

# **US TERRITORY BRIEFING BOOK**

**APRIL 26, 1993**

## **I. OVERVIEW**

- A. TOP BUSINESS ISSUES**
- B. ORGANIZATION CHART**
- C. HISTORICAL TRENDS**
  - REVENUE**
  - FIELD SG&A**
  - OPERATING PROFIT**
  - HEADCOUNT**
  - GROSS MARGIN**
  - COGS/SG&A/OP**

## **II. Q4 FY93/ Q1 FY94 FINANCIAL PROJECTIONS**

- A. Q4 FY93 REVISED PLAN**
- B. Q1 FY94**
- C. CERTS STATUS**

## **III. GLOBAL ACCOUNTS**

## **IV. SALES**

- A. CURRENT COMPENSATION PLAN**
- B. SALES YIELDS**
- C. SG&A**

I. Overview

# **US TERRITORY BRIEFING BOOK**

**APRIL 26, 1993**

## **TOP BUSINESS ISSUES**

**U.S. TERRITORY  
BRIEFING BOOK  
APRIL 26, 1993**

**EXTERNAL**

**PROBLEM:**

**1. ALPHA TRANSITION**

- CLOSER ALPHA GETS, LESS ALPHA-READY WORKS
- APPLICATIONS AVAILABILITY - NEED SPECIFICS

**SOLUTION:**

- NEW PRODUCT INTROS WILL HELP
  - MIXED CLUSTERING
  - WORKSTATIONS
- BUSINESS UNITS ID STRATEGIC APPS FROM PARTNERS
  - WORK WITH U.S. CHANNELS TO SET THE PRIORITIES
- NEED SUSTAINED ALPHA "PULL"
- 3RD PARTY DATA BASE PARTNERS READY

**PROBLEM:**

**2. SHIFT TO DESKTOP HAPPENING VERY FAST**

**SOLUTIONS:**

1. ALLOWANCES CONTROLLED
2. CHARGING FOR FREIGHT
3. REDUCED MARKETING EXPENSES
4. WARRANTY BEING RESOLVED
5. BETTER USE OF CHANNELS

**U.S. TERRITORY  
BRIEFING BOOK  
APRIL 26, 1993**

**EXTERNAL**

**PROBLEM:**

3. SHIFT TO "OPEN" SYSTEMS
- DIGITAL PERCEPTION STILL TOO PROPRIETARY
  - MIPS/OSF REVERSAL HURT

**SOLUTIONS:**

- CONSIDER CAMBRIDGE TECH GROUP PROPOSAL
  - QUARTERLY CUSTOMER SEMINARS
- CONTINUED FIELD TRAINING
- OPEN SYSTEMS - OPEN HOUSE
- WS ANNOUNCEMENTS

**PROBLEM:**

4. OVERALL REVENUE SOFTNESS
- Q4 1% REVENUE PROGRAM
  - FOCUS ON LINE ITEM SW
    - EXTRA CREDIT
  - T.I.P. PROGRAM
  - SIX MARKETING PROGRAMS FOCUS
  - INCREASED FOCUS ON PERIPHERALS & COMPONENTS

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APRIL 26, 1993**

**INTERNAL**

**PROBLEMS:**

1. JOCKEYING FOR POSITION
  - "TRIPS TO MAYNARD"
  - JUNE 30TH "IT'S OVER"
  
2. RECRUITING U.S. "BEST" TO BUS
  - CHANNELS
  - SALES
  - MARKETING
  
3. ATTRITION

**SOLUTIONS:**

- "TAP" HIGH PERFORMANCE DMS IN NEXT FEW WEEKS
  - BU & ATM
  
- "TAP" HIGH PERFORMANCE LEVEL 1 MANAGERS IN NEXT SEVERAL WEEKS
  
- REWARD PERFORMANCE, NOT JOCKEYING
  
- BU SUPPORT THE USE OF DIGITAL "PROTOCOLS" FOR HIRING
  
- DVNS/MEMOS TO FIELD/SITE VISITS
  
- OPS REVIEWS
  
- CLOSED LOOP DESIGN TEAM COMMUNICATIONS
  - ACCELERATE TIMING

**U.S. TERRITORY  
BRIEFING BOOK  
APRIL 26, 1993**

INTERNAL

PROBLEM:

4. SALES = "BELIEVE IT WHEN WE SEE IT"

SOLUTION:

- PROVE IT! DELIVER. ACCOUNTABILITY.  
REPEAT THE MESSAGES.

PROBLEM:

5. PROFESSIONAL SERVICES TURN-AROUND

SOLUTIONS:

- MORE INFRASTRUCTURE COMING OUT
- NEED CBU PLANS FOR WHERE WE WILL FOCUS ASAP
- P.S.C. CREATION ROLE OUT - DVN
- CERTIFICATION/TRAINING

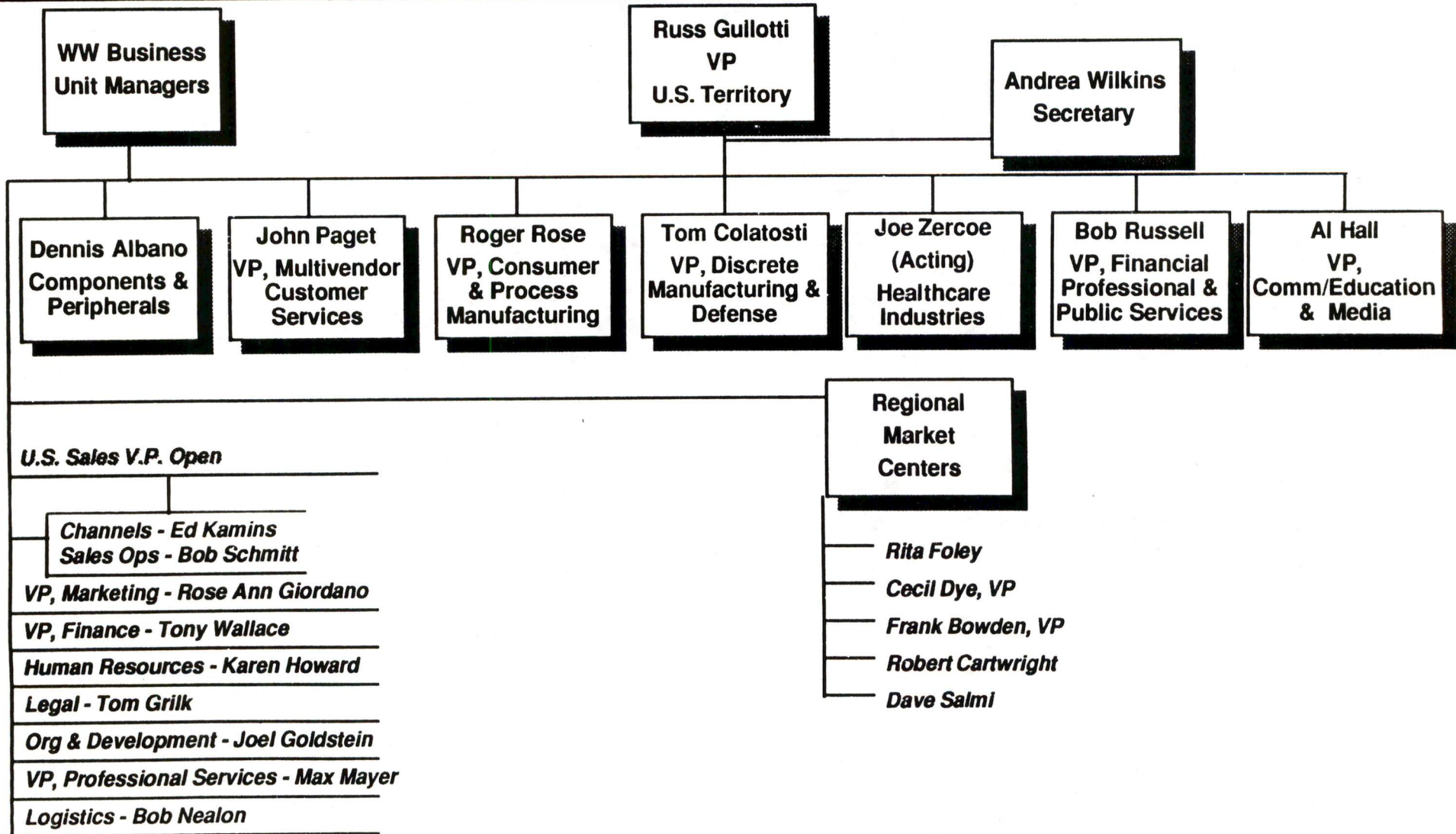
# **US TERRITORY BRIEFING BOOK**

**APRIL 26, 1993**

## **ORGANIZATION CHART**



# U.S. Territory Management Team



# **US TERRITORY BRIEFING BOOK**

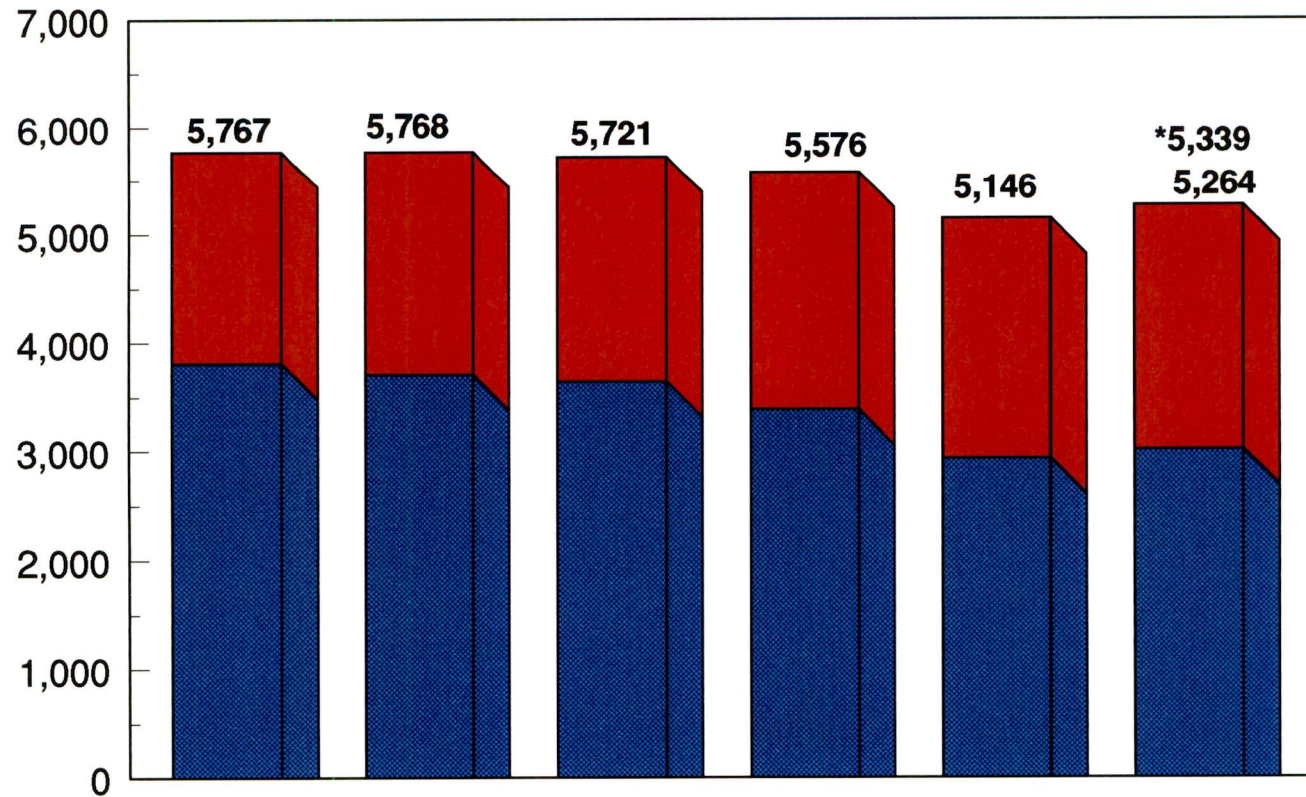
**APRIL 26, 1993**

## **HISTORICAL TRENDS**

# U.S. TERRITORY

NOR TRENDS (FY88 - FY93)

(\$M)



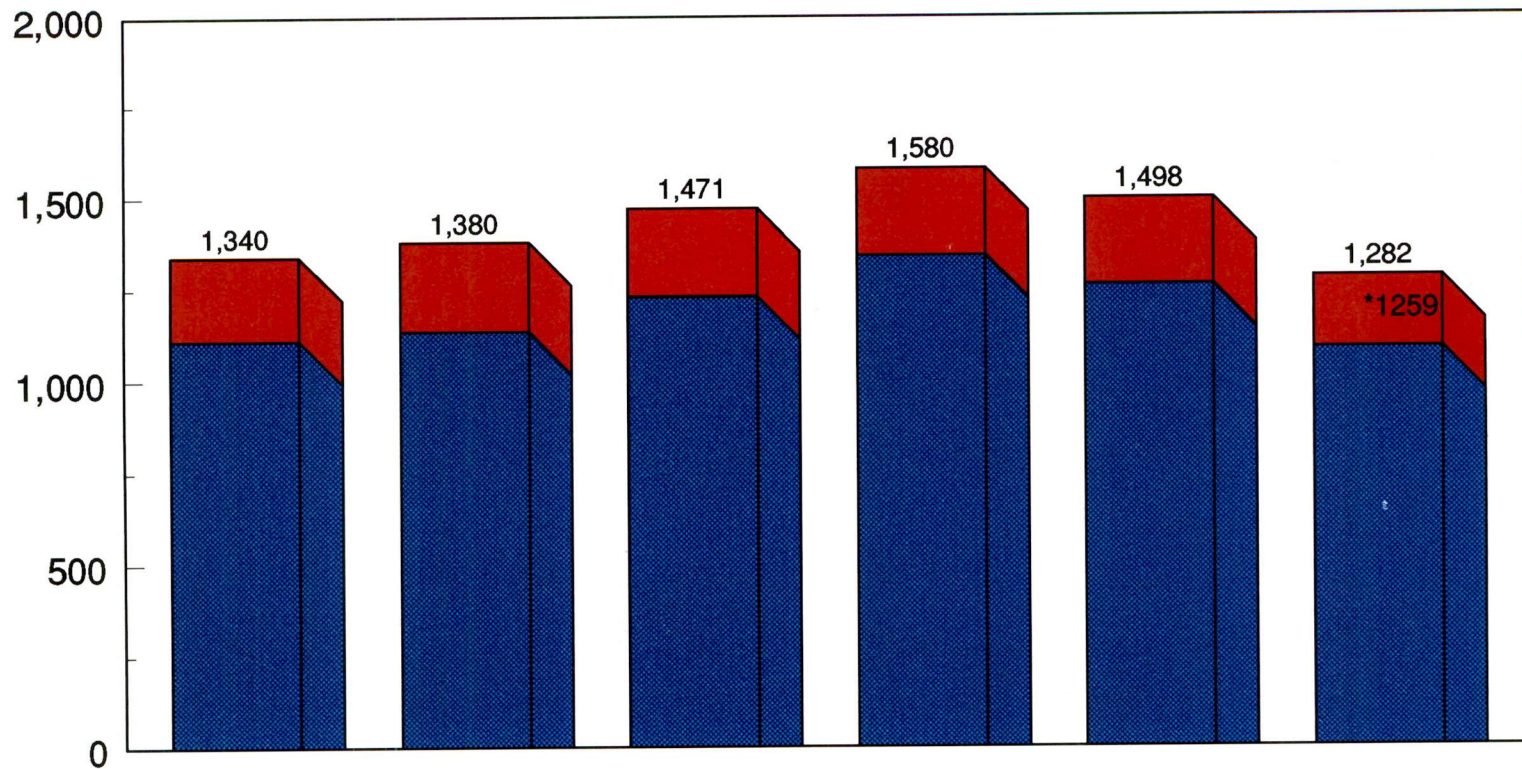
	FY88	FY89	FY90	FY91	FY92	FY93 FCST
PRODUCTS	3,811	3,710	3,643	3,385	2,932	3,017
SERVICES	1,956	2,058	2,078	2,191	2,214	2,247

\* REVISED PLAN

# U.S. TERRITORY

FIELD SG&A TRENDS (FY88 - FY93)

(\$M)



	FY88	FY89	FY90	FY91	FY92	FY93 FCST
PRODUCTS	1,111	1,136	1,229	1,341	1,260	1,086
SERVICES	229	244	242	239	238	196

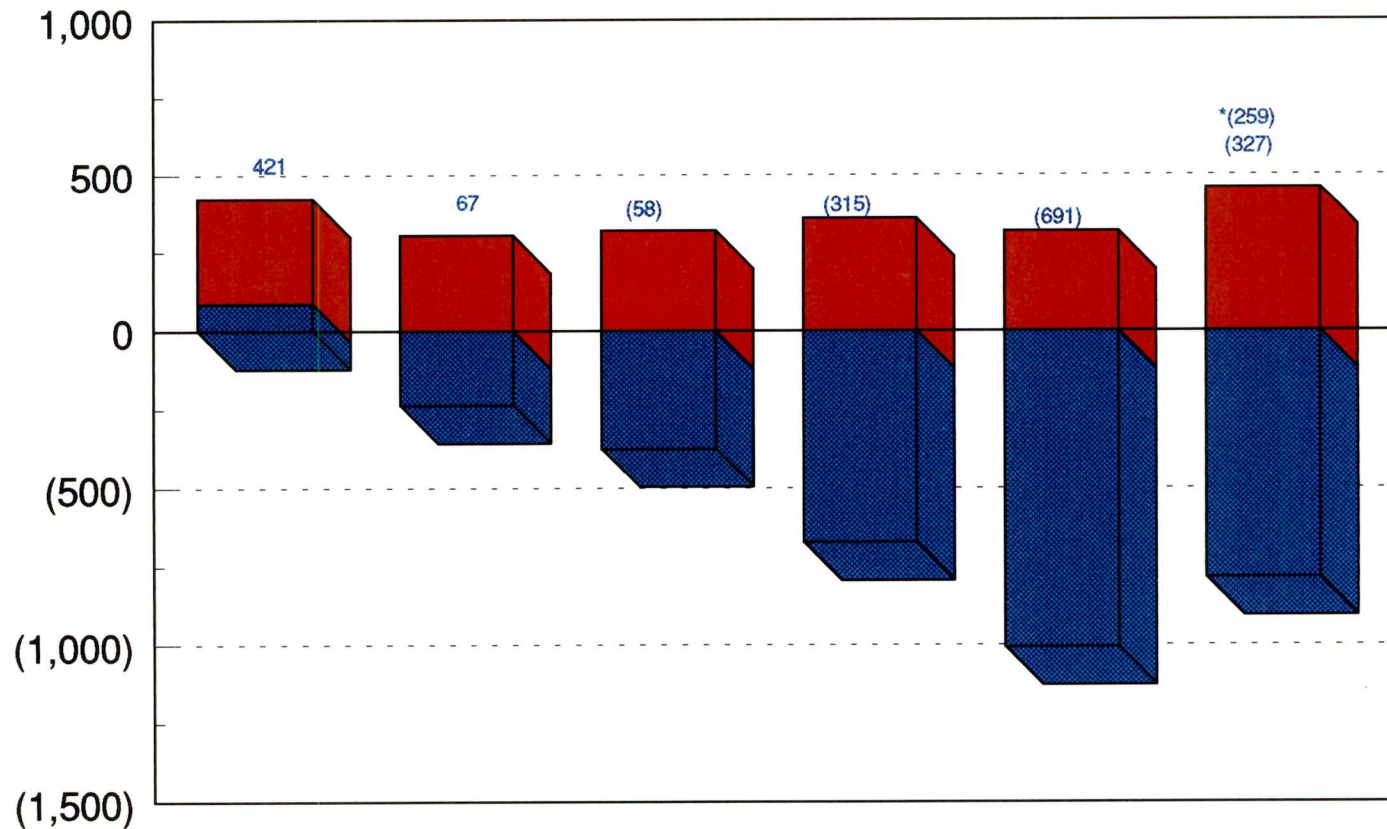
\* REVISED PLAN

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1/6/93.002.flw

# U.S TERRITORY

OPERATING PROFIT TRENDS (FY88 - FY93)

(\$M)



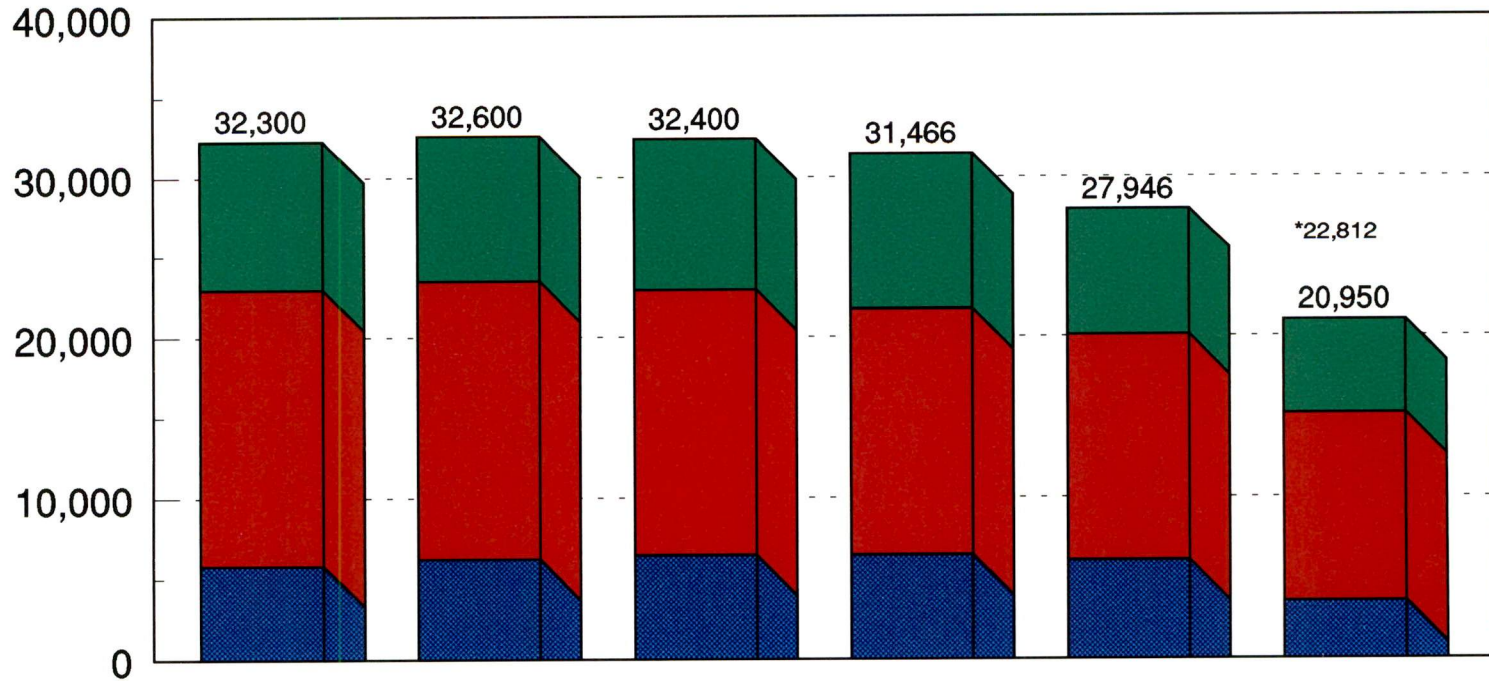
	FY88	FY89	FY90	FY91	FY92	FY93 FCST
PRODUCTS	88	(237)	(376)	(673)	(1,007)	(785)
SERVICES	333	304	318	359	317	458

\*REVISED PLAN

SF  
1/6/93.002.flw

# U.S.TERRITORY

TOTAL STAFFING (FY88 - FY93)



	FY88	FY89	FY90	FY91	FY92	FY93 FCST
COMMON SUPPORT	5,814	6,194	6,435	6,433	6,064	3,489
SERVICES	17,119	17,278	16,476	15,278	14,000	11,680
SALES	9,367	9,128	9,489	9,755	7,882	5,781

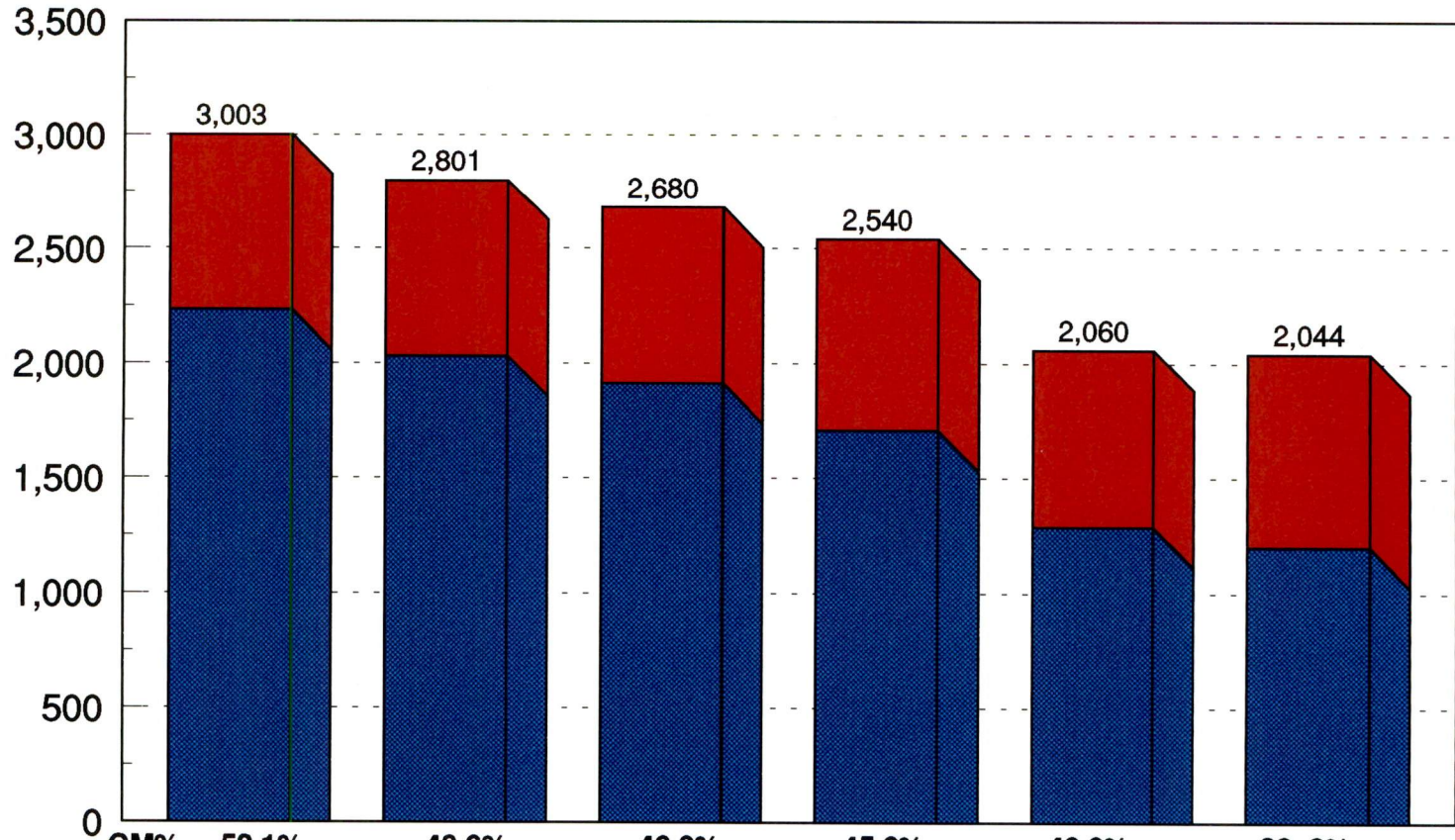
NOTE: EXCLUDES RESTRUCTURING. FY92, FY93 SALES INCLUDES 800 SOFTWARE

\* REVISED PLAN

# U.S. TERRITORY

GROSS MARGIN TRENDS (FY88 - FY93)

