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ADAPSO Reunion – Industry Image Workshop
Conducted by Software History Center—Oral History Project

Abstract: A group of former CEO’s of computer software product and services companies discuss how ADAPSO recognized the need to improve the image of their industry and what it did to promote the image of the computer services and products companies. They talk about the significance of the 1980 Business Week cover story followed by the general lack of industry coverage in following years. They discuss how IBM’s anti-publicity stance hampered the recognition of the industry and how ADAPSO used the advertising by its members to demonstrate the financial clout of the industry. They finish by discussing how the world changed following the introduction of the PC.

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Introductions

Rick Crandall: I'm the moderator of this session, Julie Johnston is our rapporteur and our co-moderator is David Grier from George Washington University. I'm a last minute stand-in. John Imlay, the former CEO of MSA, was going to be here and couldn't come at the last minute due to a flight cancellation. He initially said he wasn't going to
come because he wouldn't be able to fly up until this morning, but I had him talked into it. I called him and said, “John, we’re going to record ADAPSO's contributions to the industry's image at the time when we needed it and, of course, if you’re not here I'll try to remember what you did. My memory might not be as good as yours but I'll be there.” [Laughter]

Let’s start by going around the room and getting names and companies and why we’re here so that Julie can record all that.

**John Maguire:** I’m John Maguire, Software AG, an active member of ADAPSO for a long, long time. I worked with John Imlay a lot, on the trips we took to call on the news media in New York City.

**T. Lowell Dent:** I’m from Computer Power, Jacksonville, FL. I joined ADAPSO in either 1962 or 1963.

**Jerry Dreyer:** I joined ADAPSO as a chief staff executive in December 1966 and retired in 1986.

**Ed Bride:** I was with *Computerworld* in the early 1970s, and *Software News* and then *Software Magazine* from 1981 to 1991. I was responsible for keeping Dave Sturtevant busy, keeping the image untarnished.

**Dave Sturtevant:** I had the privilege of being Vice President of Public Communications of ADAPSO from 1979 to 1987. John Maguire and Jerry Dreyer and a few other people were on the committee that interviewed me and hired me.

**Sam Albert:** I’m the President of Sam Albert Associates today, but for eighteen of my thirty years with IBM, I was responsible for the consultants, the CPAs, and the legal profession. In 1981, they gave me responsibility for the entire software and services industry. I was responsible for the revenue that came from this function, the marketing practices, the marketing strategy and the marketing programs for the software and services industry.

**David Grier:** I’m a professor of computer science and international affairs at GWU. I was also involved in the computer industry. During the 1980s I was a systems designer for Burroughs Corporation and then I did software support. One of the things that interested me about this session—I don’t want to steal Rick’s thunder—but it seems to me that, from the start, the software industry has had to define what it was publicly, with very little in the way of guidelines as to how to do that, how to present itself. And the question starts from there: How did you do it and how did you recognize that there was even a need?
Mike Maples: I worked for IBM for a number of years and Microsoft for a number of years and I participated in ADAPSO, representing both of them. I started with ADAPSO probably in the late 1970s or early 1980s, through the mid-1990s.

Julie Johnston: I'm Julie Johnston. I was an ADAPSO staff member, Director of Research, early 1980s.

Crandall: I was Founder and CEO of Comshare for many years until 1994. My first involvement with ADAPSO was when the Computer Timesharing Section was formed which I think was approximately 1968.


Crandall: That then transformed into my broader participation in ADAPSO. I was President of ADAPSO in 1978 and I was active on a lot of committees, particularly Image, Research and Statistics, and Strategic Planning.

So let’s get started. We are mostly concerned with the period from the point when the Image Committee was formed in about 1977 through its most active period in 1981 or 1982. When ADAPSO was formed in the 1960s, it was initially a service-bureau-based trade association. Then, when the Remote Processing Services Section was formed, ADAPSO also became an association for the timesharing companies. The software companies came in after that.

I don’t remember the service bureau period very well but I do remember the significant growth period in timesharing, which was the late 1960s and all through the 1970s. There was significant press coverage associated with that very rapid growth but I don’t remember any work being done in the trade association related to that. Most of the work that RPSS did in ADAPSO had to do with the problems it was having with the telephone companies and with communications regulatory practices and policies, and trying to get that whole arena opened up. Initially, AT&T and the whole telephone industry considered that anything we did that had to do with networking looked like reselling telecommunications and that was illegal as far as they were concerned. But I won’t spend any time on that.

