

MEMOREX TIMES

US Equipment Sales and Service

Volume 1 Issue 1 August 1982



A Message from Bob Berry

I am very pleased to have this opportunity to report on some items that should be of interest to you.

Our first half 1982 results are very encouraging. Revenues for the first and second quarters are up thirteen percent over the same period of 1981, for U.S. Equipment Sales and Service, despite the unsettled economy in the United States. Profit before tax has improved in the same period by 130%. Our order rate was not at budgeted levels in the first quarter, but has shown definite improvement in the second quarter.

I fully anticipate that our selling excellence will be parlayed into an increasingly healthy backlog for the remainder of the year. You are to be congratulated, and should be very proud of the accomplishments we have achieved in this very difficult and highly competitive environment.

Our thrust for the rest of 1982 should be to sell current product, and to install the backlog. We need to obtain every order from every customer and prospect. Losing is hereafter reserved for the competition.

Your performance in some very competitive situations has been outstanding. Our communications business products have never been received by the marketplace with more enthusiasm than now. We continue to obtain large volume orders for these products, and we anticipate that this will continue.

Regarding our storage equipment business, our performance against STC has been excellent. We have displaced them at PSA in San Diego, SDC in Los Angeles, ICA in San Diego, Educational Testing in Princeton, Knight-Ridder in Charlotte, and have beaten them in competition at Dow Jones in Princeton, Westinghouse in Pittsburgh, Baltimore and New Jersey, MCI in several locations, First Computer Corp in Milwaukee, Progressive Insurance in Cleveland, King County in Seattle, Curtis Mathes in Houston, and the coup-de-gras, the State of Colorado in STC's backyard for five strings of purchased 365Y.

This list is not all inclusive, and is only intended to demonstrate that **we win** against our competition every day! And

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New Memorex Joint Ventures Announced

Memorex Corporation, Control Data Corporation and Magnetic Peripherals Inc. recently announced the formation of two joint venture companies, Peripheral Components, Inc. (PCI), and Disk Media, Inc. (DMI).

PCI, a joint venture of Memorex and Magnetic Peripherals, has been formed to manufacture thin-film read/write heads for magnetic disk drives.

DMI, a joint venture of Memorex and Control Data, has been formed for the research, development and manufacture of advanced recording media for use with thin-film heads.

DMI is located at Memorex's Westlake facility. DMI is in the process of start-up, with production output scheduled to begin by year-end 1982. Information regarding the location for PCI will be announced at a later date.

Magnetic Peripherals is a company owned principally by Control Data Corporation and Honeywell Information Systems.

CE Initiates Quality Program

By Pat Wong

Customer Engineering has developed a quality plan, as part of the Corporate-wide emphasis on improving the quality of Memorex's products and services. The C.E. Quality Plan comprises three programs as described below.

The first program is to ensure that Memorex is perceived by the marketplaces as the most reliable vendor of disc storage equipment, as measured by the independent report "Reliability Plus."

Memorex has already established leadership on 322X tape drives and 367X disc drives, and we intend to achieve superiority on our 365X and 365Y disc drives through improved account management techniques. SE Product Support will be tracking Memorex's performance compared to our competition, and will be monitoring the performance of each of the four C.E. areas.

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Market Research Issues Competitive Handbook

By Diana Bugg

This month all sales representatives can expect a visit from the CIA in every sales branch throughout the United States. No, it is not an investigation on a sting cover-up for computer technology, but rather Memorex's newest competitive handbook entitled COMPETITIVE INFORMATION ANALYSIS.

Due to a highly competitive marketplace, there is a growing need to develop a central source for current competitive information at the sales branch level. In response to this, the Marketing Research Department has compiled a summary of all major disc and tape competitors.

Updated on a regular basis, the CIA will continue investigative reporting on the latest product announcements and their technical specifications. In addition, a features comparison chart of the product lines of each major plug-compatible vendor will be outlined. Sales strategies and competitive knock-offs will be exposed with field account strategies and pricing uncovered.

This is your opportunity to "sting" the competition by submitting detailed information regarding win/loss situations or any current activities in your territory. By tracking this input, Market Research can evaluate sales and pricing strategies and provide you with the latest and most current competitive information.

