



Oral History of Joseph A. Piscopo

Interviewed by:
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Joseph A. Piscopo

Conducted by Luanne Johnson

Abstract: Joseph A. (Joe) Piscopo describes the founding of Pansophic Systems, Inc. in April 1969 after receiving \$150,000 in investment funds from a group of family members and friends. He describes how they began to focus on software products shortly after beginning their business and why they chose systems software products over applications software. He discusses the competitive relationship between Pansophic's program library system PANVALET and ADR's Librarian system and that IBM did not provide a similar product and therefore was not a competitor. He states that IBM unbundling had virtually no impact on Pansophic and that customer resistance to software that was not developed in-house was not a major factor in Pansophic's growth. He covers sales and marketing strategy, pricing issues and the environment for start-up software companies in the early 1970s.

Founding of Pansophic Systems

Johnson: I'm interviewing people who started some of the early software companies since, from what I've been able to find out, nobody has done that so far. I think that preserving the history of the industry and how it got started is important so I decided to interview the people who were there at the time and make sure that we have a record of what happened.

Piscopo: Since you're talking about the past there's not much I need to worry about relative to financial disclosures and things like that. So this is not the typical Wall Street kind of conversation.

Johnson: No, what I want to know is whatever possessed you to form a software products company in the first place. Why did you decide to start Pansophic? How did you get into the software products business? Because it was one of the very early software products companies and I'm interested in what your reasons were.

Piscopo: Pansophic was started in April of 1969. Where I was prior to April 1969 is a little bit of background. I graduated from the University of Illinois in 1965 with a degree in computer science. My college background is in math and computers.

I got my first job as a programmer for a civil service Army arsenal near Chicago. I didn't care for civil service so after a year I transferred to Montgomery Ward in Chicago where I was a programmer for three years. I was first a programmer, then a senior programmer and then a programming manager for a large scale IBM 360 system. I actually started with the 1400 series and the 7000 series and then the 360s. I was responsible for a large number, like 250, catalog inventory programs at Montgomery Ward in downtown Chicago.

I was the guy who got called at three in the morning all the time when something wasn't working right. When we had the big snow in Chicago in 1967, I was the guy that was downtown for three days keeping the computers running. There are a lot of memories of that era. But after three years of doing that, you end up realizing that compensation at a company like Montgomery Ward is the equivalent of the maximum increase that a stenographer could get. That's what the programmers would get. By 1968 I had around ten programmers working for me and I was becoming a manager. But I was still single and enjoying life with my own convertible.

I had to ferry programs around on tab cards. I remember carrying ten trays of cards down from the 11th floor and putting them in the back seat of my car. That's what led to my coming up with the idea for PANVALET later on. At Montgomery Ward is where I learned what happens when you drop a deck of cards on the floor.

By August of 1968, I had kind of worn out my own adrenaline at Wards after three years and was planning to go back to college at the University of Southern California for an MBA. But since I'm not really an all-time great student – I'm barely a "C" student – instead I ended up in the middle of a new company that was formed by two other guys and me. I was one of the founders but I wasn't the leader. I was a technical vice president for about eight months at this small company that was getting into the computer service business in 1968.

Johnson: By computer service you mean like a service bureau? Or do you mean professional services?

Piscopo: I'm not sure if I knew. The first project I had to work on was something like a doctors' office medical history system. After eight months I ended up departing from that company because basically I was directed by the president and founder, who was not a technical person, to create a system that could handle 200 terminals on a 360/30 which was absolutely inconceivable at that time. It wasn't a matter of who was right or who was wrong, it just couldn't

be done. But I did get my feet wet in terms of what it's like to leave Wards and what it's like to start a company.

By the time I left that company it had barely gotten anywhere. I had hired a couple of people who along with myself became the three founders of Pansophic. One of them was my younger brother who graduated from the University of Illinois with a degree in computer science in January 1969. The other member of the three original founders was my former college roommate who also had a degree in computer science but who up to that point had been in the Navy. He had served two years on board a destroyer running a tab card setup. He had no 360 experience and neither did my brother because my brother had just gotten out of school.

So basically I was the one that supplied the background on the industry and the commercial areas and the possible opportunities. And I also was the president.

