

# PRESIDENT'S MESSAGE

**S**HORTLY after World War II, I lived for one year in Berlin, Germany. While studying Advanced Economics at the Free University of Berlin, I also worked at a church mission in a bombed-out area of the city.

At the mission, I was asked to help several elderly people who had barely survived the horrors and starvation of the war. In most cases their physical and emotional scars were very deep and lasting.

Once I invited the entire group of about 15 people to come and eat a "pot luck" dinner together. Of course, I was thinking in American terms of putting all of our food on a table and sharing. However, I was shocked to see how terribly difficult it was for them to share their food with anyone. Each person was extremely protective of his or her own food and would only exchange - equal for equal - a potato for a piece of bread, or a small piece of meat for a vegetable, etc. I thought of how tragic it was that in their war-torn experience they had lost the joy of giving and sharing. Over many months, it was one of my greatest joys to see a spirit of trust and sharing return in their lives as they grew closer together.

I mention this story because we, Memorex Telex, have just gone through a major corporate wartime experience. Although ours has not been the experience of war-torn refugees, a corporate hostile tender offer is ranked by psychologists as one of the most personally traumatic experiences possible in any business environment. Certainly, many of our people are hurting, and they need a very special portion of support, assistance and assurance. You might be amazed to see how much good you can do by simply telling a fellow employee, a subordinate, or a boss that you appreciate them and enjoy working with them.

The really good news is that Memorex Telex is rapidly recovering from its recent experience. For example, during the last three weeks, new orders in the United States reached a six-month record high. I believe that the higher order rates indicate that the business uncertainties and anxieties surrounding the last half of 1987 are finally subsiding and we are returning to a more normal environment.

Perhaps it is symbolic that we are experiencing our corporate return to new life and growth just as the last vestiges of winter are being replaced by the re-

birth of spring. It has been a long and often very cold winter this year. And, I don't know about you, but more than in any year in recent history, I am looking forward to seeing the warm, vibrant and optimistic colors of spring. This year, in particular, we all need to feel that we are participating in the re-creation of life - both from within ourselves and from within our company. Thank you for sharing in our success.



## U.S. Sales and Service Ready for the "Main Event"

**N**UMBERING over 3500 strong, the members of U.S. Sales and Service are ready to arm wrestle the competition to the table.

In a March whirlwind tour of regional meetings, Executive Vice President, Alfred Mockett has charged his sales and service operations to "look out for the customers, look out for our people, and the 'numbers' (regional quotas) will take care of themselves."

This is not bold talk from a man who admittedly has given IBM and other competitors "heartburn" for the past several years.

"We intend to take full advantage of the opportunities the merger has created," stated Mockett. "Never before in the

history of the industry has any single company been capable of going head to head with IBM - with such a comprehensive range of products. Clearly, we are the worldwide alternative."

With a U.S. Sales quota this year of \$800 million, the success of the U.S. Sales and Service force is key to the overall success of the worldwide operations.

Six regions, operating in a semi-autonomous fashion, much as a European country operation would do, will allow U.S. Sales and Service to be more responsive than ever to customer needs. "No more than five layers of the organization will separate the customer from the CEO," he explained. "We must act, in the field, as a rapid response team and take headquarters out of the business of running the day to day business."

Supported by National Account experts and brokerage and leasing specialists, the regional operations are off to a fast start. Additionally, dedicated Federal Systems and Mid-Range Systems (S3X) groups will ensure aggressive growth in these sectors.

With over a million installed pieces of equipment and nearly 7,000 customers nationally, Mockett sees his operation "maximizing pre-existing relationships and putting some big numbers on the board early."

Mockett concluded, "We are committed to all the markets which we serve and we will continue to support them with the very best in sales and service."



## MEMOREX TELEX

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Spring News

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# AIRLINE OPERATIONS CIRCLES THE GLOBE



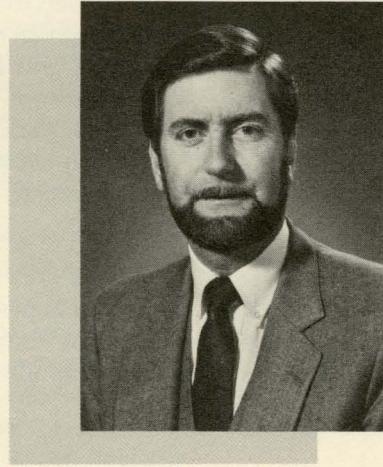
## UP, UP, AND AWAY!

