Gerald's Column
by Gerald Fitton

Many have said to me that this year's Acorn World Show may well be remembered as the StrongArm Show. There is no doubt that StrongArm has changed the future for Acorn and Acorn's products. It is my opinion that even if Acorn decide not to develop the Archimedes themselves there will be many third parties who will be only too willing to produce a new model. I am convinced that RISC OS will flourish.

However, it is not Acorn's bright future which I wish to discuss this month. I shall address a subject which I first voiced a few years ago, namely the answer to the question "Shall I upgrade yet?" In tackling this subject I shall draw on the letters you have send me about the way in which you have upgraded both your software and hardware in the past, your feelings about those upgrades when viewed with hindsight, and I shall add my own contribution to the discussion.

Marketing Strategies

Those of you who are regular readers of this column will know that my 'day job' is as a lecturer at Swindon College where I teach almost anything having a mathematical flavour. One of the subjects which I teach is Marketing. What you may not know is that in addition to being able to teach Marketing I had much practical experience when I worked in the light engineering industry. Indeed, in the 1970s, an entrepreneur who decided to enter an entirely new market gave me the job of building up his new company from nothing! I was his company's first employee and I was 'given' 5% of the shares in the new company for £25. In six years I built up that company from nothing to one with a highly profitable turnover of £0.5M per annum – then the owner (and I) sold it for a little under £1M!

Enough of my credentials. Essentially there are two strategies for initial price setting and later changes. The first is what I call the 'creaming' strategy; the second strategy is what I call the 'jump start' strategy. The first is a falling price strategy and the second is a rising price strategy. Of course the (optimum) choice depends on many other parameters such as the way in which the product fits into the market and how it fits into the range of products sold by the company. Although my series of lectures on this subject run to many hours, my space in Archive is limited to only a few pages so I can give you only an outline of the ground covered by my lectures; nevertheless, from my limited descriptions and examples (below) I'm sure you'll see the difference in these two approaches.

Creaming

Creaming is the only policy taught by many lecturers and executed by many managers. It is generally a 'safe' strategy if you wish to protect your CV! The way it works is as follows. You've got a new product. Everybody wants it because it is the thing to have. You set the initial price high so that all those who can (just) afford it and must have it, if only to impress their peers, buy it at the initial extortionate price! Later, when you've 'creamed off' this initial market you have to drop the price in order to sell more. The exclusivity of having this rare product wears off – but it probably doesn't matter because the 'must have it because it's new' brigade have moved on to something else. There are many variants and in my lectures I quote many examples, high fashion (clothing) being

one and having the latest computer software upgrade is another.

Some of you will be familiar with the Demand Curve. My lectures move on to discussions of and mathematical models for the way in which the demand for the product varies with price, competition, new products, expected life, etc. Spreadsheets are used for forecasting and for analysing a range of scenarios! It is good fun for me and for the students.

Jump start

The jump start strategy is often ignored by teachers and considered too risky, particularly (to their fragile CV) by newly promoted managers. The way it works is as follows. So you've got a new product. Who cares? Nobody wants the new product because what they have seems to them to be OK and does what they want. You set the initial price low. You may choose to set it particularly low to those people who have something similar already and who you believe will be most reluctant to change.

An example in the computer field with which you will be familiar is the way in which Acorn introduced the RISC OS 2 and later the RISC OS 3 operating system at a price which was probably below cost! Their objective was to get the new operating system into as many machines as possible as quickly as possible because then software writers would write for the new OS. Right from the start Acorn said that the low price was for a limited period only (they gave a date) after which the price would be approximately doubled.

Again there are many variants on this strategy but in all cases the objective is to establish the new product by making the price low enough for people to want to try it out. When enough people have it then there is a bandwagon effect and the price can be raised.

Every product is different and marketing strategies need to be fine tuned to the product. Allow me just one variant out of the many which I introduce in my lectures.

One of the problems with almost any product but particularly with computer software is that the quality of the product as supplied initially is not as good as it is later. An advantage of the jump start strategy, particularly the variant which limits initial sales to loyal customers, is that they will beta test the product in a manner which will be much more tolerant and productive than new, less loyal customers.

PipeDream

About a couple of years ago I asked you to write to me and share with me your experiences of hardware and software upgrades. Although I shall use PipeDream as my example much of what I report has been said (by you to me) with slight variations about Impression II, Style and Publisher.