The way the company actually formed was only in part related to my departure from this other company. We had a family affair of some kind and I don't even anymore remember what it was – it was a wedding or a graduation or something. I have an uncle, who is my dad's youngest brother, and he was instrumental in getting together some wealthy people he knew. He's a low handicap golfer and a jock and a former major league baseball player, so he knew all kinds of people. He was my dad's youngest brother and I'm the second oldest in my generation so my Uncle Emil and I were always the ones that would gravitate towards each other and talk even though he was my Dad's generation.

Emil and I chatted a bit about my leaving this other company and he said, "Is there anything in this business?" And I said, "Well, I don't know. It sounds pretty interesting." I didn't really want to go to graduate school. So Emil asked me if I could put together a presentation, a stand up flip chart kind of presentation on the opportunities in the industry.

So at this presentation at a country club near Chicago I stood up and gave a list of twenty different areas of endeavor within the computer business, including everything from time-sharing, service bureaus, consulting, feasibility studies, hardware analysis, you name it, it was on that list. Item thirteen on the list was software packages but it was not our original intent to be a software package company. Of course, there were no software package companies, at least that I was familiar with, at the time. That was prior to unbundling.

Whether it was the presentation or my uncle's influence – I never can tell which – it was an overwhelming success. And I was left with \$150,000 in seed money to start a new company. And good luck, Joe.

I was 24 and single and my brother was even younger. Add my former college roommate and there we were. We had \$150,000 and we started to pursue some business opportunities that the 25 original investors gave us. Go call on this guy, he's worth a million dollar contract and all that kind of thing.

We went through all of those contacts like naive kids and we got one sale out of the whole thing for a \$3,000 bargain job, to do Cobol programming of some kind. And we had to sue that guy to collect two years later. So it was hardly a positive start.

We did go through everybody's contacts and about three months down the road, I came to the conclusion that we better learn how to do something on purpose rather than wait around for something to happen. Because we're going to run out of money one of these days.

Decision to Focus on Software Products

Since none of the three of us were marketing-oriented or sales-oriented in any way whatever, we went down the path of recruiting and hiring a vice president of marketing. Since the only people that I knew that were in selling and marketing in the computer field were either IBM salesmen-types or else were people whom I wouldn't trust with my car keys. One of the requirements that we stated when going to an executive recruiter was that we wanted somebody who was chiefly and foremost skilled and capable in marketing and sales, not necessarily in computers and software. So what we recruited in the next month or so was a guy who came from Continental Can Company who was educated as a chemical engineer. He held patents on bottle caps and things like that. He worked for the White Cap Company which is a division of Continental Can. He was involved in paint and things like that and he knew nothing about computers.

After we recruited him, we proceeded to intensively go through the list of twenty items that I had given in the presentation. We went through it in great detail because we didn't have anything else to do, frankly. We went through every item on there, the pluses and minuses and the wherewithall of time-sharing and service bureaus, etc.

After we got through the 20th item, this marketing guy said, "I'd like to hear more about No. 13" which was software packages. So we went further into that. The conclusion that he rendered in response to all of our daily conversations on the blackboard was that he liked the positive attribute of being able to invent something and if you were successful, selling it over and over again without ever having to build factories or maintain inventory.

And then we went on and said, okay, what can we come up with to make? My background with Wards and being responsible for all these huge programs led to the only idea among us which

was a program library system. We then proceeded to design and write programs during the latter part of 1969. And by January 1970 we had a product.

We went out and market tested it and found that we had a good idea and a good product but we only had a DOS version and the six or eight local companies we went to all were big OS shops. We said, uh oh. So we took two more months and adapted it for an OS operation. So we had everything going for us by March of 1970. And we came out kind of blazing.

We had gotten down to almost nothing left in the bank by that point but PANVALET was an instant success and the rest is history. So basically that's how we got started.

Competition to PANVALET

Johnson: That's fascinating. Everybody got into this business in a lot of different ways. Pansophic is the first company that I've encountered that started out with the broad scope of all the possibilities and narrowed it down to software products very quickly. Many of the companies started out doing a lot of what's now called professional services but back in those days it was called contract programming. Some of them had software products but they kind of limped along as a step child until the early 1970s. So it's a very interesting process that you went through. Did you have any competition at the time in terms of anybody else selling that type of product?

