

New product due June 18

VisiCorp breaking dependence on VisiCalc

By Lauren Stiefel

C+SN associate editor

NEW YORK — VisiCorp appears committed to using its best efforts to address some missed opportunities and advance in new areas of business viewed as crucial to its success, as it prepares to launch new products June 18.

VisiCorp, which has embargoed new product announcement until then, will formally unveil product at the National Computer Conference (NCC) in Las Vegas.

Chairman Daniel Fylstra has deemed it the right time to break free from the throes of VisiCalc and forge ahead.

"The revenues we used to derive from VisiCalc are water under the bridge," he assessed.

Evidence of decreasing reliance on the VisiCalc name is the use of the Flash name, rather than Visi in its new spreadsheet product, FlashCalc. Moreover, current negotiations with Software Arts pertain to the sale of a license to Software Arts to use the VisiCalc trademark—a settlement Fylstra apparently favors. "As far as I'm concerned the lawsuit could be settled within an hour on several bases," he now contends. Still, VisiCorp holds the trademark.

VisiCorp's financial performance, as confirmed by Fylstra, looks briefly like this: 1981, sales of \$20 million; 1982, sales of \$33.7 million, with a \$2.4 million profit; 1983, sales of \$40.2 million, with a \$1.6 million loss, reflecting the decline of VisiCalc sales in the second half. The first-quarter loss for this year is said to be about \$2 million, but Fylstra would not disclose quarterly figures.

He attributes VisiCorp's current status to "an industry-wide toughening" compounded by "our special problem--VisiCalc." In addition, the employee roster has suffered, dropping from some 280 persons last year to 170 persons now.

But Fylstra is counting his blessings.

First, he sees that VisiCorp's new areas of business development—the Visi On line; Communications Solutions, which provides OEM's with SNA communications software based on IBM's Systems Network Architecture, and the VisiPress book publishing venture—now account for 75% of revenues compared with VisiCalc's 25% share. Although the shift in focus is to be expected, the new areas represent long-term growth paths.

Secondly, Fylstra sees Visi On as "a new generation product line" and VisiCorp as "the only company that has something real." (That's a stab at Microsoft and others,

who have announced windowing environments but have yet to deliver.) The company is determined to make good on this claim, despite the admittedly slow sales of Visi On at retail.

Thirdly, looking again at the Visi On environment, Fylstra is certain "the hardware trends are on our side." The replacement of Apple with IBM as "the mainstream business market computer," price reductions, increasing disk drive capacity and hard disk acceptability among consumers will combine to ensure Visi On's popularity.

Touching upon the company's current marketing strategy, VisiCorp views the market in four segments: the low-end home market, which it does not compete in; the high-end home and casual business user market, which it now addresses with FlashCalc and the repriced Visi-series; the mainstream business market, for which it is about to announce new products, and the office workstation market, which is well-suited to Visi On, Fylstra explained.

The Visi-series repricing/ repositioning strategy has corresponded to the repositioning of hardware in the market. "In the last 18 months, the IBM PC has replaced Apple as the main-stream business machine. Apple has successfully repositioned the IIe as a high-end home machine, but the Visi-series pricing was unchanged. Since then, we have decreased the series by the same proportion as Apple decreased its hardware price," he said. Individual Visi-series applications are now priced between \$99 and \$195.

The repricing also make room "for a high-end, high-function product line," he said, alluding to the upcoming announcements. The current Visi On packaging/pricing promotion—including a mouse, applications manager and three applications at \$795—is a move to lower the barriers of entry to the Visi On system.

On the low-end, First Software recently took delivery of 10,000 FlashCalc units. Visi Corp is negotiating with other national distributors. Both authorized VisiCorp and non-authorized dealers are being sought.

FlashCalc is the only title in the new line to date to be developed by an outside developer. It was written by BE Graves of Nereid Systems Manhattan Beach, Calif. One might assume that after its debacle with Software Arts (C+SN, May 14) VisiCorp would shy away from licensing agreements. But, no. Thy company continues to approach software development from both angles, as developer and publisher.

"We're following a mixed strategy," Fylstra said "Where a project is so ambitious—Visi On took three years of internal development—and we need close coordination of sources, we us in-house engineering." For more or less unsupervised efforts, such as the development of additional applications for Visi On, the company may solicit outside authors. •