The worldwide Memorex Telex Airline Operations organization was recently announced by John Schofield, vice president of this key area. "We're dedicated to the sales and marketing of communication system solutions to the global airline market," he explained.

The sky is the limit for Airline Operations.

This group will have direct revenue responsibility for the development and expansion of the Telex and Memorex airline base of communications products in all countries through direct sales staff. The staff will be supported administratively by in-country operations in the United States, the United Kingdom, the Netherlands, Italy, Australia, Singapore and Hong Kong.

According to Schofield, "The installed equipment in the airline customer base will continue to be supported by the customer engineering operations of the local subsidiary — except in Latin America, Southeast Asia and Northeast Asia."



The Memorex Telex employees currently dedicated to airline customer service in Greece, Turkey, Egypt and Pakistan will become part of Airline Operations. Theo Rinia will manage this group along with the board repair, logistics, training, and sub-contractor support.

In addition, Memorex Telex Airline Operations will maintain unique customer application development laboratories in Australia and the Netherlands as well as with U.S.-based airline development groups in Tulsa, Houston and Raleigh.

Primary functions for Airline Operations will be headed by:

- David Lea, Vice President, Airline Sales
- Dennis Cowan, Director, Systems Integration/Development
- Steve McIlvain, Director, Latin American Operations
- Robert Yates, Manager/Australia/S.E. Asian Sales and Development
- Alan Seah, Manager, S.E. Asian Customer Engineering
- Eddie Choi, Manager, N.E. Asian Customer Engineering
- Theo Rinia, Manager, Remote European Customer Engineering
- Frank Adam, Manager, Netherlands Finance and Customer Administration

Bob Brown, Manager of Advanced Development, will act as Senior Administrative Manager in charge of the Amsterdam airline office, until further notice.

## Supplies Group Headed by Mazza

## M

EMOREX Computer Supplies Group, an autonomous division formed under Memorex Telex, is chartered with sourcing and marketing computer media, supplies, and accessories worldwide. Under the leadership of Sergio Mazza, president, the new group will operate directly in 23 countries.

Reporting to Mazza are: John Peterson, vice president U.S. Sales; Joseph de la Taille, vice president Europe; Todd Sprague, director Canada; Stephen Todd, director Australia; Jay Freeman, director of customer services; and Bob Bylin, vice president Finance and Administration.

"We wanted to form a separate group, dealing with our widest market (computer supplies)," said Mazza. In 1987, it was estimated that \$15 billion was spent on information processing supplies in the U.S.

"One of the reasons for the high sales volume in this market is the wide customer base. For example, Mazza explained, "We deal with customers ranging from office managers in large corporations to the guy next door needing disks for his PC."

Computer supplies, with 1987 revenues of \$210 million worldwide under Memorex International N.V., kept the Memorex name because of its wide consumer recognition.

### A Little Background

Since its founding in 1961, Memorex has been a leader in the development, manufacture, and distribution of computer

media. In the 1970s, the company moved into the growing floppy disk market as a dominant force. Today, Memorex continues to be in the forefront of this particular market around the world.

In 1986, Memorex expanded its product line to include supplies and accessories, including paper, printer and typewriter ribbons, disk storage boxes, and power conditioning systems.

"The growing PC aftermarket presented us with a great opportunity to move beyond our media base and capitalize on the excellent name recognition Memorex has in the consumer marketplace," Mazza said.

