

ELECTRIC ESCAPE

Did You Hear Anyone Say "Goodbye"?

by Donald A. Thomas, Jr.
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Donald A. Thomas Jr. was one of the most reknown names in the last years of Atari Corp. The self-professed "voice of Atari" was a long-time employee, working at various times as the head of the public relations and customer service departments. But whether as a company spokesman or as a private citizen, Don was always a big Atari supporter -- he ran his own Atari-oriented BBS, ceaselessly worked to correct customer problems, and regularly distributed electronic bulletins, sharing the latest news and happenings. His was a pure and genuine enthusiasm for the company and its products.

After Atari Corp. merged with JTS in June 1996 (effectively ceasing to exist as a separate entity), Don Thomas wrote this essay. It is many things -- a reflection on the company's history, a wish for coverage of its demise, an analysis of the problems in the end, and more. But I prefer to think of it as a eulogy; a final farewell for Atari Corp., by a man uniquely qualified to speak on the subject.

In its prime, Atari Corp. was a company with more fame, more power, and more influence than Nintendo, and it defined video gaming for an entire generation of players. Atari deserves more than to be quickly forgotten in the dustbin of history, and here is Mr. Donald Thomas to help us remember...

It's odd to imagine an institution, which was as big and as powerful as Atari once was, to have been shut down in recent days. The real amazement for me is that it was all accomplished without a measurable flinch from within or outside the gaming industry. I can understand that gamers wanted to push *Pong* out the door early in the timeline. I can appreciate that the classics such as *Missile Command* and *Asteroids* do not push 32-bit and 64-bit systems to any technological limits. I know all these things intellectually, but the heart cannot face the truth that the world and the corporate machine known as Atari could not find an amicable way to coexist.

On Tuesday, July 30, 1996, Atari Corporation took each and every share of its company (ATC), wrapped them all in a tight bundle and presented them to JTS Corporation, a maker and distributor of hard disk drives. On Wednesday, the shares were traded under the symbol of JTS. Within a few weeks, the remaining staff of Atari that were not dismissed or did not resign, moved to JTS' headquarters in San Jose, California. The three people were assigned to different areas of the building and all that really remains of the Atari namesake is a Santa Clara warehouse full of unsold Jaguar and Lynx products.

It was only as long ago as mid '95 that Atari executives and staff believed things were finally taking a better turn. Wal*Mart had agreed to place Jaguar game systems in 400 of their Superstores across the country. Largely based on this promise of new hope and the opportunities that open when such deals are made, Atari invested heavily in the product and mechanisms required to serve the Wal*Mart chain. But the philosophical beliefs of the Atari decision makers that great products never need advertising or promotions, put the Wal*Mart deal straight into a tailspin. With money tied up in the product on shelves as well as the costs to distribute them to get there, not much was left to saturate any marketplace with advertising. While parents rushed into stores to get their kids Saturns or PlayStations, the few that picked up the Jaguar were chastised by disappointed children on Christmas day.

In an effort to salvage the pending Wal*Mart situation, desperate attempts to run infomercials across the country were activated. The programs were professionally produced by experts in the infomercial industry and designed to permit Atari to run slightly different offers in different markets. In spite of the relatively low cost of running infomercials, the cost to produce them and support them is very high. The results were disappointing. Of the few thousand people who actually placed orders, many of them returned their purchases after the Holidays. The kids wanted what they saw on TV during the day! They wanted what their friends had! They wanted what the magazines were raving about!

In early 1996, Wal*Mart began returning all remaining inventory of Jaguar products. After reversing an "advertising allowance" Atari was obligated to accept, the net benefit Atari realized was an overflowing warehouse of inventory in semi-crushed boxes and with firmly affixed price and security tags. Unable to find a retailer willing to help distribute the numbers required to stay afloat, Atari virtually discontinued operations and traded any remaining cash to JTS in exchange for a graceful way to exit the industry's back door.

Now that JTS has "absorbed" Atari, it really doesn't know what to do with the bulk of machines Atari hoped to sell. It's difficult to liquidate them. Even at liquidation prices, consumers expect a minimal level of support which JTS has no means to offer. The hundreds of calls they receive from consumers that track them down each week are answered to the best ability of one person. Inquiries with regard to licensing Atari classic favorites for other applications such as handheld games are handled by Mr. John Skruch who was with Atari for over 13 years.

