



International Business Machines Corporation

*IBM Announcement of
Program Products / SHARE 1969*

112 East Post Road, White Plains, New York 10601

*Office of the President
Data Processing Division*

June 23, 1969

To Our Customers:

On December 6 of last year, IBM announced that it was re-examining its methods of doing business in the United States to determine how support services should be offered to meet the future requirements of all users of IBM equipment. Our study is now concluded, and the purpose of this letter is to announce the following changes:

Systems Engineering Services - Effective June 23, 1969, IBM assistance in the installation and use of IBM data processing products will be provided on a charge basis under an Agreement for IBM Systems Engineering Services. A Bulletin is attached describing the types of assistance offered.

However, charges for Systems Engineering Services rendered to any customer prior to January 1, 1970 will be waived to the extent that such services are equivalent to the assistance IBM and that customer had mutually planned before this announcement. Systems Engineering Services are available to all users of IBM data processing equipment.

Custom Contract Services - Effective June 23, 1969, IBM offers this new service, under which varying degrees of more extensive IBM involvement in customer data processing activities will be available, in areas such as systems design and analysis, application and program development, and systems installation and evaluation. IBM participation will include the actual performance of customer tasks, and IBM will assume responsibility for the accomplishment of specific projects.

Programs - All new IBM programming announcements on or after June 23, 1969 will be designated as either System Control Programming or Program Products, with the exception of certain improvements or modifications to existing Type I programs.

- System Control Programming provides functions which are fundamental to the operation and maintenance of a system (such as loading, initializing, scheduling, supervising, and data management) and will be available without charge.
- Program Products are related to the application of a system to user tasks (such as language compilers, general purpose utility programs, and industry or other application programs) and will be offered on an individual charge basis under a License Agreement for IBM Program Products.

All Type I, II, III and IV programs currently being distributed from IBM's program library continue to be available without charge.

Data Processing Education - A Course Selection Guide is enclosed describing Professional Courses and Systems Features Instruction. Effective June 23, 1969, individual prices have been established for Professional Courses. However, charges for courses listed in the enclosed Guide

announced prior to June 23, 1969 will be waived for users of IBM data processing equipment for those classes which commence prior to January 1, 1970. Systems Features Instruction is offered without charge to users of IBM data processing equipment. Customer Executive Seminars, Industry Seminars, and promotional sessions are offered by IBM invitation without charge.

IBM does not intend to solicit applications from the general public, but will accept applications from anyone meeting course prerequisites.

Field Engineering Services - Most equipment maintenance services remain unchanged. However, because of the changes in Programming and Systems Engineering Services, some modifications in programming services were necessary, and are described in the attached Bulletin.

Accompanying these changes are reductions in the prices of most IBM data processing equipment. Reduced rental charges will be effective October 1, 1969. Reduced purchase prices are effective for equipment shipped from IBM on or after May 2, 1969 which has a Date of Installation on or after June 16, 1969. Reduced purchase prices are effective for purchase of installed rental equipment which has an Effective Date of Purchase on or after June 16, 1969. The prices are reduced approximately three percent.

IBM proposals pending as of June 23, 1969 will be modified as soon as possible to reflect these changes. Orders received on or after June 23, 1969 will be accepted subject to these changes.

Your IBM Data Processing Marketing Representative is ready to review these changes with you at your convenience and to discuss plans for maintaining the continuity of activities now in progress.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'F. G. Rodgers', is written over the typed name.

F. G. Rodgers

IBM Systems Engineering Services

The purpose of this bulletin is to inform you of the Systems Engineering Services being offered by IBM. These services are offered to assist you in the installation, application, and enhancement of your IBM Data Processing System and to increase your overall data processing proficiency.

Description of Services

Systems Engineering Services are provided for a charge for a defined scope of effort directed towards your specific data processing tasks, including the following:

- Systems Analysis and Design
- Application Design and Development
- Program Design and Development
- Conversion and Implementation Planning
- Installation Evaluation and Improvement

A scope of effort may be broad enough to include assistance in the installation of a Data Processing System, or as specific as assistance in the design of a procedure for processing inventory records. Systems Engineering Services are provided to assist you in accomplishing these tasks.

Assistance may include instruction in any of the above mentioned tasks, and performance which is incidental to the assistance rendered. Systems Engineering Services may be provided on your site or at an IBM facility.

Method of Offering Systems Engineering Services

Systems Engineering skills required to provide professional services for the activities referenced will vary relative to the complexity of the IBM System involved and your application objectives. In recognition of this, Systems Engineering Services will be offered by the IBM Branch Office in the following three Skill Classifications, each with its standard rate:

I. Basic Systems

Assistance in connection with accounting machines, calculating equipment, punched card and paper tape equipment, accounting machine systems, data transceivers, off-line banking equipment and the IBM 50 Magnetic Data Inscrber are included in this service classification. The S/360 Model 20, 1130, and 1620 Data Processing Systems are also included.

Assistance for the above requiring skills defined in other Skill Classifications will be charged at the General Systems or Complex Systems rate.

II. General Systems

Assistance in connection with Data Collection and Data Communications systems, Optical Readers, the 2495 Tape Cartridge Reader and on-line Banking Terminals.

Also included are the following data processing systems: S/360 Models 25, 30, 40, 44, 50, and 1200, 1400 and 7000 series equipment, when used in a batch or limited multiprogramming or general Teleprocessing environment.

Assistance for the above requiring skills defined in Complex Systems will be included in that classification.

III. Complex Systems

Assistance in connection with the S/360 Models 65, 67, 75, 85 and 1800 Data Acquisition and Control Systems, as well as for all systems used in such environments as general multiprogramming, multiprocessing, complex Teleprocessing, time sharing and real time and graphic display systems.

In addition, the Basic Systems Centers will offer group workshop sessions to assist customers in the installation and use of IBM data processing products. This offering will be directed towards installation, application and enhancement of unit record equipment, Accounting Machine Systems and S/360 Model 20.

Agreement for Service

Systems Engineering Services will be provided under the Agreement for IBM Systems Engineering Services. The agreement need only be signed the first time assistance is contracted for; thereafter, Systems Engineering Services may be ordered under its terms.