Piscopo: Well, that's an easy one to answer at this point. I wouldn't necessarily profess that we figured this all out at the time. Clearly we had a revolutionary technology in the context that a PANVALET system technically is a direct access system. It was a disk resident system as opposed to a sequential tape system and there were none like it. The day we came out live and hitting, there were no comparable products. The only tape system that existed at the time was one called Librarian from ADR. It took ADR better than a year to adapt their tape library system, which was not competitive, to become a direct competitor of PANVALET and a direct access system. From that point on we've been dog-eat-dog competitors ever since.

If we would have realized it at the time, I suppose we might have taken some steps to hold them up or hold them off or something like that. But they were not a competitor with their library system at the outset. They caught up over the next year or two. Now they've got about half the total market penetration and we've got about the other half. And nobody else has much of any.

Johnson: What about IBM? Was IBM providing any kind of software to handle that problem?

Piscopo: Historically, they certainly did not. Back in the Sixties, it was a card systems residence era for programs of any kind, including in large shops and including big OS systems. Allstate Insurance and Sears Roebuck, companies like that, maintained their libraries of programs entirely in card form. So we had a ready entre into most of the large-scale shops and many small ones as well by virtue of the fact that getting rid of the cards was a major benefit. Because cards are bulky and messy and are not reliable as backup in any event.

Johnson: I've been around since those days so I know what trays of cards are like.

Piscopo: Well, IBM even through probably the late 1970s still never had anything better than card systems for DOS users. And they had a thing called IEBUPDTE which is an OS system program for maintaining card images on a disk. That's basically a sequential system in itself and it's not a system for doing anything other than storing cards. There are no security features, there's no backup efficiency and things like that. It's basically programmer-controlled management of DASD libraries.

Only in about the last three or four or five years has IBM taken steps to improve this and these are not steps to compete with us, I don't believe, but rather steps to improve the control and efficiency aspects of the mainline mainframe system software from an operating system point of view. They have over the last four or five years continuously, although slowly, made inroads into providing some of the user benefit aspects and functionality of library systems so that IBM now has direct access systems that are efficient.

They have systems that give archives of programs and things like that and they have some rudimentary security features. But even to this day they have not yet gone the route of attempting to deliver to their end users strong competitive products to either PANVALET or ADR's Librarian.

Johnson: Would it be fair to say then that, unlike some of the people who were in the software business in the late 1960s, you did not perceive IBM as a competitive threat because they weren't selling a product that was comparable to yours?

Piscopo: Absolutely we did not consider them to be a competitive threat whatever. In fact, we still don't. Although they now have improved the offerings that they provide. But those offerings are basically still quasi bundled. They're charged for, but no one can opt out of them. They're basic software that's necessary for operating the machine. It's how they distribute their systems.

Effect of IBM Unbundling

Johnson: What perception would you have then in terms of what the effect of the unbundling may have had on Pansophic?

Piscopo: Almost none. I became aware of it because I read *Computerworld* and *Datamation*, things like that. I don't think it had any effect on anybody for a couple of years.

Johnson: Yes, that's beginning to be my impression too.

Piscopo: If you were to try to point out to the world that believes that the unbundling was the thing that triggered the software industry you would have my vote that I don't think that's true at all. I was here then. And, basically, no one knew what the heck they were announcing until two years later.

It's a fact, too, that IBM made no pretense that that's what it was doing. It was not intending to spawn the software industry. It was intending to get itself out of anti-trust situations.

Johnson: Well, that's certainly Burt [Grad]'s viewpoint and he was on the task force at the time. He claims it was fully a defensive move on IBM's part.

Piscopo: It was not intending to be a nice guy to Joe Piscopo, that's for sure. Frankly, Pansophic – and the State of Illinois records will confirm what I'm telling you – was in business before unbundling was announced. And, you know, the fact that IBM had unbundled in terms of some kind of an announcement was of little consequence, if my recollection is correct, in terms of our discussion with our marketing guy that we were trying to indoctrinate into the computer field.