In spite of Nintendo's claim that their newest game system is the first 64-bit game system on the market, Atari Corporation actually introduced the first 64-bit system just before Christmas in 1993. Since Atari couldn't afford to launch the system nationwide, the system was introduced in the New York and San Francisco markets first. Beating the 32-bit systems to the punch (Saturn/PlayStation), Atari enjoyed moderate success with the Jaguar system and managed to lure shallow promises from third-party companies to support the system. Unfortunately, programmers grossly underestimated the time required to develop 64-bit games. The jump from 8-bit and 16-bit was wider than anticipated. In addition, Atari was already spread thin monetarily, but were required to finance almost every title that was in development.

After the initial launch, it took Atari almost a year before an assortment of games began to hit store shelves. Even then, having missed the '94 Holiday Season, many of the planned titles were de-accelerated to minimize problems caused by rushing things too fast. Consumers were not happy and retailers were equally dismayed. The few ads that Atari was able to place in magazines were often stating incorrect release dates because that information changed almost every day although magazines deadline their issues up to 120 days in advance.

It was in 1983 that Warner Communications handed Jack Tramiel the reins of Atari. By this time, Atari was often categorized as a household name, but few households wanted to spend much money on new software and the systems were lasting forever. No one needed to buy new ones. That, combined with Warner's obscene spending, amounted to a **daily loss** of over \$2 million. Atari was physically spread all over the Silicon Valley with personnel and equipment in literally 80 separate buildings; not considering international offices and manufacturing facilities. Mr. Tramiel took only the home consumer branch of Atari and forced Warner to deal with the arcade division separately. Within a few years, Jack took the company public, introduced an innovative new line of affordable 16-bit computers and released the 7800 video game system.

To accomplish these miracles for Atari, Jack implemented his "business is war" policies. While people who publicly quoted his statement often felt that policy meant being extremely aggressive in the marketplace, the meaning actually had closer ties to Tramiel's experience as a concentration camp survivor. Of the 80 buildings in Sunnyvale, Santa Clara and Milpitas, almost every one of them were amputated from Atari's body of liabilities. The people, the work, the heritage, the history were fired or liquidated. Those who survived were unsympathetically required to fill in the gaps and while most tried, few actually found a way to be successfully do what a dozen people before them did. Atop the mountain, Jack pressed with an iron thumb. All Fed/Ex mailings were required to be pre-approved by one of a handful of people. "Unsigned" purchase orders went unpaid regardless of the urgencies that inspired their creation. Employees found themselves spending valuable time trying to find ways around the system to accomplish their jobs. Many of them lost their jobs for bending the rules or never finding a way to make things work. As horrible as it all sounds, it actually was the only way to protect Atari as a company and give it a chance to survive as it did and did very well.

Jack's introduction of the 16-bit computer was initially hearty in the United States but it went extremely well in Europe. Europeans were not accustomed to "affordable" technology and although the Atari computers were not IBM compatible, it didn't matter because people could afford them. Jack's private laugh was that the computers were sold at prices much higher in Europe than Americans were willing to pay. As a result, most of the machines made were being shipped to European destinations to capture the higher margin. This enraged the people in the United States that had been Atari loyalists. While waiting months for stores to take delivery domestically, international magazines were touting ample supplies. Those in the know within the U.S. became dismayed. The remainder never knew Atari was slowly abandoning the value of Atari's name recognition as it became easier and easier to forget -- some assuming Atari had long filed for bankruptcy.

On a technical level, Atari 16-bit computers were designed beyond their time. For less than \$1,000, consumers could enjoy "multimedia" before the phrase was ever really widely used. The icon-based working environment preceeded Windows popularity although the essential attributes of the two environments were very similar. MIDI was built-in and became an instant hit in the high-end music industry. Tasks were activated and manipulated with a mouse and the system accepted industry standard peripherals such as printers, modems and diskettes.