(\$M)

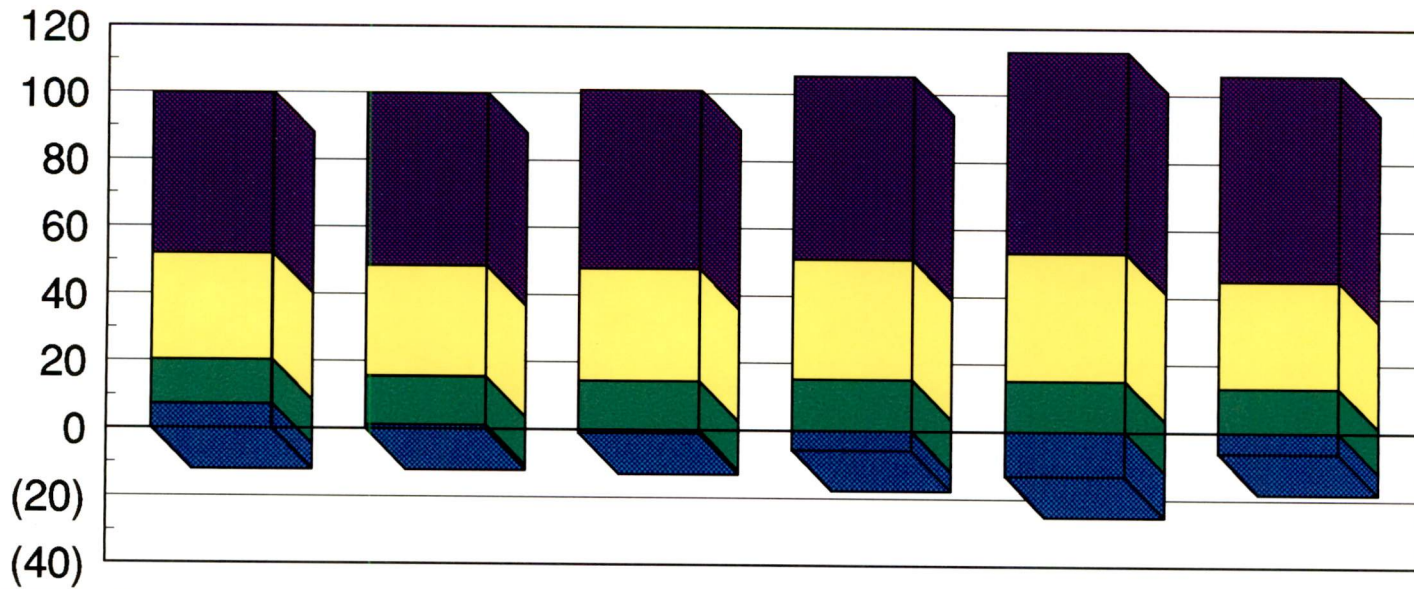


	FY88	FY89	FY90	FY91	FY92	FY93 FCST
<b>PRODUCTS</b>	2,233	2,032	1,913	1,708	1,288	1,200
<b>SERVICES</b>	770	769	767	832	772	844

# U.S.TERRITORY

COGS/SG&A/R&E/OP % OF NOR (FY88 - FY93)

## % OF NOR



	FY88	FY89	FY90	FY91	FY92	FY93 FCST
OP	7.3	1.2	(1.0)	(5.7)	(13.2)	(6.2)
R&E	13.0	14.4	14.6	15.3	15.1	13.2
SG&A	31.8	33.0	33.3	35.7	38.1	31.8
COGS	47.9	51.4	53.1	54.7	60.0	61.2



# US TERRITORY HISTORICAL PERFORMANCE

	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>	<u>FY93 ASSMT*</u>
PRODUCT CERTS	4177	3834	3728	3491	3057	3017
NOR						
PRODUCTS	3811	3710	3642	3385	2934	3017
SERVICES	1956	2058	2078	2191	2215	2247
TOTAL	5767	5767	5721	5576	5149	5264
GROSS MARGIN	3003	2801	2680	2540	2060	2044
GROSS MARGIN %	52.1%	48.6%	46.9%	45.6%	40.0%	38.8%
FIELD SG&A	1340	1380	1472	1580	1497	1282
TCM	1663	1421	1208	961	563	762
TCM%	28.8%	24.6%	21.1%	17.2%	10.9%	14.5%
STAFFING	32335	32620	32289	31466	27945	20950
DSO	68	68	74	70	70	62
NET INVENTORY	213	237	228	248	230	249
CAPITAL	169	117	110	58	87	79

\* March Forecast.

# US TERRITORY

## HISTORICAL PERFORMANCE

### PRODUCTS DETAIL

	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>	<u>FY93 ASSMT*</u>
PRODUCT CERTS	4177	3834.4	3728	3491	3057	3017
NOR	3811	3709.5	3642	3385	2934	3017
TRANSFER COST	1047	1060.3	1104	1088	1057	1343.5
MFG COSTS	434.8	514.2	523	482.4	456	361.9
FCO/ODCOS	96.8	102.7	102	107.6	134.2	112.1
GROSS MARGIN	2233	2032.3	1913	1707	1288	1199.7
GROSS MARGIN %	58.6%	54.8%	52.5%	50.4%	43.9%	39.8%
FIELD SG&A	1111	1135.8	1229	1341	1260	1086
TCM: PRODUCTS	1121	896.5	683.7	366.3	28	114
TCM%	29.4%	24.2%	18.8%	10.8%	1.0%	3.8%

\* March Forecast.

# US TERRITORY

## HISTORICAL PERFORMANCE SERVICES DETAIL

	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>	<u>FY93 ASSMT*</u>
SERVICE CERTS	N/A	736.7	856.4	938	950.4	868
NOR	1956	2057.9	2078	2191	2215	2247
SVC COD	955.3	1038.3	1088	1131	1218	1173.7
OTHER SVC COSTS	230.6	251.4	223.1	226.6	223.6	229.3
GROSS MARGIN	770.4	768.2	767.6	833.3	772.7	844.1
GROSS MARGIN %	39.4%	37.3%	36.9%	38.0%	34.9%	37.6%
FIELD SG&A	229	244	242	239	238	196
TCM: SERVICES	541.4	524.1	525.3	594.5	535	647.8
TCM%	27.7%	25.5%	25.3%	27.1%	24.2%	28.8%

\* March Forecast.

II. Q493/Q194

# **US TERRITORY BRIEFING BOOK**

**APRIL 26, 1993**

## **Q4 FY93/ Q1 FY94 FINANCIAL PROJECTIONS**

US TERRITORY  
Q4FY93 OUTLOOK

	<u>Q4 FCST*</u>	<u>FY93 FCST*</u>	<u>FY93 COMMIT</u>
PRODUCT CERTS	975	3017	3186
NOR			
PRODUCTS	855.1	3017	3066
SERVICES	635.9	2247	2273
TOTAL	1491	5264	5338.7
GROSS MARGIN	613.2	2044	2088
GROSS MARGIN %	41.1%	38.8%	39.1%
FIELD SG&A	281.4	1282	1259
TCM	331.8	761.5	828.9
TCM%	22.3%	14.5%	15.5%
STAFFING	20950	20950	22812
DSO	62	62	62
NET INVENTORY	249	249	257
CAPITAL	30	79	97

\* March Forecast.

**US TERRITORY  
Q1FY94 OUTLOOK**

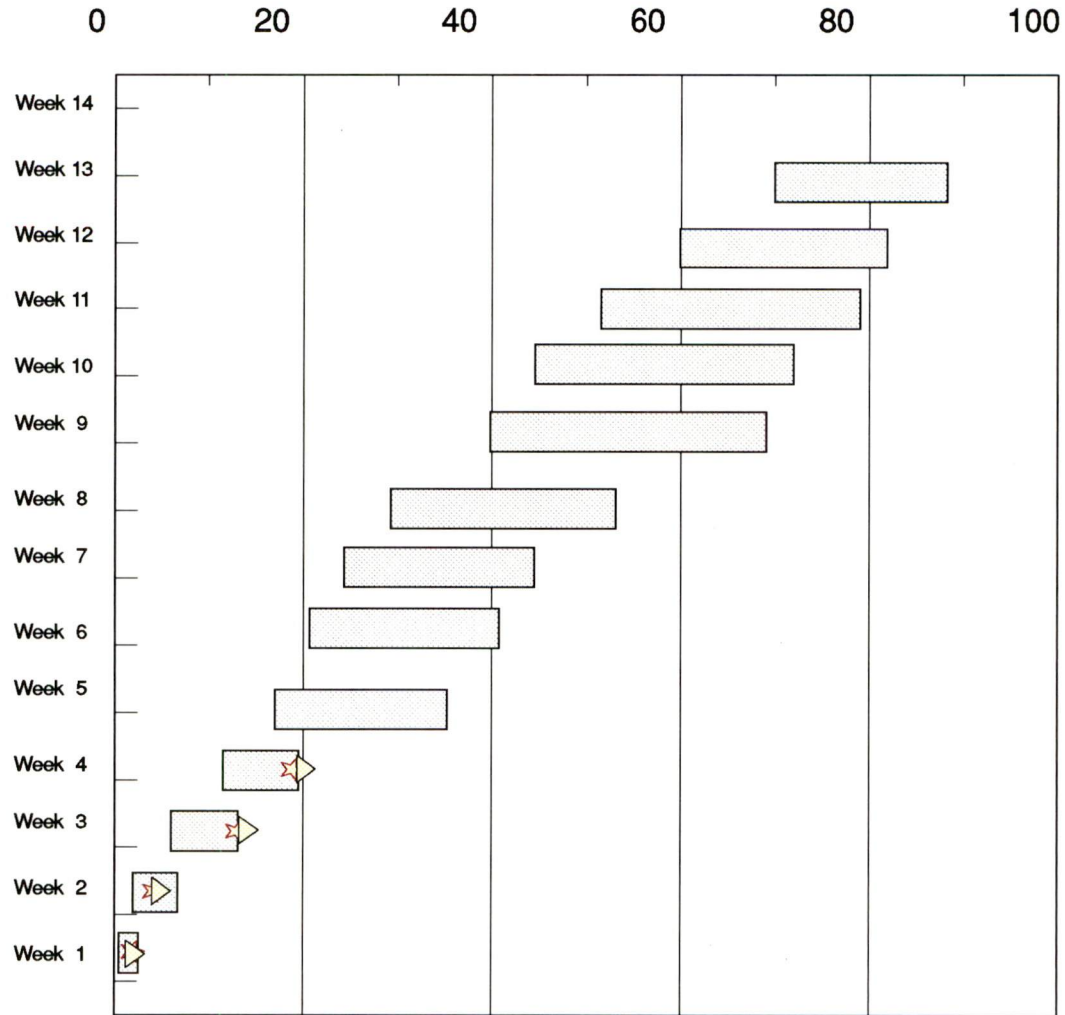
	<u>Q1 ASSMNT</u>	<u>% GR 93/94</u>
PRODUCT CERTS	648	5.6%
NOR		
PRODUCTS	740	1.7%
SERVICES	535	2.5%
TOTAL	1275	2.7%
GROSS MARGIN	428	-9.1%
GROSS MARGIN %	33.6%	
FIELD SG&A	254	-29.6%
TCM	174	58.9%
TCM%	13.6%	4.8 PTS

**ASSUMPTIONS:**

- o Headcount projected flat at Q4 FY93 figure of 20950.
- o Services input provided for Q1 Revenue.
- o Service Expense increase from volume related spending.
- o Product revenue based on March versio of 8 Qtr Volume Plan.
- o Transfer Cost assumptions based on FY93 Stds with 8 Qtr Volume Plan Mix.
- o Manufacturing charges flat with Q1 FY93
- o Salary/Inflation annualized 5% rate

# DIGITAL EQUIPMENT CORPORATION

Weekly Range of Q4 Systems CERTS Total  
% of Q-Total



**LEGEND:**

- ☆ Percent of Q-Plan
- ▷ Percent of Q-Fcst
- Ranges based on Prior 3 year Q4 Cumulative percentages.



III. Global Acct

# **US TERRITORY BRIEFING BOOK**

**APRIL 26, 1993**

## **GLOBAL ACCOUNTS**

Global Account P&L Ranking by HOST  
 Period As Of Q2YTD 93  
 - WW -

SK

	Host Geo <u>Name</u>	Net Oper <u>Revenue</u>	Value Added <u>Revenue</u>	Direct <u>Margin</u>	Profit <u>Margin</u>
General Electric	USA	49851	13594	7621	1910
GTE Corporation	USA	36425	9451	4785	618
Eastman Kodak	USA	36308	11288	7458	3779
General Motors	USA	30098	9194	5324	1504
Ford Motor	USA	28641	13113	9988	6916
MCI Communications	USA	25935	7847	3520	1026
Dow Chemical	USA	25677	10668	7601	5198
Citicorp	USA	25620	11545	7959	5098
DuPont	USA	24981	9322	6272	3482
Science Applications	USA	23422	7354	6057	3574
McDonnell Douglas	USA	21293	7038	4751	2588
Schlumberger	USA	19837	5043	3346	1620
Smithkline Beckman	USA	14055	5010	4074	2820
Computer Sciences	USA	12142	3405	2438	1094
Intel	USA	12093	4103	2370	1064
Xerox	USA	11782	4942	3898	2704
ITT Corp	USA	11762	4362	3127	1900
Caterpillar	USA	10966	3729	2330	1236
Pacific Telesis	USA	10924	4373	2983	1952
Rockwell	USA	10772	3347	1165	-543
Chase Manhattan	USA	10656	3599	2535	1451
Merck	USA	10610	3121	2015	1042
AT&T	USA	10477	3230	1870	1107
Honeywell	USA	10450	3604	2582	1465
Johnson & Johnson	USA	10388	4333	2734	2024
Bankers Trust	USA	10192	4484	3304	2374
Southwestern Bell	USA	9934	2452	1219	-55
Chevron	USA	9551	3486	1834	590
Monsanto	USA	9239	3696	1768	529
Corning Inc	USA	9204	3592	2565	1725
Blockbuster Entertainment	USA	9146	2461	1718	668
American Express	USA	8664	2758	1959	1146
Motorola	USA	8254	3284	2318	1598
Allied-Signal	USA	7995	2498	1188	103
Bell South	USA	7859	2849	1165	283
Philip Morris	USA	7370	2413	1621	1026
Aluminum Company of Americ	USA	6901	2662	1885	1058
ASK Computer Systems	USA	6603	1645	1279	563
Eli Lilly	USA	6578	2503	1521	935
Exxon	USA	6485	2218	1745	912
Pfizer	USA	5488	2523	1883	1649

Quaker Oats Company	USA	5253	2660	2297	2155
Abbott Labs	USA	5151	1884	1098	611
BankAmerica/Security Pacific	USA	5056	2186	1278	883
NYNEX	USA	4813	1541	633	126
Chemical Banking/Mfg Hanover	USA	4532	1640	696	196
Mobil	USA	4345	1668	181	-322
Minnesota Mng & Mfg	USA	3689	1608	1098	684
FMC Corporation	USA	3488	1506	1063	768
Eaton	USA	3412	1403	707	340
Baxter International	USA	3353	1008	217	-165
US West	USA	3009	994	-35	-391
Mars	USA	2977	1167	763	497
Goldman Sachs	USA	2685	1059	926	709
Scott Paper	USA	2586	809	238	-28
Tenneco	USA	2476	858	241	-12
Dun & Bradstreet	USA	2238	723	271	65
Arthur Andersen	USA	1923	593	376	99
Microsoft	USA	1918	753	469	282
Halliburton	USA	1906	719	491	327
Texaco	USA	1741	797	525	386
Procter & Gamble	USA	1676	774	242	-35
Amoco	USA	1499	510	184	8
Times Mirror	USA	1270	487	246	122
Occidental Petroleum	USA	986	416	257	193
Cincinnati Bell	USA	981	293	213	117
Disney	USA	946	372	115	35
Bertelsmann	USA	735	316	112	63
Cadence/Valid Logic	USA	597	200	142	84
News Corporation	USA	594	370	219	147
Merrill Lynch	USA	512	193	-79	-128
Structural Dynamics	USA	475	168	29	-23
Cognos	USA	377	187	174	119
Computer Associates	USA	67	-283	-348	-387
		701892	241716	152810	79257

Global Account P&L Ranking by HOST  
 Period As OF Q2YTD 93  
 -USA-

\$K

	Host Geo <u>Name</u>	Net Oper <u>Revenue</u>	Value Added <u>Revenue</u>	Direct <u>Margin</u>	Profit <u>Margin</u>
General Electric	USA	48383	12863	7067	1673
GTE Corporation	USA	35360	8892	4607	612
Eastman Kodak	USA	32935	9446	5741	2170
MCI Communications	USA	25935	7847	3535	1041
Science Applications	USA	23422	7354	6057	3574
General Motors	USA	18337	4767	1851	-458
DuPont	USA	18083	5950	3836	1771
McDonnell Douglas	USA	16161	5054	2930	1169
Ford Motor	USA	15853	5578	3414	1845
Dow Chemical	USA	14765	4981	2831	1354
Computer Sciences	USA	12140	3404	2437	1093
Intel	USA	11311	3626	1925	714
Pacific Telesis	USA	10924	4373	2988	1957
Rockwell	USA	10555	3206	1443	293
Chase Manhattan	USA	10548	3539	2551	1468
Smithkline Beckman	USA	10532	3785	3078	2087
Southwestern Bell	USA	9934	2452	1219	-55
Schlumberger	USA	9907	1889	610	-756
ITT Corp	USA	9664	3075	2010	1000
Caterpillar	USA	9156	2734	1410	379
Merck	USA	9114	2280	1278	370
Honeywell	USA	8801	2827	1888	943
Blockbuster Entertainment	USA	8499	2186	1514	558
American Express	USA	8331	2569	1770	960
Bankers Trust	USA	8042	3619	2635	1988
Allied-Signal	USA	7632	2310	1152	302
Johnson & Johnson	USA	7303	2806	1393	730
Corning Inc	USA	6934	2653	1672	937
Monsanto	USA	6890	2672	1151	434
Xerox	USA	6546	2261	1557	875
Bell South	USA	6481	2123	902	177
Citicorp	USA	6261	2190	305	-323
Eli Lilly	USA	6115	2261	1294	708
Motorola	USA	6105	2014	1096	424
Chevron	USA	5987	2025	949	336
AT&T	USA	5775	2036	754	133
Philip Morris	USA	5677	2052	1390	809
Abbott Labs	USA	5140	1878	1092	605
ASK Computer Systems	USA	5103	1364	1027	386
Aluminum Company of Americ	USA	4986	1779	1101	584
NYNEX	USA	4642	1444	536	29

Chemical Banking/Mfg Hanov	USA	4218	1399	474	12
BankAmerica/Security Pacific	USA	3514	1360	461	110
Mobil	USA	3414	1150	-225	-601
Baxter International	USA	3305	975	188	-189
US West	USA	3009	994	-35	-391
Eaton	USA	2913	1083	436	142
Minnesota Mng & Mfg	USA	2886	1203	768	478
FMC Corporation	USA	2760	1066	630	343
Exxon	USA	2720	934	583	285
Scott Paper	USA	2577	805	282	16
Tenneco	USA	2301	753	138	-106
Mars	USA	2276	766	507	291
Goldman Sachs	USA	2131	763	637	443
Pfizer	USA	2047	764	167	-54
Microsoft	USA	1918	753	469	282
Dun & Bradstreet	USA	1913	706	260	56
Halliburton	USA	1564	474	246	82
Amoco	USA	1433	471	144	-32
Texaco	USA	1433	578	307	169
Times Mirror	USA	1220	451	210	85
Quaker Oats Company	USA	1213	398	149	8
Procter & Gamble	USA	1063	434	98	-16
Cincinnati Bell	USA	981	293	213	117
Disney	USA	811	291	34	-45
Arthur Andersen	USA	673	236	114	43
Occidental Petroleum	USA	642	218	60	-3
Cadence/Valid Logic	USA	561	176	120	69
Bertelsmann	USA	518	191	-14	-63
Structural Dynamics	USA	471	180	42	-10
Merrill Lynch	USA	455	160	-112	-161
Computer Associates	USA	304	89	32	-6
News Corporation	USA	105	46	-88	-101
Cognos	USA	43	17	15	9
Chemical Bank	USA				
		551660	172338	95304	36160

Global Account P&L Ranking by HOST  
 Period As Of Q2YTD 93  
 -EUR-

\$K Constant

	Host Geo <u>Name</u>	Net Oper <u>Revenue</u>	Value Added <u>Revenue</u>	Direct Margin	Profit Margin	
	Citicorp	USA	17209	8000	6534	4680
	Ford Motor	USA	11870	7122	6208	4836
	General Motors	USA	10073	3756	3098	1882
	Schlumberger	USA	8884	2590	2312	2171
	Dow Chemical	USA	6348	3114	2590	2260
	Quaker Oats Company	USA	4039	2262	2148	2148
	AT&T	USA	4006	741	715	687
	DuPont	USA	3820	1401	726	399
	McDonnell Douglas	USA	3503	1198	1138	1138
	Pfizer	USA	3358	1724	1724	1724
	Eastman Kodak	USA	3101	1663	1554	1494
	Smithkline Beckman	USA	3053	1000	837	662
	Johnson & Johnson	USA	2810	1345	1170	1170
	Xerox	USA	2680	1101	998	880
	ITT Corp	USA	2073	1272	1102	890
	Motorola	USA	1854	1111	1108	1108
	Monsanto	USA	1780	745	378	-56
	Corning Inc	USA	1628	616	616	616
	Philip Morris	USA	1601	952	833	833
	Caterpillar	USA	1436	743	683	683
	Merck	USA	1412	787	687	635
	BankAmerica/Security Pacific	USA	1237	620	620	620
	ASK Computer Systems	USA	1025	100	96	96
	General Electric	USA	1025	458	296	49
	Bankers Trust	USA	785	80	-55	-141
	Minnesota Mng & Mfg	USA	726	363	289	179
	Honeywell	USA	694	271	248	248
	FMC Corporation	USA	676	409	404	404
	Procter & Gamble	USA	561	306	111	-42
	Mobil	USA	551	287	247	184
	Mars	USA	542	339	316	293
	Exxon	USA	541	292	273	273
	Eaton	USA	499	320	271	198
	Eli Lilly	USA	463	242	242	242
	Goldman Sachs	USA	427	219	219	219
	Arthur Andersen	USA	403	194	129	76
	Chevron	USA	373	12	-32	-114
	Allied-Signal	USA	363	188	36	-199

Halliburton	USA	342	245	245	245
Occidental Petroleum	USA	333	191	191	191
American Express	USA	321	182	182	182
Texaco	USA	308	219	218	218
Dun & Bradstreet	USA	308	5	0	0
Bertelsmann	USA	217	126	126	126
NYNEX	USA	171	97	97	97
Bell South	USA	148	100	100	100
Disney	USA	135	81	81	81
Rockwell	USA	126	80	-292	-835
Tenneco	USA	120	71	71	71
Chase Manhattan	USA	99	53	-23	-23
Blockbuster Entertainment	USA	98	7	7	7
News Corporation	USA	70	51	51	51
Amoco	USA	65	40	40	40
GTE Corporation	USA	57	31	31	31
Merrill Lynch	USA	53	31	31	31
Times Mirror	USA	50	36	36	36
Aluminum Company of America	USA	22	17	17	17
Intel	USA	17	12	12	12
Cognos	USA	15	9	9	9
Scott Paper	USA	9	4	-44	-44
Abbott Labs	USA	7	3	3	3
Structural Dynamics	USA	4	-13	-13	-13
Baxter International	USA	3	2	1	1
Computer Sciences	USA	2	1	1	1
Cadence/Valid Logic	USA	1	1	0	0
Chemical Banking/Mfg Hanov	USA	0	0	0	0
Computer Associates	USA	-248	-384	-391	-391
Chemical Bank	USA				
Cincinnati Bell	USA				
MCI Communications	USA				
Microsoft	USA				
Pacific Telesis	USA				
Science Applications	USA				
Southwestern Bell	USA				
US West	USA				
		110284	49240	41656	33670



\$K Constant

Global Account P&L Ranking by HOST  
 Period As Of Q2YTD 93  
 -GIA-

	Host Geo <u>Name</u>	Net Oper <u>Revenue</u>	Value Added <u>Revenue</u>	Direct <u>Margin</u>	Profit <u>Margin</u>
Dow Chemical	USA	4564	2573	2180	1584
Exxon	USA	3223	992	889	354
Chevron	USA	3191	1449	918	368
DuPont	USA	3077	1972	1710	1312
Xerox	USA	2556	1580	1343	949
Citicorp	USA	2149	1355	1120	740
Aluminum Company of Americ	USA	1893	866	768	457
General Motors	USA	1688	671	375	80
McDonnell Douglas	USA	1630	786	684	281
Bankers Trust	USA	1364	785	725	527
Bell South	USA	1230	626	163	6
Schlumberger	USA	1046	564	423	204
GTE Corporation	USA	1009	528	148	-25
Honeywell	USA	955	507	445	273
Ford Motor	USA	918	414	366	235
Arthur Andersen	USA	847	163	134	-20
Intel	USA	764	465	434	339
AT&T	USA	696	452	400	287
Corning Inc	USA	642	322	277	172
Monsanto	USA	569	279	239	151
Blockbuster Entertainment	USA	549	269	196	103
ASK Computer Systems	USA	475	181	156	82
Smithkline Beckman	USA	470	225	160	71
General Electric	USA	442	274	258	188
News Corporation	USA	420	272	256	197
Mobil	USA	380	231	158	95
Caterpillar	USA	374	253	236	173
Cognos	USA	319	161	150	101
Chemical Banking/Mfg Hanov	USA	314	241	223	184
BankAmerica/Security Pacific	USA	306	205	196	153
Motorola	USA	296	159	114	66
Johnson & Johnson	USA	274	183	171	124
Eastman Kodak	USA	273	179	163	115
Mars	USA	159	63	-61	-87
Goldman Sachs	USA	127	77	69	47
Philip Morris	USA	92	-591	-601	-616
Rockwell	USA	91	61	15	-1
Merck	USA	84	53	50	37
Pfizer	USA	83	36	-8	-21
Minnesota Mng & Mfg	USA	78	43	40	28

Tenneco	USA	55	34	32	23
FMC Corporation	USA	52	30	28	21
Procter & Gamble	USA	51	34	32	23
Baxter International	USA	45	31	28	22
Cadence/Valid Logic	USA	36	23	21	14
ITT Corp	USA	25	16	15	11
Dun & Bradstreet	USA	18	12	11	9
American Express	USA	13	7	7	5
Occidental Petroleum	USA	11	6	6	4
Computer Associates	USA	11	12	12	10
Chase Manhattan	USA	9	7	6	5
Abbott Labs	USA	4	3	3	2
Merrill Lynch	USA	3	2	2	2
Scott Paper	USA	0	0	0	0
Allied-Signal	USA				
Amoco	USA				
Bertelsmann	USA				
Chemical Bank	USA				
Cincinnati Bell	USA				
Computer Sciences	USA				
Disney	USA				
Eaton	USA				
Eli Lilly	USA			-15	-15
Halliburton	USA				
MCI Communications	USA			-14	-15
Microsoft	USA				
NYNEX	USA				
Pacific Telesis	USA			-5	-5
Quaker Oats Company	USA				
Science Applications	USA				
Southwestern Bell	USA				
Structural Dynamics	USA				
Texaco	USA				
Times Mirror	USA				
US West	USA				
		39948	20138	15851	9427

IV. Sales

# **US TERRITORY BRIEFING BOOK**

**APRIL 26, 1993**

## **CURRENT COMPENSATION PLAN**

**US TERRITORY  
Q4 CERTS AND REVENUE PROGRAM**

**Purpose**

**Positively motivate sales to close orders which generate Q4 revenue and to stimulate growth in FY93 revenue for the US**

**Award**

- o Sales Representatives receive 1% of any revenue for products and new services which are sold and invoiced in Q4 of FY93.**
- o Sales Unit Managers receive 10% of the total awards made to their sales teams.**

**Field Reaction**

- o Strong positive reaction from sales.**
- o What they like about the program:**
  - \* Award**
  - \* Simplicity**
  - \* Clear Focus**

## **FY93 U.S. SALES INCENTIVE PROGRAM**

### **Originally Announced Program Included:**

- o 10% pay reduction, January 1993.**
- o Pay reduction recovered at 100% achievement of years budget**
- o Up to \$50,000 in additional pay for over budget performance**

### **Re-announced Program Which Includes:**

- o Deferral of the 10% pay reduction for FY93**
- o Up to \$20,000 in additional pay for over budget performance (same amount as FY92).**
- o Pays a fixed amount (\$200.00 - \$260.00 depending on budget size) for each 1% over budget.**
- o Allows for team goaling.**
- o Pays on shipped orders.**
- o Level 1 and Level 2 Management Incentive Program under review**

## **FY93 Q3/Q4 TARGET INCENTIVE PROGRAMS**

- o Programs designed to leverage Q3/Q4 Revenue**
  
- o Programs designed to create activity in areas of strategic importance.**
  
- o To participate, Sales Representatives must:**
  - be 100% of Q3/Q4 budget or 90% of FY93 budget**
  - product orders must ship by 7/3/93 with one exception, new accounts must ship by 10/2/93**

## **FY93 Q3/Q4 TARGET INCENTIVE PROGRAMS**

- o Four specific programs.**
- o New system sales of:**
  - 4200's through 4600's**
  - 7000's**
  - 10000's**
  - Amount payed depends on type of system**
- o New accounts**
  - Minimum order value \$100k**
  - Amount payed depends on dollar value of order**
- o Multi-vendor new service orders.**
  - HPS, SPS and MVS product segments**
  - Amount payed depends upon the cumulative orders in Q3/Q4**
- o SI incentive program.**
  - Fosters increased effort in closing profitable SI business**
  - Amount payed depends upon the total program revenue and program margin**



# **US TERRITORY BRIEFING BOOK**

APRIL 26, 1993

## **SALES YIELDS**

## U.S. COUNTRY PRODUCT REVENUE YIELD

(K\$)

	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>	(FCST) <u>FY93</u>
<b>PRODUCT REVENUE</b>	\$3,642	\$3,385	\$2,923	\$3,017
<b>YOY GROWTH %</b>	-1.8%	-7.1%	-13.6%	3.2%
<b>DIRECT SALES HEADCNT *</b>	4129	4492	3704	3043
<b>YOY GROWTH %</b>	-0.9%	8.8%	-17.5%	-17.8%
<b>DIRECT SALES YIELD</b>	\$882	\$754	\$789	\$991
<b>YOY GROWTH %</b>	-1.8%	-14.6%	4.7%	25.6%

\* Direct Sales Headcount includes direct sales reps and Account Team.

