

An Interview with

BEN DYER

OH 382

Conducted by Nathan Ensmenger

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Ben Dyer Interview

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Abstract

Ben Dyer, an industrial engineering graduate from Georgia Tech, describes joining the Computer System Center, one of the earliest computer stores in the United States.. He then switched to providing accounting software for minicomputers which led to Peachtree Software with accounting programs for CP/M computers. IBM identified Peachtree accounting software as a principal product for the IBM PC and provided funding for its development to run under PC/MS DOS. Dyer describes the purchase of Peachtree Software by MSA and its subsequent divestiture. Finally, Dyer discusses his activities post-Peachtree.

Preface

As part of the Software History Center's collection and preservation activities, and in conjunction with its meeting on the history of personal computer software held in Needham, MA, on May 7, 2004, the Software History Center (SHC) arranged for 14 oral histories to be conducted with computer software company founders and other key industry participants. All of these oral history interviews were conducted by historians well qualified by their knowledge and interest in computing history.

The following is a list of the people who were interviewed together with the name of their interviewer:

John Brackett and Doug Ross, interviewed by Michael Mahoney
Dan Bricklin and Bob Frankston, interviewed by Martin Campbell-Kelly
Dan Bricklin and Bob Frankston, interviewed by Paul Ceruzzi
Jerry Dreyer, interviewed by Thomas Haigh
Ben Dyer, interviewed by Nathan Ensmenger
Dan Fylstra, interviewed by Thomas Haigh
Gary Harpst, interviewed by Tim Bergin
John Imlay, interviewed by Bill Aspray
Luanne Johnson, interviewed by Janet Abbate
John Landry, interviewed by David Grier
Mike Maples, interviewed by Nathan Ensmenger
Seymour Rubinstein, interviewed by Jeffrey Yost
Jonathan Sachs, interviewed by Martin Campbell-Kelly
Oscar Schachter, interviewed by Thomas Haigh

Each interview was tape recorded, transcribed and edited by the SHC, the interviewer and the interviewee to ensure clarity and readability without changing the style or flow. The original tapes along with the edited transcripts were donated by SHC to the Charles Babbage Institute (CBI), which placed the edited transcripts on the CBI website and have archived the audio tapes.

On January 1, 2005 the Software History Center merged with the Computer History Museum, and its work is continuing as the Software Business History Committee as part of the Museum's activities (see www.softwarehistory.org).

Software History Center Oral History Program
Ben Dyer Interview

Nathan Ensmenger: It's May 7, 2004. We are at the Sheraton Needham Hotel, Needham, Massachusetts. My name is Nathan Ensmenger and I'm talking to Ben Dyer. Ben, please start with a little bit about your early history and education.

BACKGROUND

Ben Dyer: I grew up in Gainesville, Georgia, about 50 miles north of Atlanta. I attended Georgia Tech getting a Bachelor of Industrial Engineering degree there in 1970. I took a job with AT&T Long Lines in their management development program and did that for a couple of years. I procured an MBA in Finance at Georgia State University at night while doing that. I was invited by some friends at Georgia Tech to join in an entrepreneurial venture. We were looking at some health systems design opportunities. (We had a health systems engineering program at Georgia Tech.)

Somewhat serendipitously, in the course of that I became reacquainted with a friend from my home town who had made a lot of money in the mobile home business and bought a hardware store and wanted to buy some more hardware stores. So he sent me out looking for those, and we bought a chain of hardware stores in Atlanta that was called King Hardware. They'd been in business since 1880-something -- about a 100 year old company.

I executed a turnaround there and, in the course of that, I was introduced by a mutual friend who was in Law School at Emory University to the four gentlemen who opened the first computer store in Atlanta. I had no intrinsic interest in hardware stores, but I did have a lot of interest in computers and I had an engineering degree. It seemed like I might be a nice fit in their business.

COMPUTER SYSTEM CENTER

So I got myself bought out of the hardware store business. The original investor there actually got divorced twice in one year from two different women, so he really lost interest in a lot of his business activities. I got somebody to buy him out, and that was all tidied up at that point. I became associated with the Computer System Center, which was the third store in the country to open. The second one quickly failed, so it was the second oldest in the country at the time, I guess.

We were selling Altair Computers. One of the founders had a background writing accounting software for minicomputers -- Ron Roberts was his name. We started writing a general ledger package for the Altair, running with Microsoft Basic under CP/M and trying to create some applicability of this hardware for the customers that we were seeing in the store.

Ensmenger: You studied industrial engineering in college. Did you encounter a computer at all during that time period?

Dyer: We had a computer course at Georgia Tech which, typical of the time, was based on punched cards. We had a language called Dummestron. Georgia Tech had been given a very large computer installation by Burroughs, and that was their training platform. We had to turn in a punched card deck and go back the next day and see what happened to our code.

Ensmenger: And how about in business school -- maybe not on a technical level, but on an industry level. Did you encounter computers?

Dyer: Not particularly. The Bowmar calculator came out somewhere around there, 1970 or 1971, so we at least had functional electronic calculators, but I have very little recollection of any computer usage in graduate business school.

Ensmenger: When you got involved with the Computer Systems Center, when was that?

