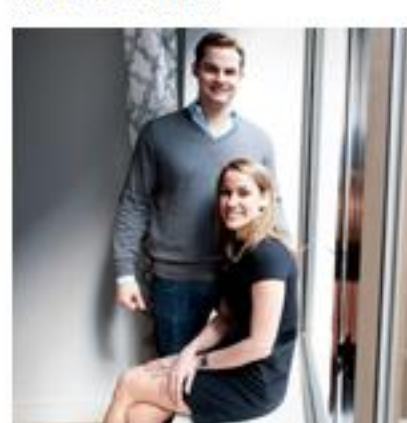
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