DesignWare™

Learning Comes Alive

MICROCOMPUTER SOFTWARE PRODUCTS

FOR CONSUMER EDUCATION, PROFESSIONAL AND BUSINESS TRAINING

PROFILE OF DESIGNWARE

- FOUNDED 1980, SAN FRANCISCO, CALIFORNIA

- STARTED AS CONTRACT DEVELOPER

- PREMIER REPUTATION AS DEVELOPER
  - TOP CLIENTS – SRA (IBM), XEROX, READER'S DIGEST, ETC.

- NOW A MICROCOMPUTER SOFTWARE MANUFACTURER

- PRODUCTS ON CONSUMER "HIT" LISTS
  - SPELLICOPTER (SKU), FACEMAKER, STORY MACHINE,
    CREATURE CREATOR (SOFTSEL)

DesignWare

MARKET

- BURGEONING INSTALLED BASE OF MICROCOMPUTERS
- HOME MARKET GROWING RAPIDLY
- SYSTEMS & APPLICATIONS SOFTWARE HIGHLY COMPETITIVE, DECLINING UNIQUENESS & PROFITABILITY
- MICROCOMPUTERS AND EDUCATION - LARGE SEGMENT
- NO DOMINANT LEADER

EDUCATIONAL SOFTWARE MARKET SEGMENTS

- CONSUMER EDUCATION
- BUSINESS, PROFESSIONAL, PERSONAL
- SCHOOLS
- INTERACTIVE VIDEODISCS FOR TRAINING

● DISTRIBUTION

- ● NATIONAL SOFTWARE DISTRIBUTORS - SOFTSEL, SKU, ETC.
- ● "OEMs"
    - IBM, T.I., APPLE, ATARI, ETC.
    - VISICORP, SORCIM, ETC.
- ● DIRECT SALES
    - DEALER HOTLINE
    - NATIONAL ACCOUNTS
    - STRONG REP ORGANIZATION
- ● SCHOOLS
    - D. C. HEATH & CO.
    - SILVER BURDETT (SCOTT FORESMAN)
    - CREATIVE PUBLICATIONS

DesignWare

GROWING PRODUCT LINE

- ONGOING ROYALTIES FROM OTHER PUBLISHERS
    - FACEMAKER, STORY MACHINE (SPINNAKER)
- NOW IN THE MARKET (APPLE, IBM, ATARI)
    - CRYPTO CUBE, SPELLICOPTER, CREATURE CREATOR
- SEPTEMBER/OCTOBER RELEASE (APPLE, IBM, ATARI)
    - MATH MAZE, TRAP-A-ZOID, SPELLAGRAPH, SPELLAKAZAM ...
- MOST PRODUCTS ON COMMODORE 64 BY CHRISTMAS
- IBM-PEANUT IMPLEMENTATIONS 60 DAYS AFTER RELEASE
- NEW PRODUCTS AT JANUARY 84 C.E.S.

DesignWare

● PROPRIETARY STRENGTHS

- ● EFFECTIVE BRAINSTORMING & PRODUCT-CREATION METHODS
- ● UNIQUE UNDERSTANDING OF LEARNING
- ● UNIQUE SOFTWARE CREATION TOOLS
    - GRAPHIC DESIGNWARE (HI-RESOLUTION)
    - ANIMATION SYSTEM (SPRITES)
    - SOUND/MUSIC SYSTEM
- ● HARDWARE UNIVERSALITY - "SIMULTANEOUS" RELEASE
    - DWARF (DESIGNWARE FORTH)
    - APPLE II and IIe, ATARI series, IBM-PC
    - PLUS IN LATE 1983
        - COMMODORE 64 (FOR CHRISTMAS)
        - IBM-PEANUT (UPON RELEASE)
        - PC-COMPATIBLES

DesignWare

● INVESTORS

- ● SEED CAPITAL STAGE $900k
    - – VANGUARD ASSOCIATES (LEAD INVESTOR)
    - – WHITNEY VENTURES
    - – MELCHOR VENTURE CAPITAL

