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Memorex Adds 5 Drives In Two Licensing Deals

By Mike Perkowski

SANTA CLARA, CALIF. — Memorex Corp. last week continued to shuffle its OEM disk drive line by purchasing a manufacturing and marketing license for a 5¼-inch Winchester from DMA Systems Corp. and extending its joint manufacturing/marketing agreement with Fujitsu Ltd. to include four 8-inch Winchesters.

Memorex also formally dropped its long-delayed Model 261 fixed-and-removable-media 8-inch Winchester, a move expected by observers for nearly a year.

The realignment of Memorex's OEM disk drive product line continues a year-long repositioning by the company. During that time, Memorex dropped out of the low-end 8- and 14-inch Winchester markets and the 8-inch floppy arena and entered the minifloppy and 5¼-inch Winchester markets.

The moves also continue a so-far-unsuccessful, three-year push by Memorex to become a leading supplier in the OEM disk drive industry.

Since 1979, Memorex has suffered through a spate of setbacks in the form of manufacturing and engineering problems with new products and missed market opportunities. Additionally, the company's management ranks have been decimated in recent years by a combination of staff cutbacks, management upheaval and the normal migration of executives and managers in the OEM peripherals marketplace.

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Memorex Revamps Line By Licensing DMA Drive, Adding 4 Fujitsu Units

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Norm Petersen, vice-president of OEM equipment sales, service and marketing, said, "The latest agreements add new products to the Memorex mini-disk drive product line family and position the company to become a significant supplier to the OEM marketplace."

Regarding the deal with DMA, a 2-year-old Santa Barbara, Calif. based company, Petersen said, "The DMA drive was the most differentiated product available for low-end systems today. It's a tremendously innovative product."

The agreement calls for Memorex to receive a manufacturing and marketing license for DMA's Micro-Magnum 5/5 drive, which stores 5 Mbytes of formatted data both on a fixed disk and on a removable cartridge. Terms of the licensing agreement were not revealed, but DMA president Richard Troutte said Memorex will have marketing rights worldwide except in Japan—where DMA recently licensed Nipponcoinco Corp.—and certain unspecified Far East countries.

Petersen said Memorex will begin manufacturing the drive, which it will designate the Model 410, at the Winnipeg, Canada, facility of parent Burroughs Corp. in the first quarter of next year. Until that time, Memorex will purchase an unspecified number of drives from DMA for resale on an OEM basis. Petersen declined to quantify the value of the OEM agreement except to say it was a "sizable contract" for DMA. Troutte also declined comment.

Petersen said Memorex also purchased a manufacturing license to the drive's removable cartridge from DMA, although he declined to reveal terms of that agreement. "The fact that Burroughs and Memorex have signed up for the cartridge will further help the cartridge become the de facto industry standard," Petersen said. Memorex will manufacture the cartridge at its facility here, according to Petersen.

As it has with all Memorex disk products, Burroughs will have the option of using the DMA-manufactured drive in its line of computer systems, it was noted.

Petersen said the four new 8-inch Winchesters—all part of the recently extended marketing agreement between Memorex and Fujitsu—will be displayed at the National Computer Conference next month. The Memorex-Fujitsu deal was originally formulated in 1980 for low-end 8-inch drives.

Petersen said Memorex eventually will manufacture the Fujitsu drives, although he said no decision

has been reached as to where and when that will occur. Memorex will purchase the drives on an OEM basis from Fujitsu until it begins its own manufacturing.

The four drives include 24- and 48-Mbyte drives with minifloppy-compatible interfaces, as well as high-end, SMD-compatible drives in unformatted capacities of 48 and 84 Mbytes. The two high-end drives also will support the proposed ANSI standard interface, said Petersen, who added that pricing for the new drives will be revealed at the NCC.

Licensing the new drives from Fujitsu essentially puts Memorex back into the thick of the 8-inch market scramble, after an apparently bungled early effort. The company unveiled an 11.7-Mbyte unit in 1979 and a 23.4-Mbyte unit in 1980 but never got those units into high-volume production and eventually stopped producing them last year.

With the low-end units, Memorex once again is up against Shugart Associates and Quantum Corp. In the high end, where competition is becoming dramatically more intense, Memorex is expected to compete with Fujitsu, Priam Corp., Micropolis Corp., Ampex Corp., SLI Industries and Pertec Computer Corp., among others.

In confirming the long-expected demise of Memorex's Model 201 fixed/removable 8-inch Winchester, Petersen said the decision to drop the unit was made in light of licensing the DMA drive.

"We did not take any contracts for it [the 201], and deliberately so," Petersen said. "My personal opinion is that the Model 410 will eventually be enhanced to the point that the 201 would have a very short life."

Memorex unveiled the 201 at the 1980 NCC in Anaheim, Calif., and had planned to begin volume deliveries of the unit a year later. But by late last spring, Memorex sent the 201 back to engineering for redesign. At that time, Petersen explained that Memorex introduced the 201 too early. The product had run into unexpected technical problems that caused the project to be delayed, and eventually killed.

Another factor observers believe led to the eventual demise of the 201 was the non-standard design of its cartridge. Last year, a subcommittee of the American National Standards Institute considered three cartridge designs for approval as the ultimate ANSI standard for 8-inch removable cartridges.

The subcommittee eventually opted for the design promoted by Dysan Corp., Data Peripherals Inc. and Perkin-Elmer Corp.'s Memory Products Division, with the design of Control Data Corp. for its Lark drive finishing second in the balloting. Of the approximately 30 votes cast by subcommittee members, it is believed the Memorex cartridge design received only two votes.