REWARDS OF SUCCESS

THEN

"Call me integrated.... I'm Lotus 1-2-3, a unique new kind of software. I offer a spreadsheet, graphics, data management, and even a little text-processing."

Response: "Wow!" "Neato!" "Fantastic!" "Golly gee (no, GTE)!" "How does 1-2-3 compare with Visi On?" "It doesn't, dummy: Visi On is an integrating environment, while 1-2-3 is an integrated application."

NOW

"Call me a super spreadsheet. I'm SuperCalc$^3$, just like Lotus 1-2-3, but nicer. I do spreadsheets, graphics, data management, and I have more kinds of graphs and more type fonts than 1-2-3. I come on a single disk and can fit into 96K. Moreover, I cost only $395."

Response: "Hmmm, very interesting." "Intriguing, but I've already learned 1-2-3, and I'm not going to switch for two new kinds of graphs." "I, on the other hand, don't know anything, and so I will definitely consider SuperCalc$^3$. Do you know of any courses?" "So, does it make sense to compare 1-2-3 with SuperCalc$^3$? After all, SuperCalc is merely a spreadsheet -- maybe with some added functions, but still and all a spreadsheet." "So what do you think 1-2-3 is, dummy? A totally new kind of software? No way!! It's just a fancy spreadsheet."

****

"What comes after 1, 2 . . . 3?" Thus did Sorcim announce the unveiling late last month of SuperCalc$^3$, its answer to 1-2-3. Lotus' 1-2-3 is now the product to displace, whether or not there's any real interchangeability between it and any given newcomer. This assault on 1-2-3 is not just the vendors' fault; The Wall Street Journal recently listed seven new 1-2-3 contenders. This did not delight all of them; indeed, most of them are trying to keep their products quiet until announcement, and position them as revolutionary, not just better. Even though in the overall scheme of
things each package competes with any other, many of these new packages will try
to take on Lotus directly. All are aimed at the professional/manager market,
but there's a lot of difference between a financial analyst, a sales manager, and
the division manager they both work for.

Taurus' unnamed new offering will be a new kind of "application tool" altogether,
while Gilchrist, combining a variety of desktop functions, likewise aims to
establish a whole new category with its new product. Softrend's Aura 5 is based
on a dbms, not a spreadsheet, and has "real" word-processing (1-2-3's won't be out
until next summer); while Ovation is targeted at a less computer-sophisticated,
less spreadsheet-oriented audience than 1-2-3. Ashton-Tate's FRED (for friendly
editor), which it has acquired along with part of Forefront Corporation (founded
by a former Context Management officer and an ex-PARCer who programmed the Context
package) is a dbms-based, multi-function, windowed package that should address the
same market as Lotus, but from a slightly different angle.

Of course, all these fine distinctions may seem excessive to the purchaser, who
just wants something that works and that will do the tasks he needs done. Any of
these office products can be stretched and squeezed to cover a variety of needs.
Nonetheless, the success of the newcomers in taking on the 1-2-3 establishment
will depend on their ability to identify and address their own markets
sufficiently clearly -- and perhaps in redefining 1-2-3 as "just a spreadsheet"
before 1-2-3 arrives with all its new features next summer. What they're trying
to do is not to take on Lotus itself, but to position themselves the same way:
as a unique new product that has no antecedents and no competition. Of course, that
doesn't mean they won't take sales from Lotus, just as Lotus has taken sales from
VisiCorp.

Repositioning 1-2-3

Regardless of these new, "unique" packages, many of them touting "artificial
intelligence," some genuine, feature-by-feature competition to 1-2-3 is indeed
arising. Sorcim is appropriately positioning its SuperCalc directly against 1-2-
3, and offers virtually the same functions, plus a wider selection of type fonts
and other good things, although it lacks some of 1-2-3's programming capabilities.
VisiCalc IV is also a fair rendition of 1-2-3, but VisiCorp is positioning it more
discreetly as simply a vast extension of the original VisiCalc, which it is.

With all these newentrants comparing themselves to 1-2-3 and differentiating
themselves from it, 1-2-3 is willy-nilly being forced back where it belongs --
into the spreadsheet category. It is a magnificent spreadsheet, true, and one
with many extra features, but a spreadsheet it is.

