

**Jack Tramiel & Atari:**  
**A History**

*Jennifer Ash*  
*History and Culture of Games*  
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## **Jack Tramiel & Atari**

The history of Jack Tramiel is quite amazing. Considering what he managed to survive growing up to what he managed in the business world could be considered by many near impossible. From starting Commodore Portable Typewriters in the Bronx to Atari, Inc., his persistence can be compared to no one.

### **Background**

Jack was born Idek Tramielski<sup>i</sup> in December of 1928. When he was a teenager, Poland was invaded by Germany and his parents and he were taken to German Concentration camps. He ended up in Auschwitz, where he was inspected by Dr. Mengele<sup>ii</sup> and placed in the labor camps with his father. While there, his father died mysteriously. In April of 1945 Auschwitz was liberated and his mother and he were freed.

Tramiel begins to work for the US Army and through this, emigrates to the United States in 1947 and becomes a member of the US Army in 1948. In 1947, he also meets and marries Helen Goldgrub, who he ends up having 3 sons with. While in the army, he gains a talent at unjamming typewriters<sup>iii</sup>. From this, he purchases a small business in the Bronx to repair typewriters, while simultaneously driving taxis.

## **The beginning of Commodore**

Tramiel wanted to begin to import typewriters from Europe, and due to import restrictions in the US, decided to move to Toronto. He then creates Commodore International Limited, and begins to assemble typewriters. The name Commodore came about due to Tramiel wanting a name that had a military ring to it, but unfortunately for him, names such as Admiral and General were already taken. He managed to get C. Powell Morgan, head of the Atlantic Acceptance Company to fund his business as a start up<sup>iv</sup>.

In 1962, Tramiel goes public thle company, getting \$2.50 a share. At this point, they are also producing adding machines. However, just a short while later in 1965, Atlantic goes bankrupt and both Morgan and Tramiel are suspect for bad business dealings. While Morgan was charged, Tramiel managed to avoid any charge. While trying to keep Commodore going during the loss of funding from Atlantic, investor Irving Gould gained partial control of Commodore (17%) for \$400,000. Tramiel realizes that he needs to keep up with the Japanese markets in order to keep his business alive and so Commodore starts to produce electronic calculators.

While this proves lucrative for a while, as soon as Texas Instruments enters the market, selling competitive calculators at a lower price, Commodore takes a heavy loss. Fortunately for them, Chuck Peddle at MOS technologies designs a

microprocessor in 1975 which sells for much cheaper than other competing technology, changing that market over night.

Commodore moves it's based to Palo Alto, California, and releases their first, single-board computer, the KIM-1 Microprocessor Trainer. At this point, Commodore purchases the various companies involved with creating the different parts of the computer (MOS, Frontier, and MDSA). Peddle gets the go a head from Tramiel to start making the first home computer.

The computer that comes out of this is the Personal Electronic Transactor, or PET for short. There were four models of this made, one with 4KB RAM, 8KB RAM, 16KB RAM, and 32KB RAM. It was rumored to have been named the PET due to the pet rock fad at the time.<sup>v</sup> The PET actually had a built in display with the computer that made it user-friendly. Schools became a big fan of the computer. The PET also had an expansion port on it allowing other devices to be plugged into it.<sup>vi</sup> The separate number pad was unique the time. Considering Commodore was an adding machine company prior to computers however, might make the separate number pad not so unusual. The Commodore BASIC was a production of early Microsoft by Bill Gates and Paul Allen.



In 1980, Commodore produces the CBM 8000, which has double the number of columns, a large monitor and speakers and a BASIC that includes disk commands. The Commodore VIC-20 comes out in 1981, and is the first color microcomputer that is priced low enough for normal consumers (\$300) and features expandable RAM, a color display for good graphics, and a joystick interface option. Bally licenses Commodore to manufacture its arcade games into cartridges for Commodore's new computer. At this point, Commodore begins to specialize its computers for the business and non-business markets, as well as what each computer offers in terms of technology.

In 1984, Jack Tramiel leaves Commodore and it is found out that he had, in July, taken over Atari's Home Division from Warner Communications under his new business, Tramiel Technology. Warner still maintained their coin-operated game and home communications division. Tramiel was able to get into the market quite easily due to the Video Game Crash of 1983.

