

INTERCOM

A Newsmagazine for Memorex Employees
Vol. 11/November, 1974 U.S. Edition



**Serving Customers In The Far East,
Latin America And Canada ...
That's A&A Operations' Job**

Third Quarter Loss Is \$143,000

Company's Revenues Increase 30% In Third Quarter And 23% In Nine Months Over Similar 1973 Period

Memorex's revenues for the nine months ended September 30, 1974, were \$158,058,000, up from \$128,484,000 in the comparable period in 1973, an increase of 23 percent. Third quarter revenues were \$56,174,000 compared to \$43,202,000 in the third quarter of 1973, an increase of 30 percent.

The Company experienced a third quarter loss of \$143,000, or \$.03 per share, bringing losses for the year to \$5,493,000 or \$1.27 per share. The 1973 third quarter loss was \$3,894,000 or \$.89 per share. The nine-month loss in 1973 was \$105,277,000 or \$24.43 per share. Because certain changes in accounting policies did not become effective until July 1, 1973, comparison of results for the nine months 1974 and 1973 is not appropriate for other than sales and revenues.

Memorex's second quarter report indicated that in the event the Company's previously announced senior debt restructuring was completed during the third quarter, a \$900,000 charge for interest expense reported for the second quarter would be credited to third quarter results. New definitive agreements with senior lenders were completed on August 30, 1974 (effective April 1, 1974), and the \$900,000 credit has been reflected in third quarter results.

The Company also stated that \$4,000,000 of the nine-month loss resulted from second quarter net charges against operations, as disclosed when reporting results for the second quarter.

Although results for the quarter cannot be viewed as satisfactory, significant gains were made in the Company's overall financial condition, according to **Robert C. Wilson**, President. He pointed out that indebtedness to senior lenders was reduced by more than \$56,708,000 during the quarter. Although this reduction was attributable primarily to the restructuring of arrangements with senior creditors, the Company made substantial reductions in the indebtedness by cash payments against principal of approximately \$8 million. Cash and short term investment balances were nonetheless maintained at the \$13 million level.

Wilson said that throughout the third quarter, worldwide inflation and recession forces had increased pressures on cash. The ability of Memorex to make principal payments, while maintaining cash and short

term investment balances despite these pressures, is a tribute to the growing

orientation throughout the Company toward cash and profit management.

MEMOREX THIRD QUARTER RESULTS (In Thousands)	Three Months Ended September 30		Nine Months Ended September 30
	1974	1973	1974
Rental and Service Revenues	\$ 25,111	\$ 24,041	\$ 74,487
Net Sales	31,063	19,161	83,571
Total Revenues	56,174	43,202	158,058
Operating Costs and Expenses	52,597	42,106	148,452
Operating Income	3,577	1,096	9,606
Interest Expense	4,620	5,365	15,099
Loss Before Interest Credit & Taxes	(1,043)	(4,269)	(5,493)
Interest Credit	900	—	—
Credit for Income Taxes	—	375	—
Net Loss	\$ (143)	\$ (3,894)	\$ (5,493)
Loss Per Common Share	\$ (.03)	\$ (.89)	\$ (1.27)

Average Number of Common Shares 4,312,133 in all periods.

Memorex Only Independent To Offer Disc Storage Attachment To IBM's Announced Mass Storage Facility

Memorex's 3670 and 3675 Disc Drive Modules will be attachable to, and directly supported by, the new IBM Mass Storage Facility which was recently announced. These Memorex disc drives are compatible with IBM 3330-series discs and attachment of the modules will be through the 3673 Disc Controller, and will include support of String Switching capability.

The 3673 Disc Controller is the only such device offered by an independent computer peripheral manufacturer and is currently in volume production for attachment to Memorex Storage Control Units, as well as to IBM 370/125 Direct Disc Attachments (DDA's), 370/135 Integrated File Adapters (IFA's), and 370/145-158-168 Integrated Storage Controls (ISC's).

"Initial attachment of Memorex disc drives to the new Mass Storage Facility is planned for the third quarter of 1975," according to **George Dashiell**, Vice President, Equipment Marketing, "very soon after IBM deliveries commence. Current users of Memorex disc drives will be able to move them to the new IBM device with little or no modification."

Dashiell explained that, "Because IBM normally expects at least a five year useful life from a product of this type, it is reasonable to assume that the Mass Storage Facility also will be supported on IBM's next-generation computer, often referred to as 'FS' or 'Future System' as the primary mass storage device. Because this new device supports only 3330-type technology, IBM has, in effect, confirmed that the 3330 is IBM's primary rotating memory device for large computers for the next several years. We were not surprised that the 3340 is not supported."

"Several of our larger customers have already told us how pleased they are that their purchased, or long-term leased Memorex disc drives, could be used with the new IBM device," Dashiell continued, "From the 2311 to the new Mass Storage Facility, Memorex has been the only independent manufacturer to consistently offer its customers the most advanced disc storage devices, backed up by the planning and development to ensure compatibility with future computer systems."

MRX To Assist AMS In Future Development

Memorex To Market, Maintain AMS Semiconductor Add-On Memory Systems; Memory Products Provide Increased Computer Capacity At Economical Prices

Memorex and Advanced Memory Systems have reached preliminary agreement on an arrangement whereby Memorex will market and maintain AMS semiconductor add-on memory systems for end users in the United States and throughout the world, announced **Robert C. Wilson**, President.

It is expected that Memorex will offer under its name a selected range of AMS add-on memory systems for IBM computers, and

will cooperate with AMS in the development of future memory products. Generally, independently manufactured semiconductor memories provide an economically attractive alternative to increase computer capacity and performance.

