

## Happy 25th Birthday, Commodore!

### The Commodore Quarter Century: From Retail Shop to Global Giant by Leslie Wood

In just 25 years a small typewriter sales and repair shop tucked away in downtown Toronto, Canada, has been transformed into one of the hottest personal computer companies in the world—Commodore International Limited.

Shipping more units world-wide than any other computer company, Commodore has grown from sales of \$46 million in 1977 to over \$680 million in fiscal 1983 (year ended June 30). And much of that success is due to the entrepreneurial instincts of Commodore's founder and present vice-chairman, Jack Tramiel.

The Polish-born Tramiel survived Nazi concentration camps to immigrate to North America and, in 1958, open his own typewriter shop in Toronto. Tramiel has always had a gift for anticipating future home and business electronic needs—and the ability to move quickly to fill them. Commodore's progress is a testimonial to that trait.

Over the past quarter-century Tramiel has led Commodore on a heady ride through adding machines, electronic calculators, digital watches and the introduction of the personal computer age. Together with his skilled management team around the world, he is still considering: what's next? Commodore, in fact, is widely acknowledged as a company that puts into action a smart but simple rule—hold onto the old for as long as it is good and change to the new the moment it becomes better.

During those early years, Commodore grew from typewriter repairs and sales to typewriter manufacturing, with the acquisition of a factory in Berlin, West Germany. Early in the 1960's Tramiel began selling and servicing a wide range of office equipment, and distributing nationally for an office furniture company.

In 1965 Commodore acquired the furniture manufacturer, and moved operations to what is now Commodore's present Canadian headquarters. Commodore still manufactures office furniture (mainly filing cabinets and desks, plus metal housings



for the CBM 8032 and SuperPET) at this plant in Scarborough, Ontario, and has expanded operations to three offices and two manufacturing plants in the Toronto vicinity.

Also in 1965 Tramiel met Canadian lawyer and financier Irving Gould, who later became Commodore's chairman. These two formed the head of the team that built the Commodore we know today. One of the first things this team did was to sell Commodore's adding machine plant and find a company in Japan to make adding machines for Commodore to distribute. While in Japan, Tramiel got his first look at an electronic calculator, and he quickly deduced that this product would mean the death of the mechanical adding machine. With the Commodore philosophy that "if we are not our own competition, then someone else will be", Tramiel moved quickly and found manufacturers to produce electronic calculators under the Commodore name. Thus the company was right there in the market when it began to take off.

The company began manufacturing its own electronic calculators in 1969 using Texas Instruments chips. In fact, Commodore was the first company to bring out a hand-held calculator—the C108—an example of what has become a long history of Commodore "industry firsts" in marketing value, innovation and performance in new products. It is interesting to note that this product was sold at much the same price, through similar distribution



channels and to similar customers, as is the popular VIC 20 computer today.

Up to 1974 Commodore expanded its line of calculators from simple four-function machines to memory machines, scientific machines and keyboard programmable models. At that time Commodore was largely dependent on third parties for the chips and displays that went into the products it was making.

Then in 1975 Texas Instruments decided to go into business against its own customers by manufacturing calculators. At the same time, chip prices dropped from \$12 to \$1 and Commodore was caught with a big inventory of chips and calculators while market prices plunged. It was this incident that led to Tramiel's decision that Commodore would be a company that controlled its own destiny, and not be at the mercy of other manufacturers.

Shortly thereafter, in 1976, Commodore purchased MOS Technology, Inc., one of its semiconductor chip suppliers, and worked its way toward becoming vertically integrated. This vertical integration now allows Commodore to supply its own needs and gives the company significant lead time in new product development. This means manufacturing cost advantages, which in turn translates into price/performance benefits for customers.

The acquisition of MOS Technology was followed in the next 18 months by two further key investments: the purchase of Frontier, a Los Angeles manufacturer producing chips that were complementary to those produced by MOS, and the acquisition of Dallas-based Micro Display Systems Inc., a manufacturer of liquid crystal displays. As a result of these acquisitions Commodore had in-house expertise and production in more key technologies than most electronics companies several times its size.

