

THE MEMOREX PRESS

A newspaper for Memorex employees

Volume 11 Number 19 January 1986



Throughout Memorex's 25-year history, employees have worked together to make everything from computer tape to audio cassettes to display terminals to disk drives, which the company first introduced in 1967. Today, Memorex is the oldest IBM plug-compatible manufacturer in the country.

MRX celebrates its silver year

This year, Memorex will continue to broaden its product line, strengthen its marketing and sales programs, implement new cost cutting measures and take other steps toward increasing profitability. These efforts come at a fitting time in the company's history, because Memorex celebrates its 25th year in 1986.

Throughout the year, the MEMOREX PRESS will highlight major milestones and interesting tidbits about the company's past. Here is a look at activities during the company's first quarter century:

- Twenty-five years ago this month, **Lawrence Spitters, Arnold Challman, Donald Eldridge and W. Lawrence Noon** were working to produce a precision magnetic tape in a leased

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Dauber gives outlook for MRX's 25th year

Memorex President Dr. Philip S. Dauber recently summarized 1985 activities and discussed the outlook for 1986 at a series of national sales meetings. The MEMOREX PRESS has reprinted excerpts from his speech:

1985 was a year when many problems, which had been building up for many years at Memorex, came home to roost. These problems included a poorly designed 3680, an inadequately funded communications engineering group and a U.S. sales force that was overly tied to selling large disk drives.

These problems were exacerbated by a weak market environment and an extremely strong dollar, which hurt our international results and strengthened the competitive position of Japanese suppliers. But 1985 was not only a year of failures, it also was a year when some fundamental progress was made.

Our first strategic goal is to be a **full-range peripherals supplier**. We want to supply everything but the mainframe to users of medium and large IBM and IBM-compatible systems. We also are gradually extending our product set into the System 34/36/38 marketplace. We also supply the storage devices sold by the Burroughs sales force to users of Burroughs systems.

The 3680 is our single most important product. During 1985, we were in the difficult situation of having to continue development work while the product was in the field. To protect our customer base, we did a policy replace program in the summer and another one began in October.

The good news is that the invention required to make the 3680 work is now complete, and the drives we are now shipping are reliable products.

In the storage area, we will introduce a 3683 cache function and the double density version of the 3680 this year. Now

that we have completed development work on the 3680, storage equipment development engineering will have more than a 50 percent increase in the resources available to develop new products.

Tape drives was one area where we sold more units than planned for 1985. We are working with several potential suppliers to procure a compatible product to compete against IBM's new cartridge tape drive. In addition, we offer the Memorex 3520 tape cache processor with the compaction function, which extends the life of our current tape drives.

In the solid state disk area we can be number one. In the fourth quarter, we started shipping the Memorex 6880, replacing our older 3864. This product got off to a good start and is clearly the best solid state memory subsystem on the market. It is an excellent device to break into new accounts with.

On the communications side we will

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One thing's
for certain
in the plug-
compatible
marketplace:

today,
Memorex is...

**See page 4
for new ad theme**

Dauber gives '86 outlook

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announce our new color terminal in the first quarter. Our line of terminals is filling out nicely. We're starting to pick up momentum in the communications area and I think we can keep it up.

A new modular design for terminals will be introduced this year. This design will start with the new color terminal and carry through to all future communications terminals. It is an excellent design. We also have a full product line of communications printers. The 2173, the 2068, and the 2024 printers give us an exceptionally strong printer product line.

In communications controllers, we started 1985 with the 2074 and the 2076. We finished with the 2174, 2274-1C, 2274-1CX, 2274-2C and 2274-2CX, and will announce shortly a new local version. Our controller line is excellent. We also can leverage these products to sell others. Once you sell cluster controllers, terminals and printers are a natural add-on.

Our second strategic goal is to be a **viable R&D and manufacturing organization**. The two keys are developing and shipping more product and being far more cost effective.

Significant effort is currently underway in the Communications Group which will result in a substantial reduction in overhead and a more aggressive sourcing program, thereby, making the products more cost effective. If these programs are successful, we expect the cost to manufacture terminals in Memorex to drop significantly during 1986. The expected cost reduction is far greater than the expected drop in the market price and, hence, will result in improved margins and increased capability to compete.

We've also been aggressively attacking the overhead structures in storage equipment manufacturing. We have driven our large disk drive manufacturing overhead down by 25 percent. But at the same time we're turning out more product.

Lastly, in the area of product cost, we should not forget Burroughs. The Burroughs marketplace is expected to take almost half our disk production during 1986. This allows us to spread our overhead, make more efficient use of our R&D efforts and significantly bring down our product cost.