For each request for assistance requiring at least three full days of effort within a three month period, IBM will prepare a Service Estimate defining the appropriate skill classification with an estimate of the scope of effort, the amount of assistance required, the price and a schedule of work.

For each request for assistance requiring less than three full days of effort, IBM will prepare an Authorization for Service confirming our verbal understanding of the scope of effort and the appropriate Skill Classification. This assistance will be provided subject to availability of resources.

Systems Engineering Services will be scheduled in half days (3 hours minimum) or full days (6 hours minimum). Time worked beyond the minimum will be charged for in hourly increments. These services normally will be rendered during IBM scheduled working hours.

Charges and Payment

- . Charges will be based on the number of hours worked at the hourly rates and minimums then in effect.
- . There will be no charge for the first hour spent traveling to or from the customer location. Additional travel time will be charged at prevailing hourly rates.
- . Hourly rates and minimums are subject to change with three months' notice.
- . Charges for services rendered will be invoiced monthly with payment due in 30 days.

Your IBM marketing representative is prepared to review with you in detail how Systems Engineering Services can best be used to meet your data processing requirements.

IBM Field Engineering Services

The majority of Field Engineering equipment services continue as in the past. The way in which IBM now offers Programming and Systems Engineering Services has brought about some changes. The purpose of this bulletin is to advise you of those changes and of new services.

- I. As described in the letter from Mr. F. G. Rodgers, IBM Programming will include System Control Programming and Program Products. Field Engineering Services will be:

System Control Programming

System Control Programming is fundamental to the operation and maintenance of the system. Field Engineering will install an unaltered version of System Control Programming using IBM supplied sample programs in conjunction with the initial installation of a Central Processing Unit or other major system unit shipped directly from IBM. Subsequent releases of System Control Programming will also be installed by Field Engineering.

Verification and reporting of defects and the application of Programming Temporary Fixes or development of an emergency by-pass when required are programming services which will be provided in conjunction with IBM Central Programming Service (which develops and distributes error corrections).

There will be no additional charges for these Field Engineering Services as long as System Control Programming is unaltered and at the current level (refer to Item IV).

Program Products

A Program Product will be offered with one of the three Programming Service Classifications highlighted below:

Class A

Central Programming Service (no charge)

- design error correction
- automatic distribution of corrections

FE Programming Service (no charge)

- design error verification
- APAR documentation and submission
- application of Program Temporary Fixes or development of an emergency by-pass when required

Class B

Central Programming Service (no charge)

(FE Programming Service is available on an hourly, per call basis)

Class C

FE Programming Assistance (hourly, per call basis)

- problem diagnosis
- corrections requiring eight hours or less

Note: Services for Program Products will be charged at the appropriate FE hourly (per call) rate when the call results from a customer error or when no specific problem is identified.

- II. Currently available Type I and II Programs will not be reclassified to System Control Programming or Program Products. During the period from June 23, 1969 to January 1, 1970, the programming services provided for Type I and II Programs remain unchanged. Field Engineering will provide the service for Type I Programs and Systems Engineering will provide the service for Type II Programs.

Effective January 1, 1970 ... All currently available programs have been assigned one of the service classifications previously described for Program Products. Service classifications of individual programs are available from your Data Processing Marketing Representative. Field Engineering will provide these programming services for all users.

Subsequent changes to the service classification of programs will be announced at least six months prior to the effective date of change.

III. Effective June 23, 1969

- All users of IBM data processing equipment who desire IBM assistance in identifying the source of a system problem should contact Field Engineering.
- Field Engineering will offer new emergency services on an hourly (per call) rate basis. These services are Control Panel Wiring and Programming Assistance. Programming Assistance will be provided on those IBM Programs not supported by IBM Central Programming Service and on non-IBM Programs when used in conjunction with IBM equipment. This assistance will include the diagnosis and assessment of specific problems and, when appropriate, corrections which require eight hours or less to complete. Additional systems generation for System Control Programming and systems generation for currently available programs will also be provided on an hourly (per call) basis.

IV. Effective January 1, 1970

- Programming services provided on System Control Programming, or programs with Class A service, which are not at the current level, will be billable at the appropriate FE hourly (per call) rate unless a defect is identified which exists in the current release. Service calls affected by alterations to IBM System Control Programming or programs with Class A service will also be billable.
- When a non-IBM control program is used, and the IBM diagnostics do not pin-point the failure, the time spent by IBM in diagnosing the failure will be billable.

V. In addition to those changes outlined for programming, the following changes will also be made to IBM equipment services:

- At the present time, Field Engineering Services involved in rearranging or relocating rental or purchased IBM equipment at the customer's request are billable at the appropriate FE hourly (per call) rate. Effective January 1, 1970, Systems Installation Physical Planning associated with the rearrangement or relocation will also be billable. IBM will continue to provide these services at no additional charge for the initial installation of equipment delivered by IBM.
- Effective January 1, 1970, increased Field Engineering Services caused by non-IBM communications type alterations or equipment attached to IBM equipment (on rental or maintenance agreement) will be billable at the appropriate FE hourly (per call) rate.

VI. Effective June 23, 1969, we have made the following additions to our Field Engineering hourly (per call) rates. Multiple rate categories are utilized to keep the hourly (per call) rate closely associated with the service required.

Class 1 includes unit record equipment. Class 2 includes 1130, 1800 and System/360 Model 20 Systems and the associated programming. Class 3 includes 1400, 7000, System/360 Model 25 and larger and the associated programming.

Rates for Equipment Services: These remain unchanged and are as follows:

	<u>Class 1</u>	<u>Classes 2 and 3</u>
During our normal working hours	\$18.00	\$22.00
Outside our normal working hours	23.50	28.50

Rates for Programming Services or Assistance: The following rates apply to services on programming or control panel wiring.

	<u>Classes 1 and 2</u>	<u>Class 3</u>
During our normal working hours	\$22.00	\$30.00
Outside our normal working hours	28.50	39.00

Minimum: A minimum charge of one hour applies for service during IBM's normal working hours. When such hourly service is outside our normal working hours, a two-hour minimum charge applies.

Your IBM Data Processing Marketing Representative is prepared to review these services with you in more detail if you desire.

