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# Guzy Speaks Before The Association For Computing Machinery

**D. James Guzy, Memorex Executive Vice President, spoke before the Association for Computing Machinery recently. The following are excerpts from his remarks.**

"A year ago, I said that the American data processing industry was facing a period of intensive challenge in both the domestic and the international marketplace. I should have added the dimension of a political challenge as well. At home, most of us are familiar with the Justice Department suit against IBM, now pending in the Federal District Court in New York. This action is four years old and has received extensive press attention.

"More recently, a piece of legislation was introduced in Congress with the intention to eliminate alleged economic concentration and to provide for more effective competition.

I refer to Senator Philip Hart's **Industrial Reorganization Act** which he views as "the greatest effort which has been put to finding a solution for economic concentration."

In his opinion, the measure offers "an alternative to Government regulation and control," the alternative being the restoration of competition and "freedom of enterprise" in the economy. Hearings on this legislation are being scheduled now, and it is most relevant to note that the computer industry has been selected for the first investigation by the Senate Antitrust and Monopoly Subcommittee. The implication is that Senator Hart and his colleagues share my concern that the absence of free and active competition in the computer industry is a real danger to the technological competitiveness of this country and of the highest priority to our nation.

## Growth in volume of information

"Fundamental to the future expansion of the industry is the growth in the volume of information processed by computer systems. One can readily understand that investment in data processing equipment, supplies, and services is directly related to the volume of information processed.

"Today's existing volume of processed information is expected to grow at a rate at least equal to that of the general economy, while new applications in the use of data processing will provide added growth several times that of the existing information base. Some of the major incentives for broadened applications lie in the decreasing cost of data processing services, the increasing knowledge of how to use the equipment capability through proper software, and the rising cost of reasonable alternatives.

"Given America's pioneering accomplishments in the information processing field and the increasingly technological and service-oriented character of our economy and our workforce, one might expect a marked acceleration of new ideas and products, both material and intellectual, to issue from the data processing industry in response to new requirements at home and abroad. Instead, you have seen major firms getting out of the business and a relative slowdown in new research and development efforts.

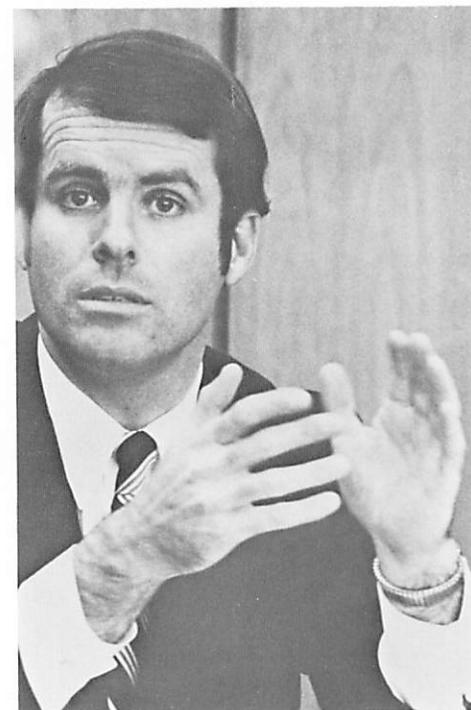
"If you share my view that there are many opportunities for new products in our business, and that the technology to create these products is available, there must be another explanation to the slowed growth and innovation in the industry. There is, and that explanation is a need for capital. At present, the need is for capital, and the magnitude of this need is immense. The problem of financing, not technology, retards the development of the data processing industry.

## IBM's capital surplus

"It is important to note that IBM has the only true capital surplus in the business. The balance of the industry operates with a capital deficit.

"Every competitor to IBM requires new capital investment, and because there are slight net retained earnings among these competitors, there has been practically no return on the existing investment. Furthermore, the near-term absence of such a re-

turn exacerbates the existing imbalance in available capital by reducing the attractiveness of additional external investment.



**D. James Guzy**

## Industry's capital imbalance

"The capital imbalance in our industry beggars the imagination. IBM pays out more in yearly dividends to its shareholders than the total capital which all its competitors are able to raise in a year. With the national mood being as it is, I expect that greater public awareness of the capital imbalance issue will work toward deconcentration of IBM's position as one part of any broad effort to abate market power in the national economy.

