

If you ask any Amiga user what frustration is, they will probably answer, "Commodore's liquidation." For a year, Commodore International Limited, the parent company to all of the Commodore subsidiaries throughout the world has been in limbo. Since the voluntary liquidation last year, there have been no new Amigas either produced or developed. With the technology at a standstill from the main computer company, Amiga users have watched as developer interest in their computer has fallen.

The most difficult problem during the entire process has been the lack of information. Rumors and "deadlines" have come and passed with no change in the Commodore situation. With each new holiday or month end, Amiga users have been told a development was coming only to be later disappointed. Large and small companies have been offered up as the next possible owners, but with each offering a further delay occurs.

At the center of the controversy are the liquidators, lead by Mr. Franklyn Wilson. Throughout this incident, Mr. Wilson has been sparse with his information to the press. He and the rest of the liquidators have remained impartial and focused, not on the demands and cries of action from Amiga users, but on the needs of the people they were hired to serve, the creditors. Their strategy has been to stay out of the public forum and approach any interested buyers. They have made no public statements, until now.

Liquidators Announce Sale!

In a News Release dated March 13, 1995, Franklyn R. Wilson and Macgregor N. Robertson, the Bahamas court's appointed liquidators of Commodore Electronics Limited and Commodore International Limited, announced that they had signed a contract that day for the sale of all Commodore's technology, patents, trademarks, and inventory. The buyer was the German retailer Escom Akitengesellschaft, based in Bochum, Germany. The intellectual property sold included everything necessary to manufacture all Commodore products, including the Commodore Amiga product line. The release went on to state:

"The sale will be subject to approval by both the United States Bankruptcy court for the Southern District of New York and the Supreme Court of the Commonwealth of the Bahamas.

The contract with Escom is subject to the right of the liquidators to solicit higher or better offers. Immediately prior to the court hearings where the Liquidators will seek court approval for the sale, the Liquidators will hold an auction to entertain any higher or better offers for the Commodore assets. The agreement struck with Escom provides for a gross purchase price of US \$5 million, composed of US \$4 million for patents, trademarks, and technology, and US \$1 million for inventory.

The date for the auction has not been fixed. The liquidators expect that the auction will be held in New York around the middle of April, 1995.

Franklyn Wilson, one of the liquidators, said, "The contract with Escom assures that no matter who ends up at the auction buying the Commodore assets, the buyer will be assured of being able to use the Commodore trademark in Germany." Mr. Wilson explained that the right to use the German trademark had been the subject of dispute and litigation with the liquidator appointed in Germany for Commodore's German subsidiary, Commodore Buromaschinen GmbH. Germany has historically been one of Commodore's most valuable markets.

Commodore International is the ultimate parent company of an international network of approximately 40 affiliated manufacturing, sales and holding companies located in The Bahamas, Switzerland, Canada, Norway, Japan, Belgium, Austria, Denmark, the Netherlands, Finland, France, the Philippines, Portugal, Spain, Sweden, Germany, Australia, the United Kingdom, Italy, and the United States which produced and sold computer-based products under the "Commodore" and

"Amiga" brand names. Commodore Electronics is Commodore International's immediate subsidiary. Commodore Electronics formerly had branches in Basel, Switzerland, Hong Kong, the Philippines and Taiwan. Most of the nearly 40 Commodore subsidiaries are in various stages of the liquidation or winding up process in their respective countries around the world."

The statement went on to say:

"Commodore International and its direct subsidiary Commodore Electronics, both chartered pursuant to the International Business Companies Act in the Commonwealth of the Bahamas, have been the subject of liquidation or "winding up" proceedings in the Bahamas since April 29, 1994. Involuntary petitions under the United States Bankruptcy code were also filed against the companies in the United States Bankruptcy court in New York, seeking liquidations under chapter 7 of the Bankruptcy code.

To avoid conflicts between the courts in the Bahamas and the U.S., the Liquidators and Commodore's principal creditors, including Prudential Insurance Company, negotiated a protocol for the conduct of the bankruptcy cases in both the Bahamas and the U.S. The protocol was subject to the approval of the Bankruptcy Court and the Supreme Court of the Bahamas.

The Bankruptcy Court in New York approved the protocol after a hearing on January 20, 1995. The Supreme Court is expected to indicate whether it approves the protocol or not on March 27, 1995."

