

THE MEMOREX PRESS

A newspaper for Memorex employees

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Record Orders, Slight Profit Boost Earnings

Memorex reached record orders and contributed to Burroughs' gains in profit, revenue, and orders during the second quarter.

Burroughs, in its first earnings report since the acquisition of Sperry, announced that Memorex orders had improved three quarters in a row and resulted in record orders during the second quarter. Burroughs also noted that Memorex had contributed "a slight profit" for the quarter as well.

Second quarter financial results for our parent company showed a revenue of \$1.3 billion, 9 percent higher than second quarter last year, and a net income of \$76.2 million, 41 percent higher than second quarter in 1985.

Besides Memorex's contribution, Burroughs Chairman W. Michael Blumenthal cited double-digit order and revenue growth for U.S. computer operations—the best results since fourth quarter 1984. Blumenthal also noted that the weaker U.S. dollar helped strengthen Burroughs' international financial position.

Burroughs also reported that an unexpectedly strong upturn in domestic demand for computers and a strong international order rate combined to give the company its highest order quarter yet. Orders were especially strong for the Burroughs A 10, A 12, and A 15 mainframes; software and professional services; and the B 25/XE 500 clustered networking systems.

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**South American
VIPs Tour LDDD**

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What looks like the latest in Star Wars Technology is actually Memorex's Scanning Auger (pronounced "O-zhay") Microprobe. The Auger was the first stop for Buchser Junior High School students Franklin Kim (left) and Mike Iverson during a recent tour of Memorex engineering and manufacturing technology. Their tour was part of Project Better, where local businesses give gifted and scientifically inclined students a chance to enhance their education.

USOG, Canada Merge Strength To Form North American Group

The border between USOG and Memorex Canada officially disappeared on July 1.

Memorex Canada, projected to generate about \$40 million in revenue this year, combined forces with the U.S. Operations Group forming the new North American Operations Group (NOG).

"We have many common bonds with customers, products, culture and language," Memorex President **Philip Dauber** noted in a recent memo, "and the close proximity will reduce our lines of communication which should help us to be more responsive to our customers' needs."

Memorex Canada's management structure, which previously reported to Memorex International headquarters in London, now reports to NOG headquarters in Santa Clara. The new organization is led by **Jack Scott**, vice president of NOG.

According to Scott, combining Memorex's Canadian and American operations is like

adding an operation with revenues the size of USOG's largest sales areas. Integration of the two businesses will not be difficult, he says.

"Our customers react in very much the same way, our competition is the same, our marketing tactics are similar if not identical... the state-of-the-art and sales techniques are the same," says Scott. "North America is a huge market and there just happens to be a border running between Canada and the U.S."

The creation of NOG will help Memorex maintain large customers and new prospects with facilities on both sides of the border. Many large Memorex accounts, such as Northern Telecom and GM, have facilities in both the United States and Canada.

Canada is also the site of Memorex's largest non-U.S. customer—Bank of Montreal.

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IN THE NEWS

CORPORATE

Memorex employees who are notaries should not purchase insurance for risk associated with corporate actions, according to Burroughs Corporate Risk Manager G.L. Edford. Edford said recently that all Memorex notaries public are protected by Burroughs against "any lawsuits that might arise out of the performance of their duties." Burroughs protection, which may be insurance or self-insurance, applies to all employees of Burroughs and its subsidiaries who perform notary services on behalf of and at the request of Burroughs or its subsidiaries, Edford said. It does not apply to personal notarizations; that is, notarizations unrelated to the business of Burroughs or its subsidiaries.

The Petty Cash Office in Santa Clara has been moved from Building 10 to Building 14. The new hours will be 1:15 p.m. to 4:30 p.m. on Tuesdays and Thursdays. In emergency cases only, the Petty Cash Office will be open on Monday, Wednesday, and Friday from 8:00 a.m. to 5:00 p.m. and on Tuesdays and Thursdays from 8:00 a.m. to noon.

COMMUNITY RELATIONS

Memorex was honored in May for its continued support of the Triton Museum and the San Jose Museum of Art by the San Jose Business Journal. Memorex was among three winners in the Journal's New Giver category announced at the Third Annual Awards for Corporate Contributions to the Arts on May 30. Support of Triton and the Museum of Art was described by the Journal as a major new effort and a commitment "that brought much-needed new support levels."