## **Video Game Crash of 1983**

Just to diverge a bit from Jack Tramiel, as this may have affect on what is going on today, as mentioned by Yoshiki Okamoto in his recent article of what is going to happen to Nintendo if they don't pay attention to the market<sup>vii</sup>. In 1983, the gaming companies were doing similar to what is happening now: producing games in a consistently smaller time frame in hopes to get more merchandise on the shelves to attract buyers. The major visual factor in 1983 was that it came down to one particular game to make it apparent. Atari produced E.T. at this point, in hopes of riding the popularity of the movie. It was done in an incredibly short time frame and then released for Christmas. At which point many sat on the shelves for ages. It is said that 7 million were produced, and 6 million were buried. After this failed sales attempt, it was possible for Jack Tramiel to purchase the company and start his own business.

## **Atari Corporation vs. Commodore/Amiga**

Tramiel and his sons, who were all employed by Atari as well, started producing a home computer for themselves. Soon, many of the executives and researchers at Commodore left to join Atari. Commodore sued Atari in hopes of at least delaying Atari's new release of their home computer. Tramiel subsequently fired the majority of Atari's remaining staff and cancel ongoing projects. While Commodore and Amiga were in discussions for developing a chipset, Tramiel

was purchasing Atari. Once Commodore delivered a check to Atari to cancel the previous deal Amiga had with Atari. While this happened, Atari took the opportunity to countersue Amiga and bar them from producing anything from the new acquisition, rendering the new contract between Commodore and Amiga useless. Thus while this was going on, Commodore was virtually at a standstill.

### **Jack Tramiel in 1985**

In an interesting article in *Antic* from 1985, Tramiel reveals a bit of his business model:

*"When I get depressed, I watch the 'Patton' movie. I believe in that. I don't think you can sit on your butt. You have to know who your competitor is-who your enemy is. You have to have better tanks. You have to have better equipment to be able to win. And you can't just wait for the Pentagon to tell you what to do. You have to do it." <sup>viii</sup>*

It is this business model that allowed Tramiel to be so successful in his business ventures throughout the years. His method of just getting things done and produced allowed for him to compete against the larger companies that were more for the money rather than realizing the market just wanted cheap merchandise to have, not to make an investment with. Tramiel also realized the necessity of including the end-user, as he mentions in the article regarding the GUI system resembling the Apple OS would be implemented in his further

computers. He also realized that the age range of the users was from 6 to 25 and it wasn't so much a business machine but something that everyone could take part in. Making a language such as BASIC available to all users made it possible for everyone to enjoy the possibilities of what could come of the computer language. In regards to the C64's BASIC: *"Not only did I make my employees rich, but I even made young people rich. They knew that if they worked hard and used the BASIC to design software, they could make money."*<sup>ix</sup>

His idea: *"no business will lack of a computer (a revolution in all offices), a new toy for the children, and a new way for entertainment that nowadays keeps a strong fight against the leader of communication: TV. Computers became the best vehicle for information, due to Internet."*<sup>x</sup> This idea became ageless, as he spanned all the various markets possible for the personal computer. He realized the possibilities it had for communication, not just a tool to process information.

Tramiel made some points of what he wanted to accomplish during the interview with *Antic*: he wanted to create a cohesive place for national support of user groups, advance the technology of the modems through research groups in Japan, have educational discounts for schools, produced a full-size color printer and create software that didn't cost more than \$49.95.<sup>xi</sup> Looking at what he wanted to achieve, certainly puts him as a man before his times. He understood the necessity of creating knowledge ports for users to share and create communities behind. Marketing to schools would create early adopters of students who would continue throughout their lives to purchase the equipment.

Having accessories such as printers for the public would be a tremendous leap to make having a personal computer in a home worthwhile. And keeping the prices reasonable would attract more users to purchase in the first place as they would know a company policy such as this would allow them to keep up with the growing market.

### **Atari: Pre-1984**

Atari started as a coin-op video game company. Al Alcorn create a game called Pong. Nolan Bushnell and Ted Dabney founded the company and placed the first arcade in a bar to see how it would do. Pong was an sensation seen never before. As the popularity of the games increased, Ted Debney panicked and Bushnell bought his half of the company. Bushnell then went on to form Kee Games, ran by friend Joe Keenan, to work together to provide competition in the industry and create networks for the two to work within. Atari produced incredible amounts of games during this period. Kee Games released Tank at this point. It was so popular dealers insisted they get a hold of. Atari and Kee Games merge at this point. A home console for Pong is also released to the public.