Also in 1976, Commodore reorganized its corporate structure as Commodore International Ltd. and moved its financial headquarters to the Bahamas and its operations headquarters to Wayne, Pennsylvania (it has since re-established in West Chester, Pennsylvania).

The next year was the watershed for Commodore when in 1977—still anticipating the future in true

Commodore style—the company introduced its first personal computer: the PET.

The PET (Personal Electronic Transactor) uses the MOS-designed 6502 microprocessor, which is also used by some of Commodore's competition. It was this original machine, launched at the Hanover Fair in Germany and the Consumer Electronics Show in the U.S.A., that helped give birth to the personal computer market of today.

The PET sparked another period of rapid growth, which is still underway today. It was marketed worldwide and really took hold in the European market because of the widespread, loyal dealer network Commodore had developed in its distribution of calculators. Commodore dominates the personal computer market in Europe today with more than 50 percent of the market in many countries. In fiscal 1983 (year ended June 30) European sales reached \$155.6 million (U.S. dollars), almost 23 percent of Commodore's total sales.

After the PET 4000 and later the CBM 8000 series micros, the next major product from Commodore was the very popular VIC 20. The prototype of the VIC 20 was previewed at the National Computer Convention in Chicago in 1980, and it was first launched in the Seibu Department Store in Tokyo, Japan because, as Jack Tramiel said about the threat of competition from Japan, "the Japanese are coming, therefore we must become the Japanese."

Commodore sold 800,000 VIC 20s world-wide in 1982, reached the one million mark early in 1983, and are now shipping VICs at the rate of 100,000 units per month.

Commodore didn't stop with that success either, but continued research and development and in August, 1982, shipped the first Commodore 64. By the end of that year, aided by the single biggest advertising campaign in Commodore's history, the 64 had already passed the Apple II in monthly unit sales. And by March, 1983, the 64 was being shipped at the rate of 25,000 machines a month.

Both the VIC 20 and the Commodore 64 are sold through mass merchandise retail outlets as well as computer dealers and selected electronics stores—a successful marketing technique that has since been



emulated by other companies.

Commodore has now become the largest unit seller of microcomputers in the world. And, according to a Dataquest study published in *Electronic News* recently, Commodore is number one in computers priced under \$1,000 with an estimated 43% dollar share in the U.S. Maybe this is one reason why the *Commodore 64 Programmer's Reference Guide* is currently the top-selling computer book in the U.S.

In addition to the obvious success the company has achieved in the home market, the Commodore name is familiar in both the business and education markets for personal computers. Commodore is one of the leaders in small business computers with its SuperPET and CBM lines, and the 64 is also being used for a number of functions in small business.

The education market is another area in which Commodore is a front runner. In Canada, for instance, Commodore holds about 65 percent of the national market for computers in education. Penetration is also significant in U.S., British and European schools and universities.

Commodore has become an international company, with manufacturing facilities in Japan, Hong Kong, West Germany, the U.K., Pennsylvania and California in the United States and Scarborough, a city within metropolitan Toronto. In fiscal 1983 world-wide sales increased 44.7 percent over 1982's \$304.5 million to reach over \$680 million. By the end of fiscal 1984, Commodore will be a billion-dollar-plus company.

Wall Street financial analysts who follow Commodore (shares have been traded on the New York Stock Exchange for three years, and were available on the American Exchange several years prior to that) state that much of the company's success is due to its flexibility and willingness to adapt quickly to—and even initiate—changes in technology and in the marketplace. Jack Tramiel puts it more simply: "The minute you're through changing, you're through."

Commodore is celebrating its 25th year with an international extravaganza being held in Toronto early in December. The "World of Commodore" show

is the first truly international computer show to be orchestrated by a single microcomputer company.

The first all-Commodore show to be held in North America will feature 65,000 square feet of exhibits by suppliers of Commodore computers, software, peripherals and accessories, and by Commodore users clubs, special interest groups and microcomputer and business publications. Exhibitors are coming from several countries, including Canada, Turkey, the United Kingdom, Sweden, France and the U.S.A. to participate. Commodore operations from around the world will also be represented. In addition, a series of seminars conducted by some of Canada's best-known experts in the field will take the mystery out of micros for novices, and give valuable information to more experienced users.

