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For AT, IBM VAD sells own drives instead of CMI's

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DELRAY BEACH, Fla. — The alleged technical problems with the 20-Mbyte hard disk drive in the IBM PC AT have meant big dollars for an IBM personal computer dealer here.

Core International Inc., an IBM value-added dealer (VAD), said it has already taken approximately \$1 million worth of orders for the alternate drives it began marketing last month. Core claims it began marketing its own drives after experiencing "design and reliability" problems with the IBM AT drives manufactured by Computer Memories Inc. (CMI) of Chatsworth, Calif.

IBM has curtailed shipments of the enhanced AT because it claims it cannot obtain enough disk drives from CMI. A number of executives and analysts, however, blame the cutback on problems with the AT hard disk drive.

Core International President Hal Prewitt claims the IBM-CMI disk drive problems have resulted from CMI's attempt to push out high quantities of a "low-cost" drive. He said low-cost drives like the CMI model often result in a "data loss if the unit is moved."

In a letter to IBM dealers, Prewitt said the CMI drive will often "test good" at a dealer's office, but develops "read errors" when the computer is moved or bumped accidentally. Core had a 25

percent failure rate on its first shipment of AT's with CMI drives last year, Prewitt claimed.

There have been mixed reports from other dealers about technical problems with the CMI drives. Some claimed to have had no problems with the drives, while others have complained about drive failures.

CMI Vice President of Marketing Jim Kaufmann discounted Prewitt's charges as the "ramblings of a salesman trying to sell a competitive product." Prewitt's letter is filled with "innuendo and untruths," he said. CMI's drive is as well "shock mounted" and protected against data loss as any competitive product, Kaufmann said. CMI President Avi Brand pointed out that CMI has installed "staggering" amounts of the drives without complaints.

Prewitt, however, contends that the Core series of drives, the "ATplus" line, are higher quality, more reliable drives. The drive is manufactured by Control Data Corp. (CDC). Core said it has signed a \$25 million development and purchase agreement with CDC.

The demand for the ATplus has been phenomenal, according to Prewitt. He predicted that his firm, which had sales of approximately \$3 million last year, will hit the \$30 million mark in the next four months. "This place is a zoo right now with orders coming in," said Neal Simmons, Core's vice president of finance. "We're swamped with a paper back-up here."

"We're just overwhelmed with calls," said Bennett Greene, Core's marketing and communications vice president. The company, which has a staff of 20, just had two additional telephone lines installed to keep up with demand, Greene said.

Core sells 20-, 30-, 40-, 56- and 72-Mbyte versions of the ATplus. The kits sell for \$1,595 for the 20-Mbyte basic version to \$5,990 for the 72-Mbyte version with 128 Kbytes of memory.

Prewitt said Core began development of the ATplus line for the benefit of its own customers, but decided to sell the kits to personal computer dealers after widespread reports of problems with the CMI drives. "We didn't know IBM would see the same extraordinary problems," said Prewitt. "We had no idea they would slow the [CMI] line down."

Libra Programming Inc., a Salt Lake City, Utah, IBM VAD that specializes in accounting packages, is one of many dealers buying the ATplus kits. William Maasberg, president of Libra, said his company will buy about 600 ATplus upgrade kits this year. "From the specifications, performance and tests we've seen, this is the kind of drive IBM should have put in the machine to begin with," he said.

Maasberg said he has had a disk drive failure rate of approximately 30 percent on the 100 ATs installed by his company. The failures do not appear to be linked to a single, simple problem, he said. The drives are just too "susceptible to damage," Maasberg said.