

## Memorex MRX/40 and 50 PRODUCT STATUS UPDATE

**MRX COMPUTERS DISCONTINUED:** Memorex Corporation's lengthy and well-publicized financial problems culminated on July 5, 1973, with an announcement that the company will discontinue its computer systems business. Memorex immediately halted its computer manufacturing operations, revoked all outstanding proposals, and announced that no new lease orders will be accepted for the MRX/40 or 50 computer systems. Thus, another impressive but ill-advised challenge to IBM's supremacy in the business computer market died in its infancy.

Memorex announced a program for orderly disengagement from its mainframe activities. Any customer with a Memorex computer on rent or on order may terminate his use or cancel his order immediately and without penalty. Memorex is prepared to fulfill its obligations for equipment that is currently on rent, but there will be no renewal or continuance of any existing lease beyond its present term.

To dispose of its inventory of MRX 40 and 50 systems, Memorex is offering them for outright sale to prospects who do not require long-term support commitments for either the hardware or software. The terms of each sale are subject to negotiation.

Of the 104 Memorex computer systems that were built, Datapro has learned that approximately 30 have already been sold and that an order for another 30 systems is currently pending from a single organization. At discounts of well over 50 percent from their attractive original prices, these "orphan" Memorex systems could represent outstanding buys for many multiple-system users, educational and research organizations, and others who can survive without continuing support from the equipment manufacturer.

Why did Memorex fail to make the grade in computers? Basically, it was a matter of time and money. Few users were willing to place firm orders for the MRX systems until the company could convincingly demonstrate the promised direct compatibility with the IBM System/360 Model 20. And by the time this compatibility could be shown, in mid-1973, the company's chronic cash crisis had worsened to the point where it was impossible to justify continuation of the computer systems program. Another contributing factor was the early realization by the Memorex sales force that selling computer systems is far more difficult, and therefore less lucrative, than selling plug-compatible disk drives. As a result, the MRX computers received less marketing attention than they deserved until, belatedly, an appropriately weighted sales compensation plan was installed.

At this writing, Memorex is still seeking a satisfactory solution to its financing problems. Negotiations concerning the proposed sale of a controlling interest in Memorex to the Singer Company were terminated on August 1 when the parties were unable to reach an agreement. Accordingly, Memorex, with the participation of the Bank of America as its principal banker, is looking into other possible solutions.