

users on network systems. We have also delivered and installed about 4000 IBM emulators."

According to Bernie, IBM uses an hierarchical networking approach, linking its computers vertically to central mainframes. In other words, a user at a terminal on an IBM 8100 who wants to talk to a user at a terminal on a System 38 must first ask the mainframe "boss" computer for permission. Digital, on the other hand, interconnects computers horizontally, on a peer-to-peer basis. For instance, a user at a VT100 terminal on a PDP-11 computer can communicate directly with a personal computer user. "That capability is extremely important because it reflects the way organizations and companies work," noted Bernie. "You have to be able to ask your neighbor a question without having to ask the boss every time you want to do so.

"Furthermore," he added, "we have the advantage that our networking implementations are compatible throughout our wide range of computer systems -- from personal computers to mainframes, giving users transparent access to files and records. And we can integrate multiple protocols -- for Digital-to-Digital communication, for X.25 packet-switching networks, and for access to IBM networks -- within a single architecture. So, once again, users have convenient access to the files they need.

"Today we can tie all of our computer systems together using DECnet Phase III. We are developing and will announce in coming months, the software and hardware needed to tie them together in local area networks, and to tie those local networks to DECnet and other networks. We support the only industry-standard local area network. And our local area network support is fully integrated into our overall network architecture, something that, so far, nobody else in the industry has been able to do. We are also developing technologies that are useful for building other kinds of local area networks, including broad-band (for carrying voice, data and video) and PBX (extensions of telephone systems that can carry data as well as voice).

"Our overall approach to networking is independent of the carrier technology," Bernie continued. "We can run our networks over a telephone-switch network or over co-axial cable, whether it be broad-band or base-band. For customers, this represents a guarantee against obsolescence."

UPDATE ON PERSONAL COMPUTERS

"We're entering the personal computer market in volume this month. We're ready to sell and support the products in the field. We've had a very positive reaction to our products. We think there's an excellent outlook for achieving our volume and business goals this year," reported Bill Avery, manager, Terminals and Workstations Engineering, at the December 1 State of the Company Meeting.

"We wanted our personal computers to be user-installable and -maintainable without special training. We've done that. The engineering issues are behind us. For service, we've implemented complete telephone support for key applications as well as for basic products. You can call one number and get help on your personal computer.

UPDATE ON PERSONAL COMPUTERS...(Continued from page 2)

"A year ago, our goals were to have the Professional software available in November, the DECmate software in December, and to have Rainbow software in October. All of this software is available now. We will be shipping products for revenue in December," said Bill.

"Meanwhile, we're providing leadership tools and services to companies that develop applications software. They're the lifeblood of that market because people buy personal computers to solve problems and run applications," he emphasized. "We're not only bringing basic products to market, we're bringing applications to the market with those products," he continued.

Digital will sell personal computers directly to people who want to buy more than 50 units a year. For smaller quantities, Digital will sell through retail stores or indirect channels. (Digital's own retail stores are now known as Digital Small Business Centers).

"The retailers we're putting in place must commit to a significant amount of training with us and a rigorous set of terms and conditions that will ensure the quality and effectiveness of the channels. ComputerLand is going to be trained in December. In a major selling month, they have committed two days from each of their stores to this training. That's the kind of strong commitment we're getting out of the channels," Bill noted.

Ninety percent of the personal computers being sold today end up with a printer on them by the end of the first year. To encourage this, Digital will have its printers in the stores along with the personal computers. "In sales, we have already signed about 200 quantity discount agreements," said Bill. "One of the interesting ones is with the Rochester Institute of Technology. They plan to purchase about 6000 Professionals over the next four years."

To push these products, Digital is planning bold advertising in The Wall Street Journal and key business and industry periodicals. In addition, there will be network and local market television ads on news and sports shows, and, starting in January, on "Meet the Press".

"In the past, quality has been lacking in the personal computer market. We're producing very high quality products. People expect quality from us as a company. We've got a reputation for it. We're going to maintain that reputation. We're going to be a leader in this market," concluded Bill.

BROADCASTING THE WORLD'S BEST-KEPT SECRET

"The role of advertising in the New Digital is to help divulge the world's best-kept secret: Digital Equipment Corporation. Not the bits and bytes, but the simple presence of a great company with great capabilities," said Dick Berube, director, Corporate Communications, at the State of the Company Meeting.

