

editing system, with 64 colors, 20 different digital graphics and a special effects generator," also allows users to dub tapes without a second VCR while eliminating the herky-jerky effect created by editing attempts using standard VCRs.

D'Addio says the advent of chip-based video products provide Silicon Valley businesses with a limited window of opportunity in the Japan-dominated consumer electronics market.

"We just can't compete in the electromechanical areas, things like VCRs," notes D'Addio, pointing out that Japanese control of those industries, including ownership of key patents and processes, is near total. "But when it becomes a matter of chips and computer hardware, we have a definite advantage."

So far, the privately held company has shipped approximately 100,000 of the "Directed PLUS" devices. They typically go for between \$500 and \$600. Locally, they're available at consumer electronics stores, such as The Good Guys and Fry's. Newer gadgets, including a video equalizer, which enables alteration of color or white balance on recorded videotape, and a new sound effects "Boing Box," popular with local disc jockeys like KOMA's Blazy and Bob, are also on the market. A new video-titling product, which produces Hollywood-quality credit sequences, should be available around Christmas.

The company's most important sale, however, came just a few months ago. Matsushita Electrical Industrial Co., perhaps Japan's most venerable and powerful multinational (it recently bought the MCA corporation, owner of Universal City Studios and Yosemite National Park's management company), agreed to buy Japanese rights to Videonics' home video editor. Over there, the Directed PLUS will sell for a staggering \$1,000 and carry Matsushita's Panasonic label.

"This is the first time Panasonic has done bought a product outside of Japan to sell back into the Japanese market," according to D'Addio. "It was a difficult decision for them to make."

D'Addio did what he could to make that decision easier. He studied Japanese, read books on Japan, took courses, talked with consultants and visited with knowledgeable people at the American Electronics Association.

"This was my project," he says, "but the big move I made was to hire Jim Francis." Francis, a San Jose native who speaks fluent Japanese, had been a Mormon missionary in Japan. When Francis visited Japan on behalf of Videonics, he took on the task of finding customers among Japan's skeptical high-tech honchos.

"When Jim visited JVC [Japan Victor Corporation], the people at JVC said it was the first time anyone in the U.S. ever went to Japan and made a presentation in Japanese, with slides in Japanese," D'Addio notes. "I mean, how could Americans ever think they could