TI's home computer is a hit

TI — From Page One

Inc., a Richardson-based market research firm. "In 1984, I think TI's revenues from the home computer could be $1 billion."

It's too late for most companies to enter the home computer market, Juliussen says. One notable exception is International Business Machines Corp. which could introduce a computer for the home. For the first time ever, observers note, IBM has a booth at the Consumer Electronics Show scheduled later this week.

Sales of home computers, generally identified by analysts as $500 and under machines, have really taken off in the last two years. The trend was spawned by price cuts, which brought computers down to an affordable level and the video game craze, which attracted so many to the high-tech world. TI's announcement this summer of a $100 rebate on its $300 home computer helped charge the market, too.

Home computers, accessory and program sales of only $100 million in 1981 ballooned to $1.2 billion last year, according to estimates by Future Computing. This year sales should more than double to $2.6 billion.

In terms of units sold, TI captured about 13 percent of the market in 1981, far behind Atari's 31 percent and Tandy's 22 percent, but just ahead of Commodore's 6 percent, according to the Yankee Group, a Cambridge, Mass., market research firm. For 1982, Future Computing awards TI a 24 percent share of the home computer market, Commodore a 26 percent share, Tandy a 9 percent piece and Atari a 15 percent share.

During both years, a home computer made by Sinclair Research Ltd., the ZX-81, and marketed by Timex, the watch company, has controlled a 25 to 26 percent share of the market. The Sinclair machine, priced at below $100 and considered a throw-away machine by most analysts, is seen as participating in a different market than the computers made by TI, Commodore, Tandy and Atari.

But TI will be edging in the Sinclair market this year. Later this week at the Las Vegas electronics show, TI is expected to announce a new home computer that is in the class of the one now being sold by Timex, sources say.

The machine will be positioned in the market as a tool for the computer hobbyist to program or as a tool to learn about computers. Like TI's current model, the machine will use programs packed into easy, plug-in cartridges, a source says.

The new TI computer is designed to be the family's second computer, just like the second television set. It does not have any color graphics and is not equipped to play the fast-action video games. "But it does compute," one source says.

Although program cartridges built for the new computer will not work with TI's current home computer, the 99/4A, programs that are written on the new machine can be used in the higher-priced machine. So the computer hobbyist, who may have worked for days on a program to track the family budget, can simply pop the custom-made program into his 99/4A, too.

The new machine should be a strong addition to what is a very formidable force in the home computer market, analysts say. Already TI is shipping more units a month than the maker of what was the best-selling computer of all time — the Apple II.

"I think TI is in the driver's seat," says Juliussen at Future Computing. Future Computing estimates that duing the last quarter of 1982, TI has been shipping about 150,000 to 200,000 home computers a month. That dwarfs the some 30,000 units Apple Computer Inc. of Cupertino sells each month, he says, and edges out Commodore at 120,000 to 150,000 a month.

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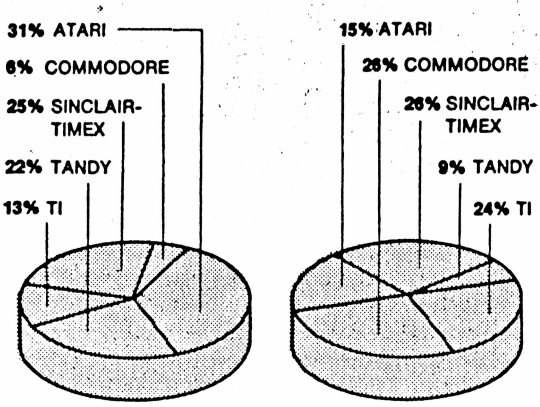
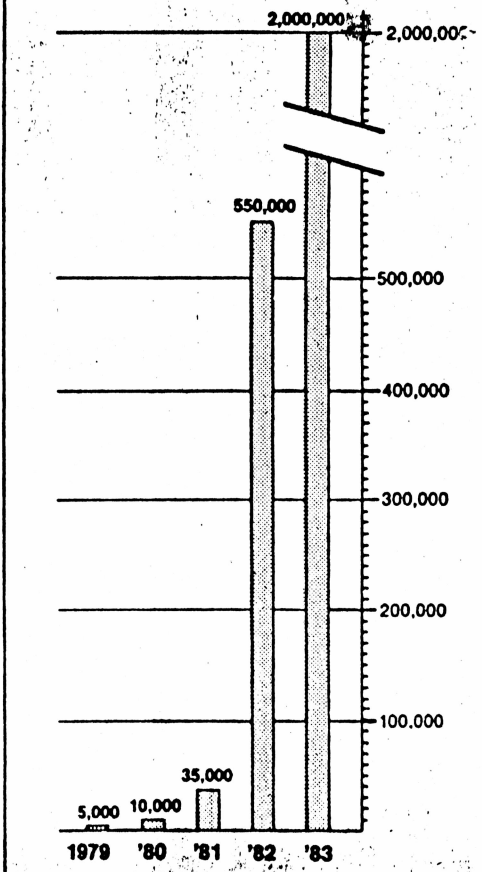
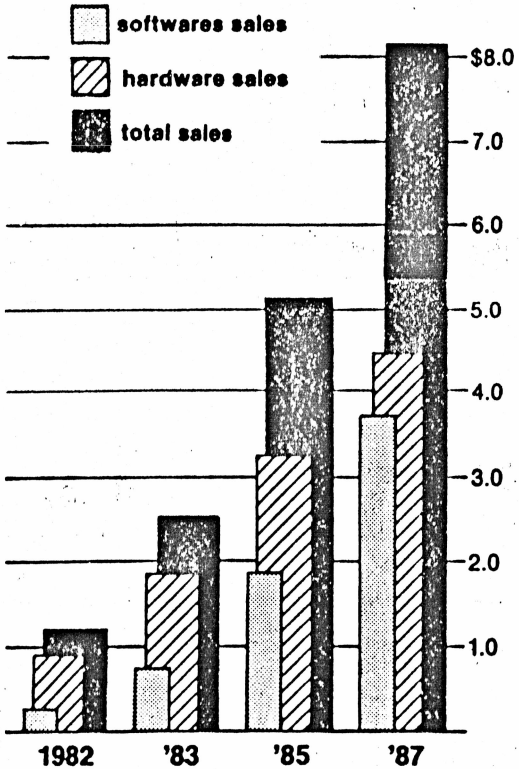
Home computer market share