"Memorex will benefit from this arrangement," stated Wilson, "by being able to add a major line of new products to its basic plug-compatible line with minimal

investment and a relatively fast delivery time, with shipments of AMS memory systems which Memorex sells to begin early next year.

Founded in 1968, AMS is a major manufacturer of semiconductor memory systems, subsystems, and components for computers, and has supplied more than 600 add-on memory systems for use with IBM 360/370 Central Processors.

President Appoints Henry Montgomery VP-Finance, Roger Johnson VP-General Mgr. For Equipment Group

Memorex President, **Robert C. Wilson**, announced the appointment of **Henry C. Montgomery** as Vice President—Finance and **Roger W. Johnson** as Vice President and General Manager—Equipment Products Group.

Montgomery, 38, was formerly Vice President-Controller of Fairchild Camera and Instrument Corporation in Mountain View. Johnson, 40, was previously Vice President—Operations, Singer Business Machines in San Leandro.

Shortly after he was graduated with honors with a degree in Economics in 1960 from Miami University, Oxford, Ohio, Montgomery began his career at the accounting firm of Arthur Andersen & Co., reaching the position of senior staff supervisor.

Four years later he joined International Telephone & Telegraph Company becoming Manager, Financial Controls for Europe, and in 1967 he went to the management firm of McKinsey & Co., as a senior consultant.

From 1969 until 1971, when he joined Fairchild, Montgomery was a Vice President of Laird Enterprises, New York, a management organization.

Johnson will be responsible for the marketing, design, and manufacturing of disc storage, data communications, and computer output microfilm products.

Previous to his position as Vice President—Operations for Singer Business Machines, he was also the company's vice president for product planning, office products division and general manager.

Prior to Singer, Johnson held a number of increasingly important manufacturing management positions with General Electric

Company. He spent 13 years with G.E., joining its manufacturing management program in 1956 and leaving as Director—Manufacturing Engineering in its Avionics Control Department.

Johnson was graduated Magna Cum Laude and first in his class from Clarkson College of Technology, Potsdam, N.Y., in 1956, with a degree in Business Administration. He later earned a master's degree in Business Administration from the University of Massachusetts, Amherst.



Henry Montgomery



Roger Johnson

On The Cover:

Memorex flags pinpoint the sales/service offices and distributors in the Far East Region of the Company's Asia and Americas Operations. This unique organization, featured this month on page 10, parallels the U.S. Marketing group in more than 19 foreign countries.

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'Excellent Work Being Done By Employees'

'Progress Made Toward Resolving Major Problems,' Says President Wilson In Address To Employees; Discusses Third Quarter Results, ACP And Future

"Progress has been made toward resolving our major problems, although they haven't gone away and it will take our collective best efforts to maintain forward progress in the months ahead," said Memorex President and Chairman **Robert C. Wilson** in his opening remarks to employees at nine separate meetings held late last month. It was the President's second employee meeting since first taking the helm six months ago.

In his address, Wilson discussed Memorex's third quarter results—the three top priorities of attitude, cash and profit, and the Company's outlook for the future.

"As you know, our third quarter ended September 30, and revenues were some \$56 million—a gain of nearly 30 percent over the prior year," said the President. "This indicates that a lot of excellent work has been done by a lot of people to show that kind of growth. It also means there are a lot of customers out there that have a lot of confidence in Memorex and are buying our products and services."

"Unfortunately, volume by itself does not automatically guarantee a profit," explained Wilson. "The Company has had a continuing history of volume growth, but has not been successful in making a profit on that volume. The ultimate measure of any business is its ability to make a profit. This is true, because profit makes it possible to obtain the continuing cash required to grow the business."

Wilson said, that although Memorex's loss in the third quarter was smaller than a year ago, any way you slice it, it was still a loss. He said we should be making a healthy profit of about 10 percent to sales, and until we collectively achieve that type of performance, our future will continue to be cloudy. "If each of us will fully recognize the critical importance of becoming profitable and will initiate appropriate action, we can become profitable in the near future."

"Despite our loss, we did liberate some cash. This was achieved by controlling costs and expenses, reducing inventories, collecting receivables, and stretching our payables. Thus, the third quarter was a mixed bag. We had good volume and enough cash, but we did lose money. We can and will improve in the months that lie ahead."

Wilson cited numerous actions which have improved attitudes at Memorex, such as



splitting the media group into two separate organizations, the establishment of a new OEM activity, the move out of Corporate Headquarters Building, and the combining of operations in Liege, Belgium, to better serve the European market.

On the product front, Wilson mentioned that Memorex is the only independent peripheral manufacturer which is capable of attaching disc drives to the recently announced IBM mass storage facility. He also announced that large purchase orders for 3670 Disc Drives have been received from the Bank of America, Eastern Airlines and others.

The President told employees that he was particularly gratified participating with them in the internal activities of Memorex. "Our annual picnic was the finest affair of its kind that I have ever attended. I am very pleased that our new pension plan has been well received with sign-ups over 90 percent, and the employee participation in the recent United Fund Drive was substantially better than it had been in the past, and speaks well for continuing support of community activities."

Regarding the Company's second priority, cash, the chief executive said that cash is in short supply around the world. "The Italians are taking 50 percent cash deposits on imports. Japan has extended our receivables, and cash is increasingly difficult to get out of Argentina."

"The most important accomplishment to improve our cash position was the recently

completed financial agreements, which has reduced our debt by some \$57 million.

"Another major factor was the sale of equipment as opposed to leasing it. During the third quarter, we sold more equipment than we did in the entire year 1973.

"As the result of individual actions throughout the Company, our inventories are being reduced. However, we have approximately \$80 million of inventory including off-rent equipment and parts. By managing it properly, we should be able to reduce inventory to \$60 million—freeing up \$20 million."