● BOARD OF DIRECTORS

- ● JAMES A SCHUYLER, FOUNDER, CEO
- ● WILLIAM MELBERG, NORTHWESTERN UNIV.
- ● JACK M. GILL, VANGUARD ASSOCIATES
- ● THOMAS M. WHITNEY, WHITNEY VENTURES
- ● VACANCY TO BE FILLED IN SEPTEMBER

MARKET SEGMENTS

MARKET	SNAPSHOT	OPPORTUNITIES
CONSUMER SOFTWARE	- SEVERAL SMALL COMPANIES - SPINNAKER IS THE MAJOR COMPETITOR - RIPE FOR MAJOR EXPANSION	- POSITION DESIGNWARE AS LEADER THROUGH ADVERTISING AND PUBLIC RELATIONS CAMPAIGN - BRING TOGETHER + INSTANT-ON GRAPHICS + COLOR & ANIMATION + EASE OF USE + FUN & FEEDBACK
BUSINESS AND PROFESSIONAL TRAINING	- SEVERAL RESOURCEFUL LEADERS: + VISICORP + MICROPRO + PEACHTREE + MICROSOFT - LEADERS NOT ACTIVE IN TRAINING - TREND TOWARD PRODUCTIVITY TOOLS	- FOCUS ON TRAINING - WORK WITH LEADERS - ADD UNIQUE FACTORS + GRAPHICS, COLOR, ANIMATION, EASE OF USE, & FEEDBACK
INTERACTIVE VIDEO DISC	- JUST EMERGING XEROX, APPLE CDC, ETC. - BIG NEW PRODUCTS ON HORIZON - DESIGNWARE HAS COMPLETED SEVERAL PRODUCTS FOR CLIENTS	- HUGE LATENT MARKET WITH SUSTAINED GROWTH - HIGH GROWTH THRU '80s - DESIGNWARE ALREADY IN THE MARKET AS R&D HOUSE - LEVERAGE EXPERIENCE INTO DESIGNWARE PRODUCTS

SPELLICOPTER

- ACTION SPELLING GAME
- COMBINES EYE-HAND
  COORDINATION & SPELLING
- PILOT HELICOPTER THROUGH
  SKIES TO RESCUE LETTERS
- 40 SPELLING LISTS INCLUDED
- CAN MAKE YOUR OWN LISTS
- KEYBOARD OR JOYSTICK
- AGES 6 THRU ADULT

SPECIAL MENTION:

- ON SKU's BEST-SELLERS LIST
  AUGUST, 1983

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SPELLICOPTER™
THE ACTION SPELLING GAME

Ages 6 to Adult

CRYPTO CUBE

- WORD PUZZLE GAME LIKE
  CROSSWORD PUZZLE
  ON ROTATING CUBE
- COMES WITH 50 WORD PUZZLES
- MAKE YOUR OWN PUZZLES
- AGES 8 THRU ADULT

SPECIAL MENTION:
- TO BE DISTRIBUTED BY
  IBM FOR IBM-PC
- GREAT REVIEW IN SEP.
  CREATIVE COMPUTING

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CRYPTO CUBE
THE FAMILY WORD PUZZLE

Ages 8 to Adult

CREATURE CREATOR

- MIX-AND-MATCH BODY PARTS
  TO CREATE DANCING CREATURES
- ENCOURAGES CREATIVE PLAY
- PATTERN MATCHING GAME
- AGES 4 THRU 8

SPECIAL MENTION:

- FIRST EDUCATIONAL PROGRAM
  IN SOFTSEL "HEADSTART"
  PROGRAM: AUGUST, 1983
- "RAVE" REVIEW IN BILLBOARD
  MAGAZINE, AUGUST, 1983

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CREATURE CREATOR™
DO THE MONSTER MATCH

Ages 4 to 8

SPELLAKAZAM

- COMBINES EYE-HAND COORDINATION WITH SPELLING
- RACE THE MAGICIAN TO SPELL A WORD
- MAGICAL ANIMALS APPEAR
- AGES 7 TO 14
- CREATE YOUR OWN LISTS AND CLUES
- CO-PUBLISHED BY DESIGNWARE AND SILVER BURDETT