He added, "While we plan to maintain

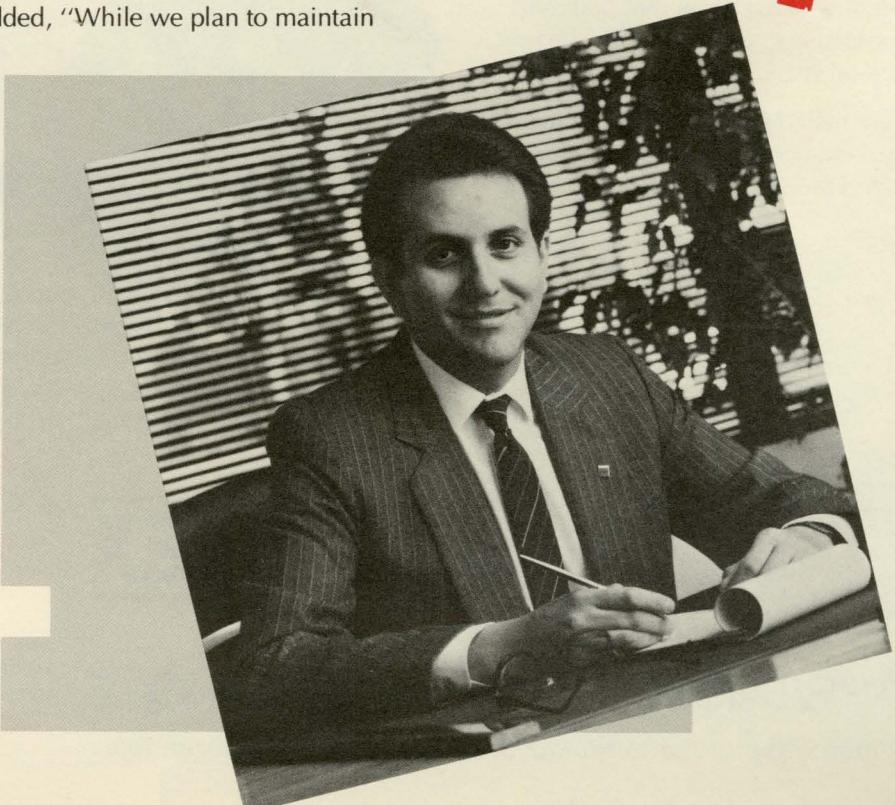
our leading position in media, we will continue aggressively diversifying beyond tape and disks."

### Distribution

The corporation expects a lot from its new division which targets the home, office, and MIS department users through several distribution channels (direct sales, office supplies stores, computer specialty stores, and mass merchants such as KMart and BEST Products).

"We plan to maximize our use of all sales channels," Mazza emphasized. "We want to reach the customer and it is the customer who chooses the channel."

This group plans to launch a major catalog marketing effort for the U.S. in the Spring. This kind of thrust has been very successful in Europe.



# Telephony Products Have the Lodging Industry Talking

*Chicago Fairmont First to Benefit from New PBX System*

**I**n late January, Telex announced that Chicago's 700-room Fairmont Hotel will become the first owner of a Telex-1001VL (very large) PBX, which will use its unique universal port architecture to support new digital telephones developed especially for the lodging industry.

"With the VL series, we can give customers continuity with 1001 systems ranging from 40 to 2300 ports, and the high-density design means a small footprint even with the biggest system," said Camarillo Operations Vice President Howard Bubb.

"In combination with the telephones, the Telex-1001VL made the best business sense for the Fairmont because it now has a system that provides guest name display, PMS (property management system) interface,

auto check-in and check-out, voice messaging and other options that translate into providing top guest services in the lodging industry."

The 1001VL, which supports integrated voice and data requirements from 600 to 2300 ports, has the smallest footprint of comparable systems with up to 2300 universal ports and 240 trunks contained in two cabinets about 2x2x6-feet each. Using the TLX 286 processor and a 20 megabyte fixed disk drive, a standard configuration offers 2 megabytes of RAM to support features available throughout the 1001 product line.

"The VRS telephone is unique because we developed it to meet specific lodging industry requirements, which included support for two voice lines, speaker phone, and up to two additional industry-standard analog telephones in each guest room," Bubb



said. "In addition, a standard RJ11 jack on the telephone allows hotel guests to communicate with modem-equipped PCs or other devices."

## Let's Talk With Richard Slogrove

**R**ICHARD P. Slogrove, formerly managing director of Telex Computer Products (UK) Ltd. for the past three years, has accepted the new mantle of vice president of the Intelligent Systems KOB based in Tulsa.

Slogrove joined the corporation in 1984 as a result of the Raytheon Data Systems acquisition, holding consecutive posts as director of International Marketing (Boston) and general manager of Telex's Amsterdam operation. With Raytheon's UK subsidiary, Data Logic, he served as national sales manager.

