

mgmt memo

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WORLD-WIDE MARKETING/SALES SYMPOSIUM

"This is one of the biggest sales meetings the world has ever seen. That's because we've got the biggest message to tell," said Ken Olsen, president, as he welcomed the sales force to the company's first worldwide marketing/sales symposium last month. Some 7,200 Digital sales and marketing people participated.

Jack Shields, vice president, group manager, explained the rationale behind this huge meeting, "After the January Sales Symposium it became obvious that it was impossible to communicate the fantastic feeling of the power and capability of this company to the individual sales contributors unless you brought them all together and let them see and talk to the marketing and engineering people and see and touch the whole spectrum of products, capabilities and market applications that we have going for us."

About 1,200 people from marketing and engineering helped prepare and staff the exhibits at "DECTown," the centerpiece of the week's activities. DECTown remained open for several additional days after the symposium was over to demonstrate the company's breadth and strength to financial analysts, customers and the families of employees.

Products, people and enthusiasm

"With our new products, our order rate is turning around and our backlog is growing significantly," Ken told the sales force. "Thanks to the recession, we have learned to sell, learned to market, and we have products to solve all problems. So now with the products you see here and the marketing which has been prepared for this show -- the world is ours.

"Our strategy has always been to make commercial and industrial products. We avoid the consumer market. We don't chase after those markets which boom quickly and then quickly disappear. Parallel to this approach, we go after the world's best companies. And satisfying the most critical, quality companies makes it easy for us to sell to all the other companies.

"The result is that all through our history, some people have criticized us because there has always been somebody doing better. But we go after the quality market, the discerning customer, doing a thorough job. Sometimes

Continued on page 2

"MGMT MEMO" is written by Corporate Employee Communication for the Office of the President. It is written for Digital's managers and supervisors to help them understand and communicate business information to their employees. Editorial Contact: Richard Seltzer, CF02-3/K23.

For Internal Communication Only

SALES SYMPOSIUM....

that means we have to be patient and wait for products because our products have to be right. But by pursuing quality, we end up with a stable set of customers.

"And I feel confident now more than ever that this strategy is the one that counts and that we want to follow. Now, we have the products; we have the people; we have the enthusiasm.

"The other night I came to look at this show with my wife. We stopped and asked the elevator operator what the big tent was for. He said it was for Digital. My wife meant to ask him what Digital was going to use it for, but he misunderstood and said, 'Oh Digital, they make some of the world's finest computers'. That could be the theme of the whole conference."

Messages to remember: PCs and interconnect

"There are two key messages I want to get across," Ken emphasized. "I think everyone who works for Digital should have an understanding of these two subjects. How do our three personal computers and our Micro/PDP-11 fit together? And how does all our interconnect fit together?"

"Our DECmate is the best standalone word processor. Our Rainbow is the best industry standard personal computer. The Professional has the best quality of everything. The Micro/PDP-11 is probably one of the best engineered and best documented projects in the history of the company. It has become one of our best-selling products. OEM customers who were considering building their own computers with microprocessor chips appreciate what the Micro/PDP-11 has to offer. And businesses that started with personal computers and now find they need a multi-user minicomputer are also turning to the 11.

"I challenge you to learn about our interconnect. Learn how with clustering we tie similar computers together in the most wonderful, elegant ways to any number of disks in any configuration so you can do multiprocessing for reliability, redundancy or prestige. Learn about Ethernet which is the fastest, most efficient, most elegant way of interconnecting computers, and be reminded again how we do our low-speed communications with DECnet and over serial lines.

"Communications and interconnect have always been one of our advantages. Now everybody is talking about networking computers. We're the only ones that have a family of computers from the very small to the very large that were designed so that they can talk together efficiently and effectively. When it comes to communications and software we probably have maintained better discipline than anyone in the industry. This is going to be one of our most significant advantages, something everybody else dreams about."

