



INTEROFFICE MEMORANDUM

TO: Distribution

DATE: February 1, 1994
FROM: Gresham T. Brebach, Jr.
DEPT.: Digital Consulting
DTN: 233-9360
MAIL STOP: MLO10-2/A55

SUBJECT: "Digital Consulting Looking Forward"

I am pleased to send you the enclosed document entitled "Digital Consulting - Looking Forward". For several weeks the Digital Consulting Management Team has been collaborating on this document as a vehicle for communicating a clearly-articulated model for our strategy, operating approach, and organization. I believe you will find this to be a very valuable foundation for understanding our future direction, and for communicating that to the rest of your organization.

The document builds upon the key points made when I had the opportunity to address you at the Worldwide Marketing and Sales Conference in Brussels.

In mid-February, our recently-appointed Consulting Services Principals and other key Digital Consulting field managers will participate in a training session that elaborates on these concepts and explores their implementation implications.

As the document implies, we are well positioned to achieve some very strong results, but we have much work to do to build the skills, processes, and culture required to maximize our potential. With the benefit of a broad-based understanding of the directions and values described in the Looking Forward document, we will not only be looking forward, but aggressively moving forward to achieve those goals. We ask for your continued support in this effort.

Regards,

Gresham T. Brebach, Jr.
Vice President
Digital Consulting

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Attachment

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LOOKING FORWARD



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LOOKING FORWARD

DIGITAL CONSULTING - LOOKING FORWARD

The purpose of this document is to provide a thorough context for the transformation efforts underway within Digital Consulting. The document summarizes key elements of our strategy and operating plans. Though the necessary details of these plans will continue to emerge as our organization begins to work with this strategy, the direction, operating models, and initiatives described herein provide a clear and compelling framework for how we can maximize the value of the Digital Consulting opportunity to Digital Equipment Corporation.

The first section on strategic direction summarizes the opportunity, vision, missions and strategies for Digital Consulting in total. It defines our primary consulting practice areas, our expected external and internal positioning, and the business results we believe are reasonable to expect with successful implementation of our plan. We can build on Digital's position as a provider of a broad array of technology-based professional services, grow the business at an attractive rate and significantly increase contribution over the next several years while continuing to be an asset to Digital's other businesses.

Section two describes the current direction of the Digital Consulting Value Chain activities and the resulting business system we intend to implement. By implementing clear and consistent work processes, organization and strategies across Digital Consulting we will improve our responsiveness, service quality and business results significantly.

The third section describes the organizational approach needed to achieve these results. It describes a very flexible organization model which aligns with areas, practices and industries/markets through the use of teaming concepts and "affinity groups". It also describes the key principles, concepts and roles needed to make this organization function effectively and efficiently.

Sections four, five and six define the practice focus and core competences of our three business practices: Strategic Services, Integration Services and Operations Management Services. These sections also outline several initiatives being pursued to achieve our business objectives.

Lastly, section seven summarizes our perspectives on the additional organizational developments needed to successfully implement the described plans and operating models. While this requires creating some new mind sets within Digital regarding these activities, we believe that the results will be significant and that we are already making progress against this overall agenda.

Through this document, Digital Consulting personnel worldwide, and others within Digital, will understand our direction and the practices we intend to follow to achieve our goals.

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THE OPPORTUNITY

The markets in which Digital Consulting will compete are very large and projected to grow steadily through the remainder of this decade. This growth will be driven by the continued rapid pace of technology development and by our clients' needs for assistance in assimilating that technology. None of these market segments is highly concentrated, as a wide variety of competitors find numerous ways of differentiating themselves based on the diversity of client requirements and the higher value-added associated with these services.

With FY93 revenue of over \$2.3 billion in these segments, Digital already has a substantial base of activity and competence on which to build. Nevertheless, Digital's share position in each of these segments is small relative to the market leaders. As we successfully exploit Digital's activity base, technology base and ability to invest in new opportunities, we believe Digital will substantially increase its position in these business areas.

The essence of Digital Consulting's strategy must be to capitalize on the opportunities provided by our current positions, the strengths of the Corporation as a whole, and the emerging market trends. In each area of market opportunity we have strengths on which to build. There are also market trends which play to our strengths. Our ability to focus on these opportunities has been significantly enhanced by pulling our various professional service entities together into an integrated business specifically chartered to strengthen Digital's position as a provider of professional services.

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THE OPPORTUNITY

<u>Market Segment</u>	<u>Approx. 1993 Market Size</u>	<u>Est. 1993 - 98 Market Growth</u>	<u>Opportunities for Digital</u>
Management & Technology Consulting	\$6.2B	13%	<ul style="list-style-type: none"> . Exploit benchmarking capabilities . Build on leading BPR position . Solidify IT strategy offerings/position . Capitalize on client/server experience . Develop leading perspectives on organizational impact
Management & Technology Education	\$3.2B	9%	<ul style="list-style-type: none"> . Solidify and re-engineer core product training business . Expand third-party and custom training solutions . Extend into applications and BPR/IT concepts . Use as a differentiator when linked to other services
Systems Integration and Systems Development	\$27.3B	12%	<ul style="list-style-type: none"> . Build on client/server to attack large SI market . Leverage frameworks, tools and methodologies to build systems development presence . Capitalize on network integration reputation
Custom Hardware Integration	\$3.5B	18%	<ul style="list-style-type: none"> . Focus on custom products in hardware, storage systems and real-time computing . Exploit Alpha design and integration capabilities . Use as a competitive differentiator in the integration market
Outsourcing	\$9.6B	17%	<ul style="list-style-type: none"> . Target Digital installed base . Capitalize on clients who are migrating to client/server . Develop desktop services/LAN management . Focus on application support/maintenance
Information Asset Protection Services	\$1.5B	25 - 30%	<ul style="list-style-type: none"> . Focus on disaster recovery and security services . Exploit operations centers and internally - required core competences

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DIGITAL CONSULTING - VISION

Based on our current position, our core competencies and capabilities, and the business opportunities available to us, our vision is for Digital Consulting to be the premier provider of professional services helping clients understand, develop and implement integrated solutions to their most complex business problems.

- Everything we do is based on an understanding of technology and its application to solving business problems. Consequently, we will create an environment that stimulates creative and innovative use of information technology.
- We have, and will substantially reinforce, a reputation for being more keenly focused on emerging trends - in technology, in business solutions, and in management concepts - than other competitors in this field.
- Our focus on distinctive business practices will yield a reputation for quality and will result in best-in-class competitive performance
- We intend to build a great organization able to attract, develop, excite and retain exceptional people.
- At the end of the day, we choose to be judged by our clients' success

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VISION



**To be recognized as the leading provider of
integrated solutions to complex business
problems**

CORE COMPETENCIES AND CAPABILITIES

Digital Consulting's core competencies and capabilities are drawn both from Digital Equipment Corporation's technology business and from its own substantial base of consulting.

In the traditional business, Digital's technology base is centered on the areas driving much of the change now taking place in our customers' environments. We initiated the concepts of distributed computing and computer networking, have a reputation for excellence in product and systems engineering, and have continued to drive a significant share of the key developments shaping the future of this industry.

We also have a breadth of relationships and resources covering all industries on a global basis. This gives us a perspective on change that few companies can match. It also gives us a favorable position with a very large base of potential clients based on 30 years of relationship building. These are assets that no pure consulting firm can afford to match.

Through years of experience Digital Consulting has developed an equally impressive base of capabilities in its own right. Our current size puts us among the largest consulting firms in the world. Our ability to enhance those resources through continuing investment in capability building, tools, methodologies, and solution building blocks is substantial. And our understanding of the business and commitment to take it forward are stronger than they have ever been.

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CORE COMPETENCIES AND CAPABILITIES

DIGITAL EQUIPMENT CORE COMPETENCIES AND CAPABILITIES

Industry-leading technology in key areas such as client/server computing, networking, object-oriented technology, standard-compliant operating systems, high-performance processing technology, microcomputing, and knowledge-based systems

Substantial customer base

Global market coverage in 100 countries through a sales and marketing organization of over 7000 people

Over 1000 marketing partners

Customer-focused business units chartered to understand key trends and technology-based opportunities specific to their respective industries

A senior leadership team committed to success in each of our six key business areas; systems, storage, components, PCs, multi-vendor customer service, and Digital Consulting

DIGITAL CONSULTING CORE COMPETENCIES AND CAPABILITIES

15,000 professionals in 100 countries

140 professional service centers

70 training centers

150 operations centers

Engagement management methodologies developed through more than 30 years experience

Industry leading analysis, development and solutions products to provide highly leveraged services

Annual investment in new tools and methodologies of over \$35 million

A leadership team with broad experience in these businesses - both inside and outside of Digital

A forward-looking and entrepreneurial spirit that keeps us focused on emerging technologies and concepts and allows us to capitalize on expertise gained

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DIGITAL CONSULTING - THREE COMPLEMENTARY MISSIONS

To achieve our vision and realize our potential Digital Consulting must pursue three simultaneous and mutually reinforcing missions.

The first of these missions deals with our value to our clients, which will be the ultimate determination of the extent of our business opportunity. Our positioning in this regard is to be a source of help to our clients in understanding and applying the latest technologies and technology-facilitated business concepts to their operations. If we do this well we will provide value to them far in excess of our fees and will develop strong long-term relationships with them.

Our reputation for excellence and the breadth of our client relationships will be influenced by Digital's overall success in the marketplace. Thus we have a second mission to do everything we can to positively influence the success of Digital's other business units. Our most positive impact on Digital will be to provide a source of high-quality professional services to Digital's customers which will increase Digital's position as a strategic supplier and facilitate a more proactive posture toward technology application by those customers.

This second mission, however, cannot be construed as a bias that would negatively impact the quality of our services. We must convince them that our first objective is to provide them the most objective perspectives on their specific needs.

Lastly, we have the opportunity and responsibility to develop this business into a highly successful operating unit in its own right, and that by doing so we reinforce our ability to achieve success relative to the other two objectives. On a fundamental level we see no conflict between these priorities, and we expect this to contribute significantly to the creation of value for Digital's shareholders.

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THREE COMPLEMENTARY MISSIONS

DELIVER VALUE TO OUR CLIENTS

To help our clients achieve significant improvements in their capabilities and performance by assisting them in applying new information technologies and new management concepts in their businesses.

DELIVER VALUE TO DIGITAL EQUIPMENT CORPORATION

To help Digital achieve its strategic goals by providing a source of Best-in-Class professional services that are complementary to Digital's other Business Units and enhance Digital's ability to offer highly successful solutions to its customers.

ACHIEVE AND SUSTAIN COMMERCIAL SUCCESS

To build a global consulting business unit - recognized worldwide for its distinctive competencies and capabilities achieving sustained growth, and earnings above market averages, with the reputation for developing and retaining top-quality and highly motivated people.

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SCOPE OF PRACTICE

To capitalize on the opportunities facing us and achieve our mission we have defined the scope of our consulting practice to focus on three primary areas: Strategic Services, Integration Services and Operations Management Services. We see each of these areas as encompassing significant existing core competencies and being in demand from a broad set of clients and potential clients. These complementary service areas address the full range of client needs, from assessment of business need, to creation of IT strategy, to solution creation, to solution management. Furthermore, we see these three practice areas as being mutually supportive from the perspective of skills and client need.

Strategic Services includes consulting activities in operations and functional effectiveness, fundamental business transformation based on re-engineering concepts, IT strategy and planning, new organizational concepts and requirements driven by new processes and new technology, and a variety of skill development programs from our Learning Services operations.

Integration Services includes consulting activities in systems development, integration and implementation. Our integration and development capabilities in this area include software, custom hardware, networking and engagement management. These activities cover the spectrum from full custom solutions to the implementation of pre-defined solutions in cooperation with alliance partners.

Operations Management Services includes consulting activities in operations network and process outsourcing, information asset security, disaster recovery and a range of related operations support services. As a primary user of these services, Digital will be but one of an extensive list of outsourcing clients. We will continue to focus on growing our external services business.

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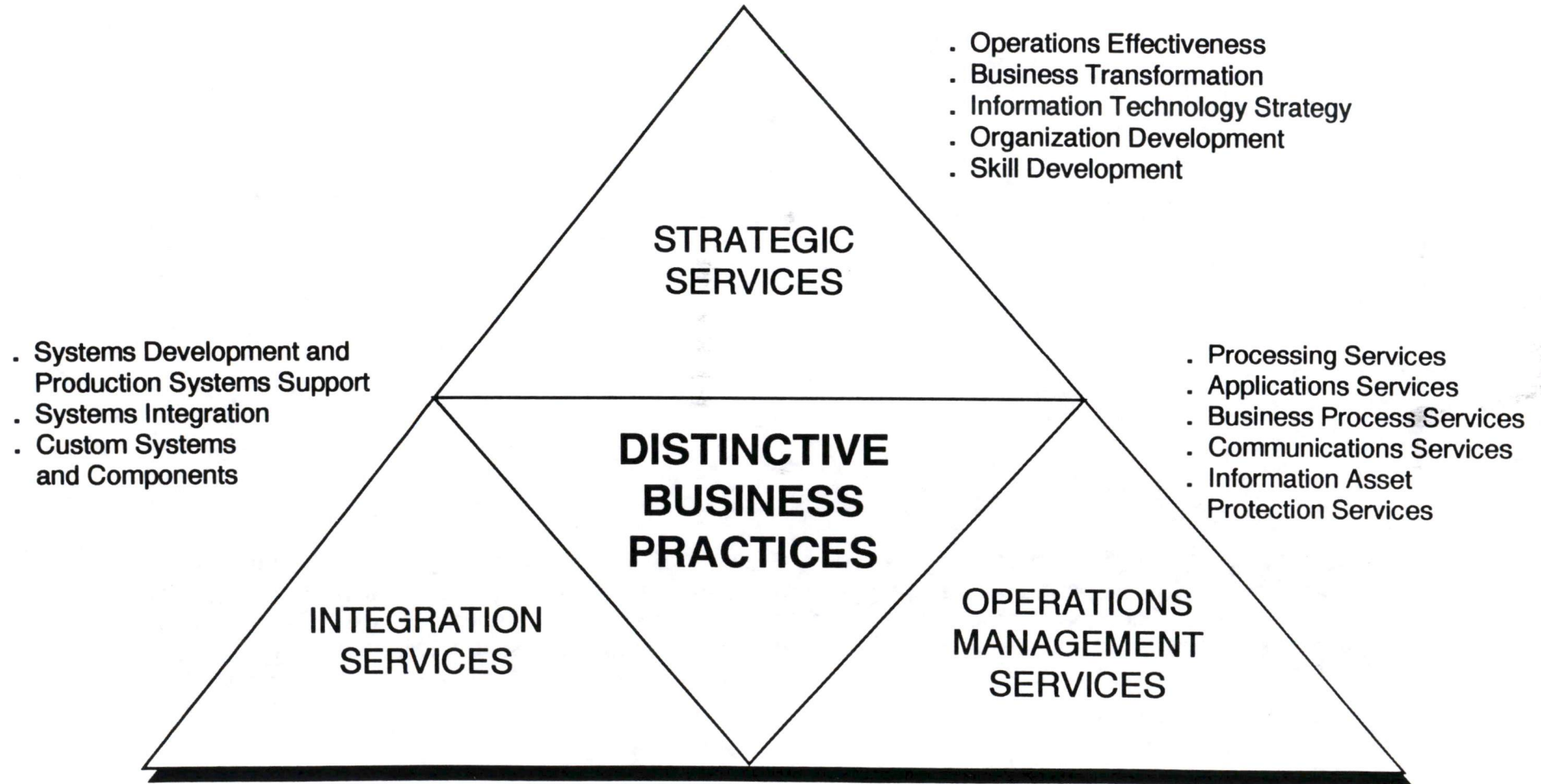
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SCOPE OF PRACTICE



CLIENT VALUE PROPOSITIONS

Our positioning in the market for Digital Consulting's services can best be defined by the value we bring to our clients. These five statements represent the way in which we would like clients to view our capabilities and our working practices. Each of these statements accurately reflects our current approach to this business, and collectively they serve as a differentiator from the majority of other service providers in this field. Feedback from clients suggest such an approach is both credible for us and highly valued by them.

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CLIENT VALUE PROPOSITIONS

"Digital's proven track record in managing and effectively delivering large-scale integration engagements provides a strong sense of reliability and confidence."

"Digital has considerable expertise in information technology, distributed systems, and in management concepts such as Business Process Reengineering and flexible organization design which are enabled by those technologies. Digital makes full use of that expertise in helping clients apply these concepts to achieve significant improvements in performance and capabilities."

"Digital Consulting has a large number of globally dispersed professionals with a very diverse set of capabilities. They have expertise with most of the topics that concern me and they are able to help me understand the way in which new developments will impact my company."

"Digital Consulting's range of services, in-depth experience, tools and solution building blocks, allows them to put together highly customized approaches to addressing my needs. They are flexible and able to work with me in the way that suits me best and I believe that allows them to be very cost effective."

"Digital Consulting is more committed to the concept of knowledge transfer and capability-building inside my organization than any other consulting firm. Their interactive way of working with our organization builds faster understanding and stronger commitment to implementation. Their range of services also allows me to focus on my core business. I like their work style."

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BUSINESS SYNERGIES

In addition to delivering value to our clients there is considerable synergy between the activities of Digital Consulting and the activities of Digital's other businesses. Digital Consulting's presence in an account can significantly extend our relationships with those customers and strengthen Digital's role as a strategic business partner. Our activities also will position Digital well in regards to defining additional requirements and opportunities.

At the same time, Digital Consulting is the recipient of considerable value from Digital's other businesses and capabilities. Digital's reputation for excellence in technology creation, combined with our strengths in technology application, provides a capability that is highly valued by our customers. This capability strongly differentiates us. Digital's sales and marketing breadth and customer base represents a huge potential source of opportunity for us. Few professional service firms can duplicate the access to prospective clients that this represents.

Our challenge and our commitment is to do everything possible to realize and maximize the value of these synergies to Digital overall.

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SYNERGIES

DIGITAL CONSULTING → DIGITAL'S OTHER BUSINESSES

- Consulting services facilitating more proactive application of technology on the part of Digital's customers
- Source of professional services enabling Digital to offer more complete solutions to its customers
- Source of applications expertise available to Digital to supplement sales support objectives
- Enhancement of Digital's position as a strategic vendor in accounts where our activities produce a broader base of relationships

DIGITAL'S OTHER BUSINESSES → DIGITAL CONSULTING

- Source of technology-derived core competencies and capabilities which help differentiate Digital Consulting in the consulting market
- Source of technology which is applied to enable and/or strengthen our consulting practice methodologies, tools and support systems
- Broad market coverage and extensive customer relationships that provide a large potential pool of consulting opportunities
- Account knowledge and established goodwill that increase our potential to win consulting business

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BUSINESS UNIT IMPLICATIONS

We view the decision to transition Digital Consulting from being a function to becoming a separate yet integrated business unit as a very important and positive step in the pursuit of our business objectives. It underscores Digital's commitment to this business and it gives us a more straight-forward way of driving the business through its key success factors. We believe the operational implications of this decision will do little to change the fundamental interactions between Digital Consulting and Digital's other organizations. In a more subtle way, however, it will make an enormous difference in our ability to achieve our goals and support those of Digital as a whole.

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BUSINESS UNIT IMPLICATIONS

- Digital Consulting is an integrated, global business unit
- Digital Consulting is managed and measured as a primary P&L of the Company - revenue, operating profit, asset management
- Digital Consulting funds resources and investments consistent with its approved business plan
- Digital Consulting resources in all geographies directly report to Digital Consulting, though Digital Consulting managers will continue to be active members of the Territory and Area management teams
- Digital Consulting will set the pricing and terms and conditions for its business
- Digital Account Managers will oversee the strategy, direction and relationships in our accounts. Digital Consulting will work closely to support the Account Team with Consulting Services Principals, engagement managers, and associates to obtain and fulfill service contracts in a manner that is consistent with the account plan

BUSINESS EXPECTATIONS

In the remaining sections of this document we detail the key elements of our operating plan: how our organization will be structured to function; our operating practices; our service offerings; and the initiatives we are taking to implement these plans and capitalize on our opportunities. As we successfully pursue this program we expect the results will be very positive indeed.

Our top priority is to increase our profitability, and we believe over the next three years we can improve operating profits to five times that of FY93's level.

Our second priority is to increase our growth rate, and we believe our positioning and the market opportunities support this. In FY94 we will focus primarily on margin improvement and implementation of our operating plans. We expect our growth rate to increase as those efforts take hold, and we plan to achieve at least market average growth rates within the next two years.

In parallel will come significant qualitative improvements in our market recognition and image, and a growing reputation for the quality of our services. In addition to driving significant value for Digital Equipment through the success of our own operations, we expect our services and reputation to reflect positively on Digital's other businesses and enhance Digital's position as a strategic business partner with its customers.

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BUSINESS EXPECTATIONS

- PROFITS:** Rapid growth in operating profits to approach best-in-class levels of 12-15% of revenue by FY96 through increased resource utilization, improved pricing and recovery practices, and closely controlled investments and SG&A costs.
- GROWTH:** Steadily increasing growth rate to approach market growth of 15-20% through improved marketing initiatives, increased sales leverage, improved inquiry response and closure practices, and improved fee realization.
- IMAGE:** Significantly increased awareness of the breadth and depth of Digital Consulting's service offerings, reputation for our capabilities, and quality of the services we deliver. No question should exist concerning Digital's commitment to these businesses, leading to a positive reflection on Digital's business overall.
- QUALITY:** Best-in-class quality through improved client engagement, engagement management, enhanced engineering quality, clear and consistent operating practices, well-defined practice methodologies, and better processes for development, staffing, performance assessment, and quality evaluation.