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The Oscar awards came a little early this year in Venezuela, at least for Memorex Country Manager **Harold Michel** (left). He was presented with the "Prestigio Nacional" award for the best service in the computer industry.

Venezuela names MRX best computer company

By Virgil Pitacco

Would you be excited if Memorex received the equivalent of an "Oscar" award for the best computer company? Well, that's exactly what Memorex Venezuela won in November from the Venezuelan Business Association.

The association, whose members include companies in the computer industry as well as other industries, gave Memorex Venezuela the coveted

"Prestigio Nacional" award for the best service organization in the computer industry. It is the highest official recognition given for excellence in service.

Memorex began operations in Venezuela in the 1960s and has continued to achieve professionalism through consistent dedication and true leadership. Congratulations for a well-deserved award.

MRX celebrates silver year

Continued from page 1

garage in Mountain View, California. The following month, they founded a company called Memorex on February 9, 1961. Corporate headquarters were established one year later, along with research and development laboratories and principal manufacturing facilities, in Santa Clara.

- Counting back 19 years, Memorex entered the peripheral equipment business in 1967 with the introduction of the 630 series disk drive. Three years later, the company also introduced its first communications products, the 1270 controller and the 1240 display terminal. Today, Memorex disk drives hold 10,000 more megabytes of data—or an additional 2.5 million pages of information.
- Eight years ago this month, Memorex agreed to acquire the European opera-

tions of Telex Corporation, a manufacturer of communications equipment. This step provided Memorex with a broader range of products and more extensive sales and service coverage overseas. Today, Memorex International is a major supplier of communications equipment throughout Europe.

- In January, 1981, Ella Fitzgerald visited Memorex's consumer media operations for its 10th anniversary. The "Is it live or is it Memorex," advertising campaign began in 1972 and made Memorex a household word. Many people still connect Memorex and Ms. Fitzgerald, although the audio and video tape operations were sold to Tandy Corporation in 1981. The television commercials were so effective that Tandy continues to use the Memorex brand name today.

In the news

- What do you do when a customer hires new management that favors the competition? The MEMOREX PRESS asked **Mike Smith**, a combination sales representative in San Diego, who was recently in this situation. Mike turned the situation into a success by gaining the customer's trust. "Even though we were in danger of losing this account, we kept doing a superior job with the Memorex disk drives they already had," Smith said. "There were no 'All Stars'. We were in this together and kept on doing whatever it would take to get the job done. This was the new management's first time with Memorex and they were impressed."

Smith recently received an order from this financial services company for 3680 disk drives, tape drives and terminals worth \$1.5 million. Smith credits the team of **Ron Anderson**, customer engineer; **Eli Opas** and **Don Fautt**, system engineers; **Stu Price**, financial marketing support; **Jerry Sheridan**, communications product manager; and **Dennis Flanagan**, area vice president.

- One of the largest industries Memorex provides computer peripherals to is the insurance business. Memorex International's **Kathleen Barlett** is a data systems sales representative in Toronto, Canada, who is continuing this tradition. Barlett recently sold \$80,000 worth of 3280 tape drives and the 4303 line printer to a new account, Halifax Insurance. Halifax is very happy with the quality of both products and Barlett expects additional orders for storage equipment in the near future.
- **Dave Jenkins** returns to Santa Clara as vice president, storage equipment operations, after spending two years in charge of customer engineering operations overseas. **Trevor Sullivan** has been promoted to vice president, customer operations for Memorex International. **Geoff Seabrook** took over Sullivan's previous position of vice president of equipment marketing for Memorex International. Previously, Seabrook was in Santa Clara as vice president, planning and program management for Memorex. Prior to that, he was director of marketing for storage equipment in Santa Clara and disk product manager at Memorex's International headquarters in London.
- Memorex customer engineers (CEs) like **Mike Klinger**, CE branch manager



Mike Smith

in Philadelphia, believe in making sure customers know exactly what their plans are, how they're resolving problems and what to expect. In one case, this frankness helped Combination Sales Representative **Jim Connor** bring in a large order of 13 strings of the high density package disk subsystem from a major telephone company on the East Coast.

"This win was definitely a team effort at the Philadelphia and Pittsburgh branches," Klinger said. "When there's a problem, we sit down with the customer, sometimes several times a day, and tell them what we're trying to do to resolve the situation. They always know what to expect from us and one of our primary concerns is to stick to our commitments."