**U.S. COUNTRY  
TOTAL REVENUE YIELD**

(K\$)

	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>	(FCST) <u>FY93</u>
<b>TOTAL REVENUE</b>	\$5,721	\$5,576	\$5,146	\$5,264
<b>YOY GROWTH %</b>	-0.8%	-2.5%	-7.7%	2.3%
<b>DIRECT SALES HEADCNT *</b>	4129	4492	3704	3043
<b>YOY GROWTH %</b>	-0.9%	8.8%	-17.5%	-17.8%
<b>DIRECT SALES YIELD</b>	\$1,386	\$1,241	\$1,389	\$1,730
<b>YOY GROWTH %</b>	0.1%	-10.4%	11.9%	24.5%

\* Direct Sales Headcount includes direct sales reps and Account Team.

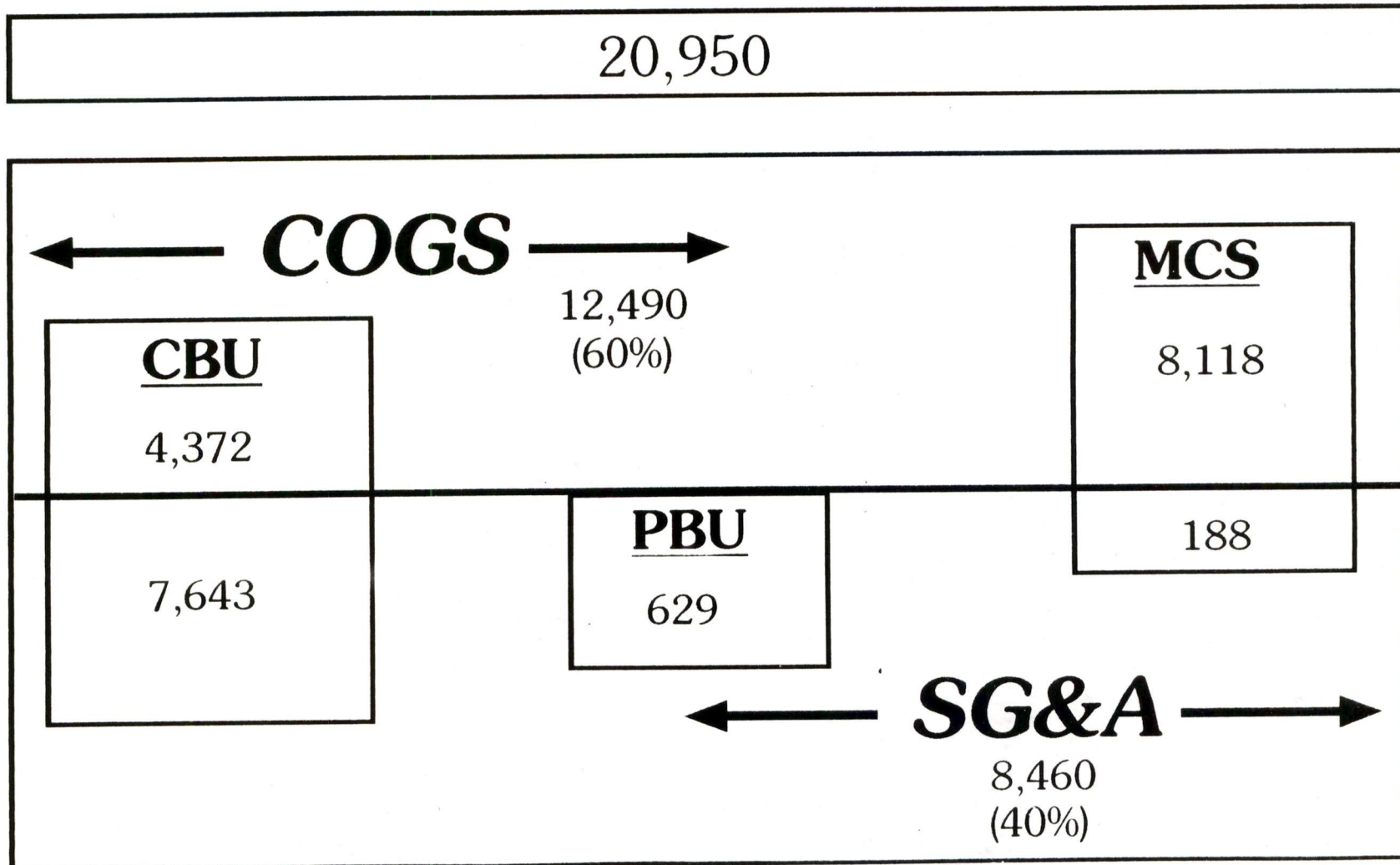
V. SG&A

# US TERRITORY BRIEFING BOOK

APRIL 26, 1993

## SG&A

# U.S. Country Q4 FY93 Committed Resources



**US Country**  
**CBU**  
**Q4 FY93 Committed Resources**

12,015

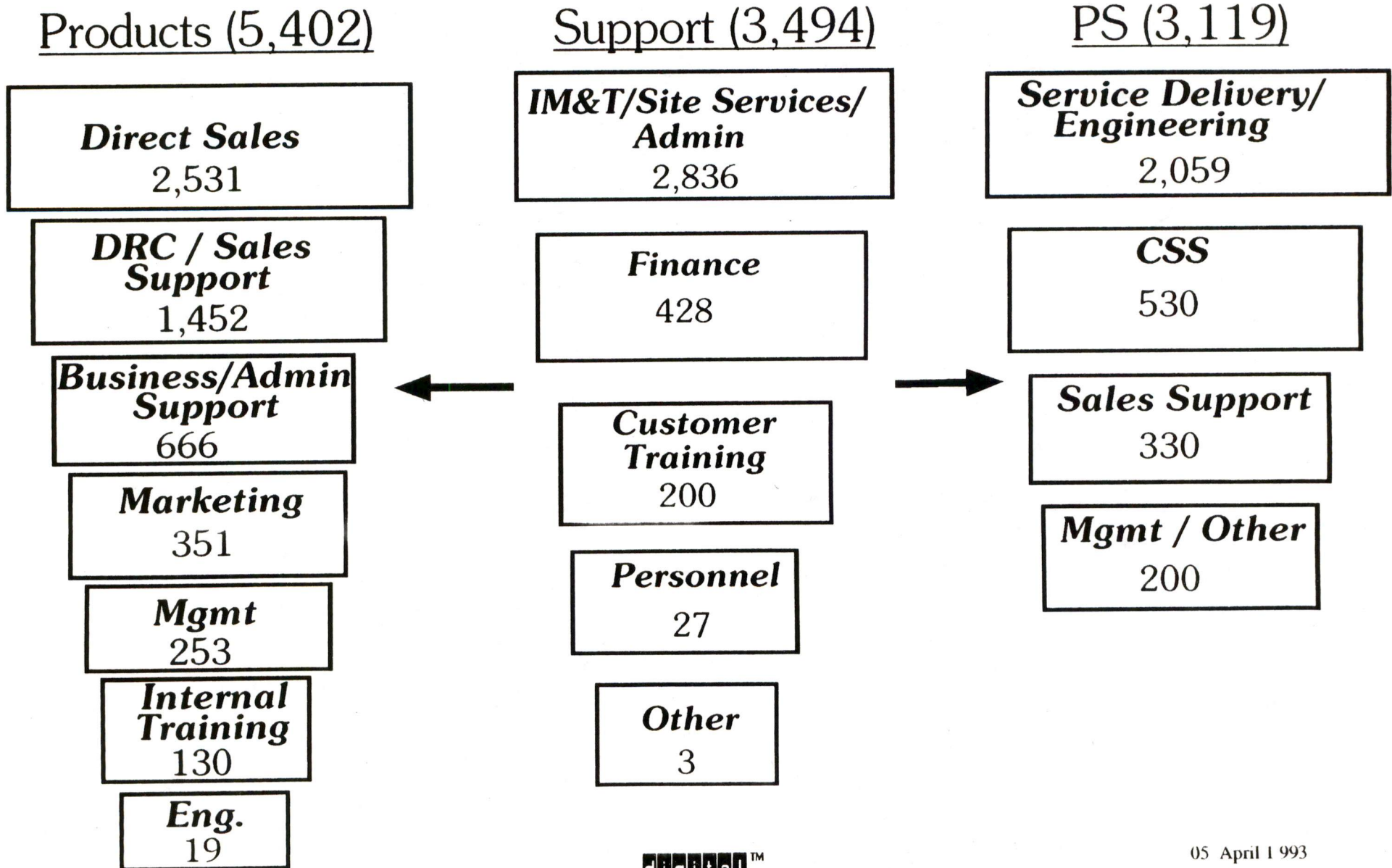
**Products**

8,896

**PS**

3,119

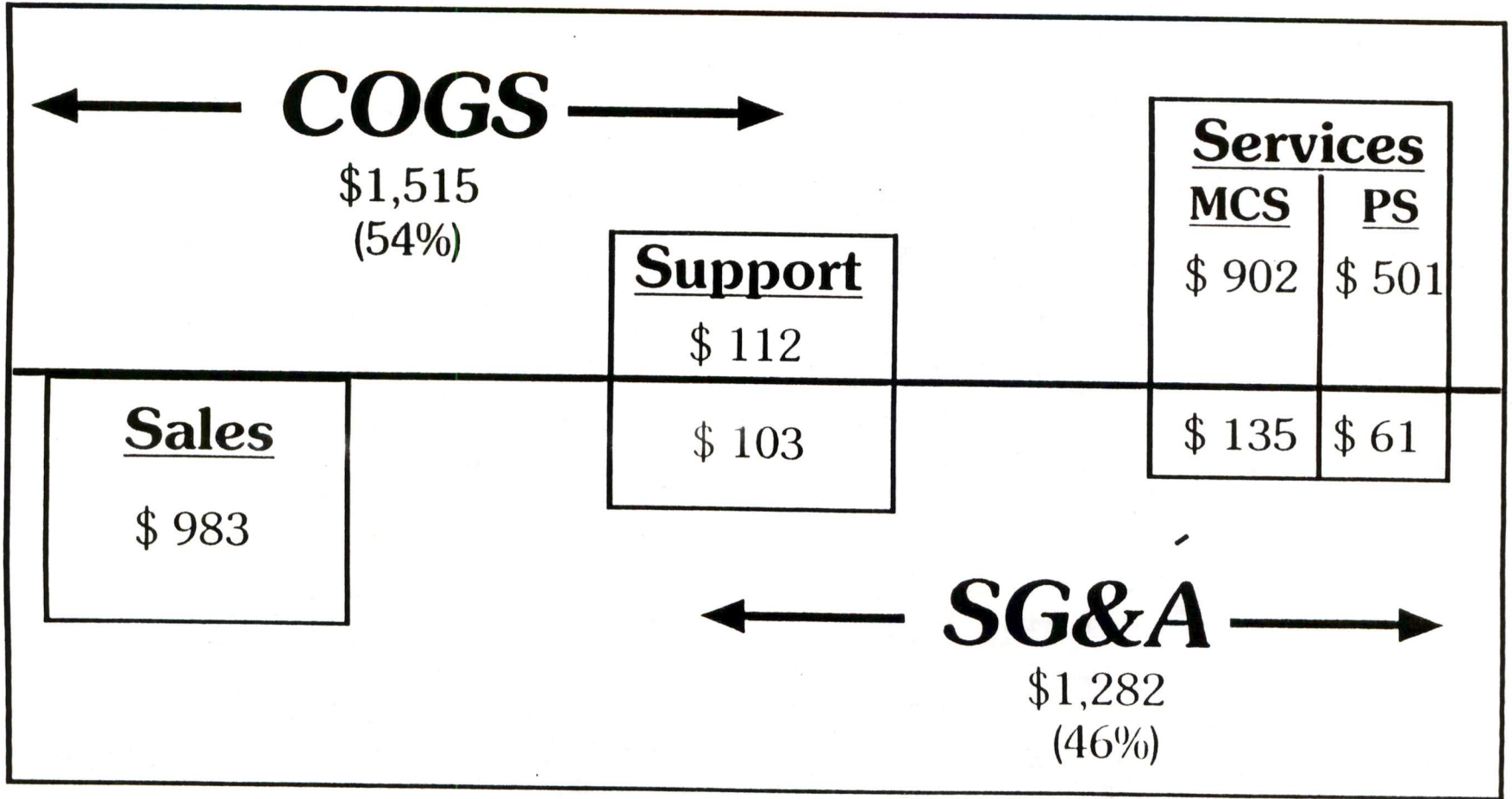
# US Country CBU (12,015) Q4 FY93 Committed Resources



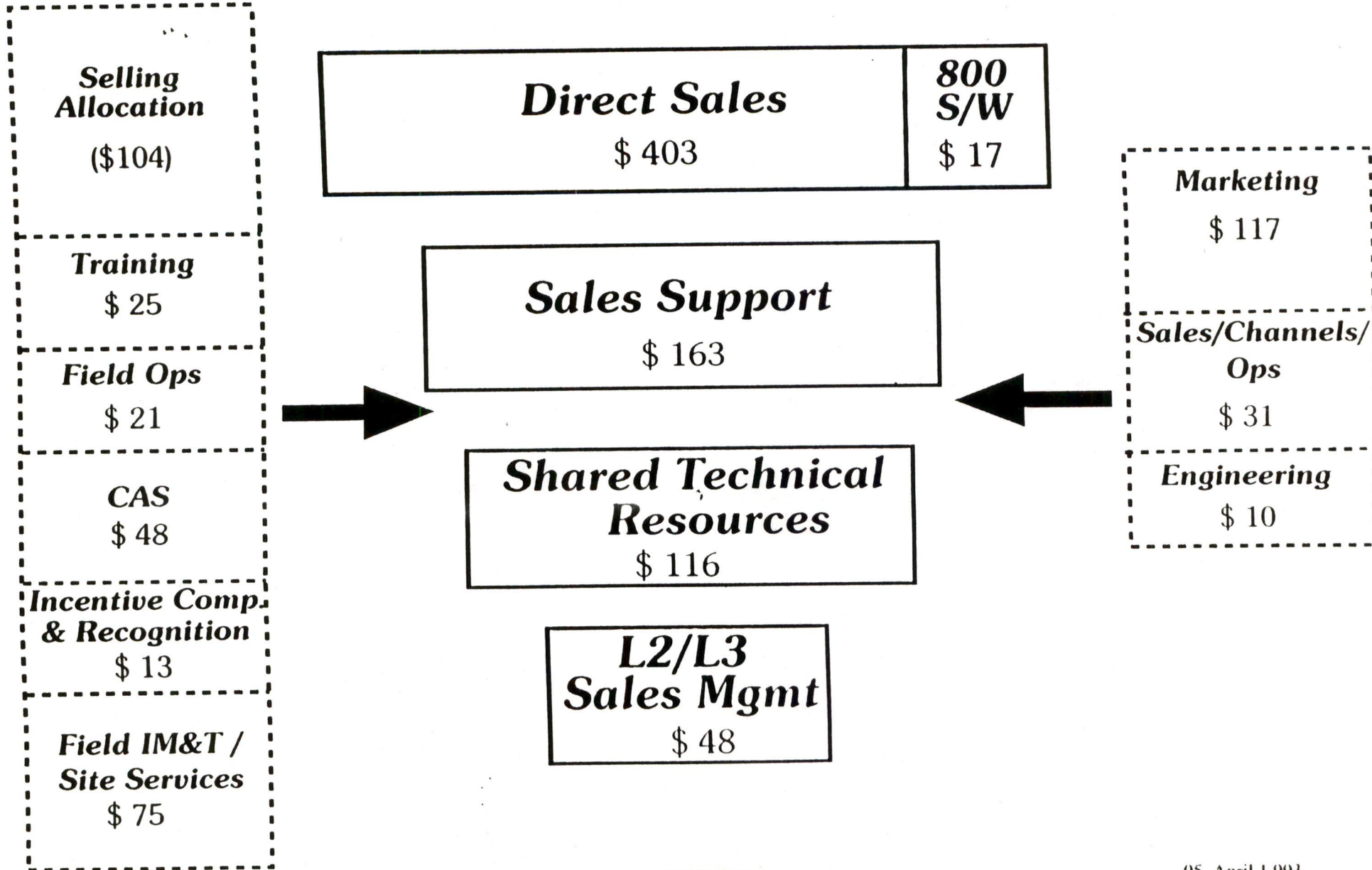


# U.S. Country FY93 March Forecast

\$2,797M



**U.S. Country  
SALES - \$983M  
FY93 March Forecast**



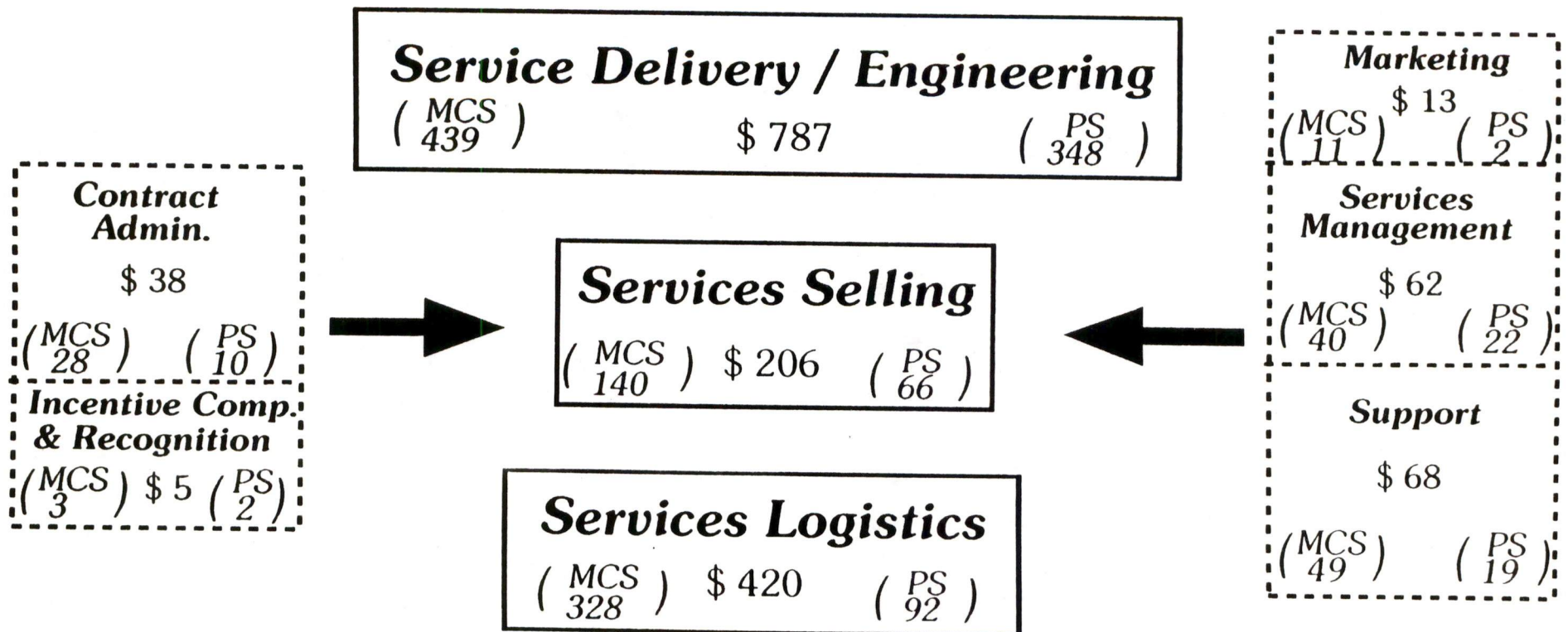
**U.S. Country  
Support - \$ 103M  
FY93 March Forecast**

<b>IM&amp;T / Site Services</b> \$ 32
<b>Purchasing</b> \$ 16
<b>Other</b> \$ 10



<b>Finance</b> \$ 26
<b>Personnel</b> \$ 13
<b>US Mgmt. / E&amp;T</b> \$ 6

# U.S. Country SERVICES - \$1,599M FY93 March Forecast



# US COUNTRY

SM

## FY93 APRIL ASSESSMENT

	CBU			PBU'S			MCS	TOT US
	<u>PROD</u>	<u>PS/SI</u>	<u>TOT</u>	<u>PC *</u>	<u>COMP</u>	<u>STOR</u>		
REVENUE	2213	572	2785	228	382	132	1651	5178
GM \$	1056	66	1122	12	76	26	768	2004
%	47.7%	11.6%	40.3%	5.3%	19.9%	19.7%	46.5%	38.7%
<u>SG&amp;A</u>								
FLD EXP	968	57	1025	32	61	20	137	1275
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1260	79	1339	34	71	23	199	1667
% NOR	57.0%	13.8%	48.1%	15.1%	18.5%	17.5%	12.1%	32.2%
FCM \$	88	9	97	-20	15	6	631	729
%	4.0%	1.6%	3.5%	-8.6%	3.9%	4.7%	38.2%	14.1%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*PC INCLUDES 800SW (NOR \$107M/FLD EXP \$17M/248 HDS)

DIGITAL CONFIDENTIAL

5 APRIL 1993

# US COUNTRY

\$M

## FY93 CURRENT STATE\*

	CBU			PBU'S			MCS	TOT US
	<u>PROD</u>	<u>PS/SI</u>	<u>TOT</u>	<u>PC *</u>	<u>COMP</u>	<u>STOR</u>		
REVENUE	2213	572	2785	228	382	132	1651	5178
GM \$	1056	87	1143	12	76	26	753	2010
%	47.7%	15.2%	41.0%	5.3%	19.9%	19.7%	45.6%	38.8%
<b><u>SG&amp;A</u></b>								
FLD EXP	712	61	773	29	66	22	135	1025
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1004	83	1087	32	76	25	197	1417
% NOR	45.4%	14.5%	39.0%	14.0%	19.8%	19.2%	11.9%	27.4%
FCM \$	344	26	370	-17	10	4	618	985
%	15.5%	4.5%	13.3%	-7.5%	2.6%	3.0%	37.4%	19.0%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*PC INCLUDES 800SW (NOR \$107M/FLD EXP \$17M/248 HDS)

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5 APRIL 1993

# US COUNTRY

\$M

## US FY94 REVENUE GROWTH/CURRENT STATE SPENDING

	CBU			PBU'S			MCS	TOT US
	<u>PROD</u>	<u>PS/SI</u>	<u>TOT</u>	<u>PC *</u>	<u>COMP</u>	<u>STOR</u>		
REVENUE	2139	632	2771	317	458	231	1660	5437
GM \$	934	134	1068	57	92	35	767	2018
%	43.7%	21.2%	38.5%	18.0%	20.0%	15.0%	46.2%	37.1%
<u>SG&amp;A</u>								
FLD EXP	712	61	773	29	66	22	135	1025
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1004	83	1087	32	76	25	197	1417
% NOR	46.9%	13.1%	39.2%	10.1%	16.6%	10.8%	11.9%	26.1%
FCM \$	222	73	295	28	26	13	632	993
%	10.4%	11.6%	10.6%	8.8%	5.6%	5.5%	38.1%	18.3%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$17M/248 HDS)

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5 APRIL 1993

# US COUNTRY

\$M

## US FY94 REVENUE GROWTH US HEADCOUNT PLAN

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2139	632	2771	317	458	231	1660	5437
GM \$	934	134	1068	57	92	35	770	2021
%	43.7%	21.2%	38.5%	18.0%	20.0%	15.0%	46.4%	37.2%
<u>SG&amp;A</u>								
FLD EXP	664	80	744	39	64	23	145	1015
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	900	98	998	44	76	29	198	1344
% NOR	42.1%	15.5%	36.0%	13.8%	16.5%	12.5%	11.9%	24.7%
FCM \$	270	54	324	18	28	12	625	1006
%	12.6%	8.5%	11.7%	5.8%	6.0%	5.0%	37.7%	18.5%
HDCT	7696	3119	10815	518	200	50	8006	19589
	-1200	0	-1200	139	0	0	-300	-1361

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

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5 APRIL 1993



# US COUNTRY

\$M

## FY94 BUSINESS UNIT REVENUE PLANS (ADJUSTED)/ US HEADCOUNT PLANS

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2393	605	2998	317	449	231	1655	5650
GM \$	1091	107	1198	57	90	35	765	2144
%	45.6%	17.7%	39.9%	18.0%	20.0%	15.0%	46.2%	37.9%
<b><u>SG&amp;A</u></b>								
FLD EXP	664	80	744	39	64	23	145	1015
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	900	98	998	44	75	29	198	1343
% NOR	37.6%	16.2%	33.3%	13.8%	16.8%	12.5%	11.9%	23.8%
FCM \$	427	27	454	18	26	12	620	1129
%	17.8%	4.5%	15.1%	5.8%	5.7%	5.0%	37.5%	20.0%
HDCT	7696	3119	10815	518	200	50	8006	19589
	-1200	0	-1200	139	0	0	-300	-1361