MATH MAZE

- COMBINES EYE-HAND COORDI-
  NATION AND MATH SKILLS
- ADDITION, SUBTRACTION,
  MULTIPLICATION, DIVISION
- SEVERAL DIFFICULTY LEVELS
- A "TARGETED" AREA FOR
  ELEMENTARY EDUCATORS
- 40 MAZES WITH THE GAME:
  MAKE YOUR OWN AS WELL
- ANSWER THE PROBLEMS BY
  RACING THRU MAZE TO
  PICK UP CORRECT DIGITS
- CO-PUBLISHED BY DESIGNWARE
  AND D. C. HEATH & CO.
- AGES 6 TO 11

SPELLAGRAPH

- COMBINES SPELLING PRAC-
  TICE WITH WORD/PICTURE
  PUZZLE
- ONE OR TWO PLAYERS
- BASED ON SELF-CORRECTED
  TEST, A PROVEN EDU-
  CATIONAL TECHNIQUE
- COMES WITH WORDS FROM
  SILVER BURDETT TEXT,
  OR MAKE YOUR OWN LISTS
- AGES 7 TO 14

TRAP-A-ZOID

- UNIQUE MATH GAME TEACHES BASIC POLYGON CONCEPTS
- "ZOIDS" MOVE ACROSS FIELD AND YOU TRAP THEM BY DRAWING POLYGONS
- OVER 20 GEOMETRICAL TERMS
- CO-PUBLISHED BY DESIGNWARE AND D. C. HEATH & CO.
- PLAY WITH JOYSTICK OR KEYBOARD
- EYE-HAND COORDINATION AS WELL AS INTELLECTUAL
- AGES 7 TO ADULT

ADVERTISING

- CONSUMER ADVERTISING
    - CAMPAIGN STARTED SUMMER '83
    - FAMILY COMPUTING, CREATIVE COMPUTING, ETC.
    - GENERAL-CIRCULATION PUBLICATIONS IN '83
    - SPOT NEWSPAPER ADVERTISING TO SUPPORT LOCAL PUSH
    - 90% OF BUDGET
- TRADE ADVERTISING
    - SUPPORTS QUALITY IMAGE
    - PROMOTIONS
    - 10% OF BUDGET

ONE TOUGH SPELLER.

NOAH WEBSTER, MEET YOUR MATCH.

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LEARNING COMES ALIVE

TRADE ADVERTISING

CO-OP ADVERTISING

CREATURE CREATOR
BY DESIGNWARE

- A computer discovery game for ages 4 to 8.
- Create thousands of creatures by substituting heads, arms, bodies, and legs.
- Program the creatures to make them dance.
- A challenging pattern recognition and matching activity.
- For Apple,* Atari,* and IBM* computers with disk drive and 48K.

DesignWare

- Simple on-screen instructions.

CRYPTO CUBE
BY DESIGNWARE

- A family word puzzle for ages 8 to adult.
- Colorful three dimensional puzzle cube, full of hidden words.
- Comes with 50 puzzles for all vocabulary levels.
- Create your own puzzles by typing in lists of words.
- A vocabulary challenge that provides great family entertainment.
- For Apple,* Atari,* and IBM* computers with disk drive and 48K.

DesignWare

- Easy to learn from on-screen instructions.

SPELLICOPTER
BY DESIGNWARE

- The action spelling game for ages 6 to adult.
- Rescue the secret word, letter by letter, with your helicopter.
- Comes with 400 words in 40 vocabulary lists.
- Practice spelling in an action packed environment.
- Skill levels for all ages.
- For Apple,* Atari,* and IBM* computers with disk drive and 48K.

DesignWare

- Brilliant graphics, simple instructions.

NEW! EXCITING LEARNING GAMES FROM DESIGNWARE.