The Industry Image Strategy

The earliest date that I can remember associated with the subject of industry image was a meeting that John Imlay and I had in 1977. It was probably at the spring ADAPSO meeting and it was right after some conversations I’d had with Jerry Dreyer who indicated to me that I was going to be a shoo-in for ADAPSO President in 1978. Jerry was a master of orchestration during that time. In fact, I think he was the significant glue in keeping the disparate groups together in the organization by making things happen when they needed to happen, instead of
relying completely on the democracy of the organization. I can’t imagine this is the first time that has been said.

I was looking for what my strategy as President of the organization in 1978 would be and, in discussions with John Imlay, who is among the most image-conscious of anybody I know, I decided that one of the most powerful strategies that we could employ was improving the industry's image. The objective would be to get the marketplace to acknowledge that software was an industry in its own right, and was not just some adjunct to hardware. For example, the focus that IBM had on calling these companies ISVs, independent software vendors—presumably meaning independent from IBM—was a focus that we wanted to completely flip around. This was well before the PC and well before any of those developments that would assist with that image. So John and I agreed that if I was to become President in 1978, he would become my Senior Vice President, or whatever the exact title was. And since that was the step for his becoming President the following year, we figured that between the two of us we’d have a two-year run to work on the image strategy.

We decided to make those two years of consistent effort to hammer the business press—not just the trade press which was covering the industry. I've got a copy of a booklet here called the DP Public Relations Review dated October 1976 and there are a number of articles in it which are very software industry specific. So trade publications were talking a little bit about software here and there, but the big problem was that we had not cracked the business press. That was the big goal—to crack the business press—Business Week and Fortune and Forbes and so on. We designed a game plan in 1977 where we would set up regular and continuous appointments with the press. We would come up with topics that we thought were newsworthy and offer them up to the press. When we got a bite, we would bring in the CEOs that were relevant to that subject. In so doing, we hoped that we would increase awareness and understanding and, eventually, get coverage from these publications.

The Business Week Cover Story

The first success story was when we finally cracked Business Week, which wrote what they called a platform article. We had learned that it was almost impossible to get coverage from Business Week until they had done a platform article, which is kind of a baseline article: broad-based, significant, maybe even a cover story. And once you got one of those, it was much easier to go back and get them to then take pieces of the story and cover them in more depth with more reporters involved and so forth. It was approximately early 1980 when we finally did get that.

Sturtevant: September 1, 1980, Business Week.

Crandall: It was a cover story and there was a picture of a computer box with the top opened up and the title of it was “The Empty Computer,” meaning the computer was empty
without software inside. That opened the gateway for many more articles and then it spread throughout the rest of the business press. I won't jump in right away with what I think the impact was. I know that our goal was to generate acknowledgement in the buying marketplace that software had a value, that you paid money for it, instead of it being something that was bundled and seemed like it was free.

The second goal that we had was to try to open up the equity markets to the concept of software firms being public. There were a number of timesharing firms that were public, Comshare being one. Comshare went public in 1968 so it had been public for a long time. ADP went public in 1961 or something like that. So there were services firms that were public, but software firms going public was the next goal and that was another goal of this campaign.

So that meeting that John Imlay and I had was a key meeting. John really picked up that game plan. I had it as a goal and a strategy of the 1978 administration, which was the year I was President, but he was definitely the most aggressive with it over time.

We also decided that we needed to get ADAPSO itself, as an organization, more ramped up about itself and more of an enthusiastic, fun-loving organization. It was a very serious, mission-oriented organization, and continued to be, but we wanted to kind of mix it up. I know many in this room will remember that we decided to pull off a stunt at the meeting in the spring of 1978, which was in Phoenix. We hired the head of the International Brotherhood of Magicians of Phoenix to do an illusion, which involved a nailed-together crate that had in it secret ingredients that he brought from his mountain top to solve one of the industry’s major woes. Which at the time clearly was IBM. [Laughter]

Jerry, I think you arranged for a caricaturist to draw a picture of me as Superman with a big A on my chest for ADAPSOMan that I used as a slide in my incoming speech as ADAPSO President. Because all we were doing in those days was fighting problems. Well, John had arranged for a real Superman costume emblazoned with an A on the chest. You know, real blue tights with the red pants and so on. He had me dress up in it in secret in the back of this big room. We must have had about a thousand people at that meeting. So the magician does some magic tricks to warm the crowd up and brings out this big trunk. He had a way of opening the trunk and tipping it over so you could see it was empty.