IMPLEMENTATION FRAMEWORK

While the opportunities, direction, approach and initiatives needed to achieve our vision are becoming clear, there is much to do from an implementation perspective to make this a reality. On the one hand, Digital Consulting is already one of the largest consulting entities in the world by any measure, and there is an impressive array of capabilities, activity and energy with which to move forward. On the other hand, we are very much in the mode of putting consistent operating capabilities in place to operate this business at world class levels of performance. Getting our strategies, systems, skills, and values in place will take considerable effort.

Realistically we believe we are into a three-phase implementation effort that could be seen as a gradually shifting set of priorities over the next three years. The current phase should be viewed as primarily focused on laying the foundation for our business and strengthening our profitability. Phase two will produce continued improvement in profitability with an increasing growth rate. And phase three might be viewed as Digital Consulting achieving steady state in focus and performance. These phases might proceed more rapidly than this, but even at this pace the steady gain in performance should have a significant impact on Digital's overall results.

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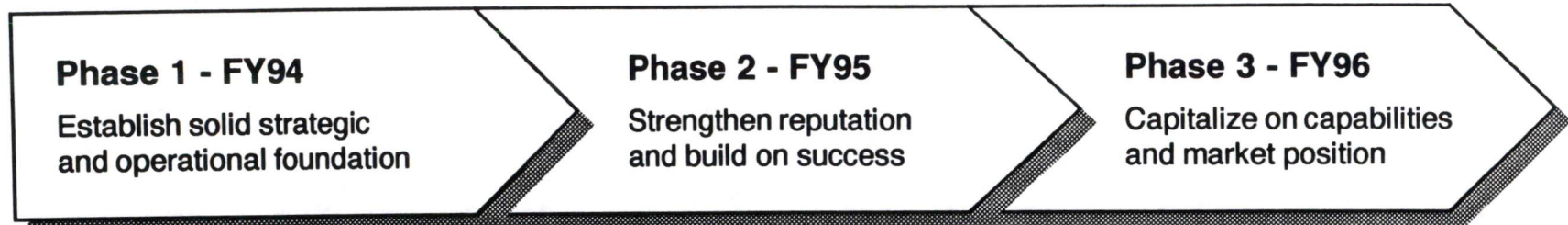
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IMPLEMENTATION FRAMEWORK



- Clearly define vision, strategy, operating practices and organizational model
- Ensure key roles are well defined and filled
- Implement core management practices and systems
- Establish foundation for marketing and client development programs
- Achieve contribution goals through improved utilization and the most appropriate investments per practice

- Implement aggressive marketing and client development program
- Expand staff in key skill areas while managing staff quality up through attrition
- Improve pricing and fee realization consistent with growth in reputation
- Implement investments in practice extension priorities
- Continue improvements in contribution margin with increased growth rates
- Strengthen synergies with Digital's other Business Units

- Realize benefits from new practice investments
- Expand capacity through entry-level hiring and increased senior-level leverage
- Strengthen mechanisms to expand synergies with other business units
- Grow at market rates with competitive profitability in each practice area

Section II - Value Chain

VALUE CHAIN - SCOPE OF CHANGE

The effort to transform Digital Consulting into a competitive global leader touches our work processes and systems, our organization and job design, our people rewards and measurements, and our shared values.

Our vision/strategy defines our shared values and skills for the new business environment. Our staff will consist of practice experts focused on client satisfaction and delivering quality solutions of value to our clients. Our style would make it easy for partners to work with us in providing value to our client. Our systems will enhance our project management capabilities so that we are disciplined and follow standard processes worldwide. Knowledge/experience will be shared and will be used as competitive advantage. Our structure will allow for dynamic training to leverage our knowledge/experience and make decisions crisply and collaboratively.

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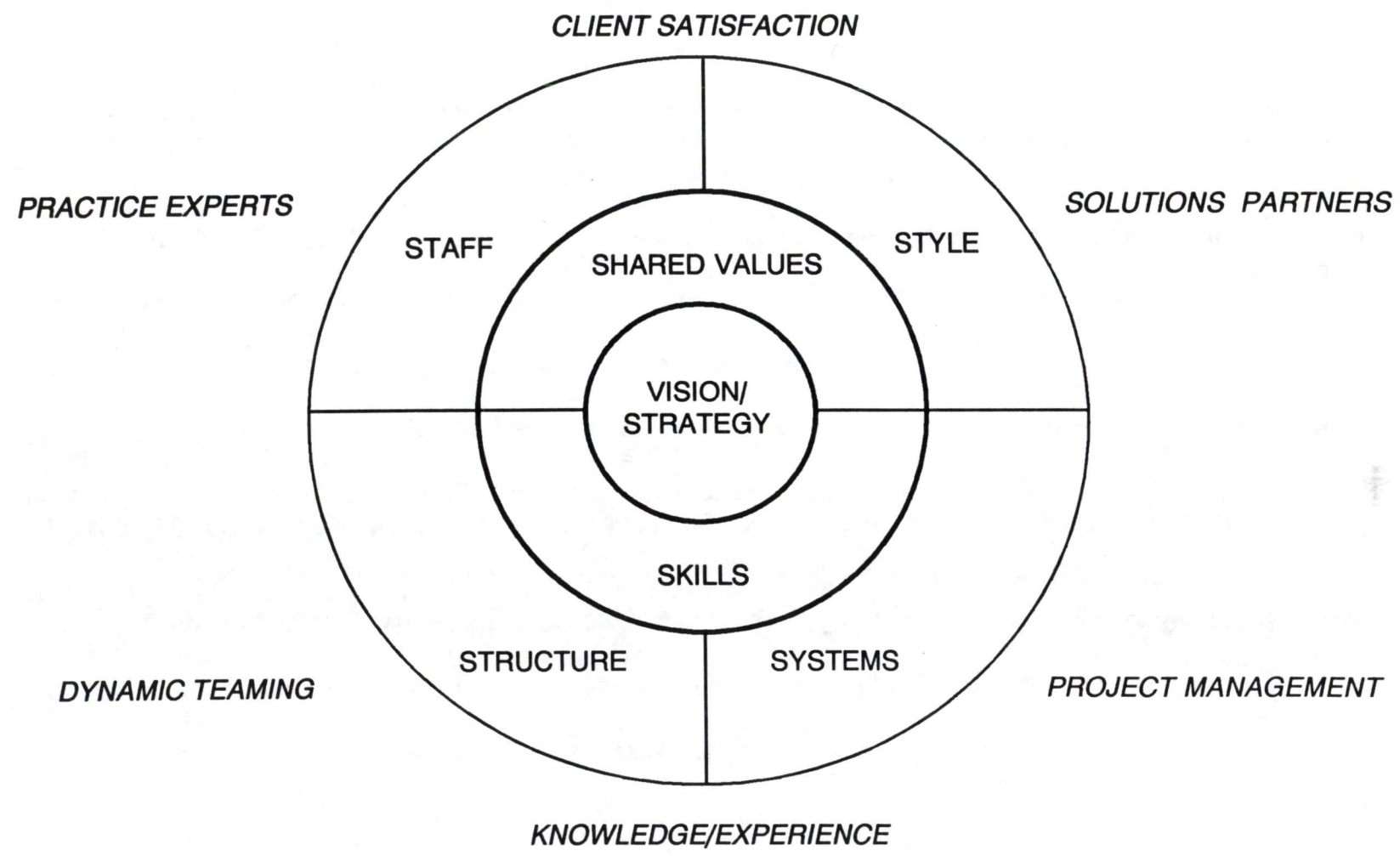
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VALUE CHAIN - SCOPE OF CHANGE



TOTAL BUSINESS SYSTEM

The Total Business System is the redefinition of how we do business.

The five core processes and their interaction lead to deliverables that help us manage our business.

Through Lead the Business, we set the direction for Digital Consulting, monitor performance, and manage the business.

Develop Solutions Portfolio is an iterative process through which we identify market trends, develop a single, unified portfolio strategy, and manage repeatable platforms and offerings.

Manage the Business Resources integrates all activities of resource planning, development, and deployment.

Engage Client is the worldwide top level process designed to develop and sustain long-term client relationships. Through our Practices, Professional Service Centers (PSCs), and Consulting Services Principals (CSPs), we determine which clients to target and develop relationships with.

Deliver Engagement is the process through which PSCs develop, deliver, install, test and obtain acceptance of solutions.

Each of the five core processes are supported by enabling processes that are critical to their execution. These enabling processes are information and decision systems, policies and standards, measurements and rewards, and organizational job design.

TOTAL BUSINESS SYSTEM



Information & Decision Systems
Policies & Standards
Measurements & Rewards
Organization & Job Design

UNDERSTANDING THE BUSINESS SYSTEM PROCESS FLOWS

We have developed a series of RAMS charts to describe in detail how the work flows in the re-engineered Digital Consulting Value Chain processes. The five core work processes and their interactions are presented from multiple perspectives to demonstrate the flow of key inputs and outputs.

Each box on the diagonal represents a process and not an organization. For example, the client box represents a process the client uses to interact with Digital Consulting. Inputs and outputs are read clockwise.

Inputs to the process appears on the vertical. For example, "business challenges" and "potential opportunities" are inputs to engage clients. On the other hand, "proposal" is the information input back to the client.

Outputs from the process appears on the horizontal. For example, "preferred solutions" is an output of "engage client". "Status reports" and "contract deliverables" are outputs of "deliver engagement".

This high-level work flow has established the framework for our re-engineering work known as the Digital Consulting Value Chain.

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UNDERSTANDING THE PROCESSES



DETAILED WORK FLOW INTERACTIONS

Considerable work has already been done to take the Digital Consulting Value Chain work to very detailed levels.

For each of these core processes we have a team working to complete the detailed design of our re-engineered practices and proceed to implementation.

Our goal is to see a considerable portion of this work implemented this fiscal year and to use this activity to achieve a more precise and consistent understanding of the operating practices of Digital Consulting across our organization.

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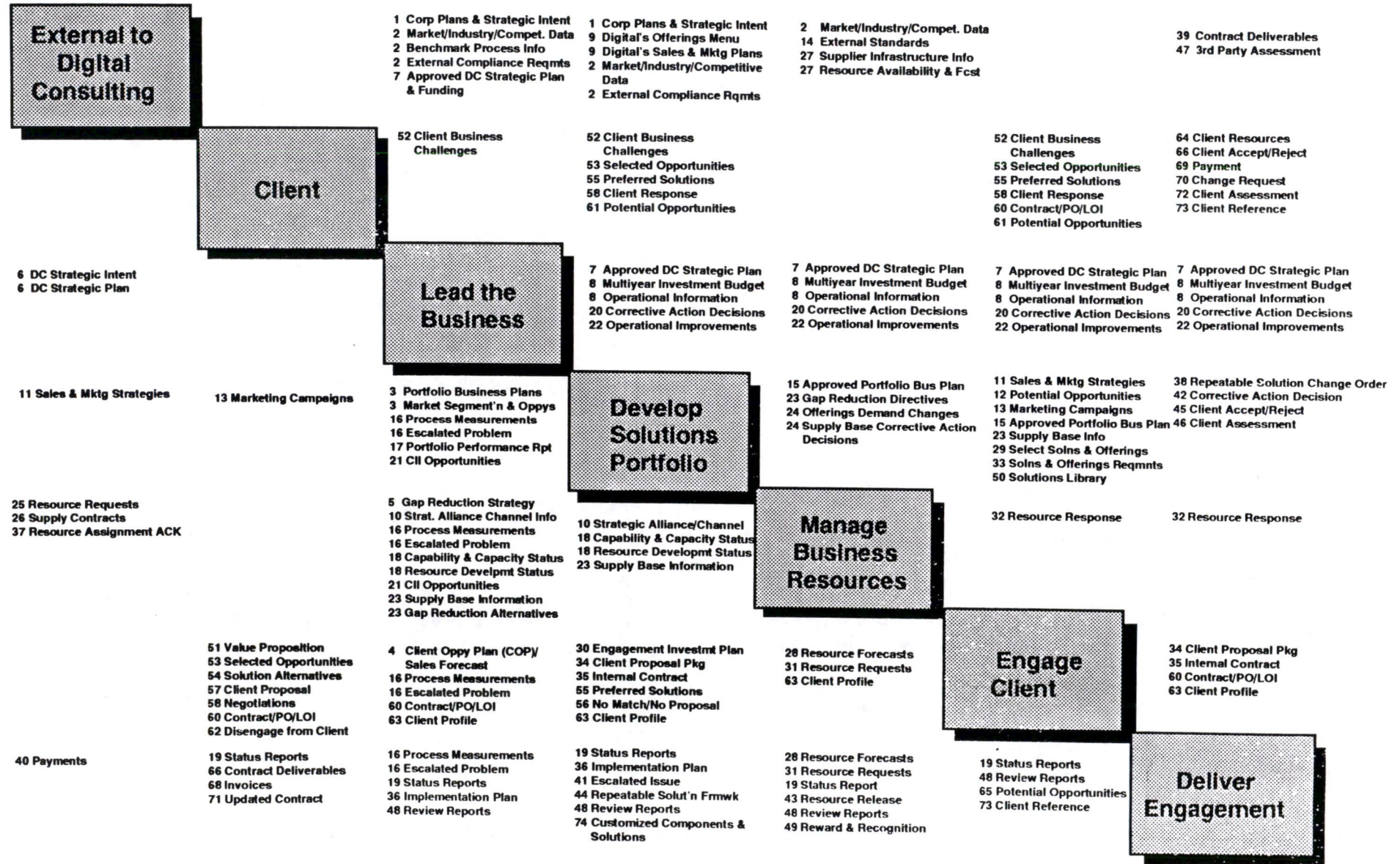
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DETAILED WORK FLOW INTERACTIONS



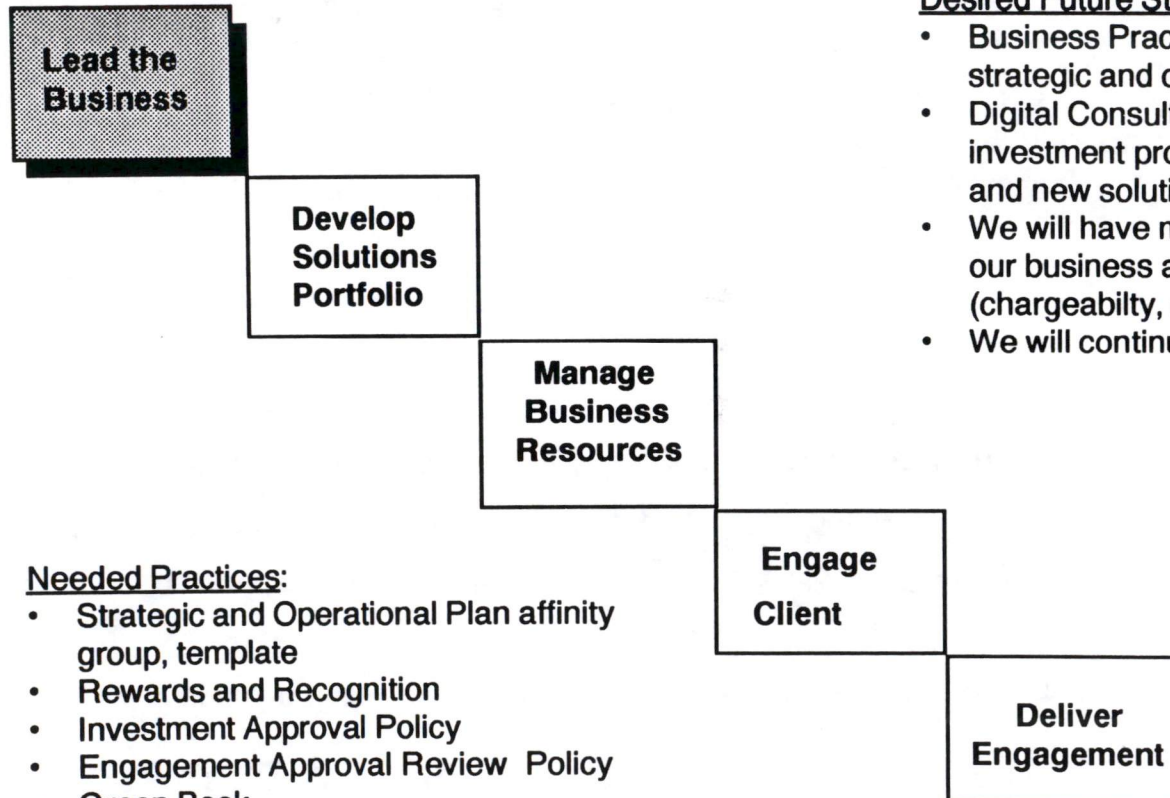
VALUE CHAIN IMPLICATIONS

LEAD THE BUSINESS:

The "Lead the Business" process sets the direction for Digital Consulting business. It monitors the performance, manages the business and evaluates how to stay ahead of changes in the market and competitive environment. Some key objectives are:

- Establish a comprehensive strategic plan for Digital Consulting
- Evaluate multi-year investments
- Establish decision process for corrective action
- Improve and innovate continuously across the value chain

VALUE CHAIN IMPLICATIONS



Needed Practices:

- Strategic and Operational Plan affinity group, template
- Rewards and Recognition
- Investment Approval Policy
- Engagement Approval Review Policy
- Green Book
- Quality Business System

Desired Future State:

- Business Practices will have a three- year strategic and operations plan
- Digital Consulting will have a well-defined investment process both for engagements and new solutions
- We will have metrics that focus on managing our business as a consulting entity (chargeability, utilization, margin, growth...)
- We will continuously improve and innovate

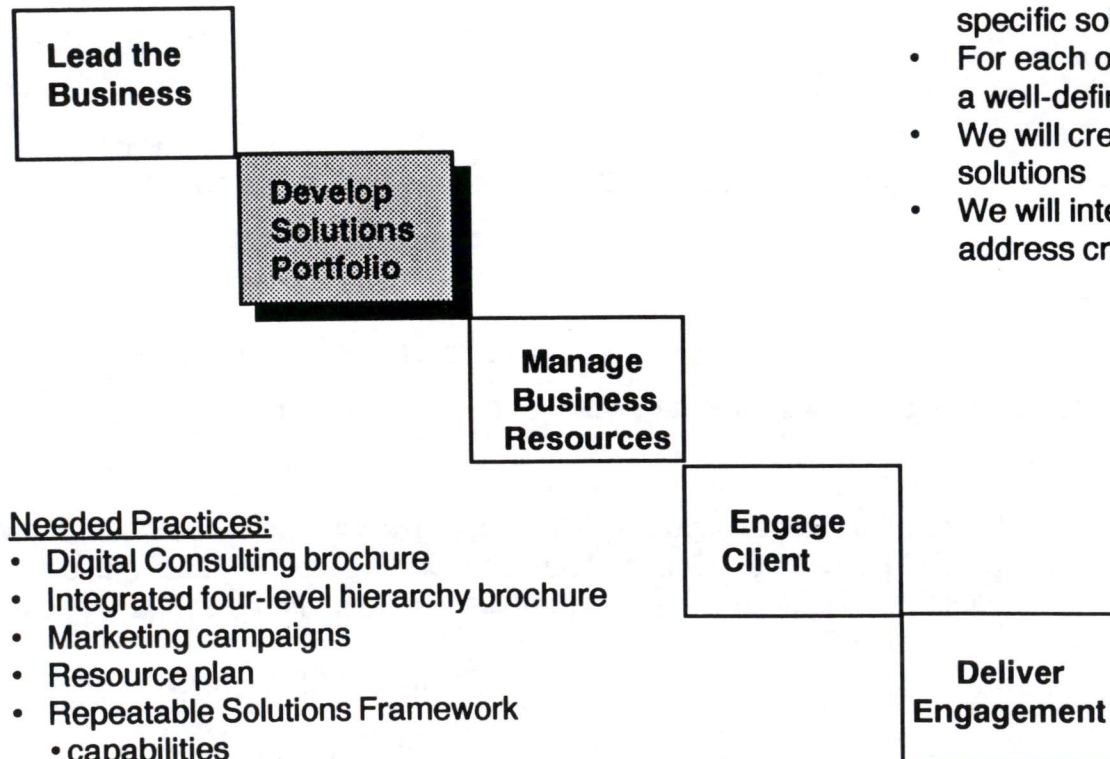
VALUE CHAIN IMPLICATIONS

DEVELOP SOLUTIONS PORTFOLIO:

"Develop Solutions Portfolio" is a continuous, iterative process focused on three key themes:

- Integrate our service offerings and solutions into a coherent portfolio
- Manage investment and disinvestment at the portfolio level
- Manage total life cycle for portfolios and repeatable solutions and offerings

VALUE CHAIN IMPLICATIONS



Needed Practices:

- Digital Consulting brochure
- Integrated four-level hierarchy brochure
- Marketing campaigns
- Resource plan
- Repeatable Solutions Framework
 - capabilities
 - offerings
 - TOPway™
 - Sales/marketing plan

Desired Future State:

- Business and Industry practices will target specific solutions by industry and capability
- For each of the target solutions, we will have a well-defined Sales and Marketing plan
- We will create and update repeatable solutions
- We will integrate our partner capabilities to address critical client needs