He served 13 years in the Royal Air Force, graduating from the RAF College, Cranwell, in 1966, and achieved the rank of Squadron Leader. Slogrove holds a bachelor's degree in War Studies from London University.

**Q** Describe your management style.

**A** Management is the art of making things happen. Most companies, however, are over managed and under led. Leadership is essential and I would define my style as motivating others to do what they are best at. I prefer a mixture of Management by Walking About as well as Management by Objective. This recognizes people as individuals and as the true assets of a company. You can be the best General but if the soldiers are not on your side, you will not win any battles.

**Q** What other great business do you admire and why?

**A** Businesses reflect their management. Jaguar is a classic car and a classic example of one man grabbing an opportunity and turning round an ailing company. Sir John Egan identified 40 major causes of failure; gave each manager one fail-

ure to rectify, and in a couple of years had regenerated customer confidence, boosted profits and caused the share price to soar.

**Q** Who was your childhood hero?

**A** Frederick the Great, King of Prussia. He was a complete man; brilliant general and soldier, poet, author and musician. He had a spectrum of qualities and talents that these days is unfashionable; combining success on the battlefield with good performance on the concert platform.

**Q** What current figure do you admire most today and why?

**A** You expected me to say Mrs. Thatcher! I think Prince Charles is my choice. As heir to the throne, he shows those renaissance qualities of athlete and aesthete, action man and artist, that Frederick the Great also possessed.

**Q** What was your first full-time job?

**A** An officer in the Royal Air Force at a bomber station responsible for the supply and service of an electronic inventory. The wheel has come full circle with my new assignment in Tulsa.

**Q** What was the worst job you ever had?

**A** My first job. I'd been trained for three years at the Air Force Academy and yet I was unprepared and untrained to carry out the task I'd been assigned. The training had prepared me to be a four star general rather than an effective junior manager. I've been concerned about the relevance of training ever since. The learning objective must be clearly stated and totally relevant to the job to be done.

**Q** What was the title of the last book you read?

**A** Paul Erdman's "The Crash of '89," frighteningly real and totally plausible. All about the manipulation of the world's economies and the fragility of the life style that we take for granted.

**Q** Of all the cities you have visited, which one is your choice for number one and why?

**A** Sydney, Australia. Twentieth Century technology and old world charm; bands playing in the park and afternoon tea served on good china. A wonderful climate, Fosters, and far enough away that you feel you have escaped and yet, as an Englishman, where one feels very much at home.



**Q** What is your pet peeve?

**A** Incompetence, closely followed by internal memos, and over-long meetings and organizational charts.

**Q** What is your favorite movie?

**A** *Top Gun*. It's full of vitality, energy and enthusiasm, visually exciting and with some great music. It has qualities that are contagious. We should be able to create that feeling of excitement in our offices and work places. The financial results would be spectacular.

**Q** What words of advice have been the most helpful to you?

**A** My father told me, "Always take your socks off before removing your trousers; there's nothing more ridiculous than a man in socks and undershorts!" That's equally true in a business sense. Create the right climate, look your best, accentuate the positive, motivate others, make things happen. That's leadership.



# PC Magazine Makes MagnaByte II LCD

## "Editor's Choice"

THEIR choice validates our marketing concepts," said Jeffrey Wetherell, executive vice president, Telex Communications, Inc., (TCI). In its March 15th issue, PC Magazine editors chose MagnaByte II over nine other electronic imaging devices produced by competitors like Eastman Kodak and Sharp Electronics Corp. According to Wetherell, Telex entered the electronic imaging market with a team of people dedicated to conceiving and developing a totally new type of product. "The key to our success was working hard to obtain first-class presentation quality at a low cost," Wetherell said. "Our success story is largely attributable to the key employees who dedicated themselves to the task."

MagnaByte 5220 is an LCD that fits on the top of a standard overhead projector. MagnaByte computer imaging systems have the capability to revolutionize the way information is presented in conference rooms and classrooms around the world. Data and graphics once confined to the small screen of a personal computer can now be simultaneously presented - in a variety of colors - onto any wall or screen.

MagnaByte success has been phenomenal since its introduction in January, 1987. Nearly 20,000 leads have created a very successful and profitable first year for the MagnaByte product.