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

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5 APRIL 1993

# US COUNTRY

\$M

## FY94 BUSINESS UNIT REVENUE PLANS (ADJUSTED)/ BUSINESS UNIT FLD EXPENSE

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2393	605	2998	317	449	231	1655	5650
GM \$	1091	149	1240	57	90	35	745	2166
%	45.6%	24.6%	41.3%	18.0%	20.0%	15.0%	45.0%	38.3%
<b><u>SG&amp;A</u></b>								
FLD EXP	773	95	868	67	60	16	133	1144
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	1009	113	1122	72	71	22	186	1473
% NOR	42.2%	18.7%	37.4%	22.7%	15.9%	9.4%	11.2%	26.1%
FCM \$	318	54	372	-10	30	19	612	1022
%	13.3%	8.9%	12.4%	-3.2%	6.6%	8.1%	37.0%	18.1%

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

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5 APRIL 1993

# US TERRITORY BRIEFING BOOK

*Russ'*  
*copy*

APRIL 26, 1993

## I. OVERVIEW

- A. TOP BUSINESS ISSUES
- B. ORGANIZATION CHART
- C. HISTORICAL TRENDS
  - REVENUE
  - FIELD SG&A
  - OPERATING PROFIT
  - HEADCOUNT
  - GROSS MARGIN
  - COGS/SG&A/OP

## II. Q4 FY93/ Q1 FY94 FINANCIAL PROJECTIONS

- A. Q4 FY93 REVISED PLAN
- B. Q1 FY94
- C. CERTS STATUS

## III. GLOBAL ACCOUNTS

## IV. SALES

- A. CURRENT COMPENSATION PLAN
- B. SALES YIELDS
- C. SG&A

1. Overview

# **US TERRITORY BRIEFING BOOK**

APRIL 26, 1993

## **TOP BUSINESS ISSUES**

**U.S. TERRITORY  
BRIEFING BOOK  
APRIL 26, 1993**

**EXTERNAL**

**PROBLEM:**

1. ALPHA TRANSITION
  - CLOSER ALPHA GETS, LESS ALPHA-READY WORKS
  - APPLICATIONS AVAILABILITY - NEED SPECIFICS

**SOLUTION:**

- NEW PRODUCT INTROS WILL HELP
  - MIXED CLUSTERING
  - WORKSTATIONS
- BUSINESS UNITS ID STRATEGIC APPS FROM PARTNERS
  - WORK WITH U.S. CHANNELS TO SET THE PRIORITIES
- NEED SUSTAINED ALPHA "PULL"
- 3RD PARTY DATA BASE PARTNERS READY

**PROBLEM:**

2. SHIFT TO DESKTOP HAPPENING VERY FAST

**SOLUTIONS:**

1. ALLOWANCES CONTROLLED
2. CHARGING FOR FREIGHT
3. REDUCED MARKETING EXPENSES
4. WARRANTY BEING RESOLVED
5. BETTER USE OF CHANNELS

**U.S. TERRITORY  
BRIEFING BOOK  
APRIL 26, 1993**

EXTERNAL

PROBLEM:

3. SHIFT TO "OPEN" SYSTEMS
  - DIGITAL PERCEPTION STILL TOO PROPRIETARY
  - MIPS/OSF REVERSAL HURT

SOLUTIONS:

- CONSIDER CAMBRIDGE TECH GROUP PROPOSAL
  - QUARTERLY CUSTOMER SEMINARS
- CONTINUED FIELD TRAINING
- OPEN SYSTEMS - OPEN HOUSE
- WS ANNOUNCEMENTS

PROBLEM:

4. OVERALL REVENUE SOFTNESS
  - Q4 1% REVENUE PROGRAM
  - FOCUS ON LINE ITEM SW
    - EXTRA CREDIT
  - T.I.P. PROGRAM
  - SIX MARKETING PROGRAMS FOCUS
  - INCREASED FOCUS ON PERIPHERALS & COMPONENTS

**U.S. TERRITORY  
BRIEFING BOOK  
APRIL 26, 1993**

INTERNAL

PROBLEMS:

1. JOCKEYING FOR POSITION
  - "TRIPS TO MAYNARD"
  - JUNE 30TH "IT'S OVER"
  
2. RECRUITING U.S. "BEST" TO BUS
  - CHANNELS
  - SALES
  - MARKETING
  
3. ATTRITION

SOLUTIONS:

- "TAP" HIGH PERFORMANCE DMS IN NEXT FEW WEEKS
  - BU & ATM
  
- "TAP" HIGH PERFORMANCE LEVEL 1 MANAGERS IN NEXT SEVERAL WEEKS
  
- REWARD PERFORMANCE, NOT JOCKEYING
  
- BU SUPPORT THE USE OF DIGITAL "PROTOCOLS" FOR HIRING
  
- DVNS/MEMOS TO FIELD/SITE VISITS
  
- OPS REVIEWS
  
- CLOSED LOOP DESIGN TEAM COMMUNICATIONS
  - ACCELERATE TIMING



**U.S. TERRITORY  
BRIEFING BOOK  
APRIL 26, 1993**

INTERNAL

PROBLEM:

4. SALES = "BELIEVE IT WHEN WE SEE IT"

SOLUTION:

- PROVE IT! DELIVER. ACCOUNTABILITY.  
REPEAT THE MESSAGES.

PROBLEM:

5. PROFESSIONAL SERVICES TURN-AROUND

SOLUTIONS:

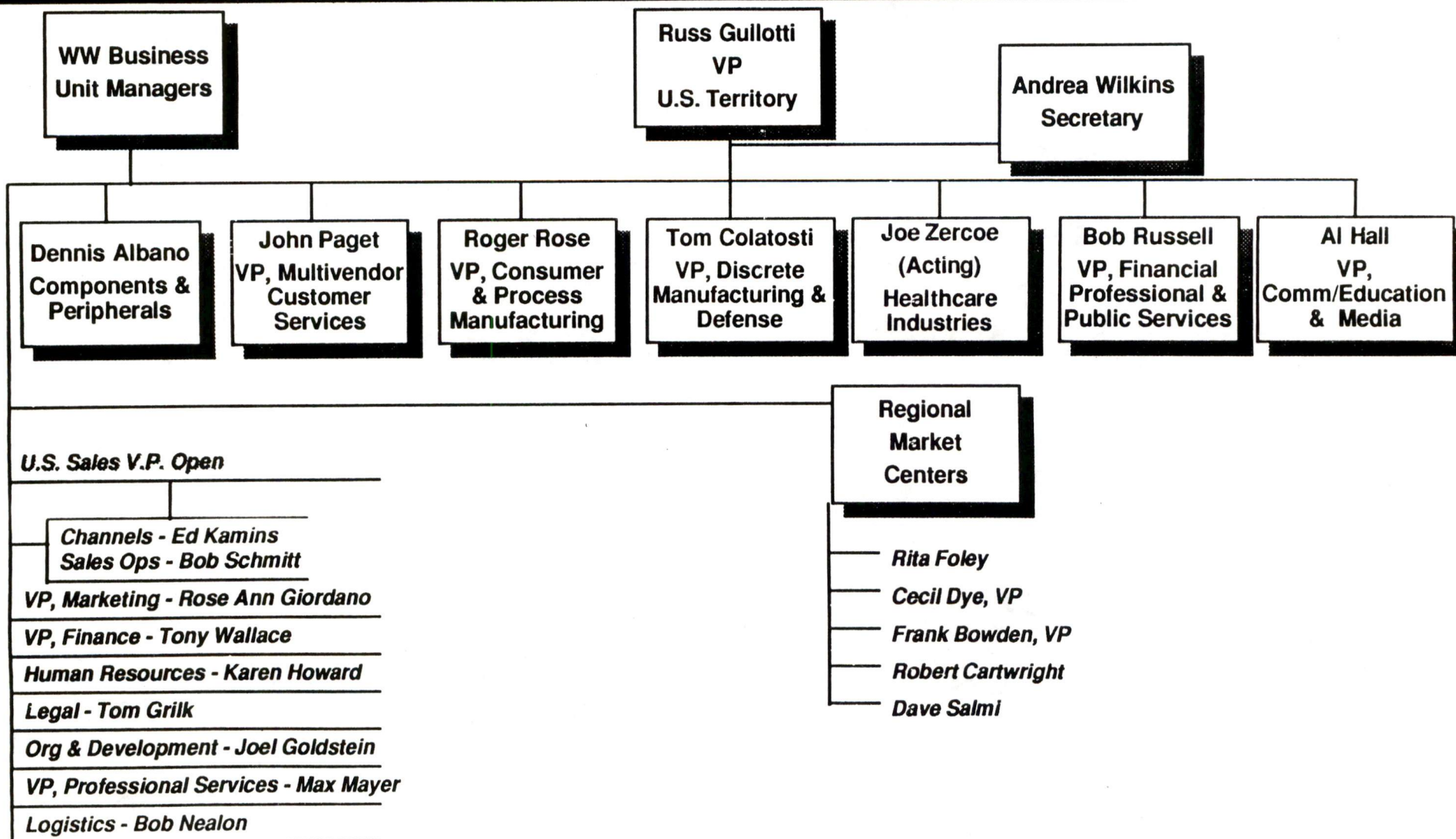
- MORE INFRASTRUCTURE COMING OUT
- NEED CBU PLANS FOR WHERE WE WILL FOCUS ASAP
- P.S.C. CREATION ROLE OUT - DVN
- CERTIFICATION/TRAINING

# **US TERRITORY BRIEFING BOOK**

APRIL 26, 1993

## **ORGANIZATION CHART**

# U.S. Territory Management Team



# **US TERRITORY BRIEFING BOOK**

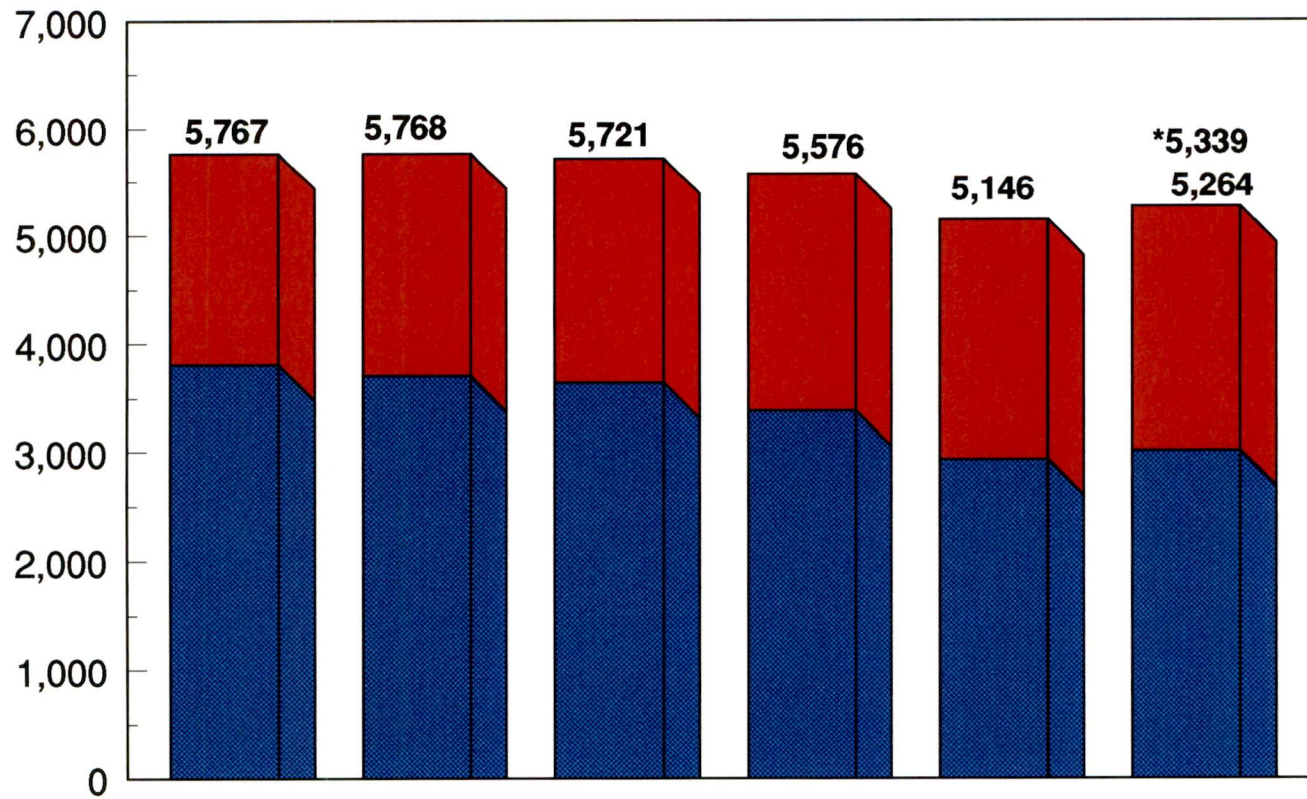
APRIL 26, 1993



## **HISTORICAL TRENDS**

# U.S. TERRITORY

## NOR TRENDS (FY88 - FY93)

(\$M)



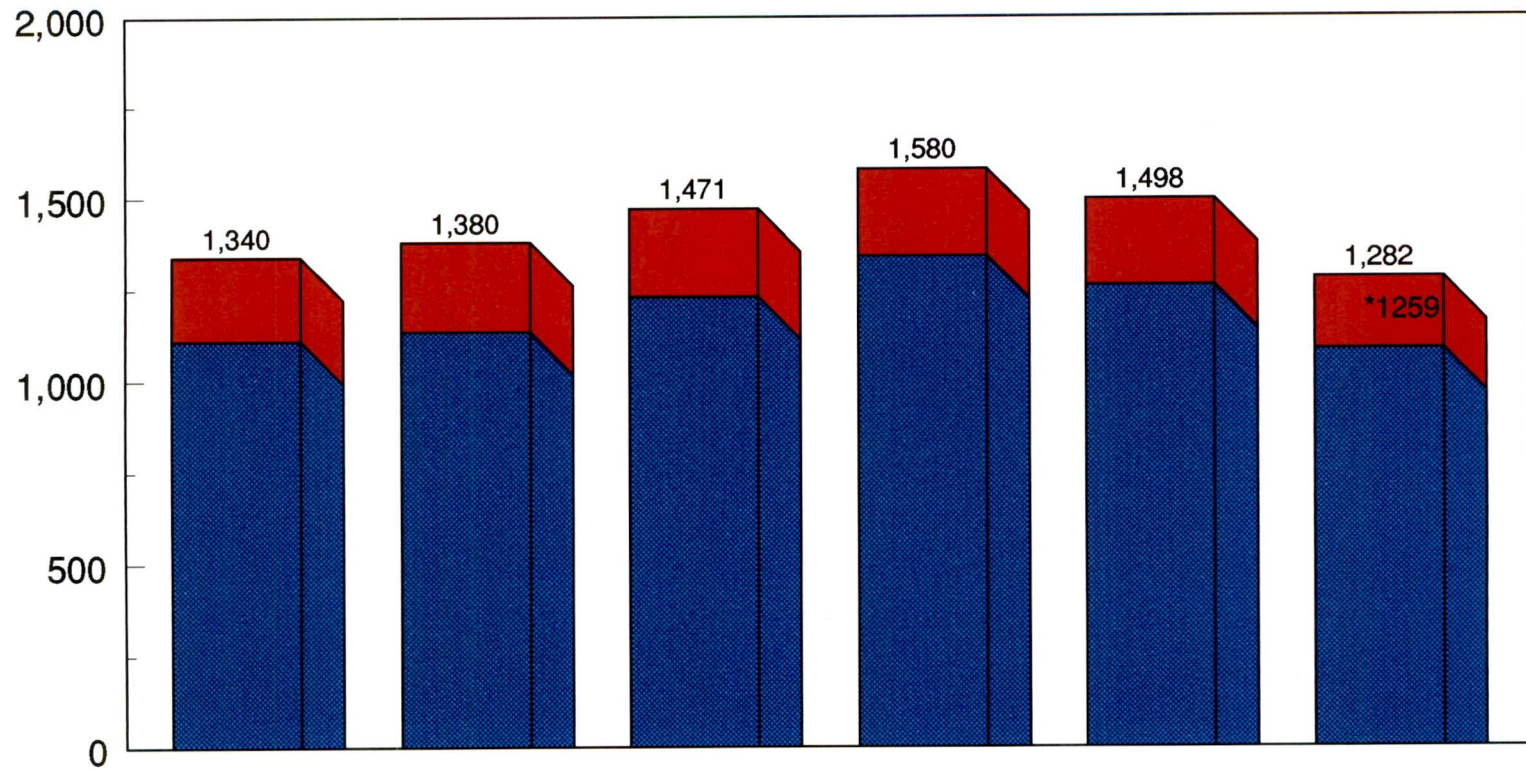
	FY88	FY89	FY90	FY91	FY92	FY93 FCST
PRODUCTS 	3,811	3,710	3,643	3,385	2,932	3,017
SERVICES 	1,956	2,058	2,078	2,191	2,214	2,247

\* REVISED PLAN

# U.S. TERRITORY

FIELD SG&A TRENDS (FY88 - FY93)

(\$M)



	FY88	FY89	FY90	FY91	FY92	FY93 FCST
PRODUCTS	1,111	1,136	1,229	1,341	1,260	1,086
SERVICES	229	244	242	239	238	196

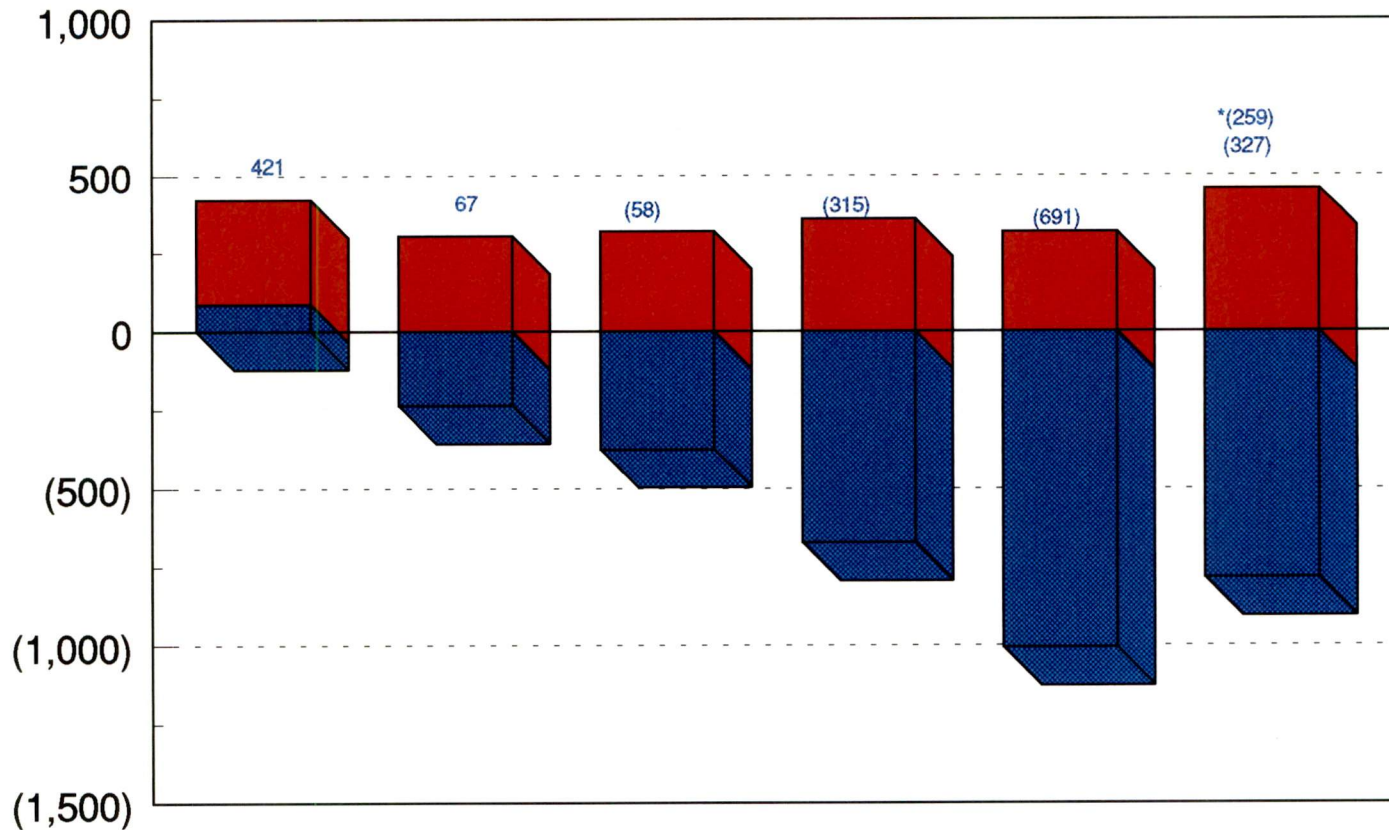
\* REVISED PLAN

SF  
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# U.S TERRITORY

OPERATING PROFIT TRENDS (FY88 - FY93)

(\$M)

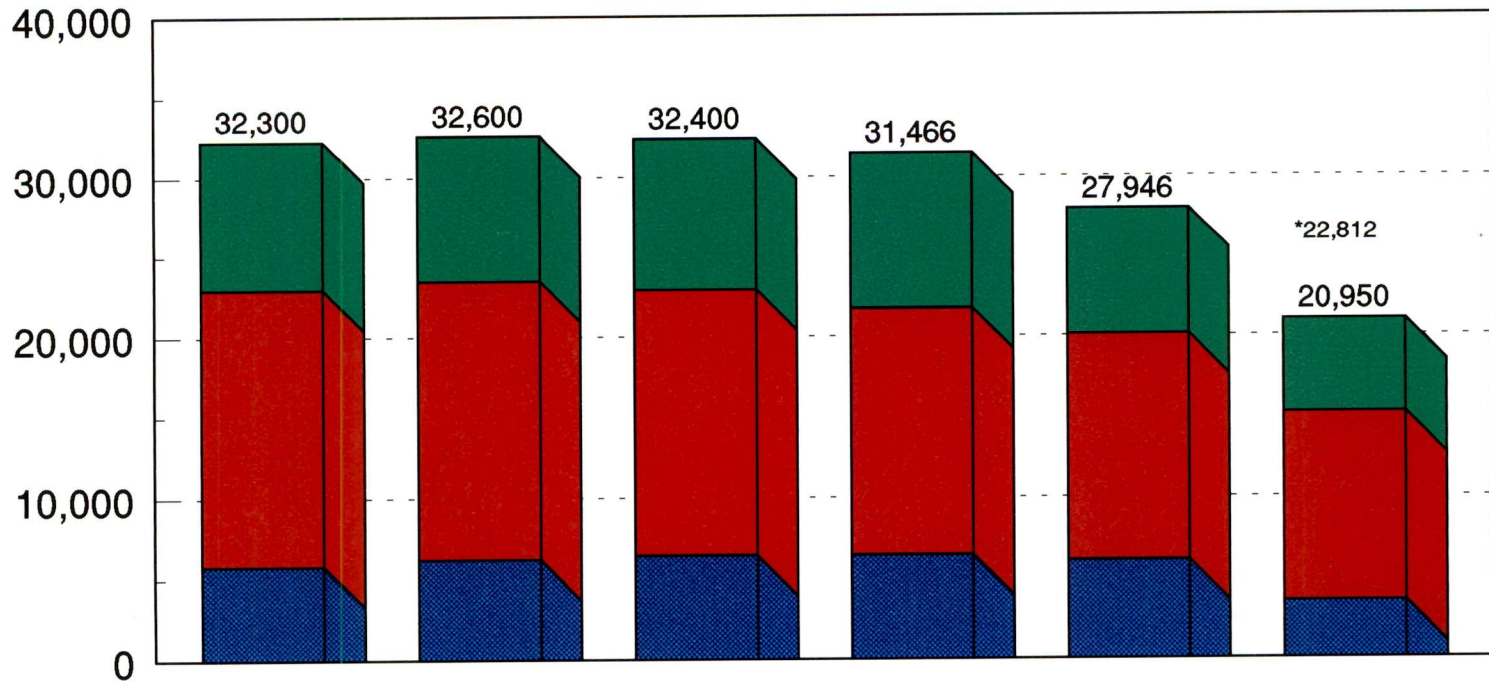


	FY88	FY89	FY90	FY91	FY92	FY93 FCST
PRODUCTS	88	(237)	(376)	(673)	(1,007)	(785)
SERVICES	333	304	318	359	317	458

\*REVISED PLAN

# U.S.TERRITORY

TOTAL STAFFING (FY88 - FY93)



	FY88	FY89	FY90	FY91	FY92	FY93 FCST
COMMON SUPPORT ■	5,814	6,194	6,435	6,433	6,064	3,489
SERVICES ■	17,119	17,278	16,476	15,278	14,000	11,680
SALES ■	9,367	9,128	9,489	9,755	7,882	5,781

NOTE: EXCLUDES RESTRUCTURING. FY92, FY93 SALES INCLUDES 800 SOFTWARE

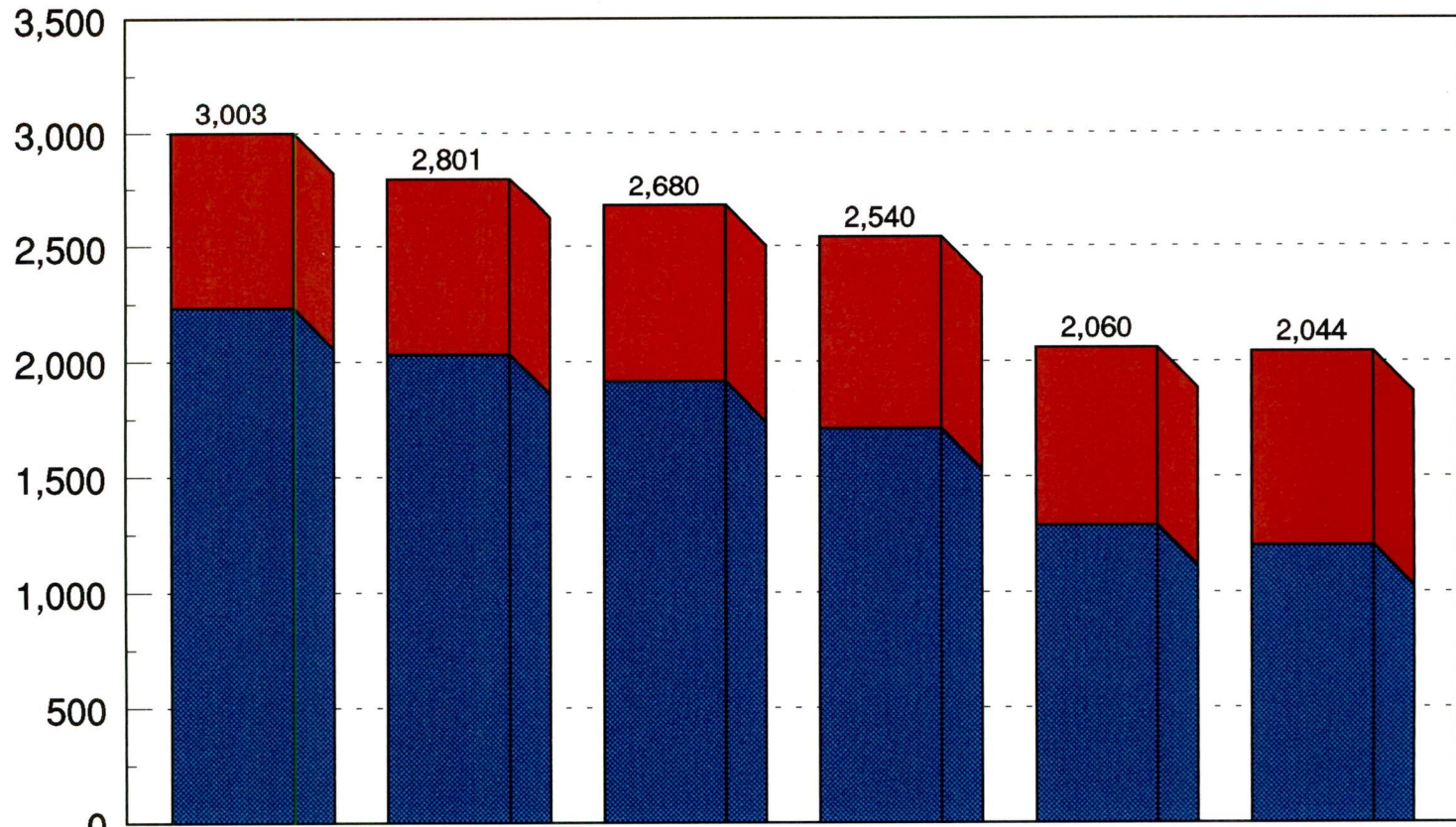
\* REVISED PLAN



# U.S. TERRITORY

## GROSS MARGIN TRENDS (FY88 - FY93)

(\$M)