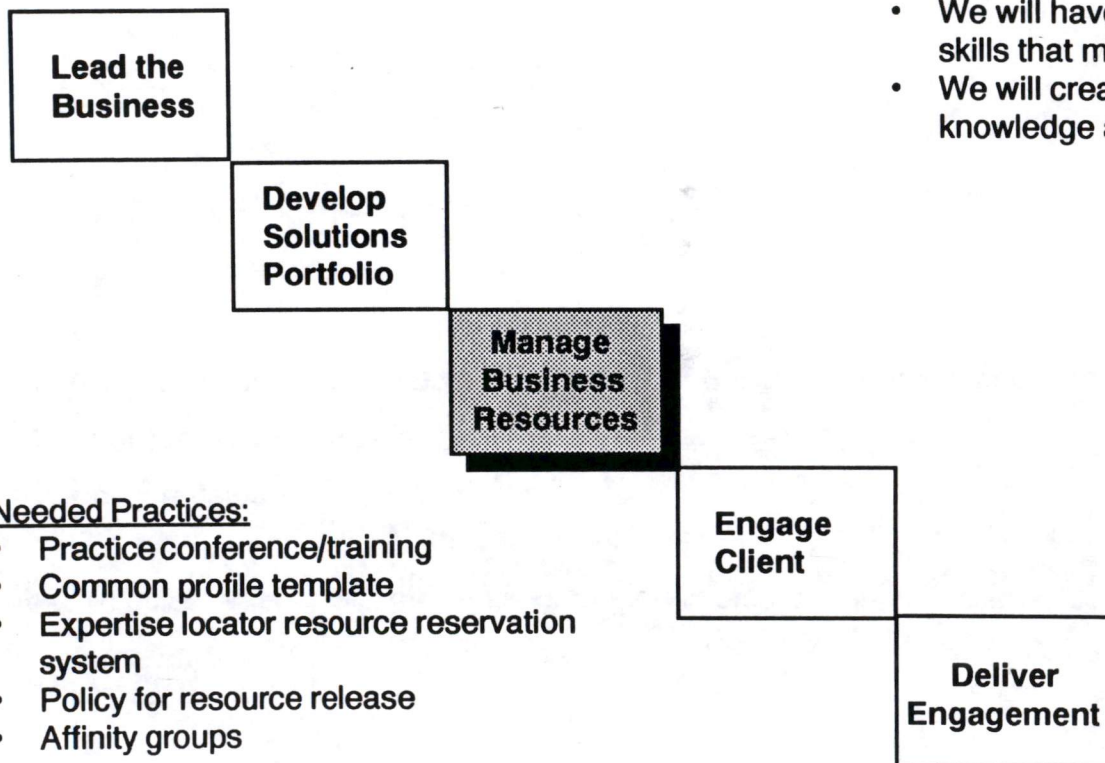
VALUE CHAIN IMPLICATIONS

MANAGE BUSINESS RESOURCES:

"Manage Business Resources" is designed to catapult Digital Consulting into a resource-ready environment. This process integrates all activities of resource planning, development and deployment. "The Manage Business Resources" process addresses the following business requirements:

- Develop individual career plans and manage career and skills development
- Significantly improve utilization
- Share resources globally
- Enhance capability through development of competencies
- Manage capacity to provide the right resources at the right time at the right place

VALUE CHAIN IMPLICATIONS



Desired Future State:

- All professionals will have a skills profile
- We will have gap reduction strategies to have skills that meet the changing client needs
- We will create affinity groups to transfer knowledge and muster resources

Needed Practices:

- Practice conference/training
- Common profile template
- Expertise locator resource reservation system
- Policy for resource release
- Affinity groups

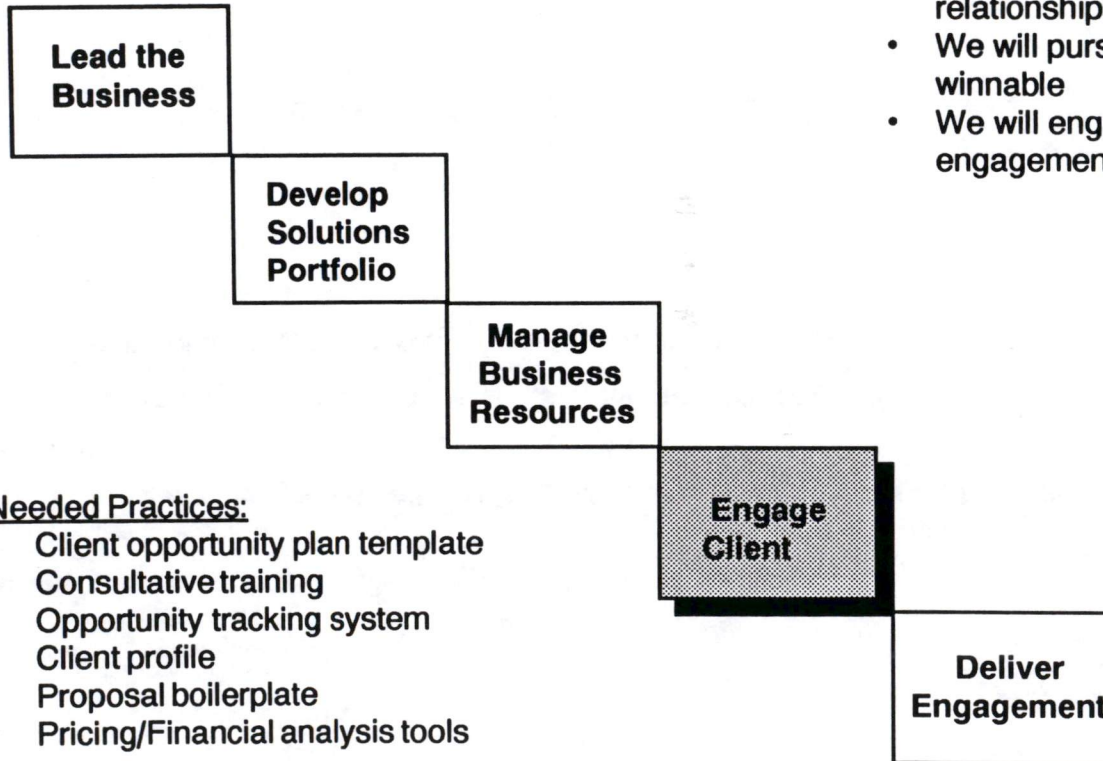
VALUE CHAIN IMPLICATIONS

ENGAGE CLIENT:

The specific objectives of this worldwide, integrated customer-centric business process is to:

- Build targeted client relationships
- Prioritize opportunities by their impact on client's success
- Pursue opportunities using both internally and externally-developed solutions
- Reject or commit to win early in proposal cycle
- Employ successful reusable solutions and frameworks
- Leverage all engagements to expand business

VALUE CHAIN IMPLICATIONS



Desired Future State:

- We will focus on developing client relationships
- We will pursue opportunities that are winnable
- We will engage by design to leverage our engagement

Needed Practices:

- Client opportunity plan template
- Consultative training
- Opportunity tracking system
- Client profile
- Proposal boilerplate
- Pricing/Financial analysis tools

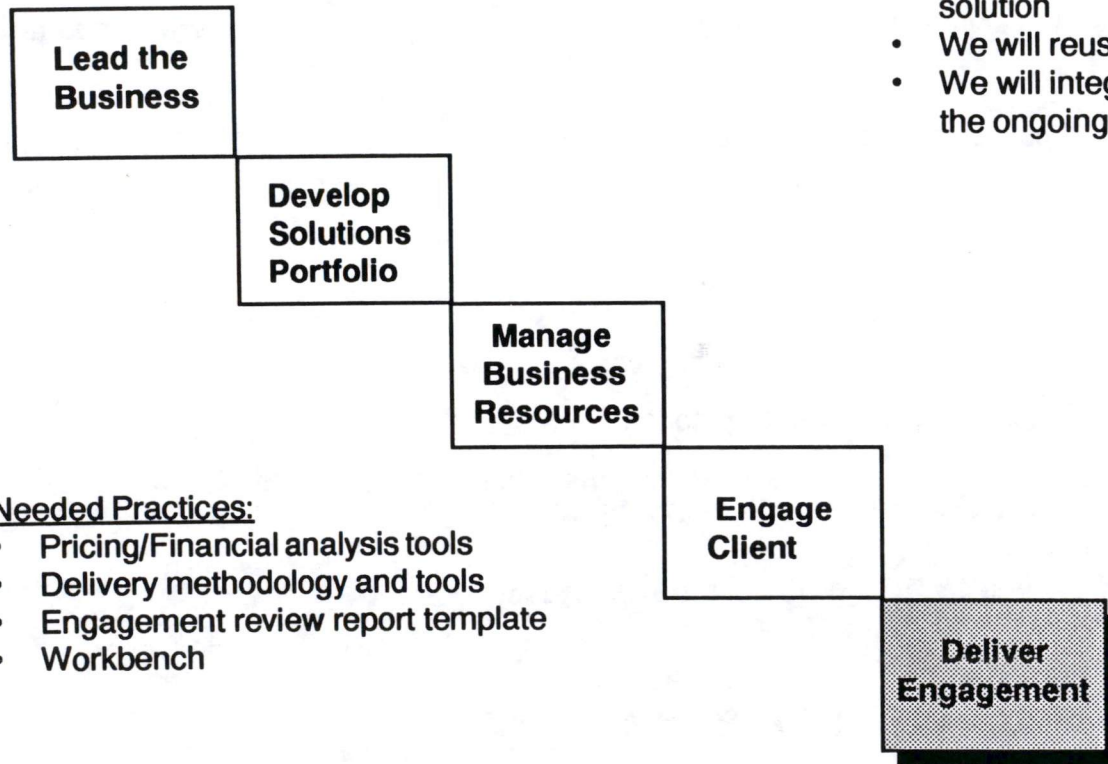
VALUE CHAIN IMPLICATIONS

DELIVER ENGAGEMENT:

In order to evolve to a new delivery environment, we must:

- Establish a disciplined delivery process with consistently-applied procedures and policies
- Create a scalable process that suits the variety of engagements
- Reuse solution components, knowledge and documentation
- Properly manage change of scope and client expectations

VALUE CHAIN IMPLICATIONS



Desired Future State:

- We will integrate scope change as part of the solution
- We will reuse proposals, resources and tools
- We will integrate client satisfaction as part of the ongoing delivery and closeout

Needed Practices:

- Pricing/Financial analysis tools
- Delivery methodology and tools
- Engagement review report template
- Workbench

PERFORMANCE METRICS

We have focused on seven key metrics which will form the core of our ongoing business performance measurement approach and will include other metrics as appropriate.

Margin:

Revenue less cost of delivery (including territory administrative expenses)

Growth:

Year-to-year growth of NOR by business practice

Client Satisfaction:

Composite rating of systemic review of clients in the following areas:

- time, cost, quality, performance
- achievement of client's goals
- reference, testimonial willingness
- resource effectiveness

Bid/Win Ratio:

Ratio of contracts sold to bids submitted

Yield - Revenue/Person:

Total revenue divided by total equivalent headcount

Average Billing Rate:

Total actual fee-based revenue divided by the actual hours charged to client

Chargeability:

Total hours charged to external clients divided by total hours per person (2080)

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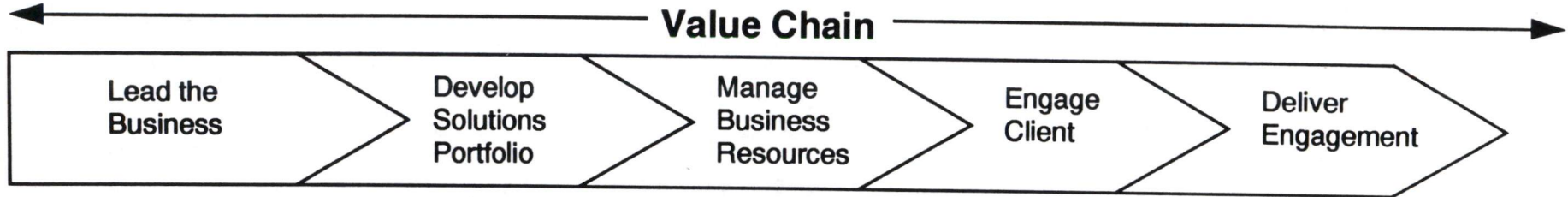
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PERFORMANCE METRICS



- Competitive position
- **Margin**
- **Growth**
- **NOR/person**

- ROI
- Ranking
- **Bid/Win ratio**

- Certification
- Turnover
- Morale
- Utilization
- Chargeability

- Frontlog
- Backlog
- **Client satisfaction**
- Repeat business
- Reference accounts

- Utilization
- **Chargeability**
- Recovery
- **Average billing rate**
- Pyramid size and shape

VALUE CHAIN IMPLEMENTATION

The Professional Service Center (PSC) managers own the responsibility for implementing the new processes consistently. The Digital Consulting Value Chain Program Office will provide the implementation framework and maintain the total business system design. It will also manage the overall program plan, site selection and implementation schedule of PSCs in geographies.

A feedback mechanism will allow us to capture, communicate and apply the collective knowledge of the organization and its ability to adjust and improve itself continuously.

The ongoing implementation and adherence to the process will be monitored through PSC certification.

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VALUE CHAIN IMPLEMENTATION



- Professional service center manager owns implementing the future
- Value chain changes complete end FY94
- Value chain change elements are:
 - Work processes
 - Policies and standards
 - Measurements and rewards
 - Organization and job design
 - Information and decision systems
- Professional service centers certified in FY95 on value chain implementation

Section III - Organizational Model

ORGANIZATIONAL PHILOSOPHY

To achieve our vision, goals, and objectives, Digital Consulting must implement a world-class organization. This organization must focus explicitly on our key competences and capabilities and it must reflect the needs and values of a successful professional services entity.

This section describes the organizing principles and key elements of the Digital Consulting organizational model. Though the specific implementation of this model is still evolving, the key aspects of how we must be organized to achieve our goals are becoming quite clear.

At its most fundamental level, our organization model will be based on the following organizational philosophy:

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ORGANIZATIONAL PHILOSOPHY

- We will function as a global, operational business unit of Digital Equipment Corporation
- We will align organizationally with geographies and industries
- We will manage strategically through "Business and Industry Practices" focused on our core service offerings, competencies and capabilities
- We will develop and disseminate our expertise through "networks of affinity groups"
- We will adopt very flexible engagement staffing practices designed to achieve our goals for quality, chargeability, and the development of our people
- We will seek to minimize staff roles and other "non-consulting" functions
- We will adopt project accounting practices which support the analysis of our business by client, by geography, by practice, and by industry

DIMENSIONS OF OUR WORK

The fundamental work unit for the vast majority of our activities should be viewed as the client engagement. Most of what we do can be best understood as a discrete, customized project for a specific client. When we define our activities as a series of client engagements, it is then clear that each of these engagements must be managed along four key dimensions, and our organizational approach must provide for the management of each dimension.

Client... The most important dimension is that of the client for whom we are doing the work. In that dimension we must ensure we are doing the right work, that it is well scoped, that it is staffed properly, that we deliver quality results, that we fully recover our billings, that the relationship with that client is developing into a solid, long-term relationship, and that we are realizing our potential across our full line of service offerings. This dimension is the responsibility of the Consulting Services Principal.

Geography... The second dimension relates to the development and deployment of our consultant resources. Hiring, training, project assignment, evaluation and coaching are the responsibility of the primary organizational unit, i.e. PSC. The PSC Manager is under most circumstances a geographic role and therefore it is also responsible for initiatives to develop new business in that geographic region. For that reason the PSC Manager is also the defacto Consulting Services Principal for all new clients in the region for whom official CSPs have not been established. Finally, because staffing and chargeability are the key drivers of profitability in our business, the PSC Manager is the person driving short-term P&L.

Business Practice... The Business Practice dimension represents the expertise and capabilities that are the fundamental reason why clients retain us. The Business Practice Leaders are responsible for determining our focus, strategy and service offerings, for building our reputation for managing our investments in tools and methods, and for disseminating practice knowledge and building our service capabilities on a worldwide basis. The most fundamental measure of performance in this dimension is our longer term revenue growth and our overall competitive position.

Industry... The Industry Practice dimension is similar to Business Practice in responsibilities but is focused on the requirements and opportunities of specific industry segments. In addition to providing a focal point for industry competence, this is the dimension in which the strategy for our vertical solutions-based business is managed.

As we can execute well along these four dimensions simultaneously, our organization model will be functioning well and we will be delivering excellent work.

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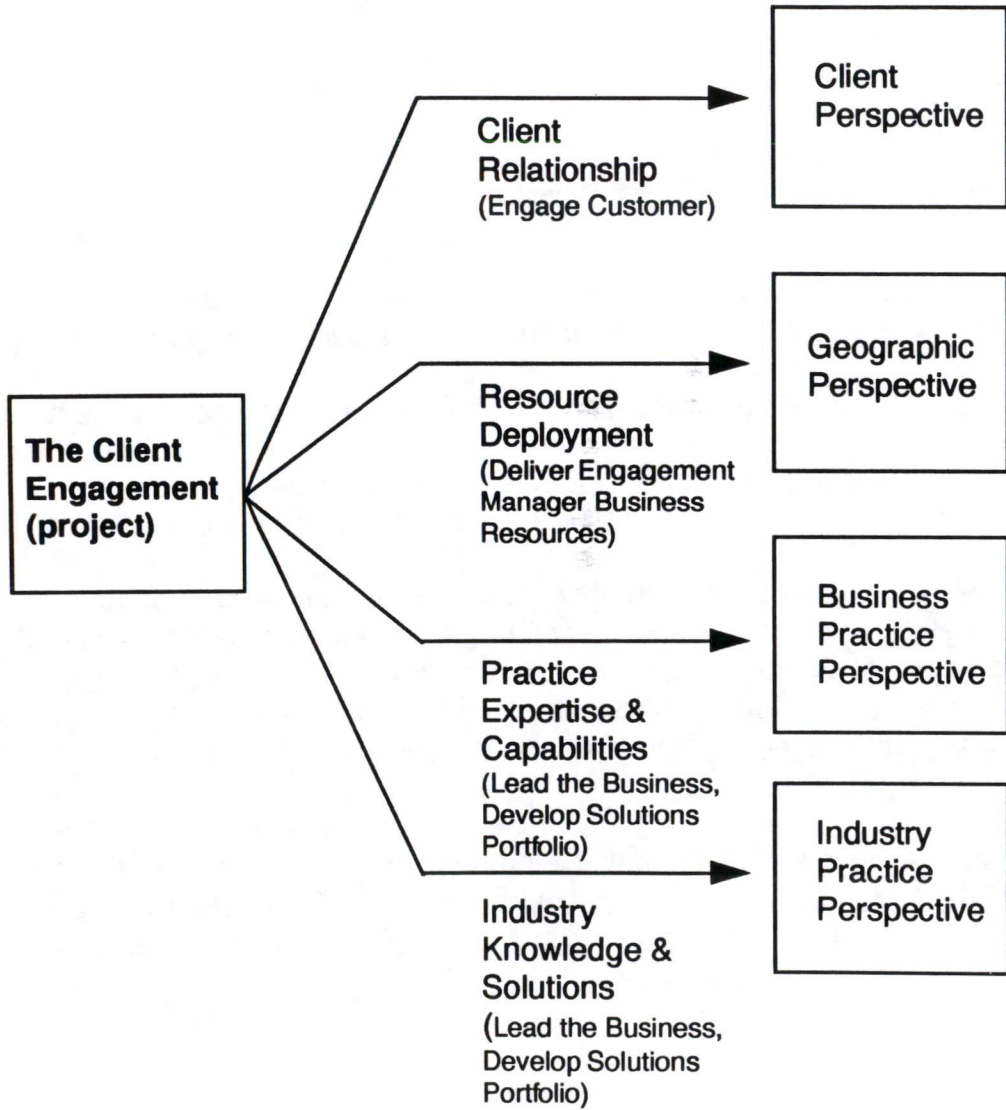
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DIMENSIONS OF OUR WORK



CONSULTING SERVICES PRINCIPAL ROLE

The Consulting Services Principal (CSP) role is a fundamental building block of our organizational model. It is a role and not a job classification. We are now in the process of identifying and approving CSPs for our 450 top accounts worldwide. It is critical that this program gets put in place correctly if we are going to satisfy the performance goals of this business.

As this exhibit shows, the fundamental purpose of the CSP role is to provide leadership to our work with clients. One responsibility of this role is to participate in Account Planning and develop our business with that client, but this is not strictly a business development role. This is also the role for the senior-most consultants involved with any given client. We expect the CSP to be billable on client work for that client, though they may not necessarily manage all projects - particularly those outside of their field of expertise.

We expect a majority of our senior personnel, from the Vice President of Digital Consulting to our most senior engagement managers, to play this role for one or more clients. Therefore, it should be clear that this is truly a "role" and not the definition of someone's classification. We will, however, evaluate CSPs for the total results that are achieved for that client and for the corresponding state of client satisfaction.

Through this pivotal role we expect Digital Consulting to be more proactive and responsive to client service opportunities, as well as more focused on the quality of our work and the strength of our client relationships.