LARGE DISK DRIVE DIVISION

Anthony Post, a Santa Clara LDDD maintenance electrician specialist, earned nearly \$5,000 after suggesting that LDDD install a particular brand of fire extinguisher in hazardous chemical storage cabinets. Post's responsibilities as maintenance electrician specialist include repair and maintenance of facilities equipment.

NORTH AMERICAN OPERATIONS GROUP

Bob Henderson was recently appointed NOG's director of sales and marketing, Canada. He is responsible for sales and marketing results for all NOG business in Canada and reports to Canada's Country Manager **John Livingston**. Before joining Memorex, Henderson held senior executive positions with Insurance Corporation of British Columbia, British Columbia Telephone Company, and IBM. Memorex Canada recently combined with USOG to form the North American Operations Group (NOG).

COMMUNICATIONS GROUP

Gene Ahlquist has been named product marketing manager for controllers. Ahlquist rejoins Memorex from Advanced Technologies International. From 1970 to 1977, he held a number of Memorex field and headquarters positions and was heavily involved with Memorex 1377, 1371/72, and 2089 products. Prior to Advanced Technologies International, Ahlquist held positions with Data Products and Printer Systems Corporation.

Price Cuts Target 3270 Market

Memorex lowered list prices and maintenance rates on several IBM-compatible 3270 environment peripherals as much as 50 percent in mid-July.

Prices were cut 27 percent on the

Memorex 2178 compact display terminal, 15 percent on the Memorex 2068 multi-function printer, 26 percent on the Memorex 2274-2A local controller, 50 percent for 8- and 16-port upgrades on controllers,

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Locals Solve Third World Market Dilemma

Selling computer equipment to Third World countries requires far more than knowing how to solve customer data processing problems. Salespeople must understand the political status of the country, be familiar with local customs, and even enjoy tasting unusual local delicacies.

Because the sell cycle of each country varies, Memorex has begun to penetrate Third World and some European markets through distributors. The territories covered include Lebanon, Turkey, Greece, Yugoslavia, Saudi Arabia, Kuwait, Cyprus, Abu Dhabi, and the People's Republic of China.

"It's much more cost effective for Memorex to use distributors that are already established in these countries," said **Jeff Cabili**, area manager for the Middle East, Mediterranean, and Africa regions. "They understand the needs of the customers and can work through some of the political events that interrupt normal business practices."

Memorex recently held a conference for distributors to familiarize them with its products and provide them with technical details and selling tips.

"After the conference, we saw a dramatic increase in the order rate," Cabili said. "It also helped to improve overall communications. I think we have a better understanding of what these distributors have to deal with in each country."

According to Cabili, some of the problems that have impacted sales include the limited support of Arabic, Hebrew, and Greek languages, government import restrictions and political unrest.

"In some countries, such as Egypt, sales almost stop during a political upheaval," Cabili said. "But in Lebanon, the unstable political scene has had a reverse effect. We've had the best order rate in Lebanon so far this year. Countries aided by the United States also are growing markets for Memorex because customers are required to purchase equipment from American-based companies."

Memorex currently has more than 15 distributors selling products to governments, banks, insurance companies, and general industries in the Middle East, Eastern Europe, and Africa. By year-end Memorex hopes to have more than 20 distributors in the region.



*Dr. Edgardo Grosso, vice governor of the Argentine province of Cordoba jots down a note during a Memorex disk technology overview presented by **Gordon Jeffery** (standing), equipment marketing manager for Memorex International (in background).*

Argentine Entourage Visits LDDD Manufacturing Facilities

Memorex opened its doors to 31 government officials and business leaders from the Province of Cordoba in Argentina in June.

Located in north-central Argentina, the capital of the province is Cordoba, a city of more than 500,000 people.

Officials, including the vice governor, secretary of state and minister of foreign trade, attended a disk technology presentation made by **Gordon Jeffery**, equipment marketing manager for Memorex International, and took a tour of Memorex Large Disk Drive Division manufacturing facilities. While in the United States, the Cordoba visitors also toured Burroughs SDC facilities in Camarillo, Tex.