Although there are just a few who have followed PipeDream since it was View Professional on the BBC computer, the starting point for many of those who still use PipeDream was PipeDream 2. It ran under Arthur; that operating system, like MS-DOS was not multitasking. The first upgrade for which Colton Software charged was the PipeDream 2 to PipeDream 3 upgrade. Its launch coincided with the introduction of RISC OS 2, Acorn's first multi-tasking operating system. The next paid for upgrade was

that from PipeDream 3 to PipeDream 4. The extra features of PipeDream 4 includes a magnificent set of facilities for drawing charts which, even today, is unmatched for versatility. As part of PipeDream 4 Colton Software introduced its custom function language which allows users to create their own functions.

As far as I am aware nobody complained about the pricing of any of these upgrades. In my opinion the reason why everyone remained pleased with their purchase was only partly due to the fact that they perceived the upgrade as value for money. At least part of the general satisfaction was because a 'jump start' policy was used in conjunction with a determination to hold the price of the later versions into the indefinite future. The price of PipeDream 3 dropped for the first time many years after the introduction of PipeDream 4. Indeed, although most of you won't be aware of it, the price of View Professional (which was regarded as PipeDream 1) was held stable (in cash terms if not in 'real' terms) from the first to the last sale! The same was almost true of PipeDream 2. Of course, the purist (such as me) might argue that cash prices should be converted to 'real' values by allowing for the effect of inflation when making such statements. Taking into account inflation, these prices 'in real terms' did fall but, in the eyes of those who paid for the upgrade, that deflation of the cost was quite acceptable.

Fireworkz

Let me be bold and describe how I would have gone about marketing this product!

I would have said, "If you have PipeDream then you can upgrade to Fireworkz at a ridiculously low price – provided you do so in the first three months of the product's life. If you don't have PipeDream then you'll have to wait! You just can't have it!" I would have made it known right from the outset that after the first three months the price of the upgrade would rise and that only then would non PipeDream people be able to buy it. The higher price would be stable for at least two years with no fancy discounts or perks.

Those who are following me will recognise this as a variant of the jump start strategy.

I haven't yet mentioned quality in any detail but there is no doubt that early versions of Fireworkz and Fireworkz Pro were bug ridden. The nature and extent of these bugs were seriously underestimated by the programming team. Those who upgraded from a stable PipeDream to Wordz and then Resultz before upgrading to Fireworkz and later to Fireworkz Pro believe that they paid dearly to be beta testers for a product which has given them many more problems than PipeDream ever did.

Over the last three years I have received many letters expressing disappointment with Fireworkz. Although much of this disappointment is rationalised in terms of 'bugs' that were not fixed quickly enough, I am not convinced that Wordz and Resultz were so bug ridden (when compared with PipeDream at the same stage of its development) that these complaints are fully justified. My view is that it was the way in which the initial high price of upgrades creamed off the custom of loyal followers before it was lowered in order to attract new business and those less loyal. The creaming strategy which was adopted when Wordz was first introduced was repeated with Resultz, again with the conversion of the Wordz – Resultz combination to Fireworkz and yet again when adding Recordz to upgrade to Fireworkz Pro.

The other point of view

So there we are. I hope that, without too much detail, I've explained why I think that Colton Software upset too many people by the way they marketed Fireworkz. Let me now play Devil's advocate and put the other side of the story as might be put just prior to the launch of Wordz by a director at a board meeting who favours the creaming strategy.

"We have a good new product. We have a good reputation based on our market leader, PipeDream. Everyone will be clamouring for Fireworkz and we might not be able to satisfy the initial demand. The product has been fully beta tested and is stable (Colton Software really believed this at the time). The early purchasers will write to magazines saying what a big leap forward it is. Everybody will want it. Even if we have to upgrade it later, those who buy it initially (at the high initial price) will have a usable product which will give them pleasure and allow them to do many more things than PipeDream could. Furthermore Fireworkz will do the things that PipeDream does better than PipeDream. Those who buy at the initial high price will have something exclusive and better than those who can't afford it. If the response is positive enough then we can hold the high price indefinitely and still maintain sales!"

Sales were not maintained and prices had to be reduced in order to sustain sufficient cash flow to finance 'maintenance' (a euphemism for bug removal).