"To be successful in the office and personal computing markets, we must reach huge numbers of people. The most efficient way to reach them is by television. But television, by definition, requires simple messages. We have to fight the temptation to tell folks how to build a watch when all

BROADCASTING THE WORLD'S BEST-KEPT SECRET...(Continued from pg 3)

they really want to know is what time it is. Our goal is to let the world know who we are, without confusing them with tedious detail.

"Less than 10 percent of the people who should know Digital actually do," explained Dick. "Our goal is to raise that awareness level in 18 months to 96 percent. That means that virtually every member of our target audience should receive an average of 15 advertising messages about the company between now and the end of FY84.

"One of the worst things we could do is to look and sound like everybody else. Advertising is being created for Digital that will position us as experienced, authoritative, dignified and professional. We're going to show professional people -- managers, owners, doctors, lawyers, brokers, physicists and office workers -- working in real-life situations.

"We are proceeding with thoughtful urgency," Dick added. "We want to be on television on January 1 with the Rose Bowl and on January 23 with the Super Bowl. Also, Digital has purchased a six-month half-sponsorship of 'Meet the Press,' which is seen on Sunday morning. This program will give us a total of about 27 minutes exposure to a very select piece of our target audience.

"We want to reach the people who influence computer purchases. We believe that they watch programs like '60 Minutes,' evening news, NCAA Basketball Playoffs, major golf events, 'Nightline' and specials (such as space shuttle coverage). Present plans call for buying 25 different kinds of program properties in the course of a year for a minimum of 200, perhaps 300 or more minutes of advertising. Additionally, we are planning magazine and newspaper advertising to spread Digital's messages in greater detail.

"The message to our sales people is -- help is on the way; stay tuned."

DIGITAL CITED FOR MANAGEMENT EXCELLENCE

Digital is one of 42 companies cited in the new management book, "In Search of Excellence, Lessons from America's Best-Run Companies". Co-authored by Thomas J. Peters and Robert H. Waterman Jr., the book focuses on the characteristics which have made the companies successful.

The best-managed companies practice the KISS principle: Keep It Simple, Stupid. They "learn from their customers. The best managers value action above all else, a spirit of 'do it, fix it, try it.' They insist on top quality in their products. They solicit their employees' ideas and 'treat them like adults,' allowing talented people 'long tethers' for experimenting." (Time Magazine, Nov. 15, 1982)

Other high technology companies cited in the book are IBM, Hewlett-Packard and Emerson Electric. "In Search of Excellence" will soon be available from Harper & Row. It is 360 pages in length and costs \$19.95.

NEW DIGITAL REAFFIRMS OLD VALUES

by Win Hindle, vice president, Corporate Operations

As we move ahead with changes in our business goals and procedures, streamlining the organization to eliminate redundancy, we must keep in mind that the fundamental values that underlie Digital are not changing. In fact, the changes result, in large part, from a reexamination and reaffirmation of those values. The New Digital, in effect, reinforces the company's basic philosophies.

For instance, we must clearly define responsibilities. People should be able to propose plans, get them accepted (or, if not accepted, changed), then have the charter to carry out the plans and be measured on the results. We don't want people running with plans they don't believe in and don't accept. People do not perform well under those circumstances.

Another important value is our commitment to everything we promise to our customers. This strong commitment-keeping distinguishes Digital from many other companies. We must do everything in our power to follow through on our obligations.

One of the most exciting things about Digital has been the growth opportunities for the business and for the individuals involved. But we always have to remember that growth is the result of doing things well. The real satisfaction comes not from the growth itself, but rather from the high quality of products, services and people.

Another value, competence, is related to responsibility. We want the very best people -- our customers expect it; we expect it; and we enjoy working with competent people.

Cooperation is another important element in Digital's value system. Unfortunately, we have allowed "functionalism" (commitment to a relatively narrow part of the company's business) to grow. Sometimes the barriers between groups interfere with our working together. If we are going to continue to improve our productivity, no single function in this company can work in isolation.

So, even though some roles in the New Digital are going to change, the underlying philosophical bedrock of the company is just as strong as before. The challenge is to improve productivity while maintaining these basic values and working for customer satisfaction.

In the years ahead, we are going to face far more intense competition than before the recession. We expect people will be challenged by this new environment. We expect that it will provide the kind of excitement, growth and fun that Digital and its employees have enjoyed in the past.