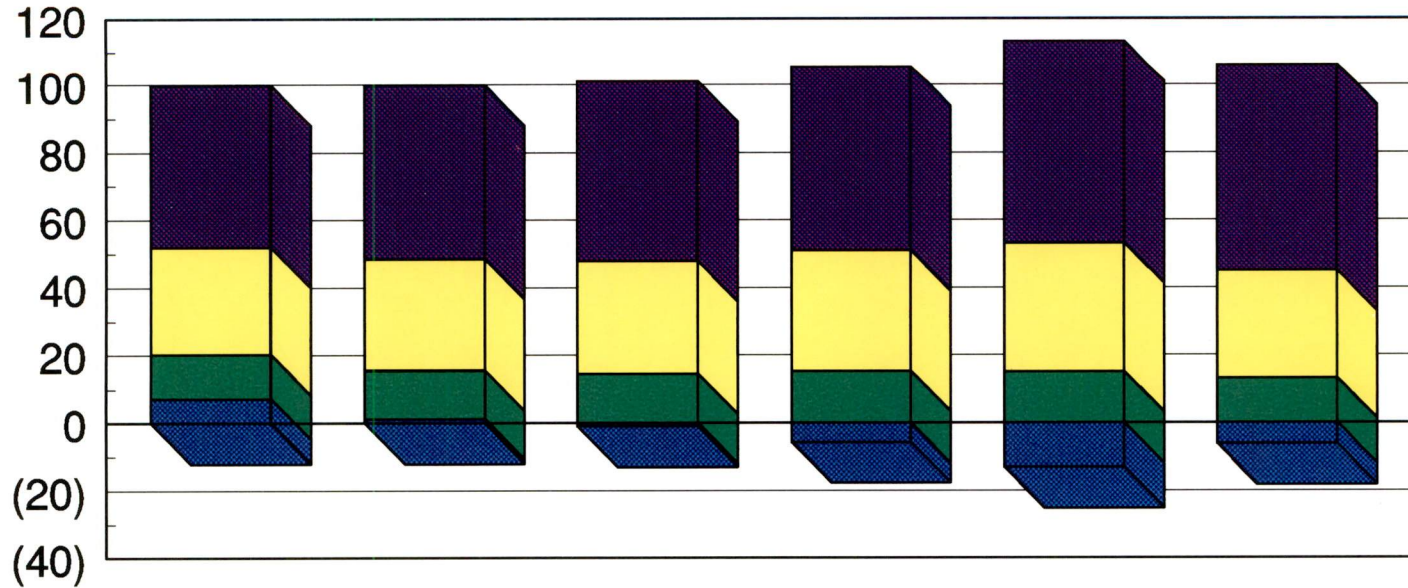


	FY88	FY89	FY90	FY91	FY92	FY93 FCST
PRODUCTS	2,233	2,032	1,913	1,708	1,288	1,200
SERVICES	770	769	767	832	772	844

# U.S. TERRITORY

COGS/SG&A/R&E/OP % OF NOR (FY88 - FY93)

## % OF NOR



	FY88	FY89	FY90	FY91	FY92	FY93 FCST
OP <span style="color: blue;">■</span>	7.3	1.2	(1.0)	(5.7)	(13.2)	(6.2)
R&E <span style="color: green;">■</span>	13.0	14.4	14.6	15.3	15.1	13.2
SG&A <span style="color: yellow;">■</span>	31.8	33.0	33.3	35.7	38.1	31.8
COGS <span style="color: purple;">■</span>	47.9	51.4	53.1	54.7	60.0	61.2

# US TERRITORY HISTORICAL PERFORMANCE

	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>	<u>FY93 ASSMT*</u>
PRODUCT CERTS	4177	3834	3728	3491	3057	3017
NOR						
PRODUCTS	3811	3710	3642	3385	2934	3017
SERVICES	1956	2058	2078	2191	2215	2247
TOTAL	5767	5767	5721	5576	5149	5264
GROSS MARGIN	3003	2801	2680	2540	2060	2044
GROSS MARGIN %	52.1%	48.6%	46.9%	45.6%	40.0%	38.8%
FIELD SG&A	1340	1380	1472	1580	1497	1282
TCM	1663	1421	1208	961	563	762
TCM%	28.8%	24.6%	21.1%	17.2%	10.9%	14.5%
STAFFING	32335	32620	32289	31466	27945	20950
DSO	68	68	74	70	70	62
NET INVENTORY	213	237	228	248	230	249
CAPITAL	169	117	110	58	87	79

\* March Forecast.

# US TERRITORY

## HISTORICAL PERFORMANCE

### PRODUCTS DETAIL

	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>	<u>FY93</u> <u>ASSMT*</u>
PRODUCT CERTS	4177	3834.4	3728	3491	3057	3017
NOR	3811	3709.5	3642	3385	2934	3017
TRANSFER COST	1047	1060.3	1104	1088	1057	1343.5
MFG COSTS	434.8	514.2	523	482.4	456	361.9
FCO/ODCOS	96.8	102.7	102	107.6	134.2	112.1
GROSS MARGIN	2233	2032.3	1913	1707	1288	1199.7
GROSS MARGIN %	58.6%	54.8%	52.5%	50.4%	43.9%	39.8%
FIELD SG&A	1111	1135.8	1229	1341	1260	1086
TCM: PRODUCTS	1121	896.5	683.7	366.3	28	114
TCM%	29.4%	24.2%	18.8%	10.8%	1.0%	3.8%

\* March Forecast.

# US TERRITORY

## HISTORICAL PERFORMANCE SERVICES DETAIL

	<u>FY88</u>	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>	<u>FY93 ASSMT*</u>
SERVICE CERTS	N/A	736.7	856.4	938	950.4	868
NOR	1956	2057.9	2078	2191	2215	2247
SVC COD	955.3	1038.3	1088	1131	1218	1173.7
OTHER SVC COSTS	230.6	251.4	223.1	226.6	223.6	229.3
GROSS MARGIN	770.4	768.2	767.6	833.3	772.7	844.1
GROSS MARGIN %	39.4%	37.3%	36.9%	38.0%	34.9%	37.6%
FIELD SG&A	229	244	242	239	238	196
TCM: SERVICES	541.4	524.1	525.3	594.5	535	647.8
TCM%	27.7%	25.5%	25.3%	27.1%	24.2%	28.8%

\* March Forecast.

II. Q493/Q194

FYI.

Q3 93 Results  
(not in other book)

# US COUNTRY

Q393 RESULTS

\$M

Q393

				MEMO:		
	Q3 ACTUAL	Q3 COMMIT	Q3 B/(W) COMMIT	Q3 MARCH FCST	Q3 B/(W) FCST	% GROWTH 92/93
<b>REVENUE</b>						
PRODUCTS	648	700	-52	675	-28	-6.8%
800 SW	23	26	-4	27	-4	ERR
SERVICES	529	565	-36	551	-22	-1.3%
<b>TOT REVENUE</b>	<b>1199</b>	<b>1292</b>	<b>-92</b>	<b>1254</b>	<b>-54</b>	<b>-2.6%</b>
<b>TC</b>						
PRODUCTS	294	310	16	301	7	18.1%
800 SW	19	22	3	23	4	ERR
<b>TOT TC</b>	<b>313</b>	<b>332</b>	<b>19</b>	<b>324</b>	<b>11</b>	<b>25.6%</b>
MFG	89	89	0	89	-0	-23.6%
FCO/OD COST	28	32	4	28	1	-19.1%
SVCS COD	275	298	23	290	15	-8.4%
SVCS EXP	54	55	1	55	1	-7.5%
<b>GROSS MARGIN</b>						
PRODUCTS	237	269	-32	257	-20	-19.7%
800 SW	4	4	-0	4	-0	ERR
SERVICES	200	212	-12	206	-6	12.6%
<b>TOT GM\$</b>	<b>441</b>	<b>485</b>	<b>-45</b>	<b>467</b>	<b>-27</b>	<b>-6.7%</b>
<b>FIELD EXPENSE</b>						
PRODUCTS	249	253	4	256	7	-21.7%
800 SW	4	4	-0	4	0	ERR
SERVICES	44	46	2	46	2	-27.5%
<b>TOT FLD EXP</b>	<b>298</b>	<b>304</b>	<b>6</b>	<b>307</b>	<b>9</b>	<b>-21.5%</b>
<b>MEMO: FLD SPENDING</b>	<b>654</b>	<b>688</b>	<b>34</b>	<b>680</b>	<b>25</b>	<b>-15.2%</b>
<b>FCMS</b>						
PRODUCTS	-13	16	-28	1	-13	-46.4%
800 SW	-0	-0	-0	-0	-0	ERR
SERVICES	156	166	-10	160	-4	33.5%
<b>TOT FCMS</b>	<b>143</b>	<b>182</b>	<b>-39</b>	<b>160</b>	<b>-18</b>	<b>53.0%</b>
<b>%</b>	<b>11.9%</b>	<b>14.1%</b>	<b>-2.1</b>	<b>12.8%</b>	<b>-0.8</b>	<b>4.3</b>
<b>TOT HEADCOUNT</b>	<b>22113</b>	<b>22373</b>	<b>260</b>	<b>22373</b>	<b>260</b>	<b>-24.4%</b>

DIGITAL CONFIDENTIAL

8 APRIL 1993



# **US TERRITORY BRIEFING BOOK**

**APRIL 26, 1993**

## **Q4 FY93/ Q1 FY94 FINANCIAL PROJECTIONS**

US TERRITORY  
Q4FY93 OUTLOOK

	<u>Q4 FCST*</u>	<u>FY93 FCST*</u>	<u>FY93 COMMIT</u>
PRODUCT CERTS	975	3017	3186
NOR			
PRODUCTS	855.1	3017	3066
SERVICES	635.9	2247	2273
TOTAL	1491	5264	5338.7
GROSS MARGIN	613.2	2044	2088
GROSS MARGIN %	41.1%	38.8%	39.1%
FIELD SG&A	281.4	1282	1259
TCM	331.8	761.5	828.9
TCM%	22.3%	14.5%	15.5%
STAFFING	20950	20950	22812
DSO	62	62	62
NET INVENTORY	249	249	257
CAPITAL	30	79	97

\* March Forecast.

**US TERRITORY  
Q1FY94 OUTLOOK**

	<b>Q1 <u>ASSMNT</u></b>	<b>% GR <u>93/94</u></b>
PRODUCT CERTS	648	5.6%
NOR		
PRODUCTS	740	1.7%
SERVICES	535	2.5%
TOTAL	1275	2.7%
GROSS MARGIN	428	-9.1%
GROSS MARGIN %	33.6%	
FIELD SG&A	254	-29.6%
TCM	174	58.9%
TCM%	13.6%	4.8 PTS

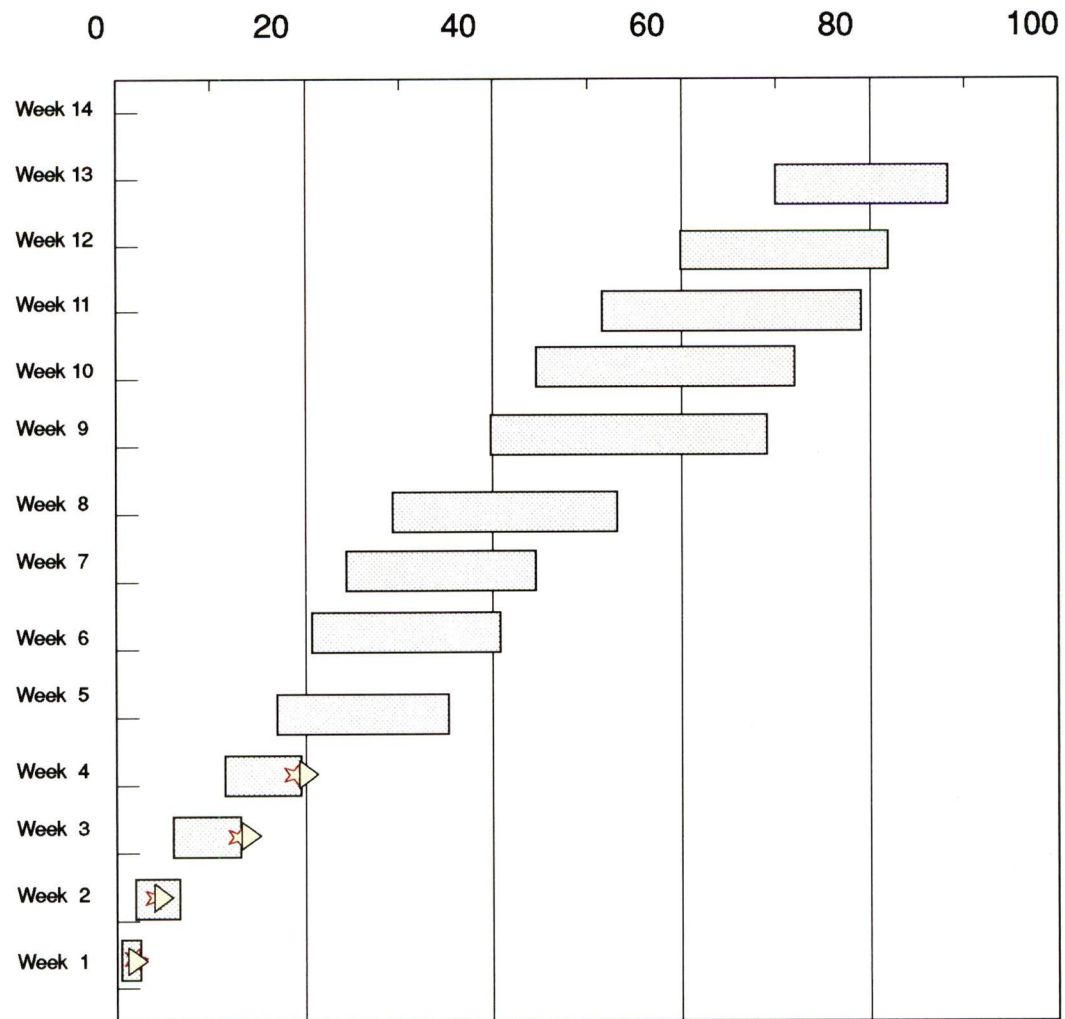
**ASSUMPTIONS:**

- o Headcount projected flat at Q4 FY93 figure of 20950.
- o Services input provided for Q1 Revenue.
- o Service Expense increase from volume related spending.
- o Product revenue based on March versio of 8 Qtr Volume Plan.
- o Transfer Cost assumptions based on FY93 Stds with 8 Qtr Volume Plan Mix.
- o Manufacturing charges flat with Q1 FY93
- o Salary/Inflation annualized 5% rate

# DIGITAL EQUIPMENT CORPORATION

## Weekly Range of Q4 Systems CERTS Total

% of Q-Total



**LEGEND:**

- ★ Percent of Q-Plan
- ▶ Percent of Q-Fcst

Ranges based on  
 □ Prior 3 year Q4  
 Cumulative  
 percentages.

III. Global Acct

# **US TERRITORY BRIEFING BOOK**

**APRIL 26, 1993**

## **GLOBAL ACCOUNTS**

Global Account P&L Ranking by HOST  
 Period As Of Q2YTD 93  
 - WW -

SK

	Host Geo <u>Name</u>	Net Oper <u>Revenue</u>	Value Added <u>Revenue</u>	Direct <u>Margin</u>	Profit <u>Margin</u>
General Electric	USA	49851	13594	7621	1910
GTE Corporation	USA	36425	9451	4785	618
Eastman Kodak	USA	36308	11288	7458	3779
General Motors	USA	30098	9194	5324	1504
Ford Motor	USA	28641	13113	9988	6916
MCI Communications	USA	25935	7847	3520	1026
Dow Chemical	USA	25677	10668	7601	5198
Citicorp	USA	25620	11545	7959	5098
DuPont	USA	24981	9322	6272	3482
Science Applications	USA	23422	7354	6057	3574
McDonnell Douglas	USA	21293	7038	4751	2588
Schlumberger	USA	19837	5043	3346	1620
Smithkline Beckman	USA	14055	5010	4074	2820
Computer Sciences	USA	12142	3405	2438	1094
Intel	USA	12093	4103	2370	1064
Xerox	USA	11782	4942	3898	2704
ITT Corp	USA	11762	4362	3127	1900
Caterpillar	USA	10966	3729	2330	1236
Pacific Telesis	USA	10924	4373	2983	1952
Rockwell	USA	10772	3347	1165	-543
Chase Manhattan	USA	10656	3599	2535	1451
Merck	USA	10610	3121	2015	1042
AT&T	USA	10477	3230	1870	1107
Honeywell	USA	10450	3604	2582	1465
Johnson & Johnson	USA	10388	4333	2734	2024
Bankers Trust	USA	10192	4484	3304	2374
Southwestern Bell	USA	9934	2452	1219	-55
Chevron	USA	9551	3486	1834	590
Monsanto	USA	9239	3696	1768	529
Corning Inc	USA	9204	3592	2565	1725
Blockbuster Entertainment	USA	9146	2461	1718	668
American Express	USA	8664	2758	1959	1146
Motorola	USA	8254	3284	2318	1598
Allied-Signal	USA	7995	2498	1188	103
Bell South	USA	7859	2849	1165	283
Philip Morris	USA	7370	2413	1621	1026
Aluminum Company of Americ	USA	6901	2662	1885	1058
ASK Computer Systems	USA	6603	1645	1279	563
Eli Lilly	USA	6578	2503	1521	935
Exxon	USA	6485	2218	1745	912
Pfizer	USA	5488	2523	1883	1649

Quaker Oats Company	USA	5253	2660	2297	2155
Abbott Labs	USA	5151	1884	1098	611
BankAmerica/Security Pacific	USA	5056	2186	1278	883
NYNEX	USA	4813	1541	633	126
Chemical Banking/Mfg Hanov	USA	4532	1640	696	196
Mobil	USA	4345	1668	181	-322
Minnesota Mng & Mfg	USA	3689	1608	1098	684
FMC Corporation	USA	3488	1506	1063	768
Eaton	USA	3412	1403	707	340
Baxter International	USA	3353	1008	217	-165
US West	USA	3009	994	-35	-391
Mars	USA	2977	1167	763	497
Goldman Sachs	USA	2685	1059	926	709
Scott Paper	USA	2586	809	238	-28
Tenneco	USA	2476	858	241	-12
Dun & Bradstreet	USA	2238	723	271	65
Arthur Andersen	USA	1923	593	376	99
Microsoft	USA	1918	753	469	282
Halliburton	USA	1906	719	491	327
Texaco	USA	1741	797	525	386
Procter & Gamble	USA	1676	774	242	-35
Amoco	USA	1499	510	184	8
Times Mirror	USA	1270	487	246	122
Occidental Petroleum	USA	986	416	257	193
Cincinnati Bell	USA	981	293	213	117
Disney	USA	946	372	115	35
Bertelsmann	USA	735	316	112	63
Cadence/Valid Logic	USA	597	200	142	84
News Corporation	USA	594	370	219	147
Merrill Lynch	USA	512	193	-79	-128
Structural Dynamics	USA	475	168	29	-23
Cognos	USA	377	187	174	119
Computer Associates	USA	67	-283	-348	-387
		701892	241716	152810	79257



Global Account P&L Ranking by HOST  
 Period As OF Q2YTD 93  
 -USA-

SK

	Host Geo <u>Name</u>	Net Oper <u>Revenue</u>	Value Added <u>Revenue</u>	Direct Margin	Profit Margin
General Electric	USA	48383	12863	7067	1673
GTE Corporation	USA	35360	8892	4607	612
Eastman Kodak	USA	32935	9446	5741	2170
MCI Communications	USA	25935	7847	3535	1041
Science Applications	USA	23422	7354	6057	3574
General Motors	USA	18337	4767	1851	-458
DuPont	USA	18083	5950	3836	1771
McDonnell Douglas	USA	16161	5054	2930	1169
Ford Motor	USA	15853	5578	3414	1845
Dow Chemical	USA	14765	4981	2831	1354
Computer Sciences	USA	12140	3404	2437	1093
Intel	USA	11311	3626	1925	714
Pacific Telesis	USA	10924	4373	2988	1957
Rockwell	USA	10555	3206	1443	293
Chase Manhattan	USA	10548	3539	2551	1468
Smithkline Beckman	USA	10532	3785	3078	2087
Southwestern Bell	USA	9934	2452	1219	-55
Schlumberger	USA	9907	1889	610	-756
ITT Corp	USA	9664	3075	2010	1000
Caterpillar	USA	9156	2734	1410	379
Merck	USA	9114	2280	1278	370
Honeywell	USA	8801	2827	1888	943
Blockbuster Entertainment	USA	8499	2186	1514	558
American Express	USA	8331	2569	1770	960
Bankers Trust	USA	8042	3619	2635	1988
Allied-Signal	USA	7632	2310	1152	302
Johnson & Johnson	USA	7303	2806	1393	730
Corning Inc	USA	6934	2653	1672	937
Monsanto	USA	6890	2672	1151	434
Xerox	USA	6546	2261	1557	875
Bell South	USA	6481	2123	902	177
Citicorp	USA	6261	2190	305	-323
Eli Lilly	USA	6115	2261	1294	708
Motorola	USA	6105	2014	1096	424
Chevron	USA	5987	2025	949	336
AT&T	USA	5775	2036	754	133
Philip Morris	USA	5677	2052	1390	809
Abbott Labs	USA	5140	1878	1092	605
ASK Computer Systems	USA	5103	1364	1027	386
Aluminum Company of Americ	USA	4986	1779	1101	584
NYNEX	USA	4642	1444	536	29

Chemical Banking/Mfg Hanov	USA	4218	1399	474	12
BankAmerica/Security Pacific	USA	3514	1360	461	110
Mobil	USA	3414	1150	-225	-601
Baxter International	USA	3305	975	188	-189
US West	USA	3009	994	-35	-391
Eaton	USA	2913	1083	436	142
Minnesota Mng & Mfg	USA	2886	1203	768	478
FMC Corporation	USA	2760	1066	630	343
Exxon	USA	2720	934	583	285
Scott Paper	USA	2577	805	282	16
Tenneco	USA	2301	753	138	-106
Mars	USA	2276	766	507	291
Goldman Sachs	USA	2131	763	637	443
Pfizer	USA	2047	764	167	-54
Microsoft	USA	1918	753	469	282
Dun & Bradstreet	USA	1913	706	260	56
Halliburton	USA	1564	474	246	82
Amoco	USA	1433	471	144	-32
Texaco	USA	1433	578	307	169
Times Mirror	USA	1220	451	210	85
Quaker Oats Company	USA	1213	398	149	8
Procter & Gamble	USA	1063	434	98	-16
Cincinnati Bell	USA	981	293	213	117
Disney	USA	811	291	34	-45
Arthur Andersen	USA	673	236	114	43
Occidental Petroleum	USA	642	218	60	-3
Cadence/Valid Logic	USA	561	176	120	69
Bertelsmann	USA	518	191	-14	-63
Structural Dynamics	USA	471	180	42	-10
Merrill Lynch	USA	455	160	-112	-161
Computer Associates	USA	304	89	32	-6
News Corporation	USA	105	46	-88	-101
Cognos	USA	43	17	15	9
Chemical Bank	USA				
		551660	172338	95304	36160

Global Account P&L Ranking by HOST  
 Period As Of Q2YTD 93  
 -EUR-

\$K Constant

	Host Geo <u>Name</u>	Net Oper <u>Revenue</u>	Value Added <u>Revenue</u>	Direct <u>Margin</u>	Profit <u>Margin</u>	
	Citicorp	USA	17209	8000	6534	4680
	Ford Motor	USA	11870	7122	6208	4836
	General Motors	USA	10073	3756	3098	1882
	Schlumberger	USA	8884	2590	2312	2171
	Dow Chemical	USA	6348	3114	2590	2260
	Quaker Oats Company	USA	4039	2262	2148	2148
	AT&T	USA	4006	741	715	687
	DuPont	USA	3820	1401	726	399
	McDonnell Douglas	USA	3503	1198	1138	1138
	Pfizer	USA	3358	1724	1724	1724
	Eastman Kodak	USA	3101	1663	1554	1494
	Smithkline Beckman	USA	3053	1000	837	662
	Johnson & Johnson	USA	2810	1345	1170	1170
	Xerox	USA	2680	1101	998	880
	ITT Corp	USA	2073	1272	1102	890
	Motorola	USA	1854	1111	1108	1108
	Monsanto	USA	1780	745	378	-56
	Corning Inc	USA	1628	616	616	616
	Philip Morris	USA	1601	952	833	833
	Caterpillar	USA	1436	743	683	683
	Merck	USA	1412	787	687	635
	BankAmerica/Security Pacific	USA	1237	620	620	620
	ASK Computer Systems	USA	1025	100	96	96
	General Electric	USA	1025	458	296	49
	Bankers Trust	USA	785	80	-55	-141
	Minnesota Mng & Mfg	USA	726	363	289	179
	Honeywell	USA	694	271	248	248
	FMC Corporation	USA	676	409	404	404
	Procter & Gamble	USA	561	306	111	-42
	Mobil	USA	551	287	247	184
	Mars	USA	542	339	316	293
	Exxon	USA	541	292	273	273
	Eaton	USA	499	320	271	198
	Eli Lilly	USA	463	242	242	242
	Goldman Sachs	USA	427	219	219	219
	Arthur Andersen	USA	403	194	129	76
	Chevron	USA	373	12	-32	-114
	Allied-Signal	USA	363	188	36	-199

Halliburton	USA	342	245	245	245
Occidental Petroleum	USA	333	191	191	191
American Express	USA	321	182	182	182
Texaco	USA	308	219	218	218
Dun & Bradstreet	USA	308	5	0	0
Bertelsmann	USA	217	126	126	126
NYNEX	USA	171	97	97	97
Bell South	USA	148	100	100	100
Disney	USA	135	81	81	81
Rockwell	USA	126	80	-292	-835
Tenneco	USA	120	71	71	71
Chase Manhattan	USA	99	53	-23	-23
Blockbuster Entertainment	USA	98	7	7	7
News Corporation	USA	70	51	51	51
Amoco	USA	65	40	40	40
GTE Corporation	USA	57	31	31	31
Merrill Lynch	USA	53	31	31	31
Times Mirror	USA	50	36	36	36
Aluminum Company of America	USA	22	17	17	17
Intel	USA	17	12	12	12
Cognos	USA	15	9	9	9
Scott Paper	USA	9	4	-44	-44
Abbott Labs	USA	7	3	3	3
Structural Dynamics	USA	4	-13	-13	-13
Baxter International	USA	3	2	1	1
Computer Sciences	USA	2	1	1	1
Cadence/Valid Logic	USA	1	1	0	0
Chemical Banking/Mfg Hanover	USA	0	0	0	0
Computer Associates	USA	-248	-384	-391	-391
Chemical Bank	USA				
Cincinnati Bell	USA				
MCI Communications	USA				
Microsoft	USA				
Pacific Telesis	USA				
Science Applications	USA				
Southwestern Bell	USA				
US West	USA				
		110284	49240	41656	33670

\$K Constant

Global Account P&L Ranking by HOST  
 Period As Of Q2YTD 93  
 -GIA-

	Host Geo <u>Name</u>	Net Oper <u>Revenue</u>	Value Added <u>Revenue</u>	Direct <u>Margin</u>	Profit <u>Margin</u>
Dow Chemical	USA	4564	2573	2180	1584
Exxon	USA	3223	992	889	354
Chevron	USA	3191	1449	918	368
DuPont	USA	3077	1972	1710	1312
Xerox	USA	2556	1580	1343	949
Citicorp	USA	2149	1355	1120	740
Aluminum Company of Americ	USA	1893	866	768	457
General Motors	USA	1688	671	375	80
McDonnell Douglas	USA	1630	786	684	281
Bankers Trust	USA	1364	785	725	527
Bell South	USA	1230	626	163	6
Schlumberger	USA	1046	564	423	204
GTE Corporation	USA	1009	528	148	-25
Honeywell	USA	955	507	445	273
Ford Motor	USA	918	414	366	235
Arthur Andersen	USA	847	163	134	-20
Intel	USA	764	465	434	339
AT&T	USA	696	452	400	287
Corning Inc	USA	642	322	277	172
Monsanto	USA	569	279	239	151
Blockbuster Entertainment	USA	549	269	196	103
ASK Computer Systems	USA	475	181	156	82
Smithkline Beckman	USA	470	225	160	71
General Electric	USA	442	274	258	188
News Corporation	USA	420	272	256	197
Mobil	USA	380	231	158	95
Caterpillar	USA	374	253	236	173
Cognos	USA	319	161	150	101
Chemical Banking/Mfg Hanov	USA	314	241	223	184
BankAmerica/Security Pacific	USA	306	205	196	153
Motorola	USA	296	159	114	66
Johnson & Johnson	USA	274	183	171	124
Eastman Kodak	USA	273	179	163	115
Mars	USA	159	63	-61	-87
Goldman Sachs	USA	127	77	69	47
Philip Morris	USA	92	-591	-601	-616
Rockwell	USA	91	61	15	-1
Merck	USA	84	53	50	37
Pfizer	USA	83	36	-8	-21
Minnesota Mng & Mfg	USA	78	43	40	28

Data Source: CFG File.