And I can tell you first hand that it had no bearing whatever from a competitive aspect on considering whether we should or shouldn't do a library system. I'm not totally sure if it was at all conscious and maybe because we were ignorant. But nevertheless, it had no bearing on either the formation of Pansophic or our subsequent decision to focus on and move into the system software business.

Reason for Focusing on System Software

The reason we went into the system software business is a very important factor that I think is important to convey to you. The reason we went into the systems software business is because of a couple of key factors that happen to be true about it then and by and large are still true about it today.

There were a lot of potential customers. There were known to be some 30,000 IBM mainframe sites, 360, 370, even as long ago as 1969. They were known to have lots of money to spend. And they were easy to identify and easy to find. Those were all market-related things.

And on our part we did not regard ourselves – myself, my younger brother and my former college roommate, who were all computer scientists – as superhuman scientists of some kind. But we did regard ourselves as being proficient in programming, in computers, in software design, from a disciplined approach as opposed to a former Cobol programmer from Walgreens.

We were trained in a career sense to be computer programmers. We believed that it would be legitimate for us, if we were successful, to claim to have an expertise in computers and software. We believed that if we achieved our dreams that we had a legitimate right to stand up before anybody in an audience and say that we have an expertise in systems software that others don't have.

Because if we were successful in developing a product that became a marketing success, our desire was to have something that would be difficult for somebody to compete with unless they could figure out what we did and how we did it. Our products were relatively unique. Sears Roebuck couldn't do it themselves because they could never figure out how.

We used to pride ourselves in the early days on how many things that we got into the product that were impossible. Because the more the better. It gave us a technological edge and one where we were able to feel comfortable that we would not merely become braggarts or formidable with the buzzwords or the hardware – new disk units and tapes and things like that. Because in fact we *did* believe that we had the ability to contend that we had an expertise in software and that Sears Roebuck did not. Because Sears Roebuck should have been interested in handling Sears Roebuck's business, not in handling libraries. Basically we had a conceptual view of the legitimacy of what we set about trying to do.

Customer Resistance to Packaged Software

Johnson: What kind of problems did you have in terms of customers accepting the idea that they should buy a software package? Did you run into resistance to the general concept of buying a software product from somebody rather than writing it in house? Did that affect the kind of product you were selling?

Piscopo: Well, let me answer your question by breaking it down a little bit. First of all, we never had any hang-up in finding enough customers early on to make us what I described as an instant success. In our very first month on the market in early 1970, six or seven units sold. This

was a product that was fairly cheap – it was \$2,800. Six sales of \$2,800 was about all our costs were at that time.

So we became an instant success in the sense that we never had to scrimp and squirm in order to prove that the product was a viable winner. We didn't necessarily make a lot of money. In fact, our first two years in business were losses. But we were very profitable our third year and every year ever since. In fact, we paid dividends to our stockholders for ten consecutive years before we had to stop in order to go public. But basically there was never a doubt from a technological or from a marketing point of view once we got the product completed and out the door.

Now, coming back around the other side, let me ask you to repeat the other part of your question.

Johnson: Okay. John Maguire told me, for instance, that before he started Software AG he was out there selling a report writer. He would make sales presentations and people would say, gee, that's a great idea. I think we'll build one ourselves.

Piscopo: We encountered products like ours that were internally developed now and again. Most users had conventional card systems and some rudimentary tape systems. We did not face that problem in terms of our own endeavor, in terms of paying our bills and things like that. On the other hand, I think there was quite a bit of time – years – when, even though we were selling a sufficient number to make ends meet and make profits and grow our company, there was still some reluctance on the part of many users, both large ones and smaller ones, to pursue a non-IBM and a non-internal system that was the very fiber of a computer organization, namely your programs become controlled by ours.

We never had a problem in finding enough to get going and keep going. But there was a known reluctance on the part of some that I can look back upon and say there existed some mental blocks in terms of companies becoming interested in any outside software. For a number of years there were certain companies that never bought any outside software. And then eventually they fell by the wayside also.

It's kind of hard to nail down what was occurring at that early time. I know that there were some sales that we never were able to make with local companies and big ones. There are still some that we've never made a sale to that are right near our offices here.