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CONSULTING SERVICES PRINCIPAL ROLE

- Purpose:**
- Build long-term client relationship
 - Provide focal point for proposal development and resourcing
 - Provide leadership to client work, ensure quality
 - Proactively develop service opportunities
- Who:**
- Digital Consulting's most experienced personnel
 - Seen by client as Digital Consulting's key contact for them
 - Able to represent the full Digital Consulting service portfolio
- Responsibilities:**
- Member of the Digital Account Team
 - Assumes a long-term commitment to this client
 - May or may not be the project/program manager on specific engagements
 - Not just a business developer, actively involved in client work
 - Most will also have other significant responsibilities (e.g. geography or practice leadership)
- Process:**
- Nominated by territory and/or CBU with the input of the Account Manager/Team
 - Reviewed in detail by Area selection committee
 - Approved by Digital Consulting Management Team

AFFINITY GROUPS

A second fundamental concept for our organizational model is the concept of Affinity Groups. This concept uses flexible teaming structures to identify and manage key aspects of our business without the rigidity and overhead of a dedicated structure. There are three types of Affinity Groups which will be used heavily in our organization.

Geographic Clusters are groups of PSCs that align with a geographical unit smaller than an Area. They are intended to provide for business coordination within that region without the need for an umbrella staff function. This could be a region within a large country (such as the Northeast region of the US) or it could be an entire country (such as Australia). The expectation is that one of the PSCs in a given cluster will be determined to be the lead PSC, and the manager of that PSC will also be the cluster manager.

Practice Core Groups are groups of professionals, drawn from across the world, who share a common competence and a particular focus in one of our practice areas. They will be responsible for our direction in that area and for disseminating knowledge regarding that area to others in our organization. The expectation is that these core groups will be the source of our practice expertise and provide a coherent worldwide focus to our practice methodologies.

Sector Core Groups are groups of professionals, drawn from across the world, who share a common competence and particular focus in one or more of our industry segments. They will be responsible for our direction in the industry segment and for disseminating knowledge about that segment to others in our organization. The expectation is that these core groups will be the source of our industry expertise and initiatives, and will be aligned with the industry segment structure used by worldwide Sales and Marketing.

AFFINITY GROUPS

Virtual networks of PSCs, competencies, or industry expertise which provide for coordination and development of business activities in that domain.

- Geographic Cluster:** An affinity group of geographically aligned PSCs, (such as the Northeast region of the U.S.) who act in concert to develop local business and deploy consulting staff
- Practice Core Group:** An affinity group of professionals who share a core competency, (i.e., Business Process Re-engineering) and are responsible for driving our capabilities and business in that area
- Sector Core Group:** An affinity group of industry experts, (either at the CBU or segment level) who are responsible for driving our capabilities and business in that area

AFFINITY GROUPS AND SKILL PROFILES

Each individual in our organization will have a unique skill profile. That profile will be a combination of their own skill level, their location (PSC), and their Business Practice and Industry expertise. Most will have multiple areas of expertise. In addition to their work with clients, they will often contribute as members of, or even leaders of, one or more of these "Affinity Groups".

Similarly, entire PSCs will have a skill profile that is the aggregation of the skills and focus of the individuals within that PSC. This concept will be used to define the dominant capabilities of our PSCs, and thus the types of initiatives they are most likely to sponsor or be drawn upon by others for support.

We are currently in the process of developing a worldwide system to capture these skill profiles. This system will be a valuable tool in facilitating the assignment of the best qualified staff to any given opportunity. It will also help us plan and track the performance of our business relative to our underlying capabilities and capacity.

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AFFINITY GROUPS AND SKILL PROFILES

Cluster/ Professional Services Center	Business Practice													Industry Sector							
	Strategic Services					Integration Services			Operations Management Services					1	2	3	...				
	OE	BT	IT	OD	SD	SD	SI	CS	PS	AS	BPS	CS	IAPS				Segments				
Cluster 1																					
PSC 1			X			X		X		X					X						X
PSC 2	X			X		X	X							X							
PSC 3	X	X				X	X				X	X	X	X							
Cluster 2																					
PSC 4		X				X															
PSC 5	X	X				X															
Cluster 3																					
PSC 6			X			X	X		X					X							
PSC 7		X							X						X						
PSC 8	X	X							X	X	X	X	X							X	

GENERAL ORGANIZATIONAL MODEL

Given our organizational philosophy and underlying concepts, the Digital Consulting organization model can be described in this diagram.

The majority of our consulting resources will be organized into geographically defined PSCs. These will be aggregated into Geography structures that align with Digital's field structure and the Geography Digital Consulting leaders will be active members of those Geography staffs. CSPs will be identified from within the PSCs or from elsewhere in our leadership team.

The Business and Industry practices will maintain a small "worldwide" staff and will operate primarily through networks of core groups. Industry Practices will also align with Digital's CBU structure to ensure close strategic linkage.

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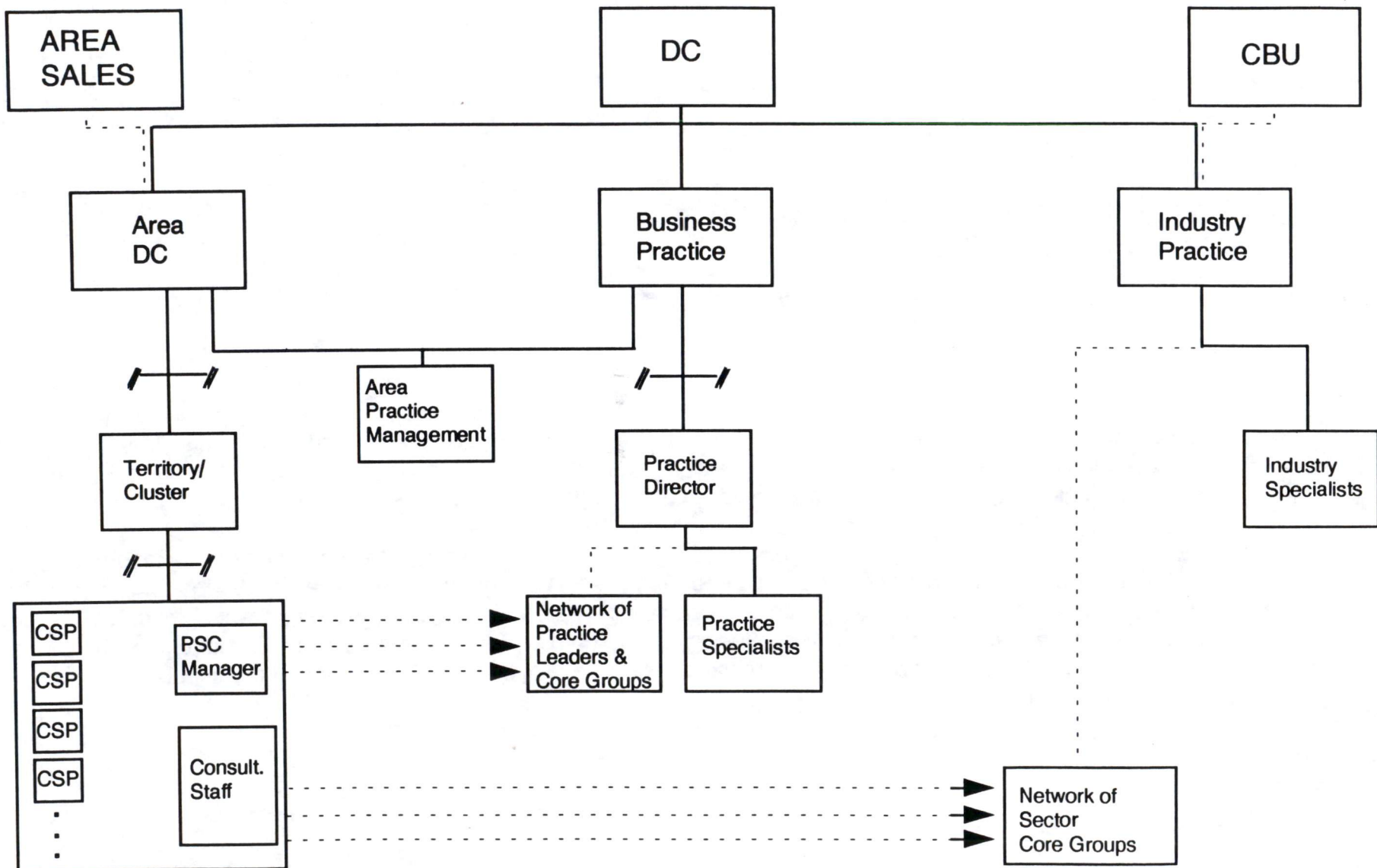
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GENERAL ORGANIZATIONAL MODEL



PSC STRUCTURE

With industry and practice core groups in place and functioning well, and with support from small groups of practice specialists that may be required, PSCs will function as geographic P&L centers able to draw on the full spectrum of our worldwide expertise in pursuit of client service opportunities. Some of our geographies are structured this way today. Others will be moving toward this organizational model as soon as practicable.

Certain of our operations, for example the "infrastructure" groups within OMS and the custom "hardware" groups in the IS - custom systems area, will be more directly managed from a centralized perspective. Even though these entities are larger in number of people, their role will still be very much in support of the PSCs as this diagram implies.

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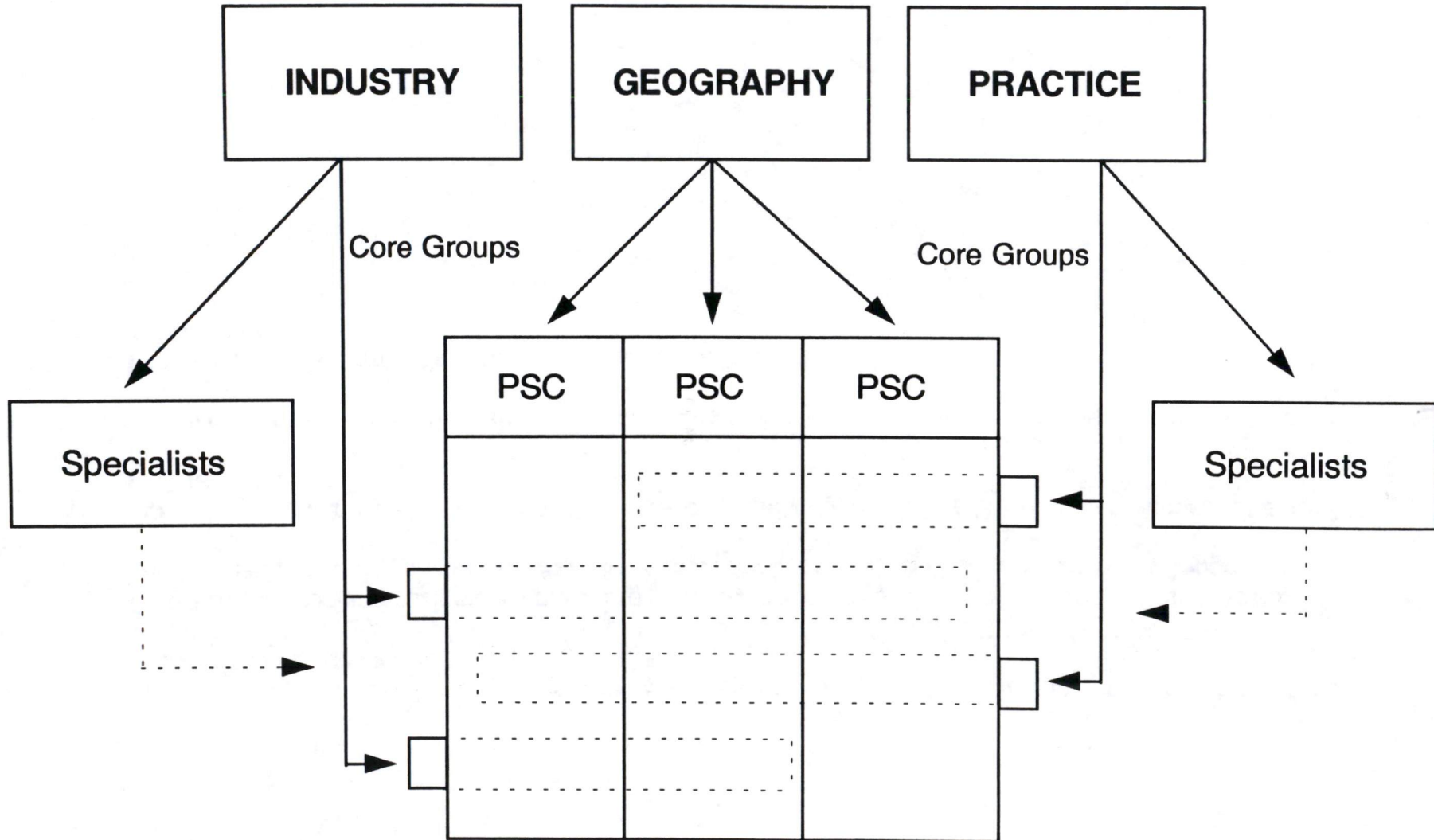
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PSC STRUCTURE



RESPONSIBILITY MATRIX

This matrix summarizes the key elements of process responsibility as they relate to our geographic, practice, and industry dimensions.

Strategic direction and business planning are primarily the responsibility of our Business Practices (for service offerings) and Industry Practices (for vertical solutions), with collaboration from the Geographies.

Operational and administrative responsibilities are primarily the role of the Geographies, with support from the Practices.

All are responsible for business development and capability development from their various vantage points.

The only significant exceptions to this are the centralized business focuses; IS-custom hardware and OMS-infrastructure.

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RESPONSIBILITY MATRIX

P - Primary (Decide)
 S - Secondary (Assist, advise)
 J - Joint (Jointly decide)

Process \ Organization	Geography			Practice			Industry		
	P	S	J	P	S	J	P	S	J
Strategic: (Lead The Business and Develop Solutions Portfolio)									
Image/identity/strategy		X		X				X	
Market assessment			X			X			X
Business Portfolio & Investments				X				X	
Industry solutions & investments					X		X		
Opportunities		X		X				X	
Operational: (Engage Customer)									
Practice aids				X			X		
Bids and proposals	X				X			X	
Business development			X			X			X
Quality assurance			X			X			X
Administrative: (Manage Business Resources and Deliver Engagement)									
Staffing	X				X			X	
Appraisal	X				X			X	
Counseling	X								
Professional Development/Training			X			X			X
Compensation	X								
Promotion	X				X			X	
Recruiting/HR	X				X			X	
Financial: (Lead The Business)									
Planning			X			X		X	
Revenue	X				X			X	
Margin	X				X			X	
Risk sharing			X			X			X

Discrete Business (e.g. OMS [Infrastructure], CSS [custom hardware])

Strategic				X					
Operational				X					
Administrative				X					
Financial				X					



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OPERATING PRINCIPLES

The organizational model we have described will result in a very flexible resource base, predominantly focused on client service. This will maximize our ability to apply the best staff to any given opportunity and to support those engagements on a global basis.

To be successful in this type of model, we must come to understand the subtleties of these roles and responsibilities very well. These operating principles elaborate on those role definitions.

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OPERATING PRINCIPLES

1. All projects conducted by Digital Consulting will be categorized and reported by Client, Practice, Geography, and Industry.
2. Consulting Services Principals will provide a single point of contact for all Digital Consulting services in a given account. The CSP will be a member of the overall Digital Account Team, and will be responsible for ensuring staffing, success and quality of all consulting services projects in that account. Client Services Principals will be nominated by the Area Digital Consulting leadership and approved by the Digital Consulting Management Team, Industry practices, and Account Managers.
3. The Business Practice dimension (Strategic Services, Integration Services, Operations Management Services) will provide the dominant strategic, capability development and business development focus. Worldwide Practice Leaders will be responsible for defining our service offerings, managing our investments, defining our business models, building our reputation, growing the business and delivering world-class performance.
4. Service delivery will be the responsibility of the PSCs. All consulting resources except those explicitly defined as dedicated practice development specialists or infrastructure resources will be organized into geographically aligned PSCs. PSC Managers will be responsible for attracting, developing and deploying those resources to client engagements and investment projects, and will be managed based on revenue generation, net contribution, chargeability, and client satisfaction.
5. PSC managers, supported by engagement managers, will be responsible for assignment of staff. The CSP will have the final call in cases of disagreement between PSC managers and engagement managers. Area staff and Practice Leaders will maintain the skill and availability data bases needed to facilitate cross-PSC staffing when appropriate local resources are not available.
6. Area Consulting VPs will carry annual goals for revenue, net contribution, chargeability, client satisfaction and employee development. The annual plan will be jointly agreed by the Area Consulting VP and worldwide Practice VP. Each Area will have Business Practice Managers and Industry Practice Leaders focused on Business Development and PSC support. Areas will seek to minimize staff positions not actively involved in providing services to clients as their dominant focus or supporting the PSCs in functional excellence. This means there will be no mirroring of staff functions.
7. The Digital Consulting Industry Practice is responsible for identifying and developing opportunities and solutions for vertical markets. For each vertical industry a worldwide Digital Consulting Industry Practice Leader will be identified and these will be aligned with CBUs. This individual will be responsible for identifying a network of industry specialists within the consulting organization. These "Core Groups" will provide industry expertise in training sessions and inquiry situations as required and will be responsible for defining investment priorities from a vertical industry perspective.

CAREER TRACK PROGRESSION

To implement our organizational model and to reinforce the concepts of a flat, flexible organization, Digital Consulting will implement a reclassification of its job categories. The revised categories will align with skill levels and client service roles and be designed to facilitate career progression along a client service track, a technical specialist track, or a functional track. Associated with each professional track are well defined capability standards that will guide the performance evaluation and development of our professionals.

It will be critical that all of our professionals understand these new concepts and models because in many cases they are quite different from the existing equivalents. In that regard we are preparing orientation materials which will accompany the reclassification effort and building detailed descriptions of the concepts behind these changes into three standard training courses which will be deployed.

We expect these initiatives to result in a clear understanding on the part of all of our professionals regarding their current roles and their future opportunities. We also expect this activity to help make our resources consistently deployable on a global basis.

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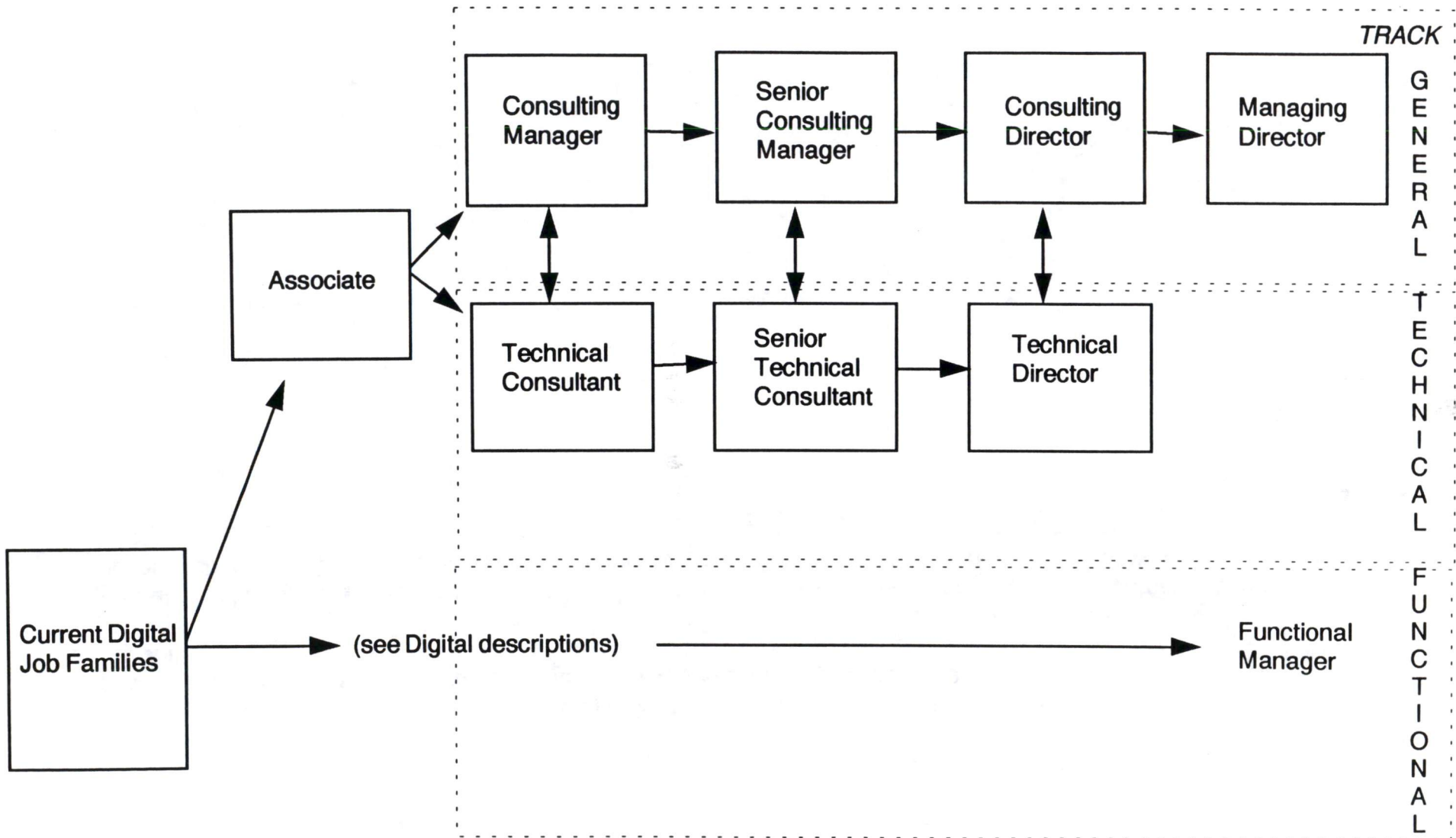
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CAREER TRACK PROGRESSION



*Current Digital Job Families: Software/Hardware Engineering, Finance, Human Resources, Marketing, Etc.