## Industry's need for adequate capital

"I think it is a fundamental point that the result of adequate capital for our industry would be predictable savings to all computer users. Unquestionably, the many innova-

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# INTERCOM

**Editor: William D. Bellou  
Production: J. B. Shallenberger, Jr.**

## On The Cover

Bill Frame, Santa Clara Data Center Systems Engineer, and Sandy Freshour, Data Control Clerk, check the MRX/OS Messages Manual at the spacious new Santa Clara Data Center, located at the Disc Pack Facility. Memorex Data Centers are now open around the country for the purpose of demonstrating the MRX/System to customers and for benchmarking its performance against competitive computers. (See story on page 4).

# Crocker Bank Using Memorex Terminals

A unique system which uses Memorex 1280 Communication Terminals to write checks under time-shared computer control has been developed by Crocker Bank. Headquartered in San Francisco, Crocker Bank is the 12th largest commercial bank in the U. S.

According to Lynn A. Gunderson, an officer in Crocker's Instalment Credit Administration, a single Memorex 1280 Communication Terminal generates all of their five-part cashier's checks in support of the thousands of student loans outstanding. The student loan program comprises an eight-figure lending portfolio.

Gunderson, who designed the special five-part form, says the Memorex terminal writes the cashier's checks at a rate exceeding five per minute. Only seven lines of type are needed to print the name, address and ZIP code of the payee; the name, address and ZIP of the school or university; and the date and amount of the check.

The five-part form includes the prenumbered cashier's check, advice to the student, advice to the college or university, a file copy and a clearinghouse coded reconciliation copy for in-bank use.

In addition to check-writing chores, the 1280 Terminals also print out notice of interest payments due and followup notices to those

loan accounts where applicable; quarterly computation of interest accrued which is payable by the federal government (which guarantees the loans and pays the seven percent interest of students from families below \$15,000 annual income); and all other accounting related to the student loan program.

Gunderson noted that prior to installation of the Memorex equipment, one staff person



**Lynn A. Gunderson, of Crocker Bank's Instalment Credit Administration, displays the special five-part check prepared by a Memorex 1280 Communication Terminal under time-shared computer control.**

was required for each 1,000 loans outstanding. "This year," Gunderson explained, "we will add 5,000 new loan applications with no anticipated increase in personnel."

The Memorex 1280 Communication Terminal incorporates a digital tape cassette storage for up to 180,000 characters of information.

"This feature serves as a workload leveler," Gunderson said. "A typist can enter onto the digital cassette an entire day's work at normal typing speed. The next day it can be transmitted at high speed to the service bureau for processing. The cassette storage feature reduces line charges considerably; in fact, enough to offset the entire rental of the 1280 Terminal. The 1280 is quite dependable and simple to operate. Twenty persons in this administration are adept at its use."

In addition to the direct support of the student loan program, Crocker's Instalment Credit Administration uses another Memorex 1280 and a 1240 Communication Terminal for input and output of time-shared computations in the following areas: spreading automobile dealer income and expense statements, monthly report of retail instalment credit purchased in all branches in the bank, and quarterly loss ratio reports for all branches.

## Volume Shipments of 3670 Disc Drive Underway

Memorex has announced that volume shipments of the Memorex 3670 Disc Storage Subsystem are well underway. The Memorex 3670 is plug-compatible with the IBM 3330 Storage Facility.

First installation of a 3670 has been made at Reserve Life Insurance Company of Dallas, Texas, one of the nation's largest insurance companies, owned by the widely diversified Sammons Enterprises of Dallas.

The System/370 model 145 computer to which Reserve Life has attached the Memorex 3670 also provides data processing services for other Sammons Enterprises companies

including Briggs-Weaver Company of Dallas, Sammons Communications Company of Dallas and one of Reserve Life's subsidiary companies, Westland Life Insurance Company of San Francisco.

"We chose the Memorex 3670 over competing products because of its superior performance and because we have had a long and satisfactory history of using Memorex products," said Obie Martin, Assistant Vice President and Director of Data Processing for Reserve Life.

"Among the performance factors that led us to choose Memorex was the 3670's faster

access time," Martin said. "In my opinion, the 3670 has superior engineering features which make servicing the equipment much easier and the equipment itself much more reliable."

The 3670 installed at Reserve Life was a 100% complete product with all functions, three levels of diagnostic support, fully trained Field Service Representatives and Systems Engineers from the Memorex Dallas Branch Office, and complete user support documentation.

"The installation was accomplished quickly and without any problems," said Martin. "Since that time the 3670's performance has been essentially trouble-free."

Memorex Mark X Disc Packs were also shipped to Reserve Life, which already had a number of the 100-million-byte capacity disc packs in use.