"Our receivables picture," continued the President, "is showing a favorable trend, which means we are doing an increasingly effective job of collecting from our customers. Although improvement is being made, there is a major opportunity to improve our billing and collection procedures. This is particularly true in the disc pack area and it will be receiving concentrated attention in the future."

In his discussion on the profit picture, Wilson stated that inflation is placing great pressures on worldwide costs, thus we must do a particularly good job of controlling our own costs and expenses.

"As we go through our planning for 1975, we are examining every element of cost and expense to make sure that it is necessary and that it is effective. We want to be particularly critical of wasteful costs such as rework, scrap, and spoilage. If all of us take pride in our work and the quality of our products, we can improve profit."

"Special efforts are underway to reduce costs in selected areas. For example, a task force on sales, service and distribution costs has just completed its report. Substantial savings should be reflected in our 1975 operations."

Wilson said another major profit improvement opportunity lies in the management of our 3660 Disc Drive population, and announced that the equipment is now being sold to original equipment manufacturers (OEM), and an arrangement has been worked out whereby they can be sold to IBM System-3 users. Also announced was the agreement with Advanced Memory Systems Company. They will produce add-on memory under the Memorex label, and they will be sold and serviced by Memorex's current organization.

"We must do a particularly good job of controlling our costs and expenses."

While Memorex has made much progress toward improving its profit situation, the president explained that the Company has also suffered some severe setbacks.

"During most of 1974, we have had serious problems in the yields of our broadcast television tape. The Chromium Dioxide tape line has been shut down because of quality problems. Some external forces have also been detrimental. For example, Australia has devaluated its currency by 12 percent, which means we now receive 12 percent fewer dollars."

Addressing the Company's future outlook, Wilson said first, and most importantly, there is no question that progress is being made. "However, the forces of recession, inflation and devaluation are making that progress increasingly difficult. On the other hand, the opportunities for improvement within Memorex are very large indeed. If we will only work together and take advantage of them, we can overcome the negative impacts of inflation, recession, and devaluation. However, we have too often failed to work together and take the proper initiative.

"In view of the troublesome economic conditions around the world, and in view of the excellent opportunities available within Memorex, it seems to me that this is:

- A time for careful planning
- A time to work closely together, let's bring everyone into the game
- A time for cash conservation—we should think cash in every daily action
- A time for pricing on the one hand and cost improvement on the other
- A time to carefully control expenses
- A time to serve customers well with good service and high quality
- A time for innovation—let's break away from some of those past practices that were inefficient or non-productive and lastly,
- A time to enjoy our work and a time to enjoy our associates.

"The opportunity is clearly there to bring Memorex successfully through the troubled economic environment and to build a strong and viable company. Let's do it and let's enjoy it."

Wilson Answers Questions At Employee Meetings

Editor's Note: Memorex President, Robert C. Wilson, answered a number of questions following his meetings with employees; the most important are printed below.

In light of recession, what is your outlook for the computer industry as a whole?

The computer industry, in general, has seemed to fare better than the overall economy, and I think we can take some comfort in the fact that there has been some recession resistance. At the present time, we have not seen a softening in the computer equipment business, although there is a slight softening in computer tape. The recession we are experiencing is unlike any other in the past, because it is a combination recession and inflation. Thus, it is going to be difficult to predict what's going to happen in the months that lie ahead. I think we've got to be flexible, lean, mean and cost effective. Whatever market is out there, it's going to be competed for aggressively, and the way to make Memorex successful, in the best way possible, is to compete effectively.

Will we be entering new market areas not related to the Computer?

Yes. Basically we are a computer related Company, and I think for a long time that's going to be the backbone of our business. So, we are not going to walk away from the computer. As a matter of fact, our Company's growth is directly related to the growing computer market.

We have set up the Consumer and Business Media Group as a separate entity. On the one hand, it serves the consumer market, and on the other hand, it serves the business equipment market. So, those products in that group are non-computer related products, and we are seeing substantial growth in that area. **George Bragg**, Vice President Corporate Development, has the responsibility for identifying those markets which are suitable for us to get involved in.

Will Memorex ever have a dental plan?

We will certainly take a look at a dental plan on a continuing basis. When we looked at the total benefits of the Company, we decided the most important item that was missing was a pension plan. Although we knew we couldn't afford a pension plan on the basis of operation at this time, we also knew that improved operations and better cost controls would allow its implementation. So, I think we have bitten

off a very big bite currently, but as things improve, we will continuously look at our total benefit program.

Now that you have decided to become Acting General Manager for the Computer Media Operations, how can you spread yourself so thin?

We are looking aggressively for a General Manager for the Computer Media Group and we are talking to both internal and external candidates for the job. It is not my intention to continue as General Manager any longer than I have to, but at the same time there are a number of problems that deserve my personal attention within the tape operation.

How do you feel about automatic cost-of-living increases?

I don't believe in automatic cost-of-living increases. As far as Memorex is concerned, we do have a merit increase policy which does have adjustments within its framework to cover changes in the cost-of-living. The unfortunate thing about blanket increases is that it rewards those who do not make effective contributions, as well as those who do. We must reward the good performers and make sure they are taken care of.

While you have no plans for reducing the work force, do you have plans for reducing non-productive personnel?

Yes, to the best of our ability we will. In going through our planning process, we are taking a look at areas where we have effective contributors and where we don't. We do not have the ability to afford the luxury of non-performers anywhere in the Company. We certainly should eliminate any person, project, program, or piece of paper that is non-productive. It's not fair to other employees in the Company to have individuals here who are not doing their jobs effectively.

Are we going out of the terminal business?

We have no plans to terminate the terminal business at the present time. What we have done is try to cut our losses, and we're trying to proceed on a prudent basis, which will generate some profit and cash. There are some thoughts to our future participation, which could expand the terminal business.