A 10,000 square-foot hall will hold a major exhibit outlining Commodore's 25 years of history, its present hardware and software and the future of the company and its products. All who attend will see that the next 25 years will be as exciting as were the first 25. In fact, looking at the history of Commodore at the close of its first quarter century, it is easy to see that the company has consistently been a leader in recognizing change and leading the electronics industry into the changes. But, more than studying history, Commodore is a company that creates the history. Just watch. C



SEE US AT

**world of  
commodore**

INTERNATIONAL CENTRE, TORONTO  
DEC. 8-11, 1983

### ***Easy Script 64*, Commodore's Under-\$50 Word Processor, Now Available at Your Dealer.**

Commodore Software has announced the immediate availability of *Easy Script 64*, for retail sale. *Easy Script 64* is a full-featured word processor for the Commodore 64 and SX-64 (portable) color computers.



"This is the first time a word processor with this much power has been offered at such an affordable price," said Sig Hartmann, president of Commodore Software. "We want everyone to be able to afford a computer system and the most important software that goes with it—by important software, we include word processing at the top of the list."

Hartmann said *Easy Script 64* rivals the best word processing programs in home computing and includes features found only in business and professional systems, such as the ability to interface with a spelling checker (Commodore's *Easy Spell 64*), and transfer words, phrases and blocks from one section of text to another.

Features include:

- Change display colors
- Global/local "hunt and find"
- Global/local "search and replace"
- Goto line number
- Insert/delete characters, lines, blocks, sentences
- Optional sound effect prompts
- Print up to 240 characters per line
- Special function key editing
- Superscripts and subscripts
- Transfer words and phrases
- Vertical tabs as well as horizontal tabs
- View/Scroll 764 lines and 130 columns

In addition, a special "form letter" command lets the user create "personalized" salutations and body copy from a separate file by simply storing the information—usually names and addresses—in the file. A simple command tells *Easy Script 64* to insert the information in the form letter.

*Easy Script 64* users can also add a spelling dictionary containing up to 30,000 words called *Easy Spell 64*. This companion software product points out possible misspellings by highlighting questionable words. In addition to the spelling checker's built-in 20,000 word vocabulary, *Easy Spell 64* lets the user enter up to 10,000 additional words—such as technical jargon or words the user commonly misspells.

## Commodore Donates Computer Systems to Education Departments in Four States

As part of its CREWS (Commodore Resources in Education With States) grant program, Commodore recently donated a total of 120 computer systems to the State Departments of Education in four states: California, New York, Pennsylvania and Texas. The systems include computers, data storage units, printers, modems, and educational software.

The computer systems will be distributed by the State Departments of Education to educational support centers where they will be used for in-service teacher training and for evaluation of instructional software. The donated units will allow states to provide teachers with hands-on training.

Commodore dealers in the area of each training center have agreed to provide support for the donated units, and training for the program coordinators. Coordinators will, in turn, instruct the states' teachers.

Commenting on the importance of manufacturer and dealer support for education, William F. Kernahan, Executive Vice President Educational Systems (a Commodore dealer) writes in *Commodore* magazine (May, 1983), "The very real danger is that the microcomputer, a device that holds unlimited promise for education, could easily slide into either misuse or non-use simply because of lack of adequate support for the person on the firing line—the teacher."

The New York State Education Department's Commissioner of Education, Gordon M. Ambach, stated, "It (Commodore's grant program) will enable public and private agencies to co-operate in making the wisest use of available resources to resolve the overwhelming needs for teacher in-service training, while keeping in mind the complex dimensions of equitable access and delivery of training."

"Commodore through its grant programs is helping to give educators the up-to-date, technological training and support they need," said David Rosenwald, Commodore's Director of Education Sales. "It's part of an all encompassing effort by Commodore to further enhance its position in