Yet Lotus' strength is no longer just the product, but the ubiquitous presence it
has so rapidly and successfully built. Hundreds of people around the country are
giving and taking classes in 1-2-3, corporations are standardizing on it,
mainframe software vendors are developing links to it, programmers are producing
applications with it, and end-users are writing and sharing models with it. As
long as Lotus can handle its growth internally, the market will support the growth
of 1-2-3 externally.
BREAKFAST AT RICKEYS

"One of the pluses from the shakeout is that it makes it easier for me to get the necessary things done within Apple." That's John Sculley, Apple's president and ceo, talking over a sickeningly sweet-looking strawberry yogurt provided by Rickeys Hyatt House. There are a lot of necessary things, ranging from better internal controls and communication to a new product strategy incorporating IBM compatibility. The discussion that follows is not a paraphrase of Sculley's remarks — he did not even mention MacIntosh, for example — but rather our own analysis informed by his remarks.

Controls

One form of controls is simply cost-cutting. Here in particular the shakeout helps to make Sculley's case. Employees have been treated to a 15-minute videotape of Sculley explaining the fourth-quarter earnings disappointment, which has resulted in a cessation of profit-sharing bonuses. Over the past three months, some 400 production employees, many of them temporaries, were terminated. Production resources and money will be spent on computers, where Apple can offer value-added, rather than on disk drives and other peripherals where "value-added" is more likely to mean non-standard and high-investment, high-cost.

Internal communication

Staff meetings are being held weekly rather than monthly. Sculley himself temporarily took over the company's Apple //e division, and although he's now relinquished day-to-day management of it (see below), it will continue to get his attention as the primary source of the company's profits, offsetting significant losses and expenses elsewhere.

Products

Lisa now. Like it or not — and John Sculley has the recent outsider's objectivity and doesn't mind — Apple has got to operate within the IBM environment. "What we offered [with the Lisa] was not a total system," he acknowledges. Still missing are data communications, PC compatibility, and performance. These lacunae will be filled bit by bit, he asserts, in several iterations of the product over the next 18 months.

In the meantime, Lisa, which hasn't done as well in the corporate market as the company hoped, is going to be pushed at retail. The company is doubling the number of U.S. Lisa dealers from 130 to 300-plus, and the recent price reduction and unbundling should help in the price-conscious small-business market. Moreover, some third-party software, notably accounting packages from BPI and Open Systems (now a subsidiary of Wyly Corp.), is now available.

So, for the moment, MS-DOS-less Apple will fight with its own weapons: cleverness, nimbleness, and a slightly skewed market position. In other words, how many people secretly fancy themselves mavericks, nonconformists, or iconoclasts? Sculley, the Pepsi man, understands that what he's selling is not just hardware nor even software, not a system nor even that current panacea, a solution. He is selling a solution to a particular kind of customer: If IBM's got all the regular
joes and Commodore's got all the cheapos, who's Apple to sell to? The guy who wants a Maserati for his mind, of course. Fortunately, Apple does have the product to match its pitch in the Lisa (advertising alone won't do the trick). While the Lisa can't whisk through all the intricate things a PC with 1-2-3 (let alone Visi On) can, neither can most executives. Moreover, Lisa has some unique capabilities, notably project management and graphics, and all these are available and comprehensible even to the casual user.* (See our issue of January 19.)

But how many executives understand this? How many are hearing dealers tell them so? Most probably assume that they can handle a PC at least as adroitly as Charlie Chaplin. And regardless, how many will base a purchase decision on their maverick self-image? Meanwhile, Visi On, the PC's answer to Lisa, will be coming on strong over the next few months.

Regardless, Apple's new Lisa approach, combined with some more dealers and more sales aids (video tapes and the like) from Apple, will keep Lisa alive until next year. At that time, it will have the qualifications for the corporate sell: compatibility, communications, and possibly even a good word-of-mouth reputation (see page 5) -- if Apple can speed up its performance in time.

Lisa soon. Apple is probably the only company around that should even bother to do something non-IBM, rather than follow IBM's lead exactly. If you've got to fight IBM, in other words, you should sally forth with as much of IBM's hardware and software arsenal as you can afford to buy or make, for it is certain that you will lack the rest of IBM's strengths: image, volume and sheer market presence. Apple has now decided to adopt IBM's arsenal to supplement its own.