So then he said, “Oh my god, it’s empty, they shipped it to me empty, they made a mistake. I’m going to have to use all my magical powers to transport what we need from my mountain top retreat. But here is the problem we’re dealing with.” And he had three huge Styrofoam letters: I,B,M. He threw them into this apparently empty crate. Closed it up, nailed it, spun it around and did all this hocus-pocus stuff. I was, in fact, in there, really cramped up, in this outfit. After he did his hocus-pocus and reopened the box, I grabbed the letters and jumped out. I literally leaped out, which I had to do to get over the sides, with the red cape flying behind me and I
started ripping the three letters, I, B, M, apart. And Bernie Goldstein jumped up and said, “Oh my god, he’s breaking up IBM.” [Laughter]

At which point, about six IBMers left the room. I couldn’t tell if they were ticked off or what. But that started a number of higher profile, more entertainment-oriented activities that went along with the image campaign. That went on for years. So that's a bit of introduction and some memories. I’m sure some more memories will get jogged as we go along. What we want to talk about are any further recollections of what we did in the image campaign, what our goals were, and what the effect was on the industry and on individual companies.

**Lack of Press Coverage of the Software Industry**

**Maples:** Let me just add that IBM was very anti-press and anti-publicity. IBM was very, very closed and managed all the information flow to their customers. They didn’t want to give information to anybody else. It was a very closed, controlling environment so that any little company had a hard time trying to get any kind of press. There was hardly any press prior to this time and any conflicts were pushed underground.

**Maguire:** That underscores the problem that we had.

**Maples:** Absolutely.

**Maguire:** That was the biggest part of the problem. I made a lot of trips to New York for those breakfast meetings with *Fortune* editors and *Forbes* and *Business Week*. And speaking from my perspective as a software product marketer, it was extremely difficult trying to sell into an IBM account, extraordinarily difficult, because there weren’t many IBM customers that had a lot of software from the independent software industry. That was the image that I personally was trying to push, that we were really an industry. That *Business Week* article, I think, talked about the independent software industry.

**Crandall:** Oh, yeah, the article covered the independent software industry very extensively.

**Maguire:** That was the first time anyone other than those of us on the inside talked about the independent software companies as an industry per se, and that was part of the problem of cracking the IBM users. Because of IBM controlling the information, they didn’t see us as a viable industry. At Software AG, we were selling database systems, the engine of their future information systems, and they saw us as a very high risk.

**Albert:** This is a footnote, but when I took over the software industry and the services industry for IBM, I became involved with ADAPSO and I met John Imlay who was running MSA at the time. At one point in our discussions, I said, "What do you call yourselves?" And he said,
“Well, Sam, you’re a hardware company. We would call ourselves an independent software vendor.” So the term "ISV" was really created by John and since that time I’ve been on a mission to erase it from the industry, because, when you think about it, there is no such thing as an independent software vendor. I’ve been trying for many years to get IBM to call it "SV," software vendor, and I almost succeeded. I talked to a very high-level IBM marketing executive about four or five years ago and I told him, “This doesn’t make sense. If you don’t ever want to be included in the list of software vendors, keep calling them ISVs on your charts, because then they are ISVs, and then there’s IBM which is an SV.” I said, ”You’re all SVs.” So I had him convinced but the next time I saw his pitch he was still using ISVs. After he finished his pitch, I said, “Why are you still using ISVs?” He said, “Sam, I wanted to erase it but my communications guy told me nobody would know what I was talking about. They don’t know about SVs, they know about ISVs.” So I wrote a couple of articles in Enterprise Systems Journal titled ”Telephones, ISV’s and Other Antiques,” and I still can’t get rid of it. So it’s just a footnote that John Imlay and I extemporaneously created the term "ISV."

Regarding what you said about IBM controlling the press, they never realized that the press isn’t controllable. That worked to their disadvantage over time. Now I think they are a little better at PR but not that much better.