Dyer: That would have been in about 1977. I did attempt to do a bit of automation in the hardware stores. I looked at a lot of newer electronics, smarter cash register systems -- tried to automate the accounting and some inventory there. I was doing a fair amount of experimentation with it. All that would now be taken for granted in any ACE Hardware store -- it's pretty well automated today.

Ensmenger: And was that on minicomputer systems or time-sharing systems?

Dyer: We actually had a time-sharing system installed in our hardware store. I'm looking at my chart here that I made up many years ago. Somewhere or other I got connected to the guys in the store, maybe in 1976 it looks like.

Ensmenger: You mentioned Ron Roberts. Who were the other folks involved?

Dyer: Rich Stafford. Ron Roberts is now somewhere in North Carolina; I've lost track of him, but he was the main software developer. Rich Stafford was the hardware expert. He designed the first hard disk controller for microcomputers there in the store. We were driving these 10 megabyte Control Data disk drives that were about the size of a big microwave oven.

Steve Mann was the software utilities expert. He wrote file handlers and things of that nature. Now there are plenty of development tools, but we had to make our own tools at that time. There was another guy named Jim Dunion who was reasonably proficient across all fronts; I don't associate him with a particular specialty. He died of cancer about 15 years ago, so he's the one non-surviving member of that group. Steve Mann and Rich Stafford are still in Atlanta.

Ensmenger: And you mentioned that you sold Altairs among other things. Do you remember what programming languages some of them might have used to develop utilities?

Dyer: Actually Mann was writing basically in assembly code, and the applications originally were in Microsoft Basic. I spent some time in the store there -- maybe six months or so -- I was

really running the store because they needed somebody with some financial background and I had some finance knowledge and some retail experience.

It was a good time for me to get out of the hardware industry. So I was operating the store and then Pertec bought the MITS Altair company somewhere along in there, and I ended up spending about 6 months actually on the Pertec payroll. They asked me to help them develop their dealerships in the Eastern region, and the Eastern region was everything east of Las Vegas! I had a good time traveling around the country doing that and seeing a lot of interesting early computer dealers. I remember going to a store in Butler, Pennsylvania, where the guy didn't have any inventory of computers but he had a Norden bombsight on his showroom floor. He said nobody had ever guessed what it was. I was the first person who recognized it, because I had just the day before been to the Smithsonian Air & Space Museum! He didn't last long in the business.

I traveled around the country and then I had the idea of working with these guys at the store to further develop their accounting software, but to put it on this Clerk hardware line that I mentioned yesterday. So they began parallel development in COBOL. Part of the thinking was that there was an opportunity and demand for accounting computers among small to medium sized businesses, and we felt we could get to the right price point using a low end Perkin Elmer minicomputer board, building our own systems and using the software our guys were writing. We weren't so sure we could get there with Basic and CP/M and the Altair computer because of reliability issues and the lack of peripherals.

We were rocking along in parallel with that, and then in the summer of 1978 there was quite a divergence of opinion about which way to go with the store. Rich and his father, who was an investor in the company, and some of the other folks just wanted to do more stores. We also had a sales manager who was aggressive and wanted to open more stores.

Ron and Steve were much more interested in exploiting the software opportunity and minimizing retail; you can read all the gory details in our offering memorandum. That led to our famous Labor Day 1978 meeting where we divided everything and half of us went off with the software business and the other half went off to open the next computer store.

SELLING ACCOUNTING ON MINI COMPUTERS

Ensmenger: After you split, you decided to focus on this minicomputer based system, which was turnkey based and was an entire package and the price point was \$10,000 to \$12,000?

Dyer: Yes, as I recall. I don't have any history of that - just one surviving brochure. We had the full suite of accounting including sales order processing.

Ensmenger: How did you go about identifying and recruiting customers for that first product?

Dyer: We set up dealers. This says under \$20,000 in the brochure, so maybe that was the price point. This is what it looked like. We had a plan to distribute it through office equipment dealers. I remember going to the National Office Products Association show and soliciting dealers

there. We had one dealer in Texas, I recall, and in California and others scattered around the country. We were selling directly in Atlanta. We had a guy in Columbia, SC that was our hardware assembler, and he was building cabinets and putting it all together for us. We used Diablo Printers; we had an agreement with them and with Hazeltine for CRTs.

We were writing software and putting together the marketing and distribution of that. We were booking some revenue for that as we had a good price point relative to the competition and new distribution channels through office products dealers who had not been in that kind of business before.

We did have field service through Perkin Elmer and Diablo and Hazeltine so it was possible to recruit selling dealers and have the hardware maintained that way.

Ensmenger: Who did you perceive to be your competitors at that time? Was it just higher end systems or was there someone in that space?

Dyer: I think we pretty much had that space to ourselves at that point, but it was hard to say. I don't know if there was much visibility of this end of the market. We were probably competing with Prime Computer's multi-hundred thousand dollar systems. I think we were trying to chase a market that wasn't yet sufficiently developed to the point that competition was an issue. It was more a case of just executing our own strategy because there seemed to be plenty of demand.

Ensmenger: Were you distributing these with a regional focus or were you national at that point?

Dyer: We were actually doing it nationally. We had one good dealer out in San Joaquin Valley in California - a little town named Tracy. He was an interesting guy. A common theme among the dealers and users was that everybody was an early adopter and had a pioneering spirit and the ability to put up with the idiosyncrasies of unpolished technology. But we were all learning together. It takes a hardy band of customers to get involved in an industry at that stage.