Marketing -- DECTown is the message

According to Ed Kramer, vice president, Corporate Marketing, the goals of the meeting were learning, inspiration and fun. He told attendees, "We want to help you better understand our products, to let you see some of the new things that we have coming and how they serve the applications and industries they were meant for. We also want to inspire you and make you enthusiastic. It's important for people to take pride in their company so they can

Story continued on page 7

AL CRAWFORD JOINS CORPORATE MARKETING STAFF

Al Crawford has been named the Corporate Marketing Finance and Planning manager and given responsibility for Digital's Strategic Planning function. Al will report to Ed Kramer and Al Bertocchi for the former role, and Win Hindle and Ed in the latter capacity.

As Finance & Planning manager for Corporate Marketing, Al will participate in new venture proposals and programs, apply strategic business analysis to proposed marketing alternatives, provide functional leadership for the market group F&A managers, and audit/measure the effectiveness of Digital's marketing programs.

In his role as head of Digital's Strategic Planning effort, Al will provide the leadership necessary to allow each organization in the company to produce and maintain a plan that is supportive of, and supported by, the plans of the other groups and functions. The intention is to stimulate strategic thinking and to integrate all long-range plans along the dimensions of function, geography, market and product.

Al, who joined Digital in 1976, has been the Corporate manager of Digital's Internal Information Services (DIS) for over six years.

Tom Maguire has been named the acting head of DIS. Tom has been with Digital for almost three years. Prior to that, he worked with Touche-Ross in systems consulting.

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ANDY KNOWLES LEAVES DIGITAL

Andy Knowles has resigned from Digital to pursue personal interests. During his 14 years with the company, Andy was involved in a number of important start-up activities. He joined Digital in 1969 as product line manager for the then-new PDP-11 minicomputer. He was named vice president of the Small Computer Group in 1972, ran the Components Group in 1974 and became vice president of Corporate Marketing in 1978. He served as vice president of the Technical Group from 1979 to 1981, when he was named to head the Small Systems Group.

In submitting his resignation, Andy said, "I have enjoyed my 14 years with the Digital organization. It was truly exciting to have been able to contribute to so many important activities in behalf of the company, and I wish them continued success."

Ken Olsen said, "We are grateful to Andy for his contributions to Digital's progress. He will be missed."

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GALE MORGAN TO HEAD AI MARKETING GROUP

Gale Morgan has been named head of the newly created Artificial Intelligence Marketing group, reporting to Ed Kramer, vice president, Corporate Marketing. Gale has been a member of Digital's Sales organization for 15 years, working most recently as the Regional Sales Manager for the Western region. Prior to that, he was Regional Manager for the Central region.

The AI marketing group will work to establish Digital as a leading supplier of computing tools for AI research. It will build and develop technology expertise and identify markets and worldwide product application opportunities. The marketing group will be headquartered in the Sacramento/Davis, California area, operating temporarily out of the Digital Sacramento facility at 9719 Lincoln Village Drive, Sacramento, California 92138 (phone 916-362-2420). Any calls, inquiries or information regarding AI should be directed to that location. Plans call for additional group members to be located in Europe and the New England area.

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GRANT SAVIERS NAMED HEAD OF STORAGE SYSTEMS

The Storage Systems Engineering and Manufacturing organizations have been combined under the leadership of Grant Saviers, vice president, who has been head of the Storage Systems Engineering group for the last four years. In making the announcement, Jack Smith, vice president, Manufacturing, noted that, "The integration of these functions, together with our strong linkage with the Customer Service and Marketing organizations, will enable us to enhance our position as a product leader in the Storage and Systems businesses especially as we move into more process intensive technologies."

Grant has been with Digital since 1968, when he came to the company as an engineer. He has been instrumental in developing Digital's mass storage capabilities, and among other responsibilities, managed the start up of our Colorado Springs disk engineering facility.

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KOREAN AIRLINES CRASH KILLS DIGITAL EMPLOYEE

Robin Siu, Distribution and Sales manager for Korea and Taiwan, was one of the 269 people who perished when Korean Air Lines flight #007 was shot down on August 31.

Robin was a DEC-100 winner twice, and this year was one of three DECathalon winners from the Far East. He joined the company two years ago this September as the senior sales representative from Taiwan, and his success in this position quickly brought him additional responsibilities for sales in Korea and distribution in both Taiwan and Korea.

When this tragedy occurred, Robin was returning from business in the U.S. and was on the way to Korea for meetings.