Maples: But, you know, the early data centers all used accounting machines that weren’t programmed. You only had the hardware which you programmed uniquely. But it wasn’t called programming, it was wiring the boards and so you didn’t deal with programming as such. It was all just hardware. So the idea that there could be an independent software industry didn’t make sense.

Maguire: Most of the people I dealt with once the Business Week article came out knew that independent meant non-IBM.

Albert: Yes, that’s right. That was correct.

Maguire: After that issue, they knew that we were okay. And after that Business Week article I started parading users to Computerworld that had interesting stories about using our software, and Computerworld was much more receptive than they had been five years earlier.

Bride: At Computerworld, we talked about independent everything. It was anything that was not-IBM. Independent peripherals, like independent disc drives. You know, how you could put a Mohawk drive onto an IBM system and it would work and would be cheaper. So "independent" became a commonly-used word for non-IBM. I hadn’t really reflected on that until this discussion.
I didn’t start going to ADAPSO conferences until right after that Business Week article appeared which is when Software News started up. It always struck me how few of the business press ever came to those conferences and, in fact, how few of my colleagues in the trade press came. Sometimes there would be three or four press people. I know it wasn’t for lack of trying on ADAPSO's part. It always puzzled me, because the Business Week article could have started it. You would have thought that Fortune would have followed, Forbes would have followed. As companies began to go public, which was beginning to happen by then...

Dreyer: Less than a year away. It started really in 1981.

Bride: You would think that the press would flock to ADAPSO, but it didn’t happen.

Sturtevant: I’ll make a couple of observations. First of all, in our heyday, on average we would get ten or twelve reporters from various publications to the conferences. I think one of the reasons that it was always difficult to get more was because a lot of the decision-making in the boardroom was closed to the press. That made things a little less attractive, as far as news availability. But at the same time, there were tremendous stories to be had at the meetings and we did a decent job getting the press there. One of the things that I’m pleased about is that, by my count, in the eight years that I was there, we generated over twenty-five hundred articles on behalf of the industry and the association that we could lay claim to.

One anecdotal story that's kind of interesting. In 1979, I’d been on staff for six weeks. I got a call from a guy by the name of Al Berkeley who was then with Alex Brown & Sons. He said, “I understand that you guys are the association that represents the software industry.” I said, “Yeah.” He said, “I need to get smart on this. This is the next big thing.” I said, “Okay.” He came to my office and we spent about four hours going through old INPUT reports on the size and shape of the industry and various background materials. That was the beginning of Al's getting tremendously involved in the industry and the association. Ultimately he became the president of NASDAQ. But it also was critical in terms of Alex Brown bringing a number of our companies to IPOs in the 1981, 1982 time frame.

Maguire: Not only reporters, but right after this article in 1980, underwriters started showing up at our conferences. Al Berkeley, however, was in my office in Reston, VA, getting to know Software AG in 1979 before the Business Week article.

Crandall: I’ll chip in. I know Al very well. We've talked about those days and he will tell you that his whole motivation was not so much for the betterment of the industry. He was trying to figure out how to make a name for himself in the investment banking world. At the time, Alex Brown had made a corporate strategy decision to try specialization but didn’t know how to do it. Al knew he had no specialty but he figured if he got to say the same words five times over then he was a specialist in those words. That was the basis of his calling you up, Dave, and saying, "I've got to get smart with the software and services industry." He became the guru and the
software specialist within Alex Brown. That got to be very successful for them and they did the early software IPOs. It’s very important that you raised that because that is another very key element in the success of the image effort and Al was a major contributor to that.

Albert: He visited me at IBM, as a matter a fact, during that particular period of time. He was a really very professional person who became so knowledgeable about the software industry that I invited him to IBM to address some of the people who were dealing with the software community.

Working with IBM

Sturtevant: A couple of other things related to that. The association was producing an industry newsletter called Update that was distributed to about two thousand financial analysts, primarily on Wall Street. It listed all the current publicly traded companies in the industry with their quarterly results, and it had articles that referred to what was happening in some of these new industry sectors like software.