Data Processing Division

**IBM PROGRAM PRODUCTS
FOR THE 1130 AND SYSTEM/360**

IBM announces Program Products for the 1130 Computing System and System/360. The Program Products listed on the reverse side, originally announced as Application Programs (Type II), will be available to anyone under the License Agreement for Program Products.

These application-oriented Program Products are directly usable or easily adaptable to meet your customer's specific requirements in supporting his data processing system.

See DP Letter 269-38 for a general description of Program Products.

See the sales manual for additional information about an individual Program Product, the License Agreement, Program Product licenses, and terms and conditions.

See the Branch Office Manual, DP Orders and Movements, for ordering instructions.

Action Required ... Customers affected by this announcement must be notified after referring to Branch Manager Letter B69-125 for detailed information.

Marketing Compensation Plan ... Commissions will be paid for the licensing of Program Products. For details, see the Marketing Compensation Plan.



C. B. Rogers, Jr.
Vice President - Marketing

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<u>Program Product Name</u>	<u>Program Number</u>	<u>Initial Availability</u>	<u>Monthly Use Charge</u>	<u>Service Classification</u>	<u>Reference</u>
<u>1130 Computing System - Program Products</u>					
Charge Materials Allocation Processor	5711-P11	10/69	\$ 20.00	B	P68-126
Linear Programming System	5711-CO1	6/69	30.00	B	P68-125
<u>System/360 - Program Products</u>					
Advanced Life Information System (DOS), Version 2	5736-N11	7/69	500.00	B	P69-21
Array Processing Subroutine (M44)	5736-P71	7/69	300.00	B	P68-169
Array Processing Subroutine (OS)	5736-P72	7/69	300.00	B	P68-169
Customer Information Control System (OS)	5736-U11	6/69	600.00	B	P69-36
Generalized Information System (OS)	5736-CX1	6/69	1500.00	B	P68-66
Graphic Analysis of Three Dimensional Data (OS)	5736-CX2	12/69	300.00	B	P68-125
Information Management System (OS)	5736-CX3	7/69	600.00	B	P68-66
Medical Information System Programs (DOS), Version 2	5736-H11	6/70	50.00	B	P68-127
Order Allocation System (DOS)	5736-D41	3/70	125.00	B	P69-40
Power System Planning (OS)	5736-U12	9/69	300.00	B	P68-90
Project Management System (OS), Version 3	5736-CP1	9/69	300.00	B	P69-37
Property and Liability Information System (DOS), Version 2	5736-N21	9/69	300.00	B	P69-32
Rigid Frame Selection Program (DOS/OS)	5736-EC1	11/69	25.00	B	P68-172
Text Processor - EDIT/360 (DOS)	5736-K11	10/69	250.00	B	P68-173
Text Processor - PAGINATION/360 (DOS)	5736-K12	7/70	450.00	B	P69-56

Data Processing Division

IBM PROGRAMMING

IBM is announcing a change in the way it will offer programming for IBM data processing equipment.

New IBM Programming includes System Control Programming and Program Products. System Control Programming is fundamental to the operation and maintenance of the system and will be available without charge. Program Products are related to the application of the system to user tasks and will be available to anyone under the License Agreement for IBM Program Products. Charges will be established for each Program Product licensed.

Availability of programs currently in the IBM program libraries (Type I, II, III, IV) remains unchanged and no license is required to use them.

System Control Programming ... System Control Programming is an essential part of a data processing system. It serves as an interface for Program Products as well as user programs and is directly involved with the management of available system resources. System Control Programming controls various input-output devices and the execution of programs.

It provides functional support for varying operational environments such as batch mode for jobs entered locally or remotely, or time sharing of resources during the concurrent execution of other programs. It supports configurations of different minimum requirements in terms of processing units, storage and devices.

Additionally, it includes functions needed to distribute, maintain, and diagnose the elements of an IBM Data Processing System.

Typical functions included in System Control Programming are:

- . Supervisor
- . Job Management
- . System Service
- . Data Management Facilities
- . System Generation/Installation Facilities
- . Diagnostic and Maintenance Facilities
- . Language Facilities for System Modification

System Control Programming will be distributed through the IBM Program Information Department. The customer automatically receives enhancements, diagnostic aids and the coding necessary to maintain interfaces to his current and future programs.

Field Engineering will install System Control Programming when an IBM Central Processing Unit (CPU) or major system component is shipped directly from IBM or when new releases are issued. Unaltered current releases will be installed and serviced with equipment meters in CE mode. (This does not apply to currently announced programs.)

Test allowances cover test time for the Data Processing System including System Control Programming. Systems rerun credit procedures apply to System Control Programming malfunctions.

Program Products ... IBM will charge for a license to use Program Products. Program Products perform an end-use function for the user and usually interface with and rely upon System Control Programming or a currently available control program. Program Products contain logic directly related to the user's data, and are directly usable or adaptable to meet his specific requirements.

The operating environments will be provided for most users by System Control Programming. A small number of users, however, require highly specialized, task oriented programs which though they perform certain System Control Programming functions will be provided as Program Products.

Typical Program Products include:

- . Language Processors
- . Sorts
- . Conversion aid programs
- . General purpose utilities
- . Industry application programs
- . General application programs

No user will need every Program Product. Customers may select only the programs required to support their data processing systems.

Each Program Product customer signs a single License Agreement. Under its terms as many Program Product Licenses as desired may be obtained. Each license authorizes the customer to use the program on a CPU at a mutually designated customer location. Use of the program on more than one CPU requires a separate license for each CPU.

A Program Product announcement will list:

- . Design objectives
- . Minimum system configuration
- . Initial availability date
- . Basic machine readable materials

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- . Basic manuals or publications
- . Service classification
- . Related optional materials, if any

Related optional materials and additional copies of manuals or publications will be offered separately.

Highlights of the Program Product Monthly Use Plan:

- . Minimum period of use is three months
- . Monthly use charges begin one month after shipment

Program Products will be distributed through the IBM Program Information Department.

A Program Product will be offered with one of the three Programming Service Classifications highlighted below:

Class A

Central Programming Service (no charge)

- . Design error correction
- . Automatic distribution of corrections

FE Programming Service (no charge*)

- . Design error verification
- . APAR documentation and submission
- . Application of PTFs or bypass for Severity Code I problems

Class B

Central Programming Service (no charge)

FE Programming Service (hourly, per call basis)

Class C

FE Programming Assistance (hourly, per call basis)

- . Problem diagnosis
- . Corrections requiring eight hours or less

**FE Programming Services for Program Products will be charged for when the call results from a customer error or when no specific problem is identified.*

Changes to the Service Classification of individual programs will be announced at least six months prior to the effective date of change.