Escom

While there have been several companies interested in acquiring Commodore International, Escom is a name that has rarely been offered. Last Fall, Amazing Computing approached the management of Escom and asked if they had any interest in the Amiga or Commodore. We were immediately told no--with great enthusiasm. However, a call to their offices for this article received a

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Colin Proudfoot
Joint General Manager

different answer.

While no one at Escom was available for comment in time for this report (the news from the liquidators occurred during the final days of Europe's largest Computer show, Cebit in Hanouwer, Germany), Escom management did acknowledge their interest and offered to speak with us at a later date.

From European contacts, AC has been able to learn that Escom is the second largest PC manufacturer in Germany, one of the fastest growing companies in Europe, and they have just purchased 231 electrical retail outlets in a UK chain called Rumbelows. Escom is reportedly in an expansion mode at the moment. They have completed a number of deals in the last few months of the scale of Rumbelows. One industry analyst stated that they were growing at 40-50% per year with a turnover in billions of Deutschmarks. According to another source, Escom is partly financed by Siemens-Nixdorf with worldwide sales of 1.75 billion Deutschmarks last year which is about \$750 million converted depending on the rate.

With Escom's worldwide interests, their capacity to manufacture PCs in Germany, and their distribution across Europe, they

have become a very viable company to run Commodore. With the purchase of Rumbelows, they became the UK's largest computer retailer (the UK is one of the Amiga's strongest markets). In order to see how this bid would effect the other companies who have been interested in Commodore, AC contacted the other bidders.

Colin Proudfoot

Commodore UK's other General Manager.

While most people have heard of David Pleasance (see the AC interview in the September '94 issue), Joint General Manager for Commodore UK, few people have heard from the UK's other Joint General Manager, Colin Proudfoot. In an interview, Mr. Proudfoot discussed the possibilities of their division and of Escom.

AC: Have you received any information on what this bidding process is going to be like, when it is going to take place or how it is going to be handled?

Proudfoot: We have received communication from Mr. Wilson, the liquidator, inviting us to the auction with a date and format to be determined.

AC: It was an invitation so there will be a place where everybody has to go or at least be represented.

Proudfoot: Correct.

AC: Do you have any idea how soon that is going to occur?

Proudfoot: No, because what we are going to have to do is get a ratification from the courts in New York for this process and then a ratification from the Bahamian court, then he can hold the auction. So until he has cleared the court processes, I don't think he can set a date.

"I don't underestimate Escom, they are a major player. I think it is going to be a battle against them."

**Alex Amor
President, CEI**

AC: From your experience with this process, do you have any idea how long this will take?

Proudfoot: I've been caught thinking it was going to be next week for the last nine months.

AC: Haven't we all.

Proudfoot: My understanding is that he can clear the court processes in three weeks and then it would take another three weeks to set up the auction.

AC: So, basically six weeks from now we may see some activity.

Proudfoot: Correct.

AC: We also had information that once a bid was accepted, such as the bid from Escom, that by Bahamian law they were under a restriction that within 20-30 days they had to get this process completed. Your six week scenario doesn't fit into that scenario, are we wrong about that?

Proudfoot: I haven't heard anything about that, so I can't comment.

AC: Do your plans for the world market and North American market remain as they did before?

Proudfoot: Yes.

AC: You just need to get the property to know what to do with it?

Proudfoot: Correct. We are eager to get this process finished and get the Amiga building business back up and running.

AC: In that regard, isn't the Escom deal good for you?

Proudfoot: Absolutely. We're very happy that Escom has signed a deal and we're even happier that situation with the German trademarks has been resolved. We're being sensible.

AC: Does the current bid price sound like a low number to you?

Does it seem like a low for what Commodore is worth?

Proudfoot: Well, it is worth what someone will pay for it. I've seen what the Escom bid is described as and we remain confident that we can go to the auction and win.

AC: The value of the company has to have declined in everybody's eyes at this point from what it was last year.

Proudfoot: Correct.

AC: However, there is no way to know what the year's toll has been on that. As you said it is what someone is willing to pay for it.

Proudfoot: What I will say is that David and I have spent the last week at Cebit and we have met a large number of people who are very eager to get hold of Amiga products. The support has been tremendous. The demand is still out there. People are telling us they still want Amigas, that it is a very alive brand, and that they still have plans for development of products and applications. We are looking forward to the Amiga coming back onto the market. It has been very positive.