We also started having financial analyst conferences. The idea, frankly, was stolen from AEA which did financial analyst conferences in Monterey for the electronic companies. We said, "Let’s put ours right in Wall Street's backyard at the Waldorf-Astoria Hotel in New York City and have our companies that are trying to position for IPOs do presentations.” The first one of those we held was, I believe, in 1980 and we had probably thirty or forty analysts in the room. Which was pretty good because we didn’t have a lot of background with them. Peter Cunningham from INPUT and Julie Johnston were working on producing an annual industry survey that showed statistics on the industry: how big the industry was independent of IBM’s numbers. We had three industry segments that we talked about in those days: professional services, software products and processing services, including timesharing.

By 1981, we had over a hundred industry analysts present at the meeting and a lot of CEOs came and pitched their companies. Al Berkeley became the chairman of the program and our biggest cheerleader, and eventually he took it over as a program run by Alex Brown because they could, frankly, fund it a hell of a lot better than we could. So we copied the idea from AEA and Al stole it from us, but we got our objective accomplished. The analyst community was paying attention to the industry and our companies were able to do IPOs.

Maguire: And, boy, did Alex Brown draw the analysts. I remember making a presentation and they had 750 analysts there. I had a 35' x 35' display behind me for the slide projector in a big auditorium. I mean, the interest just exploded.

Grier: Can you differentiate between the kind of work that you did to present the software industry to the investment analysts and work that you did to increase sales, particularly the work
you did to gain access to IBM customers? Was there a difference in the way you approached these problems?

**Sturtevant:** Well, from a PR standpoint, the best thing that the association could do was get coverage and articles on behalf of its members. And, frankly, just get Rick Crandall’s name or John Maguire’s name or John Imlay’s name on the Rolodex of all of these business publications so that when something broke the reporters would know who to call. These guys went into the *Wall Street Journal* time after time after time and it didn’t result in coverage for a long time, but we established credibility. And, in time, when stories did start to come up where it would make sense to pick up the phone and call someone, their business cards were on the Rolodex.

**Maguire:** Yeah, there was some overlap but, mostly, it was sequential. We first had to get the sales in order to get the numbers to go public.

**Crandall:** The image campaign had both as equal objectives: to get a higher profile in the investment community, as well as a higher profile in the customer community for the purpose of getting more sales. The fact of the matter is that when a company goes public it doesn’t only get the money from the IPO, it gets a higher profile in the broader market. It’s just a fact. So there is really a blurring between those two objectives.

**Dreyer:** It was also a marketing tool for the association to bring in new members, new blood into the organization. You can show companies what you are doing and convince them to get on board. Dave reminded me of the situation with Alex Brown. That was a coup, actually, even though we lost direct control of the event. All of a sudden, the analysts were taking a very strong look at our industry and a lot of successful things occurred as a result of it.

**Crandall:** I have a question for the room on a subject that Sam Albert was responsible for. In 1982, Sam organized a conference for the first time at IBM which I’m sure they referred to by some long and complicated name.

**Albert:** It was called the Application Developer Conference.

**Crandall:** But we referred to it as the great IBM software love-in. There were CEOs from 75 software companies, as I recall, and we noted that there were some CEOs that were very specifically not invited.

**Albert:** Those were CEOs from systems software companies as opposed to application software companies. I remember that. In fact, I went to Burt Grad to try to understand who should be invited.
Crandall: So the message that IBM gave at that conference, really for the first time, was that they wanted to work with us. Prior to that conference it was just about impossible to partner with IBM. We were not acknowledged to exist or, if we were, we were irrelevant or too tiny or not going to be around for very long, or whatever. At this conference, IBM executives paraded up on stage, and some sounded like they were reading from a script somewhere and didn't really have any idea what they were saying.

The message was that IBM was opening the doors now and didn’t have all the niches plugged and wanted to partner with us.

My question is whether that meeting and some subsequent ones actually had an impact on the overall industry. The reactions to that specific meeting at the time were varied. If you talked to the people walking out of the room, some of them took it seriously and said this is an opportunity. Others said, “There’s no way. This is some kind of an IBM hype thing to kind of patch up some of the grievances.”

Maguire: I was in that camp.

Crandall: It was right at a time when my company, Comshare, was redefining itself from being a timesharing company to being a software company. We had software products but we were not known as a software company. So we decided that we had nothing to lose and we might as well grab onto this. First of all, to see if it was real. I was always one who liked doing that, trying something to see if it was for real. Secondly, if we could accomplish something with IBM, it would help us adopt an image of being a software company.