New Product Shipped On Schedule

First Memorex 3672 Disc Storage Control Unit Installed At American Motors Corporation; Larson Commends Equipment Group On 'A Job Well Done'

Installation of the first 3672 Disc Storage Unit was recently completed for the National Parts Distribution Center of American Motors Corporation in Milwaukee, Wisconsin. The 3672 is a new advanced device for interfacing Memorex's full line of 3670 Disc Storage products to IBM System/370 Models 135 through 195, and is used in conjunction with the Memorex 3673 Disc Controller.

According to salesman **Tom Koch**, a concurrent installation of a 3673 Disc Controller on a System 370/145 was accomplished for the first time. In total, the contract involved the installation of a 3672, 3673, and three 3670's for AMC.

Koch said this was the second time 3670's have been installed at the Center as a result of "the equipment's excellent cost performance features and the fact that equipment servicing has been outstanding.

"Installation of the equipment was accomplished over a single weekend," said Koch. "Much of the credit goes to **Mike Marshall** and other members of the Milwaukee Field Engineering Branch Office," added Koch.

In Santa Clara, Engineering Manufacturing Vice President, **E. Douglas Larson**, commented that the new product was shipped on schedule. "I commend the Equipment Group on a job well done," he said. "Their enthusiasm toward our new product is very gratifying."

Some of the most extensive testing ever developed is being applied to the new 3672 units before leaving Santa Clara. Special microdiagnostic tests have been developed for verifying all phases of hardware opera-

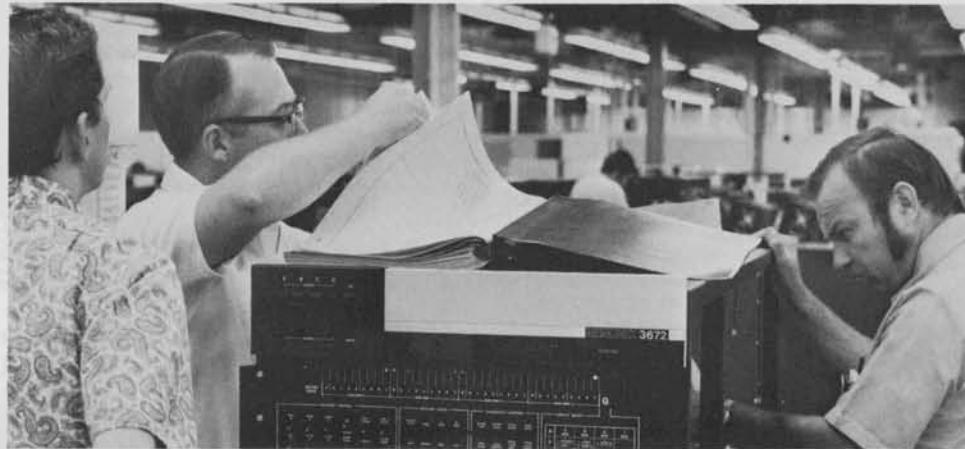


A few members of the 3672 Disc Controller Group gather around the first unit just prior to its shipment to AMC. Pictured to the left of the 3672 (l to r) are: Bob Townsend, Joe Amous, Doug Revis, John Chenoweth, Irene Martiniz, Bob Chapman, Jim Jones,

Greg Anderson, and Gary Cramer. To the right of the controller (l to r) are: Mike Wegielewski, Bob Hamilton, Pete Ruth, Bob Leonard, Dave Schedler, Berry Eaton, Dick Geiger, and Abdul Rydan.



Making preliminary tests on the recently installed Memorex equipment at American Motors is Mike Marshall (l), Milwaukee Field Engineering Specialist and Senior Sales Representative Tom Koch.



Before being shipped to American Motors Corporation, the 3672 is tested extensively via a microdiagnostic display against ex-

pected results by Test Engineering personnel (l to r) Bob Leonard, Ron Martin, and Dick Geiger.



At American Motors Corporation's Data Center, the first Memorex 3672 is installed and running smoothly. Pictured left to right are happy Memorex Salesman Tom Koch and AMC's Data Center Manager Bob Alexy.

Daily Sessions Last 10 Hours

Fast-Moving, Two-Week Sales Training Class And Product Orientation Conducted For New Salesmen

Product orientations, salesmanship training and guest speakers were included in a comprehensive agenda for a two-week training class conducted last month for twenty recently hired Memorex Sales Representatives from all over the U.S. and Canada. The fast-moving training class was headed up by **John Hoiness**, Director of Product Marketing, and **Frank Kirchhoff**, Product Marketing Manager.

With instruction often lasting more than 10 hours a day, the participants began their learning experience with detailed information of the Company's disc storage, communication and computer-output-microfilm (COM) product lines. Many of the salesmen said how they were impressed with the high quality and price-performance advantages over the competition's equipment.

In order to apply their salesmanship know-how, practice sales calls were made with instructors on closed-circuit TV. In separate rooms, salesmen viewed and critiqued each simulated call. Each student was given a different selling environment or special problem.

Guest speakers included: **Robert Wilson**, President; Vice President **Jack Kramer**; **George Dashiell**, Vice President for Equipment Marketing; **William Randolph**, Director of Field Engineering; and **William Warren**, Director of Equipment Business and Product Planning.

Wilson talked about the importance of attitude, cash and profit and explained how each employee can make the "extra effort" to make Memorex a very successful business. Kramer assured the graduates of new products in 1975. Dashiell also

talked about winning attitudes, and guaranteed each of the salesmen that they will receive full support from headquarters in all of their sales activities. Randolph told the group about the many advantages of the interaction of field engineering people and sales reps in landing sales, and Warren gave a perspective on Memorex's position in the marketplace in the next five years.