But over the years virtually all mainframe users have given up any pretense that they ever had of preferring internally-developed things versus external or preferring IBM things versus non-IBM things. Basically there was some reluctance and hesitance on the part of a lot of users. But

every single one of them by and large has fallen off on that feeling over the years. It would have been nice if none of them had that apprehension in the first place but I'm not sure if we would have altered a whole lot. I know they existed but when we noted that we just kind of moved on to the next one and sold the one that we skipped a couple of years later. We were eager and enthusiastic and there were plenty of sites to go call on.

I've got some trophies back home in the bottom of my work chest of things like a letter inquiry from Eastman Kodak about PANVALET back in early 1970. We finally sold them a multi-site license in about 1974. When that letter first came in it was very exciting to get a letter on Kodak yellow stationery. It was just a tire kick on their part but we got all excited.

Marketing and Sales Strategies

Johnson: How did they find you?

Piscopo: We pursued the free advertising route, the listing in *Datamation* or *ICP*. We didn't do any paid advertising, until about 1973 or 1974.

Johnson: Wow.

Piscopo: We had salesmen. The first five salesmen we hired in our local Chicago area office used to come into the office at 7:00 a.m. in order to call New York which was already doing business and stay until 7:00 p.m. and call California. But we did get a lot of inquiries from the first free announcement. Basically I would say there was never a shortage of anybody to call on after that first three months of selling of PANVALET.

We were able to close some of the largest computer users in the Chicago area as well as around the country including six different divisions of General Motors. Those represented the spade work and the early efforts for what became today, for example, the combination of General Motors and EDS. We probably have every single division and mainframe site of GM plus several of EDS's on PANVALET systems, using one or another of our library systems around the world. And that's like 65 or more sites. That's actually a long ago number. They may have a lot more than that by now.

We succeeded in moving on from the original Chevrolet, Fisher Body, and the GM Electromotive Divisions Buick and AC Spark Plug. Early on we were able to persuade some big-time people in Detroit, with the Chevrolet Division and Fisher Body Division particularly, which were the advanced GM divisions of that day, to give us a chance and give us a try because the price was

right. And in fact IBM was doing nothing in this area and they realized the problems of having of hundreds of programmers and huge libraries. It was a major problem of the IBM users of the day that I don't think IBM to this day ever realized or appreciated or cared about.

Pricing Issues

Johnson: How did you come up with that price by the way?

Piscopo: The price?

Johnson: Yes, you said you started out with \$2,800. How did you decide what it was worth?

Piscopo: Well, we kind of stuck our thumb up in the air and said, how about that? And that's what we started from. A better question, Luanne, might have been why did we keep it there. Because I believe that was a mistake.

Johnson: How long did you keep it there?

Piscopo: Oh, several years. And even after that for ten more years we sold as if we had a subconscious competition problem with ADR and their Librarian product. I don't think the original price was tied to the price that they were charging for their tape system. I'm not sure we even knew what it was. But I know after ADR converted their system to a competitive product with ours, from that point on for about ten years we had a mental block about increasing prices very much to our detriment and perhaps theirs too. But we weren't smart enough to figure it all out.

But these days we don't have that problem. For the last five years ADR just incidentally happened to go their own direction relative to their priorities and into Datacomm in the database area. They're still a competitor of PANVALET. Every day that we talk about making a new sale, they're always around. But price is not a limitation anymore in the library systems. They're more like \$20,000 today. And there's a whole host of charges for component pieces to add on top of that. Our starting price was basically just to try something rather than anything else. But we ended up stuck on a price in the vicinity that we started, \$3,000 - \$4,000, for way too long from a competitive point of view for our own good. It would have been wise to raise the price a lot sooner. It felt like this competitive thing was a real hang-up problem for users although the products weren't comparable necessarily functionally. But they were alternatives for sure.

Johnson: What did you include in that price? Was the system shipped without any installation? Did you include training? Did you include any updates?

Piscopo: First of all, the original pricing, which lasted only about three years, was \$2,800 for a three-year license. The three-year license included installation and included the first three years worth of maintenance. After that three years, there was a \$600 a year renewal charge. It was the same price as maintenance ultimately became. But we didn't have such a thing as optional maintenance in the early days.

But we changed later. About 1972 we switched to a \$3,800 price with \$600 optional maintenance which was different from our original basis. And that was only for one year of maintenance. We went from a three-year license with annual required renewals to continue the product to a perpetual license with one-year optional maintenance after the first year. Which is still the way we do it now.

