

NADY CELEBRATES 30

By Brian Berk

When trying to form a company, some business owners might be a bit discouraged by being passed over for venture capital money. But John Nady, founder of Nady Systems, pressed on. And he was passed over for funding not because he didn't have a good idea, but due to the fact that someone you might have heard of sought money at the same time. "I went to Hambrecht & Quist in 1975. I took my whole presentation to them and they turned me down. I said, 'Why? This is really a viable technology.'

"They told me, 'We had a couple of guys in here trying to sell us a personal computer and we decided to go with them. They call it Apple. The computer market is potentially huge. Yours isn't as big.' It's amazing, I was soliciting them the same time Steve Jobs was."

Nady found funding from a "friend of a friend" who believed in the product and wrote him a check for \$20,000. Nady Systems, a manufacturer of microphones, wireless headphones, mini mixers, power amps, PA systems, and a broad range of other pro audio products, celebrates its 30th birthday this year. In fact, the company incorporated on July 6, two days after the U.S. bicentennial. Although 30 years may seem like a long time to some, Nady recalls every historical moment about his company like it was yesterday. "The story started in 1968 when I was in college. I started playing guitar in bands and I got interested in wireless guitar as transmission," he said. "I remember I used to practice in the basement, which was really a garage in my home in Berkeley, [Calif.]. We'd get some water down there during the rainy season, and all that stood between you and electrocution with some of those early amps was just a capacitor at the cord output. I remember people were getting electrocuted



all the time. I don't know if it was that or just the vision of people running around wireless on huge stages, but I started working on making my guitar wireless. There was one toy-like unit on the market, and it made a lot of noise and only had a 20-ft. range, but it opened up a lot of ideas. I eventually got a master's in engineering and I really started looking into this. There was also a wireless microphone available on the market, but it was very clumsy and noisy—it operated at 37 megahertz.

"I had been working on the idea for a couple of years when I went to a Christmas party at a club called Matrix in San Francisco in 1968. The party was thrown by tons of musicians, including Santana and Jerry Garcia," he continued. "Elvin Bishop used my prototype wireless mic. A number of the other musicians came up to me and told me it was revolutionary and that they wanted to use it. That got me pumped up. But it still wasn't simple. It needed to be easier to operate, and right off the bat, one of the problems it had was that it was straight FM transmission. There was a lot of background hiss and you'd only get around 70 db signal-

to-noise. That may be OK for bass or country guitar, but once you got into fuzzier tones and more gain and sustain, the remaining signal was distorted when you played it through an amp loudly. I beta-tested it with my band and little by little I worked on fixing all the problems. But even after most of the other issues were solved, there was still a noise issue.

"Since I had a recording studio, I had become aware of noise-reduction techniques. Dolby was out at the time, and an obvious thing occurred to me that as far as I knew hadn't occurred to anyone else. When I first had the idea, it was kind of my 'Eureka' moment...In fact, I actually said 'Eureka' out loud. The Vega wireless mic that was out then did not have any noise reduction. Even the deep space program, which required very high single noise ratio for deciphering weak signals from space probes, was trying all sorts of other methods to reduce noise. I borrowed a Dolby recorder from a friend and took it apart. I hooked it up to a link and it improved the signal-to-noise from 70 db to 85-90 db. It was quieter, but still not quiet enough.

It was also impractical. I designed miniaturized circuitry that could give me 120dB signal-to-noise and got U.S. patent No. 4215431 on it. We were then ready for the market, and I started my search for seed money."

I Shall Persevere

But what has kept Nady Systems successful? Nady admits it's a cliché, but perseverance is the answer. "I just stuck to it and kept plowing away," said Nady, who was born in Hungary and came to the United States at age 6. "I stayed focused and was very ambitious. I was hungry and always had high standards."

So how will Nady Systems keep the ball rolling in the future? The answers: adjusting to changing times, overcoming future challenges, and expanded product offerings. "We're a full-line pro audio and MI manufacturer, and we aim to be value priced," Nady said. "We need to innovate new product ideas, but not for things that will cost \$5,000. The challenge today is to not only have technical breakthroughs, but to have affordable technical breakthroughs."