Memorex Number 1 in Tape Drives

By Diana Bugg

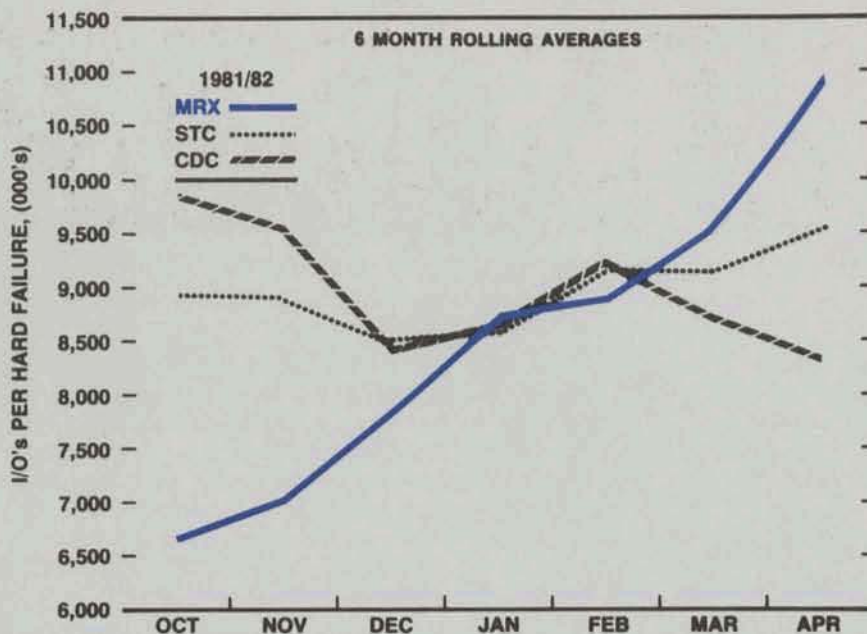
DATA PRO recently published their user rating for 1982 showing that in the IBM 3420 tape marketplace, Memorex was ranked first ahead of IBM, STC, Telex, and all others.

In every category, Memorex placed first in such areas as overall performance, ease of operation, hardware reliability, plus promptness and effectiveness of maintenance service.

The strengths of Memorex tape drives were centered around the consistent uptime of controller and drives, the

RELIABILITY PLUS RESULTS 3350-2/3652 TYPE DISC DRIVES

WORLDWIDE DATA BASE



Reliability is a "PLUS"

By Susan Jones

Reliability Plus is a software program that measures defined failure rates of computer hardware in a customer's system. The failure is defined as hard or soft. A hard failure is a hardware error serious enough to interrupt a job; whereas a soft failure is a correctable error. The data is collected, computed, and published monthly by the University Computing Corporation in Dallas, Texas, which also does comparison of all types of equipment used all over the world.

The results of those comparisons sometimes provide a computer system customer with a basis for evaluating the types of equipment required for their business. Since Reliability Plus compares the performance of Memorex products against the performance of our competitors' products, the data may be used by sales representatives to demonstrate how the various vendor products are performing.

availability of parts, and expedient and accurate diagnosis of problems.

The results certainly attest to the high reliability of the Memorex tape drives and the professional support of our Customer Engineers.

Each month, Sales Support publishes Reliability Plus statistics to all Memorex Sales and Service Branch Managers for review. A major enhancement in getting the reports and data analysis has been the recent automation of Reliability Plus. This computer program compiles, processes and formats all the data for distribution and immediate access of statistics for those branches on line.

How are Memorex Products doing? The overall performance of the 3650 and 3652 Disc Storage Subsystems has improved dramatically in the last year. As of October 1981, Reliability Plus reported one hard failure per 6,671,000 uses of the subsystem. By April 1982, it was producing one hard failure per 10,897,000 uses—a remarkable improvement! For the 3670 and 3675 Disc Storage Subsystems, our track record is superior compared with equivalent competitors' products. The same holds true for the 3226 and the 3228 Magnetic Tape Units.

Did You Know That...

- 25% of the 43XX marketplace is in the top 10 major cities with the rest of the United States growing at an annual rate of 23%.
- Amdahl Corp is marketing disc drives in large accounts with first customer ships at year-end?

Regional Computer Center Boasts 99% Reliability Rate

SACRAMENTO, Calif.—The earliest of the State of California's four regional computer centers boasts a 99% reliability rate, thanks partly to its giant disk memory systems.

In the late '60s and early '70s, computerization clearly enhanced the effectiveness of public programs, although the disparate and independent acquisition of DP systems by various state agencies threatened to become unwieldy.

In 1972, state law mandated the creation of four large computer centers to consolidate all state DP services. The first of these centers to begin operations—the Stephen P. Teale Data Center here—focuses on business, financial and engineering applications.

The First Avenue facility houses an IBM 3033 mainframe with 12M bytes of main memory and 16 channels coupled to an Amdahl Corp Model 8 with 16M bytes of memory and 16 channels. There is also a stand-alone IBM 370/168 attached processor with 10M bytes and 11 channels.

The center uses 142 spindles of Memorex Corp. 3650 fixed-media disk drives and 40 spindles of Memorex 3675 disk drives with mountable disk packs to provide data storage for some 3,000 batch jobs and 100,000 on-line transactions daily.