Next year, "over the next 18 months," to be exact, is when all Apple's efforts, directed by Sculley, should start to pay off. Lisa will have full communications capabilities, talking to other Lisas and other Apples on a local bus and, more importantly, to IBM PCs. It will also (whether through its likely-to-resume venture with Cullinet or otherwise) be able to talk to IBM mainframes.

But the real -- and necessary -- coup is that Lisa (and Mac, we assume) will be able to run IBM software. This, Sculley asserts, can be accomplished using outside-purchased boards; just-going-public Personal Computer Products of San Diego is one likely supplier. Sculley's current thinking is that Apples should run IBM packages off-the-shelf -- either it fizzes or it's flat, so to speak. That means some fooling around with the disk drives, but "we've figured out how to solve that," says Sculley. (As for drive production, Apple has already announced it's no longer going to make its own.) Finally, Sculley even talks of providing an IBM keyboard option -- more than most "compatibles" offer. This we see more as a security blanket than as a big seller; after all, if the customer wants to run IBM software with IBM disks and an IBM keyboard, why buy an Apple at all? But it's always comforting for him to know he has that option, and it will let the product pass virtually any spec that doesn't actually cite the "IBM®" label.

*We, for example, have used our Lisa documentation just three times in the past month, to find out how to: widen columns -- it's easy, and so intuitive we couldn't guess it -- just put the cursor between the columns and stretch out the boundary; select multiple objects -- press the shift key with one hand while you use the mouse with the other; and change a sort priority -- type in the new priority. On the other hand, we're still word-processing on our faithful Apple /// with Word Juggler.
The MacIntosh, due out early next year, is unlikely to be perfectly compatible with the Lisa at least initially, and will lack some of its features, including a hard disk, if only to avoid cannibalization (see page 10). However, we assume that the Apple-using executive will be able to ship documents back and forth to his secretary with her connectible, but not compatible, machine. Who gets the Lisa and who gets the Mac? It may even be the secretary who gets the Lisa, because she's the one who's at the machine all day and who's likely to get the job of formatting documents. [Statistics, not sexism, guide our choice of pronouns.] The diskless //e, attached to a common file server, may also figure in the well-app(le)ointed office.

In the rest of the world, where Lisas wouldn't sell anyway and cannibalization's no issue, the Mac should be a solid workhorse. Software vendors who scorn the Lisa are clamoring to write for the Mac, which will offer more than just MS-DOS from Microsoft. With the promise of MS-DOS but costing about $2,500 without it, we estimate, the Mac will be well-positioned to take on the IBM PC while Lisa fights the PC XT with Visi On and the //e challenges the PC Junior.

Apple //e. While Lisa and Mac are exciting and represent the future, it's the Apple //e that is funding them. Sculley has just ended a three-month stint as acting general manager by installing John Cavalier, late of Atari. It's hard to judge Cavalier's abilities — failing to rescue Atari's pc business is no dishonor — but he has a lot to prove. Currently, the Apple //e (PCS, for Personal Computer Systems) division is divided into three groups — one for each new version of the Apple //e. These will all be distinct hardware products, with a new, but compatible, operating system called ProDOS. (But no special applications: Sculley, as do we, considers most applications software bundling a pernicious practice. It destroys the value of software, annoys dealers, discourages all but the chosen third-party suppliers, and limits customer options. The current //e promotion, effective until January 15, consists of hardware value-added — an 80-column/memory card, printer, and monitor. For Christmas there will be a selection of dollars-off coupons for a variety of third-party applications.)

The new //es, we expect, will be a portable one, a network-linked diskless one, and a hard-disk one. Any of these could be configured with MS-DOS, a mouse, pop-up menu and window capabilities or other options. We also expect Apple to make a serious push into the school market (to compete with the Acorn et al.), probably with a special version of the diskless system. Co-founder Steve Wozniak, returned from a youthful retirement, has jumped into //e development with an enthusiasm and inventiveness that were just what this aging product and its managers needed.