The objective of the Memorex and SDC tour was to gain a general overview of Burroughs manufacturing capability and potential. Cordoba officials intend to send out bids during 1986-7 for supplying the province's government offices.

Other guests at Memorex included Cordoba's secretary of state, undersecretary of industry, the representatives of several banks, the representative of a Cordoba newspaper, and representatives from various businesses. Mauricio Chodaszewski and Roberto McCrea Steele from Burroughs Argentina also joined the group.

U.S., Canada Close Ranks To Form NOG

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Canada's biggest opportunity is in the Toronto-Montreal Basin where two-thirds of the country's information systems are concentrated. The western provinces are a strong market for communications products and Memorex commands a strong market-share in communications products shipments in British Columbia.

"We should be able to hone our techniques in the U.S. based on the successes that the Canadian communications people have had," adds Scott.

The infrastructure is in place for a turnaround," explains Scott. "In fact, we're already seeing a turnaround in the second quarter and for the rest of 1986."

Creation of NOG will also make communication lines shorter for Canada since their management team now reports to NOG headquarters in Santa Clara (3 hours time difference) instead of Memorex International headquarters in London (8 hours time difference). Santa Clara based NOG executives are also nearby to visit customer sites in Canada.

Scott's top three goals for the new NOG organization are 1) increase market coverage, 2) focus on sales productivity, and 3) reduce costs.

In all Memorex Canada sales and service facilities, there are a total of 238 employees. Fifty-one employees are committed to equipment sales and marketing and 117 people are service oriented. Separate from NOG facilities in Canada is Product Operations Group's Winnipeg manufacturing plant which employs 330 people. Winnipeg has been a POG facility since the merger with Burroughs in 1982.

There are Memorex sales offices in the major Canadian cities including Vancouver, Calgary, Edmonton, Winnipeg, Toronto, Ottawa, and Montreal.

Top Memorex executives in Canada include: **John Livingston**, country manager; **Bob Henderson**, director of equipment sales and marketing; **Todd Sprague**, international communications product manager; **Jack Kay**, customer engineering director; and **Peter Cliff**, director of human resources.

"There are areas of expertise in both the U.S. and Canada that integrate very nicely," adds Scott. "It's exciting to have an opportunity to put the two countries together."

3270 Product Prices Reduced

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27 percent and 32 percent on the 2274-1C remote 8- and 16-port controllers, and 16 and 22 percent on 2274-2C remote 8- and 16-port controllers.

Memorex also lowered the monthly maintenance rate for the 2114-1 multifunction printer by 35 percent and added a nine-month free maintenance period to all 2068 multifunction printers installed during second half 1986.