The Ira B. Isbell Facility occupies a modern building with state-of-the-art security and substantial room for expansion. It houses an IBM 370/168 with 8M bytes and 12 channels. There is also an IBM 4341-M2 with 8M bytes of main memory and six channels.

In addition, 76 spindles of Memorex 3650 disk drives provide data storage for approximately 1,200 batch jobs and 40,000 on-line transactions daily. Of these 76 spindles, 16 on the IBM 4341 are installed with an Intelligent Dual Interface (IDI), which provides two

independent access paths to every spindle on the string.

These heavily used systems generate a combined total of about 95 million lines of print per month and draw on a library of approximately 70,000 reels of tape, in addition to mass storage.

To provide efficient and reliable service to more than 90 public agencies with hundreds of separate facilities across the state, the Teale Data Center requires a rigorous 98% availability from its systems. Actual performance averages even higher—around 99%.

Detailed documentation of equipment performance and problems is reviewed at a daily meeting of the technical staff and equipment vendors, using several packaged software monitors, explained James A. Dole, Operations Divisions chief for the data center. A special meeting conducted each Friday enables the staff to plan for weekend operations as well. The two center facilities operate around-the-clock during the week and on a two-shift basis during weekends.

To ensure continued maximum reliability, the Teale Center developed a certification process for the disk memory systems procurement. In 1980, with an eye toward maintaining the technical performance it was getting at the time, the center evaluated four vendors' IBM 3350-compatible disk drives and associated hardware.

Performance criteria included total equipment availability in excess of 99.9% during the four-month certification period and average mean time between failure of no less than 2,000 hours each month.

Two of the four vendors qualified to bid and Memorex, the lower bidder, was awarded the three-year multimillion-dollar contract.

Selling Points for Tape Drives

By Al Tinker

We have a lot going for us today to help sell our superior tape drive product line. Here are some key points to keep in mind when dealing with customers and prospects:

- The May 1982 Data Pro report is out and copies should be in each branch office—Memorex Tape Drives are rated at 3.9—IBM at 3.0—STC at 3.6—Telex at 3.0 (Max is 4.0).
- The Great Tape Race is still on, there have been 106 net new orders for July as of July 21 and we still have plenty of inventory of 3228's—let's get orders for these—you'll get the bonus as long as we have inventory.
- Just a reminder—Memorex 322X attaches to 3081 CPU with no problems.
- The channel extension feature for 3221 and 3222 will be released in August this year. It permits the controller to be located 350 feet from the channel.

Controller	Feature	Purchase
3221	6231	\$4000
3222	6232	\$8000

It will be available in very limited quantities in September and October with plenty in November. Please forecast your requirements to Santa Clara ASAP.

- We have ordered 20 extra 3227's mainly for the seismic market. Let's get some orders for these—you asked to have them available for immediate delivery. They'll be here in August.

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2078 Production Increases—Again

By Maureen Majid

The Communications Group has recently increased the production plan for the 2078 Display Station. This is the second increase in volume since the budgeting process of late 1981. These increases are in response to a strong customer demand both domestically and internationally.

"Our backlog is very strong and we are striving to reduce lead times and to be more competitive in product availability," according to Dave Jenkins, vice president of manufacturing for the Communications Group. He added, "Overall Communications Group performance is better than budget and is expected to be even stronger in the second half."

A second shift final assembly and test operation was implemented during the

second quarter and both shifts will be expanded as the increased level of materials is received in accordance with the higher production volumes. By the end of July, the Group expects to exceed the total number of 2078 units produced in all of 1981.

With the 2078, Memorex commands a strong position in the IBM 3270-compatible marketplace in spite of fierce competition.

"We believe that the demand for increased volumes of 2078's and other Communications products is a direct result of the benefits offered by those products, the quality of the products and a focused sales effort on Communications products by the Domestic and International organizations," Jenkins concluded.

Double Commissions on 1377's

It's opportunity time again. The Communications Group is making you an offer you can't refuse!

Now you can receive **double** commissions for all 1377's in place Lease-to-Purchase Conversions (LPC's) effective July 1, 1982 to December 31, 1982. All contracts must be received by Communications Headquarters in Cupertino no later than December 31, 1982. The LPC Program is an excellent incentive for your customers—one you can take full advantage of, too.

To help identify hot LPC prospects, every month your branch office receives a Lease Expiration Report. We also are sending a flyer in customer invoices so that they can figure their own purchase option credits. Once they realize the economical advantages of converting their leases to purchase, you can bet they'll be anxious to "sign on the dotted line."

**Take us up on our terrific offer!
You'll be glad you did!**

Berry

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why shouldn't we? We have the better sales force, better CE's, better products, better support, better planning, more credibility (**we** don't announce a product three times; **we** don't announce and not deliver), and overall a better company! Winning - Achievement - Performance. That's our style, and you are the epitome of that characteristic of our company.