# Memorex Data Centers Open

Memorex Data Centers are now open in Santa Clara, Calif.; Minneapolis, Minn.; McLean, Va.; and London, England, for the purpose of demonstrating the new MRX/System to prospective customers and for benchmarking its performance against competitive computers.

The latest Memorex Data Center is currently under construction in Oakbrook, Illinois, and will be opening in the second quarter of 1973.

The regional Memorex Data Centers will provide the Memorex field organization with facilities for customer demonstrations, limited benchmark capability, customer testing prior to installation and post-installation backup and/or production.

Each data center is available to customers for either on-site or remote pre-installation testing and file conversion. Each facility will provide the capability to functionally demon-

strate all Memorex hardware and software which is currently available. These demonstrations will take one of two forms: a standard demonstration, or one that has been tailored for the individual customer.

The standard Data Center demonstration is an in-house program which effectively demonstrates all hardware peripherals, including the 1240 Communication Terminals and tapes. Tailored demonstrations consist of customer program compiles, translations or special functional demonstrations.

The **Santa Clara Data Center** has recently provided prospects, customers and students with access to a MRX/System. Also available are a conference room and programmer work space. **Robert Cook** is the Santa Clara Data Center manager.

The **Washington Data Center**, which is located in McLean, Virginia, has been operating

more than 16 hours a day on a two shift basis since it opened. The Center has recently been utilized for numerous training courses including customer systems classes three customer System installations, and Sales and System Engineer training classes. **Bob Kallstrom** is the Washington Data Center manager.

The **Minnesota Data Center**, which is located in New Hope, is primarily used for benchmark capability as well as a limited demonstration facility for the field. The facility was recently utilized for several System Engineering training classes. This facility differs from other Memorex Data Centers in that it is administered by headquarter's product marketing group, rather than the respective regional managers. **James Kubiak** is the Systems Support Manager.

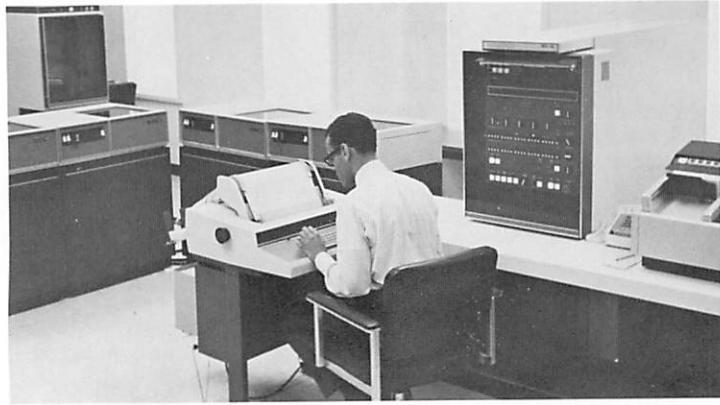
The **London Data Center** is a great success in Europe, according to Memorex European Systems Product Manager, **R. D. Farrell**. The Center has been utilized for customer testing and installation for systems delivered in France, Holland, and Germany. In addition, the facility has been used for European customer education, Systems Engineer, and Field Support Representative training classes.



The MRX/System is delivered to the Washington Data Center in McLean, Virginia.



Memorex equipment is unpacked at the Washington Data Center after its arrival from Memorex Minneapolis by (l to r) Hank Arends, FSE-Washington Data Center; Curt McCrary, FSR-Washington Branch Office; and Hank Jordan, FSR/product specialist—Washington Data Center.



A view of the MRX/System at the Washington Data Center, as Paul Simmons, regional system engineer, sits at the 1240 Communication Terminal. The Data Center has been operating 16 hours a day since the facility first opened.



Memorex executives visit the first day opening ceremonies of the Santa Clara Data Center located on Memorex Drive.

# Comdata Elects New MAG Board

Five new members have been elected to the Memorex Activity Group (MAG) at Comdata Corporation, a Memorex subsidiary in Santa Ana, California. The new board members are **Missy Irving**, president; **Fran Baxter**, vice-president; **Colleen Johnson**, secretary; **Kathy Green**, treasurer; and **Pat Davis**, activities chairman.