Ensmenger: As you're growing the company at this point and looking for salespersons and developers and where were you looking? Within other computer-based industries or anywhere?

Dyer: Pretty much anywhere. We had a sales guy we brought in named Jack Reynolds who was 48 years old at the time. He seemed like a really old guy! He had prematurely white hair; looked much older than I think I look now at 55. But to us then, in our late 20's, he was like a grandpa. He had experience in the data processing industry and good sales experience, so he was our point man for moving these products and was really good at it.

As is always the case in the computer business, the sales job is the high turnover, high risk arena. We tried quite a few folks over the years.

Ensmenger: How about software developers?

Dyer: We got them anywhere we could find them, and we were fortunate that there was a

budding computer industry in Atlanta. We had regional offices of companies like Honeywell and a lot of mainframe software developers like MSA and American Software. I don't know if we hired specifically from them. But there was just enough computer software activity in Atlanta that there were technical people floating around, so it was possible to find them.

Ensmenger: Through your network at Georgia Tech, did you know of other entrepreneurs at similar levels to you -- not through Honeywell and MSA, but who started their own companies?

Dyer: Not so much at that time. Dennis Hayes was around in that same era. We never really collaborated with him; we knew him and he knew us, but we didn't intersect with each other in our marketing development. That was the same period when he was ramping up the Hayes Modem company. MSA was cranking along and doing well. National Data and Equifax were there, but we did not have a big entrepreneurial culture and no venture capital. There was really no financing for things of this nature. I got a loan from a bank at that time and have had a life-long relationship with that particular banker. He said many times that he made the loan only because my wife was in medical school and he knew she could support me if it went sour. He paid no attention to what I was trying to do; he was looking at the backup/repayment possibility that she might provide.

PEACHTREE SOFTWARE

Ensmenger: When did you start thinking seriously about using a microcomputer-based platform?

Dyer: While we were doing this Clerk thing, we were continuing to develop the Peachtree software products and were beginning to exploit that brand, doing these things in parallel. We didn't foresee early on the potential breadth of the packaged microcomputer software market. It was pretty difficult then to build much of a market for that, but we hit upon this dealer approach where if you fly to Atlanta and sign up as a dealer and pay us \$3,500 you get a full suite of software and the rights to go resell it. We started doing that and it really worked well.

So we thought - the computer software business was beginning to take off and had good margins and maybe we don't need to fool with the hardware side of things. We had vendor issues - Perkin Elmer quit making the particular low end processor that we were using -- that was a blow to us. We weren't generating enough revenue to be of substance to them, anyway, and I don't think they felt they needed to make something just for us.

Our assembly vendor in South Carolina was falling into some financial difficulty. There were just too many weak links in the chain. In fact, it was a chain of almost all weak links and no strong links. But the software we were developing for the Clerk obviously was the same functionality as the Peachtree product, so it was good to have useful learning out of developing general ledger, receivables, payroll, etc. Whether it was in COBOL or Basic, we were trying to accomplish the same feature and function outcome.

Ensmenger: When did Perkin Elmer stop making this important board for you?

Dyer: It must have been in about 1979. We probably marketed the Clerk systems through

about 1979, in parallel with the Peachtree products. Maybe in early 1980 we abandoned the Clerk hardware and just became totally focused on the software side.

Ensmenger: When did you start selling the Peachtree software?

Dyer: That was right after Labor Day of 1978 – we sold the modules we had. We didn't have the complete suite - we had general ledger and maybe receivables and inventory and payroll.

Ensmenger: And this was software written in Microsoft Basic?

Dyer: Right.

Ensmenger: Running on the Altair?

Dyer: On anything that could run CP/M. CP/M was running on many different brands of computers at that point and it was relatively standardized. We had all these issues -- Microsoft made a CP/M board that plugged into the original Apple. It was more trouble than any other product we ever worked with. It had a lot of bugs in it. For a while Microsoft had a bug in Basic and we were the ones on the receiving end of that because it would show up in some applications. We had a lot of support issues and development struggles at that time. The hardware itself was highly unreliable -- we had all these garage sized manufacturers out there, and operating systems that were still in development. In the language area, everything Microsoft did was very much at the Alpha stage of software, so there were a lot of surprises in almost everything we did.

Ensmenger: How did you deal with the problem of support? You're selling a fairly inexpensive package to begin with, and I imagine that support is a cost that could quickly absorb any profit from that.

Dyer: Our dealer plan, both for the Clerk and the Peachtree products, gave us Tier 1 support out on the field. At least we were able to handle all the first line questions like, "What's a credit or a debit?" A lot of people didn't understand accounting, so we ended up providing accounting education as much as computer support. But we were able to handle it pretty well through our dealers and we fairly quickly figured out that we needed support people separate from our internal developers, because the developers found it very irritating to be interrupted and try to answer some question. So we had to organize around that and we had sufficient revenue coming in to afford to do that.

We raised about \$100,000 in seed money and then we raised \$500,000 from two venture funds, so we never needed any more money after that. We were able to grow the company pretty well on that basis.

Ensmenger: Did you ever seek to link your company with local CPA groups or to use accountants as either sales or support mechanisms?