Kids may think these are just great games, but parents know they teach computer skills, logic, and spelling. Crypto Cube is an entertaining family word puzzle. Creature Creator is a lively pattern matching game. And Spellicopter is an action-packed spelling adventure. Available for your Apple,* Atari,* and IBM* computers with disk drive and 48K.
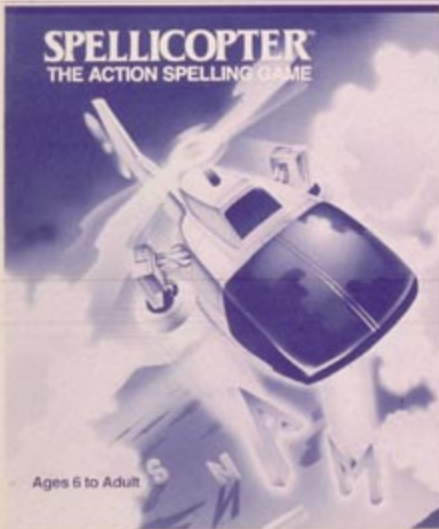
DesignWare™
Learning Comes Alive

SPELLICOPTER™
THE ACTION SPELLING GAME

Ages 6 to Adult

Word Lists and Sentences

Spellicopter comes with 400 spelling words. The words are organized into lists of 10 words each. These lists are either Basic, Intermediate or Advanced. There are also 'context' sentences for every word. A context sentence is a short sentence with dashes for where the spelling word goes. If you like to play anagrams (figuring out words from scrambled letters) you can use Spellicopter without the context clues.

When you play Spellicopter, you can use the spelling words already on the diskette or create your own spelling lists (or other kinds of lists) and sentences. If you want to make your own lists, you'll need a blank diskette or one with data on it that you don't mind erasing. Your lists will be stored on this diskette.

Varying the Difficulty of Play

The difficulty of the game depends not only on the word list you select (Basic, Intermediate or Advanced) and whether you use context sentences for word clues, but also on how good a pilot you are!

The Skill Level you choose at the beginning of the game determines how difficult your flying missions will be. At Pilot Level, there are only a few obstacles in your path and no UFO on the Letter Field. At Captain Level and Ace Level, the UFO is there, and the skies are more crowded.

ALTITUDE   SCORE   FUEL
            CARGO

↑ --- RUN FAST.

Pilot Level

3

PRODUCT CATALOG

WITH DESIGNWARE GAMES, YOU'RE ALWAYS THE WINNER.

LEARNING COMES ALIVE

COMPUTER SOFTWARE THAT BRINGS LEARNING HOME.

Every DesignWare product balances education and entertainment.

And you'll play DesignWare games again and again — because they involve the players in creating the fun. Whether it's inventing characters, composing dances, or creating puzzles, DesignWare games provide unique learning environments. Products will be available for preschoolers, adults, and all ages in between.

DesignWare, which has been developing quality educational programs for schools, now brings the same educational quality to the home.

We've built upon our experience and

DesignWare

SPELLICOPTER

A PERILOUS JOURNEY TO DISCOVER SECRET WORDS.

- An action spelling game with 400 words in 40 lists. Levels of play for the entire family — from first grade to adult.
- A contest clue with each word. A sound approach to spelling practice.
- Gain points for spelling words correctly. Lose points for misspelling. Motivation to learn to spell.
- Create your own word lists and clues. Perfect for practicing assigned spelling lessons, or making your games from literature, history or other topics.
- Lively sound effects, animation, and heated fuel supply for each mission. Adds fun and excitement to the scoring process.

DesignWare

CRYPTO CUBE

A 3-DIMENSIONAL SEARCH FOR HIDDEN WORDS.

- A handy word game with 50 four-sided puzzles. Topics address a wide range of interests.
- Vocabulary levels for ages 8 to adult. Challenging for the entire family.
- Create your own puzzles, built-in puzzle generator uses word lists you create. Perfect for spelling and vocabulary homework.
- Lively sound effects and animation turn an intellectual challenge into some more fun.
- One and two-player versions for individual and group play.

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CREATURE CREATOR

BUILD YOUR OWN CREATURE — AND MAKE IT DANCE.

