

*I got the call -
refer to this*

INTEROFFICE MEMORANDUM

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Date: 24-Jun-1993 11:31am DST
From: Eddie Holland @NVO
HOLLAND.EDDIE AT A1 at MSDOA at ALF
Dept: Sales
Tel No: DTN 366-7405

TO: See Below

Subject: NISSAN - POTENTIAL CUSTOMER PROBLEM

We have a potential customer issue with Nissan that may get elevated to one of your offices by a customer. The local account team has been working with the customer to address their requests. The customer, though indicating initial agreement with the current proposal to solve an SI program scope issue, has since decided to elevate past the local account team to see if they can get further resolution. Below is a brief description of the issues they may raise and the response that we recommend.

The customer has contacted Bob Burke's office as an initial point of escalation. Bob was their V.P. contact throughout the term of the contract. The local account team, since July 1992, has been managing all post contract activity with the Nissan plant in Smyrna.

In general, we believe that Digital has more than met our obligations to the customer and do not owe them any additional products or services free of charge. Please coordinate with the local team listed here to address the issues if the customer should call.

Account team:	Eddie Holland	Branch Sales Manager
Customer(s) who may call:	Larry Hunter	Engineering Director, Paint, Plastics, and Facilities
	Emil Hassan	Senior Vice President, Operations (most likely to call)

BACKGROUND:

A multi-year program was completed for the customer in FY93 with warranty support completing in Q3 FY93. The system, a Production Management Control System (PMCS), has been running in production in the Smyrna, TN plant since May 1992. The customer has signed off on the program and paid all of their invoices. The original bid to the customer (\$12M total) included some of the items they are now asking for; however, they chose to spend less money (\$7.9M total) and contract for reduced functionality with Digital. It is important that Nissan's perspective be explained here. The final \$7.9M was \$2.5M over

their original project budget. This "overspending" on their part, combined with confusion over initial expectations, resulted in an ongoing scope battle for the duration of the project.

Nissan has been managing the system since July 1992. Over the past year, as Nissan has become more familiar with PMCS and its inner workings, the customer has decided that their needs have grown to a point where they need increased capacity and functionality. However, their position is that the current issues already existed prior to project completion.

In all cases the account team and the program team have offered alternatives, recommendations, and solutions to their issues, which the customer has repeatedly ignored. Now they would like Digital to solve their problems free of charge.

The items in question are as follows:

- They want added capacity to do additional things and make back-ups easier. There were never any requirements in the initial contract for incremental capacity. They have run their business with the system for a year before deciding they needed this increased capacity. They have been managing the system and making modifications to it over the last year. Some of the items they need such as added disk space are because they are not managing their systems effectively.
- The customer has raised an issue with single point of failure in the entire system. The system is designed with safeguards, some hardware, some software, and some procedural, that essentially remove this as a problem. Elimination of single point of failure was not part of the contract that Nissan purchased. Digital has recommended several solutions to further eliminate the concern which the customer has ignored because it would entail some additional expenditures. There are also procedures to follow in case of a failure to allow another part of the system to handle the work. They are trained in the procedures but do not always follow them.
- In the case of a network failure Nissan's approach was that they would diagnose network problems, Nissan would stock spares, and Nissan would get the network back up, after which Digital would swap the bad parts for good parts. They took this approach because they could not afford a production outage that a non-immediate response would cause. We offered network support packages but they didn't want to spend the money. They had a recent outage but did not have the spare part in stock.

RECOMMENDATIONS:

We recommend that if the customer does call to elevate you should reiterate the following points and refer back to the local account team as the decision point for a solution.

- 1) Digital has more than met its contractual commitments to Nissan.
- 2) We are interested in helping them work toward a solution.

- 3) We have offered recommendations and packaged solutions that are fair and price competitive that Nissan should take advantage of.
- 4) Nissan should work with the local team to come to conclusion on the items listed above.

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