Fran Baxter



Colleen Johnson



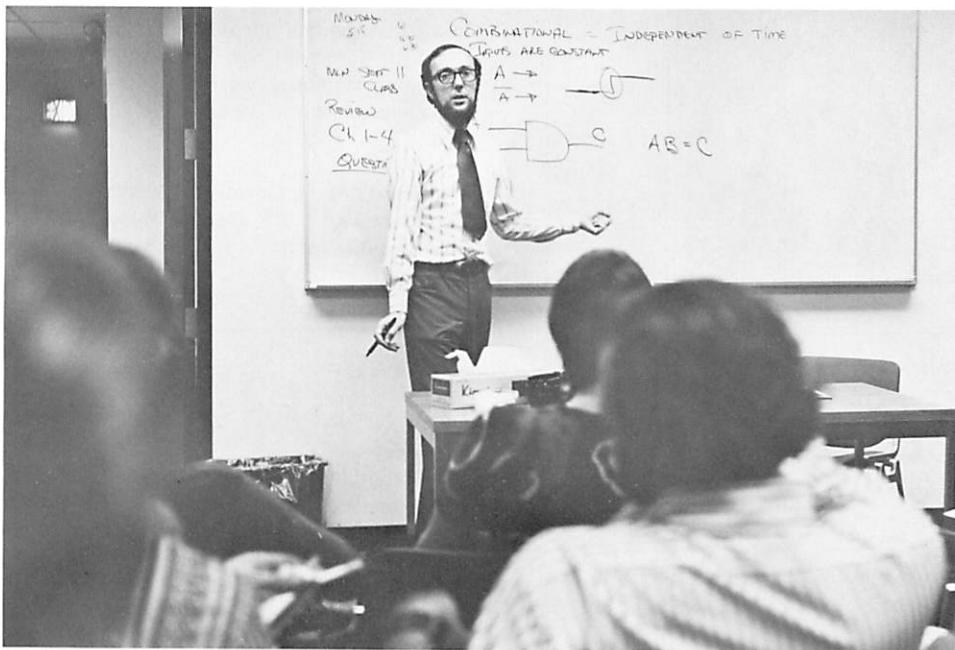
Kathy Green



Missy Irving



Pat Davis



**Bruce Manildi** explains a logic design problem during a discussion of topics covered in a recently completed logic design course. The course, which is presented in two sections, Logic Design A and B, was designed to meet Memorex employees needs for formal training in both logic theory and logic design. Approximately 40 employees have completed Logic A or B since 1971.

Logic design is one of several work-related courses offered after hours in the Education Center. Other courses include Basic Electronics, Quality Control, Communications, Work Simplification and Value Engineering, Functions of Management, and Planning and Control. All after hours education is planned and scheduled by Phil Hanford, who recently joined the company as manpower planning

## Memorex Employees Celebrate Anniversaries

The following employees have marked his or her fifth anniversary with Memorex. Each employee will receive a five year pin in recognition of their contributions to the company.

William Alcock  
Mary J. Bahni  
Ardelle Barkley  
William H. Borman  
Juan A. Chacon  
Geraldine A. Doucette  
David V. Dougherty  
George R. Fraine  
Don L. Giauque  
George J. Hampton  
Timothy J. Isaac  
J. W. Kirby  
Frederick W. Koehler  
Harry E. Kraft  
William C. Laughlin  
Ron Laws  
Dennis R. Muth  
Roger L. Olson  
Barbara J. Poreda  
Emmit L. Puthoff  
Bernard J. Reeder  
Arnold L. Robinson  
Toni Silveira  
Mary J. Silvis  
Gene H. Simon  
Douglas F. Snyder  
Doris E. Vazquez  
Luke K. Yam

and development specialist. Those interested in these courses should consult the company bulletin boards, or call **Phil Hanford** at Ext. 7-1525.

# Memorex Begins \$1 Million Peripheral Shipment To Czechoslovakia

Memorex has begun shipments on a \$1 million contract to ship computer peripheral equipment to TESLA of Czechoslovakia.

TESLA is a major Czechoslovakian state enterprise employing 70,000 people in the manufacture of electronic and electro-mechanical equipment, with head offices in Prague and manufacturing facilities in Pardubice.

The equipment to be supplied by Memorex consists of disc storage systems manufactured at Santa Clara and at Liege, Belgium.

TESLA personnel are currently being trained

in the use of the Memorex equipment in Czechoslovakia, Belgium and England by Memorex technical personnel.

"We view expansion into Eastern Europe as a logical development from our already established business in Western Europe," said **John Kramer**, vice president of international operations.

"There are more than 3,000 Memorex disc drives currently installed in Western Europe and the company holds a dominant position in the computer tape and disc pack markets in that area," he said. "Memorex sales have increased substantially in Eastern Europe over the past two years," he added.



**John Kramer**

## Yaconelli Rejoins Memorex

**Philippe Yaconelli** has joined Memorex Business Products group as General Manager, a new position, according to **Richard D. Boucher**, vice president, video and business products.