- Create your own creatures from a selection of heads, bodies, arms and legs. Gives young children control in controlling the computer.
- Design dance sequences for your creatures to perform. Learn the fundamental concept of computer programming.
- Attempt to match the dance steps of the computer's creature in an entertaining, pattern-matching challenge.
- Lively graphics, sound effects and animation. Entertainment and challenge for ages 4 to 8.
- Individual and group entertainment in any setting.

DesignWare

BUSINESS AND PROFESSIONAL PRODUCTIVITY TOOLS

- **PHASE I**
  - TRAINING FOR SOFTWARE PRODUCTS
  - ACCOMPANY BIG-VOLUME WINNERS, VISICALC, SUPERCALC
  - ROYALTY OR "DISTRIBUTORSHIP" AGREEMENTS WITH OEM's
- **PHASE II**
  - GENERIC PRODUCTS SOLD TO END-USER
  - UNDER DESIGNWARE'S NAME ONLY
  - ENHANCES PRODUCTIVITY
  - WORKS FOR ANY SOFTWARE PRODUCT IN CATEGORY
  - SPREADSHEETS, DBMS, BUSINESS GRAPHICS,
    ACCOUNTING, DIRECT MAIL, WORD PROCESSING, ETC.

DesignWare

INTERACTIVE VIDEO MARKETING STRATEGY

- **ACQUIRE RESOURCES**
  - AUTHORS
  - EXISTING, MARKETABLE PRODUCTS IN OTHER MEDIA
  - MARKETING CHANNELS AND OEM DEALS
- **TECHNICAL BACKGROUND ALREADY EXISTS AT DESIGNWARE**
  - CURRENT OR PAST R&D:
    - XEROX LEARNING SYSTEMS, FMC CORP, ETC.
  - DESIGNWARE / ONE-PASS VIDEO, INC. JOINT MARKETING
- **FORMULATING LONG-TERM STRATEGY**
  - DEVELOP INTERACTIVE VIDEO AS MAJOR REVENUE SOURCE
  - MOVE FROM STRENGTH IN PROFITABLE R&D INTO DOING PRODUCTS

DesignWare

DESIGNWARE, Inc.

Board of Directors

James Schuyler	Chairman, CEO
William Melberg	Northwestern Univ.
Jack Gill	Vanguard Associates
Thomas Whitney	Whitney Ventures

President, CEO
James Schuyler

VP Operations / R&D
Lesley Czechowicz

VP Sales & Marketing
Peter Rosenthal

Controller
Stephen Okasaki

Business Development
James Schuyler

Software Director
Alan Macy

Interactive Video
John Mascicki

National Sales Manager
(September, 1983)

Business Products
John Mascicki

Manufacturing
Lesley Czechowicz

DesignWare

PROFESSIONAL PARTNERS

- ADVERTISING
  - D'ARCY MCMANUS & MASIUS
- PUBLIC RELATIONS
  - THE BOHLE COMPANY
- AUDITORS
  - ARTHUR ANDERSEN & CO.
- BANKING
  - BANK OF AMERICA, CORPORATE BANKING CENTER

The microcomputer boom has spawned a high-tech cottage industry. The margins can be as incredible as the growth rate.

Software to go

By Harold Seneker and Jayne A. Pearl

Computer scholastics

"Computers are dumb," says James Schueler. True. Yet he started DesignWare in San Francisco three years ago to "teach" computers how to teach people.

Schueler, 37, spent a lot of time in school himself. He worked his way through math and computer science degrees at Northwestern University as a computer consultant to some of his professors, mostly in programming, keypunching and writing for kicks. By the time he had earned his Ph.D., Schueler had started like his professors and employed six students to help him.

After graduation, Schueler taught at Northwestern's school of education for a few years. "But once I got bitten by the entrepreneurial bug it was hard to shake," he says. By 1980 he had scrounged up $20,000 to get DesignWare's first computer courseware program off the ground. He bought about $20,000 worth of computers and split the rest of the money between office supplies and travel. By May he organized his first deal, to develop Computer Discovery, an electronic course on the history, programming and visual impact of computers. It became part of Apple's Appleseed program, a giveaway to schools that purchased the computers. It has since been republished for over half a dozen other machines.