AC: That is good to hear. That is a worldwide demand?

Proudfoot: I would have to say that there were mostly European people at Cebit, but there were Americans there that we talked to. AC: I was thinking more of Australia and so forth, markets that we have not heard too much from.

Proudfoot: I got a fax in just yesterday from Australia asking us to bring back the Amiga, and that they want more products. We are hearing from around the world. Considering the amount of time that we have been out of circulation as a corporation it is phenomenal.

AC: When I spoke to Mr. Pleasance the last time, he said that as far as development of new products were concerned, that you would actually have to purchase the company first and check with engineers to see what were still viable options. I guess that is now more important than ever.

Proudfoot: Absolutely.

AC: If you do secure Commodore is there any timetable set aside as to when you can get product back into the mainstream?

Proudfoot: It will take some months after the purchase.

AC: Will we be seeing product in the US and North America as well?

Proudfoot: Yes.

AC: If Escom was to take over, is there a side deal you could work out with them?

Proudfoot: The answer to that is maybe, I really don't know. We're in competition with Escom, so we can't collude with them before the bidding process as that would not be right. How interested they are in the Amiga as opposed to the Commodore name I don't know. There was speculation that they were interested in the Commodore just for the Commodore name to put on their PCs rather than the Amiga itself. I think that is misleading and they are interested in the Amiga.

AC: There is still a very strong Amiga market in Europe. My understanding is that the top selling games last Christmas weren't PC or Macintosh, but were Amiga games.

Proudfoot: Absolutely.

AC: So, with Escom, it should be an interesting horse race.

Proudfoot: Yes.

Alex Amor of CEI

Creative Equipment International's Alex Amor was also interviewed by AC concerning his interest in Commodore (AC's October '94 issue). AC contacted Mr. Amor to discover how the change would effect his efforts. CEI

AC: Where are you in the bidding process?

Alex: We are waiting for the contract to be signed with Escom. It has not been signed as of 3/15/95 but we believe it will be signed. It is just a matter of transit between Europe and the States. We have a clear understanding of what the contract requires and we are prepared to bid on the contract.

AC: My understanding is that \$1.5 million has already been paid for the rights to license Commodore's name in Germany.

Alex: That is correct. Actually it is \$1.4 million.

AC: Have you been notified as to how this is going to be handled?

Alex: Upon the contract being executed, we will be given copies of the contracts. At that point, in time, we can proceed to a New York meeting, which will probably take 30-45 days to schedule. At that time, an auction process will start.

AC: It will all take place on that day?

Alex: Yes, it will all take place on that day.

AC: Whoever walks out of there at the end owns the company?

Alex: That is correct.

AC: Do you have to put your money up on that day?

Alex: Yes.

AC: What is CEI's position in this process?

Alex: We still have the same goal which we have always had which is to acquire the assets of Commodore and we are prepared to go forth in the bidding for these assets. I can also tell you that in the past we have had discussions with Escom and if we acquire the assets we are obviously willing to work with them, as we are also willing to work with the UK group.

AC: So, you have to wait until you get a contract in hand. How long do you think that will be?

Alex: We would expect to have a contract by the middle of next week (Approximately March 22, 1995).

AC: Have you already been made familiar with what the contract basically contains?

Alex: The general terms of the contract, yes.

AC: Was this offered to you to re-bid?

Alex: No, it was not offered to re-bid. What was decided was that in order to get the process moved from ground zero, someone must sign a contract, it did not matter whom, so that the bidding process for the assets could move forward instead of people trying to out-contract each other.

AC: Escom's name has come up before and when I called them they said that they were not interested. Do you feel that the only reason they got back into this was to retain the rights to the Commodore name in Germany?

Alex: Escom has always expressed that the Commodore trademark was their main objective when it comes to purchasing the assets of Commodore.

AC: So, this is no secret.

Alex: That is correct.

AC: Did you attend Cebit?

Alex: Yes, I did.

AC: What were you trying to accomplish there?

Alex: I met with a number of distributors at Cebit and I also wanted to see the current state of the technology.

AC: What were your impressions?