Jim Connor

- **Ronald Wagner**, a staff engineer for Memorex, recently won a design award for a low cost, automatic disk drive head tester. The design was submitted to the Microwave Journal and was judged to be one of 25 grand prize winners based on its originality and usefulness.

Cost cutting helps increase MRX profit

Money, it's always easier to spend than save. Yet Memorex is fully committed to cost cutting programs that will help fill the corporate piggy bank and increase the profitability of the company.

In July of last year, the MEMOREX PRESS reported on a D.I.S.C. Drive program in Purchasing, which stands for decreasing incoming supply costs. Working together, buyers, engineers and outside vendors spent the year searching for ways to reduce material costs in the Large Disk Drive Division.

This year, Purchasing will claim the largest cost reductions from areas such as precision machined parts, electro-mechanical parts and printed circuit boards. Considering that half the cost of a 3680 disk drive, for example, is in material, steps taken to reduce the amount spent outside the company can reach a significant amount. In 1985, Memorex saved almost \$4 million on materials purchased outside (excluding heads, disks and items at the Nogales, Mexico facility).

"Based on the 1985 standards, we plan to reduce the cost of materials purchased outside for LDDD by at least \$8 million this year," said **Paul Card**, Production Purchasing manager. "Some of the ways we plan to reach our goal are through negotiations with vendors, narrowing the vendor base, implementing value engineering changes, exploring offshore procurement opportunities and reviewing manufacturing versus buying decisions."

By the end of 1986, Card hopes to have decreased outside material costs by 15 percent or more on the 3680 and B9494 alone.

Through the Employee Suggestion Program, non-exempt employees have helped save Memorex more than \$1 million dollars in 1985 through their cost savings ideas. Exempt employees also have done their part to reduce costs.

In the Large Disk Drive Division (LDDD), **Ed Weldon**, manufacturing engineer, determined that Memorex was using excessive metal pieces called shims in assembling the base of the 3680 head disk assembly. His suggestion, to simply use one thick shim rather than several thin pieces, will save Memorex \$22,000 this year. The same method can

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...the PCM to turn to first.

We're the only PCM you'll ever need.

Because only Memorex offers a full line of plug-compatible peripherals for your IBM mainframe. Both storage equipment and 3270-compatible communications products for your 380X system and your 4000 system. Plus terminals and printers for System 34/36/38 as well.

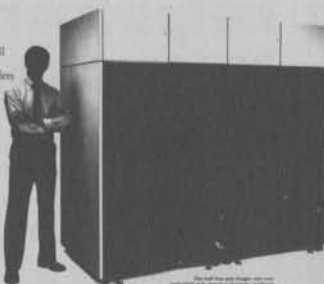
What's the alternative if you turn somewhere else?

Dealing with companies that only offer you bits and pieces of a plug-compatible system. Storage products from one company. Communications products from another.

Component needs from yet another.

Memorex, on the other hand, can supply it all. All the equipment you need, and all the service support to back it up.

And because we're the only PCM with a single focus on full-line products, we're the only company that offers full-line solutions. In storage products, for instance, our new 6000 family of high performance products includes the 6240 HDR, the very first high-



capacity disk storage subsystem that provides the space-saving footprint of a double-capacity device without sacrificing the high performance of single-capacity drives. As well as the 6061, the new 6011 tape memory subsystem so fast and reliable it can effectively upgrade on-line systems without requiring a bigger CPU.

Memorex also offers a complete selection of 3270 compatible terminals, printers and emulators.

We not only make it easy for you to choose the right peripherals, we make it easy for you to finance them.

Memorex Finance Corporation allows you to tailor the financing to meet your company's budget, cash flow, and schedule demands.

The final test of who to turn to first takes a bit of foresight—picking a supplier who's going to be around. To answer your questions. Service your system. Protect your investment. Memorex is and will be around. Around the world, in fact, with sales and service.

So turn to Memorex first. With us you can buy smarter, plan better—and rest easier.

Call us toll-free at 800-538-9000. In California, call 408-987-9433. Or write: Memorex Corporation, San Tomas at Central Expressway, Santa Clara, CA 95051.

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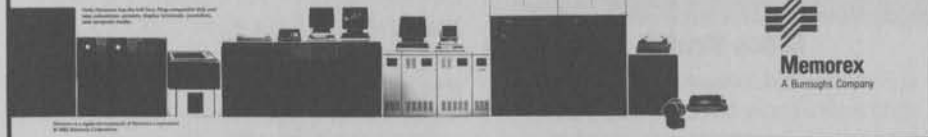
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MRX turns to new ad theme

Part of Memorex's plan to kick off its silver anniversary is a new advertising campaign that states Memorex is "The PCM To Turn To First."