Although summer //e sales were slow and less profitable than usual because of the heavy mix of low-margin, delayed-return educational sales (to say nothing of 9100 freebies given away under California's Kids Can't Wait program), the //e at least has the prospect of good Christmas sales, especially with the dearth of IBM PC Juniors and Coleco Adams that now looks likely. Moreover, the indicated pricing of the PC Junior at $1300 or so for the disk-based version is certainly encouraging to Apple and all its competitors. Beyond that, the new, market-segment-oriented //es, their allure perhaps enhanced by some judicious price cuts, should stretch out the old Apple II's life some more. Look at it this way: They're new products in disguise, and they're compatible.
Apple ///. Apple /// sales are up a little, benefiting from some renewed attention internally as well as a promotion featuring a monitor and a hard disk with Quark's Catalyst disk manager plus a selection of third-party software. Much as we -- and most of its few users -- love the product, it seems vulnerable to a MacIntosh/hard disk combination or a hard-disk ///e outside the vertical markets Apple is starting to aim it into.

Financials

We're not rash enough to make earnings estimates (that's why we left Wall Street), but we'll wager that Apple's going to have a fairly sparse year. Advertising should amount to $50 million easily, while R&D, slackened in the last few quarters, is picking up sharply. Margins of the only product that counts on the income statement, the ///e, will be squeezed one way or another (price reductions or value enhancements). Meanwhile the Lisa, initially expected to contribute revenues if not profits, could swing sharply into the red given volume shortfalls and the recent 18 percent price cut.

Et cetera

Like the shakeout that rallies the troops, even IBM's success has a positive side for Apple. That very success is making dealers nervous. They're beginning to sense that IBM is making order-takers of them, and the shortage of PCs has made them aware of their absolute dependence on IBM. Just as they once chafed under their dependence on Apple and welcomed IBM as a base-broadener, now they perceive Apple as a welcome counterweight to IBM's power. But it does take work to sell Apples: The more aggressive dealers, ones who are vigorously promoting the Lisa with seminars, training and the like, are finding that it sells well once they can persuade first-time executive users (rather than blase VisiCalc/PC/1-2-3 aficionados) to try it out. Even the Apple /// with its 5-megabyte ProFile can be a hot little number for a dealer who's out of PC XTs.

It's no accident that Sculley comes from PepsiCo and not from Coca-Cola: He knows that number 2 is no disgrace. The good news is that there really is no number 3 (Tandy sells into its own, different market), just a bunch of number 5s.
FRED'S FOLLY? OR A NEW KIND OF SHELF SPACE?

Software Publishing Corp., one of micro software's best-managed and best-focused businesses, has just embarked on a risky new venture that confounds conventional wisdom. A basic tenet, reaffirmed in the last few years of software vendors' painful experiences with mail-order and discount houses, and hardware vendors' necessary mediation between dealers and their own sales forces, is: Don't provoke channel conflict. Or more bluntly, Don't get your dealers mad.

And now we have Software Publishing proudly announcing (president Fred Gibbons stares forth square-jawed from the centerfold) Power Up!, a mail-order catalogue of some 35 software packages and 5 accessories for IBM PC and Apple owners (but not SPC's own PFS series). The venture, which cost a good half a million, is a significant move for a little $10 million company like SPC.

Gibbons is convinced that he's set the thing up so as to avoid channel conflict: All but a few of the 40 items are not widely available at retail (including SPC's own private-labeled blank Dysan diskettes), and those few, including two Spinnaker packages, code IBM and Apple training, and the game Executive Suite, are selling for list -- a lot more than most dealers charge. The stuff is generally accessories and software that for one reason or another -- mostly a limited market -- are unlikely to find widespread distribution. Titles include a number of thoughtful games (chess and Proximity's Word Challenge); The Visible Computer, which teaches the basics of assembly language; Inshape, a fitness monitor; and of course the proverbial home product, a cookbook series. In keeping with SPC keep-it-simple tradition, moreover, they are limited to IBM and Apple configurations, with limited documentation, and supportable by SPC over the telephone.

Why does Gibbons think it will work? "The situation has changed," he says. "Dealers no longer want to carry everything; they have limited shelf space. We need a new kind of efficient, low-cost shelf space. We were getting 20 submissions a week, good stuff, but there wasn't anything we could do with them ...until now."