With all the genius that went into the technology of the machines, very little of equivalent genius went into the promoting and marketing the machines. Mr. Tramiel was the founder of Commodore Business Machines. When he introduced the PET computer in 1977, Jack discovered he didn't have to call a single publication. Instead they all flocked to his door demanding an opportunity to see the product. News magazines. Science Journals. Business newsletters. Newspaper reporters. They were all there with microphone, camera and pen in hand. And they kept coming back. Adding a switch, announcing a new 4K application or signing a new retailer were all big stories the press wanted to handle.

Today, a new video game announcement may generate a request from any of the dozens of gaming magazines for a press release, but a lot of costly work has to be done to assure fair or better coverage. Editorial people are literally swamped with technical news. Samples are mailed regularly to their attention. Faxes fly in through the phone lines and e-mail jams up their hard drives. It takes a lot to grab their attention.

While Atari retained hopes to be successful with the Jaguar, Atari's marketing people were fighting established standards in the industry with severe handicaps. Since cartridges (the Jaguar was/is primarily a cartridge-based system) were so expensive, editorial people were required to return them before new ones would be sent. Editorial people like to assign review projects. So finding cartridges they sent out was not always easy to do. Additionally, reviewers often love their work because they get to keep what they write about. Regardless, the few magazines willing to cover Atari products were more often turned away because of a lack of programmable cartridges or any number of other indecisive barriers. In-store signs and posters were sometimes created, but many

retail chains charge premiums to manufacturers that want to display them. Some direct mail campaigns were implemented, but Atari often could not afford to keep those things being advertised on schedule. Therefore, the advertisements were published and distributed, but the product was not available.

Clearly, Jack's experience with the world beating a path to the door of a company making a better mousetrap no longer applied. The world had revolved a few times beneath him and he never noticed. The tactics used to successfully sell Commodore computers were simply antiquated notions from the past. Meanwhile, Sony launches the PlayStation with over \$500 million in marketing funds. Today, the PlayStation is considered the most successful next-generation gaming machine throughout the world. Sony bought the market. Tramiel's Atari never learned how to do that. Actually, they never could afford it anyway.

After the 1990's got underway, Europe as well as the rest of the world, discovered that IBM-compatible computers were becoming more powerful and more affordable. The world always did want computers at home just like in the office and companies like Dell and Gateway exemplified the industry's trend toward home-based office computers. As a result, companies like Commodore, Atari and Next couldn't compete any longer. While the dedicated user base of each of them felt abandoned by these companies having to leave the computer market, the inevitable prevailed. Commodore jumped ship, Next changed business goals completely and Atari invested what they had left in the Jaguar game system. Even today, Apple is kicking and screaming. As good as Apple was at creating a huge niche for themselves, they focused more heavily on education. When kids grow up and get jobs, they want business machines. IBM was always the business standard.

When one examines the history of Atari, an appreciation can grow for how many businesses and people were a part of the game over the years. Chuck E. Cheese Pizza was started by Atari's founder, Mr. Nolan Bushnell. Apple Computer was born in a garage by ex-Atari employees. Activision was founded by Ace Atari programmers. The list goes on and on.

But for some pathetic reason Atari's final days came and went with no tribute, no fanfare and no dignified farewells. Why? Where did all the talent go? Where are all the archives? Where are the vaults? Where are the unpublished games and where are the originals of those that were? Why has no company stepped forward to adopt the remaining attributes Atari has to offer? Where are the creditors? What has happened to all the properties and sites? Where are the databases, warranty cards, promotional items, notes on meetings, unanswered mail? Who owns P.O. Box 61657? Who goes to work in Atari's old offices? Where do consumers have their systems fixed? Who is publishing new games? Who still sells Atari products? Why are there still a lot of people talking about Atari on-line?

I'm an ex-Atari employee and proud to have been. I'm still an Atari devotee and proud to be. To me, these are questions which all deserve an answer, but who will ask them?

The best people to ask these questions are those who have exposure to the public. If you believe Atari left us without saying goodbye, contact *Dateline* at dateline@nbc.com. If you *really* believe, then send this article to 10 of your friends in e-mail. **And** if you *really, really* believe, mail a few to newspapers or other news programs. A letter in your own words would be great!

I'd spend money for a thorough retrospect on Atari. Wouldn't you?

Wouldn't it at least be nice to say "Goodbye"?

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