In fact, we succeeded. In January of 1984, we announced a partnership with IBM that generated more press than the sum of the entire press that Comshare had had since 1966. It was absolutely incredible how the press picked up on this announcement of our relationship with IBM to supply decision support software. So that was another huge PR-related step forward for us as an independent software vendor. We became immediately credible to the marketplace. But I know there were a lot of vendors, yourself included, John, who felt there was nothing to this. Looking back, did it prove to have value at all in contributing to PR for the independent software industry?

Albert: There was a constant concern within IBM as to whether the software industry was friend or foe. This is what IBM constantly debated and there were people within IBM whose attitude was: nullify ADAPSO, get them out of the way, thwart whatever their agenda is. I was a minority voice on the other side that said, “No, wait a minute, these guys could be helpful. They really complement IBM, they don’t compete against IBM.” That was a constant struggle. So I think the Application Developer Conference in 1982 was a watershed event in terms of IBM’s positive thrust toward the ADAPSO organization and towards software firms in general.
Maples: One thing that we haven’t talked at all about was when IBM unbundled its core services.


Maples: No, it was 1970. To some extent, that’s what created the ability to have an industry in software. Prior to that, hardware companies thought software was a freebie that drove hardware. And I think that is what started the need for publicity and public companies and so forth.

Albert: You know, ever since ADAPSO was formed, IBM had a bastion of defense to make sure that it wouldn’t go anywhere.

Crandall: Well, one of IBM's representatives to ADAPSO, Amby Carr, was the most maddening individual that I ever dealt with because he was Mr. Barrier. You just could not get past him no matter what.

Albert: Exactly.

Crandall: And that's what IBM felt like to many people inside ADAPSO. The whole organization was just this impenetrable barrier.

Albert: Well, he was in an area that covered marketing practices and corporate concerns and things like that, so that was his role, his responsibility. I was this innocent person who went from consultants, CPAs, and lawyers, to software and services, and mine was a marketing role. So I constantly had fights with Amby and others. I never had to get approval from them but they really didn’t like my thrust.

Crandall: I’d like to transition this conversation a little bit to see what recollections we have about the effect of all these efforts. Good effect, no effect, effect on business, or effect on selling productivity, or whatever. What was the outcome?

Maguire: I had a few thousand copies made of that Business Week article. [Laughter]. And I used them all. [Laughter] Big impact.

But I want to go back to another point that you made. When you signed that agreement with IBM, you were in a different situation than we were.

Crandall: That is correct.
Competing with IBM

Maguire: When we got down to IBM versus Software AG, it was a slug fest. We were going after the engine and they were, too. Out in the streets, in the marketplace, we were fighting them everyday, and they were fighting as hard as they could, too.

Albert: How did you resolve that?

Maguire: By losing to them. Because the enemy was not only IBM, it was the people within the customer's organization who saw their future tied to IBM's IMS. They were the experts. It was a hard system to learn. They were the experts inside the customer's organization and I can tell you many, many stories of where the game was fixed. I'll give you two. Large insurance company in San Francisco. We won the technical evaluation. Database studies were very common in that day and age, and we got the highest score. It goes up to the executive that the IBM account rep takes to lunch all the time. What he did was have them change the weightings on two criteria. All of a sudden, out of nowhere, the size of the company became heavily weighted, the number of database experts within one hundred miles became paramount. I had one person in Oakland; they had a hundred down in San Jose. I lost the business.

The other one was in Boston, an insurance company. I could never prove it, but I was told that for a benchmark, the internal people, maybe with some suggestions from the IBM people, pre-sorted all of the updates against the database in the middle of the night. So the updates flew through IMS like reading the data straight off a tape. And then when they ran Adabas, those updates were in the random sequence they would typically be in and it ran much slower.

Albert: But Software AG was a very successful company.

Maguire: This is 1981, 1982, 1983. We'd just gone public so we weren't there yet.

Albert: It was IMS versus your product?

Maguire: Yes, always. And I was always very professional when I lost the sale and said, "Well, if it doesn't work out give me a call later." I personally closed a hundred of those accounts several years later—where they tried IBM's product, spent a lot of money, and then came to Software AG.