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Tenneco	USA	55	34	32	23
FMC Corporation	USA	52	30	28	21
Procter & Gamble	USA	51	34	32	23
Baxter International	USA	45	31	28	22
Cadence/Valid Logic	USA	36	23	21	14
ITT Corp	USA	25	16	15	11
Dun & Bradstreet	USA	18	12	11	9
American Express	USA	13	7	7	5
Occidental Petroleum	USA	11	6	6	4
Computer Associates	USA	11	12	12	10
Chase Manhattan	USA	9	7	6	5
Abbott Labs	USA	4	3	3	2
Merrill Lynch	USA	3	2	2	2
Scott Paper	USA	0	0	0	0
Allied-Signal	USA				
Amoco	USA				
Bertelsmann	USA				
Chemical Bank	USA				
Cincinnati Bell	USA				
Computer Sciences	USA				
Disney	USA				
Eaton	USA				
Eli Lilly	USA			-15	-15
Halliburton	USA				
MCI Communications	USA			-14	-15
Microsoft	USA				
NYNEX	USA				
Pacific Telesis	USA			-5	-5
Quaker Oats Company	USA				
Science Applications	USA				
Southwestern Bell	USA				
Structural Dynamics	USA				
Texaco	USA				
Times Mirror	USA				
US West	USA				
		39948	20138	15851	9427

IV. Sales

# **US TERRITORY BRIEFING BOOK**

**APRIL 26, 1993**

## **CURRENT COMPENSATION PLAN**



**US TERRITORY  
Q4 CERTS AND REVENUE PROGRAM**

**Purpose**

**Positively motivate sales to close orders which generate Q4 revenue and to stimulate growth in FY93 revenue for the US**

**Award**

- o Sales Representatives receive 1% of any revenue for products and new services which are sold and invoiced in Q4 of FY93.**
- o Sales Unit Managers receive 10% of the total awards made to their sales teams.**

**Field Reaction**

- o Strong positive reaction from sales.**
- o What they like about the program:
  - \* Award**
  - \* Simplicity**
  - \* Clear Focus****

## **FY93 U.S. SALES INCENTIVE PROGRAM**

### **Originally Announced Program Included:**

- o 10% pay reduction, January 1993.**
- o Pay reduction recovered at 100% achievement of years budget**
- o Up to \$50,000 in additional pay for over budget performance**

### **Re-announced Program Which Includes:**

- o Deferral of the 10% pay reduction for FY93**
- o Up to \$20,000 in additional pay for over budget performance (same amount as FY92).**
- o Pays a fixed amount (\$200.00 - \$260.00 depending on budget size) for each 1% over budget.**
- o Allows for team goaling.**
- o Pays on shipped orders.**
- o Level 1 and Level 2 Management Incentive Program under review**

## **FY93 Q3/Q4 TARGET INCENTIVE PROGRAMS**

- o Programs designed to leverage Q3/Q4 Revenue**
- o Programs designed to create activity in areas of strategic importance.**
- o To participate, Sales Representatives must:**
  - be 100% of Q3/Q4 budget or 90% of FY93 budget**
  - product orders must ship by 7/3/93 with one exception, new accounts must ship by 10/2/93**

## **FY93 Q3/Q4 TARGET INCENTIVE PROGRAMS**

- o Four specific programs.**
- o New system sales of:**
  - 4200's through 4600's**
  - 7000's**
  - 10000's**
  - Amount payed depends on type of system**
- o New accounts**
  - Minimum order value \$100k**
  - Amount payed depends on dollar value of order**
- o Multi-vendor new service orders.**
  - HPS, SPS and MVS product segments**
  - Amount payed depends upon the cumulative orders in Q3/Q4**
- o SI incentive program.**
  - Fosters increased effort in closing profitable SI business**
  - Amount payed depends upon the total program revenue and program margin**

# **US TERRITORY BRIEFING BOOK**

**APRIL 26, 1993**

## **SALES YIELDS**

**U.S. COUNTRY  
PRODUCT REVENUE YIELD**

(K\$)

	<b>FY90</b>	<b>FY91</b>	<b>FY92</b>	<b>(FCST) FY93</b>
<b>PRODUCT REVENUE</b>	\$3,642	\$3,385	\$2,923	\$3,017
<b>YOY GROWTH %</b>	-1.8%	-7.1%	-13.6%	3.2%
<b>DIRECT SALES HEADCNT *</b>	4129	4492	3704	3043
<b>YOY GROWTH %</b>	-0.9%	8.8%	-17.5%	-17.8%
<b>DIRECT SALES YIELD</b>	\$882	\$754	\$789	\$991
<b>YOY GROWTH %</b>	-1.8%	-14.6%	4.7%	25.6%

\* Direct Sales Headcount includes direct sales reps and Account Team.

## U.S. COUNTRY TOTAL REVENUE YIELD

(K\$)

	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>	(FCST) <u>FY93</u>
<b>TOTAL REVENUE</b>	\$5,721	\$5,576	\$5,146	\$5,264
<b>YOY GROWTH %</b>	-0.8%	-2.5%	-7.7%	2.3%
<b>DIRECT SALES HEADCNT *</b>	4129	4492	3704	3043
<b>YOY GROWTH %</b>	-0.9%	8.8%	-17.5%	-17.8%
<b>DIRECT SALES YIELD</b>	\$1,386	\$1,241	\$1,389	\$1,730
<b>YOY GROWTH %</b>	0.1%	-10.4%	11.9%	24.5%

\* Direct Sales Headcount includes direct sales reps and Account Team.

V. SG&A

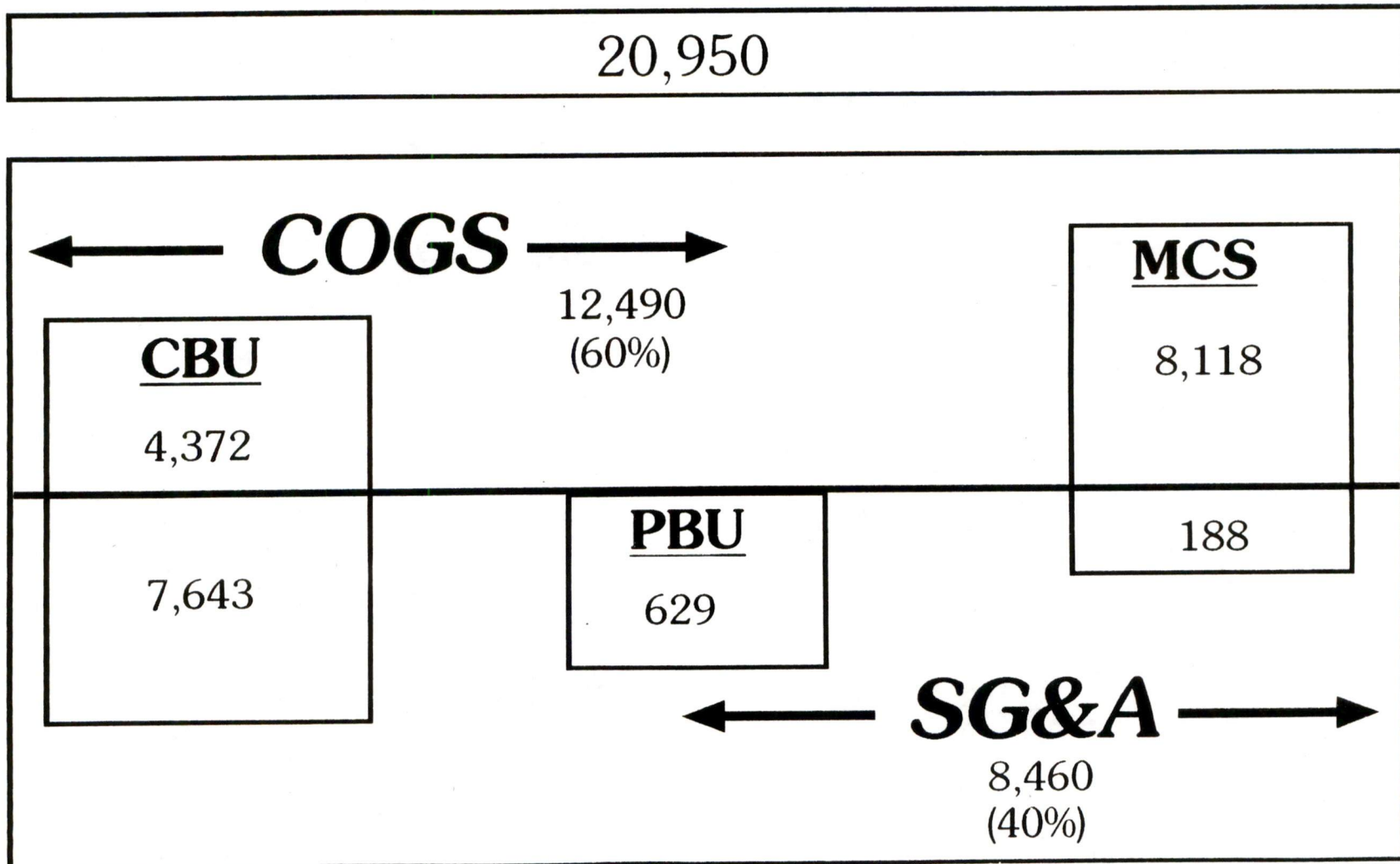


# US TERRITORY BRIEFING BOOK

APRIL 26, 1993

## SG&A

# U.S. Country Q4 FY93 Committed Resources



**US Country**  
**CBU**  
**Q4 FY93 Committed Resources**

12,015

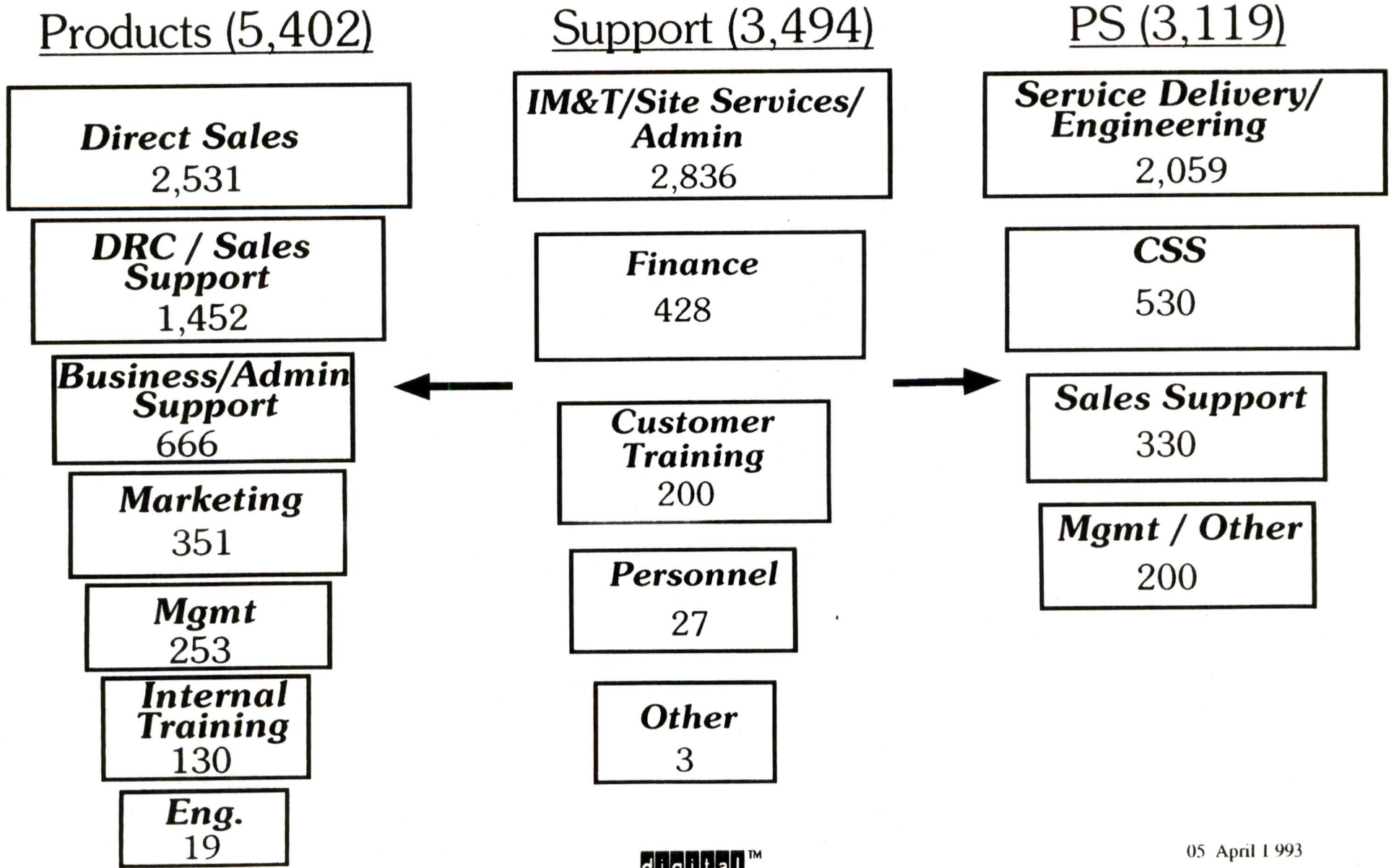
**Products**

8,896

**PS**

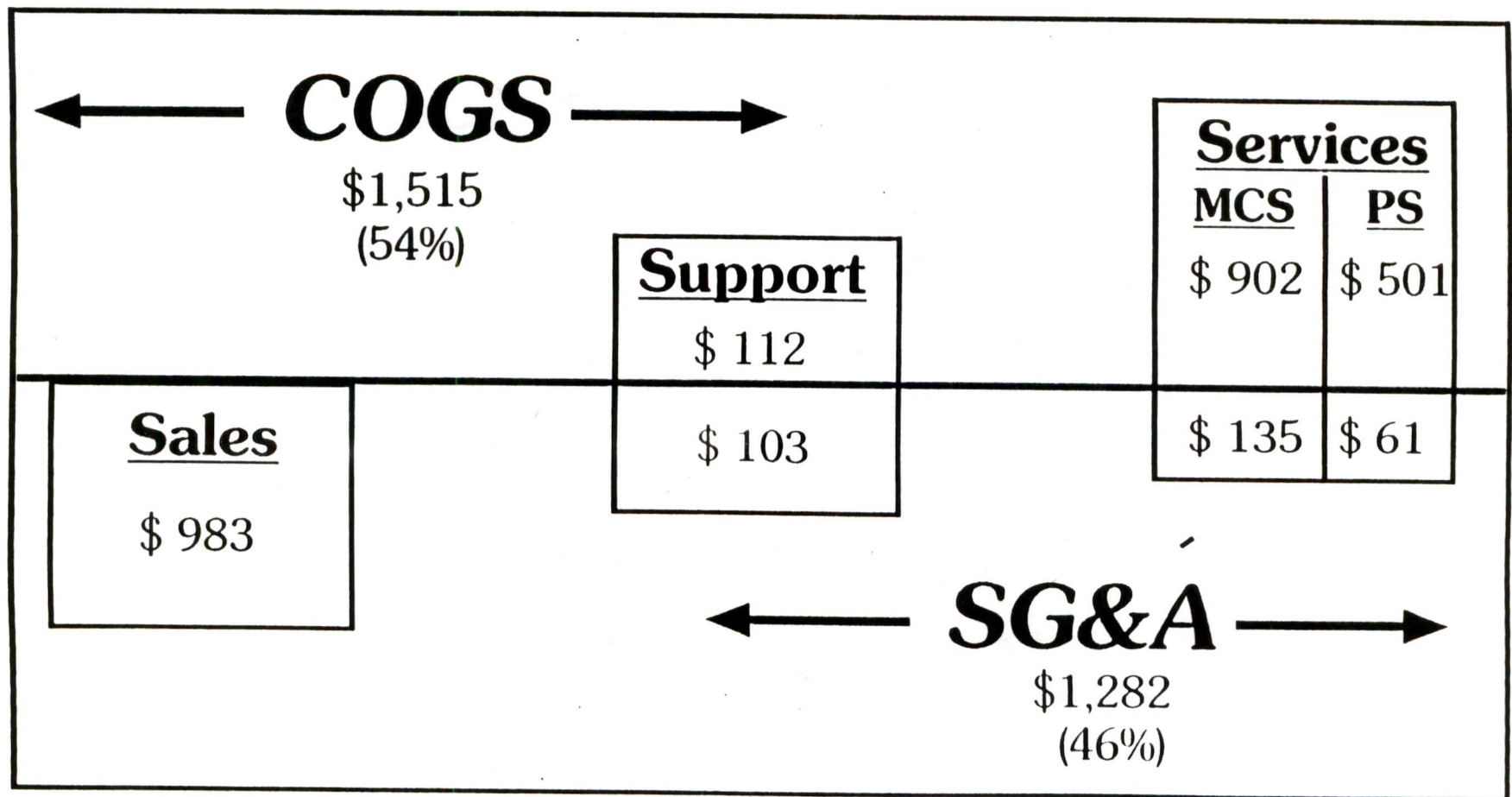
3,119

# US Country CBU (12,015) Q4 FY93 Committed Resources

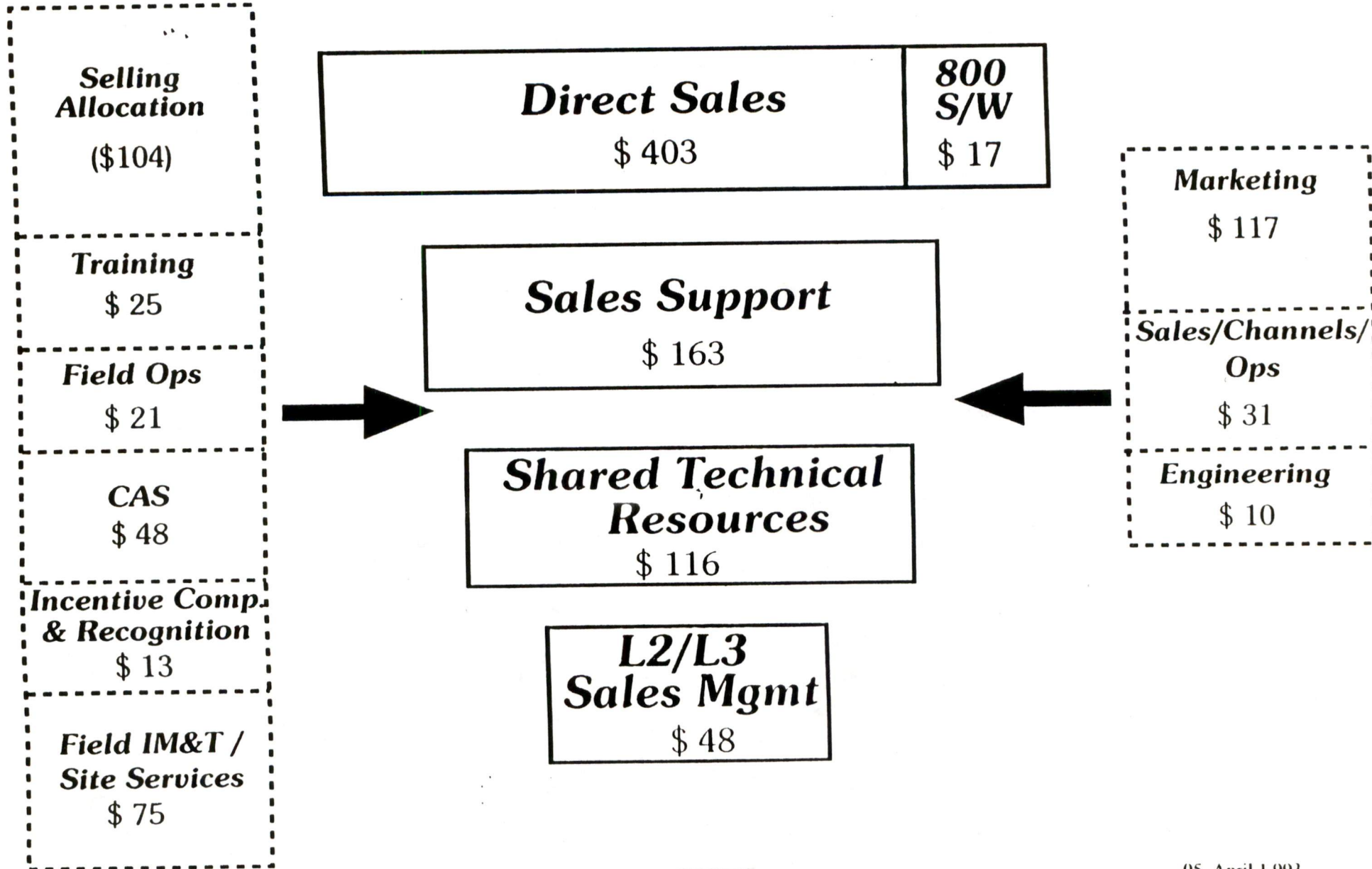


# U.S. Country FY93 March Forecast

\$2,797M



**U.S. Country  
SALES - \$983M  
FY93 March Forecast**



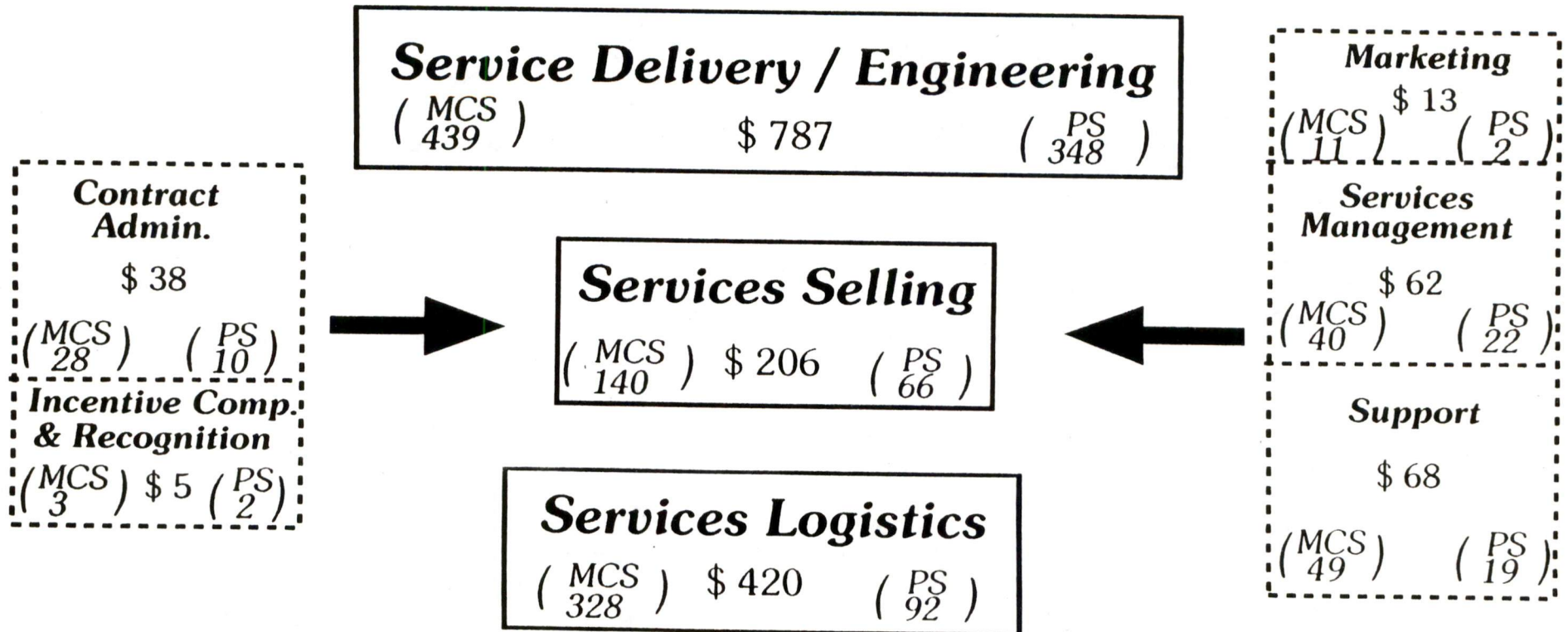
**U.S. Country  
Support - \$ 103M  
FY93 March Forecast**

<b>IM&amp;T / Site Services</b> \$ 32
<b>Purchasing</b> \$ 16
<b>Other</b> \$ 10



<b>Finance</b> \$ 26
<b>Personnel</b> \$ 13
<b>US Mgmt. / E&amp;T</b> \$ 6

**U.S. Country  
SERVICES - \$1,599M  
FY93 March Forecast**





# US COUNTRY

\$M

## FY93 APRIL ASSESSMENT

	CBU			PBU'S			MCS	TOT US
	<u>PROD</u>	<u>PS/SI</u>	<u>TOT</u>	<u>PC *</u>	<u>COMP</u>	<u>STOR</u>		
REVENUE	2213	572	2785	228	382	132	1651	5178
GM \$	1056	66	1122	12	76	26	768	2004
%	47.7%	11.6%	40.3%	5.3%	19.9%	19.7%	46.5%	38.7%
<b><u>SG&amp;A</u></b>								
FLD EXP	968	57	1025	32	61	20	137	1275
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1260	79	1339	34	71	23	199	1667
% NOR	57.0%	13.8%	48.1%	15.1%	18.5%	17.5%	12.1%	32.2%
FCM \$	88	9	97	-20	15	6	631	729
%	4.0%	1.6%	3.5%	-8.6%	3.9%	4.7%	38.2%	14.1%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*PC INCLUDES 800SW (NOR \$107M/FLD EXP \$17M/248 HDS)