The new three-page ad, first introduced late last year, highlights the company's full peripheral line, comprehensive service capabilities and versatile financing options through the Memorex Finance Company.

Since the ad first ran in the November

issues of Computerworld and InformationWeek, field sales representatives have received positive responses from numerous customers.

In future ads, Memorex plans to incorporate the company's communications offerings for the IBM 3270 market and System 34/36/38 market, high performance storage products, our 25th anniversary and new product round-ups.

'85 ESP winners

The following Employee Suggestion Program (ESP) award winners helped save Memorex more than \$1 million in 1985. The MEMOREX PRESS congratulates everyone for their outstanding cost savings ideas.

\$10,025.00 - \$25,000.00
David Brda Hermanti Patel
Martha Knutz

\$5,025.00 - \$10,000.00
Dianna Grijalva Louis Terra

\$1,025.00 - \$5,000.00
Rhonda Abdelbaki Sherry Reyes
Brian Aleshire Michael Slafter
Kenneth Baker Jim Seusy
Joe Comito Robert Townsend
John Manning Kim L. Tran

\$525.00 - \$1,000.00
Edmund J. Johnson III Terri Rattler
Betty Krieger

\$125.00 - \$500.00
Scott Beard Robert Lamb
Richard Boatwright Joanne La Freniere
Joe Comito Kay Lavezzo
Patrick Doubrava Judith Miller
Louis Fernandez Vicke Reynolds
Robert Groza Laura Rodriques
Can T. Ho Hoang L. Ton
Geoffrey Kiester Geraldine Watson



Correction

In the November issues of THE MEMOREX PRESS the following names were incorrectly spelled: Mike Cochran, Mari PeBenito, Karla Broman, Jodi Weekley and Nicole Dauphin. Our apologies for any inconvenience this may have caused.

'86 outlook

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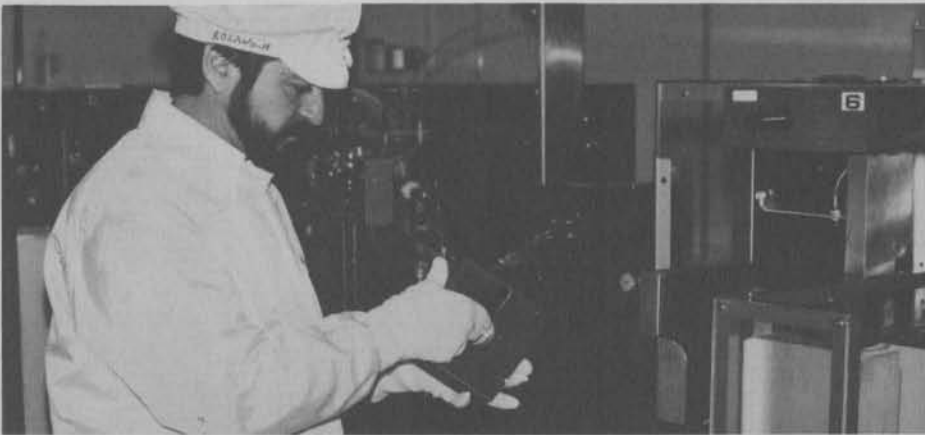
We have made gigantic strides during 1985 in our R&D and manufacturing areas, in getting situations under control and improving both our management capabilities and our systems. These are areas, however, that we will continue to focus on.

Our third strategic goal is to **grow our revenue** by 15 to 20 percent per year, which should cause us to grow slightly faster than the market. There are three factors which lead to growing revenue. The first is better and broader range of products. I've talked about some of the actions taking place in this area. The second is improved sales productivity. The biggest improvement in sales productivity will come from the fact that we have a more reliable 3680. In addition, we are putting together a broader range of training programs designed to improve selling skills. The third factor is a larger number of sales representatives. In 1985, we increased the number of direct sales representatives by more than 30 percent. Since it takes them six months to become productive, we will have about 30 percent more productive sales rep years in 1986 than we did in 1985.

Our fourth strategic goal is **profit**. Our long-term profit objective is to get a 10 percent return on sales and a 20 to 25 percent return on assets. This goal is achievable in the long term; however, in the short term, our objective is simply to become profitable. From a corporate perspective, the keys to profitability are:

- a more reliable 3680
 - increased revenue of all products
 - significantly decreased costs
- We have taken actions on all of these items and the goals are attainable. But profit is not just a goal for me and my staff. Each of you must seek ways of improving productivity, eliminating waste and increasing sales. Only with a full effort by all will Memorex achieve its profit goals.