Albert: This is with a relational database?

Maguire: It was sort of relational. Oracle was purely relational. But Adabas was designed to do the bread and butter of all kinds of production, from query to sequential processing. But I'll
never forget that benchmark in Boston. They won the benchmark. Later on their sister company in England became a customer, and they eventually converted from IMS to Adabas in Boston. But that was common, once a week for me.

**Albert:** I do remember the duels over those two products. But, you’re right; Rick had a different kind of a company.

**Crandall:** I understand. I just was stirring things up to get some substantive comments.

**The Importance of Advertising**

**Sturtevant:** There was another thing we did that helped to get a lot of additional coverage for the industry. The September 1, 1980 *Business Week* story was big but, obviously, they didn’t have, as they do now, an IT department with specific reporters assigned to cover IT on a regular basis. So we employed a strategy to show these guys that there was enough financial clout and horsepower here that they had to cover this regularly.

**Albert:** As a beat.

**Sturtevant:** Right. And the way we managed to do that was through the back door, but it worked very well. In 1981, we did a special advertising supplement on the industry and we got a number of our members to buy ad space, full pages in most instances. What we did, much to their surprise, was to sell twenty full ad pages. Well, that was the biggest special ad section that they had the whole year. So they said, “By God, there are real advertising dollars here. If we start writing more about these guys and set up a department, gee whiz, they will come.” We did this for two years. The third year I went back and they said, “No, we’ll take care of it this year.” Because, obviously, there was a cut coming out of the ad dollars in terms of the cost to do it. And I was told off the record that their editorial people were embarrassed because we played the editorial content so straight. It wasn’t like an advertising section which is touting just one company. Because it was covering multiple companies, we had to be very careful that everything was on the up-and-up. So the editors said that it was better copy than they were providing on the industry and we were embarrassing them.

**Albert:** So ADAPSO wrote the advertorials?

**Sturtevant:** We wrote the first couple advertorials and sold the ads, and then, lo and behold, *Business Week* formed a department to actually cover what we do.

**Maguire:** I get *Business Week* every week and it’s still there.
Coverage of PC Software

Crandall: Mike, I’m wondering about this from a Microsoft or a PC perspective because, at the tail end of this period, there was tremendous activity already on the PC front. I imagine there wasn’t any concern about how to get press because it was such an electric new area, but was there any impact or carryover from any of this?

Maples: Well, I think the PC guys figured out PR and getting press much better than the mainframe guys ever did. I’ve commented a number of times that Microsoft’s shadow has always been much bigger than its body. It did that through pure PR. Microsoft is willing to take credit for anything that happens anywhere. Where IBM would always try to keep their name out of the press, Microsoft was always trying to get their name into the press. The most stark contrast between IBM and Microsoft was the whole issue of PR. At Microsoft, six to eight weeks before you announced a product, you’d go on a long-lead press tour. Then you’d go on a short-lead press tour and you’d have all the executives ready for press conferences. You did everything to get press. At IBM, you’d avoid telling them anything till the day of the announcement and then you’d give them a press release.

And so I think that the microcomputer companies developed the ground swell. The customer set was consumers, it wasn’t the IT department, and the only way to ever reach them was through some indirect means. You could never reach them through Computerworld or a direct sales force. So, I think the micro guys figured out early that PR was much more important to the dissemination of their product information than it was to companies selling to IT departments.

Sturtevant: But, Mike, in some respects, you’re dealing in part with a different time and place. For example, when I started in 1979 in PR with ADAPSO, I assembled a press list of the various reporters that were in the trade publications related to the industry. There were seventeen publications. That was it.

Maples: I agree that the time was more ripe in the mid-80s. If you look at the number of PC magazines started, I bet it dwarfed the number of other technology magazines. I bet that in 1984 there were more PC magazines on the rack than all of the other computer trade publications combined. I think it was just a recognition that the PC companies didn’t go to the IT department with a direct sales force.

Dreyer: I’m looking at this from a different perspective, which is one of membership. We had Milt Wessel standing before Judge Edelstein in the IBM case to get the gag rule lifted. That was notoriety, that was exciting, that was publicity. And we had headlines in Computerworld that said: Feisty ADAPSO attacks the banks, and the accounting industry, and the telecommunications industry. All of those things we were able to promote to the industry, which recognized that ADAPSO was doing something for them besides having conferences. We got very tangible results from these things. We may have not won the cases, but our strategy was
to hold at bay all of these deep-pocket companies who were trying to get into the industry. So we accomplished a lot of things and we reached our peak of a thousand companies because we were doing activist things and protecting the industry.

