

DIALOGUES

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Coopers & Lybrand Chooses AGS for Project Support Throughout North America



Michael Bealmear, C&L Partner and National Director of Systems Development, speaks at Dallas training session.

Coopers & Lybrand (C&L), one of the largest accounting firms in the United States, has selected AGS' System Development Methodology products as the methodology of choice for their management consulting practice. AGS will provide training, consulting and enhancements to the methodology which will be used on



left to right — Dick Thatcher, Corporate Vice President, with members of the AGS Team: Jim Schepers, Susan Ball and Lou Yannaco.

C&L client projects throughout North America.

In order to service this multi-year, multi-million dollar contract, a team of AGS Management Systems consultants and support staff has been transferred to our Systems Development Division (SDD) under the management of Lou Yannaco, New Jersey Regional Director. The AGS Team, under the direction of Susan Ball, has been developing C&L specific training courses and pro-

viding consulting support. Michael Bealmear, C&L Partner and National Director of systems development consulting, recently stated, "We have about 1,000 professionals in our management consulting ranks across the country, and I needed some way to standardize our approach to systems delivery engagements. Before we had the (AGS) methodology, work would often be done inconsistently or incompletely." By utilizing the tools and

techniques of our methodology, especially structured techniques, C&L intends to increase their systems implementation contracts.

In order to inform the Regional Offices about the methodology and introduce the members of the AGS Team, C&L held a four-day training session in Dallas, Texas, for regional information systems management. C&L partners and directors from twenty-five U.S. cities and Canada were introduced to the techniques of structured analysis and design and learned about the full range of AGS products.

Over the next few years, C&L intends to train every member of their information systems staff in structured techniques, the AGS product line, project administration and quality assurance. With a proven methodology and trained professional staff, C&L intends to obtain a bigger share of the systems development market. AGS will contribute to C&L's growth by providing training and enhancements to the methodology as well as by participating in joint projects.

The Coopers & Lybrand relationship with AGS is another example of the full range of services AGS is bringing to the marketplace. AGS will shortly begin training key SDD regional personnel in the Systems Development Methodology to provide expanded support to C&L's clients and to the marketplace at large.

'Tis The Season

Rich Huntley, Vice President, New Jersey Region, presented a check for \$5,000 to the Valerie Fund, an all volunteer, non-profit organization which supports care for children with cancer and their families. In the past, AGS gave gifts to our customers; this year, we decided to make a contribution to a charitable organization in lieu of these gifts. In keeping with the spirit of the holidays, AGS chose to make that contribution to an organization that specifically works with children.

With our donation, we received holiday cards to send to our customers that were drawn by children at the Valerie Fund Children's Centers. The cards

indicated that a donation was made by AGS to the Valerie Fund.

There are five Valerie Fund Children's Centers in New Jersey: Overlook Hospital, Summit; Monmouth Medical Center, Long Branch; Children's Hospital of New Jersey-United Medical Center, Newark; Middlesex General-University Hospital, New Brunswick; and Newark Beth Israel Medical Center, Newark. Our donation supports all of these centers along with Camp Happy Times, a one-week sleep-away camping experience for the children. Last summer, ninety children were able to enjoy this camp, with all costs assumed by the Valerie Fund.



Rich Huntley, Vice President of NJ Region (left) and Seymour Frankel, President of Valerie Fund, take time out from holiday party to pose with parents and children of the Center.

The Corporate Corner by Larry Schoenberg

Once again, AGS achieved record results for the quarter and nine-month period ending September 30, 1985. Revenues rose 23% and net income 4% for the quarter.

Banking software sales accelerated as the quarter progressed and produced the best results. Telecommunication and project management/methodology software sales were also better than budgeted goals. These groups had major sales to several computer manufacturers and Coopers & Lybrand (C&L), respectively. C&L selected AGS' system development methodologies for use in all of its North American Offices.

AGS has discontinued the sale and development of Smart-C. Customer expectations for new features continued to expand more rapidly than our belief in the economic recoverability of the costs to produce and maintain these additional features. All costs (approximately \$1 million in 1985) associated with this product have been expensed.

Systems development software revenues rose 16% from last year but profits were negatively impacted (\$300,000) by the closing of many of our clients in expectation of Hurricane Gloria. New business in this area came from six new aerospace clients and several computer manufacturers. Microamerica, despite a weak microcomputer market, increased its market share and met its projections, and with AST, Hayes, OKI, Princeton Graphics, Wyse and Mountain Computer sales rising, anticipates a strong fourth quarter.

Our nine-month figures place us on target for achieving our twelfth consecutive record year by a significant margin.