Johnson: Why did you decide on a three-year license? What was your model for doing it on a license basis as opposed to an outright sale? Were you concerned about protecting it? Or about getting additional revenues beyond the three years? What was the motivation behind deciding to do a three-year license?

Piscopo: My memory's kind of foggy to answer that one. I think there was some other product like Mark IV maybe or Autoflow. The only products that we knew of that were commercial at the time, if I'm not mistaken, were being sold that way.

Johnson: Those products definitely were. I know that there were some other people that were doing it differently but I can't remember them off the top of the top of my head.

Piscopo: No one, if I'm not mistaken. With IBM for whatever it had, the charge was monthly. There was no one that I can recall that had a perpetual with one-year kind of arrangement. We were one of the earlier innovators of the one-year, perpetual basis. There really wasn't any benefit in the three-year thing.

First Company Formed to Market Software Products

Johnson: If I were to ask what was the first company that was ever formed specifically for the purpose of developing and marketing software products, what would be your answer?

Piscopo: I think it might be Cullinane.

Johnson: I haven't talked with John. I have a meeting with him next week in Boston. So I don't know. That would be my guess too.

Piscopo: I would suspect that Cincom could be possibly one but I'm not sure. I know Cullinane – at least my recollection is because I knew John even back then – never did anything else except sell products.

Johnson: Well, Cincom was originally Cincinnati Computer.

Piscopo: I don't know where Cincom came from originally.

Johnson: I'm going to talk to Tom Nies on Thursday so I'll trace that down.

Piscopo: I know ADR had other business. I know Informatics had other business. And I know Pansophic and Cullinane did not, never. We didn't form our company for software but we quickly became focused solely on software. I suspect that you're probably correct that we were one of the few that looked at all of the possibilities. But we did in fact form with the idea of being able to do anything for everybody or whatever we could end up succeeding at. And it turned out that the economics of multiple numbers of sales without any additional expense was in fact the reason we elected to pursue the software route and the reason that we have avoided all these years and still avoid application software.

Family Support for Pansophic

Johnson: I gather that your family was very much involved in this whole process all along.

Piscopo: Only from a financing point of view and my brother. My brother was with us in development up until the last three years. My brother Tony left the company three years ago and he was involved in the development organization all those years. My college roommate left in 1972. He was going to the University of Chicago, getting an MBA at nights. And he finally got his MBA and decided to change careers back in 1972. My brother left the company three years ago and moved to Denver where he is comfortably engaged in PCs, skiing and he lives on a golf course. He had a lot of Pansophic stock. He's two years younger than I so he's not forty yet. He's enjoying life as a ski racer and a pool player and retired on a golf course.

Johnson: A former Pansophic employee had told me a story once about sending your father to New York to make a delivery of software.

Piscopo: That was a reality. He went to New York when he was supposed to go to Newark. We had a version of PANVALET that had to be delivered in order to close our first multiple site contract. It was thirteen sites for Prudential Insurance Company. This was like July of 1970. We

had to develop a different version of the product for Prudential requirements. It was a new version rather than a special version and we had to crash ourselves to death to meet the timing dates. I ended up having to manhandle writing the documentation while my wife was typing it, while my sister was copying it on a copier. My mother was collating it. My dad was a retired auto body and fender repairman and he ended up being the one who had to fly the thing to Newark, New Jersey at 2:30 in the morning on the last airplane out. The software was all done and was already there. Our marketing guy had been there the night before.

I was too beat personally to be able to do it so my dad went to the airport. He'd never even flown an airplane before. So he ended up having to fly to Kennedy airport and then figure out how to get to Newark by nine o'clock in the morning which was impossible. He left at 2:30 in the morning from Chicago. He went to Philadelphia and then to Kennedy. He called my house at four in the morning when he got down on the ground. It's one of those old family stories. But we made the deal and my dad was entertained by the Chairman of the Board of Prudential at noon at a luncheon in Newark. It's a memory that did in fact happen. I'm delighted by it and I remember it very vividly.

But it's not a picture of my family being intimately involved in the day-by-day operating of the company. It was always available and always has been to pitch in, in terms of helping out if we needed it at the time. And that happened to be one of those times.