MULTIPLE ROLES CONCEPT

One concept that everyone must understand in order for this organization model to function as intended is the concept that the majority of our professionals will have multiple organizational roles. Several examples illustrate this concept.

The net effect of our organizational model will be an environment where the opportunities for contributing to our success are widely dispersed but still actively coordinated so that our collective energies can have a cumulative impact.

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MULTIPLE ROLES CONCEPT

EXAMPLE	CLIENT ROLES	GEOGRAPHIC ROLES	BUSINESS PRACTICE ROLES	INDUSTRY PRACTICE ROLES
Individual A	<p>CSP for client X</p> <p>Currently managing IS engagement for client X</p>	PSC Manager	<p>Leader of RAD core group</p> <p>Member of IT strategy core group</p>	Member of DMD core group
Individual B	<p>CSP for client Y</p> <p>Currently member of BT engagement team for client X</p>	Member of HQ staff	Worldwide Practice Leader for Business Transformation	Member of CEM core group
Individual C	Client team member on OMS engagement for client Z	<p>Member of consulting staff from PSC X</p> <p>On loan to PSC Y for client Z</p>		Member of CPT core group

Section IV - Strategic Services

STRATEGIC SERVICES STRATEGY SUMMARY

The Strategic Services practice provides assistance to clients in areas related to their business processes, technology strategy, organizational approach, and skill development activities. It includes our services in areas traditionally thought of as "Management and IT Consulting" and "Learning Services". To successfully differentiate Digital in these diverse and competitive fields, we will follow six key strategies:

- **Focus...** We do not try to be all things to all people. We stay clearly focused on service offerings in areas where emerging management concepts or emerging technologies are closely aligned with our acknowledged competences.
- **Technology orientation...** Our service offerings and our consulting approaches are influenced by our competence in technology. This orientation enhances our effectiveness and differentiates us from competitors.
- **Related services...** We offer a range of services around our areas of focus, including tools, training, research and consulting. This enables very flexible working relationships with our clients.
- **Client participation...** Our consulting approaches emphasize heavy client involvement in all aspects of our work. This enhances the impact of our work and favorably influences the relative cost of our services.
- **Knowledge transfer...** Our integrated services capabilities allow us to demonstrate a commitment to knowledge transfer and client capability-building unmatched by competitors.
- **Alliances...** To keep at the forefront in our areas of focus we supplement our direct capabilities by collaborating with academics and other complementary service and product providers.

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STRATEGIC SERVICES STRATEGY SUMMARY

- Focus on explicit service offerings in areas of acknowledged competencies
- Emphasize technology-based approaches, implications and opportunities
- Develop related services (tools, training, research, consulting) enabling flexibility in client service approach
- Encourage highly participative client relationships
- Emphasize knowledge transfer and client capability-building
- Make proactive use of alliances with academics and complementary service providers

STRATEGIC SERVICES SCOPE OF PRACTICE

The Strategic Services practice is comprised of five primary practice areas:

Operations Effectiveness refers to our work to help clients achieve superior performance within the context of existing business processes. We help them identify standards of excellence based on external benchmarks, customer perspectives and industry trends, and identify opportunities to significantly improve their performance against those standards. This work often focuses on specific functional best practices and on opportunities to apply technology to achieve new levels of performance.

Business Transformation refers to our work to help clients fundamentally change their core business processes to achieve breakthrough gains in performance. We help them develop an explicit focus on their horizontal processes and on opportunities to redesign those processes, either at the Enterprise level or at the detailed level. Our techniques range from simple wall-charting methodologies to detailed multi-dimensional modeling, and stress not only the "what" but also the "how".

Information Technology Strategy refers to our work to help clients develop and implement explicit, comprehensive strategies relative to their use of information technology. These activities include: translating business requirements and opportunities into applications requirements and priorities; incorporating emerging software development and information architecture concepts into applications development strategies; evaluating the impact of technology trends on infrastructure migration plans; designing target technical architectures; developing plans for supporting new capabilities such as End-User Computing or Electronic Commerce; and helping our clients refine their operating plans and IT management practices.

Organizational Development refers to our work to help clients understand the impact of new processes and new technologies on their organizations. In some cases we analyze changing skill requirements and how those requirements will be met. In other cases we evaluate the way new technologies enable new work practices and more flexible organizational models. In its broadest context, this practice area deals with helping clients meet the challenges in evolving to a "Knowledge Era" organization.

Skill Development refers to our work to help clients develop new skills in their organizations. This is the focus of our Learning Services organization and is based on a foundation of technical skills development programs. Increasingly these activities are expanding to specific applications-related topics and management topics related to our other consulting practices. It is also increasingly moving to customer solutions and non-classroom approaches.

These practice areas and service offerings represent a broad base of capabilities from which we draw in highly customized ways to help our clients understand, evaluate, and capitalize on emerging trends in business and technology.

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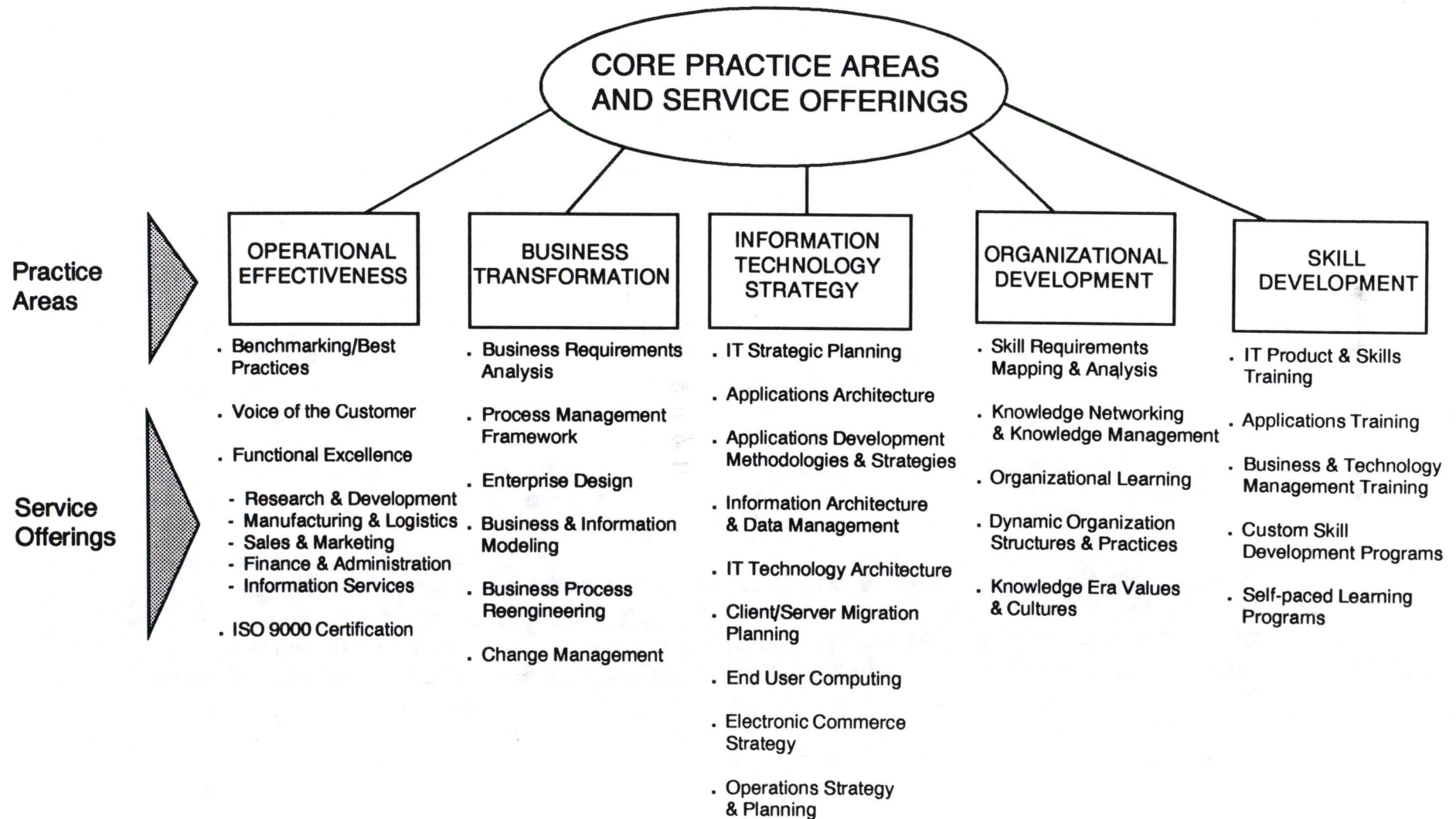
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STRATEGIC SERVICES SCOPE OF PRACTICE



STRATEGIC SERVICES CAPABILITIES, STRENGTHS

Our Strategic Services practice is supported by a substantial base of capabilities and experience. With almost a thousand consultants around the world actively engaged in client service, our consulting resources put us among the larger of the world's management consultants. We further support that base of experience with an explicit strategy to define and document our key methodologies and support them with industry-leading analytical tools so that their activities with clients can be as productive as possible. Many of these tools (such as TopMapping, RAMS, DECmodel, IT Healthcheck, Moving to Open Client/Server, etc.) are proprietary to Digital and a growing number are available as stand-alone products with associated training.

The Learning Services portion of our practice is of equal importance. The traditional Learning Services focus has been on training in Digital-proprietary product technology and that focus will continue to be supported through a variety of channels such as classroom, on-site, and self-paced techniques. In addition, our capabilities and offerings are rapidly growing in support of third party products (such as Microsoft and Novell) and applications. Our "Open Learning Network" is recognized as one of the largest skill development resources of its type and we believe that resource will increasingly be called on to support our consulting activities.

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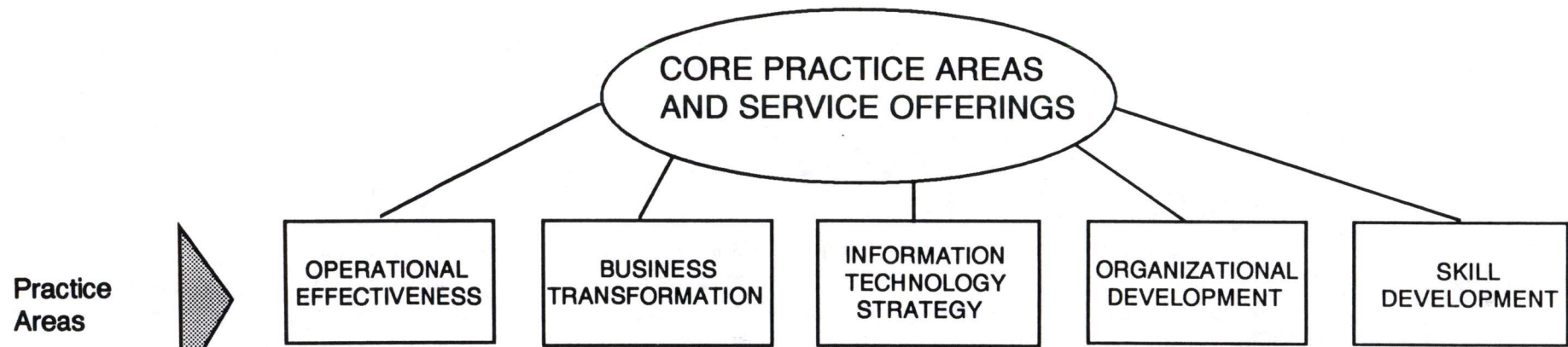
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STRATEGIC SERVICES CAPABILITIES, STRENGTHS



Practice Areas

Capabilities

<p>Approximately 1,000 consultants worldwide, conducting several thousand client engagements annually</p>
<p>Defined methodologies and supporting analytical tools, managed by worldwide "practice core groups" of experts</p>
<p>Over 800 educators in 70 training centers worldwide, providing service to over 130,000 students annually</p>
<p>Over 500 skill development offerings, ranging from product technology to IT and management concepts</p>
<p>Rapidly growing base of alliances with third party product and solution providers and a range of complementary consulting service providers</p>

KNOWLEDGE BUILDING CONCEPT

The position we intend to establish in the market is one of being the best able to work flexibly with our clients in addressing their needs in our practice areas. We will continuously evolve our practice areas and service offerings to be focused on key topics driven by emerging management concepts and emerging technologies. Once established, our areas of focus will be supported with a range of services so that our clients can obtain the type of assistance their unique circumstances require.

This means that in any given area a client can engage our assistance in a number of ways. Clients can obtain tools and/or training and address their needs themselves, or they can train some of their people to work in partnership with our consultants on a pilot project with the idea of performing subsequent work themselves. They can first attend one of our seminars or (in the future) acquire one of our research reports to familiarize themselves with a given topic before deciding how to proceed. This approach will also be extended to achieve synergies with other Digital Consulting practice areas.

The "Knowledge Building Concept" reinforces our claim to being more committed to the concept of knowledge transfer and capability-building than our competitors. It will also help us define working relationships with our clients that are more cost-effective and more conducive to rapid implementation than our competitors. These characteristics will enhance our growth opportunities and strengthen our client relationships.

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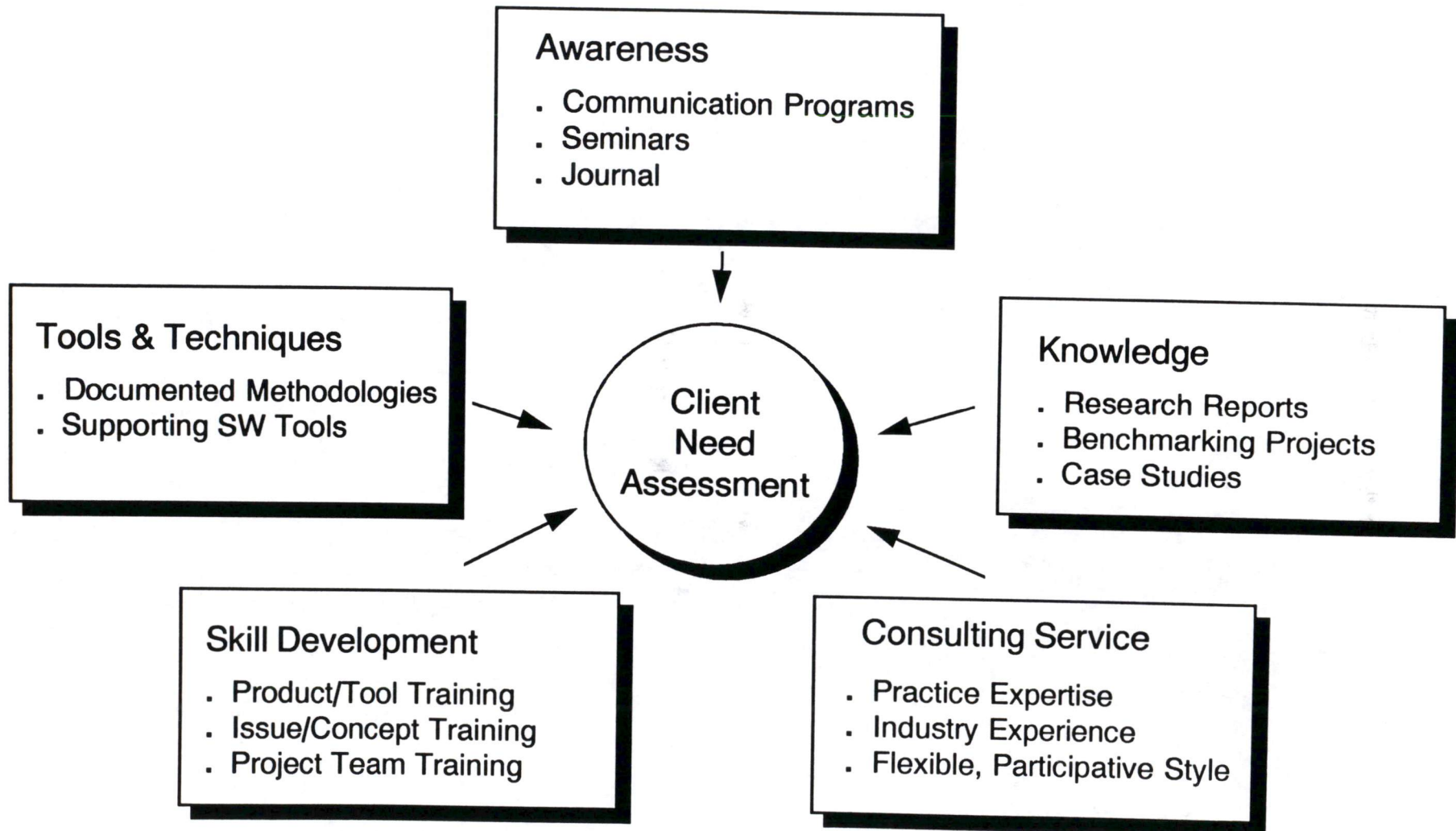
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KNOWLEDGE BUILDING CONCEPT



Section V - Integration Services

INTEGRATION SERVICES STRATEGY SUMMARY

The Integration Services practice intends to be widely recognized as a Client Focused, Services Driven, Solution Provider.

Client Focused. Our focus is on delivering the high value results that our clients seek by using solution components and capabilities that best fit their business and systems needs/requirements. Our clients can rely on Digital Consulting to provide them with consistent, reliable and responsive systems solutions wherever we serve them in the world.

Services Driven. We are driven to provide our clients superior services in each of our service offerings. We view our range of services - - planning, development, implementation and management of information systems solutions - - in the context of a systems lifecycle. Integration Services offers the full breadth of systems lifecycle services worldwide.

Solution Provider. As a leading systems integration and systems development solution provider, Digital Consulting recognizes that even the best-developed solution technology will fail unless the business and people issues are equally considered with technology. The capabilities of Integration Services are carefully blended to consider each of these essential ingredients to successful solutions.

We view the solution requirements of our clients along three dimensions: Industry, Functional and Technology. As a leading, global systems developer and integrator, Integration Services has developed comprehensive skills and solution portfolios around each of these dimensions.

The measure of a "Best in Class" systems integrator is being able to tackle the toughest client problems with the most current applicable and reliable technology. "Client/Server" is the term today that best captures the leading style of technical computing. The goal of Integration Services is to be widely and consistently viewed as a "Best in Class" worldwide systems integrator with a leadership role in Client/Server technology. We have the capabilities and technologies to achieve and maintain this position.

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INTEGRATION SERVICES STRATEGY SUMMARY

Client Focused... Work closely with our clients to objectively select, develop and deliver high-value systems solutions that *best fit* their business needs and requirements.

Deliver consistent, reliable, and responsive solution capabilities to our clients globally.

Services Driven... Provide a full range of consulting services to support the complete information systems lifecycle, from planning through production systems support.

Solution Provider... Comprehensively address the business, technology and people issues of integrated information system solutions.

Build a comprehensive skills and solutions portfolio centered around solving clients industry, functional and technology problems.

Focus on solving complex client business problems with enabling client/server technology.

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INTEGRATION SERVICES SCOPE OF PRACTICE

The Integration Services practice is comprised of three core practice areas: Systems Development and Production Systems Support, Systems Integration, and Custom Systems and Components.

Systems Development and Production Systems Support, and Systems Integration are supported by an integrated set of service offerings which support the delivery of complete systems lifecycle services to our clients. Therefore, in these areas we use the term "systems" comprehensively to mean all aspects of an information systems solution including: business, technology and people; and, applications, software, data, networks and hardware. All consulting personnel involved in these practice areas are expected to develop skills in both practice areas and related service offerings during the course of their careers.