Fielding questions regarding the new marketing emphasis for computer-output-microfilm products (COM) is Howard Rathbun. Rathbun told the new salesmen that COM provides great profit opportunity for Memorex, especially with the increasing paper costs facing data processing users.



President Robert Wilson tells the new sales representatives that each of them can make the "extra effort" to make Memorex a very successful business.



"I guarantee that each of you will receive full support from headquarters in all of your sales activities," states Marketing VP George Dashiell, in his address to the training class.

Rhodes New General Manager For Computer Tape

Appointment of **Guy "Dusty" Rhodes** as General Manager—Computer Tape Division, was announced by **Robert C. Wilson**, President.

Rhodes, 38, will be responsible for all Memorex Computer Tape Activities, including the marketing, manufacturing and development functions.

Rhodes formerly was Vice President — Manufacturing, Spin-Physics, Inc., a San Diego based producer of magnetic recording heads.

In 1966, he joined Memorex for the first time as a senior mechanical engineer and left the company in 1971 as Director of Computer Tape Manufacturing to go with Spin-Physics.

He was graduated from Pennsylvania State University in 1958 with a degree in mechanical engineering and is a candidate in the Masters in Business Degree Program at the University of Santa Clara.



Guy "Dusty" Rhodes

More Sold In Third Quarter Than All '73

Increased Equipment Products Purchase Business Contributes To Positive Cash Flow In Third Quarter

The positive cash flow of the Company's operations last quarter was attributed, in part, to the increase in the amount of equipment purchased rather than leased, according to **Mike Mauldin**, Product Marketing Manager. In fact, more equipment was sold in the third quarter of this year than in all of 1973.

A few of the major purchase customers include: Eastern Airlines, Burlington Industries, Western Electric, Bank of America, General Telephone and Electronics, Pet Incorporated, and the U.S. Postal Service.

"Customers are finding Memorex offers the best products in the data processing market, and are willing to commit themselves to our products for a longer period of time than a normal two or three year lease agreement," said Mauldin. "Committing to Memorex for a significant period of time, through purchase, is an indication of their confidence in our Company and our products."

Mauldin said the consensus among our customers is that whatever IBM has to offer within the next five years, it won't offer the price/performance advantages of purchasing the Memorex 3670 line now, especially with inflation. Recently announced products, such as the Memorex 3672 Storage Control Unit and 3673 Controller, which provides attachment of our disc drives to large IBM-370 computers for the first time, have also had a positive customer reaction. "These new products allow users to easily upgrade their data processing operation for future increased requirements, and are being well received by customers."

One of the most important purchases was made by Eastern Airlines, because it is the first airline reservation system in the world to employ non-IBM disc storage equipment. Airline reservation systems are critical, because if the reservation system is shut down, future flight schedules can't be made.

To ascertain the best possible equipment for its operation, Eastern ran a six-month long comparison study using Memorex drives and IBM drives it already had on lease. The airline's data processing people said the Memorex disc storage equipment was preferred over IBM's, because of its reliability, maintainability and cost/performance advantages.



Mike Mauldin

MAG Boards Elected In Santa Clara And At Comdata

Eleven new members and a new slate of officers have been elected to the Santa Clara and Comdata MAG Boards. Comdata is a Memorex division located in Santa Ana, California.

Elected in Santa Clara are: **Ed Sutter**, president; **Greg Kolb**, vice president; **Mike Chaffin**, Sgt. of arms; and **John Dick**, activities chairman. Serving as MAG Directors are: **Charlotte Bradford**, **Scotti Brookman**, **Michele Greenberg**, **Helen Henard**, **Gloria Hijar**, **Vince Marine**, **Chuck McCue**, **Frank Peralta**, **Sandi Rhodes**, **Al Schuler**, **Jim Smith**, **Phyllis Terrell**, **Carol Turner**, **Dolores De La Torre**, **Don Wirth**, and **Otto Ziendorf**. Serving as alternates are: **Lois Casti**, and **Dick Jercha**.

At Comdata, **Josephine Martinez** was elected president, **Joe Adams**, vice president, **Elena Heinzman**, treasurer, **Diana Benson**, secretary, and **Erma Brown**, activities chairman.

MAG members are pictured (left to right) as they are listed above.



Employees Celebrate Anniversaries

Three employees have recently celebrated their 10th anniversary with Memorex, and were presented engraved clocks and a letter from their vice president in recognition of their accomplishments and contributions to the Company. (Photo 1) Gertrude Card, Senior Head Assembler, receives the award from E. Douglas Larson, Vice President for Equipment Manufacturing. (Photo 2) Larson presents the award to Ken Wilson, Senior Calibration Technician. (Photo 3) Leroy Leatherman (r), Media Maintenance Technician, is presented his service award by Joseph Nussbaum, Director of Computer Media Manufacturing and Product Engineering.



The following 56 employees are celebrating their fifth anniversary with Memorex and will receive five-year awards in recognition of their contributions to the Company.

Regina Ameris	Karl Moeller
John Bataglia	Donald Monahan
Dorothy Bellew	Raymond Morrow
Joseph Berg	Chester Nowak, Jr.
Julio Cervantes	Judith Nunez
Millie Chacon	Audrey O'Mally
Rosari Cruz	Pablo Ochoa
Richard Cummelin, Jr.	Gene Ousterling
Warren Davidson	Kathleen Perry
Thomas Deffina	Frank Powell
Nilda Elliott	Rita Priest
Darlene D. Feach	Dorothy Ray
Maurice Fitch	Kay Riker
Alexander Garza	Ray Riojas
Sandra Gillespie	Bert Sammarcelli
Dennis Gregoire	Joseph Smith
Geoffrey Harmer	Charles Sneath
George Harris	Zorro Stefanini
Helen Jaramillo	George Sugita
Frank Kawn	Mary Turner
Jon Keim	Robert Vaughn
Paul Keller	Jacque Wesson
Dale Lahodny	Llewel White
Richard Larkham	Charles Williamson
Georgina Leslie	Delbur Williamson
Richard Linnel	Jerry Williamson
K. George Mathew	Gene Wong
Vincent Mirko	Kay Yeaman

In Memoriam

Jacqueline Shanahan, a Senior sub-assembly, passed away November 6, 1974, due to a heart attack. She joined Memorex in 1969 and was a native Californian.