Dyer: I'm sure we did -- we tried everything we could think of. I don't recall that we had

many accountants who were marketing the product. They weren't necessarily well suited for that. There were a lot of computer stores popping up around the country and they all needed some application to sell so they were easily signed up as dealers. They were supplying the office products markets and you'd find some entrepreneurs like the farmer out in Tracy, California. Accountants were a good influence for us, but that's about it.

Ensmenger: One issue that seems common among lots of firms from this period is that they're often started by technological enthusiasts and they have trouble coping with growth and managing it. You are unusual in that you have a management background, but still you've got this problem dealing with pretty rapid growth. Was that a particular issue and how did you come to grips with that?

Dyer: That was certainly an issue, and we brought in another guy, Mike Jones, who was a good friend of Ron Roberts from earlier times. Mike was big and strong - very forceful and a good development leader. We had him in charge of the development team. He was a key asset there. So we had staffed up some leadership for that. I was the only financially minded business person and it was just fortuitous, I guess, that I happened to get connected to this crowd of super technical guys.

I never did any of the programming; I'm not sure if I actually used any of the software! I could hardly demonstrate it, but I could sell it, so it was probably a good thing that I was just focused on the business aspects of it and the people aspects of moving this company forward.

PEACHTREE MARKETING

Ensmenger: You mentioned you were distributing through these networks of computer stores. How about marketing? What kind of strategy did you pursue?

Dyer: We did fairly limited marketing - we did more sales than marketing because we could count the results of that. We did go to the first few Comdex meetings and that was extremely successful for us. The first Comdex was a very intimate show - said to be 13,000 people; I thought fewer than that. We didn't even have a booth; we sat in the bar of the MGM Grand and talked to all the manufacturers and so forth. We did a ton of business out there, and that's where we really started signing up a lot of these licensing arrangements with vendors.

We did a deal with Altos Computers. This is a picture is of Ron Roberts, myself and Ron Conway. You might have read about him in the New York Times last week. He started a bunch of Internet venture funds - he was a Google investor, which overcame a lot of other deals that didn't work. The guy on the right is Dave somebody - he was the head of Altos - a British guy. We did a couple deals with them. After Perkin Elmer quit making the product, we put the Clerk brand on the Altos computer, so we were still trying to hedge our bets by selling some hardware. We had a white cased version of the Altos.

That was the way you did business at Comdex in those days. You'd go to a restaurant and have a nice dinner and it was pretty interesting.

Ensmenger: So in our chronology here -- we ended in 1979 or 1980 as the microcomputer software was starting to dominate your business; you're closing down the turnkey systems. Did you see pretty much continuous growth through this period?

Dyer: As best I can tell from my notes here, it looks like in 1978 we had about \$200,000 in revenues and in 1979 about \$500,000 and in 1980 about \$1.4 million. In 1981 we had \$3.1 million, 1982 was about \$10 million after the acquisition by MSA. Some of that jump came --- particularly in 1981 -- through a jolt from the IBM deal. Beginning in 1980 we started some of these bundling deals like Vector Graphic and some of the other manufacturers at the time. So we were running a lot of different distribution channels and there was a great deal of confusion in the channels. I felt like, however confused it might be, it was working and we didn't feel like trying to de-confuse it -- I'm inventing a word there. We were in an industry that was so new and there were lots of people getting in the business, very collegial and not highly competitive at the time.

You could do a lot of things that weren't characteristic of an orderly market just because you were just starting out and everything worked.

Ensmenger: So you were interacting with the hardware manufacturers. Were you looking at other software companies to get a sense for how they were doing things?

Dyer: There wasn't much to look at. BPI and maybe one other company were out there and they were the only companies I remember that were doing microcomputer accounting software at the time. We didn't see them much; I don't think we competed with them much in bundling deals.

OTHER PEACHTREE PRODUCTS

Ensmenger: How about other kinds of applications where you'd be looking at it just to get a sense of good practice?

Dyer: We did buy Magic Wand which was a word processing product. They were in Houston and competing with WordStar, and we bought the product somewhere prior to the MSA acquisition. I don't have a record of when that was -- I'll see if I can ask someone and figure it out. We had a fairly small deal with Magic Wand. I don't think there was any equity involved in that. There was some royalty stream. Not something that required any extraordinary financing. So we had a word processor that we picked up.

And we did a deal with Sorcim for SuperCalc and we ended in 1981 with a complete accounting suite, plus a word processor, plus a spreadsheet. We were selling all that through whatever channels. Magic Wand we renamed PeachText and SuperCalc we called PeachCalc. PeachText was a good product. Perhaps if we'd just focused strictly on that, it would have been a much bigger market opportunity than the accounting, but we were so wrapped up in all the accounting software we had developed, it was pretty difficult to take our eye off that and focus on this somewhat opportunistic deal we made for a word processor.

Ensmenger: Did you sell PeachText and PeachCalc as part of a bundle or as independent

products?

Dyer: I think we sold them independently; sometimes we licensed them independently and sometimes we sold it all as a bundle.

Ensmenger: Do you have any sense about the price for those two products?

Dyer: I would say \$400 or \$500 each, but that's a bit of a guess. I think we priced them below the accounting bundles.

WORKING WITH IBM

Ensmenger: What about your experience with the IBM PC - anticipating that and your actual arrangement with them and how that developed?