Installation and updating of Program Products are the responsibility of the user and equipment meters will not be in CE mode during FE services. Test allowances are not provided. Systems rerun credits will not be granted for Program Product malfunctions. Educational allowances do not apply to Program Products.

Additional Services ... To meet individual requirements for customized services, IBM offers:

- . Central RPO Services
- . Custom Contract Services
- . Systems Engineering Services

Central RPO Services will permit customers to

request alterations or additions to the functional capabilities of Program Products or System Control Programming. These RPOs may be used in conjunction with computing system RPOs to optimize solutions to unique data processing problems.

Refer to 269-37 for Custom Contract Services. Refer to 269-38 for Systems Engineering Services.

Transition to January 1, 1970 ... There is no change in availability of delivered Type I programs, announced improvements to delivered Type I programs, Type I programs announced prior to June 23, 1969, or delivered Type II and III programs. Programs may be ordered without charge. There will be no distribution charge to any user of an applicable IBM CPU.

During the transition period, the programming services provided for Type I and II programs remains unchanged. Field Engineering will provide the service for Type I programs and Systems Engineering will provide the service for Type II programs.

Programming Service Changes Effective January 1, 1970 ... All currently available programs have been assigned, one of the Service Classifications previously described for Program Products. Service Classifications of individual programs and components are contained in the programming section of the sales manual. Field Engineering will provide these programming services for all users.

Subsequent changes to the Service Classification of programs will be announced at least six months prior to the effective date of change.

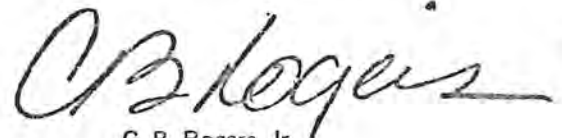
Customers using outdated releases of System Control Programming or programs with Class A service will incur FE Programming Service charges for calls involved if the errors were corrected in the current release. The additional service costs resulting from customer modifications to System Control Programming or IBM serviced programs will be billed.

Additional Information ... Type I. No new major Programming Systems will be designated as Type I. New or enhanced components may be announced and delivered as Type I for 360, 1130 and 1800 systems; some may be Program Products.

Type II and III. No new programs will be designated as Type II or Type III. Announced Type II programs which are not currently available will be delivered as Program Products. (Refer to 269-39 for details).

Marketing Compensation Plan ... Commissions will be paid for the licensing of Program Products. For details, see the Marketing Compensation Plan.

Refer to the sales manual for additional information.



C. B. Rogers, Jr.
Vice President - Marketing

QUESTIONS AND ANSWERS

1. Is there a change in the availability from PID of the IBM Programs available prior to June 23, 1969, and now being used by customers?

No.

2. Can a Program Product function become a part of System Control Programming in a future system?

Yes. Changes in technology could cause this result. For example, while a simulator may be a Program Product, a combined machine/programming embodiment of the same function, such as an Emulator could be made part of System Control Programming.

3. What are System Control Programming interfaces?

They are the specific conventions which enable programs (Program Products and user programs) to communicate with System Control Programming. The interfaces are defined in the external functional SRLs.

4. Will IBM change the System Control Programming interfaces?

It is our objective to minimize changes to the System Control Programming interfaces. Where changes are required, six months advance notice will be provided.

5. What are the Program Product Specifications warranted by IBM?

The Specifications are found in a separate document that will be distributed from PID with the Program Product. The Specifications are not the functional SRL.

6. What is the status of the Statement of Intent procedure?

The Statement of Intent procedure will not be used for Program Products. Statements of Intent will be considered for System Control Programming on the rare occasion when essential planning guidance becomes necessary.

7. Will IBM make improvements to System Control Programming without charge?

Yes, correction of logic or design faults and program support of new operational environments will be provided in System Control Programming. Incremental improvements and support for new devices will be provided if a general requirement exists. Unique alterations may be obtained through Program RPOs or Systems Engineering Services.

8. Will FE provide bypasses or local modifications to get around program errors?

Bypasses or modifications for severity code 1 situations will be provided by FE for System Control Programming without charge. This service will also be provided with Class A service and included in the charge. For Class B and Class C programs, FE will provide the service on an hourly, per call basis.

9. Will system re-run credits be considered for program defects?

Re-run credits may be considered only for System Control Programming defects.

10. What mechanism will be used to advise IBM of the need for new or improved functional, performance, usability requirements?

The Products and Support Requirement Request (PSRR) (120-1702) will continue to be used for this purpose.

11. Can a customer with a license to use a Program Product

modify the Program Product and market the modified program?

IBM does not permit others to license the use of IBM copyrighted Program Products. The customer may market the modification made to the IBM Program Product. However, the user of the modification is required to obtain licenses from IBM for the use of the original Program Product.

12. How many Program Product licenses are required for programs to be executed on multiprocessing configurations?

A separate license is required for each CPU. Directly connected, multi-CPU systems, all controlled by only one supervisor on which job scheduling is independent of the number of CPUs will require a single Program Product license. Thus, MP65 and TSS/M67 require a single license when used in this mode. Shared files are not a form of direct connection.

13. Can peakload work be performed using IBM Program Products on other than the Designated CPU?

No, a Program Product license is required for each CPU that is utilized.

14. How does the copyright apply to Program Products?

The customer is not permitted to copy or reprint any materials supplied under the License Agreement except therein provided, and is obligated to comply with all applicable copyright laws and regulations.

15. Will Central Programming Services be available for Program Products announced with Class A or Class B Service?

Yes, when initially made available. However, the intent is to bring the Program Product up to its Specifications and then change its service classification to Class C. Six months' notice will be given prior to any changes in service classification.

16. How will the customer correct design faults or errors occurring in Class C Program Products?

The customer can either provide his own corrections, use Systems Engineering Service or use FE Programming Assistance on a per call basis.

17. Can a user of an IBM System sell machine time and include the use of his licensed Program Product?

Yes, however, no copies of the Program Product are to be removed from the Designated Location and restrictions on disclosure must be observed.