We, of course, can hear the dealers muttering to themselves, "Aha, but this is only the first step. Just wait!"

Very well, but we can't see (with its current philosophy) Software Publishing moving into the business of selling support-intensive, frequently discounted products like VisiCalc, WordStar or 1-2-3, which is where most dealers are making their software volume these days. SPC's Power Up! business is genuinely a publishing one: It handles undistributed products (or stuff that's sold through the back pages of BYTE, says Gibbons) that would most likely sit too long on a single retailer's shelves. It finds a home for these products among the list of 350,000 names it has garnered from its own users and purchased lists of Apple and IBM owners from the major end-user magazines. On occasion, SPC will even commission a product or help an author with documentation, packaging and the like, both classical publishing functions.

We figure that Software Publishing's move, like that of Software Distribution Services into electronic distribution (see page 10), is just part of the inevitable trend to a broadening of distribution channels. On the one hand, there's too much software product for it all to go through retail stores. Someone has to sift through it all; someone has to stock it and sell it; someone has to commit to support it. Power Up!, like some mail order houses (but not the
discount variety), is a distribution channel for products that are too limited in market to make it at the increasingly hit-minded retail channel (which generally can't afford to support anything else). This kind of limited-market product eats up dealers' budgets with financing costs, and their salesmen's time with learning and demonstrating unfamiliar products.

Indeed, dealers should be much more worried about competition at the other end of the spectrum. At this mass-market end, many products are becoming widely known; selecting them is easy, and support is available from publishers, third-party courses, and even the wide body of fellow users. These products are carried everywhere, and widely discounted. Competitors in new channels -- electronic distribution, mass merchandisers, catalogues -- can sell such commodity products as well as traditional computer retailers, or the newer software-only stores. Entering this market shortly will be American Express (and no doubt others), with a catalogue of brand-name products at list prices. The value-added in this case is convenience rather than selection and availability.

Yes, dealers should be worried. But they shouldn't get mad; they should get even -- by becoming the kind of full-service, premium-price dealers who can afford to support a variety of products. Still, Software Publishing is taking a gamble in assuming that its resellers will react rationally.
Do you have trouble closing sales? Firing people? Asking for a raise? Motivating your secretary? Negotiating a price with your investors? Then you need Human Edge Software! Two of Human Edge's five $250 packages, The Sales Edge and The Management Edge, will ship next month on the IBM PC; the remaining three -- negotiation, leadership and communication Edges -- and Apple ///e versions of all five will be available over the next few months. The Palo Alto company is the creation of Jim Johnson, a PhD in psychology and founder of testing company Psych Systems, which he left at its public offering a year ago.

Human Edge works on the premise that managers (everybody's favorite target market) don't manage numbers; they manage people. Thus, they don't need spreadsheets; they need advice sheets. True, they can use self-help books (from Dale Carnegie's original How to Win Friends and Influence People, to The One-Minute Manager, In Search of Excellence and our own Andy Grove's High-Output Management, which last we highly recommend), but books can't offer the specificity now achievable with a pc. How does a fat, happy slob deal with a prim, uptight purchasing manager? How does a bright young MBA handle a manager who's threatened by her presence? What's the best initial approach, and how much should you offer, to lure a control-oriented founder who's selling his business?

In practice, the user loads his own character only once (responding to a long menu of choices), and then describes his opposite party to get an ideal strategy for each situation. In The Negotiation Edge, which uses utility theory, he enters the situation's parameters; in The Management Edge, he selects from situations like firing, motivating, rewarding, even "compensating for deficits in superiors." The only problem is garbage-in, garbage out: How good is the user at assessing himself, let alone his opposite party? This issue is implicitly recognized in the programs' use of value statements for the user ("I like to take charge of situations.") "I am very neat and orderly." "Most people don't have enough respect for management." AGREE or DISAGREE), while he is limited to adjectives to describe his inscrutable opponent (dominating, adventuresome, planful, social, aloof). Once loaded, the system selects from its huge amounts of text -- each package needs two or three disks -- specific advice triggered by given combinations of personalities, situations and other parameters, and assembles it into multi-page "how to handle" memos. Like VisiCalc et al., Human Edge can even do what-ifs: What if I sent Alice instead of Juan to call on Mr. Openteby? What if I promoted Bill over Bob? What if I offered 70 and a company car?