Yaconelli will be responsible for the manufacturing, marketing and administration for all of Memorex's business products, which includes copier supplies for Xerox and IBM copiers, and precision magnetic media. He reports directly to Boucher.



**Philippe Yaconelli**

Yaconelli first joined Memorex in 1962 as one of the company's first five salesmen, heading up the Southwest sales office. In 1965, he left Memorex and in 1966 founded Caelus Memories. In 1969 he became chairman and president of Katun Corporation. In 1970, Yaconelli became president and director of Computer Synectics, and prior to re-joining Memorex, was chief executive officer for his own corporate development firm.

A graduate of the University of Southern California with a B.S. Degree in Mechanical Engineering, Yaconelli resides with his wife and family in Los Gatos, California.

## Aragaki Organizes Blood Drive

A 3½-year-old leukemia victim has more than 20 pints of blood credited to his name thanks to a blood drive organized by **Dan Aragaki**, Memorex circuit designer, and blood donations from many of his co-workers.

Young Brian Merrill, a neighbor who used to live across the street from Aragaki, has had leukemia for about 1½ years. Aragaki recently found out that Brian had used more than 16 pints of blood during his last few blood transfusions.



**Dan Aragaki**

"The blood just wasn't being replaced by donations so I decided to organize a blood drive by telling my co-workers about Brian's need for blood," said Aragaki. "Their cooperation was overwhelming and within a short time more than 20 pints of blood were donated. If the extra blood allows Brian to live a little longer, then the blood drive was well worth the effort," he said.

"If more people would like to donate blood to Brian, they may go to any blood bank and request that the blood be credited to Brian Merrill, Kaiser Hospital," said Aragaki. "Brian's parents are grateful to the Memorex employees who gave blood to their son, and I'm also grateful."

# Guzy Speaks Before The Association For Computing Machinery (cont.)

tions outside IBM could, if properly financed, supply significant additional growth to the industry and great utility to the user. Let me be understood in saying that broad public participation is necessary in the coming months if the Senate hearings are to have a salutary result for the industry and the national welfare too. And along this line, I think it's important that the multitude of IBM users be helped to understand that they can benefit in still new ways from their investment made month by month in payments which far exceed, the typical terms of lease, the outright sales price of equipment. Let me recommend that the so-called "excess" lease payments—those beyond recovery of costs and after a contribution to profit—be reinvested in the industry to produce tangible benefits to the user community. For a number of reasons, it will likely require strong outside pressure to move IBM to activate these vast funds in a manner which is not prejudicial to competition. By any measure, this would be a highly sensitive and complicated task.

## The computer user

"And should the computer user gain some form of access to IBM's huge cash surplus,

would most of our problems be solved and the renewed growth of the industry thereby be assured? Of course not.

"Nonetheless, in the history of anti-trust remedies, the use of capital by the industry leader to restrain competition has frequently been an issue. Its unconstrained use as a competitive weapon is now prevented in automobiles, appliances, steel, and shoe machinery.

"The capital question is only one aspect of a competitive computer industry, albeit a major aspect. But the availability of IBM credit to all users of computers would open up a new source of capital to finance acquisition of data processing equipment. Perhaps an analogy could be drawn to the operation of General Motors Acceptance Corporation, or to General Electric Credit Corporation. This new—let us call it an IBM credit window—would supplement, not supplant the nation's commercial banking system as a source of capital. It would be a major step in placing the burden of financing user acquisition of equipment where it more rightly belongs—that is with the user and not with the manufacturer.