Arnold Cooley Named OEM Equipment Sales Manager

Arnold Cooley, a veteran of more than eighteen years in the electronics industry, has been named Sales Manager for Memorex's OEM Division, announced **A. Keith Plant**, Division Director.

Cooley will be responsible for marketing the Company's line of OEM (Original Equipment Manufacturer) computer products within the United States. His initial duties include strengthening the division's national sales organization to permit a more rapid response by Memorex to the needs of its OEM customers.

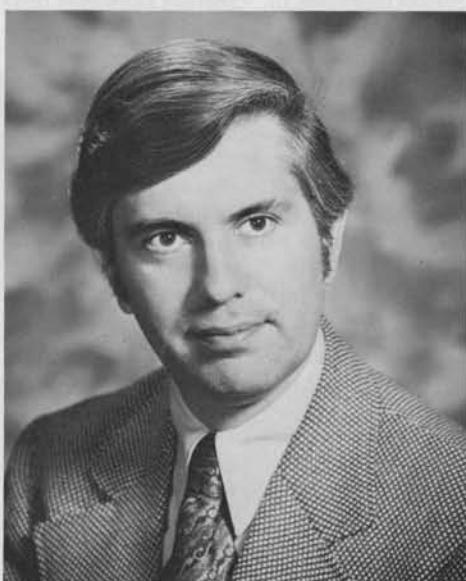
"We fully intend to become the major factor in the OEM business in computer products," said Cooley. "Memorex has the products, the financial and technological resources, and the internal support necessary to meet both the immediate and future requirements of this important market," he continued.

Cooley comes to Memorex with an impressive set of credentials in OEM marketing. His most recent association was with Information Storage Systems where he developed and established its first OEM base by implementing many of his programs and procedures.

Prior to that, he spent nine years with General Electric Laboratories in computer peripherals development.

"One of the main reasons for joining Memorex," Cooley added, "is the Company's policy of meeting commitments to customers and providing full product support, both of which are vital to the success of an OEM operation. I intend to contribute to this policy."

Cooley is a native Californian, having been born and raised in Palo Alto. He attended the University of Washington where he received his BSME degree.



Arnold Cooley

Americas & Asia Operations Establishes Excellent Reputation For Memorex's Products And Service In More Than 19 Foreign Countries And 25 Cities

Editor's Note: This is the eighth article in a series on the Company's organizations and their contributions to the Memorex "team effort." This month's feature takes a look at the Americas and Asia Operations, a sales and service organization which serves the Far East, Latin America and Canada. Another Memorex international organization, Europe, Middle East and Africa (EUMEA) Operations, will be featured in a future issue.

From the land of the "down-under" in Australia, to the land of the "rising sun" across the wide Pacific in Japan, to the broad scope of Canada, and then south to the tip of Latin America, is the large expanse covered by Memorex's Americas and Asia Operations.

Headed by General Manager, **Richard Renne**, the organization, thousands of miles away from the U.S., parallels the Company's domestic marketing group serving customers in more than 19 countries. Over this vast territory, Memorex has an excellent reputation for quality products and service.

Although these locations have individual characteristics which set them apart from the rest of the world, the need for data processing products of good quality with service availability is universal, as it is in the U.S. "The difference is that we must adapt our marketing programs to fit the socio-political environment of each country," says Renne.

The Americas and Asia Operations is divided into four regions, each with its own general manager. **Peter Burke** heads the Australia group, **Tetsue Yamada** directs the operation in Japan, Canada's business is managed by **Barry "Skip" Sears**, and **William Maw** manages Latin America.

Keeping the A&A Country Managers informed of Memorex's activities, facilitating the shipping of products from the U.S., and documenting export licenses, customs, and shipping export declarations are a few of the activities of Operation Support Group, directed by **Phil Davis**. "The best way to describe this group is nonstop communication, consultation and negotiation," said Davis.

Each country office has its own finance personnel who have indirect reporting relationships to A&A Finance Director **Robert Hastings**. Hastings' job is to maximize Memorex's resources for those countries.

Japan

Mention computer tape in Japan and you'll most likely hear the name Memorex. For years, Memorex has been a leader in the Japanese computer tape market through the efforts of Memorex Japan, Ltd., with its headquarters in the world's largest city, Tokyo.

Directed by General Manager, **Tetsue Yamada**, Memorex Japan markets and

services both equipment and media products in the country's five principal metropolitan areas. The organization, now 120 strong, first began as a joint venture between Memorex and Kanematsu-Gosho, a large Japanese trading company, in 1968. In 1970, it became a wholly-owned subsidiary, and began selling and servicing equipment products in addition to media.

Because Memorex established an excellent reputation for quality computer tape in Japan, the Company's equipment products received a great deal of attention when they were first announced. Today, Memorex is the leading independent computer peripheral company in Japan, with a substantial number of 3660 and 3670 Disc Drives on lease. Selling these equipment products in Japan is complicated by the fact that half of the country has 50 cycle electric current and the other 60 cycle.

Housing costs are expensive in the metropolitan areas of Japan, thus most Memorex employees live outside the cities, and commute up to 3-4 hours a day via modern subways and older train and bus systems.