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THE COMPATIBLE FAMILY OF DIGITAL PRODUCTS

Bruce Ryan, manager, VAX Base Product Marketing, provided both sessions of the Sales Symposium with an overview of Digital's product families and their interrelationships.

"To update you on some of the highlights of FY83, Digital sold and installed over 50,000 personal computers in six months--a remarkable accomplishment by any standard. Demand remains strong for both the PDP-11/24 and PDP-11/44. And the Micro/PDP-11 program was launched successfully. The VAX-11/780 and 11/750 bookings and shipments have set all-time records, and thousands of VAX 11/730s were booked and shipped the very first year.

"We are seeing four major computing philosophies evolve:

- o personal computing,
- o small team computing,
- o department computing and
- o cluster computing.

"I am sure you are now acquainted with the big E, which symbolizes the customer organizational environment. Using this format, you can see how our product families map into price ranges and applications. At the individual level, we have terminals and personal computers. At the team and departmental level, we have PDP-11s and VAXs. At the organizational level, we have DECsystem 10s and 20s and VAXclusters.

"In the midst of all this, we use Digital's systems architecture to insure compatibility both within a family of products and between our product families. Digital systems architecture is a well-defined set of standards. Our data formats and networking standards provide the mechanism for the access, use and transfer of data between these product families. We have common languages across our families, allowing applications to be readily moved from one product family to another. And, finally, our Information Management Architecture allows applications to be written independent of the specific mass storage device being used.

"The result is a set of products that cover a wide range of price and markets, and that all work together. This spectrum of products and capability is unique in the industry.

"Looking at our product families in more detail: Terminals and printers are our primary weapon in the "battle for the desk." Terminals sell systems, and systems sell terminals. Over 1.2 million of our terminals are installed worldwide, making us the leader in the ASCII terminal marketplace. Our second generation of video terminals -- the VT100 family -- out-sells the competition by more than three to one.

"Our personal computers address the need for personal productivity. Strategically, they provide entry-level products for small businesses and professionals, and help establish and maintain account control in larger organizations. Our FY84 goal is to be among the top three manufacturers in the personal computer business. We have strategically chosen not to pursue the home market.

Continued on page 6

THE COMPATIBLE FAMILY....

"Digital is unique in the personal marketplace by virtue of our complementary products optimized for different uses. DECmate II is optimized for word processing, the Rainbow for industry standard applications work, the Professional for distributed Digital computing and the VAXstation for technical workstation requirements for the VAX.

"In team computing, our products address the needs for entry-level systems with cost effective multi-user capability. This area represents small companies as well as small departments within larger companies. In this market, we capitalize on the PDP-11's huge installed base and applications strength. Our new Micro/PDP-11 continues the 11 tradition by offering multi-user capability in a compact open office package.

"Departmental computing addresses relatively complex but manageable problems, while providing economies of scale and multi-user capabilities. Strategically, it is our biggest market. In this market we capitalize on the strengths of the VAX architecture, VAX productivity tools, application software and VAX price/performance.

"Clusters preserve a customer's investment. Any VAX-11/780 or 750 ever sold can be upgraded into the cluster environment. Likewise any RA80, RA60 or RA81 disk can be attached to the HSC, a storage controller. VAXclusters extend traditional Digital value to new computing environments by providing high availability through redundant processors, mass storage and data links. Processors and mass storage can be incrementally added as required, with little if any disruptions in the operating environment. The reaction to the April VAXcluster announcement has been extremely positive. There has been a great deal of early sales activity, and our test sites are going well. Shipments have begun and program deliverables are on schedule.

"The popularity of DECsystem-10s and 20s stems from their ability to meet applications requiring high performance timesharing and the ability to dynamically self-tune to match changing work loads. The short-term product strategy is to integrate the 10s and 20s with other Digital product families--specifically, the VAX and PC families.

"We feel we have the strongest products in the marketplace today. Our strengths include our architecture, the broadest line of compatible systems and the broadest line of component products. We have a family of software that is the envy of the industry. We have unparalleled interconnectibility with our own products, and outstanding interconnectibility with those of our competitors, particularly IBM. Our products are easy to use, and they offer exceptional value. And our customers feel that both our products and our company are highly reliable.