18. When can a Program Product be transmitted over a communication line?

Transmission of a Program Product to another location is permitted only when the CPU at the receiving location is being used as an emergency backup system to the licensed CPU system.

19. Prior to installing his own system, is it necessary for a customer to obtain a Program Product license in order to utilize his test time allowance at an IBM Datacenter?

No. The Datacenter will permit the customer to use the Program Products for which the Datacenter CPU is licensed. The customer must obtain a license to use any other Program Products.

20. What is the Designated CPU for a customer licensed to use a Program Product but without a system installed?

Wherever the customer wishes to use a program product on other than a Designated CPU (except for emergency backup) special arrangements must be negotiated.

21. Can programs offered by other companies, including

software houses, be proposed or used for benchmarking?

No. The same groundrules that apply to hardware also apply to Program Products.

22. Can a Program Product be used on a trial basis by a customer prior to obtaining a license for use?

No.

23. Will reasonable quantities of Program Product publications be provided to customers without charge?

Each Program Product announcement will specify a fixed number of manuals to be provided under the license. Additional copies may be purchased.

24. What is the purpose of the sample data provided with the Program Product?

The data will assure that the copy of the program is valid. It is not intended to test the functional capability of the program.

25. What education and assistance will be provided to assist installing and using IBM Program Products?

Both Systems Engineering Services and Professional Education courses are available at a charge.

Attached: SHARE XXXIII Meeting Remarks

Speaker: D.T. Kearns
Vice President
Management Staff Services
Data Processing Division
International Business Machines Corporation

Site: Statler Hilton Hotel
Boston, Massachusetts

Date: August 20, 1969

Good morning. And thank you, John.

Your executive board's request for an IBM speaker to specifically address the recent announcements was a welcome one. For obvious reasons, we want to insure that these announcements are well understood.

We realize that you still may have some unanswered questions regarding your own data processing installations. And, since each installation is unique, it would be impossible to answer individual questions in this limited time. We do, however, expect your marketing representative to work directly with you on these.

So today my primary intention is to reiterate and possibly clarify some of the major points in the recent policy changes and also address some of the problem areas.

To begin, let me point out one thing: before our announcements, many customers--many of you in fact--indicated that you would like more latitude in planning your data processing needs.

Most everyone will agree that you now have more latitude... in education, systems engineering services, or programming. You now can better determine specifically what you need from IBM and you will pay only for those products or services you desire.

As a result, we realize our customers will be looking more closely at the total marketplace. Essentially, you are looking for the most for your money. We are confident IBM's products and services will continue to provide this...in both quality and dollar value.

The fact is that changes throughout our industry were--and are--inevitable. Despite fantastic growth over the past 15 to 20 years, the industry's marketing practices have remained fairly constant.

This is a time in which you--our customers--are becoming so sophisticated that you are demanding the opportunity to be more selective in determining your own data processing needs.

Let me focus for a moment on the primary role of your marketing representative in the new environment. His major responsibilities include:

- * Recommending and selling those products and services which will help you achieve your objectives.
- * Maintaining customer satisfaction with these products and services.
- * Representing IBM in all negotiations and transactions with you.
- * And maintaining a thorough knowledge of our products and services in order to keep you constantly informed.

Basically, he is the man who will continue to have primary account sales responsibility.

Now let's look at the major changes we have announced.

First--Systems Engineering Services.

Let me start with a definition. Systems Engineering Services are provided, for a charge, for a defined scope of effort directed towards assisting you with your specific data processing tasks...tasks such as:

- * Systems analysis and design
- * Application design and development
- * Program design and development
- * Conversion and implementation planning
- * Installation evaluation and improvement

The systems engineering skills required to provide these professional services will vary...relative to the complexity of the system involved and the customer's individual application objectives.

Recognizing this, our SE Services are being offered in three classifications...each with its own standard rate. These skills are broken down into what are called: basic systems... general systems...and complex systems.

In short, you yourselves determine the amount of assistance you need...and the specific task that should be accomplished in a specified amount of time.

You pay only for that service.

I would like you to remember two significant points, however.

- * The type of assistance provided for you in the past by our Systems Engineers in the selection and understanding of our products and services continues to be part of IBM's marketing function.
- * To enhance this capability we are transferring a number of highly-qualified systems engineers into our marketing force.

Now, in addition to Systems Engineering Services, we have also instituted a new service...Custom Contract Services.

Under a Custom Contract, IBM will assume responsibility for the actual performance of customer tasks and for the accomplishment of specific projects. These services will be concentrated in such areas as systems design and analysis...application and program development...and systems installation and evaluation.

Currently, IBM's largest custom contract is in the space program. We now see needs in many other areas of the marketplace. To provide the nucleus for this custom contract service we have transferred to the Data Processing Division a sizeable group from our Federal Systems organization and assigned a cadre of experienced talent to work on commercial accounts.

Some examples of custom contracts already underway include:

- * the design and implementation of an automated police car dispatching system for one of the largest cities in the world.
- * the design of a tele-processing system for a west coast insurance company.
- * a nation-wide credit card sales authorization system.
- * designing and implementing a third generation market data service for the New York Stock Exchange.
- * and, just last week, we contracted to establish the total information system for a large insurance company in the Southwest. This is a two-phase design and implementation contract which will run more than two years and incorporates two or our new program products.

Incidentally, several of the people working on this contract just came off the Federal Systems programming team in Houston which helped put Apollo 11 on the moon.

I think it gives you some idea of the quality of people we are devoting to Custom Contract Services.

As you know, we have also made significant changes in education...more specifically, the pricing of individual courses. These professional and technical courses are generally designed to add to an individual's basic knowledge of DP equipment and to teach specific equipment and programming skills.

However, there are still courses for which there is no charge. Systems Features Instruction courses are among these. They provide a basic understanding of DP equipment but do not teach skills associated with its use. Customer executive seminars...industry seminars and promotional sessions also continue to be provided as part of our marketing function.

Because these changes in Systems Engineering and Education represent a significant departure from past practices and represent major changes in IBM's daily relationships with many of you--there will be a six-month transition period ending December 31st of this year.

This transition period was designated so that the necessary adjustments to the new environment can be made without significantly impacting the flow of your operations.

