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ADAM'S ORIGINAL SINS HAUNT COLECO

Last June, when it first announced its \$700 Adam computer, Coleco Industries Inc. looked as if it had a winner. The Hartford company predicted it would sell 500,000 units by Christmas. But Coleco shipped only 90,000 Adams in 1983, and many of those were defective. As a result, Coleco racked up losses of \$35 million in the fourth quarter, while sales dropped 14%, to \$175.5 million. The company's results for the full year were so poor—a \$7.4 million loss even though sales rose 17%, to \$597 million—that the company was in danger of defaulting on its bank loans (BW—Jan. 9). The price of its stock dipped to below \$11 from a high of \$62 last June.

Coleco says its banks have since renegotiated its loan agreements and that Adams are now rolling off the production lines. Retailers report that the defect rate is down. But Coleco faces the challenge of winning back the confidence of consumers, software suppliers, retailers, and Wall Street. The real question, according to Harry E. Wells III, an analyst at Boston's Adams, Harkness & Hill Inc., remains: "Can [Coleco] turn

The big question: Can Coleco win back the trust of consumers, retailers, and Wall Street?

around this initial negative impression?"

Retailers are still nursing wounds left by the company's failure to live up to its earlier claims. "Coleco deserves the lack of confidence it is getting," says a buyer at a large mail-order house that advertised Adam and then received defective shipments. Home computer sales typically level off in the first quarter, but "[Adam] business has dropped off about 50% in the last 45 days," says Burton W. Ruder, president of Cibco Inc., a Northbrook (Ill.) distributor that supplies Adam to nearly 1,000 outlets. On the other hand, he reports that sales of Commodore International Ltd.'s Commodore 64 have remained strong.

A key element in restoring public confidence in Adam, industry observers say, will be for Coleco to win the support of the software community. For now, the

system, which includes tape memory and a printer, comes with only a word processing program, although it can play ColecoVision video-game cartridges. "Coleco has announced agreements with 25 to 30 [software] publishers, but we need to see the programs on the market," says Patricia H. Parks, an analyst at market researcher Future Computing Inc. Coleco claims that 20 of its own programs will be available in the second quarter.

LONG SHOT. Coleco's wooing of independent developers has met with a mixed response. Sierra On-Line Inc., famous for its Frogger video game, was "annoyed" that Coleco mentioned its products on the package of Adam before the two companies had officially signed an agreement. Although Sierra has since contracted to write programs for Adam, President Kenneth A. Williams says, "As Adam is not selling well, it may not

be worth bringing [this software] to market."

Other companies that agreed to write programs complain they have not received the support they need. "There were delays getting the technical information," says Joel M. Berez, president of Infocom Corp., which is rewriting its Zork adventure game for Adam. Coleco explains that "as [Adam] was late initially, materials [for software developers] were also late." Independent software developers also report problems getting and using digital data packs, the special tape cassettes that store the software for Adam. But Robert T. Loranger, president of Loranger Mfg. Corp., one of the companies that makes packs for Coleco, says the company "finally got behind us 100%, and we are ready to roll."

There is a vacuum in the home computer market, following the departures of Texas Instruments, Mattel, and Timex. But whether Coleco can win the trust of the software community and the public to take advantage of the shortages is still in doubt. Indeed, if all this backstage activity had been resolved last year, Adam might be a favorite in the home computer market rather than the long shot it is today.

Briefs

TI STARTS PUSHING ITS 'PLAIN TALK' SOFTWARE

To grab a place in the sun for its personal computers, Texas Instruments Inc. is trying to make them easier to use than competing models. Last August it introduced NaturalLink software, which lets users write commands in English instead of complex computer codes. Then in October the Dallas company introduced Speech Command software, which permits users to give verbal orders to the TI Professional Computer and its portable version. Now, to encourage independent software companies to write applications that take advantage of this capability, TI is licensing its NaturalLink Technology Package to outside developers. But programmers will have to swallow the product's \$8,000 price tag—and pay TI royalties for each copy sold.

HP'S INNOVATIVE PRINTER FOR PERSONAL COMPUTERS

Hewlett-Packard Co. has introduced a personal computer printer with a unique design that it hopes will help it grab leadership in the field from the Japanese. The ThinkJet printer uses an ink-jet head that packages an ink supply with the nozzle—until now the cost-

liest component in that type of printer—in a single \$7.95 cartridge that can be thrown away after printing 500 pages. The desktop unit weighs under 6 lb. and is no bigger than a portable typewriter. Priced at \$495, it prints 150 characters per second. ThinkJet works not only with HP personal computers but also with those from such makers as Apple Computer Inc. and International Business Machines Corp.

STOCK DEALS ARE JUST A KEYSTROKE AWAY

Buying and selling stocks can now be as easy as hitting a few keys on a personal computer. Fidelity Brokerage Services Inc., a subsidiary of Fidelity Investments, a diversified financial services organization, has announced the first national brokerage trading service based on home computers. Called Fidelity Investor's Express, the 24-hour service allows customers to obtain quotes, place buy and sell orders for listed and over-the-counter stocks and options, update their portfolios, and review their tax records. In addition to the one-time, \$195 subscription fee, users of the service will pay communications charges as well as standard discount brokerage commissions on transactions.