The Human Edge series is one of the first generally applicable expert systems, but it's so practical no one is likely to think of it in those terms. It's also refreshingly frank. There are some people, the system acknowledges, where compatibility is so low it would be better to bring in a third person. We suspect that these packages will be a little more useful than the books they replace, and they should sell as rapidly, pushed along by a $2 million ad budget. After all, even though they are tailored to individual types and situations, they offer good common sense distilled from hundreds of studies and the suggestions of 50 outside consultants, sales managers and other effective "personal-relaters." Of course, as Johnson himself admits, "They probably couldn't do much for Henry Kissinger."

Now for an encore, we'd like to suggest: How does a Capricorn invite a Cancer to a hot tub party? (Discreetly.) And how does a nice, could-have-been-a-real-doctor like Jim Johnson tell his parents he's started a software company?

RELease 1.0, October 17, 1983
We see that one software distributor, **Software Distribution Services** of Buffalo, NY, has made a commitment to electronic distribution of software by signing on as the exclusive reseller (outside Colorado) for Denver-based **Software Distribution Network**. **SDN**, a subsidiary of programming house 2500 A.D. Software, offers retailers a disk duplication kit with a selection of encrypted master disks. Included is a duplication and accounting program that inscribes a unique serial number on each duplicated disk and that generates an "unfixable" monthly sales report. Regular documentation is supplied initially and warehoused by SDN, while abbreviated documentation can be prepared on-site. (**SDS** acts more like a manufacturer's rep than a traditional distributor in its relationship with **SDN**.)

Currently, the software is limited to about 75 Apple //e products from second-tier publishers who are glad to try a new channel of distribution since they haven't made much headway in traditional markets. However, **SDS** is in talks with more illustrious names, and plans to add **PC-DOS** programs this winter and **CP/M** (any format) in the spring. Forty dealers in the Denver area have already signed on; **SDS** hopes to cover the rest of the country over the next few years. As is typical in electronic distribution, the dealer pays something upfront for the equipment ($399 during **SDS**'s introductory offer), but pays for the software only after he has sold it.

William Von Meister's **Control Video Corp.** is undergoing some rough times. Although revenues per subscriber are averaging around $12 a month, still ahead of expectations despite initial usage closer to $20 per month, the total number of subscribers is about 30% short of expectations. Only 3000 people have purchased **CVC**'s modules and signed on, although about 30,000 have been shipped to stores and another 30,000 are on their way. In response, the company has laid off about 18 people (out of 56) to reduce costs, and is rethinking its approach.

The company has decided that it can't handle the marketing of its services all by itself, particularly the marketing of games in the current poisonous retail environment. Although it is repositioning itself as a network provider (much like Von Meister's earlier venture, **THE SOURCE**), the company knows that you can't sell a capability; you must sell a particular service. Accordingly, Von Meister is now in discussions with other companies about offering additional services; he hopes to have **StockLine** and **SportsLine** out before Christmas. Another aid to sales next spring should be its new **Master Modem**, which will let virtually any **pc** (as opposed to just an **Atari VCS**) plug into the **CVC** network.

**PC Telemart** has just signed up, for a test, to operate its software kiosks in 12 Washington-area **Radio Shack** Computer Centers. These kiosks will offer independently-distributed third-party software for **Radio Shack** systems, and are a new sign of open-mindedness -- and good sense -- on **Radio Shack**'s part.

**Some numbers for 1983 software distribution sales** presented at the Success in Software conference (see page 12) surprised us. So we checked with some people who should know (they were all there) and came up with these estimates: **Softsel**: $80 million plus; **Micro D** (software only): $25 million; **Softeam** (formerly **Software Distributors**): $18-20 million; **SKU**: $18 million; **Software Distribution Services**: $10 million.

**RELease 1.0, October 17, 1983**
RELease 0.5: HALF-BAKED NEWS

Coming, coming, gone? We have so far refrained from commenting on the Adam or the PC Junior (nee Peanut) because the situation changes so fast we can't keep up with it. IBM really doesn't need to worry and will probably make more money selling PCs this season than it could hope to gain by bringing out the PC Junior early. Coleco, on the other hand, has a short window with the Adam -- a shorter window than Osborne had, and at least Osborne shipped its first computer on time.