Dyer: They called us -- they had reverse engineered a Vector Graphic computer to get an idea of what was going on in the industry and they got our software from that. So they called us and said they wanted it. Ron Roberts and I went down to visit them immediately after the Comdex meeting where Ron brought the news to me that they had called.

We went to their facility at Boca Raton - they bought the former STP Building - Andy Granitelli's. They redecorated it and reduced it to IBM standards. They took us through that building. They had somebody go into every room ahead of us and erase the blackboards and cover things -- it was like dealing with the C.I.A. We signed a non-disclosure agreement.

Anyhow, we quickly signed a contract with them and we got about \$250,000 of advance royalties and maybe some development money and machinery. We started going back and forth to Boca Raton working with them pretty tightly. We had our own secret room set up with our own shredder and locks. We dealt with Don Estridge. You may recall he died in a plane crash in Dallas not many years after that.

The main person we dealt with at IBM was Emil Kloske. He was a wonderful gentleman; the assistant engineering manager. I have his card here. We had a good time working with him. I had pictures of my family on the table at one negotiating session and that worked pretty well, so we made that a regular shtick when we were dealing with big customers. Occasionally when we met with IBM, I'd tell my employees to give me their baby pictures or pictures of their dogs or cats. We'd start negotiating price with those pictures lying on the table.

It turned out Kloske had about 10 children of his own, so we soon got trumped on the baby shtick. But we had a good rapport with them. IBM was great fun to work with for the first year or so, because they were acting very non-traditionally down there, very entrepreneurially. Then the PC took off and IBM imposed its methodology on that group and they replaced the people we were dealing with a John Fon, who was notorious in the software industry because he had been the rental car buyer for IBM and they made him the software buyer.

Bill Gates had to deal with him; I had to deal with him; everybody dealt with John Fon, and his job had been going to airports and checking rental car fleets. Suddenly he's in charge of buying all this software. So that was kind of the end of the fun time at IBM. That was probably about 1982.

Ensmenger: So IBM is encouraging you to develop software for their systems for kind of obvious reasons, and they're giving you advance royalties to do that. Were there other terms to that contract? Exclusivity or anything?

Dyer: It was not exclusive. We continued to develop and sell software on our own. While it was running under PC/DOS, we were no way locked into them. I guess our dealers could resell software from us that would run on the IBM PC potentially, but there wasn't much of that going on because IBM was setting up their own distribution channels, and generally there was a lot more to be sold through their channel than any other method.

We got a lot more revenue out of that channel. I have no recollection of the total number, but we got a good revenue stream out of that - I'm sure it was in the millions of dollars eventually, and they sold a lot of our software.

Ensmenger: They were selling it through their own channels. Would they sell it as a bundle with hardware or just as another option?

Dyer: Just along side their hardware. They weren't selling the software independently. They'd put it in stores -- you might not have to buy all at once; you might buy them at separate times but they went through the same channels together. IBM was not distributing our software through independent software channels apart from where their PCs were sold, to my recollection.

Ensmenger: As IBM starts to release their system and that becomes an important part of your business, do you have any sense of what percentage of your business shifts to the IBM PC platform at that point?

Dyer: The whole industry shifted to that platform pretty quickly. So we were right there along with that. It might have been about 25% of our revenue from 1982. By 1982, well, it's hard to say, because somewhere along in 1981 or 1982 we did a million dollar deal with Epson; they were making computers. We did a million dollar deal with Hewlett Packard. They were trying to build MS/DOS computers in their Corvallis Oregon plant. That was a difficult deal. It was a great company, but there were a lot of technical issues and we had many quality problems in that relationship, getting our software and their hardware to mix. It worked well with IBM, but we had a very difficult time with Hewlett Packard and I remember that Microsoft adapter board for the Apple III. But the IBM product was very solid.

Ensmenger: How were you dealing with the issue of compatibility -- you've got versions of Peachtree that are running on many different systems. How would that work at a distributor where they don't necessarily want to stock multiple versions of Peachtree?

Dyer: They weren't any distributors then -- basically direct dealers or somebody who's buying Epson computers and getting their software from Epson.

All those distributors came along a bit later. I really missed out on all that -- Solomon was just starting about the time I was finishing here and Goodhew was coming in a couple of years later, so the era in which I left the PC software industry to go do other things was still an era where we had fairly limited competition -- mainly BPI. We still had lots of developing opportunities. There was opportunity in Europe. MSA helped us go to Europe with a number of licenses. We were spending very little time thinking about competition and almost all our time thinking about just how to exploit all of the opportunities; we were in the candy store and we wanted to take advantage of everything that was set out in front of us.

MSA ACQUIRES PEACHTREE

Ensmenger: So when does MSA begin to approach you about purchasing Peachtree?

Dyer: I think we had a preliminary meeting with them in late 1980 and somewhere around 1981, I remember John Imlay and Bill Graves and Bill Goodhew coming over and sitting in my office. I think that's when we were alluding to this KGB project, our code for the IBM deal. MSA was just getting ready to go public or just had gone public and they needed to excite the market about what they were doing. So we were a great fit for them: very similar functionality to their mainframe application software. We were literally about 2 miles away and we had a lot of common Georgia Tech connections and we knew each other. Just a great fit.

