

DATANETICS HISTORY

- 1967
 - Incorporated 1967. A team of engineers developing a CRT to enter the fast growing terminal market - were acquired by Dielectric Systems.
- 1969
 - December - scrapped the CRT and decided to enter keyboard market with unique diaphragm type keyboard that was developed as a companion product for the CRT.
- 1970
 - Sales \$365K - basically two customers encoded terminal type keyboards.
- 1971
 - Sales \$795K.
 - Were chosen to build keyboard for Monroe, the Calculator Company's first electronic printing calculator - Model 1200.
- 1972
 - Sales \$1.34 Million.
 - Majority of sales were calculator keyboards to Monroe and Computer Design Corporation.
 - Recognized need to broaden customer base. To do so we needed a discreet unit switch. Started design on DC-50 unit diaphragm switch.
 - Licensed Futaba in Japan our technology for the elastic diaphragm switch concept.
- 1973
 - Sales \$2.3 Million - 95% Monroe.
 - DC-50 unit switch fully introduced. Monroe was our main customer.
 - Proxy fight DNC sole surviving company.
 - Introduced DC-60 low profile switch designed to meet declining prices for high end calculator market. Mainly for Monroe.
 - Qualified as a supplier for N.C.R. (DC-50).
- 1974
 - Sales \$2.6 Million - 96% of business was with Monroe.
 - Monroe hit hard by recession, placed all orders on hold, except new 1400 calculator.
- 1975
 - Sales \$1.3 Million - our plan for 1975 was to survive.
 - Lost Monroe business to Japanese.

1975 (CON'T.)

- ° N.C.R. and Burroughs France became our largest customers. Customer base was rapidly broadening.
- ° Decided to build up and sell on the upswing.

1976

- ° Sales \$2.5 Million.
- ° Customer base broadened rapidly in both DC-50 and DC-60 business.
- ° Overseas business was growing, picked up Hugin in Sweden as large customer.
- ° Shipped first keyboards to Apple - May, 1976.

1977

- ° Sales \$4.06 Million.
- ° Customer base still growing.
- ° Pressure from shareholders to sell, so they could achieve liquidity, mounted.
- ° Hugin, in Sweden, number one customer.
- ° Started design of DC-70 concept late in year, to meet the coming price erosion in the terminal market.

1978

- ° Sales \$4.6 Million.
- ° Acquisition activity strong - lots of lookers - no buyers.
- ° Engaged Hambrecht & Quist to handle the acquisition. The acquisition was consuming the top management of the company.
- ° Unable to adequately finance growth - had serious cash flow problems.
- ° Business very strong - Customers: Hewlett Packard, Perkin Elmer, Apple Computer, Beckman, T. I., Sycor, and N.C.R.

1979

- ° Sales \$7.2 Million.
- ° Signed Letter of Agreement with ITT - January 3.
- ° Bookings soured - cash flow problems were hampering our ability to ship in timely manner - past dues grew.
- ° June acquisition complete with ITT.
- ° Cash flow problem solved.