DesignWare was immediately profitable, generating 10% after-tax on $200,000 revenues its first year, which Schueler plowed back into the company. Since then he and his now dozen or so programmers have concentrated on writing educational software, mostly for schools. He depends on the ideas of Harcourt Brace Jovanovich, Harper & Row and textbook publisher D.C. Heath to publish, market and distribute his dozen or so programs. Most classroom packages, retailing for about $175, include several diskettes and 20 or 30 workbooks.
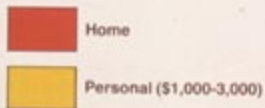
Last November Schueler turned over about a third of his company to venture capitalists for $400,000 in order to develop a new line of consumer educational-game programs, which he plans to publish, market and distribute himself. Among them: Spellicopter, a spelling game geared to ages 5 to 12, whose kids "fly" helicopters to pick up scrambled letters in order to spell a word.

While Schueler still owns about a third of his company (outside investors own another third and other insiders the rest), he foresees further diluting of his share with a second round of venture capital. Another entrepreneur bites the dust: "That's what you have to do to cash in on your investment," shrugs Schueler, then shrewd-eyed up. "By the time I cash out on this I expect the company to be doing $10 million revenue, and my percentage will still be 15% to 20%. By 1986 or 1987 I expect to either go public or be acquired." Then what? "I plan to start a new company, something in the computer field but completely different. Now I have no idea what," he muses. "By then the industry will be completely changed."
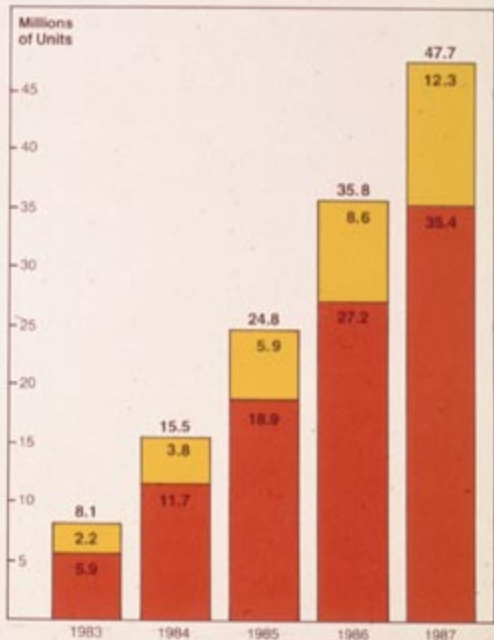
DesignWare Inc.
Gross Sales
Projections
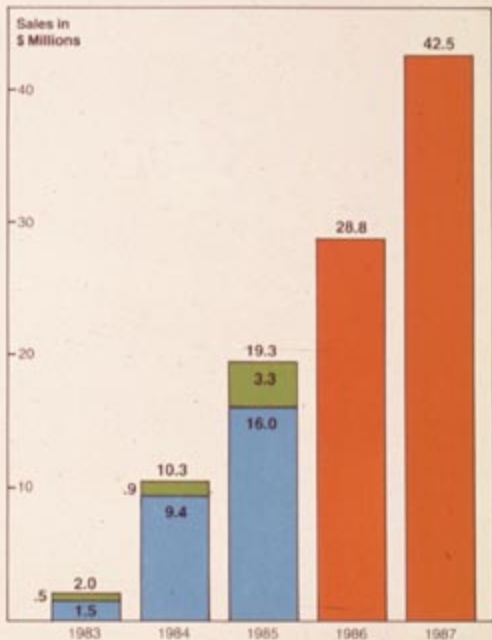
Home and Personal Computer Market Computers Installed

Millions of Units

Legend:
- Home
- Personal ($1,000-3,000)

Year	Home	Personal	Total
1983	5.9	2.2	8.1
1984	11.7	3.8	15.5
1985	18.9	5.9	24.8
1986	27.2	8.6	35.8
1987	35.4	12.3	47.7