As a result, we have waived charges for current IBM customers who enroll in education courses which we announced before June 23rd and which commence prior to January 1st.

We have also waived Systems Engineering Service charges during this period for those services which we and our customers had mutually planned before the announcements.

We know you understand that the transition period ends December 31st but would like to reemphasize it once more. I'm not naive enough to think that a fixed transition cutoff date does not create particular problems for many people in this room. I know you've communicated these problems to your marketing representatives and appreciate that you are trying to get this work done before the end of the year.

Right now, a December 31st cutoff date may seem tough and arbitrary. However, to some customers, another date at a future time would also appear arbitrary. Moreover, working in both the old and new environments over an extended period would more than likely pose increased difficulties for both of us.

Now I'd like to give you some background information on the planning that went into our new way of doing business.

For more than a year prior to the June 23rd announcements, IBM scrutinized every aspect of the proposed changes and many alternatives were reviewed.

A full-time task force was organized last January and eventually several hundred of our top people--from marketing, our Systems Development Division, and Group and Corporate headquarters--were involved.

Our intent was to understand the full implications of these announcements and their possible effect, not only from our standpoint but from the customer's as well.

At announcement time, our people were supplied with comprehensive materials and schooled in their branch offices so that accurate information could be passed on to you.

We also established a hotline from all branch locations directly into division headquarters in White Plains, New York. The purpose of this hotline was to provide consistently correct answers for both our own people and their customers...to insure that the application of our new practices would be consistent.

The questions are tapering off now but our regional and headquarters people will continue to be as sensitive as ever to your needs. Many of the questions dealt with individual customer situations so I'll touch only the major areas of concern right now...things such as program products...field engineering...the price adjustment.

Let's now focus on programming.

As you know, all new IBM programming releases are being designated as either System Control Programming or Program Products...with the exception of certain improvements or modifications to Type 1 programs.

All programs which were being distributed from IBM's library before June 23rd were distributed without charge, and will continue to be distributed without charge to all users.

Before proceeding further, let's define the specific difference between Systems Control Programs and Program Products.

System Control Programming is related directly to the design of a system...such things as loading, initializing, scheduling, supervising and data management. This type of programming will be provided by IBM as part of the basic hardware.

On the other hand, Program Products relate to the application of a system to user tasks...such as language compilers, general purpose utility programs and industry or other application programs. These products are licensed and charged for.

Before answering any programming questions we must understand IBM's basic philosophy regarding programming.

Our concern in programming rests in several areas:

- * We want to provide support to our users at reasonable costs.
- * Through this support we hope your systems will expand into new environments which will be useful to you...environments such as data bases and remote access computing.
- * And, we want to provide the customer with a selection of programs.

In order to meet these objectives there are two key factors: one is protection, and the other is providing programs at the lowest price possible.

As far as program prices go, it is essential that the small user be able to utilize the program on the same bases as larger users--immediate value.

Programming...or program development...has a fixed cost regardless of the number of users. Therefore the price of programs naturally depends on the number of users and the life of the program.

A large percentage of our marketplace has multiple CPUs. Therefore, when reflecting on the basis of one program license for each CPU, the larger customer must make a determination as to whether or not he will gain operational value if he obtains a license for more than one CPU. The value of a program depends upon the use the customer makes of that program.

We recognize there are some unique systems using two CPUs which are in effect--a single system. They have a single job stream...and they share one memory. Because of this we have made an exception and require only one license for the Model 67 and MP-65 since these systems share resources and memory when operating in a multi-processing mode.

This is not the case with shared file systems or the ASP system. In these cases, wherever the program will be executed in more than one CPU, a separate license is required for each CPU.

Now, let's consider protection. If we cannot protect a program...then a marketplace simply does not exist for programs. The first user or users would have to pay the total cost for the development of the program.

Also, our protection is based on our ability to control the way in which the program is used. That control will not be there if we sell the program outright.

In addition, we believe our standard agreements with our customers, plus copyrights, should give us adequate protection.

Above everything else, we want to minimize the impact this will make on your operations. We want to keep program prices as low as possible. And we also want to allow you as much flexibility as possible.

It is important for you to understand that the monthly use concept is designed to make it inexpensive to use a program for a three-month period of time to cover a peak load.

And under licenses you receive multiple copies of a program... For instance, in an emergency, it is legitimate to use your program without another license on a backup machine either in your company or on the outside.

Many of you have also raised questions regarding changes in our field engineering services.

It is important that you understand that the great majority of our field engineering equipment services continue as in the past.

However, the Field Engineering Division will now assume a broader role in providing services for IBM programming. This includes responsibility for furnishing field services on all IBM supported programming and responding to emergency calls on all other programming used on IBM systems.

This greater field engineering involvement in programming falls into three basic areas--problem determination...programming services...and programming assistance.

Problem determination is simply finding whether a particular component of a system is malfunctioning, and who has the responsibility for fixing it. It does not include pinpointing the exact location or cause of a problem or correcting it.

As you know, a problem in data processing installation today can be attributed to a number of things: IBM programs or hardware; another vendor's programs or hardware, the customer's program itself, or the operator.

I'm sure you are all familiar with our former practice: if you have a programming problem call an IBM systems engineer if he is on-site; otherwise, contact IBM field engineering.

From now on, all users who desire our assistance in identifying the source of a system problem should contact our Field Engineering Division directly.

Now, I'd like to talk about programming services. As you know, field engineering has been responsible for supporting Type 1 programs since 1964. In the new environment, the FE Division is responsible for all field maintenance activity on currently available programs...system control programming... and program products.

Program products are offered with one of three programming service classifications.

Class A programs include, at no charge, Central Programming Service for design error correction and automatic distribution of corrections.

Field Engineering Programming Service is also provided at no charge for design error verification, APAR documentation and submission, and application of Program Temporary Fixes, or development of an emergency by-pass when required.

Class B programs include Central Programming Service at no charge. However, FE Programming Services will be charged on an hourly, per call basis.

Class C programs can receive FE Programming Assistance on an hourly, per call basis for problem diagnosis and any corrections we feel will require eight hours or less. If it takes longer, the problem will be referred to Systems Engineering Services.