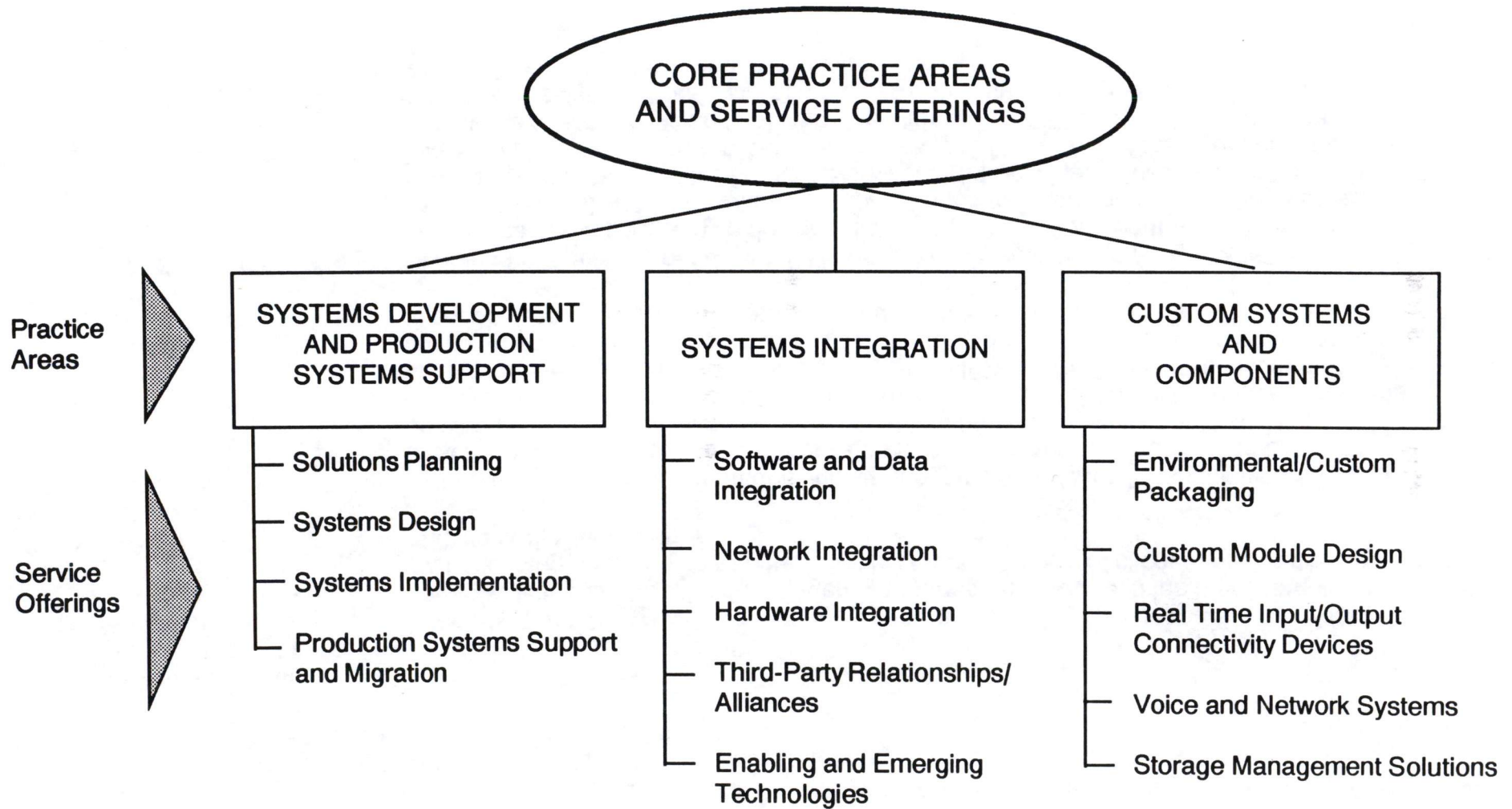
The Custom Systems and Components practice area is composed of technology-based service offerings that are a key differentiator of our Integration Services practices.

Systems Development and Production Systems Support - Utilizing an appropriate combination of proven and state-of-the-art systems development methodologies and development tools, we assist clients in gathering requirements and building capabilities for new systems and enhancements to existing systems. Digital Consulting's industry, functional and technology expertise combined with strong engagement management capabilities can accelerate implementation time frames and ensure high-quality results.

Systems Integration - For companies that require a wide array of information technology/systems integrated into a comprehensive solution beyond the scope of traditional systems development and production systems support, Digital Consulting provides broad-based, deep systems integration expertise. Digital Consulting's distinctive capabilities in this area allow us to draw on expertise from advanced technology areas, such as Custom Systems and Components to deliver world-class systems integration solutions to our clients.

Custom Systems and Components - Employing the best available technology, both Digital and third party, and applying our capabilities in system engineering, computer packaging and engineering design, the Custom Systems and Components practice allows us to provide clients with custom, technology systems and components tailored to enable their unique and reengineered process requirements.

INTEGRATION SERVICES SCOPE OF PRACTICE



INTEGRATION SERVICES CAPABILITIES, STRENGTHS

Integration Services practice areas are supported by our strength and depth of solution delivery capabilities. These delivery capabilities are categorized into three fundamental categories: systems integration and engagement management; architecture; and, core practice skills.

Systems Integration and Engagement Management:

Integration Services develops managers with the capability to manage systems lifecycle engagements from traditional engagement management through the most complex, global systems integration projects. The focus is on achievement of client engagement objectives on time and within budget.

Architecture:

Systems architecture is the underlying strategy and foundation for solutions delivery. A systems architecture consists of many components, including technical, data, communication, and application architectural components. As technology advances architectural models evolve. Digital has and continues to distinguish itself as a systems architecture leader in this evolutionary process. Integration Services is focused on providing leading client/server and object-oriented architecture solutions while continuing to support the traditional architectural requirements of our customers.

Core Practice Skills:

Central to our delivery of successful information solutions are the core skills and experience of our people who develop them and the solutions portfolios we develop to support them. Skills and solutions portfolios required by our clients are classified as Technology (often called Horizontal), Functional (often called Cross Industry), or Industry (often called Verticals) core practice skills areas. Within each of these dimensions, we identify the specific skills and solution portfolios which define and differentiate our practices. Assigned Practice Leaders and their related core groups are accountable and responsible for the success of these initiatives.

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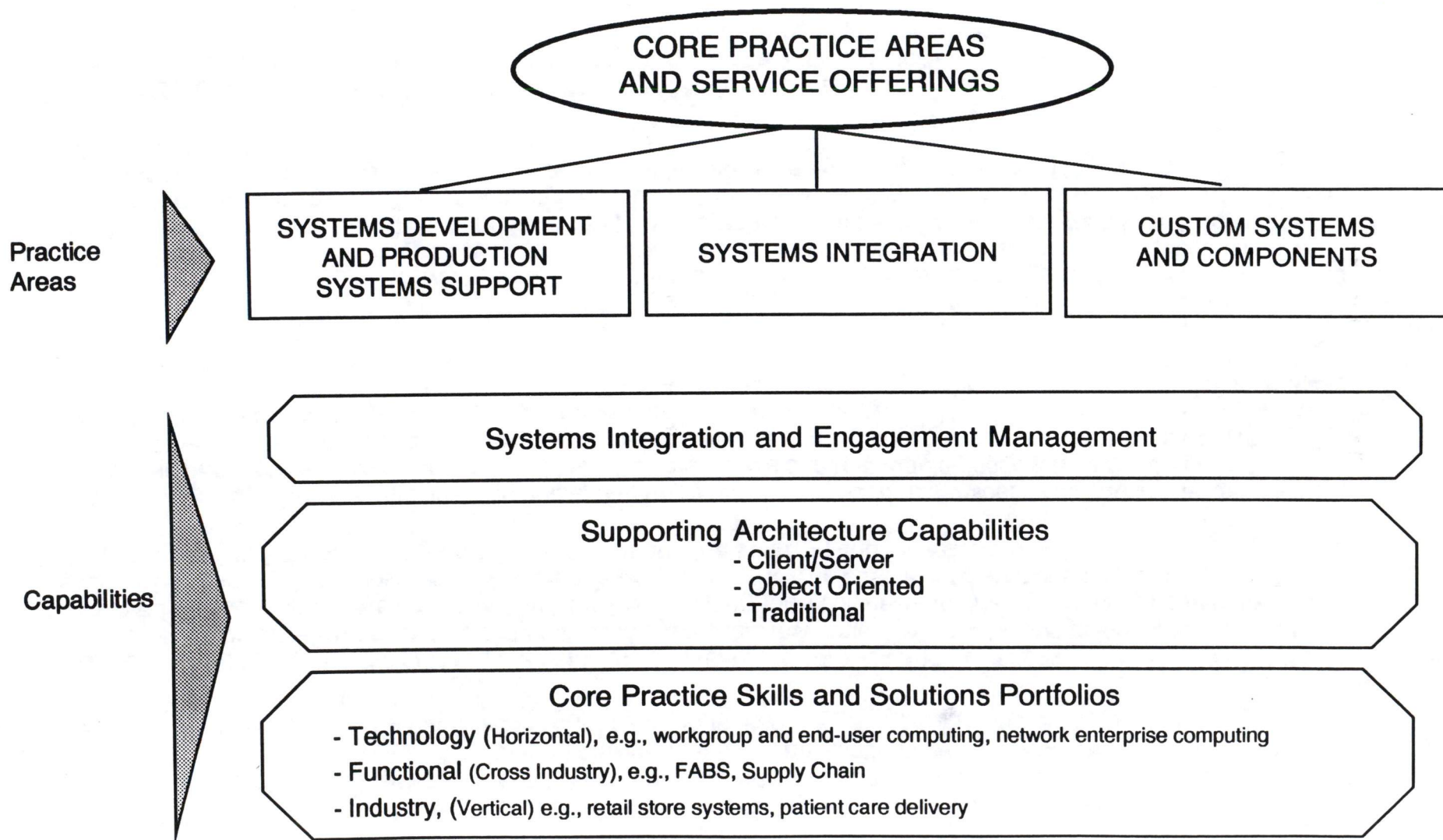
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INTEGRATION SERVICES CAPABILITIES, STRENGTHS



SYSTEMS DEVELOPMENT AND PRODUCTION SYSTEMS SUPPORT SERVICE OFFERINGS

Solutions planning, system design, systems implementation and production systems support are the four core service offerings of our Systems Development and Production Systems Support Practice. These service offerings apply to any systems engagement regardless of the hardware, industry, application complexity or size. The delivery of these service offerings is defined in our Digital Program Methodology.

Solutions Planning. The systems requirements of our clients are complex and far-reaching. The development and implementation of core systems typically represents a sizable investment. Our solutions planning services are focused on ensuring the systems being built achieve the long-term business and information requirements of our clients. These services allow senior client management the ability to effectively plan systems projects; to ensure solutions are well structured; and to effectively manage the sourcing and implementation.

Systems Design. Our systems design service offering provides value-added services which define systems features, functions and architectures. Our services utilize the latest tools and methodologies, such as rapid application development and object-oriented design, to "jump-start" design and significantly compress the time frames of subsequent development efforts. The work performed here typically serves as the foundation for subsequent work in systems implementation. In this phase, Digital Consulting engagement personnel work to define the functional and technical design in sufficient detail to ensure that the business, people and technology requirements of the client are met.

Systems Implementation. The systems implementation service offering involves the physical construction, testing and conversion of a system or group of systems to an operational state. Specific steps include technical design of the system; the installation of software and hardware; the programming of the system; user procedure development; conversion planning; testing the system; and, the successful physical conversion of the system. Further, we have tailored our services and supporting methodologies to capture the advantages of leading technologies, such as client/server.

Production Systems Support. This service offering provides for enhancing and maintaining our clients core production systems. We also provide services to ensure performance and future capacity issues are surfaced and planned for; and to ensure systems incorporate adequate levels of security to protect critical client information assets.

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SYSTEMS DEVELOPMENT AND PRODUCTION SYSTEMS SUPPORT SERVICE OFFERINGS

Service Offerings

Solutions Planning

Systems Design

Systems Implementation

Production Systems
Support and Migration

Service Descriptions

- Application and Technology Planning
- Architecture Design
- Systems and Technology Assessment
- Feasibility and Requirements Analyses

- Application Software Evaluation
- System Design Requirements
- Hardware and Software Selection
- Implementation Planning

- Technical Design and Construction
- Hardware and Software Installation
- User Documentation and Training
- Conversion Planning and Execution
- System, Integration and Acceptance Testing

- System Maintenance
- System Performance Tuning
- System Security Evaluation

SYSTEMS INTEGRATION SERVICE OFFERINGS

Digital Consulting provides a wide variety of services to meet our customers' systems integration needs. Our system integration practice is centered around five core service offerings. Each of these offerings provide a means for Digital Consulting to deliver a distinctive service that differentiates us from the competition. We primarily differentiate our services to customers by architecting solutions that integrate their diverse requirements in software and data, networks, hardware, third-party components and new emerging technologies into one seamless solution.

Software and Data Integration are integral to meeting our clients systems integration needs. We have a strong track record in building and delivering complex software solutions that recognize the importance of people, process, software and data integration. Digital is a long-standing leader in key software and data integration technologies such as: relational databases; data repositories; connectivity; open systems; interoperability; distributed processing; and, data security. This leadership in software and data integration technology and related expertise substantially differentiate our systems integration practice from our competitors. Our services encompass the complete systems life cycle to ensure we respond to all our clients software and data integration needs.

Network Integration is of increasing importance to client organizations as they look for solutions to integrate their multi-vendor network computing environments today, and to support their evolution to open network environments. We differentiate ourselves by providing our clients network services and sophisticated network computing environments such as DECathena, to solve the challenges of connectivity, interoperability and manageability inherent in multivendor, open network environments.

Hardware Integration is essential in realizing the flexibility and investment protection offered by open systems platforms, and the potential of current system technology products. By leveraging Digital's significant investment in technology, we provide hardware integration services which meet these objectives. We can rapidly integrate Digital standard, custom and/or third-party hardware and ensure smooth connectivity across a wide-ranging, diverse set of multi-platform environments.

Third-Party Relationships and Alliances have been developed with a broad range of third-party organizations. As a large, global competitor in the systems integration market, we can guide our clients in selecting reliable third parties that best fit their systems integration needs. Because of our size in the systems integration market we can often negotiate third-party agreements that provide more favorable terms than a client could obtain acting on their own. We are committed to helping our clients tackle the challenge of integrating multiple third-party applications and to offering our clients solution portfolios which include leading third-party solution components. To do this, we have developed in-depth expertise with selected third-party vendor organizations, such as Microsoft and SAP, where we can provide our clients vendor specific, value-added services.

Enabling and Emerging Technologies - Integration Services has its full attention focused on providing services that help our clients evaluate the use of emerging technologies to target business areas where they can provide a unique competitive advantage. Our long-standing corporate leadership in emerging technologies provides a foundation for our service offerings. Specifically, we help our clients to quickly evaluate and effectively integrate new enabling and emerging technologies, such as case tools, image processing, mobile computing and object technologies. We also provide services to support the actual implementation and ongoing support of these new technologies.

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SYSTEMS INTEGRATION SERVICE OFFERINGS

Service Offerings

Service Descriptions

Software and
Data Integration

- Enterprise Wide Design and Management
- Solution Planning and Design
- Implementation Support

Network Integration

- Solution Environments/Platforms
- Systems Benchmarking, Performance and Support

Hardware Integration

- Hardware Planning
- Hardware Procurement and Installation
- Hardware Performance and Benchmarking
- Hardware Device Integration
- Hardware/Software Integration

Third-Party
Relationships/Alliances

- Hardware, Software and Network Product Intelligence and Selection
- Services Intelligence and Selection
- Third Party Agreements
- Third Party Product Skills

Enabling and Emerging
Technologies

- Evaluation and Selection
- Market Trend Analysis
- Application and Implementation Support

CUSTOM SYSTEMS AND COMPONENTS SERVICE OFFERINGS

This practice provides a wide range of technology systems and components design services which meet unique physical system integration requirements of our clients. Our Custom Systems & Components business is built around five core service offerings. Each of these service offerings provide us with distinct competitive advantage. We engineer, develop, test and implement unique technology systems and components by integrating the best available hardware and software technologies.

Environmental/Custom Packaging is centered on our ability to design, customize, and physically install, uniquely re-packaged systems technologies and components to meet the space minimization and environmentally hardened requirements of our clients. By leveraging Digital's significant investment in technology, we provide service to modify and integrate Digital and third party hardware and software into unique physical solutions across a diverse set of computing and physical environments.

Custom Module Design provides our clients with the ability to adapt leading systems technologies into computer modules which meet their unique requirements.

Real-Time I/O Device Connectivity provides the application and development expertise to create physical solutions which connect computer systems and devices into real-time processes such as manufacturing and image processing.

Voice and Network Systems provides solutions which physically integrate the client's network infrastructure with public and private networks. Our network devices and connectivity services ensure interoperability with current and emerging communication standards. The integration of our voice-response applications (including recognition and synthesis) create unique, fully integrated voice/data solutions for our clients.

Storage Management Solutions provide the client with distinctive data management technology systems for their client/server architecture which ensure dependable information access. These solution offerings are provided in a wide range of media and performance options, and legacy systems integration alternatives.

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CUSTOM SYSTEMS AND COMPONENTS SERVICE OFFERINGS

Service Offerings

Service Descriptions

Environmental/Custom Packaging

- Re-design of Computer Systems
- Industrial and Military Hardening
- Data Center Space Reductions
- Integration of Third Party Components

Custom Module Design

- Single Board Computers
- Programmable Communications Devices
- Encryption Modules
- Application Porting and Integration

Real-Time I/O Device Connectivity

- Process Control Device Interface
- Third Party Device Integration
- Application Porting and Integration

Voice and Network Systems

- Custom Server Development
- Communications Protocol Development
- Integration with Telecommunications Systems
- Integrated Voice Response Systems

Storage Management Solutions

- Automated Back-up and Recovery
- High Speed Data Access
- Hierarchical Storage Management

BUILDING A PORTFOLIO OF INTEGRATION SERVICES SOLUTIONS

Our strategy is supported by a tightly focused solutions portfolio comprised of technology, functional and industry solutions. The primary objective is to have portfolios that can evolve over time as the business needs change, yet contain a few discrete initiatives that the organization can operate against and organize around on a worldwide basis. These solution portfolios and initiatives will form the basis for where the Integration Services Practice focuses its investment dollars.

On an ongoing basis we expect new initiatives/solution ideas to be generated from the field ("bottom-up") with top-down management support for execution of the strategies. Integration Services Practice Leaders and their related affinity/core groups, with cooperation of Area management, will be accountable and responsible for developing and achieving the strategic goals and objectives of these initiatives. Furthermore, Digital Consulting Management Team will monitor progress against milestones to ensure initiatives stay on track and add bottom-line economic value.

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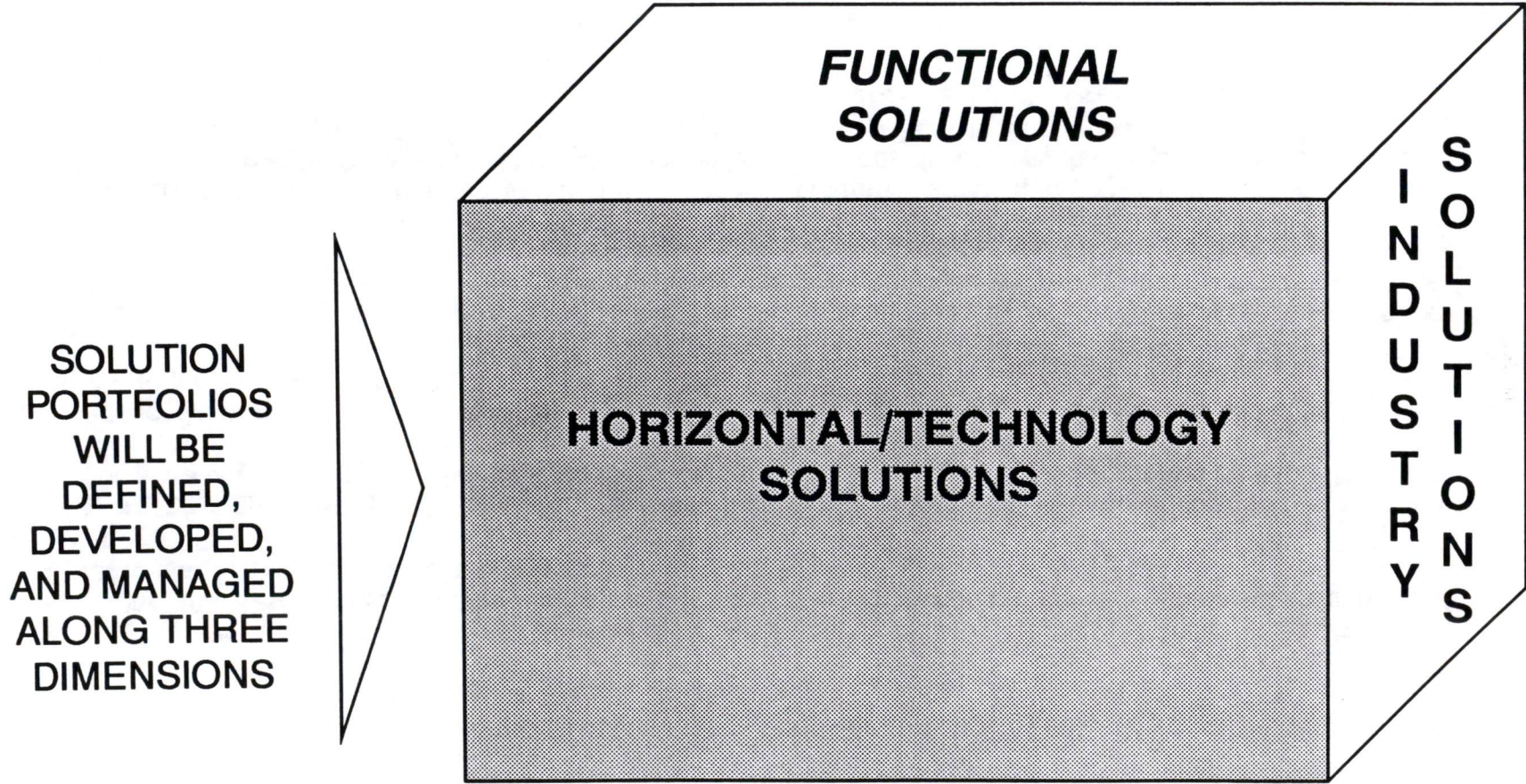
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BUILDING A PORTFOLIO OF INTEGRATION SERVICES SOLUTIONS



HORIZONTAL SOLUTION INITIATIVES

We have defined the five horizontal initiatives that comprise our technology solutions portfolio. The following provides a brief explanation of each major FY94 initiative:

Client/Server Production Systems: Support client requirements for the evolution of traditional mainframe operational systems to client/server architectures, including transaction processing, legacy applications, and large-scale "mega database" environments.

