

Software for the Masses

Selling the programs that personalize those personal computers

Steven Stadler, 54, a senior vice president at the Massachusetts electronics firm of GenRad bought one of the popular Apple II personal computers for about \$1,500. But that was just the beginning. First he had to buy something called Apple Post (price: \$50), which was a computer program that told his machine how to keep track of the family's Christmas card list. Then he bought Apple Writer, a word-processing program, for about \$75, so he could draft and type company reports. To connect his machine to lists of current stock prices and financial news, using ordinary telephone lines, Stadler got the Dow Jones News and Quotes Reporter for \$95; to draw charts he bought Apple Plot for \$70. So far he has spent a total of nearly \$800 for eight software programs.

Stadler's experience was similar to that of many new home computer users. Once they have a machine (or hardware), they have to buy programs (or software) that will enable the computer to perform the desired functions. The programs, which are mainly recorded on vinyl discs about the size of a 45 r.p.m. record, are instructions written in a mathematical code the machine can ingest.

Until recently, personal computers were owned primarily by technical specialists who wrote their own programs. But the small size and lower cost of the new microcomputers have attracted new buyers to the market, people who do not want to spend days, or even months, of tedious work writing a computer program. As a result, the business of supplying pre-recorded software for the micros has grown from almost nothing in 1977 to an estimated \$250 million this year, and sales of \$1 billion are projected for 1985. Says Jean Yates, a senior analyst at Gnostic Concepts, a consulting firm based in Menlo Park, Calif.: "It's like having a record player. People buy one record player, but they keep buying records year after year." Currently software takes only between 10¢ and 15¢ of every dollar spent on hardware. By 1985 the proportion is expected to rise to between 25¢ and 35¢.

Much of the growth is expected in programs that are self-explanatory and simple to use. At present, complexity and cumbersomeness bedevil the software industry, creating an obstacle to even greater acceptance of microcomputers. Says Raymond Kassir, chairman of Atari: "The key for the industry is to develop software that is understandable. Everybody is saying their software is easy to use, but it isn't."

Business financial planning and word-processing programs, which can cost up to several hundred dollars, are the bread and butter of the personal software business. But more exotic programs abound,

One West Coast firm says a farmer has been urging it to develop a program to rate the productivity of cows. On-line, a California software company, sells a program called Softporn for \$29.25. In the computer fantasy game, players seek to seduce three women, while avoiding hazards, such as getting killed by a bouncer in a disco. About 4,000 copies have been sold, says On-line Program Designer, Chuck Benton, adding: "I get a lot of phone calls from women asking when a female's version of the game will be available." On-line is now working on one.

Some software companies act as pub-

lishers, soliciting programs from authors, who receive a royalty of 15% to 25%. Increasingly, though, the software firms, which are concentrated on the West Coast, are preparing programs with their own staffs, which makes quality control easier and profit margins higher. Among the major software companies:

Lifeboat Associates. Based in Manhattan, Lifeboat (projected 1981 sales: \$10 million) sells some 200 different software packages through retail stores and catalogues. The company, which publishes only programs written by freelance authors, was founded in 1977 by Anthony Gold, 35, a former Citibank officer. Among its offerings are the spelling corrector MicroSpell and the expense account helpmate T-Maker II.

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Personal Software. Daniel Fylstra, 30, who co-founded the firm with \$500 three years ago, saw sales rise to \$4 million last year and expected his gross to triple this year. Now he believes that sales will be "substantially more" than that. The company's first product was the game program Microchess, but its best-seller is VisiCalc, a \$200 program used by businessmen to make financial forecasts. Total sales of it to date: 150,000 copies.

Microsoft. Best known for its version of the program-writing language, BASIC

Although small, start-up companies now dominate personal computer software, hardware companies like IBM and Hewlett-Packard are moving into the field. IBM has already announced it will sell programs to match its new personal computer. Even IBM, though, commissioned several of the new personal software companies to adapt their products to its machines.

In the future, it may be more difficult for new companies to enter the rapidly maturing industry. A current case in point is Plum Software, established last January in Los Gatos, Calif., to market Filewriter, a program priced at \$9.95 that can alphabetize lists on Apple computers. Despite three classified ads in a computer magazine, no products have yet been sold. But that has not discouraged the company's founders: Steve Grimm, age 12, and Nikolai Weaver, age 11.

—By Kenneth M. Pierce. Reported by Michael Moritz/San Francisco