As it stands now, IBM has still not decided what to do with the PC Junior: Although the product is ready, it -- to say nothing of the requisite cartridge software for the junior Junior -- is in extremely short supply. Whether or not it's released on November 1, as now seems likely, the shortages and the high price/value ratio should cheer up IBM's competitors somewhat.

Meanwhile, we're also hearing more about IBM's 186-based machine and its 370-on-a-chip intelligent workstation. The 370 definitely and the 186 possibly will sport an IBM-developed operating system. These products should provide IBM's traditional salesforce and its MIS customers with a powerful new product to fight off encroaching pcs.

So far, the world has been laying out the red carpet for the mailman on the news that the check is in the mail. We'll keep our carpet rolled.

Dear Juan and Alice, I'm now facing a problem that I never dreamed I'd be writing to you about. It's my Lisa. Should I pay for it now, or should I send it back and wait for the MacIntosh in the spring?

What makes a '10' touch-screen computer? A '5' with an arm-rest.

FORUM PROCEEDINGS
The sharp-eyed among you will notice that the current abbreviated issue, 83-15, follows issues and 83-11 and 83-10 (Release 2.0). Why? Issues 12 through 14 comprise the proceedings of the 1983 Personal Computer Forum, all 200 pages, and are currently being printed. You should receive them shortly.

RElease 1.0, October 17, 1983
CONFERENCE NOTES

The best line at the recent Future Computing Third Computer Retail Forum came from Ken Orton, national retail sales manager for Computer Devices and its DOT portable. Lamenting the problems caused by the system's nonstandard 3½-inch disk drives, he confessed, "We missed the market by one-and-three-quarters inches."

Advertising is dead! Long live word of mouth! Like the rest of le tout pc monde, we had a wonderful time at the recent Success in Software conference, run by Roger von Oech. The premise of the conference was "Round One is over (IBM has won)," while last spring's was "Marketing is everything." The thought we found most intriguing in a day of excellent presentations was Stewart Brand's. Stewart Brand, no mean marketer himself as the man who's won a $1.3 million advance from Doubleday for his Whole Earth Software Catalog, begged to disagree with the marketing conclusion. His argument is basically that word of mouth, to say nothing of review catalogues such as his own, will begin to offset the impact of marketing in the pc business.

When the pc business began, users were a tight little community and products easily gained whatever reputations they deserved through word of mouth. Now, the business has gotten bigger: Many new buyers have no well-informed friends and are forced instead to rely on magazines, advertising, and dealers who may be as naive as they are. But as the market continues to grow, word of mouth will rise again. Among each new buyer's circle of friends there are more likely to be experienced users who have either delighted in or struggled with the particular product the would-be buyer is considering. Sensing this, canny manufacturers (whose products can survive the truth) are eagerly sponsoring users' groups, seminars, etc.

STANDARDS for/vs. INNOVATION. As for Round One being over, yes, but Round Two will be just as interesting. The Rosen Research/L.F. Rothschild, Unterberg, Towbin 1984 Personal Computer Forum will explore "Standards for/vs. Innovation." As our IBM friend suspiciously asked, "That means IBM's the standard in the way of innovation?" Well, not quite. It also means that once you've got or adopted the IBM standards, you can afford to innovate on top of them.

Certainly in talking with the people who'll be panelists and speakers at the 1984 PC Forum, we have noticed no lack of innovation, even though most of these new ideas incorporate the PC one way or another. Among the newcomers will be Steve Gibson of Gibson Labs (light pens), an old friend who revealed unsuspected histrionic talents at Success in Software; Gary Hendrix of Symantec (natural language/dbms); Myles Tintle of Sony (3½-inch disk drives, a new standard?); Steve Kirsch of Mouse Systems; Dave Liddle of Metaphor Computer Systems; Karen Orton of National Training Systems; Paul Terrell of Romox (old guy, new business: electronic software distribution); and others.

Subscribers will be receiving the full list, along with registration materials, at the end of October. (First-come, first-served; two people from the same company per subscription only.)