Australia

Five thousand miles south of Japan, **Peter Burke's** staff, located in Sydney and Melbourne, has made major strides in capturing a very large share of the Australian communication, disc storage and media markets. The group has been so successful in marketing communication products,



Elsie Vodanovich
Secretary



Richard L. Renne
General Manager
Americas & Asia Operations



Peter Burke
General Manager
Australia



Tetsue Yamada
General Manager
Japan



Barry Sears
General Manager
Canada



William Maw
General Manager
Latin America



Phil Davis
Director
International Marketing



Robert Hastings
Director
Finance

IBM's time-sharing service uses Memorex 1280 Terminals.

Although the Memorex Australian operation includes only five sales reps, eight field engineers and seven administrators, thanks to a great team effort, Memorex is not only the leader in the Australian terminal marketplace, but it has also placed a large number of 3660 and 3670 Disc Drives on lease and this base is increasing rapidly.

West of Australia in New Zealand, Burke's group is having great success in the 3660 Disc Drive purchase business. According to Burke, approximately 10 systems are scheduled to be sold in the coming year.

Latin America

Located 8,000 miles to the west of New Zealand is Latin America. With offices located in Mexico, Venezuela, Brazil, Argentina, and Peru, the 50-member Memorex Latin America organization's major customers are television broadcasting stations, oil companies, and government agencies. Television stations throughout Latin America buy large quantities of Memorex Broadcast Video Tape. In Brazil alone, there are approximately 45 privately owned stations.

General Manager William Maw said that Memorex has adopted an innovative pro-

gram to restructure the business in Latin America more in keeping with current socio-political trends.

"Memorex will offer to local entrepreneurs opportunities to participate in expanding Memorex's Latin America business, through direct investments in our subsidiaries," Maw explained. "This will result in new efficiencies, greater stability, new business opportunities, and increased profitability."

Canada

About a 10 hour flight north from Sao Paulo is Toronto, headquarters for Memorex Canada. Headed by Barry "Skip" Sears, president, Memorex Canada, with more than 80 employees, serve approximately 2000 customers.

Formed in 1968, the Canadian operation has established the largest number of Memorex terminal control units on lease in any country outside the U.S. Because of the success in selling TCU's and the technical expertise of its engineering staff, customers call on Memorex Canada to solve system problems caused by other manufacturers' equipment, or network failures.

According to Sears, diagnosis of customers' telecommunications problems has caught on and is now a part of Memorex's

expanding business in Canada, and it gives Memorex employees greater visibility in different areas of the country. In addition, telecommunications training courses are also being presented and are receiving excellent customer reception.

About General Manager Renne

Dick Renne, who joined Memorex in 1969 to become general manager for Pacific operations, has had more than 20 years experience in international business. He is well acquainted with the business pattern and social customs of Japan as a result of more than 15 years residence in Tokyo.

Although demanding, Renne thoroughly enjoys his job as manager of such a diverse organization, covering huge global areas. In fact, to illustrate the hugeness of A&A, Renne likes to say he's one of the few managers at Memorex that can make a decision tomorrow which affects today. That's possible because of the 17 hour time difference between California and Japan. For example, when it's 3 p.m. in Santa Clara, it's 8 a.m. the following day in Japan.

In managing the large A&A organization, Renne believes "creating unity of action out of the diversity of cultures and values is the overriding objective of the A&A team."

MEMOREX

INPUT / OUTPUT

The Program That Listens
and Responds

Are discount coupons for Memorex audio tape still available to employees?

Yes, discount coupons are available in the Personnel Department, which can be used to purchase tape from retail stores at a 50 cent discount.

Memorex microfilm cassettes containing reference data are distributed throughout the Company. To my knowledge, no plan exists for reuse of the cassettes. There are two situations which produce potential cost savings in reusing the cassettes:

1. When a report or listing is no longer needed it can be discarded and the cassette returned for reuse. The film can be stored in a card box that we provide if there is a desire to retain it indefinitely.
2. Short Edit Reports should be combined chronologically to produce full cassettes. Rather than have one cassette per report, you will have one per month or one per

quarter, thus saving 20 to 60 cassettes. For every month of retained cassettes, the savings would be $20 \times \$1.25 = \25 . These cassettes can be recycled, reducing current expenditures.

We presently have a program in place that calls for the re-use of microfilm cassettes. All used cassettes are to be returned to the Data Center, whereupon Data Center personnel will inventory and reuse these in place of new cassettes. This program has been very successful inasmuch as we have not found it necessary to use new cassettes since June of this year.

On June 19, 1974, the Data Center concluded an investigation/analysis that revealed it to be **cost ineffective** to produce microfilm reports of less than one thousand pages. Since that time, it has been Data Center policy to "discourage" implementation of microfilm reports when it is determined that the anticipated output will be one thousand pages or less.

We plan to review all existing reports printed on paper against the "1000 page or less" test, in order to determine the practicality of converting these to microfilm. Because of handling consideration from the user's viewpoint, this will be a gradual process, through which reports will be converted one at a time.

During this period of rising inflation and ever increasing paper/microfilm supplies costs, it is encouraging to know that employees throughout the Company are

consciously seeking ways to reduce expenditures.

Is there a procedure to allow feature orders to be supplied from spares inventories? If not, wouldn't it help Memorex save money and expedite feature installs?

We do not want to fill feature orders out of spares inventories. We are implementing a new program to improve the planning of spares inventories. If we do that job correctly, we will have the spares needed to keep machines running—no more and no less.

Keeping anything in inventory ties up cash and affects profit. We must do this with spares. In the case of features, we must try to make features available on reasonable lead times with reliable delivery commitments. We must choose this approach with features to minimize cash investment together with costs which occur through obsolescence (E/C changes, etc.), surpluses resulting from wrong feature mix, storage and interest costs.