I'd like to point out that calls will be charged on a program product if the problem is caused by a user error, a misunderstanding of the specification, or for other reasons which do not justify submission of an APAR.

Our goal is to charge only those people to whom this service is rendered. This is more equitable for two reasons:

First, our experience is that 80 percent of our total calls fall into this category. I'm sure you will agree that the majority of these calls can be avoided by better training which results in better programming.

Secondly, since the number of these calls depends on the customer's capability, we have found a significant difference in the needs of our individual customers. For example, our Type 1 program service statistics show that 20 percent of our customers have received 90 percent of our effort.

In the long run, I think this policy will benefit both you and IBM. It will place an emphasis on really good operations from your end and put more stress on quality programs and diagnostics from us.

Looking to January 1 and the end of the transition period, I'd like to remind you that calls on System Control Programming, Program Products, or other programs with Class "A" service designations will be charged if these programs are not at the current level.

However, if there is a bug in a program which you have not brought up to the current level--and we have not fixed this in the most current level--you will not be charged.

Either way, IBM urges all of you to move your Class "A" service programs up to current levels.

I would also like to point out that in the future we will give six months notification whenever we are going to change classification. We will change classification only when APAR activity has been reduced to an appropriate level.

Before concluding this topic, let me reemphasize that the great majority of IBM's FE Services have not been changed. For those that have--programming--we are assigning increased resources to our Field Engineering Division.

Another area in which questions have frequently arisen is the rights in data clause in our Systems Engineering Service agreements.

With the Agreement for IBM Systems Engineering Services, we have not changed our relationship with regard to customer's confidential information.

IBM will continue to make every effort to protect your confidential data. SE Service is offered to assist customers in the accomplishment of their data processing activities, therefore the customer retains full rights to the work. While making every effort to protect your confidential information, we do retain the option--based upon the nature of SE activities--to apply similar techniques in order to advance data processing in general.

Now, ladies and gentlemen, I'd like to discuss the three percent price reduction.

Let me point out that this reduction reflects our best approximation of those marketing expenses no longer provided for in prices of currently announced equipment.

Many of you will be able to take advantage of the full amount of the equipment price decrease while others will find costs of data processing increasing even though payment to IBM will not necessarily increase.

Here are some major points to take into account when thinking about the adjustment.

- * The price reduction spans our entire product line, NOT 360 only. When thinking about the adjustment and cost, one should consider total installation costs; not just one particular installation being installed during a short-range period.
- * Also, most 360 programming support is already in the public domain and will continue to be available without charge. IBM has already incurred these costs. And this will include some future improvements to Type 1 programs.
- * Lastly, we considered the fact that support requirements vary widely by account.

Our intent in all of these instances was to be as equitable as possible to all our customers.

Ladies and gentlemen, the changes we've talked about today and the innovations in the industry which are being made are going to have a profound effect not only on IBM but on every one of you.

As far as IBM is concerned, our success will be determined, as always, by our responsiveness to the marketplace. More than ever before, each IBM product and service will have to stand the test of competition. Our people, as before, will be held responsible for their product or service's performance in your installations. And we are committing additional dollars, training and manpower to increase our standards of excellence.

We are all part of the fastest growing, most exciting and dynamic industry in the world today.

It is changing.

It is creating opportunity. And, it is offering new challenges which are different from any that we have met before.

There is an old saying: "any change -- even a change for the better -- is always accompanied by drawbacks and discomforts."

Yet, it is also true that "there is nothing permanent except change."

Modern society does not exist by technical expertise alone. Management -- especially you and your management -- faces the challenge of balancing financial and performance objectives every day.

That is a tough job any time -- but in an era of spiraling inflation -- it is even tougher. It introduces a new dimension to everyone's job.

Financial planning has always been important, but today's changes make it even more important...and difficult.

You, the DP executive must be more of a business manager than in the past. More than ever before you must balance the productivity of your installation...you must make tradeoffs... you must maximize your resources.

Those of you who successfully combine business planning with technical expertise will represent the new breed of computer managers and executives. You will be the most sought after individuals in the industry.

As representatives of leading edge customers, I know challenge is nothing new. IBM is confident you will meet these latest challenges and together we will convert them into new opportunities.

Thank you.

"SHARE and the New IBM Pricing Policy"

Remarks made

by

T. A. Dolotta (PTS)

(Princeton Time Sharing Services, Inc.)

Member of the SHARE Executive Board

at

The General Session, SHARE XXXIII, Wednesday, August 20, 1969

Boston, Mass.

"SHARE and the New IBM Pricing Policy"

Remarks made by T. A. Dolotta (PTS)

IBM's June 23rd "unbundling" announcement has obliged the SHARE Executive Board to re-examine SHARE's role in serving its member installations, as well as SHARE's position vis-à-vis IBM and other members of the data processing community.

The following four observations become evident as a result of this examination:

1. SHARE is still an IBM User Group.
2. The IBM June 23rd announcement has fundamentally changed the relationship of SHARE to its member installations.
3. The June 23rd announcement has fundamentally changed the relationship of SHARE to vendors of products and services in the data processing field.
4. The June 23rd announcement has fundamentally affected the freedom of interchange of information among SHARE installations, and among individuals from SHARE installations at SHARE meetings.

The SHARE Executive Board is also fully aware, after carefully examining and discussing the June 23rd announcement, that many questions remain unanswered. For example: "Which software products will qualify in the future as 'Fundamental to the operation and maintenance of the system'?" Obviously, the phrase "fundamental to the operation and maintenance of the system" will mean different things to different people.

The first question the SHARE Executive Board considered was whether CPU types and sizes were still a valid criterion for bringing together a group of computer users. The SHARE Executive Board, after considerable discussion, came to the realization that the June 23rd announcement has implicitly defined for us a new entity consisting of a CPU and of the programs which are, in IBM's words, "fundamental to the operation and maintenance of the system". We shall call this entity an "Extended Machine". This machine presents what are essentially standard hardware and software interfaces to the outside world, and is therefore a proper basis for the existence of a User Group. It also fits the definition of a "SHARE machine".

The SHARE Executive Board realizes that SHARE's traditional role in keeping its members informed about the various aspects of SHARE machines remains unchanged. However, the separate pricing of "program products" by IBM obligates SHARE to expose its members to alternative products, whether or not such products are marketed by IBM. Carrying this obligation to its full extent, it is therefore SHARE's obligation to be active in informing its membership about all products and services which fit the standard hardware, software, and firmware interfaces of the SHARE machines.