But the fact that my Uncle Emil was instrumental in raising the initial funds was a crucial fact. If you were to ask me what were the key ingredients, if we didn't have a sufficient amount of funds at the beginning we never would have gotten anywhere. We had plenty of ideas, a lot of eagerness and enthusiasm and all that. But we needed the money to live through the first year and get this product out the door.

My brother was with us for about 14 years and he, above all, was one of the strongest technical people we had. Initially in our first several hundred sales our development people were the ones that did the installing all over the world or all over the country, at least. My brother Tony probably installed half of the first 200 – 300 sales we made. So he got to see everywhere from Tampa to Maine to Juneau, Alaska to Window Rock, Arizona. He's got a lot of stories about that. But that's kind of what it takes.

We've had situations where the technician would go to some site in Philadelphia to install what he thought was a DOS account and he ended up taking an OS tape with him my mistake. Instead of coming back and saying, "Well, let's do it some other time" because his tape wouldn't work, he went down the road to some other customer and asked if he could copy a tape and brought it back and got the job done. Those are the kind of things that these days are probably long forgotten by now.

Johnson: I'm hoping I can capture the flavor at that time. Because all the software companies were working that way in those days. One thing is very different now. The micro computer software people have done some fantastic things. They're known in the popular media and they've become folk heroes. But compared to the way you were working and we were all working in the software industry in the early 1970s, they don't have the same kind of direct face-to-face involvement with their customers.

Piscopo: That's right.

Johnson: We were out installing and getting direct feedback and really relating to customers in a very different way than they are. I'd like to bring the flavor of that out.

Initial Sales Experiences

Piscopo: Believe me, I can give you numerous stories. I was the technical advisor to the marketing vice president on a sales call to Fisher Body Division at General Motors in Detroit in March of 1970. The two of us, the president and vice president of a little tiny company in an industry that didn't exist at the time, made a sales call on Bob Mock who was the Fisher Body Division data processing manager who personally was responsible for 32 computer installations. His office was big enough to put a bus in and he had lined up beside of his desk four of his chief honchos including the guy that had written their system for them. There were four different technical advisors with him. And our marketing guy had to give a sales pitch.

Then they asked me all kinds of different odds and ends worth of technical questions and they were somewhat pointed and sharp-shooting questions. And we were able to be naive in one sense but also confident in another to offset some of their not-invented-here issues. In fact, we finally convinced the guy who had written the system that they had been using at Fisher Body that there were some things that he overlooked in his design in terms of what a good system ought to be. We left that four-hour meeting, which was really testy for a time, with an order. It was heartening at the time to be involved in talking to customers and responding to what they needed.

You know, PANVALET had seven versions in the first four years. Being responsive to the needs of the market is part of where it's at in the computer business. That's why I've never been personally an IBM attacker like many others were or have been or some still are. I personally was pleased to have had a job offer from IBM when I graduated from college. But I turned them down because they didn't offer me enough money. My first air flight was at their expense to New York. I've always regarded IBM as a standard of pre-eminence and a fine company and in many ways something to emulate.

For example, in 1972 I was the controller at Pansophic and did all of the books for the first three years of business. I guess I can brag that I have minors in finance and economics and of the few A's I did have, I had two A's in accounting. It came fairly easily for me. But there was really no job for someone else at the time so for the first three years I kept all the books. That was one of the things that I was able to get myself out of by three years.

In our third year, which was our first year of making a sizeable profit and ten years before we ultimately went public, we retained Price Waterhouse as our public accounting firm. This was 1972 when we total sales of \$865,000. And Price Waterhouse was IBM's auditors and was what we regarded as first class. But our attitude and framework is whatever the user needs and whatever the necessities of competition are. And IBM has been one of the firms that I've always regarded as having been there first. We like following IBM salesmen. We like to be nice with them although they don't necessarily help us in any particular sense. They have some competitive products but they've never been a cause of mine in terms of doing things to hurt software companies indirectly or directly.

I think you should ask those kinds of questions to everyone you talk to because you'll find many of the earlier people are or were very adamantly anti-IBM.

Johnson: Oh, yes.