AGS Computers, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

	For the three months ended September 30		For the nine months ended September 30	
	1985	1984	1985	1984
Sales:				
Software	\$29,213,000	\$24,715,000	\$ 87,178,000	\$ 70,469,000
Microcomputer distribution	38,306,000	29,993,000	116,251,000	88,912,000
Interest income	98,000	128,000	257,000	290,000
	<u>67,617,000</u>	<u>54,836,000</u>	<u>203,686,000</u>	<u>159,671,000</u>
Cost of sales:				
Software	19,424,000	16,410,000	57,657,000	46,540,000
Microcomputer distribution	32,773,000	25,239,000	99,766,000	75,895,000
	<u>52,197,000</u>	<u>41,649,000</u>	<u>157,423,000</u>	<u>122,435,000</u>
Selling, general and administrative expenses	11,269,000	8,787,000	33,244,000	25,489,000
Interest expense	540,000	792,000	1,791,000	2,020,000
	<u>64,006,000</u>	<u>51,228,000</u>	<u>192,458,000</u>	<u>149,944,000</u>
Income from continuing operations before income taxes	3,611,000	3,608,000	11,228,000	9,727,000
Income taxes	1,757,000	1,748,000	5,715,000	4,712,000
Income from continuing operations	<u>1,854,000</u>	<u>1,860,000</u>	<u>5,513,000</u>	<u>5,015,000</u>
Loss from discontinued operations (less applicable income taxes of \$70,000 and \$343,000)		(82,000)		(371,000)
Net income	<u>\$ 1,854,000</u>	<u>\$ 1,778,000</u>	<u>\$ 5,513,000</u>	<u>\$ 4,644,000</u>
Income per share from continuing operations	\$0.35	\$0.35	\$1.05	\$0.95
(Loss) per share from discontinued operations		(0.01)		(0.07)
Net income per share	<u>\$0.35</u>	<u>\$0.34</u>	<u>\$1.05</u>	<u>\$0.88</u>
Weighted average shares outstanding	<u>5,250,000</u>	<u>5,281,000</u>	<u>5,253,000</u>	<u>5,265,000</u>

Employee Spotlight



Lawrence Thimsen has recently been promoted to Systems Development Manager, reporting to Rich Nackson, New York Region. He began his data processing career in 1973 and has since worked on the development of various commercial application systems.

Currently on assignment at a large brokerage firm in New York City, Lawrence is the Systems Development Manager working with a team of ten AGS programmers who are developing a home PC information system. This system allows customers to connect to the brokerage house to receive up-to-date information on portfolios and electronic mail.

Some other assignments Lawrence has worked on include assisting in the installation of a new accounts payable system for a major magazine corporation. Lawrence's duties included the design and implementation of additional screens, modification of programs, and system documentation.

As a consultant for AGS at a major bank, Lawrence was responsible for the

design, implementation and testing of a national automated teller machine system. His responsibilities included the coding of programs designed to start up the system, handle region status messages and all administrative handling and processing.

For a major retail banking corporation, Lawrence was responsible for the design and implementation of a multi-purpose program as part of a major credit card system. The dual function of the program was to maximize the compression of data to the most economical record size for transmission from the bank location to the client location and then to expand data back to its original size once received by the client.

At another banking association, Lawrence researched and documented one of the major billing systems for auditing purposes. This system applies billing charges to varied types of credit authorizations to all member banks. His responsibilities included verifying that all transactions were being accepted correctly and billed to the member bank with the appropriate charge.

Lawrence also modified a CICS online credit system. This system performs credit card holder authorizations, updates cardholder master files, and accepts monetary and non-monetary information from member banks. His responsibilities also included modifications of programs designed to retrieve, change or display daily sales information for requested accounts.

At a large book distribution company, Lawrence participated in the development of a system designed to handle the cataloging of books by the Library of Congress Standard Identification numbers. Lawrence has also been involved in our internal education department where he has taught Basic Assembler, JCL, VSAM, CICS and IMS batch courses.

Low Kabza Joins AGS As Midwest Regional Manager

Lewis J. Kabza joined AGS on November 1 to become Regional Manager for our Midwest Region. Based at our Oakbrook, Illinois Office, Lew will be responsible for managing our marketing and technical activities throughout the greater Chicago area and will also be responsible for the work we are currently doing in Columbus, Ohio. Lew will report to Tony Stepanski, Executive Vice President.

Prior to joining AGS, Lew was Regional Manager for Spectrum International, a builder of Structured Methodologies, and was responsible for Spectrum's sales, marketing and consulting activities in the Midwest. He had previously served as the Midwest Regional Marketing Manager for our subsidiary, AGS Management Systems, the Chicago Branch Manager for Com-



Lew Kabza

puter Task Group, and an account executive for Applied Information Development, Inc. Lew started out in this business as a programmer in Buffalo, New York. He lives with his wife and two children in Hanover Park, Illinois.

Martin Studd and Bill Zack Appointed Regional Systems Managers

Martin Studd has been appointed Regional Systems Manager reporting to John Kalli, Regional Director of the New Jersey Central Region. Martin is responsible for the technical staff in Holmdel, Middletown and West Long Branch and also provides support for the marketing staff in this region.

Joining AGS in 1981, Martin has since been a Coordinator and Systems Development Manager in Freehold and Holmdel. While on assignment at AT&T, he was responsible for the UNIX block device drivers for the UNIX port to the AT&T PC 6300 Plus. Martin was recently promoted to Software Engineering Manager, responsible for SMART-C until the cancellation of the project.

Martin graduated with a B.S. in



Martin Studd



Bill Zack

Computer Science from Loughborough University of Technology in England. Martin's background has allowed him to gain knowledge of and extensive experience with 'C' language in a UNIX environment, Assembler language for microprocessors, and various high level

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