On contacting the two venture investors, I said maybe I'd sell this company -- I've got some momentum here. I called them up and said MSA wants to buy it and if I don't sell right now -- part of my thinking was -- this company was really going to grow pretty rapidly and we probably would have to go out for additional financing. I'd have to figure out where that would come from. I didn't have a deep management team. I had the bases covered technically but I wasn't real sure we could grow to a multi-hundred person company with the team we had on board.

I was pretty attracted to the MSA deal because I liked the people there a lot. We were going to get enough money out of this so I achieved some minimal level of luxury. For me to make a few million dollars at that point in time when I'd grown up with about \$5,000 a year or so was pretty exciting. I had no family money at all and had been not dirt poor but certainly poor growing up. It was very tantalizing to be able to hitch onto the MSA enthusiasm -- this great company -- people were excited over there and highly motivated. It looked good and we could make some money and not worry about financing. We could run the business full tilt and have a good time doing it. So I thought it was the correct decision to make at that time and I still do think that it was the right thing to do.

They paid us \$5.5 million in stock and then their market cap increased 25 to 50 million largely as a result of that deal, so it was a great deal for them and their shareholders as their stock went up quite a bit. We ended up with much greater value than they did by the time we cashed in the stock. So it worked out pretty well.

Ensmenger: How many Peachtree employees did you have immediately prior to this deal?

Dyer: I would say about 25 or 30.

Ensmenger: What was your role in MSA?

Dyer: I was the CEO of Peachtree and I had no other role at MSA other than just being the president and CEO of Peachtree. But I had a pretty senior position there. I reported to the Executive Vice President, Dennis Vohs. I knew those MSA guys pretty well. I got to know all their sales team and went to their sales meetings and did some road shows with them. It was a lot of fun. We were a very prominent part of MSA; we were the exciting part. I think everybody in the company could see there was a lot of buzz around the marketing of PC computer software. There was a lot more excitement there than in the more staid mainframe part of the business, although we were a small part of their overall revenue picture at the time.

Ensmenger: Was there any attempt to bring the two companies together, either in terms of culture or product lines or to fit certain needs?

Dyer: We did develop some software to try and link the two product lines together so you could get data out of your mainframe and put it into these PC packages and vice versa. We had to physically move Peachtree Software into the MSA building. They were pretty close together anyway. That may have been a mistake; I don't know. It did tend to get a little more into the MSA culture - but they had a nicer building and our lease was up. It was kind of fun to be there.

Ensmenger: Did that cause difficulties for your employees - moving from a small company culture to a larger one?

Dyer: There were some inevitable side effects. We did get a lot more structure. For example, MSA had an HR department. MSA had a rule that Imlay had a Mercedes, Graves had a Cadillac and vice presidents had Buicks or something like that!

When I left MSA in the fall of 1983, several of the guys there actually fought over my BMW; one of them took it to the airport to hide it.

But I did not enjoy reporting into the Executive Vice President there. That was one reason I left when I did. I had two reasons to leave. In two years MSA stock was trading at an all time high, and if I left I could get totally liquid and sell it, because I was not limited by any insider trading rules. It was a big financial incentive to get out of there. We also had other royalty streams and revenues and I left some cash on the table that might have come out of the way we structured the deal, but that was vastly outweighed by the fact of where the stock was. So I really had to go.

But also we had lost some of our more free-wheeling nature about where we were spending our money and what we were spending it on. Some of that tension was caused by the fact that MSA had opened up the budget to us to develop our marketing materials and we did spend a lot

of money in branding the Peachtree name and doing things which we talked about yesterday – such as the logo going to this 4-color fancy look. So we notched our marketing up -- really just producing high class looking products which took some money, and some to develop the business in Europe for example.

So there was some inevitable tension about this. Should we be investing this much money in Peachtree or not, because the guy I reported to had his own budget to worry about. In a company that size there's a lot of pressure. For both the company and the mainframe software industry -- it always worked that from January 1 through Christmas, we just about broke even, and then we made all the money the week after Christmas, because of end of the year budgets. So in my view, nobody ever enjoyed the Christmas holidays because that's when everybody had to work so that you'd make your yearly goals and you didn't know whether you made your profit numbers or not until right at the finish line. You had all that budget-driven crunch spending at the end of the year. It was a hard way to run a company.

Ensmenger: Over this time period, Peachtree is evolving rapidly to deal with the growth of the industry. Are there changes in the basic functionality of the product or the way you're trying to position yourself in the market?

Dyer: Not particularly. I think we were really focused on the complete suite of business products with accounting as the core, but then also offering PeachCalc and PeachTree and just trying to get as much revenue as we could from them. We were not thinking of world domination as much as Bill Gates was. He had a much bolder vision at the time and we were more of the mindset of just running a business and taking advantage of opportunities, but not necessarily working from a grand strategy.

I might say that would be true of VisiCalc -- I was listening to some of them talk yesterday, too, and even with Lotus 1-2-3 coming along. Then clearly Microsoft did the best job of integrating the most necessary business components into the Microsoft office suite. They were able just to persevere with that. Even with the bugs in Windows and the bugs in their application products, they managed to get themselves in the driver's seat -- the way they executed their grand strategy so well. So hats off to them for doing that.

Ensmenger: There are lots of software companies that developed in this period, and Peachtree is one of the few successes. There are these very limited number of companies that emerged from this period. What do you attribute that to?