Input/Output is a Company-wide program which provides a communication channel through which Memorex employees may obtain responses to any question or comment about work procedures, benefits, employee relations, products, etc. To participate, simply fill out the Input/Output forms which are available throughout the Company. Input/Output questions of general interest will be printed periodically in INTERCOM.

News In Brief

First 3675 Double Density Disc Storage Subsystem Installed At Omnis Corp.

The first Memorex 3675 "double density" Disc Storage Module was shipped late last month to Omnis Corporation, a service bureau and subsidiary of Reserve Life Insurance Company of Dallas, Texas. The delivery of the 3675 marks the fastest product development cycle ever accomplished by Memorex, just seven months after IBM's first "double density" shipment. More details about the installation and the people responsible for this milestone will be included in next month's INTERCOM.

Letter Of Commendation Sent To Detroit Office

A letter of appreciation was recently sent to Detroit Field Engineering Branch Manager, **Sonny Shannon**, by Memorex's President Robert Wilson and the Ford Motor Company commanding the branch for quickly recovering Ford's data processing operations after a fire knocked out service. The data center is very critical to Ford's total operations.

In his letter to Shannon, Ford Motor Company's Data Processing Manager, E. S. Fron said, "I want to extend the highest possible commendation for the responsiveness of Memorex Field Engineering to our DP crises resulting from our fire. Certainly, the co-operation of your people was a very significant factor in containing the recovery period to a short eight-ten hours."

The fire started directly above the data center, and, although it never reached the computer room, water used to extinguish the flames poured down from the ceiling on the equipment. According to Shannon, many disc drive covers were open, and the interiors were completely soaked. In addition, pieces of the ceiling fell into the center.

But, thanks to the "around-the-clock" efforts of Field Engineering personnel, **Bob Baughman**, **Karl Bostelman**, **Paul Gaddy**, **Don Gelade**, **Don Holbrook**, and **Randy Whitehead**, the majority of the equipment was up and running within eight hours, and complete restoration was completed in 15 hours.

Santa Clara Christmas Party To Be Held December 28th

"Holiday Flair" is the theme for this year's Memorex Christmas/New Year's Party for Santa Clara employees to be held December 28th at the new Le Baron Hotel, located in San Jose. Tickets are \$12.50 per couple and will be available at the San Tomas and Memorex Drive Cafeterias beginning December 2nd. The Fiesta Ballroom will host the "Holiday Flair" dinner/dance for 1,000 participants. The evening will begin with no host cocktails at 7 p.m. followed by a prime rib dinner at 8 p.m. Music will be provided throughout the evening by The George Barry Orchestra.

Children's Christmas Party Slated Dec. 7th at Century

A Children's Christmas Theater Party will be presented by MAG, Saturday, December 7th, 9 a.m. to 11:30 a.m., at Century Theater 22A and 22B. This year's film is "Snow Queen," a full-length, color, animated cartoon based on Hans Christian Andersen's famous fable. It concerns a little girl whose love for her inseparable friend overcomes the evil power of a Snow Queen. In addition, gifts and refreshments will be provided, and Mr. and Mrs. Claus will make a guest appearance. A food donation is requested.

Newporter Inn To Host Comdata Christmas Party

Comdata, a Memorex division located in Santa Ana, California, will hold its annual MAG sponsored Christmas Dinner Dance at 7:30 p.m. on December 14 at the Newporter Inn, Newport Beach. A buffet-style dinner is scheduled, and a musical group will perform.

Tom Lowery Appointed OEM Administration Manager

Tom Lowery has been appointed Manager, OEM Administration for Equipment Products, announced **A. Keith Plant**, OEM Division Manager. Lowery will be responsible for OEM equipment and spares order processing, equipment schedules, contract administration, and management reporting systems. He was previously manager of marketing administration at Information Storage Systems Company for the past three years. He has more than eight years experience in Contract and Marketing Administration.



Tom Lowery

First 3671 Field Upgrade Made At Omnis Corporation

The first field upgrade of a 3671 Disc Storage Control Unit to the new advanced 3672 model was made last month at Omnis Corporation in Dallas, Texas. The project, which involved both the field upgrade and installation of the new 3673 Disc Controller, went very smoothly. Field Engineers responsible for the transition are: **Roger Lincer**, FE Manager; **John Luendosky**, Senior FE; and **Dana Nelson**, Supervising FE.

New Newsletter Published For Equipment Field Sales And Engineering Personnel

A new monthly newsletter, "The Independent Journal," is now being published by the Corporate Public Relations Department for the Equipment Field Marketing Organization. With the merger of the "Field Engineering Newsletter" into the "Journal," the new publication represents both Equipment Sales and Field Engineering Personnel.



Promotions

Gladys Black to Department Scheduler (PCB)
Jim Brashers to Manager—Technical I
Herbert Butts to Maintenance Tech II
Marjorie Corbin to Tracking System Analyst
Billy Farmer to L.A. Field Engineering Branch Manager
Arthur Gohmann to Production Control Analyst
Michele Greenberg to Purchasing Expediter
Alfred Gutierrez to Chemical Technician
Leonard Konopacky to Inprocess Insp. C
Patrick Maloney to Senior Electronic Technician
Michael Mann to Manager for Systems Engineering
Vincent Marine to Associate Product Test Technician
Warren Nishirara to Engineering Technician B
Michael Noriega to Product Tester
Celeste Paquette to Associate Programmer
Clifford Polite to Zone Manager for Consumer and Business Media
Lois Ross to Supervisor Media Customer Service
Dave Sherrick to Warehouseman B
Charles Shively to Associate Buyer
David Slater to Field Engineering Specialist
Arthur Testani to Manager Contracts Administration
Shannon Walden to Secretary C