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Long-Range Attraction

By Marc Spiegler

Inside the converted powerhouse that serves as its nerve center, Magnet Interactive Studios Inc. resembles your basic, booming CD-ROM producer: multiple monitors surround each desk and US\$250,000 Silicon Graphics workstations litter the floor, a deliberately industrial decor recalls Paris's Pompidou Centre, and employee attire ranges from Euro-chic to indie-rock. Popped down in Silicon Valley, the entire complex might seem completely natural, a clan of very young, very smart hipsters hoping to stake a claim on the new media frontier.

But Magnet's not in California; it's in the Georgetown district of Washington, DC, quite possibly the squarest neighborhood in North America. Nonetheless, in the last couple of years, Magnet has experienced a massive growth spurt. From its original powerhouse site, the company has expanded into two annex offices in adjacent buildings. This spring, Magnet scored dual coups: a marketing deal with Twentieth Century-Fox and a gig as a solutions provider for the Microsoft Network forum design team. In mid-1993, Magnet employed 30 people. Now, the company has swelled - through aggressively raiding the staffs of Voyager, Time Warner Interactive, Compton's New Media, Walt Disney Imagineering, and MTV - to about 200.

How did these powerful media companies respond? "Mostly they were surprised," says Tom Walthers, who orchestrated the recruitment campaign. "Their reaction tends to be, 'How did this company in Washington, DC, of all places, take our employee?'"

So what is Magnet's attraction? Incredible resources, a commitment to fast-tracking young stars, and a free hand with money.

In all, estimates Magnet co-founder and Chief Technical Officer Gregory Johnson, they have sunk well over \$4 million into hardware and software. "Their setup is amazing - just awesome equipment," says one multimedia jock who visited the facility.

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Till now, Magnet's six-year body of work has included mostly contract work for corporate clients such as Wells Fargo, Dow Jones, and Nynex. But its real financial asset is Basel Dalloul. A bon vivant who calls strangers "Chief," 32-year-old Dalloul is part of the Lebanese family that founded the London-based Millennium Group Ltd., a wealthy worldwide investment consortium. Having come to Washington, DC, to finish his education, Dalloul turned his back on the future his family had mapped out for him. "If you had to choose between running desert oil fields in the Middle East or hanging out in Washington," he says, "which would you choose?"

Based on a random sampling of interactive-industry analysts, there's little buzz on Magnet yet. "I've heard the name, but that's about it," says Hambrecht & Quist's Todd Bakar. "Being in Washington doesn't help. The two major new-media centers right now are LA and the San Francisco Bay area."

Naturally, the Magnet company line downplays the geographic factor. But former managing director of edutainment Brad Geagley, a Disney expat, views a West Coast Magnet site as inevitable, along with a certain tightening of the reins. "These kids here don't know how good they have it," he laughs, recalling his cog-in-the-Mousechwitz-machine days. "Many of them don't come out of a production environment: Magnet doesn't have a corporate culture, so they make up a lot of things as they go along." Magnet Interactive Studies Inc.: +1 (202) 625 1111, <http://www.magnet.com>.

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