Workgroup and End User Computing: Enable clients to apply integrated office and workgroup platforms to their business problems, such as imaging, document management, workflow applications and desktop data access.

Applications Integration: Enable clients to share, acquire, process and present information in global heterogeneous environments. Build upon a standards based applications framework.

Enterprise Network Computing: Provide clients the communications systems, distributed computing services and management systems that are required to implement an enterprise-wide, production, client/server environment.

Custom Systems and Components: Provide clients with custom systems and components, tailored for their unique and reengineered process requirements by applying capabilities in system engineering, computer packaging, and engineering design, using both Digital and Third Party technologies.

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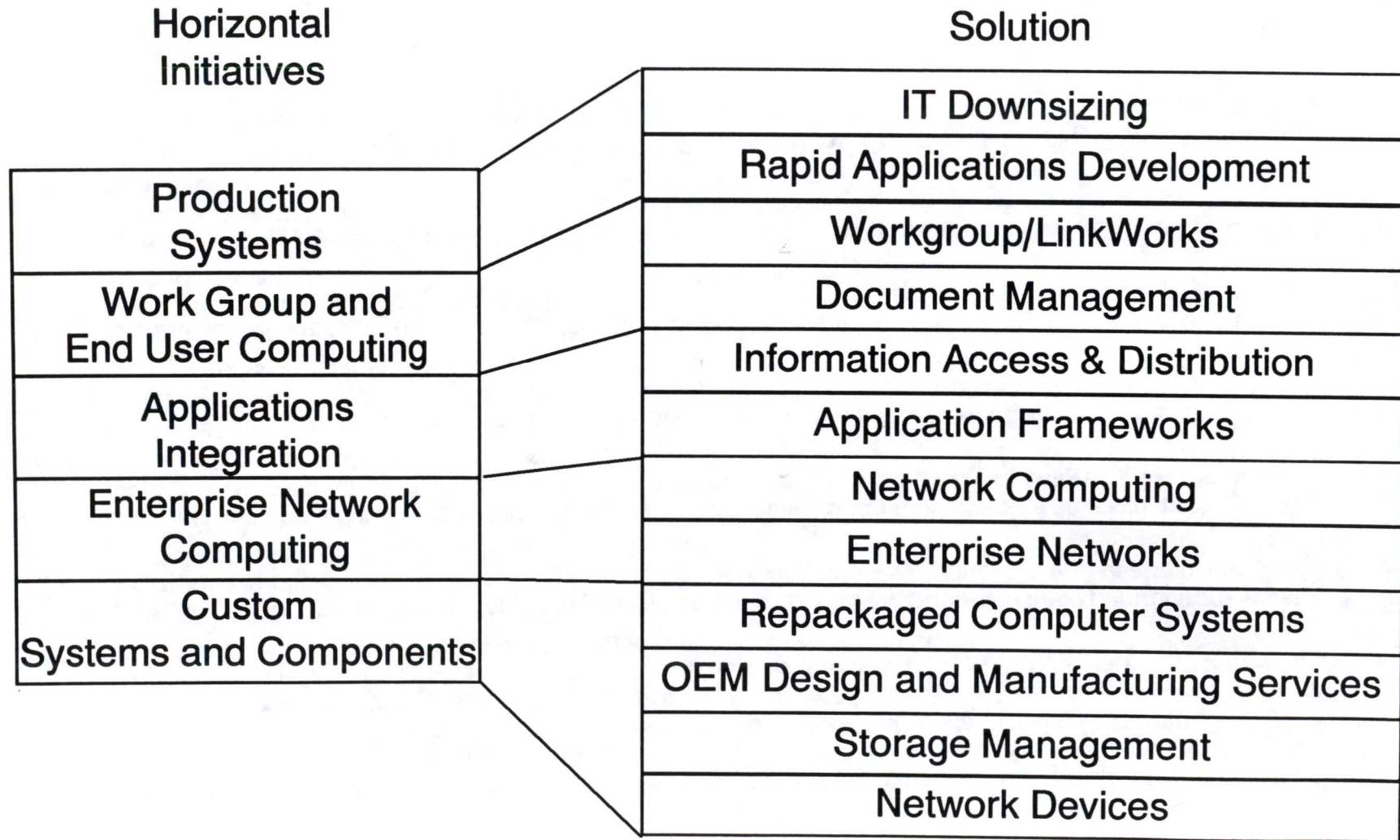
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HORIZONTAL SOLUTION INITIATIVES



FUNCTIONAL SOLUTION INITIATIVES

Functional solution initiatives, often called cross-industry solution initiatives, are directed at the functional business requirements of our clients. When possible, these initiatives build upon our technology solution initiatives. As a broad-based application developer and systems integrator, Digital Consulting has skills in virtually all business functions. Our emphasis on each function is based on our assessment of the market opportunity it represents. We have identified six initiatives and their related solution offerings that we expect to evolve as our functional solution portfolio matures.

Manufacturing concentrates on providing solutions to manufacturing operations and control from factory floor to enterprise applications. These solutions focus on improving quality, productivity and usage of capital equipment for both discrete and process manufacturing industries.

Supply Chain concentrates on providing solutions that facilitate the movement of physical goods from source of supply to the ultimate point of consumption. These solutions include order, inventory and warehouse management, plus logistics.

Geographic Information/Environment concentrates on providing solutions for clients in industry and government who have a need to manage geographic and environmental information in support of natural resource management, infrastructure management and other environmental decision-making.

Technical Document Management Systems concentrates on providing solutions for the access and management of data and documents both for product design requirements and process safety and maintenance management

Customer Service concentrates on providing solutions for servicing customers such as through help desks, field service dispatch centers, claims processing and reservation systems which can increase customer loyalty and reduce costs.

Financial and Accounting Business Systems (FABS) concentrates on providing solutions for accounting, financial management, business operations and decision making, and human resource management.

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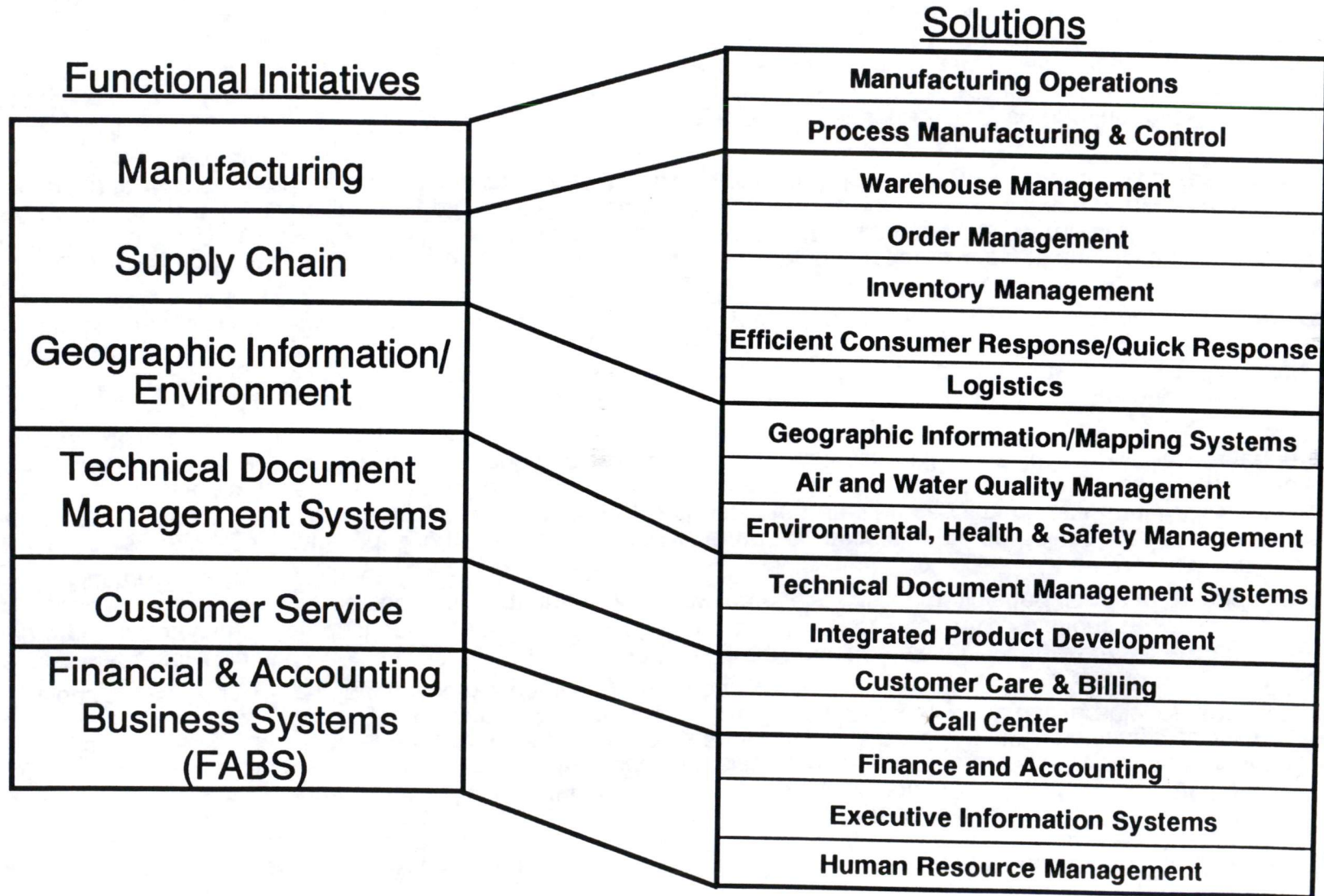
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FUNCTIONAL SOLUTION INITIATIVES



INDUSTRY SOLUTION INITIATIVES

Industry solution initiatives, often called vertical solution initiatives, are directed at the technology and functional business requirements of our clients that are unique to its specific industry segment. When possible, these initiatives build upon our technology and functional solution initiatives. As a broad-based application developer and systems integrator, Digital Consulting has skills in virtually all industry segments. Each of the Customer Business Units (CBU), in partnership with Digital Consulting, have developed industry solution portfolios that are focused on the key market opportunities within their respective industries. Digital Consulting's ability to provide its clients with a wide range of services, tailored to a client's specific industry and deliverable, on a global basis, is a clear differentiator in today's competitive systems market.

Discrete Manufacturing and Defense (DMD) has developed solutions that span a client's complete value chain. Integrated manufacturing, product development, supply chain and finance/administrative solutions have been developed and tightly linked together to manage the flow of raw materials, costs and finished goods to, through, and from the factory.

Consumer, Process and Transportation (CPT) has focused its efforts on developing a portfolio of solutions that enable process manufacturers to satisfy their unique supply chain, integrated process manufacturing, FABS, retail store and distribution requirements. As the environment has become a key concern of industry, a comprehensive set of solutions to support natural resource management, air and water quality, as well as health and safety management have been developed.

Financial, Professional and Public Services (FPPS) offers a full range of solutions for the retail banking, capital markets, global banking and insurance segments. Within Professional Industries, solutions that manage all aspects of practice management, client billing, project accounting, program and facilities management are offered. Law enforcement, unified court and judicial systems, postal systems, environmental management and public welfare are the primary solutions provided by the Public Administration Sector.

Health Industries (HI) solutions integrate all aspects of the care delivery system across suppliers, doctors, hospitals and other care facilities, as well as public and private insurance payment systems. A key component of the care delivery solution is a Computer-based Patient Record (CPR) that integrates both the clinical and administrative functions to dramatically reduce operational costs and improve quality through the timely receipt of accurate patient care and billing information.

Communications, Education, and Media (CEM) solutions recognize the convergence of computing and communications and capitalize on Digital's core competency in networking. Solutions range from high-quality traditional applications, such as operations support systems, network management and intelligent networks to strong offerings in emerging solutions such as video information systems which meet the needs of CEM customers. Our ability to plan and design solutions for local, wide area, and broad band networks, as well as public networks, is unsurpassed in the industry.

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INDUSTRY SOLUTION INITIATIVES

Discrete Manufacturing and Defense

Aerospace & Defense	Automotive & General Discrete	Electronics & Electrical
Technical Software Engineering	Manufacturing Ops. Supply Chain Product Development	Semiconductor Ops. SME Value Chain

Finance, Public, and Professional Services

Financial Services	Professional Industries	Public Administration
Retail Delivery Capital Markets Global Services Insurance	Architects / Engineers Computer Services Legal / Accounting	Environment Mgmt Law Enforcement Postal Systems Public Welfare

Consumer Process and Transportation

Oil, Gas, & Chemicals	Consumer, & Retail/Wsale	Forest, Mining Metal, & Glass	Utilities	Travel & Transport
Supply Chain				
Store Systems				
Geographic Information and Environmental Systems				
Integrated Process Manufacturing				
Document Mgmt		Document Mgmt		
Finance Applications and Business Solutions				

Health Industries

Health Care	Health Insurance	Pharmaceutical
Care Delivery	Claims/Administration	R & D Manufacturing Sales & Marketing

Communications, Education, and Media

Communication	Education	Media
Intelligent Networks Operations Support Networks Mgmt	Libraries K - 12 Higher Education	Printing & Publishing Broadcasting Cable
Call Center Plus		
Video Information Services		

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Section VI - Operations Management Services

OPERATIONS MANAGEMENT SERVICES STRATEGY SUMMARY

The Operations Management Services practice focuses on providing ongoing "outsourcing" and related services to supplement our client's own capabilities. In that regard our intended position is to be...

Client Focused: Faced with rapidly changing business and technology environments, our clients increasingly find themselves challenged to stay abreast of the latest innovations in information and communications technology, and to apply that technology to the best advantage of their core business. To make matters worse, they often find it difficult to attract and retain the technology personnel required to manage their information processing and communication services. Digital Consulting's worldwide leadership in planning, design, implementation and management of client/server architectures and global communications networks allow us to provide clients with an in-house staff, enabling them to continue and strengthen their focus on their core business processes.

Service Driven: We provide a full continuum of services for assisting the client in managing the operations of their communications and information processing centers, to assuming full responsibility for the operations and management of these centers.

Distributed in a Solutions Context: While focusing on customer information processing centers with a high degree of distributed content, we provide full outsourcing for all platforms and services so that our clients can have a single point of accountability for their operations management needs.

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OPERATIONS MANAGEMENT SERVICES SCOPE OF PRACTICE

The Operations Management Services business practice is comprised of five discrete practice areas which provide a full continuum of services from management assistance to full outsourcing.

Processing Services: We provide assistance in the management of the client's information processing center, or if desired, assume full responsibility for the operations of the center.

Applications Services: We assume full responsibility for the ongoing maintenance of the client's legacy applications and newly installed applications, freeing the client to pursue new applications development to meet the changing demands of business.

Business Process Applications: We provide complete services for client billing, accounts payable, payroll and other core administrative information processing needs. Included in this category may be shared tenant services.

Communications Services: We assume responsibility for the design, operations and management of the client's voice and data networks at the customer site or through our Global Network Operations Centers.

Information Asset Protection Services: We assist the client in taking the necessary precautions to guard against the loss of critical business data and processing capability caused by natural disaster, unauthorized intrusion or human error. Additionally, we provide customized disaster recovery services.

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OPERATIONS MANAGEMENT SERVICES SCOPE OF PRACTICE

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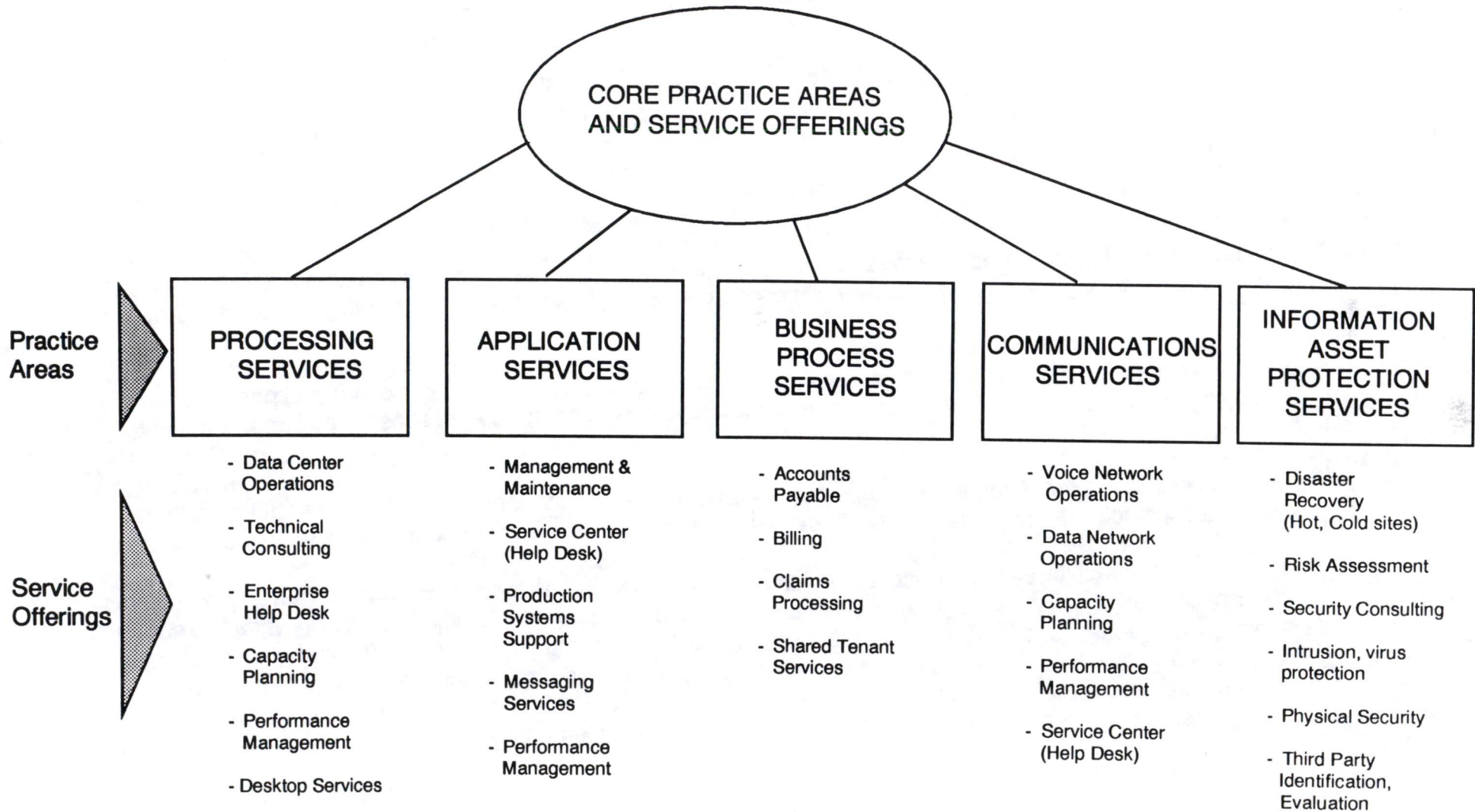
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OPERATIONS MANAGEMENT SERVICES SCOPE OF PRACTICE



WHY CLIENTS OUTSOURCE

In an increasingly competitive international marketplace, our clients are finding it necessary to outsource their information and communication centers for a variety of reasons. First among them is the need to focus on their core businesses, eliminating as many non-strategic activities as possible. Next in importance is the need to control runaway costs, and to improve service levels in these support functions. Often these business needs are frustrated by our clients' inability to attract and retain the high level of technical talent necessary to ensure that their support infrastructure provides the maximum competitive advantage.

Some clients have used outsourcing as an opportunity to seek an infusion of cash into their businesses by requiring that their outsourcing vendor purchase their current hardware, applications and their physical data center property.

Whatever the driving reasons for a particular client's interest in outsourcing, the common benefits of using an experienced information technology vendor are to leverage the considerable expertise of these specialized firms, gain the added flexibility of meeting variable demand loads, improved service quality and predictable costs.

Digital Consulting's Operations Management Services practice assures that the client will achieve the expected benefits of outsourcing through the application of a disciplined management process, which is consistent worldwide.

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WHY CLIENTS OUTSOURCE

REASON	DESIRED RESULT
COSTS	<i>Reduce and control costs of providing services</i>
	<i>Containment</i>
	<i>Predictability within constraints of agreement</i>
	<i>Fixed to variable</i>
INFUSION OF CASH	<i>Purchase hardware</i>
	<i>Purchase proprietary applications</i>
	<i>Purchase data centers</i>
FOCUS ON CORE BUSINESS	<i>Eliminate non-strategic and non-core activities</i>
	<i>Frees up human capital</i>
LEVERAGE EXPERTISE OF IT LEADERS	<i>Access to knowledge</i>
	<i>Inexpensively move higher level technologies</i>
	<i>Use of key technologies</i>
	<i>Knowledge transfer</i>
RELIEVES PERSISTENT MANAGEMENT PROBLEMS	<i>Broader base of management resources</i>
	<i>More professional management approach</i>
CAPTURE SPECIALIZED EXPERTISE	<i>Upgrade key skills</i>
	<i>Access to critical masses of requisite talent</i>
	<i>Pool of trained IS staff</i>
SERVICE QUALITY	<i>Improve service levels</i>
DISCIPLINED MANAGEMENT PROCESS	<i>Improve success rate for "Mission Critical" systems</i>
FLEXIBILITY	<i>Capital on demand</i>
	<i>Relief from staffing issues</i>

OPERATIONS MANAGEMENT SERVICES CAPABILITIES, STRENGTHS

Operations Management Services practice areas are supported by our worldwide strength and depth of experience in managing a highly networked, distributed computing environment in 100 countries developed over 35 years.