Dyer: I think I also had a lot of good fortune in starting when I did. I do think we had some very good quality products within the limits of what tools we had to work with. We were obviously trying to create professional products and take care of our customers and trying to run a business. We did get a lot of good dealers and end customers out there, and the fact that we sold to MSA when we did gave us the marketing muscle to really build the brand name.

Peachtree branding is still very good. I've never seen a statistical study on that, but

I've never been with somebody who didn't recognize the brand. And among software industry brands, it is still very prominent. And the few million dollars that it cost to do that at that time has paid huge dividends over the years. The fact that Peachtree is doing as well as it is today had a lot to do with the investment at that time and that's why it has survived for a long time, I think. It became more or less a household name.

I attribute a lot of that longevity to the great marketing investments that were made in MSA. If we'd continued on our own, we might have figured out how to do that – but we probably wouldn't have been able to invest as much in the branding.

Ensmenger: You joked about good management, but it does seem what was different about Peachtree was that you had experience as a manager and brought that set of skills to the company. Do you see it that way? Do you see yourself or Peachtree as being a different kind of company compared with -- maybe not direct competitors -- but the many software companies that you saw at Comdex and never survived?

Dyer: It certainly may have helped. It may have helped that we were just in the right market area at the time. It's pretty easy to comprehend how you'd use these computers for spreadsheets and word processing. Accounting is pretty hard to visualize. A lot of other things were coming along; people were trying all kinds of different things.

We had to make do on fairly limited resources; you'll often hear venture capitalists talk about how it's easy to kill a good idea with too much money. You can certainly do that. Particularly in the late 1990's boom, many good companies were just swamped by money but you're starting to see some of them come back now. A lot of the ideas that weren't so bad were just taken off the shelf and reinvented and may end up doing okay. But when you have to make it work on limited resources, then you usually figure out a way to do that. So we were just managing both the cash we had to work with to a market that was receptive to what we had. We were just being highly opportunistic and I can't overstate what a collegial industry it was with all these computer manufacturers like Altos and Vector Graphic. All these manufacturers, they were all learning the business and inventing the industry and inventing distribution channels, inventing technology, all simultaneously.

We were just scratching the surface of the market. Everybody was pretty cooperative out there, I think, and Comdex was fun; the other industry meetings were fun. We were objects of curiosity to the larger computer industry, like at the NCC -- I remember speaking at that one time when our area was such a hot, new thing.

Ensmenger: It sounds to me as if your product is kind of evolving over this period, but because you're founded on Microsoft Basic, you're able to move to different hardware platforms and you're able to adapt to different potential markets. Was there any point at which you had a major technological crisis: a switch in language or platform or a move to kind of re-architect a product or something that would have been kind of revolutionary?

Dyer: I don't recall any single crisis, per se. I think it was more of a continuous state of

crisis because of the fact that Microsoft products were continually being tweaked and updated and operating systems were being tweaked all the time and all those actions really affected us. Hardware was going through the same evolution out there, and design targets originally had a very limited memory to work with. Machines became a little faster and we would get a little bigger and the disk drives got a little faster.

You started doing things a little differently as systems evolved, and I think there was just one challenge after another in the context of all that. There was never a sea shift in there and I was doing this before Windows came out. So I missed the great Windows conversion. Bill Goodhew talked yesterday about Back to Basics - that was after my time there and that was an early Windows product. That didn't work very well; I guess that's my best answer to that question.

MICROSOFT RELATIONS

Ensmenger: You've described your relationship with IBM and how this worked and some of the different players. How about your relationship with Microsoft? Could you talk about how that developed; how that worked over time -- especially as you're dealing with changes in their products that would affect your products?

Dyer: We were constantly talking to them and working with them, trying to stay tuned in to what their next move was going to be. But I remember when Albuquerque -- when Bill Gates and Paul Allen were there with Ed Roberts and Eddie Curry. They were sitting there working on their languages. I certainly knew them but did not have a lot of personal interaction with them.

Steve Ballmer came into the picture. His first day on the job, he visited Peachtree Software. He comes to Atlanta every once in a while. He will often talk about that when he gives a talk in Atlanta. He remembers his first day at Microsoft being a visit to Peachtree Software.

So we were always friendly with Microsoft and dependent on them and we had some love/hate relationship, too, because we were always a victim of anything they did that might affect our code.

Ensmenger: Did that interaction mostly happen at a management level or did your developers have direct channels to Microsoft developers?

Dyer: Our developers had more direct channels. I don't recall ever having any business discussions with them on joint marketing, or efforts of that sort. We were happy as long as they provided the languages and tools. We were doing something so different from what they were doing. We were more interested in them from a technical standpoint than anything else.

AFTER MSA/PEACHTREE

Ensmenger: And did you finally leave MSA in 1983?

Dyer: Right.

Ensmenger: What do you do next?

Dyer: I'd been exposed to some early computer video laser disk technology and guys with other ideas were coming in. So I got to thinking about what I was going to do next. We dreamed up this idea of using computer controlled laser disks for storing large photo databases -- things which you can now do easily on the Internet but were very difficult to do at the time. So we conceived a product called Comsell for "computerized selling." I started it a little differently from having had a success with Peachtree and built a building and housed the company adjacent to the campus of Georgia Tech.