If the industry couldn't become more intertwined, in 1976, Bushnell hires Steve Jobs to create Breakout, a variant of Pong. Jobs works with Wozniak to design the game in 5 days. Also at this time, the Stella project was started, to create a console that could accept cartridges. In order to fund this, Bushnell sells Atari Inc. to Warner Communications but still keeps his position as Chairman of the

Board and Keenan as President. At this point, Jobs and Wozniak create the original Apple Computer, but Atari isn't interested so they move on to create their own company.

In 1978, after the problems Atari had with sales of the console, Kassar is introduced as the CEO of Atari after Bushnell setting himself up to be fired. The change of focus from development to marketing and sales angered many employees at the time, who left.<sup>xii</sup> The home console and home computer sections of the company are kept separate at this point. The following years brings about popularity of video games with Space Invaders making it to America. The sales for the consoles and computers soar.

It's not until 1983, when problems in the market begin to show troubled times for Atari.

### **Atari – Tramiel's Influence**

Even with Tramiel entering the company and canceling many of its projects, a successful system comes out of the purchase as a GUI-based personal computer, the 520ST. It even came with a CDROM peripheral. Video games were not lost throughout, as Atari also produced the 7800 and the Lynx, the first handheld color game system, during this time.

As Atari attempted to understand the game market, they made the mistake of often not creating new product, but instead trying to re-release earlier games in hopes of running with the previous popularity.

The year 1988 brought about a lot of announcements for Atari. Bushnell was signed back on to create games for the system, and Tengen (the home consumer area of Atari) sues Nintendo's clauses for third party game development. They also find a way to create NES compatible games that bypass the lock-out system Nintendo had.

Due to poor timing on Atari's part, Christmas sales of the Lynx was missed. Atari attempted to create an airline plan, in which customers could purchase game systems for the flight. They also created different bundles of system, ranging from ones with 5 games to the bare-bones package. While rumors of Panther circulated, it was work on a 64-bit console known as the Jaguar that caught the most attention. The competition between Nintendo at this point was difficult for Atari to keep up with.

In 1994, the Jaguar was released in major cities for a limited supply. It was announced to be \$200 but retailed for distribution at \$250. Interesting to look back on now, seeing as Nintendo used this tactic exactly when releasing the Wii.

In 1996, Atari was sold to Midway Games Inc. It was at this point the Tramiels were able to liquidate their assets from the company.

## The Overview

Jack Tramiel had an amazing history of technology over the years. Starting from typewriters in the 1950s to ending with video games in the 1990s, the path he took was long and risky. He fought hard for his companies, going through various legal battles. It just shows how much persistence matters when it comes to the success of a business. It's not only his aggressive business behaviors that allowed his companies to prosper so much. His ideas of what made a good product also aided him in create a product that was both practical for the end user but also profitable for himself. A lot can be learned from the path Tramiel and Atari took in forging their way into the video game industry.

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<sup>i</sup> <http://www.nndb.com/people/093/000136682/>

<sup>ii</sup> [http://en.wikipedia.org/wiki/Jack\\_Tramiel](http://en.wikipedia.org/wiki/Jack_Tramiel)

<sup>iii</sup> [http://www.commodore.ca/history/company/chronology\\_portcommodore.htm](http://www.commodore.ca/history/company/chronology_portcommodore.htm)

<sup>iv</sup> [http://www.commodore.ca/history/company/chronology\\_portcommodore.htm](http://www.commodore.ca/history/company/chronology_portcommodore.htm)

<sup>v</sup> <http://www.old-computers.com/museum/computer.asp?c=191>

<sup>vi</sup> <http://oldcomputers.net/pet2001.html>

<sup>vii</sup> [http://www.gamasutra.com/php-bin/news\\_index.php?story=18483](http://www.gamasutra.com/php-bin/news_index.php?story=18483)

<sup>viii</sup> <http://www.atarimagazines.com/v3n10/JackTramiel.html>

<sup>ix</sup> [http://www.news.com/The-man-behind-the-Commodore-64/2008-1042\\_3-6222406.html](http://www.news.com/The-man-behind-the-Commodore-64/2008-1042_3-6222406.html)

<sup>x</sup> <http://www.emmaalvarez.com/2007/11/jack-tramiel-founding-father-of.html>

<sup>xi</sup> [http://www.news.com/The-man-behind-the-Commodore-64/2008-1042\\_3-6222406.html](http://www.news.com/The-man-behind-the-Commodore-64/2008-1042_3-6222406.html)

<sup>xii</sup> <http://www.heartbone.com/comphist/Atari.htm>

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