Alex: Our uphill battle has become more of an uphill battle than first anticipated. As a general rule the PCs can do all the Amiga can and the price is definitely being reduced. Some of the machines are much more powerful than we can offer currently. There is still a significant market that will buy our machines and as our machines improve technologically, I think they will become more attractive. But, I still see a major uphill battle.

AC: With today's knowledge how long do you anticipate it would take, after the acquisition of the company, to get machines into the marketplace?

Alex: The problem that we are facing is this, we can get the existing product line back into the marketplace as there is a major demand for it. But to get any technologically advanced product or any breakthrough in technology it is going to take the better part of six to nine months.

AC: This means to get it into the marketplace you would have to really break a few records to get it new product for the Christmas buying season.

Alex: Correct. I believe that the existing products that we have to offer right now, the 4000T and the 1200 will be very successful through Christmas. I think the consumer understands the value of our machine and bundled properly, the machines will sell through Christmas. But for the diehard Amiga fanatics, I think it will take a little longer to show them how serious the company really is as far as technology is concerned. A lot of that has to do with production time, engineering time and governmental approvals. It is not that we will be sitting on our laurels, it is just that we will need to move forward quickly but it will take some time.

AC: When you talk about governmental, you mean FCC and the like?

Alex: FCC, the CSA, European standards, etc.

AC: The Commodore engineering staff has been let go for some time, is there a problem there?

Alex: No, I don't think so. I think the majority of engineers who were important to the project are more than willing to come back. In addition, one other thing we have determined is that there is a

lot of advanced engineering that has taken place outside of the Commodore facilities from people who are willing to work with this new entity.

AC: So they have continued their work?

Alex: They've continued their work. A number of these are independents or they were outside engineering firms who have moved forward and have new products that can be brought on-board quickly. Some of these include people using the Texas Instrument's TSP on the 4000 and things of that nature. So, we can move forward and we can do it not only from in house but from sources outside of the new company.

AC: What are you looking for in support from the user base?

Alex: I think that first of all they need to have an understanding of how tough it is going to be for the first six months. Their biggest emphasis should be to show their current Amigas to their friends in order to get the market moving forward. I will assure them that we understand where the Amiga needs to go both from a hardware and software point of view as well as a design point of view. We will go forward, it just may take us a little bit of time. To promise anything else would be rather unrealistic.

AC: You are still pretty optimistic.

Alex: I am extremely optimistic.

AC: What do you feel your chances are of getting the company with Escom in there battling?

Alex: I don't underestimate Escom, they are a major player. I think it is going to be a battle against them. But, I believe what we see as the net worth of the company from a business perspective, and we are looking at the Amiga part of the business, is higher than what they perceive as the value of the company, since they are looking for a specific trademark for the European market. I think what my people are willing to do is a higher level of investment. As I mentioned to you and I've mentioned to Escom, we are willing to work with them when it comes to that. I think we fully understand where the Amiga belongs and where it needs to go, I'm not sure they do.

AC: Do you have any background information on Escom?

Alex: They are basically the Radio Shack of Europe. They go into major department stores and set up what's called an Escom office. They're really geared towards PCs and Windows products.

AC: This would be a departure for them to do the Amiga.

Alex: The Amiga would definitely be a major departure for them.

AC: If you get the technology, you are willing to work with them, what if they get the technology do you think you could get the Amiga technology back to work with or would you be interested?

Alex: If they acquired the assets and had no interest in the Amiga, then naturally we would express our interest in moving forward with the Amiga and I would not rule that out of the question.

AC: Your investors are still behind you?

Alex: Yes.

AC: But not to the tune of last summer.

Alex: No. The value of the company has significantly changed, our forecasts have been diminished by 50% since all this time has transpired and it is going to take a lot more marketing funds than it was going to take six months ago to get Commodore technology back on the front burner again.

AC: One thing that you had mentioned at a previous time was a contest that you wanted to do with users to come up with advertising is that correct?

Alex: Yes. We are going to go back into our user base very aggressively, like it probably never has been done before in any industry. Included would be everything from the company logo to new designs, even to advertising in respective countries.

AC: In that case our readers should be getting ready now.

Alex: That is correct.

AC: Well, we thank you very much for your time.

Game End?

Although Amiga users have heard this many times over, the end appears in sight. With a signed contract and a definitive auction date, there is every reason to trust the system to provide a new owner. The only drawback for diehard Amiga fans is who will win the bid and what they will do with Amiga in the future.

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