Our development efforts for the 368X product are on schedule and we will conduct the best and most comprehensive announcement in our history later this year. I am very excited about this announcement, and I know you will be, too. It's coming! Be a little more patient. This announcement will capture market initiative, and make Memorex "the" alternative in the perception of the user.

We have a few surprises that give you a distinct selling advantage. Suffice it to say that the atmosphere is becoming charged. We are all excited. The announcement team is hard at work, and the wait will have been worth it! Performance, not promises, is what Memorex is all about.

By the time this reaches you, you should have already received notification that the U.S. Equipment Sales and Service Quota Club will be held in San Diego, at the Hyatt Islandia on February 22 to the 26th, 1983. Moreover, the President's Council will be a separate event, being held in Maui, Hawaii, in April, 1983. I am looking forward to seeing all of you star performers during these events, which promise to be unforgettable. By the way, at the end of May, Hank Loher was leading all other sales reps at 352% of combined quota, followed closely by last year's President, Jude Cordeiro, at 317%. Jim Mastro (Mike Vena's unrecognizable twin) was about in a dead heat with Greg Ewing for the show ticket at 282.7% and 282.2%, respectively. There were 17 of you over 100% of combined quota. Congratulations! San Diego is a delight. I fully expect to see you all there!

Organizationally, Ron Steen has settled into his new position as vice president of Customer Engineering, and Hank Baylor has started his move to his new position as Eastern Area CE Manager.

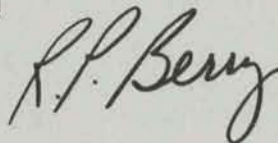
Dr. Jim Castle has joined Memorex as Equipment Operations Executive Vice President, and U.S. Equipment Sales and Service now reports to him. Incidentally, CE is performing well, and continues to

provide strong profits and cash to our organization.

A few words in closing. Upon this new assignment I had several objectives in mind. One was to stabilize our organization over the long term, but also, to accept that short term organizational stability was imperative. I will continue to opt for consistency in our organization. Secondly, to act upon validated input from the field.

For example, revisions have been made to Area Quota assignments, CE Standards, headcount, Revenue Targets, Sales compensation plans at every level, etc. Management measurement criteria has been reduced to objective business goals which are more easily understood and measured. Focus has been placed on getting orders.

These and other programs have been developed through a continuing sensitivity to our business needs and our people's input. Lastly, I accepted this assignment with the confidence that our success is guaranteed through what I **know** is the best most professional Sales and Service organization in the industry. I know it! You know it! Let's demonstrate this fact to the competition during the remainder of 1982! See you in San Diego!



Ad Campaigns Moving Ahead

By Ed Vopat

With the summer getting off to a great start in Santa Clara, the advertising and promotion projects are moving ahead. The first new end-user advertising campaign in two years is well beyond the planning stage with the first four ads in various stages of completion.

Initial placements should begin in August including insertions in COMPUTERWORLD, INFORMATION SYSTEMS NEWS, and COMPUTER DECISIONS. We are also closely evaluating the possible inclusion of a broad business oriented publication such as the WALL STREET JOURNAL.

The advertising is best described as a series of "Positioning" statements with relevant examples of enhancements and innovations that Memorex has achieved. The format of the ads are four-color, two-page spreads, and should do very well in getting the Memorex position aggressively presented.

Quality Program

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Customer Engineering's second program is to provide consistent and comprehensive feedback to manufacturing regarding the "out-of-box" quality of newly installed products. This feedback, in the form of returned install reports, will help Manufacturing to pinpoint areas to be improved in the design or manufacturing of our products, and will ensure that our equipment works perfectly when it arrives at our customers' computer rooms. SE Product Support will be monitoring each C.E. area's performance through information generated by Quality Assurance.

The last part of Customer Engineering's quality plan is to ensure that our customers perceive us as the service organization most capable of satisfying their requirements. To that end, we are implementing a quarterly customer survey which will measure our customers' opinions on several indicators of a service organization's performance; such as, response time to a customer's call for service, average time required to effect repair, spare parts availability, and the ability to effectively communicate. This will help us to understand, by geographic location, what parts of our operation require improvement. Concurrently, the C.E. Logistics organization is working on improving the flow of spare parts to the field. Their progress will be measured by the quarterly survey.

As Memorex's primary interface with our customers when their equipment fails, Customer Engineering is acutely aware of the need for the continued strong emphasis on quality products and quality services. We are confident that our organization, working together with the other divisions and groups comprising our Company, will help to re-establish Memorex's reputation in the marketplace as the standard of quality in our industry, and our customers' only alternative to seriously consider.

MEMOREX
A Burroughs Company