ALMOSTPERFECT

How a Bunch of Regular Guys Built WordPerfect Corporation

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1977
Bruce Bastian, while at university, starts working on a 3-D computer software package. His computer science Professor, Alan Ashton, offers him a job on graduation writing a word processing software package.

1979
Bruce Bastian and Alan Ashton try to form a company with Don Owens to develop the software. Funding falls through so the company is not formed until 1980.

1980
Satellite Software International (SSI) is formed to develop computer software for Data General Computers. Shareholders are Don Owens, Bruce Bastian and Alan Ashton.

Sales: $400,000. Employees: 2

1981
Bruce Bastian and Alan Ashton oust Don Owens from the company and hire Pete Peterson, who joins the Board of Directors. The IBM personal computer is released, and SSI starts developing a word processor for the IBM PC. More than 200 companies are doing the same thing.

Sales: $850,000. Employees: 6

1982
SSI releases first version of word processing software for the IBM PC, called SSI*WP but later renamed WordPerfect 2.0.

Sales: $1 million.

1983
WordPerfect 3.0 is released. ComputerLand puts package on approved product list.
Sales: $3.5 million.

1984
Computer software industry gathers momentum, carrying along WordPerfect.
Sales: $9 million. Profits: $1 million. Employees: 84

1985
WordPerfect 4.0 released.
Sales: $23 million.

1986
SSI, renamed WordPerfect Corp. is now 5th largest computer software company in the world.
Sales: $52 million. Profits: $15 million.

1987
WordPerfect has become the most widely used word processing software for the IBM PC. Alan Ashton promises to take entire company to Hawaii if they reach sales of $100 million. Goal is reached with just days to spare.
Sales: $100 million.

1988
WordPerfect 5.0 goes to market after numerous delays, but is widely regarded as a good package. WordPerfect now enjoys a 40-percent share of the word processing software market.
Sales: $178 million.

1989
Company reaches 10th anniversary.
Sales: $281 million. Profits: $90 million. Employees: 1,612

1990
Despite the fact everyone is now clamoring for a graphical user interface word processor, the DOS version of WordPerfect still sells well.
Sales: $452 million.

1991
First version of WordPerfect for Windows is launched with an innovative competition to guess the number shipped in the first month.
Sales: $533 million. Employees: 2,894

1. AN IDEA TAKES SHAPE

In 1977, Bruce Bastian, a university student at Brigham Young University in Provo, Utah wrote a Master of Science thesis on 3-D computer graphics. Bastian was a passionate member of the university's marching band called the *Incomparable Cougar Marching Band*. His main motivation in going into 3-D graphics was to be able to display the band's marching formations as they would be seen from any seat in a stadium.

Bastian's thesis caught the attention of Alan Ashton, the Professor of Computer Science at Brigham Young University. When Bastion graduated, Ashton talked him into coming to work for a new company he was forming to write word processing software.

Ashton was exceptionally well suited to starting a software company. He had earned a Ph.D. at the University of Utah which was one of the first universities in the world to offer a doctorate in computer science. Among his fellow students were a number of computer pioneers who would later attain fame and fortune including John Warnock (the founder of Adobe), Bob Evans (of Evans and Sutherland) and Alan Kay who would go on to work at Xerox PARC and Apple Computer.

In the early days of computers, most word processors used embedded codes with formatting instructions. That meant a document would contain cryptic key words in the body of the document to specify how each section was to appear. To be able to visualized how any document would appear when printed, you had to know what each key word meant.

Alan Ashton's concept was to develop a word processor in which a document would appear on the screen exactly how it would look when it was printed. He also had other innovative ideas including adding the ability to scroll through a number of pages, using function keys for different features and eliminating different modes. These concepts are now accepted industry standards, but at that time they represented quite significant advances.

The real genesis of the new software company came when Ashton received a phone call from Don Owens, a salesman working for a leasing company in California. Owens is a classical entrepreneur with a surplus of creative ideas and a total absence of money. Owens suggested they should form a company to write word processing software for Data General computers. They never really formalized the ownership structure, but it was decided Owens would start and fund the company, while Ashton and Bastian would develop the software. They called the company Satellite Systems Inc. (The name was chosen because SSI was a good acronym, something every computer enthusiast thought was very important in those days.)

By the time Alan Ashton and Bruce Bastian had signed an office lease and ordered a computer, Don Owens broke the bad news to them - he was unable to raise the funding needed to start the company.

Ashton helped Bastian find a job as a programmer at Eyring Research of Provo, Utah. Once he was working there, Bastian found that Eyring Research had a contract to deliver a Data General computer to the Orem City Council, and that part of this contract specified Eyring Research was to include a word processing package.

Ashton and Bastian re negotiated Bastian's employment contract with Eyring Research. Eyring agreed to pay Bastian's salary while he was developing the word processing package so they could fill their contract with the Orem City Council and deliver a Data General computer with word processing software.

Ashton would help out with designing the software for no pay. In return, Bastian and Ashton could retain ownership of the finished software.

So, with the timely help of Eyring Research, Ashton and Bastian were able to start work on their word processing software after all. Ashton concentrated primarily on the printing portion of the software, while Bastian worked on the screen portion.

By early 1979, Eyring Research felt the software was well enough advanced to deliver to the Orem City Council, although Bastian and Ashton still wanted to improve it further. This turned out to be another lucky break, because the Orem City Council gave them permission to use its computers without charge as long as they were provided with a free copy of any new software developed.

Bruce Bastian and Alan Ashton continued to work on a version of the word processing software they could sell commercially. Bastian borrowed some money from his father to pay the bills while he worked away feverishly, while Ashton continued to work at the university full time and on the software in the evenings and on weekends. To generate some money in the meantime, they developed a simplified version of the word processing software, which they called P-Edit.

As neither Bastian nor Ashton had any experience selling software, they again turned to Don Owens for help. They decided to form a company to sell the software, with each of them owning one-third of the new company which was called Satellite Software International. (Again, the acronym of SSI was important - they wanted to be the next IBM, NCR, DEC or HP).

2. GETTING STARTED

In March 1980, SSI started operating, offering a version of P-Edit which was renamed SSI*WP for a retail price of $5,500. (The company's cost to manufacture a complete package was about $25, so the profit margin was quite impressive). SSI*WP worked only on Data General equipment and with one type of printer, but the software was quite reasonable and faced little competition. Within a few months, SSI was selling two or three copies of the word processing software each month.

At this stage, SSI's only full-time employee was still Bruce Bastian. Alan Ashton continued to work at Brigham Young University and Don Owens still worked at Itel Leasing. Bastian answered the phones, mailed out information packages by day and wrote software by night.

Starting a software company in the 1980s usually involved four rounds of financing:

1. In round one, the founders tend to use their own money and any begged from friends and relatives to do their market research and write a business plan.

2. Next, the business plan is usually shown to private investors to raise funds for product development.

3. Once the product is developed, the founders normally go back to existing investors for additional funds to start marketing the new product.

4. When the product is successful in the marketplace, an Initial Public Offering was made where all the original investors sell some stock to the public at a large profit. The founders end up with a smaller proportion of the stock but a lot of money.

By contrast, SSI had skipped the market research and gone straight to round 2. When the marketing of round 3 started, they had bought in Don Owens. There were no external investors,

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