One consequence of SHARE's obligation to explore all such products and services is that SHARE must allow the presentation of factual information by the implementors of such products. This represents a major change in SHARE's position vis-à-vis vendors of data processing services and products. The major challenge to SHARE in this situation is to prevent the overenthusiastic marketing of such products from destroying the nature of SHARE meetings.

New interrelationships among participants in SHARE meetings present difficulties which pose a challenge to every individual who attends such meetings. The purpose of SHARE meetings must be the dissemination of factual information about products, and not the marketing of these products. There are other forums, such as the Joint Computer Conferences' Exhibits, at which this marketing information can be properly disseminated.

SHARE's value to its members has, up to now, been as a technical forum. Its continued value depends entirely upon the preservation of this mode of operation, while at the same time SHARE adapts itself to its changed environment with a minimum of disruption of its current activities. In point of fact, SHARE now has the opportunity of becoming more useful to its member organizations, because it is very evident that, as a result of the June 23rd announcement, the relations between the individual SHARE member installations and IBM will be more complicated than in the past.

Thus, because of its changed environment, SHARE itself must adapt if it is to continue to serve its membership and to fulfill its goals, which are the interchange of technical information and the setting of standards.

The changes required to bring about this adaptation will have to be implemented by the Executive Board you are about to elect. In the few weeks since the June 23rd announcement, the present Executive Board has only had the time to outline the various necessary and desirable changes, and is offering this outline as a legacy, hopefully helpful, to the new Executive Board. It is the hope of the current Executive Board that all such changes can be presented to the membership before the end of this calendar year, and be implemented in time for SHARE XXXIV in March of 1970, in Denver.

The changes which SHARE must make in its "modus operandi" seem to us to fall into three categories, namely:

1. Internal structure of SHARE.
2. Qualifications for membership and for attendance at SHARE meetings.
3. Legal aspects of SHARE's existence.

Let me discuss these three points, one by one:

1. The June 23rd announcement was IBM's reaction to the increasing pressure for separate and competitive offerings in the computer market place, especially with respect to software beyond the level of basic control programs, and to peripheral hardware. In view of this, SHARE might wish to, perhaps, adopt the following division structure:

I. MANAGEMENT DIVISION:

Contract Relationships

Third Party Leasing

Education

System Evaluation

II. BASIC SYSTEMS DIVISION:

OS/360

DOS

ASP

HASP

Model 44

Model 91

TSS

CP/67

III. PROGRAM PRODUCTS DIVISION:

A. Languages

Assembler

Cobol

Fortran

PL/I

B. Applications

Applied Management Science

Systems Simulation

Text and Information Storage and Retrieval

Data Base and Data Management Systems

Mathematical Programming

Numerical Analysis

Symbolic Mathematics

C. Interactive Subsystems

CALL/360

CPS

APL

IV. INTEGRATED SYSTEMS DIVISION:

Graphics Systems

Design Automation

Advanced Data Base Task Group

Of course, this structure will evolve as this plan nears full implementation. Some current projects may be split across divisions and others may be combined. It should be emphasized, however, that in most instances, the impact of these changes, as felt by any one working project, will be slight. A very active and flexible "Birds-of-a-Feather" activity is a necessary adjunct to this division structure. The three standing committees (Administration, External Standards, and Advanced Planning) should continue to operate as at present.

This structure is not complete. For instance, you may have observed that no slot exists in it, as yet, for competitive

ancillary hardware products, such as remote terminals, storage devices, extended memories, front-end processors, etc.

2. In order to provide the SHARE membership with information about competitive products which fit the standard interfaces of the SHARE machine, it might become necessary for SHARE to establish policies and procedures for controlling the attendance and behavior, at SHARE meetings, of vendors of various products and services which are of interest to the SHARE membership. The purpose of such policies and practices would be to allow the orderly exchange of technical information while preventing the over-zealous marketing of such competing products.

Note that those individuals and organizational entities within IBM that are concerned with support services or "program products" will be considered as vendors and will relate to SHARE in the same way as any other vendor. Again, this change is not expected to alter drastically the way in which many projects operate: the fundamental goal of improving program products of all vendors through such means as project resolutions will remain. Note, however, that confidential relationships, such as "three-by-three" committees, with any one vendor will occur rarely, if ever.

Some initial reactions indicate a possible reluctance on the part of user installations to provide, through SHARE projects, free consulting services to IBM (or other vendors) to be used toward the development of products for which such SHARE installation would later have to pay. However, the situation is basically no different from what has existed in the past in many areas, and it is felt that installations would rather pay for a product which reflects their needs than for one which does not.

3. SHARE has relied on the professional integrity of its members and meeting attendees to assure that information obtained through SHARE Channels is not misused, and that the occasion of a meeting is not abused for selfish interests. With remarkably few exceptions (considering the present size of SHARE) this confidence has been justified. However, the new ways of doing business and the broader spectrum of participation are expected to increase the opportunities and pressures for less than ethical behavior within the context of SHARE activities. It is recommended that close monitoring of all activities offering such opportunities be undertaken as a regular function of SHARE administration.

The aims of SHARE can be expected, from time to time, to be in conflict with the immediate objectives of various vendors and also, perhaps, of individual installations. For example, a comparative evaluation of competing program products by a competent SHARE project would be very beneficial for the SHARE membership, but might cause distress to some vendor, or vendors. In order to assure that adequate safeguards are taken to protect the organization from a legal point of view, and in order to cope with the nuisance of possible legal actions, however invalid, SHARE should be

prepared to secure qualified legal counsel on a continuing basis.

SHARE should also, for the very same reason, seriously consider incorporating. This would protect the membership and officers of SHARE against individual legal actions and would assure SHARE of a set of consistent and legally valid by-laws.

In conclusion, let me remind all of you that, regardless of any announcements, pronouncements, and noise of any other sort, there continues to exist, among the SHARE membership, a very large thread of communality of interest which binds us together. The various reforms which I have described are meant only to enable SHARE to better adapt itself to a somewhat changed environment, and thus to better serve this common interest of ours.