Of course, PC Magazine was more interested in performance than profitability and MagnaByte made the grade. The criteria for selection fit into the general areas of image, quality, portability, accessories and price. MagnaByte's results were summarized this way.

"When it comes to legibility and visual impact, nothing measures up to the Telex MagnaByte II. It's the only display that delivers your message in color. And even if its colors are not what you expect, they show up with unsurpassed clarity. It's unlikely that a presentation on this system would go unnoticed."

The endorsement is very positive for the first computer peripheral device introduced by TCI, based in Minneapolis, MN. And according to Wetherell, TCI intends to remain on the leading edge of technology by searching out and developing other new products using projection technology.

Prior to the PC Magazine endorsement came an equally prestigious nod of approval from *The Executive Computing Newsletter* in their January, 1988 issue. The newsletter rated MagnaByte II the best product in its category overall.

Said the editors, "This one's (MagnaByte) great - with color images, presentation software, a remote control button, and because the presenter can face the audience and the computer monitor at the same time. For long-term use, it appears to be the best buy!"

## New Solid State Storage Device Introduced



EMOREX Telex has announced the Memorex 6890 Solid State Direct Access Storage Device (DASD) Storage Subsystem.

A natural development of the highly successful Memorex Telex 6880 DASD product, the 6890 embodies the latest developments in solid state storage technologies with all the benefits of lower cost of ownership and better performance and higher reliability.

"The 6890 will maintain Memorex Telex's position as the leading supplier of solid state DASD storage subsystems to the midrange and large scale IBM and IBM-compatible mainframe user," said Bob Bodnar, Director of Memorex Telex's Large Storage Systems Marketing.

The 6890 subsystem can be configured in a variety of ways to provide the optimal solid state DASD for each installation's current needs. "Its modularity will permit later growth to match the installation's need to provide for future growth and system capacity and throughput," Bodnar said. Storage capacity of the 6890 ranges from 16 megabytes to 256 megabytes in increments of 16 megabytes using 1 megabit dynamic RAM chips.

## US Newsbrief

**NETWORK WORLD**, Feb. 15, 1988 issue featured a Telecom Buyer's Guide for Digital PBXs. The article quoted a Telex customer, Pat Lynn with FCS Building Association in McLean, Va. FCS chose our product because of its expandability and voice/data facilities. According to Lynn, the system has been cost effective and company support of the product has been excellent.

**ELECTRONIC NEWS**, Feb. 15, 1988 issue covered another layer of organizational changes for Memorex Telex, including various KOB positions and sales posts.

**AERO MAGAZINE MONTHLY**, Jan. 1988 issue drew attention to TCI's ProAir series headsets, created in response to input from high-time pilots of fixed-wing and rotary aircraft. Comfort and better clarity are strengths of the new line.

**COMPUTERWORLD**, Feb. 22, 1988 issue explained the trends for terminal vs. PC purchases. A Connecticut research firm found that the ratio of terminals to PCs has been narrowing since 1985, as more corporations put more and more intelligent workstations in the hands of the end users. Sounds like good news!

### COMPUTER & COMMUNICATIONS DECISIONS

Feb. 1988 issue noted that storage alternatives for IBM's 937X midrange processors are growing. Memorex Telex is the latest entrant into the market. Our soon to be offered Model 3835 will compete directly with both IBM's 9335 disk subsystem and the Guardian subsystem from EMC Corp. Our product has a seek time 3 milliseconds faster than IBM's and yields twice as much storage per square foot as the competition. According to industry consultant Jim Porter, "Memorex's 8-inch disks have been the key to its success." They require less space and less power.

**INFOMATICS DAILY BULLETIN**, Feb. 24, 1988 issue included an article on Memorex Telex's \$7.8 million investment in facilities in Holland. Memorex Telex is building two plants to house European repair, research, support and distribution operations in the country.

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President ..... George L. Bragg  
Editor ..... Mary Ann Stephenson, APR  
Art Director ..... Lynn Eskridge

Comments regarding US News or story ideas are welcomed. Contact the US News Editor, Memorex Telex, 4242 S. Sheridan, Tulsa, OK 74135; or call (918) 628-3353.