We developed a product and we started with enough money and it was real easy to finance that. Some people came because they were aware of my experience at Peachtree. We ended up trying a number of things there. We were building a kiosk-type systems, all of which foreshadowed current popular Internet sites.

We had a customer -- Citibank funded it -- and put these kiosks in all the shopping malls in Atlanta. You could go look at all the houses for sale and we developed a weekly disk pressing arrangement with 3M in Menomonie, Wisconsin, so we'd collect all the images and process them and send a tape up to Menomonie and they'd press all the disks and send them back. We'd reload them every week. With the Internet, it makes all that look pretty silly now, but it was pretty forward thinking at the time because a place for video disks in analog medium was designed not for storing still images, but we were able to use two different interlaced scans to store 100,000 images on each disk.

Our customers in the real estate market did not have enough luck getting Realtors to participate in it and that's still a big issue, even with these Internet sites, but I think the times have now overwhelmed the protective instincts of Realtors. But, that was our original game plan. We had a guy in Seattle who was selling yachts with it, and we showed it at a computer show in Washington where a senior executive from Rupert Murdoch's company come through. He had envisioned exactly the same thing for travel agents. "I have got to have that," he said. So I literally left that show and followed him back to New York and made a deal with Murdoch -- just like I'd done with IBM.

I had learned to recognize when the golden opportunity comes along, you drop everything else and go do that. So we ended up spending several years creating what would now be Expedia, but it was tied into the Sabre system and a hotel reservation switch. At the time Murdoch owned all the major travel and print publications, so this was really a natural extension for that. We had a system where if a travel agent were using it, and you wanted to go to the Hotel Del Coronado in San Diego, the agent could describe it to you as if she were there, even though she was only looking at pictures of the place.

This was made possible through this technology we were developing. I ended up selling that company to Murdoch in about 1987 and stayed there for a while. There wasn't much need for me after we became a captive research unit for Murdoch. I kept trying to resign and

nobody would answer my letters. I finally sent a letter and said, "So-and-so's in charge of the company and I'm leaving." I just copied Murdoch. That's the first time they ever called me back!

Ensmenger: What was the name of that company?

Dyer: Comsell.

Ensmenger: And you were there from?

Dyer: 1983 to about 1988. Then I invested in a bank and I was president of that bank for a while after that. I'd sold Comsell, so I was free to do that - it was kind of fun. I invested some money with a guy in North Carolina who had been a customer of ours at Comsell for a while. He was still doing a lot of development of imaging related software and particularly being able to take big databases and print them efficiently in formats like yearbooks.

Nowadays, that's pretty easy to do, too. You can do that with \$49 software, but at that time it was very difficult to do. The manipulation and handling of images on paper was not easy. So we pioneered a number of things in that area with him. He was in Greensboro, NC. I eventually sold him my share of the business. It was hard to run a partnership divided between Atlanta and Greensboro.

Then I had another idea brought to me. In early 1990's, CD-ROMs were starting to catch on, and the idea was to use them for sports instruction. So I started a company called Intellimedia, and we built a good line of sports instruction products with the ESPN brand on them. We had Tom Kite teaching how to play golf -- he was the reigning champion of the U.S. Open at the time! We had all the great athletes. We had a fly fishing product with the crew of "A River Runs Through It." That was the most beautiful product we did.

We exploited that opportunity for about 4 years. We went through a lot of the same issues that we had at Peachtree. We had lots and lots of technical problems. CD-ROMs were running at different data rates then and we had to develop ways to play the color video across a wide variety of platforms. So we dealt with a lot of leading edge stuff, and we had a pretty good business rolling along.

But when the Internet came along in about 1995, and AOL in particular suddenly got popular, the demand for content CD-ROMs, other than games, went to zilch. So that shut the lights off in that industry. Along the way we got a big investment from Cox Enterprises and we began to think about an online version of what we were doing. We ended up morphing that company into basically a big web-based software development shop with multi-media specialties. We built a big online auction system for Cox. They hold the world's largest automobile auction - about 2/3 of the wholesale market.

We built Airtran.com, and we built a big email marketing system for that airline. We also built a lot of smaller things, and began incubating a number of companies. The net result was that the web development industry went away in about 2000, I guess -- iXL and all the similar public

companies tanked almost simultaneously. We sensed that coming, and I wish we could have sold that company prior to that. We tried, but weren't able to do it. It was very profitable there for a good run, and then when somebody shut the lights out on that, we had diversified by getting an equity interest in a number of different companies.

We started a venture fund with Cordova Ventures, a very well respected local VC firm, and we chose to abandon our operating business. We were at the end of a lease commitment anyway, so I sent my Airtran people to Airtran and my Cox people to Cox. We really reduced the company to just managing our portfolio of investments and that's what we're doing today. I've got a number of other companies starting up and another bank deal going.

Ensmenger: Do you have any concluding remarks or things that you feel we missed?

Dyer: No - I'll just say that I have enjoyed this process. I've learned a lot myself by coming here and trying to recall some of the history. And I will get a copy of the Offering Memorandum; this is the most factual account of what happened during the early Peachtree Software days. Anything else you'd like, I'll try to get copies.

Ensmenger: That would be very useful. Thank you for your time.

Dyer: Thank you. I appreciate it.