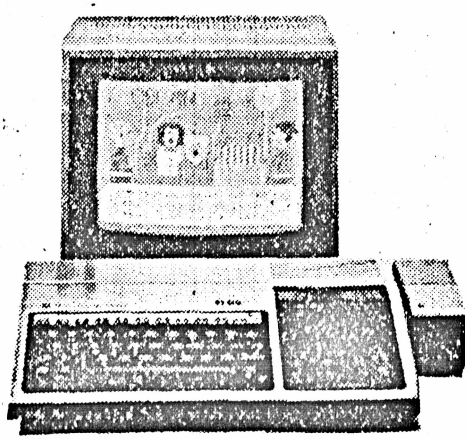
TI home computer sales



Home computer retail sales*



* Estimates by Future Computing Inc.



— Staff charts by David Harris

TI's miniature home computer scores big hit

By SCOTT TICER
Staff Writer

Three years ago, the industry laughed at Texas Instruments when it introduced a sophisticated, miniature computer for the home. Who would shell out more than a $1,000, analysts asked, for a device that most consumers didn't know what to do with anyway?

Today, no one is laughing except perhaps TI. Despite the dire predictions for TI's product for the mass market, the Dallas electronics giant's home machine priced at $200 is a monster hit.

In only a year, TI has raced from almost last place, running right past heavyweight competitors like Tandy Corp. in Fort Worth and Atari Inc., to wrestle with powerful Commodore International Inc. for the top spot in the booming home computer market. As one TI insider says, "The TI home computer has outstripped even the company's wildest dreams."

"After being laughed at, TI can have a victory. They've achieved almost total victory from abject failure, which very few people would have expected," observes Jim Magid, electronics analyst with the New York investment house L.F. Rothschild, Unterberg, Towbin.

"In 1982, TI was off and running," Magid says. "In 1983, their home computer is going to be a big success."

That kind of comment is quite a contrast to what analysts expected in 1980. Back then the mass market for home computers really didn't exist. Other than hobbyists, few people shelled out the more than $1,000 it cost for TI's machine.

But those early and painful years with the home computer turned out to be lessons well learned for TI. The company discovered that home computers would sell in volume only at $200, not any higher. And they could be sold most effectively, TI saw, by mass-market retailers rather than the more specialized computer store.

Perhaps just as important, TI also found that it needed a broad range of software, including games, education packages, home financial packages as well as sophisticated programming for the computer buff.

"All that came together last year," reflects William Sick, a TI vice president in charge of the consumer and semiconductor groups at TI. "We recognized that no single element would make it successful. It's the whole package."

The package has worked. It's really too early to tell just how much of a success, or a profit-maker, the home computer business for the $4-billion-a-year Dallas company may turn out to be. But TI is clearly a big player in home computers and is after a hefty piece of the $8.1 billion in retail sales the machines, accessories and programs, by many accounts, could bring in by 1987.

"TI has the best shot at becoming the de facto standard in the home computer market," says Egil Juliussen, a consultant Future Computing

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