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5 APRIL 1993

# US COUNTRY

\$M

## FY93 CURRENT STATE\*

	CBU			PBU'S			MCS	TOT US
	<u>PROD</u>	<u>PS/SI</u>	<u>TOT</u>	<u>PC *</u>	<u>COMP</u>	<u>STOR</u>		
REVENUE	2213	572	2785	228	382	132	1651	5178
GM \$	1056	87	1143	12	76	26	753	2010
%	47.7%	15.2%	41.0%	5.3%	19.9%	19.7%	45.6%	38.8%
<b><u>SG&amp;A</u></b>								
FLD EXP	712	61	773	29	66	22	135	1025
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1004	83	1087	32	76	25	197	1417
% NOR	45.4%	14.5%	39.0%	14.0%	19.8%	19.2%	11.9%	27.4%
FCM \$	344	26	370	-17	10	4	618	985
%	15.5%	4.5%	13.3%	-7.5%	2.6%	3.0%	37.4%	19.0%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*PC INCLUDES 800SW (NOR \$107M/FLD EXP \$17M/248 HDS)

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5 APRIL 1993

# US COUNTRY

\$M

## US FY94 REVENUE GROWTH/CURRENT STATE SPENDING

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2139	632	2771	317	458	231	1660	5437
GM \$	934	134	1068	57	92	35	767	2018
%	43.7%	21.2%	38.5%	18.0%	20.0%	15.0%	46.2%	37.1%
<b><u>SG&amp;A</u></b>								
FLD EXP	712	61	773	29	66	22	135	1025
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1004	83	1087	32	76	25	197	1417
% NOR	46.9%	13.1%	39.2%	10.1%	16.6%	10.8%	11.9%	26.1%
FCM \$	222	73	295	28	26	13	632	993
%	10.4%	11.6%	10.6%	8.8%	5.6%	5.5%	38.1%	18.3%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$17M/248 HDS)

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5 APRIL 1993

# US COUNTRY

\$M

## US FY94 REVENUE GROWTH US HEADCOUNT PLAN

	CBU			PBU'S			MCS	TOT US
	<u>PROD</u>	<u>PS/SI</u>	<u>TOT</u>	<u>PC *</u>	<u>COMP</u>	<u>STOR</u>		
REVENUE	2139	632	2771	317	458	231	1660	5437
GM \$	934	134	1068	57	92	35	770	2021
%	43.7%	21.2%	38.5%	18.0%	20.0%	15.0%	46.4%	37.2%
<u>SG&amp;A</u>								
FLD EXP	664	80	744	39	64	23	145	1015
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	900	98	998	44	76	29	198	1344
% NOR	42.1%	15.5%	36.0%	13.8%	16.5%	12.5%	11.9%	24.7%
FCM \$	270	54	324	18	28	12	625	1006
%	12.6%	8.5%	11.7%	5.8%	6.0%	5.0%	37.7%	18.5%
HDCT	7696	3119	10815	518	200	50	8006	19589
	-1200	0	-1200	139	0	0	-300	-1361

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

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5 APRIL 1993

# US COUNTRY

\$M

## FY94 BUSINESS UNIT REVENUE PLANS (ADJUSTED)/ US HEADCOUNT PLANS

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2393	605	2998	317	449	231	1655	5650
GM \$	1091	107	1198	57	90	35	765	2144
%	45.6%	17.7%	39.9%	18.0%	20.0%	15.0%	46.2%	37.9%
<b><u>SG&amp;A</u></b>								
FLD EXP	664	80	744	39	64	23	145	1015
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	900	98	998	44	75	29	198	1343
% NOR	37.6%	16.2%	33.3%	13.8%	16.8%	12.5%	11.9%	23.8%
FCM \$	427	27	454	18	26	12	620	1129
%	17.8%	4.5%	15.1%	5.8%	5.7%	5.0%	37.5%	20.0%
HDCT	7696	3119	10815	518	200	50	8006	19589
	-1200	0	-1200	139	0	0	-300	-1361

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

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5 APRIL 1993

# US COUNTRY

\$M

## FY94 BUSINESS UNIT REVENUE PLANS (ADJUSTED)/ BUSINESS UNIT FLD EXPENSE

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2393	605	2998	317	449	231	1655	5650
GM \$	1091	149	1240	57	90	35	745	2166
%	45.6%	24.6%	41.3%	18.0%	20.0%	15.0%	45.0%	38.3%
<b><u>SG&amp;A</u></b>								
FLD EXP	773	95	868	67	60	16	133	1144
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	1009	113	1122	72	71	22	186	1473
% NOR	42.2%	18.7%	37.4%	22.7%	15.9%	9.4%	11.2%	26.1%
FCM \$	318	54	372	-10	30	19	612	1022
%	13.3%	8.9%	12.4%	-3.2%	6.6%	8.1%	37.0%	18.1%

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

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5 APRIL 1993

## **4/7 Submission Overview**

# U. S Territory Contracts Review

FY94 Scenario

(\$M)

	<u>Last</u> <u>Contract</u>	<u>April/7</u> <u>Contract</u>	<u>BU</u> <u>Direction</u>	<u>HQ</u> <u>Assessment</u>
NOR	5787	5692	5402	5437
SG&A				
\$	1496	1429	1242	1344
%	26	25	23	24.7

4/27

1242

23

No



# U. S Territory Contracts Review

## 4/7 Contract Submission

(\$M)

	<u>FY93</u>	<u>FY94</u>	<u>94/93 Growth</u>
NOR	5284	5692	7.7%
SG&A*			
\$	1723	1429	-17.1%
%	33	25	-24.2%

\* Includes Corporate SG&A

**U.S. Territory Contract Review  
April Business Unit Submission  
Revenue Submitted  
(\$M)**

	March	TBU Contracts			Contract Growth	
	Redbook	FY'93	FY'94	FY'95	94/93	95/94
Hardware	2,612	2,630	2,891	3,111	9.9%	7.6%
Software	292	410	487	546	18.8%	12.1%
PSSI	582	577	617	693	6.9%	12.3%
MCS	<u>1665</u>	<u>1,665</u>	<u>1,698</u>	<u>1,715</u>	<u>2.0%</u>	<u>1.0%</u>
Total	5,151	5,282	5,693	6,065	7.8%	6.5%

**U.S. Territory Contracts Review  
 April 7 Business Unit Submission  
 Revenue Submitted by Business Unit  
 (\$M)**

	<u>FY'93</u>	<u>FY'94</u>	<u>FY'95</u>	<u>'94/'93 Growth</u>	<u>95/'94 Growth</u>
CEM (Hall)	440	475	522	8.0%	9.9%
CPM (Rose)	<del>549</del> <sup>500</sup>	519	536	-5.5%	3.3%
DMD (Colatosti)	<del>827</del> <sup>768</sup>	<del>843</del> <sup>783</sup>	883	1.9%	4.7%
FPP (Russell)	<del>721</del> <sup>525</sup>	765 <sup>555</sup>	850	6.1%	11.1%
HIC (Zercoe)	333	363	388	9.0%	6.9%
STO	132	231	258	75.0%	11.7%
PC	233	350	395	50.2%	12.9%
C&P (Albano)	382	449	518	17.5%	15.4%
MCS (Paget)	<del>1,665</del> <sup>1,629</sup>	<del>1,698</del> <sup>1,677</sup>	1,715	2.0%	1.0%
Total	<del>5,282</del> <sup>4,942</sup>	<del>5,693</del> <sup>5,402</sup>	6,065	7.8%	6.5%

CHANGES INDICATE APRIL 27  
 UPDATES IN RUSS G. OFFICE  
 (CON CALLS)

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**U.S. TERRITORY CONTRACTS  
APRIL 7 SUBMISSION**

FY94  
\$M

*via call over?*

	<u>CPM</u>	<u>CEM</u>	<u>DMD</u>	<u>HCI</u>	<u>FPP</u>	<u>C&amp;P</u>	<u>STQ</u>	<u>PC's</u>	<u>MCS</u>	<u>TOTAL</u>
NOR										
PRODUCTS	389.0	366.0	689.0	312.0	591.0	449.0	231.0	350.0		3377.0
PSSI	130.0	109.0	153.0	51.0	174.0					617.0
MCS									1698.0	1698.0
TOTAL NOR	519.0	475.0	842.0	363.0	765.0	449.0	231.0	350.0	1698.0	5692.0
Trans Cost	175.0	183.0	332.0	144.0	260.0	185.0	175.0	279.0		1733.0
MFG Cost *	49.0	51.0	92.0	38.0	72.0	23.0	12.0	25.0		362.0
FCO/ ODCOST *	20.0	19.0	35.0	16.0	30.0					120.0
MCS COGS									922.0	922.0
PSSI COGS	103.0	85.0	121.0	40.0	137.0					486.0
Total COGS	347.0	338.0	580.0	238.0	499.0	208.0	187.0	304.0	922.0	3623.0
Gross Margin	172.0	137.0	262.0	125.0	266.0	241.0	44.0	46.0	776.0	2069.0
G.M. % NOR	33.1%	28.8%	31.1%	34.4%	34.8%	53.7%	19.0%	13.1%	45.7%	36.3%
FIELD EXPENSE										
PRODUCT	141.0	115.0	216.0	101.0	176.0	42.0	13.0	67.0		871.0
PROD LOGISTICS *	6.0	7.0	13.0	6.0	12.0	4.0	1.0	1.0		50.0
PS	5.0	14.0	27.0	7.0	11.0					64.0
MCS									114.0	114.0
TOTAL SERVICE	5.0	14.0	27.0	7.0	11.0	0.0	0.0	0.0	114.0	178.0
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
TOTAL FIELD EXPENSE **	152.0	136.0	256.0	114.0	199.0	46.0	14.0	68.0	114.0	1099.0
FIELD EXP %NOR	29.3%	28.6%	30.4%	31.4%	26.0%	10.2%	6.1%	19.4%	6.7%	19.3%
FCM % NOR	3.9%	0.2%	0.7%	3.0%	8.8%	43.4%	13.0%	-6.3%	39.0%	17.0%
CORP EXP %NOR *	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
CORP R&E %NOR *	12.8%	13.2%	14.0%	14.7%	13.2%	17.1%	17.1%	17.1%	2.9%	11.0%
CORP PBT %NOR	-14.7%	-18.8%	-19.1%	-17.5%	-10.2%	20.5%	-9.9%	-29.2%	30.3%	0.2%

\* NOT part of contract process. Assessed by HQ

*Russ*

*THIS IS AN ANALYTIC ATTEMPT  
AT TRANSLATING THE CONTRACT OF 4/7  
INTO PROFIT IMPACT.*

Digital Confidential

4/27/93

*Better  
vs 1989*

*uses  
Terry's  
RE  
spread to  
Prod  
and  
service*

**TOTAL U.S.**

	FY93 MARCH REDBOOK	FY93 CONTRACT SUBMISSION	FY93 DIFF	FY94 CONTRACT SUBMISSION	FY94 / FY93 % CHANGE	FY95 CONTRACT SUBMISSION
<b>REVENUE</b>						
PRODUCTS	3017	3042	-25	3377	11%	3656
MCS	1665	1665	0	1698	2%	1715
PS/SI	582	578	5	617	7%	693
TOTAL	5264	5284	-20	5692	8%	6063
<b>TRANSFER COST</b>						
TC % PROD NOR	45%	47%	-3%	51%	4%	52%
<b>MFG COSTS *</b>	362	362	0	362	0%	362
<b>FIELD SPENDING</b>						
FCO/OD COST *	112	112	0	120	7%	120
MCS COGS	902	902	0	922	2%	915
PS/SI COGS	501	495	6	486	-2%	513
<b>FIELD EXPENSE:</b>						
PRODUCT EXCL LOGISTICS	1016	1052	-36	872	-17%	827
PRODUCTS LOGISTICS *	70	70	0	50	-28%	48
MCS	135	135	0	114	-16%	97
PS/SI	61	74	-13	64	-13%	61
TOTAL FIELD EXPENSE	1282	1331	-49	1100	-17%	1033
% NOR	24%	25%	-1%	19%	-6%	17%
<b>SG&amp;A</b>						
TOTAL FIELD EXPENSE	1282	1331	-49	1100	-17%	1033
CORPORATE SG&A	392	392	0	329	-16%	276
TOTAL SG&A	1674	1723	-49	1429	-17%	1309
% NOR	32%	33%	-1%	25%	-7%	22%

*COGS  
3623*

*GM 2069  
36.3%*

*R+E 11%  
PBT 0.2%*

\* Not part of contract process. Assumed March Forecast.

U.S. Country  
 FY'93  
 Bridge from FCM to TCM  
 (\$M)

	<u>March Forecast</u>	<u>Adjustments</u> <del>€</del>	<u>Restated Territory P&amp;L</u>
<u>NOR</u>	5,264		5,264
<u>Cost of Goods Sold</u>			
Transfer Cost	1,344		1,344
Manufacturing Cost	362	(362)	0
ODCOS/FCO	112	(50)	62
Service COD & Sevices Expense	<u>1,403</u>	<u>(122)</u>	<u>1,281</u>
Total Cost of Goods Sold	3,221	(534)	2,687
<u>Gross Margin</u>	2,044	534	2,578
% Gross Margin of NOR	39%		49%
<u>Field Expense</u>			
Product	1,086	(75)	1,011
PSSI	61	(14)	47
MCS	<u>135</u>	<u>(41)</u>	<u>94</u>
Total Field Expense	1,282	(130)	1,152
<u>FCM</u>	<u>762</u>		
% FCM	14.5%		
<u>TCM</u>			<u>1,426</u>
% TCM			27.1%

Note: TCM = Territory Contribution Margin

\* LOGISTICS + MANUFACTURING COSTS  
 MOVING OUT OF U.S.

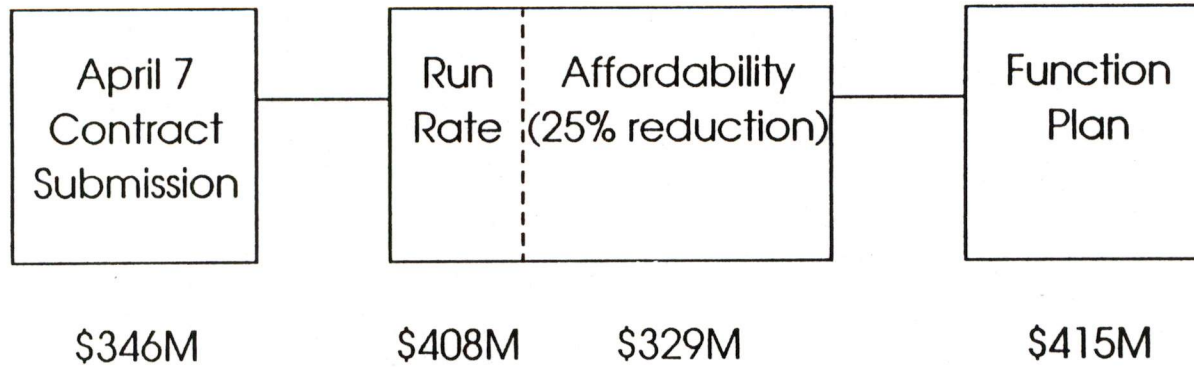
HQ Shared Res.  
Analysis

## **HQ Shared Resources Analysis**



U.S. Territory Contracts Review  
FY'94 HQ/Shared Resource Expenses \*

*What to cut?*



\* Includes IM&T and Site Services allocation.

**U.S. Territory Contracts Review  
FY'94 HQ Shared Resource Expenses  
(\$M)**

	<u>Function Plan</u>	<u>HQ Assessment</u>	<u>Contract Submission</u>
Business Ops	1	0.8	1.0
Sales /HQ Training, Course Dev	21.1	20.8	17.0
PS/SI HQ	38	23.3	26.8
CSS	34	27.9	13.2
TRC/BMC/RSS/SS HQ	25.9	19.6	32.8
Sales HQ	57	46.3	50.4
Awards & Recognition	23	12.4	10.8
Government Program Office	3	2.8	2.8
Marketing/Alpha/ Gov't Marketing	57.5	52.0	48.8
DMO/SAO	26.6	20.0	15.4
Channels HQ	12.9	9.5	17.9
US Territory HQ & Others*	115.4	94.0	108.8
Total	415.4	329.4	345.7

\* include US mgt, Fin, Personnel, 800 software, bad debt, Corp. Alloc.

*↑  
\$ 5.4 REVENUE*

**APRIL 7 CONTRACT SUBMISSION  
FY94 - SHARED RESOURCES**

	<u>CEM</u>	<u>CPM</u>	<u>DMD</u>	<u>FPP</u>	<u>HIC</u>	<u>STO</u>	<u>PC</u>	<u>C&amp;P</u>	<u>MCS</u>	<u>TOTAL</u>
<b>SHARED RESOURCES:</b>										
<b><u>BUS OPS HQTRS (NADLER)</u></b>	0.1	0.1	0.2	0.1	0.1	0.0	0.1	0.2		1.0
<b><u>PROF SVCS</u></b>										
<b>MARKETING</b>										
<b>BUS MGMT, MTT, OPS, TRAINING, CPR</b>										
<b>TOTAL PSSI-HQ</b>	5.8	5.4	6.7	7.1	1.8					26.8
<b>TECH RESOURCE CTRS</b>										
<b>BENCHMARK CTRS</b>										
<b>OTHER SS HQ</b>										
<b>REMOTE SALES SPPT</b>										
<b>TOTAL SS HQ</b>	5.2	2.7	12.4	4.6	7.9					32.8
<b>CSS FIELD EXPENSE</b>										
		3.6	7.6		2.0					13.2
<b><u>MARKETING</u></b>										
<b>DIR MKTG (DMO, EXCL SAO)</b>										
<b>SAO</b>										
<b>TOTAL DIR/SAO</b>	2.4	3.2	3.7	1.9	3.0		0.7	0.5		15.4
<b>U.S. MARKETING *</b>										
<b>CHANNELS/SME</b>										
<b>ALPHA</b>										
<b>GOVT MARKETING</b>										
<b>TOT US/CHNL/ALPHA/GOVT</b>	5.0	8.2	16.3	1.1	7.0		9.8	1.4		48.8
<b>CHANNELS HQ STAFF</b>		1.0	2.5	1.8	1.0	0.4	9.5	1.7		17.9

	<u>CEM</u>	<u>CPM</u>	<u>DMD</u>	<u>FPP</u>	<u>HIC</u>	<u>STO</u>	<u>PC</u>	<u>C&amp;P</u>	<u>MCS</u>	<u>TOTAL</u>
<b><u>SELLING EXP HQ</u></b>										
AWARDS AND RECOG		2.2	1.9	1.9	3.0		0.7		1.1	10.8
SALES TRAINING		5.1	6.7	4.1						15.9
HQ TRAINING	0.1	0.1	0.2	0.2	0.1	0.0	0.1	0.2		1.1
HQ SALES MGMT										
DEMO CENTERS										
SALES OPERATIONS										
SALES PRGMS (EXCL ROT)										
HQ IM&T/SS										
TOT HQ/DEMO/SLS OPS/PROG	10.2	12.8	12.0	6.3	2.0	1.6		4.8	0.7	50.4
GOVT COMPLIANCE			2.2	0.3		0.2		0.1		2.8
GOVT HQ (PGM OFFICE)										0.0
<b><u>U.S. TERR HQTRS &amp; OTHER</u></b>										
U.S. MGMT	0.1	0.4	1.0	0.5	1.0			0.4	1.8	5.2
FINANCE	4.8	1.8	5.9	4.6	4.3	1.0	1.2	1.6	21.1	46.3
PERSONNEL		1.4	3.4	2.3	1.1	0.8	0.7	1.3	13.0	24.0
800 SFTWR							17.0			17.0
BAD DEBT	0.2	0.3	0.4	0.3	0.2	0.0	0.1	0.2	3.1	4.7
CORP ALLOC	9.5	2.2								11.7
SUBTOTAL U.S. TERR HQ	14.6	6.1	10.7	7.7	6.6	1.8	19.0	3.5	39.0	108.9
TOTAL SHARED RESOURCES	43.4	50.6	83.2	37.1	34.5	4.1	39.8	12.4	40.8	345.8
SUBMITTED NOR	475.0	519.0	843.0	765.0	363.0	231.0	350.0	449.0	1698.0	5693.0
% NOR	9.1%	9.7%	9.9%	4.8%	9.5%	1.8%	11.4%	2.8%	2.4%	6.1%

4/27 Status  
from TBU

**4/27 Status for TBU**

US FPPS PARTNERSHIP AGREEMENT  
LATEST UPDATE TO APRIL 5 SUBMISSION

ORIGINAL SUBMISSION

LATEST UPDATE

FY93 NOR	\$721M	\$500M - \$550M
FY94 NOR GROWTH	6%	SAME
FY95 NOR GROWTH	11.1%	SAME

- . Revenue reduction due to change in Revenue Recognition rules reflected in April 8 Restatement.
  - . PC's
  - . Volume portion of Computer Software Systems Accounts
  - . Distributors
  - . Professional Industries Account Cleanup
- . Q3 FY93 NOR lower than expected.
  - . Need to engage/understand Q4-Q1 pipeline
- . Work in Progress
  - . Product and Service Mix Assumptions
  - . Dialog on G&A allocations
  - . Selling and Delivery Yields
  - . Territory vs CBU Investments
  - . Reconnection of State and Local Government Accounts
- . Expectations for May 7 input - 85-95% confidence level

## FINANCIAL, PROFESSIONAL, & PUBLIC SERVICES

	FY93 MARCH REDBOOK	FY93 CONTRACT SUBMISSION	FY93 DIFF	FY94 CONTRACT SUBMISSION	FY94 / FY93 % CHANGE	FY95 CONTRACT SUBMISSION
<b>REVENUE</b>						
PRODUCTS	573	573	0	591	3%	640
MCS						
PS/SI	149	149	0	174	17%	210
TOTAL	722	722	0	765	6%	849
<b>TRANSFER COST</b>	206	223	-17	260	16%	275
TC % PROD NOR	36%	39%	-3%	44%	5%	43%
<b>MFG COSTS *</b>	74	74	0	72	-3%	70
<b>FIELD SPENDING</b>						
FCO/OD COST *	28	28	0	30	8%	30
MCS COGS						
PS/SI COGS	128	128	0	137	7%	154
<b>FIELD EXPENSE:</b>						
PRODUCT EXCL LOGISTICS	214	216	-1	176	-18%	168
PRODUCTS LOGISTICS *	17	17	0	12	-31%	11
MCS						
PS/SI	16	16	0	11	-34%	12
TOTAL FIELD EXPENSE	247	248	-1	198	-20%	191
% NOR	34%	34%	0%	26%	-9%	22%

COGS  
499

GM  
-1  
266  
34.8%

COMP 5.8  
P&E 13.2%

PBT (10.2%)

\* Not part of contract process. Estimated by U.S. Country Support Center.



# DM&D CBU CONTRACTING

## STATUS 4/27/93

1994

783

- Revenue estimate is \$768M for FY93, down 7% from first submission due to Q3 and Q4 weakness in base (3%), distribution sales estimates (2%), and account mapping changes (2%)

- Revenue growth difficult in FY94:

*Per money to  
BU.*

- Auto/Discrete 2.2%
- Aerospace 1.4%
- Defense .9%
- Electronics 3.9%
- TOTAL 2.0%

- Business model remains the same:

- COGS 52%
- SG&A (TBU) 22%
- SG&A (Shared) 7%
- Margin 19%

- Issues:

- Uncertainty around shared resource costs
- Close to targets set by CBU (McCabe)
- Availability of information about accounts

SGM

4/26/93

## DISCRETE MANUFACTURING & DEFENSE

	FY93 MARCH REDBOOK	FY93 CONTRACT SUBMISSION	FY93 DIFF	FY94 CONTRACT SUBMISSION	FY94 / FY93 % CHANGE	FY95 CONTRACT SUBMISSION
<b>REVENUE</b>						
PRODUCTS	660	683	-23	689	1%	719
MCS						
PS/SI	<u>144</u>	<u>144</u>	<u>0</u>	<u>153</u>	6%	<u>164</u>
TOTAL	804	827	-23	842	2%	883
<b>TRANSFER COST</b>	270	329	-59	332	1%	371
TC % PROD NOR	41%	48%	-7%	48%	0%	52%
<b>MFG COSTS *</b>	97	97	0	92	-5%	91
<b>FIELD SPENDING</b>						
FCO/OD COST *	33	33	0	35	6%	35
MCS COGS						
PS/SI COGS	121	121	0	121	0%	121
<b>FIELD EXPENSE:</b>						
PRODUCT EXCL LOGISTICS	254	288	-34	216	-25%	192
PRODUCTS LOGISTICS *	20	20	0	13	-35%	12
MCS						
PS/SI	<u>18</u>	<u>29</u>	<u>-11</u>	<u>27</u>	-5%	<u>25</u>
TOTAL FIELD EXPENSE	292	337	-45	256	-24%	228
% NOR	36%	41%	-4%	30%	-10%	26%

\* Not part of contract process. Estimated by U.S. Country Support Center.

COGS 580  
GM 262  
31.1%  
CORP 5.8%  
R&E 14.0%

PBT (19.1%)

Printed by Art Buonamano @MRO

I N T E R O F F I C E   M E M O R A N D U M

Doc. No: 001939  
Date: 26-Apr-1993 10:07am EDT  
From: Joanna Hopkins @MRO  
HOPKINS.JOANNA AT A1 AT USCTR1  
Dept: US E&T Finance  
Tel No: DTN 297-9459

AT MRO

TO: See Below

Subject: U.S. MCS FY94 Plan Update

The latest U.S. MCS FY94 Plan has been adjusted from the previous submission based both on reduction of the NOR forecast for FY93 and stretch targets set by Corporate MCS for FY94.

	FY93 FORECAST	FY94 PLAN	% GROWTH
NOR	1629	1677	3%
TTL SPENDING	1001	1022	2%
MARGIN	628	655	4%

The NOR represents a \$21M drop from the April 7 submission level, based on the Q3 shrinkage in the contract base and increases in the MVS business. MVS is now planned to increase 82% over FY93, through innovative strategies and increased investment.

The margin has dropped \$7M from the April 7 submission. To attain this margin further spending reductions are expected in:

- o Service Delivery, based on Al Snyder's re-engineering programs
- o Logistics Services, now being worked by Phil Pietrowski.

CBU-Driven selling spending has most recently been planned at the CBU average COS: 17.5%. Total selling expense was \$111, down from \$122 in the April 7 submission. However, the MCS selling model will have to be revised again to reflect the latest MCS NOR target and revised CBU NOR and COS plans due on May 3.

The one possible disconnect lies in FCO spending. In FY93 about \$18M will be charged by MCS to U.S. Sales. A similar amount should be budgeted by either the CBUs or Engineering for FY94. We're working to be sure this spending is covered in the appropriate plan.

U.S. MCS plan shows a \$16M chargeout from Service Delivery to IN-DEC.

Logistics Services assures us that this In-DEC chargeout is being covered in their plan.

**Distribution:**

TO: Russ Gullotti @mko  
TO: Kathi Leggero @MKO  
TO: Art buonamano @MRO

CC: Harry Molloy @MRO  
CC: Ralph LiPizzi @MRO  
CC: John Paget @MRO

## MULTIVENDOR CUSTOMER SERVICES

	FY93 MARCH REDBOOK	FY93 CONTRACT SUBMISSION	FY93 DIFF	FY94 CONTRACT SUBMISSION	FY94 / FY93 % CHANGE	FY95 CONTRACT SUBMISSION
<b>REVENUE</b>						
<b>PRODUCTS</b>						
MCS	1665	1665	0	1698	2%	1715
PS/SI						
TOTAL	1665	1665	0	1698	2%	1715
<b>TRANSFER COST</b>						
TC % PROD NOR						
<b>MFG COSTS *</b>						
<b>FIELD SPENDING</b>						
FCO/OD COST *						
MCS COGS	902	902	0	922	2%	915
PS/SI COGS						
FIELD EXPENSE:						
PRODUCT EXCL LOGISTICS						
PRODUCTS LOGISTICS *						
MCS	135	135	0	114	-16%	97
PS/SI						
TOTAL FIELD EXPENSE	135	135	0	114	-16%	97
% NOR	8%	8%	0%	7%		6%

GM  
-L  
776  
45.7%

Comp 5.8  
PCE 2.9%

PBT 30.3%

\* Not part of contract process. Estimated by U.S. Country Support Center.