**Sturtevant:** That aspect of it certainly made PR on behalf of the association and the industry easier. This gets a little beyond the timeframe you're talking about, Rick, but not by a lot. I couldn’t help but watch the Enron thing with some amazing replay in my head of the Big Eight wars we fought. We had tremendous press at the time because we were challenging whether the auditing firms could in fact be independent and also be consultants. It all came back. It took twenty years but it’s finally come back.

**Crandall:** I think from a historical perspective, it's probably useful to divide the benefits and the results into several categories. Some had to do with how software companies produce business. Others had to do with how software companies go public. A third had to do with how the trade association gather membership and gather power so that it's really the advocate organization that the industry needs, and needs increasingly as it grows. I think we've really got three buckets. There may be some blur between the financial and the business-building side. The other really had to do with increasing ADAPSO's profile so that it could represent its members more powerfully.

I'm going to try a summary here and then see if there are additional thoughts to be added to it. If we take an overview of our industry, we had a problem which was that we were not recognized as a separate industry. That had to do with the way in which the industry was born, almost literally like a rib out of IBM. We used promotion of an image as a strategy to achieve an awakening in the marketplace. The objective was to get access to the public equity markets and also to get an easier, more productive ability to sell our products and our wares. And that was successful. We only have a few software vendors in the room today but if you talk to many more, all will say that we did accomplish both purposes as evidenced by the data.

Almost simultaneously, or just a few years afterwards, we had a tremendous new element of software come on the scene which is the PC software. I think it's right to say that the PC industry didn’t so much learn from ADAPSO as it learned from its own needs, having started as consumer product companies. In fact, by hiring people from traditional consumer products companies, the PC software vendors were much more expert at marketing than the prior software industry ever was. But with regard to long-term impact, the combination of the success of that early program at ADAPSO and then the even more skilled approach that the PC software companies took made working on image a permanent strategy of this industry. Although it started with very little in the way of marketing abilities, it wound up as an industry that has highly-valued marketing abilities. And that’s become a permanent part of the fabric.

**Maguire:** Good summary.
Crandall: Julie, do you have any comments?

Johnston: I think that Dave and Jerry have covered it well but I'll point out that, at the beginning, we had to define the industry. I remember Rick doing a lot of work on that. When we were writing articles, we had to find words to communicate to people who didn’t understand software at all: what these companies did, what these products were, what was application software versus systems software. It actually was mundane and boring work but we had to do it.

Crandall: Thank you for reminding me. We had a Research and Statistics Committee at ADAPSO that I chaired for several years. The job there was to figure out how to define the industry and figure out its segments, and figure out a way of representing what those were, and describing what those were. While we provided some of the fodder for the image effort, it had another audience, which was the industry analysts at the time: IDC and INPUT and Quantum Science. We wanted to influence them to get on the same bandwagon with regard to how the industry was defined because it was such a confusing mess that they were talking about. We felt we’d never get anywhere with the press until we got common definitions, so that was actually another effort that I forgot about.

Sturtevant: With that foundation, we could walk in with a report by an independent research firm like INPUT and lay it down in front of a reporter and say, "Look, $9.5 billion this year in processing services and $2.4 billion in independent software products." And so forth. And there was credibility because we could then compare and contrast those numbers with other industries. Without that foundational work that Julie was doing...

Dreyer: Very important work…

Sturtevant: It was critical because if you walk in and you can't answer the question "How big is this market?", your conversation's over.

I definitely remember in early discussions with financial analysts that there was real concern as far as doing IPOs or major investments with software or professional services companies because there was nothing tangible for them to grab onto. I remember one analyst saying to me, “How can these companies go public? Their assets go down in the elevator every night.”

Crandall: Actually that battle was fought on many fronts including with the accounting firms and with the FCC and Feds and so forth as to what is this asset. Today, the value of intellectual property is well-recognized.

We’re getting close to three o’clock so thank you all. I think we had a pretty complete discussion.