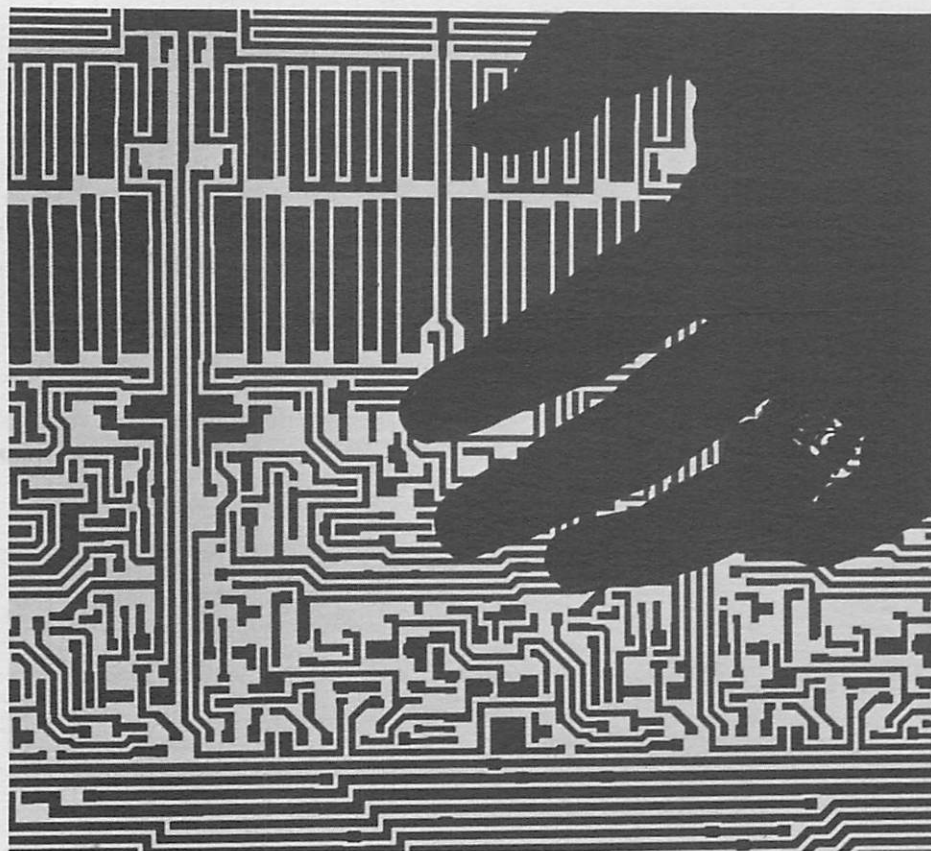
Vice President of Marketing **Bill Etheredge** said the price and maintenance cost reductions are part of a "long-term strategy to broaden our marketshare in the 3270 user environment."

"Memorex is postured to meet current

market demand with compact, ergonomically designed communications equipment that has a very attractive cost of ownership," Etheredge explained.

Gartner Group, a Stamford, Conn. market research firm, estimates that the 3270 market will climb to more than \$4 billion by 1988.

Other annual maintenance price reductions included a 51 percent decrease for the 2274-2A, a 47 percent decrease for the 2174-8 remote 8-port controller, a 51 percent decrease for the 2274-1C remote 8- and 16-port controllers, and a 48 percent decrease for the 2274-2C remote 16- and 32-port controllers.



This photo, taken at Memorex last year, won Honorable Mention in Industrial Photography's 1986 still photography competition recently. The photo, which shows the hand of a Memorex technician over an IC mask, was taken by Ken Love for the Associated Press and then published in about 150 daily newspapers across the country.

Burroughs Profits From CPU Upswing

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Blumenthal predicted that future Burroughs earnings will be impacted by the incorporation of Sperry's earnings, takeover financing and costs from merging the two companies. Despite these impacts, Blumenthal called the improved U.S. order rate and continuing level of customer proposal activity encouraging considering the sluggish computer industry conditions.

"Our goals over the remainder of this year will be to complete the necessary integration steps so that we begin 1987 as one company with a clear and common set of goals and targets," he added. "With the 1986 merger restructuring costs behind us, we are optimistic that our results in 1987 will be positively impacted by the merger."

Blumenthal said that he is "gratified" that executives from Burroughs and Sperry have already started to work together and meet together with employees, suppliers and customers.

"This initial experience reconfirms our belief that we have common cultures, complementary businesses and that this merger is a great opportunity," he said.

ANNIVERSARIES

June 1986

Twenty Year

Marian Mc Bride	Gary Meredith	Joseph Nussbaum
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Fifteen Year

Rita Dunkle	Angel Jaramillo	Clifford Murphy
Jeffery Hadrath	Richard Larsen	Beverly Quiring
Thomas Idleman	Stephen McGill	

Ten Year

George Ansier	Manual Jacintho, Jr.	Fernando Ochoa
Marvin Branshaw	David Jeglum	David Petrucci
Jeff Cabili	Connie Keau	Daniel Pomaes
Michael Carter	David Kingsolver	David Powers
Himanshu Desai	David Kotila	Donald Ravey
James Devou	Marilyn Lee	Gary Simin
James Evans	Debbie Little	Gerald Taylor
John Fagundes	Cecilia Lopez	Edward Tinley
Lester Gentle	Nestor Lujan	Elinor Trejo
Willis Glover	Robert Melloy	Ruth Walls
Louis Hamblen, Sr.	Phillip Montez	Virginia Zia
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