"We have the best architecture and the best products, which coupled with the best service organization, our manufacturing leverage and the best sales organization add up to the best future for you and for Digital."

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transmit this enthusiasm to customers. Our third goal is to have fun. Being challenged is fun and working as part of a team is fun, and the most fun of all comes from being part of the winning team."

DECTown was a comprehensive series of exhibits and demonstrations intended to show the universe of Digital's market opportunities. Like the real marketplace, it was not neatly aligned along the lines of our internal product or marketing organizations. "Wherever possible," claimed Ed, "we displayed our products in a simulated end-user environment. We have a factory, university, service bureau, government building and even a computer store. Where our products and people work together to serve the needs of our customers, we will certainly be in a much better position to win."

The meeting was also an opportunity for marketing and sales people to reestablish old ties and make new ones. "One of the functions of marketing at Digital," Ed told the sales force, "is to help interpret for our development people the real needs of the marketplace, the customers and the sales force. So it is important for you to build relationships and communications with our marketing folks so they can do a better job passing information along to the development people who will, in turn, provide us with products we need for the marketplace.

"The other function of the marketing organizations," Ed concluded, "is to tell the world about our products. The world, to a large degree, is you, the sales force. We tell you; and you, in turn, tell your customers. Obviously, we also use other media -- advertising, sales promotion, etc. -- but our communication with you is the most important part of this effort."

Sales -- ready for an exceptional year

"The past two years have been difficult for all of us," admitted Jack Shields as he welcomed the sales force to the symposium. "The world economy has been in a recession; the company has been going through organization changes; new competitors have appeared; and we've been trying to make some of our high-demand new products available for customers.

"Q1 of FY83 was a very difficult time for us. That was when we made some changes with regards to the connections between the Field and the marketing organizations. But during FY83, we actually grew our backlog and our booking rate was up well over 30 percent. The yields in the corporation were at a historic all-time high, and our sales productivity was up 36 percent. I think that was a fantastic accomplishment, given the circumstances and the world economy."

Jack noted that the delivery situation is improving. "In particular, we expect to ship a few thousand RA81 disk units in Q1 and nearly double that in Q2. We will begin shipping the RA60 disk unit in small quantities in Q1, and we are working like the devil to try to get our capacity up on that. The Micro/PDP-11 looks good, and the capacity is coming. Meanwhile, the personal computers are being shipped, and we are working on getting more software for them."

He concluded, "The backlog is there, the products are becoming available, and we're beginning to see some economic improvement. All in all, we think we have everything positioned to make FY84 an exceptional year."

COVERAGE OF THE SYMPOSIUM....

The New York Times, Business Week, several trade journals, local television stations and the local press covered the Sales Symposium and the related Family Day and Customer/Investor Days. The September 4 New York Times wrote a four-column article entitled, "The Reprogramming of Digital" that talked about Digital's move into the personal computer and office automation markets, the company's emphasis on the end user, and its increased marketing orientation.

"To some extent, Mr. Olsen's idea of holding a show has paid off. The stock, which had traded as high as \$132 last March, but which had sunk into the mid-90's this summer, has picked up about \$10 a share since the show," said the New York Times article. It mentioned that Ken "sees the personal computer and the minicomputer as one large market and believes that the explosion in personal computers will provide a boost to minicomputer sales."

IN THE PRESS....

The cover story for the August 22 issue of Newsweek was about drug abuse in the workplace. Accompanying the article was a story on Digital employee Jim Kelly and the evolution of the Employee Assistance Program (EAP) at the Westfield, Massachusetts, plant. With the company since 1973, Jim, a former drug abuser and recovered alcoholic, began using his own experiences to counsel fellow employees during his coffee and lunch breaks. In 1979, it became a full-time job.

Jim now has a regular office and walk-in assistance center with staff support by a clinical psychologist. He sees an average of ten employees a day. According to Newsweek: "More important, his idea has spread. DEC, a \$4 billion computer giant with 70,000 employees, now has employee assistance programs in 24 other locations, most of which are run by outside professionals. DEC's informal atmosphere has been a big help to the program. 'It has always been a first-name basis and open door here,' says Kelly."