We manage the largest independent global network in the world, consisting of over 100,000 nodes managed through three global Network Operations Centers.

We manage and operate 150 data centers in 60 countries.

We operate seven hot site/restart centers in Europe, two centers in the Pacific Rim, and four in North America, serving over 6,800 contracts for disaster recovery.

Well-trained and knowledgeable personnel are the key to successful management of complex information processing and communications services. Digital Consulting's Operations Management Services offer the skills and experience of over 5,000 information processing and communications professionals to manage our clients' information infrastructures.

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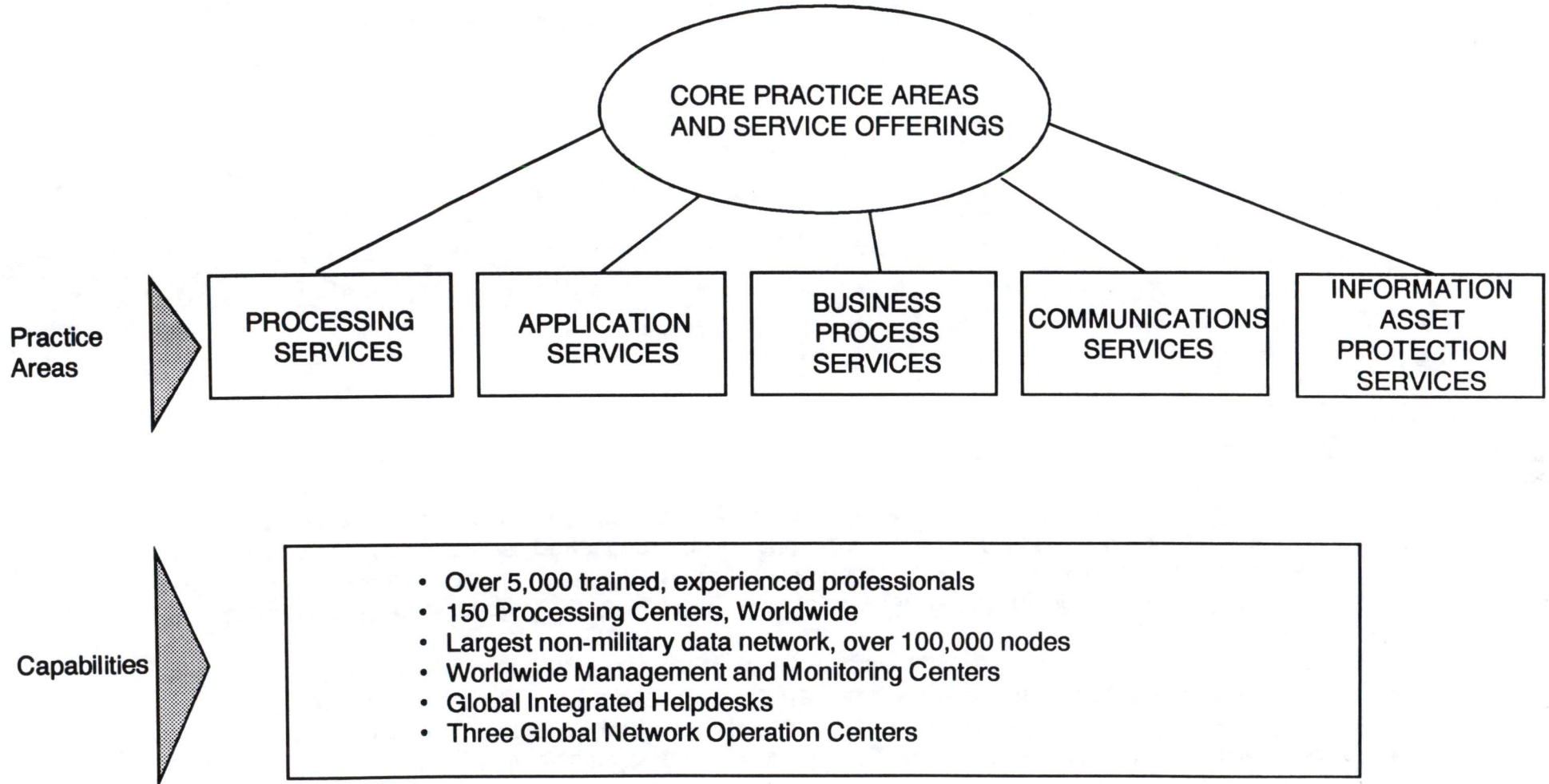
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OPERATIONS MANAGEMENT SERVICES CAPABILITIES, STRENGTHS



OPERATIONS MANAGEMENT SERVICES BUSINESS MODEL

The focus of Operations Management Services is to execute a business model built on Digital's superior technical depth in distributed processing. The key to our superiority is the leading-edge skills of our people. Using this highly-trained and motivated workforce, we will focus on providing service from our world class infrastructure that is economically attractive, superior in execution and performance, and provides value added to the client.

Operations Management Services is looking to build long-term relationships with our clients. Targeted areas are distributed computer operations, network management services, application support services, business protection services and business processing services. Building on our experiences "on the firing line" in real business, we will provide one-stop shopping for our services.

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OPERATIONS MANAGEMENT SERVICES BUSINESS MODEL

- Not a Financial Institution
 - *strategic use of financial engineering*
 - *not cheap source of cash*
 - *will consider operating capital*
 - *avoid "limited return" engagement opportunities*
- Focus on Service
 - *client will pay premium*
 - *avoid commodity FM (large glasshouse/SNA network)*
 - *target long-term relationships (applications support, remote systems support, etc.)*
- Center on value added, high quality and time-based competition
 - *world class infrastructure - quick!*
 - *open, client/server system management*
 - *distribute technology; not people*
 - *emphasis is on execution and performance*
- People are Key
 - *leading edge skills and training*
 - *management/metrics/leverage*
 - *experiences "on the firing line" in a real business*
- Exploit Scale Dynamics
 - *economy*
 - *capability*
 - *complexity*
- Global Solutions
 - *true "one-stop" shopping*
 - *business integration*

Section VII - Implications for Implementation

IMPLICATIONS FOR IMPLEMENTATION

To achieve the rate and level of progress we desire, there are several challenges that must be addressed explicitly. Many of these relate to a fundamental change in mind set regarding this business both inside of Digital Consulting and elsewhere in Digital.

To address these nine challenges we are in the process of implementing a large number of initiatives. But to be fully effective, these initiatives and issues must be well understood within our organization as integrated elements of a broader change program designed to create a world-class professional services operation.

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IMPLICATIONS FOR IMPLEMENTATION

- Establishing a “client service first” value system
- Building coherent methodologies and a highly collaborative environment
- Leveraging Digital’s sales and marketing relationships and capabilities
- Improving our inquiry response and closing practices
- Strengthening our staff development and delivery capabilities
- Strengthening our ability to share and leverage skills and resources on a worldwide basis
- Receiving fair value for the quality and impact of our work
- Developing robust and lasting relationships with our clients
- Retaining and continuously developing a highly skilled and highly motivated staff



ESTABLISHING A "CLIENT SERVICE FIRST" VALUE SYSTEM

To deliver superior client service we must foster a widespread understanding that everyone's number one priority is to do high-quality work with clients. If Digital Consulting is to build the capabilities, reputation and performance level that we desire, it is critical that we develop a rich appreciation for this concept in all of our staff. We shall do this in several ways.

- We shall act to minimize the number of roles in our organization that are not seen as being client service roles. That means we will expect our managers, specialists, senior leadership team and most others to continue to do client work.
- We shall manage any staff specialists that are not in PSCs and not carrying full chargeability objectives from a worldwide perspective. This will not mean they will relocate, but their activities and deployment will be coordinated by either the Business Practice or the Industry Practice leaders. This will help us make better use of that expertise and minimize redundant roles worldwide.
- We shall also implement common skills profile and activity reporting systems that will enable us to completely understand and manage utilization, and will facilitate cross-PSC staffing to optimize the deployment of our resources on client work.
- All PSCs will be measured on their ability to meet or exceed explicit chargeability targets.
- Investment programs will be managed from a central practice perspective so that their objectives remain supportive of our practice strategies and so that the impact of investment programs on utilization can be well managed.
- Finally, we shall take every opportunity to reinforce the dominance of this client service value. We will do this formally in our training programs and performance evaluation systems, and informally through a variety of communications.

ESTABLISHING A "CLIENT SERVICE FIRST" VALUE SYSTEM

- Minimize non-consultant roles
- Centralize "practice specialists" in worldwide roles for closer coordination and optimized deployment
- Implement a skills profile query system and accounting policies that facilitate cross-PSC staffing so as to optimize assignment practices
- Implement a uniform activity reporting system to enable utilization management
- Manage geographic organizations to achieve explicit chargeability targets
- Closely manage investment programs through worldwide practice leaders
- Emphasize the dominance of client service priorities in training programs, communications, recognition programs, and performance feedback systems

BUILDING COHERENT METHODOLOGIES AND A COLLABORATIVE ENVIRONMENT

As the pace of change has increased in business, some observers have noted that maybe the only truly sustainable competitive advantage is the rate of learning in an organization, and to have a high rate of organizational learning requires a highly collaborative environment. This observation is certainly true for consulting firms whose primary value added to clients is their ability to stay out in front on fast developing technical and managerial topics.

However, our traditional value system (as with most companies), has emphasized individual initiative and put a comparatively low value on collaboration. This has produced an array of service offerings, methodologies, tools, etc. that confuses us, bewilders our clients and hampers our ability to deploy our resources in a highly optimized way. We must significantly improve this aspect of our business to achieve and sustain a position as a standard of excellence in our field.

Our primary vehicle for accomplishing this will be through the roles and efforts of our Business Practice leaders, our Industry Practice leaders, and our Affinity Group concept. Achieving these objectives is among the top priorities for this dimension of our organization model.

We also intend to build these values and the resulting initiatives into our formal systems for training, evaluation, etc. One of the concepts we intend to pursue in this regard is the use of annual practice conferences as part of our approach to training. This can be a highly efficient means of disseminating new knowledge while also being a force for convergence, networking and collaboration.

Lastly, we have already put considerable effort into the development of the Digital Consulting Management Team as an effective team and we will continue to invest our time in that objective. We are looking for the DCMT to provide leadership to the organization on these topics and to set the standard for this culture.

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BUILDING COHERENT METHODOLOGIES AND A COLLABORATIVE ENVIRONMENT

- Strengthen worldwide Business Practice Leader roles in Strategic Services, Integration Services and Operations Management Services relative to strategies, investments, capability-building, and inquiry response
- Create fully-functioning "Affinity Groups" by practice, by industry, and by geography
- Hold regular Practice Conferences as a means of coordinating worldwide activities, rapidly disseminating new knowledge, and encouraging networking among our professionals
- Emphasize the importance of collaboration in training programs, communications, performance feedback systems and advancement decisions
- Develop the Digital Consulting Management Team into a highly effective team that sets the example for the rest of the organization

LEVERAGING DIGITAL'S SALES AND MARKETING CAPABILITIES

Digital's extensive Sales and Marketing organization can provide enormous competitive advantage to Digital Consulting, providing direct access to Digital's current customers and, through our indirect marketing partners, enabling us to reach a huge base of potential clients. However, we must more effectively leverage this opportunity.

We shall assure that our Sales and Marketing resources understand the value Digital Consulting can bring to engagements by clearly communicating our focus, capabilities, and competencies.

We shall equip Account Managers with the tools required to facilitate discussion of client needs.

We shall simplify the working relationships between Digital Consulting and our selling and marketing resources, using the Consulting Service Principal to manage that relationship.

Marketing efforts and positioning of service offers shall be properly positioned with those of other Digital Business Units to increase the ease of selling Digital's complete portfolio.

Finally, we shall focus on continuously informing and educating our selling and marketing resources. This will be done through a variety of complementary approaches, all aimed at enabling them to identify and generate qualified Digital Consulting leads.

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LEVERAGING DIGITAL'S SALES AND MARKETING CAPABILITIES

- Clearly articulate our focus, competencies, and experience
- Develop a high quality and coordinated set of sales collateral designed to facilitate discussion of client needs
- Operationalize a clearly understood, easy and responsive interface process between Digital's Sales and Marketing organizations and Digital Consulting
- Use the Consulting Services Principal role to work with Account Managers to actively participate in account plan development and to identify specific client development initiatives
- Coordinate service offerings and marketing initiatives in a way that leverages opportunities generated by Digital's other business programs
- Provide training to Digital Account Managers through personal coaching (CSPs), sales seminars, and formal learning courses. Enable them to identify and generate qualified leads for Digital Consulting

IMPROVING OUR INQUIRY RESPONSE AND CLOSING PRACTICES

Our success in meeting aggressive business goals is dependent upon significant improvements in responding to potential opportunities, and then rapidly taking actions to close.

Through our Digital Consulting reengineering efforts, we are revamping the processes involved in responding to and closing engagement opportunities. We shall adapt our existing tools and methodologies to the new processes.

Area Practice Managers shall ensure that our service offerings are appropriately reflected in the sales and marketing goal sheets, and the Consulting Services Principal shall serve as the focal point for proactively interfacing with Sales and Marketing as well as for inquiry response.

We shall support the account teams with a worldwide opportunity tracking system and worldwide skills profiling system, enabling us to effectively staff all engagements and to facilitate assignment of our most qualified resources to high potential client opportunities.

The Area Practice Managers shall oversee and drive the above efforts, focusing on business development, opportunity management and closing assistance.

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IMPROVING OUR INQUIRY RESPONSE AND CLOSING PRACTICES

- Adapt existing tools, such as the Program Roadmap, to the new processes, roles and responsibilities
- Ensure that our service offerings are adequately represented on Sales and Marketing goal sheets
- Operationalize a clearly understood, easy and responsive interface process between Digital's sales and marketing organizations and Digital Consulting
- Adopt a fully-functioning Consulting Services Principal concept to serve as a focal point for account planning, opportunity pursuit, and inquiry response
- Implement a worldwide opportunity tracking system
- Implement a worldwide skills profile system, tied to availability forecasts, to facilitate rapid delivery of our best qualified resources to high potential client opportunities
- Focus the efforts of our Area Practice Managers on business development, opportunity management and closing assistance as a top priority

STRENGTHENING OUR STAFF DEVELOPMENT AND DELIVERY CAPABILITIES

The quality of our staff and the effectiveness with which we assign them to client work will ultimately determine our success. We shall place great emphasis on managing this aspect of our business and we are implementing a number of improvement actions in this regard.

All new employees, new Engagement Managers, new Consulting Services Principals, and new Consulting Directors will participate in uniform training programs designed to reinforce standard operating modes. Participation in these training programs is an integral part of the career path progression plans.

Proper staffing of client engagements shall be overseen by the Consulting Services Principals, who will be supported by Area Practice managers as well as worldwide Business and Industry Practice Leaders.

The quality of our client work will be the responsibility of our CSPs. We expect them to be actively engaged in this work from the initial proposal stage through to completion. To gauge their success, we will implement a formal quality sensing and feedback process which will involve our most senior business leaders in follow-up discussions with those clients.

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STRENGTHENING OUR STAFF DEVELOPMENT AND DELIVERY CAPABILITIES

- Implement uniform training programs for new employees, new Engagement Managers, new Consulting Services Principals, and new Consulting Directors that clarify our key operating practices
- Strengthen performance review and development processes with clearly defined competence standards
- Implement a worldwide skills profile system, tied to availability forecasts, to facilitate staffing
- Use Area Practice Managers and worldwide Practice Leaders (both business and industry) to support the staffing and delivery processes with needed expertise
- Adopt a fully functioning Consulting Services Principal concept to provide customer-focused engagement leadership
- Implement a formal quality sensing and feedback process using our most senior business leaders

STRENGTHENING OUR WORLDWIDE RESOURCE-SHARING CAPABILITIES

One of Digital Consulting's greatest potential competitive differentiators is our extensive worldwide presence. However, to exploit that advantage, we must go beyond merely having presence in over one hundred countries - we must be global in operation.

To address this need, we shall implement a financial compensation system that encourages and supports global resource-sharing. This shall be based on revenue transfer, not on cost recovery.

We shall also improve accounting and skills profile systems to facilitate temporary staff transfer, and shall encourage this approach by instituting appropriate performance measurement, career path progression, and compensation programs.

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STRENGTHENING OUR WORLDWIDE RESOURCE-SHARING CAPABILITIES

- Implement a revenue transfer system that encourages and supports the ever-increasing need for global sharing of resources
- Improve accounting and skills profile systems to facilitate transfer of staff to optimize results
- Ensure performance measurement and compensation systems encourage work assignment flexibility

RECEIVING FAIR VALUE FOR THE QUALITY AND IMPACT OF OUR WORK

As a client-focused entity, we must ensure that the value clients place on our work far exceeds the fees charged to clients, yet we must also ensure that the value we provide is properly recognized and fairly compensated.

Consulting Services Principals shall have responsibility for ensuring that client proposals are properly scoped. Proposals will be based on standard billing rates and write-off guidelines, with the consulting Services Principal and Engagement Manager accountable for full recoveries. This responsibility will include minimizing situations where valued resources are assigned to clients on a cost-recovery basis.

We shall move towards industry-standard pricing structures, and then shall review billing rates semi-annually to ensure that they are reflective of market changes. We shall eliminate unauthorized discounting and allowances by implementing a review and escalation process.

We shall use our formal quality sensing and client feedback process to provide direct information regarding the perceived value of our work and the effectiveness of our business practices.

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RECEIVING FAIR VALUE FOR THE QUALITY AND IMPACT OF OUR WORK

- Adopt a fully functioning Consulting Services Principal concept to ensure properly-scoped client proposals
- Adopt standard billing rates, write-off guidelines, and hold Consulting Services Principals and Engagement Managers accountable for full recoveries
- Move toward industry standard pricing structures as rapidly as our reputation, quality of service, and demand allow
- Implement a semi-annual review process for adjusting billing rates in light of market developments
- Develop an explicit review and escalation process to manage discounting and allowances
- Implement a formal quality sensing and feedback process using our most senior business leaders to gauge client value

DEVELOPING ROBUST CLIENT RELATIONSHIPS

Consulting Services Principals shall drive our overall efforts to build long-term, trust-based, high-quality relationships with clients. They shall proactively work with Account Teams to establish and execute client development plans.

These efforts shall be supported by equipping account teams with tools and information needed to describe offerings in ways that respond to client needs. Individual service and product offerings shall be linked together to create more complete solutions. Account teams shall be prepared to explain the full scope of Digital Consulting offerings to clients.

Clients shall continuously be informed, through our marketing and communications efforts, of topics of importance to them or of new service capabilities.

Finally, all Digital Consulting personnel will carry performance goals that recognize and reward building strong client relationships.

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DEVELOPING ROBUST CLIENT RELATIONSHIPS

- Adopt a fully functioning Consulting Services Principal concept to focus on the long-term, trust-based, high-quality client relationships, and explicit client development plans
- Develop Business Practice methodologies and materials that support the linking of individual services into more complete offerings to our clients
- Train and equip our professionals to explain the full scope of our service offerings to clients when opportunities present themselves
- Use ongoing communications programs specifically focused on our client base to continuously introduce new topics to them related to our practice capabilities
- Institutionalize performance measures that recognize and reward building strong client relationships

RETAINING AND DEVELOPING OUR PROFESSIONAL STAFF

Our overall success is dependent on our ability to hire, train, motivate, and retain high-quality personnel. To do this, we must build a culture and a shared value system that rewards desired performance and behavior. We shall clearly and continuously communicate Digital Consulting's directions, capabilities, and initiatives to our staff, ensuring that they understand and fully support the business.

Each employee shall be fully informed of his/her individual responsibilities, team responsibilities, and associated career path implications. All employees shall have an individual career development plan. Reward and recognition programs shall be consistent with Digital's overall approach, but shall also encourage best-in-class industry performance.

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RETAINING AND DEVELOPING OUR PROFESSIONAL STAFF

- Building a culture and shared values that rewards strong performance, business contribution and professionalism
- Clearly communicating our direction, capabilities, and initiatives to our staff so they understand the opportunities and our commitment to this business
- Clearly communicating our organization model and the resulting career path implications so that our people understand what is expected of them and what the future may hold for them
- Maintaining an environment that encourages open communications and collaboration
- Adopting reward and recognition practices compatible with Digital's overall approach, consistent with industry norms and consistent with our business performance



SUMMARY

In summary, we have the opportunity, the ability and the vision to develop a world class professional services entity that will deliver significant value to our clients and to Digital Equipment Corporation. The strategies and plans to do so are rapidly taking shape. We believe the concepts described in this document lay the foundation for that success, and we are prepared to pursue these objectives with enthusiasm and a very clear sense of purpose.

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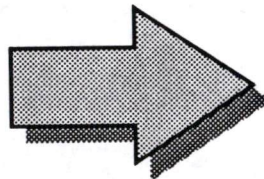


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SUMMARY

FOUNDATION

- clear direction
- unquestioned commitment
- extensive resources
- recognized competencies
- re-engineered value chain
- flexible organization
- clearly defined roles
- focus on client needs
- focus on explicit opportunities
- investment in staff development
- professional services value system



SUCCESS

- world-class capabilities
- world-class service to clients
- world-class performance