PipeDream 4.5

At £39 + VAT the price of this upgrade is not trivial. If you depend upon PipeDream and you have bought StrongArm then you'll have discovered that your earlier version doesn't work any more. You have to buy Version 4.5 whatever the cost! I would add that, if you are in that position, almost certainly you will have to buy it whatever state it is in! Let me add quickly that, as far as I can discover, the few bugs in version 4.5 are minor and are almost totally cosmetic and confined to the screen display. However, if your current position is that you depend on PipeDream and are only considering StrongArm (but not got it yet) then you are almost certainly wondering whether to delay upgrading to StrongArm or whether to abandon PipeDream. Can I help you to make up your mind?

When should you upgrade?

With great regularity I receive letters asking whether the writer should indulge in a certain upgrade. Sometimes this is about hardware such as a Risc PC or StrongArm but I also receive letters asking about software upgrades such as from Style to Publisher or (most recently) to Ovation Pro!

Part of my motivation for going into the detail I have about PipeDream and Fireworkz is to help you to see that the process of upgrading is not a once and for all decision but one which should be considered to have a time dependent element. This time dependence is important not only from the point of view of cost but also from considerations of what is euphemistically called 'stability' (meaning the degree to which it is free from bugs – the rate at which upgrades are generated). Generally more mature (older) packages are more stable (bug free). PipeDream is more stable than Fireworkz.

When you are considering upgrading, whether this is a hardware or software upgrade, the questions you should always ask yourself should include "Do I need this now?", "Is the price likely to fall or rise?" and, last but not least, "Will the product become better value for money (to me) as time goes by?"

I always advise people to wait if they can before upgrading. So far as the Risc PC is concerned I am still using my A540 because (a couple of years ago) my answers to the above questions resulted in me convincing myself that a better Risc PC wasn't far away, that the price would fall (it has) and that the A540 (in particular its speed, the limitation of 8 Mb RAM and 120 Mb hard disc) would do what I wanted for at least another year. Most of what I do is document production (desk top publishing, word processing and spreadsheet work) rather than image manipulation or games. Those who, for example, use their Archimedes for digitising video will be able to make use of the extra facilities of the Risc PC and the StrongArm card and arrive at different answers to the questions I ask in the previous paragraph.

One thing you should consider is whether to add upgrades to an existing system or to buy a new one. I still get letters from people who have upgraded an A310 (the original Archimedes) beyond all recognition. My reply is that it generally doesn't pay to add unsuitable upgrades piecemeal (ie bit by bit) to an antiquated system. You will find yourself getting less value for money out of each subsequent upgrade. As a general rule you should wait if you can, leaving your hardware in its 'standard' condition as much as possible (rather than making marginal improvements) and then 'leap frog' to the most recent model at a later date.

Of course there are exceptions. For example I have added RISC OS 3.1 to my A540 because the cost was low and the benefits high. The major benefit so far as I was concerned was mainly the font handling and printing for my document production work.

Coming now specifically to StrongArm and PipeDream 4.5, if you rely on PipeDream and don't need StrongArm to do the things you want to do yet (but you may do in the future) then save your money for now and wait for the next big leap forward in Archimedes machinery. What this will be I'm not sure but I hear words like CHRP, PCIMA, multi processor in conjunction with 1997! One writer used the phrase 'infinitely upgradable' about the next machine. As a mathematician I am always wary of the infinite! Nevertheless it seems likely that this future machine will have more built in 'upgradability' than even the Risc PC. On the other hand if you are determined to get StrongArm (for reasons other than using PipeDream) then you will have to pay the £39 + VAT for the upgrade to V 4.5 and pay again later when it is (marginally) improved yet further.

PipeDream 5

Once again I have been assured that further work will be done on PipeDream. The list which has been put to me includes OLE, input and output filters (eg to and from Excel) as well as the facility to place a box around selected cells (as in Fireworkz). If you have a contribution to make to the specification of PipeDream 5 then please write to Stuart Swales at Colton Software. Ideally send him a disc.

Finally

(a) Many thanks for all your letters; (b) Please send a disc, self addressed label and return postage if you want a problem solved; (c) My address is that of Abacus Training (see back inside cover).

I am hoping to include an article about Ovation Pro in the near future so, if you have any comments I shall be pleased to receive them.

At present the list of software packages which I may be able to help you with includes PipeDream, Fireworkz, Schema, Eureka, Style and Publisher.