# Promotions

**Henry Adair** to Manager of Engineering and Maintenance, Comdata  
**Gregory Anderson** to Manager, Manufacturing  
**David Brda** to Technical Associate  
**Donald Call** to Engineer II  
**Finis Conner** to Manager, OEM Marketing Administration  
**Raymond French** to Technical Instructor  
**Sydney Goodyear** to Senior Engineering/Change Analyst  
**Joe Guerrero** to Production Control Expeditor/Disp  
**Linda Halbert** to Supervisor Export/Import Documents  
**Leonard Harr** to Supervisor, Ceramic Components  
**Anita Herbst** to Associate Product Test Technician  
**Richard Holdren** to Production Control Analyst  
**Timothy Kearney** to Supervisor of Equipment Manufacturing, Assembly  
**Obaid Khan** to Department Manager, Engineering  
**Sharlene Kurth** to Photo Lab Technician  
**Masako Lagier** to Production Scheduler  
**George Ledger** to Supervisor of Equipment Manufacturing, Assembly  
**Joseph Machutes** to Production Control Specialist  
**Shirley Murray** to Inprocess Inspector C  
**Roy Nelson** to Supervisor of Engineering Development, Consumer Products  
**Wilfred Paul** to Director, Corporate Planning  
**Robert Quiring** to Manager, Technical Training  
**Charles Rauch** to Product Manager  
**Robert Reynolds** to Media Asset Control Administrator  
**Carl Reynolds** to Territory Supervisor  
**Juliana Rocchio** to Marketing Administrator  
**John Roderick** to Manager of Consolidation and General Accounting  
**Robert Rova** to Manager, Technical I  
**Ralph Scelzi** to Manager, Data Processing Operations  
**Barbara Seminar** to Accounting Clerk B  
**Anne Taylor** to Promotion Coordinator  
**Lida Weidlich** to Department Technician-Fabrication/Testing  
**Oscar Weller** to Department Technician-Fabrication/Testing  
**Robert Whitney** to Manager, Accounting  
**Margaret Wong** to Computer Schedule Handler  
**Leonard Woods** to Senior Product Control Analyst  
**Wilbur Yamada** to Manager of Finance, International

# New Products

Memorex has announced the 651 Flexible Disc File for the OEM market. The 651 has a faster access time, increased capacity, a write protect feature and the highest data transfer rate of any competitively priced flexible disc file.

An enhanced version of the Memorex 650, the 651 features track-to-track access time of 10 milliseconds with 10 ms settle time. This faster positioning time, along with the 80 ms average latency time provides improved data throughput.

The 651 Flexible Disc File gives the user data handling simplicity and convenience, plus a higher degree of operational reliability and performance than is currently available with tape cassettes or tape cartridges.

Designed specifically for digital applications, the 651 can write and read discs interchangeably from unit to unit at a transfer rate of 250 kilobits per second. Data can be formatted in either sector or index mode starting with 132 byte records with 32 records per

track (64 tracks) up to 1 record of 4,880 bytes/track making a maximum capacity of 312,500 bytes (2,500,000 bits).

## APPLICATIONS

Applications for the 651 include auxiliary storage, remote terminal data acquisition, data logging, key-entry recording, point-of-sale recording, accounting machine storage, and programmable calculator storage. Other uses are as a microprogram loader in writeable read only memories and as a diagnostic program loader.

Easily connected to any host system with signal and power cables, the 651 includes a drive mechanism, recording head, head actuator, and related electronics. The mechanism is mounted on a rigid frame, and enclosed in a cabinet 9" high by 14" deep by 4½" wide.

The 651 disc file and FD/IV disc cartridge will be available in production quantities in the second quarter of 1973.

## MAG Calendar

Over a thousand happy children came to share the Christmas spirit last month at the Children's Christmas Party in the Pavilion of the Santa Clara County Fairgrounds. The children and their parents were entertained by the Memorex Illegitimate Theater who presented a delightful "Charlie Brown Christmas Show." Afterwards, the children were able to meet Santa, Ms. Claus, the elves, and even Snoopy. There were toys, refreshments, balloons, and candy canes for all. The beautifully constructed Santa's Village was the work of several generous employees who worked together into the early morning hours preparing for Santa's arrival.



Clowning around at the MAG Children's Christmas Party is Wanda O'Brien, travel specialist.

Thanks and much appreciation goes to all who helped and especially to Ed Souza of Disc Pack. As chairman of this event, Ed devoted almost all of his personal time, starting in early November, to make this the best MAG Children's Christmas Party ever. Much appreciation is also extended to our Memorex families who donated over 600 cans of food which has been distributed to needy families during the holidays.

Santa and Ms. Claus were both able to come to the party thanks to Otto Ziemendorf and his wife, Edna.



Miami Field Service personnel enjoyed Christmas party festivities aboard the Paddlewheel Queen, a cruising supper club river boat in Fort Lauderdale, Florida. Enjoying the festivities are (l to r) Rene Boogher, secretary, Rich Ridenour, Senior FSR, and his wife Janet; Dennis Derolf, field support branch manager, with his wife Mary; Ken Price, FSR, with his wife Betty; Dorris and Bob DeMay, senior field support engineer; and Chuck Boogher.



Comdata employees enjoy their annual Christmas Dinner Dance at the Carousel Room at the Newport Inn in Newport Beach. Entertainment was provided by the Ocad Trio.



Memorex Corporation  
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