Piscopo: In fact, that was a big part of the original ADAPSO formation. I was a founding director of the software section of ADAPSO and there were people like Marty Goetz of ADR and Tom Nies of Cincom who were really anti-IBM. They thought that ADAPSO ought to spend all of its efforts changing the laws and working on campaigns like patent ability of software and stuff like that.

Computer Resources for Development

Johnson: Yes, I've already interviewed Marty and what's interesting about this is to get your contrasting view. I have one final question. Where did you get the computer resource to do development? Did you in your initial funding actually go out and lease a computer? Or were you renting time or what?

Piscopo: That's a good question. That's an interesting one too. You'll probably get a lot of variety from different people. For the longest time it seemed we had an internal philosophy that said, we develop software to sell rather than for any other reason so that we have no presumption that we're going to go on an ego trip in terms of computers.

I think we got our first computer internally in 1978. During all that time up until then, believe me, as we got larger and larger and had more and more installations of different products, it became a complication of great proportions. But the expense factor was never even close to the cost of internally doing it. We were never able to measure the benefit of internally doing it but we used to have different dimensions of product requirements like special DOS versions or special IBM data cells and different kinds of disk units. We used to have to go test those things out at Culligan water softener company at midnight or the third Tuesday of every third month, things like that. It was really strained. It was just something that a software company by and large has to cope with. Otherwise, what some software companies did, I believe, is to only do the kinds of versions or offer the sorts of systems that are most comfortably available for testing purposes. We regarded that as a non-acceptable answer to what user needs are.

So we determined what our product requirements were and the fact was we still couldn't cover the cost of our own machine. Because our own machine would have had to have a variety of things on it in order to handle all the environments. In fact, after we bought our first machine which was a 370/148 in, I think it was 1978 or 1979, we still had to go outside for certain specific environments which couldn't get covered. In fact, today even though we now have a 3083 and a 4381 both and they run under MVS and VM and run everything from DB2 to IMS to CICS to DOS VSE and everything, we still go out on occasion to validate certain kinds of things like Personal Computer kinds of products, things like that. It's not feasible to have such a technical environment that will handle every possible user environment that we've got. And we've never restricted how many user environments we would cope with. But we maintained steadfastly for about the first ten years that there was just no way that we were going to go on an ego trip to put our own machine in just because it would make our lives more convenient.

It was never contemplated in our original funding or our original environment that we do anything different than that. We were delighted to finally buy our own machines when we had so much business that the cost factor became sensible. And now we're a big IBM user.

Johnson: Okay. Well, you've answered my list of questions. If there's anything else you'd like to add, I'd be happy to listen to you.

Piscopo: I'll look in my library around here and see if I've got things from a while back that might prove helpful to you.

Johnson: Great. Thanks so much for your time.

Piscopo: It's been good to talk to you.

Postscript as of September, 2009 (provided by Joe Piscopo)

Mr. Piscopo retired in July, 1987 after 18 years as Chairman and CEO of Pansophic Systems, Incorporated, the Lisle, Illinois based software firm he had founded in April, 1969, Pansophic annual revenues exceeded \$230 Million, with 1600 employees and more than 10,000 customers in 60 countries. Pansophic's PANVALET, a Program Library System, and EASYTRIEVE, a report writer, each exceeded 10,000 mainframe installations and \$100 million in revenues.

Pansophic's initial public offering (IPO) was in August, 1981. Another public offering occurred in 1983. Pansophic's shares were traded on Nasdaq starting in 1981, then on the New York Stock Exchange in 1985. From 1969 to 1991 Pansophic shareholders enjoyed a remarkable return on their investment. The total return from dividends and capital gains for 1000 shares bought for \$1,430.00 in 1969 was \$874,000.00, approximately 611 times the original investment.

Pansophic was acquired by Computer Associates International, Inc.(CA) for \$300 million in cash in October, 1991. Pansophic was absorbed into CA, most of the 1600 employees were terminated, all products were included in CA's program library. Although the Pansophic identity was dropped, many of its customers are still happy on current maintenance.

Emil M. Piscopo, Joe's uncle, was instrumental in obtaining the initial capital for Pansophic. He served as a member of the board of directors from 1969-1991. Emil died September 4, 2009.