In 1985 we started to build the base of recovery. We have plans to continue that building in 1986. If we all pull together and make our goals, 1986 can be the year when Memorex finally starts to break out of the mold of being a marginal company and proceeds on a path of being the number one peripheral supplier in the world.



Roland Gallegos, who joined Memorex 24 years ago, inspects the edges of a floppy disk.

Employee looks back 24 years

To Rolland Gallegos, every new venture for Memorex was like starting a new job.

For 24 years, he worked at virtually every job in Memorex's computer tape business, video tape business and its flexible disk business, where he is currently senior engineer of flex disk production. He also has worked for Memorex longer than any other current employee.

"I came on board the day the computer tape plant was finished on Memorex Drive in December, 1961," Gallegos said. "Every week I was paid by a personal check. There wasn't any accounting in those days. I certainly wasn't expecting to stay with the company for 24 years, but after the first six months on the job, I knew Memorex would be a good opportunity for me."

Gallegos started in facilities, putting in the clean room and manufacturing equipment, like computer tape coating and slitting machines. He has been involved

in almost every aspect of making computer tape, from coating to finishing to production supervisor to quality control.

"Every new venture for Memorex kept my interests high," Gallegos said. "It was like continually working for a start-up. Each job was so different. There were always many changes along the way."

Currently, Gallegos oversees all offshore flex disk production operations, acting primarily as a consultant. He spent 15 years in computer tape, some of which was in video tape, and nine so far in flex disk.

"Of course I've seen a lot of people come and go, but one of the most noticeable changes has been in my commute time," Gallegos said. "I've been living in the Silicon Valley for 19 years. What used to take me 20 minutes from my house in Fremont, now takes about 50 minutes. I'm used to it now, as long as I don't think about the way it was 24 years ago."

Cost cutting increases profit

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be applied to future disk drive products.

Another suggestion in LDDD came from **Doug Webster**, cost reduction engineer. Webster looked into the cost of a component for the 3680 that Memorex was buying from a vendor. The part cost \$18, which Webster thought was too high. He suggested that the part could be purchased for less. And he was right. Memorex currently buys this part for \$6.40, which will save the company \$75,000 this year.

Memorex's rigid media organization also plans to implement a cost cutting program this year aimed at increasing

employee awareness of the amount spent on supplies. "We hope the program will encourage people to conserve materials as much as possible," said **Paul Domorski**, RMCD manufacturing account manager.

Mike Haltom, vice president and general manager of LDDD said, "There is much we can do to keep this positive cost reduction trend going. We must continue to reduce the amount of inventory needed to run the business; eliminate inefficient use of assets; reduce scrap, rework and overtime spending; and further increase our productivity."

In the news

Continued from page 3

- Rookie sales representatives also have called on team support to bring in new orders. This time it helped rookie **Dave O'Callaghan**, a dedicated communications representative in Cincinnati, win a new banking account. The order was for 85 2174-8 remote cluster controllers, 150 2178 display stations and 12 2173 multifunction screen printers, and is worth \$450,000. Dave credits **Lou Adimare**, Memorex Finance Company; **John Soltis**, systems engineer; **Jeff Zimmerman** and **Tony Sanders**, customer engineers; **Sally Coriell**, administration and **Randy Demont**, branch manager.
- More than 80 law enforcement officials from throughout California gathered recently for a five day seminar to learn how to take the bite out of high-technology crime. According to the San Jose Mercury News, the seminars were "hosted by five high-tech giants: National Semiconductor, Lockheed Missiles, Memorex, Intel and Hewlett-Packard."
- Ford Tractor Operations, a division of Ford Motor Company, recently ordered two Burroughs model A 15 mainframe computers to replace four Burroughs B 7800 mainframes. The new systems will be involved in all of the division's business operations, including accounting, engineering, communications, sales and manufacturing. Ford Tractor had plans to expand its computer room by 1,500 square feet, "but the A 15s made it possible to increase our processing power without increasing our floor space," said Roger Bisschop, supervisor of systems control at Ford Tractor.
- Burroughs is starting a pilot marketing program in the United States for a new second generation classroom computer called the ICON Educational Microcomputer System. The ICON was first launched in Canada and more than 8000 units have been installed in schools in the Province of Ontario alone. The ICON is praised as an advanced teaching tool for all courses, including computer literacy.
- In an effort to avoid large costs associated with integrating dissimilar manufacturing systems, Burroughs is offering the Manufacturing Automation Protocol (MAP) as a complementary service to users of Burroughs's products.