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EMPLOYEE COMMUNICATION POLICY AND PLAN ON ITS WAY

Supervisors will soon receive a tool designed to help them meet their department and business goals through improved communication. Called the Managers' Employee Communication Plan and Program Guidelines, the document presents some options to consider when preparing communication processes and plans for employees, and delineates the responsibilities supervisors and managers have for communication. It is intended to help managers maintain an environment that is conducive to two-way communications and the appropriate exchange of information.

"Last November, we introduced 'MGMT MEMO' to provide more information on a more timely basis to our supervisors so they, in turn, will be better informed to deal with employee questions and concerns," explains Win Hindle, vice president, Corporate Operations. This plan is the next step in Digital's efforts to increase communication within the company. It helps define responsibilities so that you will be more proactive about communications issues. He emphasizes that senior management intends to support this effort by sharing information on a timely basis.

EUROPE DEVELOPS ORGANIZATIONAL EFFECTIVENESS FOCUS

In a continuing effort to improve the performance of Digital's European subsidiaries, European Headquarters has asked Sheldon Davis, vice president, to take responsibility for a newly created function to be called Organization Effectiveness, Europe.

In making a joint announcement, Pier-Carlo Falotti and Jean-Claude Peterschmitt said, "We increasingly need synergy and collaboration across the businesses and functions; we need country management teams which are highly effective in their interdependent tasks; we need EHQ and other area level units to be highly responsive and very helpful to the subsidiaries, and we need decision-making processes which are simple, efficient and timely."

Shel has been with Digital for the last six years and brings extensive expertise to the newly created post. He will be directly involved in a variety of projects including the design and implementation of feedback structures and processes, to ensure the EHQ and other area-level units provide value-added help to the subsidiaries. He will consult with Europe's senior managers about their roles, work with country management teams to improve their ability to work together and participate in management training and strategic projects.

IN A RELATED MOVE, THE EUROPEAN PERSONNEL ORGANIZATION, which Shel headed for the last 12 months, has been reorganized with Pier-Carlo Falotti taking direct leadership for the function as well as maintaining his other responsibilities as vice president, Field Operations, Europe.

During the past several months in my assignment, I have become increasingly concerned about our ability to sustain the very basic people values which have made Digital a great company. I am worried that changes in the organization and in people's assignments get interpreted as changes in these fundamental company values," said Pier-Carlo in his announcement about the Personnel organization. The Personnel organization will focus on several specific issues including encouraging people to be entrepreneurial and to take initiatives, investing in the development of Digital people, and maintaining open-door and two-way communications.

Pier-Carlo has asked Bernard Mire, Country Group Personnel manager; Laurens Bouwman, Personnel manager, Holland; Dick McQuillen, European Compensation and Benefits manager and Personnel manager, Manufacturing Europe; Erik Tegner, Personnel manager, Sweden; Peter Thomson, Personnel manager, United Kingdom, and Girogio Corsi, Personnel manager, EHQ, to take specific responsibilities in helping the European Personnel organization meet its goals. Shel Davis will be a consultant to this group.

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EDUCATIONAL SERVICES REORGANIZES CUSTOMER TRAINING

Customer Training has been divided into three businesses--Services, Products and Systems--in order to take advantage of several opportunities that have developed in the marketplace, according to Del Lippert, manager of Educational Services.

Colin Allan is the product line manager of the Services business which includes lecture lab courses, seminars, educational consulting and customer courseware development. Colin previously managed the European Educational Services Area.

Tim Walsh is the product line manager of Products business, which includes audio visual courses, self-paced instruction (print), Digital Press, computer-based instruction and IVIS courses. Tim previously managed Western U.S. Educational Services.

Bob DiFazio is the product line manager of the Systems business, which includes base product marketing of computer-based education systems, hardware and software, and applications marketing to the Industrial/Government marketplace.

Related appointments include Art Zins as U.S. Area manager of Educational Services, Dave Buckingham as the European Educational Services manager, and Dick McCarthy as the Educational Services Courseware Manufacturing and Distribution manager.

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