Printed by Art Buonamano @MRO

**I N T E R O F F I C E   M E M O R A N D U M**

**Doc. No:** 001940  
**Date:** 26-Apr-1993 08:08am EDT  
**From:** Joe Zercoe @MRO  
ZERCOE.JOE AT A1 AT MCIS3 AT M  
**Dept:** Pharmaceutical Accounts  
**Tel No:** DTN: 297-9085

RO

**TO:** See Below

**Subject:** HEALTH INDUSTRIES APRIL 7 CONTRACT SUBMISSION MAJOR ISSUES

The negotiation/discussion with the CBU Finance Managers and Market Segment Managers is an ongoing iterative process. We will have resolution to the disconnects prior to May 3rd. We are also working with our PSSI Team to improve the PSSI Gross Margin. Proposals presented after the April 7th submission will be factored into the next submission.

## HEALTH INDUSTRIES OVERVIEW

1. Baseline FY93 NOR (\$333M) matches March Redbook and FY94 NOR Plan (\$363M) shows reasonable growth (9%).
  - U.S. Territory has submitted Account Mapping changes to the CBU; these proposed changes are being reviewed by the CBU. Account alignments will impact revenue.
  
2. The CBU is driving additional headcount reduction in the Healthcare segment; discussions are ongoing. Resolution will be incorporated in the May 6th contract submission.
  
3. U.S. Territory Plan for FY94 for SG&A is \$108M = 30% of NOR. The CBU is looking for SG&A of 23-24% of NOR. Resolution with Market Segment Managers will be reached by May 3rd.
  
4. PSSI Gross Margin of 21% for FY94 needs to be raised. We are working this issue with our PS Team.
  
5. The April 7th contract submission did not include an expense provision for the following proposals:
  - Hi-performance Computing Systems Drivers
  - Storage Specialists
  - Government Programs
  - Workstation Specialists.

Expenses for the approved programs will be included in the May 6th contract submission.

Major concerns are items 2 and 3. The CBU is working towards achieving positive profits in Q4 FY94. They are very aggressive in requesting reductions in headcount and SG&A. We are continuing to discuss market focus/alignment, transition to new selling models, and effective implementation of the selling models with reduced headcount.

**Distribution:**

TO: RUSS GULLOTTI @MKO

CC: BOB SCHMITT @MKO

CC: ART BUONAMANO @MRO

CC: KATHI LEGGERO @TTB

CC: ken smith @wro

CC: MEHUL SHAH @IVO



## HEALTH INDUSTRIES

	FY93 MARCH REDBOOK	FY93 CONTRACT SUBMISSION	FY93 DIFF	FY94 CONTRACT SUBMISSION	FY94 / FY93 % CHANGE	FY95 CONTRACT SUBMISSION
<b>REVENUE</b>						
PRODUCTS	290	292	-2	312	7%	332
MCS						
PS/SI	46	41	5	51	25%	56
TOTAL	336	333	3	363	9%	388
<b>TRANSFER COST</b>	113	114	-1	144	26%	153
TC % PROD NOR	39%	39%	0%	46%	7%	46%
<b>MFG COSTS *</b>	41	41	0	38	-6%	38
<b>FIELD SPENDING</b>						
FCO/OD COST *	14	14	0	16		16
MCS COGS						
PS/SI COGS	39	34	5	40	17%	41
<b>FIELD EXPENSE:</b>						
PRODUCT EXCL LOGISTICS	124	124	0	101	-18%	97
PRODUCTS LOGISTICS *	6	6	0	6		7
MCS						
PS/SI	5	5	0	7	26%	7
TOTAL FIELD EXPENSE	135	135	0	114	-15%	110
% NOR	40%	40%	0%	31%	-9%	28%

COGS  
238

Gm  
%  
125  
34.4%

Comp 5.8%  
P&E 14.7%

PBT (17.5%)

\* Not part of contract process. Estimated by U.S. Country Support Center.

# US C&P CONTRACT SUMMARY

FY94 & FY95

	<u>FY93*</u>	<u>FY94</u>	<u>% GROWTH</u>	<u>FY95</u>	<u>%GROWTH</u>
NOR	\$382.0M	\$449.4M	18%	\$518.3M	15%
US SG&A EXPENSE	\$36.5M	\$42.2M	16%	\$43.4M	3%
% NOR	9.6%	9.3%		8.4%	

\*FY93 DATA ESTIMATED.

NO CHANGE TO CONTRACT SINCE THE PRIOR SUBMISSION

RE-EVALUATING TOEM COMMITMENT.

UNRESOLVED WHO FUNDS DMO FOR DISTRIBUTOR'S SALES SUPPORT.

## COMPONENTS

	FY93 MARCH REDBOOK	FY93 CONTRACT SUBMISSION	FY93 DIFF	FY94 CONTRACT SUBMISSION	FY94 / FY93 % CHANGE	FY95 CONTRACT SUBMISSION
<b>REVENUE</b>						
PRODUCTS	382	382	0	449	18%	518
MCS						
PS/SI						
TOTAL	382	382	0	449	18%	518
<b>TRANSFER COST</b>	152	152	0	185	22%	215.1
TC % PROD NOR	40%	40%	0%	41%	1%	42%
<b>MFG COSTS *</b>	20	20	0	23	15%	26
<b>FIELD SPENDING</b>						
FCO/OD COST *				241		
MCS COGS				53.7%		
PS/SI COGS						
<b>FIELD EXPENSE:</b>						
PRODUCT EXCL LOGISTICS	36	37	0	42	16%	43
PRODUCTS LOGISTICS *	4	4	0	4	3%	4
MCS						
PS/SI						
TOTAL FIELD EXPENSE	40	40	0	46	14%	47
% NOR	10%	11%	0%	10%	0%	9%

\* Not part of contract process. Estimated by U.S. Country Support Center.

CM -1  
 241  
 53.7%  
 COG - 5.8%  
 ROE 17.1%  
 PBT 20.5%

## US STORAGE CONTACT SUMMARY

FY94 & FY95

	<u>FY93</u>	<u>FY94</u>	<u>% GROWTH</u>	<u>FY95</u>	<u>% GROWTH</u>
NOR	\$132.4M	\$230.9M	75%	\$257.6M	12%
US SG&A EXPENSE	\$9.0M	\$13.3M	48%	\$14.0M	5%
% NOR	6.8%	5.8%		5.4%	

\*FY93 DATA ESTIMATED.

NO CHANGE TO CONTRACT SINCE THE PRIOR SUBMISSION.

NOTE: A PORTION OF US SG&A EXPENSE WILL BE TRANSFERRED INTO THE PBU i.e. OEM DIRECT SALES REPS.

UNRESOLVED WHO FUNDS DMO FOR DISTRIBUTOR'S SALES SUPPORT.

STORAGE SPECIALIST PROPOSAL HAS BEEN APPROVED: \$6.8M FOR STORAGE SALES SPECIALIST FUNDED WITHIN CBU CONTRACTS(\$5.6M FOR 37 SALES REPS AND \$1.2M FOR 6 STAFF AND PROGRAMS).

## STORAGE COMPONENTS

	FY93 MARCH REDBOOK	FY93 CONTRACT SUBMISSION	FY93 DIFF	FY94 CONTRACT SUBMISSION	FY94 / FY93 % CHANGE	FY95 CONTRACT SUBMISSION
<b>REVENUE</b>						
PRODUCTS	132	132	0	231	74%	258
MCS						
PS/SI						
TOTAL	132	132	0	231	74%	258
<b>TRANSFER COST</b>						
TC % PROD NOR	99 75%	88 67%	11 8%	175 76%	98% 9%	196 76%
<b>MFG COSTS *</b>	7	7	0	12	71%	14
<b>FIELD SPENDING</b>						
FCO/OD COST *						
MCS COGS						
PS/SI COGS						
<b>FIELD EXPENSE:</b>						
PRODUCT EXCL LOGISTICS	9	9	0	13	41%	14
PRODUCTS LOGISTICS *	1	1	0	1	8%	1
MCS						
PS/SI						
TOTAL FIELD EXPENSE	11	11	0	15	37%	15
% NOR	8%	8%	0%	6%	-2%	6%

COGS  
187

Gm 44  
% 19.0

Comp = 5.8  
P&E 17.1%

PBT (9.9%)

\* Not part of contract process. Estimated by U.S. Country Support Center.

Printed by Art Buonamano @MRO

**I N T E R O F F I C E   M E M O R A N D U M**

**Doc. No:** 001937  
**Date:** 26-Apr-1993 11:27am EDT  
**From:** Roger Rose @ACI  
ROSE.ROGER AT A1 AT POBOX A  
**Dept:** Consumer & Process Mfg  
**Tel No:** DTN 474-5100

T ACI

**TO:** See Below

**Subject:** U.S. C&PM Contract Key Summary Points

U.S. C&PM Contract Key Summary Points

NOR Growth

<u>Fiscal Year</u>	<u>% Growth</u>	
FY94	Flat	w/o Telstar 1993 Revenue
FY94	<6%>	with Telstar 1993 Revenue
FY95	3%	

SG&A as a % of NOR

<u>Fiscal Year</u>	<u>K\$'s</u>	<u>% of NOR</u>
FY94	146,802	28%
FY95	140,736	26%

Financial or Strategic Disconnects

SG&A

- Corporate Business Unit wants SG&A lower by 1% (\$5,190K) to 27%
  - No room for any increase in U.S. Territory shared resource expenses
- Disconnect today:      U.S. PSSI  
                                 U.S. Marketing
- Risk of 2 to 3 points = (\$10M - \$15M)

NOR

- Uncertainty of the Real NOR performance in the following areas:
  - Distributor NOR Credit (Sales Out Reporting)
  - Alignment of all TOEM & SME covered accounts
- Downward NOR risk between U.S. NOR at current run rate and contracted NOR

**Distribution:**

**TO:** Russ Gullotti @MKO

**CC:** Steve Johnson @ACI

**CC:** Jerry Vauk @ACI

**CC:** Matt Muddiman @CYO

**CC:** Kathi Leggero @TTB

**CC:** Art Buonamano @MRO



## CONSUMER PROCESS & MANUFACTURING

	FY93 MARCH REDBOOK	FY93 CONTRACT SUBMISSION	FY93 DIFF	FY94 CONTRACT SUBMISSION	FY94 / FY93 % CHANGE	FY95 CONTRACT SUBMISSION
<b>REVENUE</b>						
PRODUCTS	401	401	0	389	-3%	392
MCS						
PS/SI	148	148	0	130	-12%	143
TOTAL	549	549	0	519	-5%	535
<b>TRANSFER COST</b>	154	154	0	175	14%	177
TC % PROD NOR	38%	38%	0%	45%	7%	45%
<b>MFG COSTS *</b>	55	55	0	49	-11%	44
<b>FIELD SPENDING</b>						
<b>COGS RELATED:</b>						
FCO/OD COST *	20	20	0	20	1%	20
MCS COGS						
PS/SI COGS	132	132	0	103	-22%	109
<b>FIELD EXPENSE:</b>						
PRODUCT EXCL LOGISTICS	165	165	0	141	-14%	136
PRODUCTS LOGISTICS *	12	12	0	6	-49%	6
MCS						
PS/SI	12	12	0	5	-56%	5
TOTAL FIELD EXPENSE	189	189	0	153	-19%	146
% NOR	34%	34%	0%	29%		27%

\* Not part of contract process. Estimated by U.S. Country Support Center.

347  
 GM - 172  
 % - 33.1%  
 corp - 5.8  
 RCE - 12.8  
 PBT (14.7)

US CEM Partnership Agreement  
 April 7, 1993 Submission

.\$	FY93	FY94	FY95	--% change--	
				93/94	94/95
total NOR	440	475	522	8%	10%
total SGA	150	129	121	(14%)	(8%)
SGA % of NOR	34%	27%	23%		

Financial and Strategic Disconnects

Financials

No material disconnects with FY94 growth.

Latest Q3 actuals reflect some upside in FY93 baseline of \$15m.

Strategic

Paul Kozlowski has indicated a preference for a fully dedicated support model for sales and sales support. We are trying to balance this preference to the affordability targets which call for more "shared support" in the PSC and direct sales.

## COMMUNICATION/EDUCATION/ENTERTAINMENT

	FY93 MARCH REDBOOK	FY93 CONTRACT SUBMISSION	FY93 DIFF	FY94 CONTRACT SUBMISSION	FY94 / FY93 % CHANGE	FY95 CONTRACT SUBMISSION
<b>REVENUE</b>						
PRODUCTS	345	345	0	366	6%	402
MCS						
PS/SI	95	95	0	109	14%	120
TOTAL	440	440	0	475	8%	522
<b>TRANSFER COST</b>	144	172	-28	183	6%	202
TC % PROD NOR	42%	50%	-8%	50%	0%	50%
<b>MFG COSTS *</b>	52	52	0	51	-1%	50
<b>FIELD SPENDING</b>						
<b>COGS RELATED:</b>						
FCO/OD COST *	17	17	0	19		19
MCS COGS						
PS/SI COGS	81	79	2	85	7%	88
<b>FIELD EXPENSE:</b>						
PRODUCT EXCL LOGISTICS	139	138	0	115	-17%	108
PRODUCTS LOGISTICS *	10	10	0	7		7
MCS						
PS/SI	10	12	-2	14	22%	13
TOTAL FIELD EXPENSE	159	160	-2	136	-15%	128
% NOR	36%	36%	0%	29%	-8%	25%

COGS -1%  
338

Gm %  
137  
28.8%

Comp exp 5.8%  
1-2 13.2%

PBT (18.8%)

\* Not part of contract process. Estimated by U.S. Country Support Center.

US TERRITORY - PERSONAL COMPUTER BUSINESS UNIT

CONTRACT UPDATE  
APRIL 23, 1993

CHANGES TO CONTRACT SINCE APRIL 7TH SUBMISSION

- \* CONTINUE TO EVALUATE THE SALES MODEL TO REDUCE EXPENSES TO MEET OVERALL P&L OBJECTIVES OF THE PCBU
- \* GENERAL FEEDBACK FROM THE PCBU THAT REVENUE IS TOO HIGH - THIS IS RELATED TO AVERAGE SYSTEM VALUES AND NOT VOLUMES
- \* 800 SOFTWARE - ADJUSTMENTS HAVE BEEN MADE TO LOWER GROSS MARGINS AND INCREASE FY95 REVENUE. ALL ADJUSTMENTS WILL BE IN THE MAY 3RD CONTRACT.
- \* THE VOLUMES IN TOTAL ARE AGREED TO, THE QUARTERIZATION STILL NEEDS WORK.

\*\*\*\*\*

US TERRITORY / PERSONAL COMPUTER BUSINESS UNIT  
NOR GROWTH

(\$M)	PC'S YR OVER YR GROWTH	800 SOFTWARE YR OVER YR GROWTH	TOTAL YR OVER YR GROWTH
FY94	63%	35%	50%
FY95	15%	29%	21%

\*\*\*\*\*

US TERRITORY / PERSONAL COMPUTER BUSINESS UNIT  
SG&A

SG&A	FY93	FY94	FY95
SALES/MARKETING/G&A	\$79.9	\$67.2	69.2
% OF PBU REVENUE (NO IBP \$)	34.3	19.0	16%

- NOTE: 1. THESE EXPENSES ARE STILL TOO HIGH PER THE PCBU MODEL  
2. ADVERTISING NOT INCLUDED IN ABOVE, THAT WILL BE 4% OF NOR  
3. THE ABOVE DOES NOT HAVE IBP REVENUE \$ INCLUDED  
4. 800 SOFTWARE EXPENSES INCLUDED

\*\*\*\*\*

US TERRITORY / PERSONAL COMPUTER BUSINESS UNIT

DISCONNECTS

- \* THE CONTRACT DOES NOT (YET) INCLUDE ALPHA PC'S
- \* HAVE NOT REACHED CLOSURE ON EXPENSES
- \* HAVE NOT REACHED CLOSURE ON REVENUE (AVERAGE SYSTEMS VALUES)

## PERSONAL COMPUTER

	FY93 MARCH REDBOOK	FY93 CONTRACT SUBMISSION	FY93 DIFF	FY94 CONTRACT SUBMISSION	FY94 / FY93 % CHANGE	FY95 CONTRACT SUBMISSION
<b>REVENUE</b>						
PRODUCTS	234	234	0	350	50%	395
MCS						
PS/SI						
TOTAL	234	234	0	350	50%	395
<b>TRANSFER COST</b>	206	206	0	279	35%	314
TC % PROD NOR	88%	88%	0%	80%	-9%	
<b>MFG COSTS *</b>	17	17	0	25	47%	29
<b>FIELD SPENDING</b>						
FCO/OD COST *				GM 46		
MCS COGS				13.1%		
PS/SI COGS						
<b>FIELD EXPENSE:</b>						
PRODUCT EXCL LOGISTICS	75	75	0	67	-10%	69
PRODUCTS LOGISTICS *	1	1	0	1	67%	1
MCS						
PS/SI						
TOTAL FIELD EXPENSE	76	76	0	68	-10%	70
% NOR	32%	32%	0%	19%	-13%	18%

\* Not part of contract process. Estimated by U.S. Country Support Center.

Comp 5.8

L'E 17.1%

PBT (29.2%)

U. S. Plan

DIGITAL CONFIDENTIAL Document

I N T E R O F F I C E M E M O R A N D U M

Doc. No: 042667  
Date: 27-Apr-1993 02:23pm EDT  
From: Tony Wallace @MRO  
WALLACE.TONY  
Dept: U.S. Finance  
Tel No: DTN: 297-2250

TO: See Below

Subject: A: SG&A Waterfall Chart

The waterfall chart you handed out Friday, comparing SG&A by area/territory is a good analytic tool. However, it is quite flawed and warrants adjustment. The numbers represent March 1993 Redbook. We are cutting headcount and spending significantly, yet the impact is not reflected for the full year. Specifically, you show a loaded SG&A rate of 32.4% on \$5.2B of revenue. If I runrate the expense impact for a full year, that will show an SG&A rate of 27.4% on \$5.2B.

I really think you should update your chart for this, so we can see all geographies in a more balanced comparison.

Thanks and regards,

Tony

**Distribution:**

TO: Remote Addressee ( Bill Gervais @AKO )  
CC: Remote Addressee ( Vin Mullarkey @MLO )  
CC: Remote Addressee ( Russ Gullotti @MKO )  
CC: Susan M Foley @MRO ( FOLEY.SUSAN.M )  
CC: Remote Addressee ( Chris Sullivan @MSO )  
CC: Remote Addressee ( Bill Steul @MLO )

DIGITAL CONFIDENTIAL Document



**MARCH FY93 FORECAST**

*MEMO  
TOTAL  
COMPANY*

**CORP ALLOC**  
- NOR \$14,420  
- SG&A 6.1%

**DEC-TOTAL**  
- NOR \$14,420  
- SG&A 31.2%

**DIRECT**  
- NOR \$14,420  
- SG&A 25.1%  
- PER HEAD \$221

**EUROPE TOTAL**  
- NOR \$ 7,069  
- SG&A 30.9%

**U.S. TOTAL**  
- NOR \$ 5,265  
- SG&A 32.4%

**GIA TOTAL**  
- NOR \$ 2,142  
- SG&A 27.1%

**EUROPE CORP ALLOC**  
- NOR \$ 7,069  
- SG&A 4.5%

**U.S. CORP ALLOC**  
- NOR \$ 5,265  
- SG&A 8.3%

**GIA CORP ALLOC**  
- NOR \$ 2,142  
- SG&A 5.1%

**EUROPE DIRECT**  
- NOR \$ 7,069  
- SG&A 26.5%  
- PER HEAD \$ 225

**U.S. DIRECT**  
- NOR \$ 5,265  
- SG&A 24.2%  
- PER HEAD \$ 222

**GIA DIRECT**  
- NOR \$ 2,142  
- SG&A 22.1%  
- PER HEAD \$ 214

**EUROPE HQ**  
- NOR \$ 7,069  
- SG&A 5.8%  
- PER HEAD \$ 2,099

**U.S. HQ**  
- NOR \$ 5,265  
- SG&A 4.3%  
- PER HEAD \$ 1,714

**GIA HQ**  
- NOR \$ 2,142  
- SG&A 1.4%  
- PER HEAD \$5,289

**UK/IR**  
- NOR \$ 1,278  
- SG&A 17.6%  
- PER HEAD \$ 250

**U.S.**  
- NOR \$ 5,265  
- SG&A 19.9%  
- PER HEAD \$ 255

**CANADA**  
- NOR \$ 445  
- SG&A 21.1%  
- PER HEAD \$ 209

**EMCT**  
- NOR \$ 713  
- SG&A 23.8%  
- PER HEAD \$ 276

**JAPAN**  
- NOR \$ 700  
- SG&A 21.3%  
- PER HEAD \$ 188

**GY**  
- NOR \$ 1,104  
- SG&A 17.0%  
- PER HEAD \$ 300

**SPR**  
- NOR \$ 386  
- SG&A 19.7%  
- PER HEAD \$ 308

**HBC**  
- NOR \$ 1,144  
- SG&A 17.1%  
- PER HEAD \$ 359

**ASIA**  
- NOR \$ 442  
- SG&A 19.7%  
- PER HEAD \$ 230

**NOR DEC**  
- NOR \$ 576  
- SG&A 16.2%  
- PER HEAD \$ 329

**LACR**  
- NOR \$ 169  
- SG&A 22.5%  
- PER HEAD \$ 293

**IT**  
- NOR \$ 553  
- SG&A 19.5%  
- PER HEAD \$ 324

*REALITY =  
27.4%  
BASED ON  
AT EXIT RATE*

**FR**  
- NOR \$ 804  
- SG&A 20.9%  
- PER HEAD \$ 304

**DEE**  
- NOR \$ 898  
- SG&A 34.7%  
- PER HEAD \$ 121

**MEMO:**

**TERRITORY AVG**  
- NOR \$ 7,069  
- SG&A 20.6%  
- PER HEAD \$ 252

**TERRITORY AVG**  
- NOR \$ 5,265  
- SG&A 19.9%  
- PER HEAD \$ 255

**TERRITORY AVG**  
- NOR \$ 2,142  
- SG&A 20.7%  
- PER HEAD \$ 223

**W/O DEE**  
- NOR \$ 6,171  
- SG&A 18.6%  
- PER HEAD \$ 299

# CORPORATE EXPENSE ALLOCATIONS

FY92 BUDGET BY CATEGORY

\$M

		<u>US</u>	<u>EUROPE</u>	<u>GIA</u>	<u>TOT GEOG</u>
<b><u>CORP EXPENSE CATEGORIES</u></b>					
SVCS HQ ALLOC	<del>1300</del> 184	100	51	34	185
% TOT		54.1%	27.6%	18.4%	100.0%
FLD HQ EXP	0	8	4	2	14
% TOT		55.6%	29.6%	14.8%	100.0%
PROD MKTG	175	191	86	38	315
% TOT		60.6%	27.3%	12.1%	100.0%
CORP G&A/OTHER	133	144	94	38	276
% TOT		52.1%	34.1%	13.8%	100.0%
CBG	0	-30	-4	-2	-36
% TOT		83.1%	11.3%	5.6%	100.0%
<b>SUB-TOT SG&amp;A</b>	<b>392</b>	<b>413</b>	<b>231</b>	<b>110</b>	<b>754</b>
<b>% TOT</b>		<b>54.7%</b>	<b>30.7%</b>	<b>14.6%</b>	<b>100.0%</b>
CENTRAL ENGINEERING	650	659	591	223	1473
% TOT		44.7%	40.1%	15.1%	100.0%
MFG PROJ (R&D)	46	73	65	25	163
% TOT		44.8%	39.9%	15.3%	100.0%
<b>SUB-TOT R&amp;D</b>	<b>696</b>	<b>732</b>	<b>656</b>	<b>248</b>	<b>1636</b>
<b>% TOT</b>		<b>44.7%</b>	<b>40.1%</b>	<b>15.2%</b>	<b>100.0%</b>
<b>TOTAL CORP EXP</b>	<b>1088</b>	<b>1145</b>	<b>887</b>	<b>358</b>	<b>2390</b>
<b>% TOT</b>		<b>47.9%</b>	<b>37.1%</b>	<b>15.0%</b>	<b>100.0%</b>

CORP ALLOC  
- NOR \$14,420  
- SG&A 6.1%

DEC-TOTAL  
- NOR \$14,420  
- SG&A 31.2%

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- PER HEAD \$221

TOTAL  
CORP ALLOC

EUROPE TOTAL  
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W/O DEE  
- NOR \$ 6,171  
- SG&A 18.6%  
- PER HEAD \$ 299

REALITY =  
27.4%  
BASED ON  
Q4 EXIT RATE

# CORPORATE EXPENSE ALLOCATIONS

FY92 BUDGET BY CATEGORY

\$M

		<u>US</u>	<u>EUROPE</u>	<u>GIA</u>	<u>TOT GEOG</u>
<b><u>CORP EXPENSE CATEGORIES</u></b>					
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<b>% TOT</b>		<b>54.7%</b>	<b>30.7%</b>	<b>14.6%</b>	<b>100.0%</b>
CENTRAL ENGINEERING	650	659	591	223	1473
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MFG PROJ (R&D)	46	73	65	25	163
% TOT		44.8%	39.9%	15.3%	100.0%
<b>SUB-TOT R&amp;D</b>	<b>696</b>	<b>732</b>	<b>656</b>	<b>248</b>	<b>1636</b>
<b>% TOT</b>		<b>44.7%</b>	<b>40.1%</b>	<b>15.2%</b>	<b>100.0%</b>
<b>TOTAL CORP EXP</b>	<b>1088</b>	<b>1145</b>	<b>887</b>	<b>358</b>	<b>2390</b>
<b>% TOT</b>		<b>47.9%</b>	<b>37.1%</b>	<b>15.0%</b>	<b>100.0%</b>

# US COUNTRY

\$M

## FY93 APRIL ASSESSMENT

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2213	572	2785	228	382	132	1651	5178
GM \$	1056	66	1122	12	76	26	768	2004
%	47.7%	11.6%	40.3%	5.3%	19.9%	19.7%	46.5%	38.7%
<u>SG&amp;A</u>								
FLD EXP	968	57	1025	32	61	20	137	1275
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1260	79	1339	34	71	23	199	1667
% NOR	57.0%	13.8%	48.1%	15.1%	18.5%	17.5%	12.1%	32.2%
FCM \$	88	9	97	-20	15	6	631	729
%	4.0%	1.6%	3.5%	-8.6%	3.9%	4.7%	38.2%	14.1%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*PC INCLUDES 800SW (NOR \$107M/FLD EXP \$17M/248 HDS)

DIGITAL CONFIDENTIAL

5 APRIL 1993

# US COUNTRY

\$M

## FY93 CURRENT STATE\*

	CBU			PBU'S			MCS	TOT US
	<u>PROD</u>	<u>PS/SI</u>	<u>TOT</u>	<u>PC *</u>	<u>COMP</u>	<u>STOR</u>		
REVENUE	2213	572	2785	228	382	132	1651	5178
GM \$	1056	87	1143	12	76	26	753	2010
%	47.7%	15.2%	41.0%	5.3%	19.9%	19.7%	45.6%	38.8%
<u>SG&amp;A</u>								
FLD EXP	712	61	773	29	66	22	135	1025
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1004	83	1087	32	76	25	197	1417
% NOR	45.4%	14.5%	39.0%	14.0%	19.8%	19.2%	11.9%	27.4%
FCM \$	344	26	370	-17	10	4	618	985
%	15.5%	4.5%	13.3%	-7.5%	2.6%	3.0%	37.4%	19.0%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*PC INCLUDES 800SW (NOR \$107M/FLD EXP \$17M/248 HDS)

DIGITAL CONFIDENTIAL

5 APRIL 1993

# US COUNTRY

\$M

## US FY94 REVENUE GROWTH/CURRENT STATE SPENDING

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2139	632	2771	317	458	231	1660	5437
GM \$	934	134	1068	57	92	35	767	2018
%	43.7%	21.2%	38.5%	18.0%	20.0%	15.0%	46.2%	37.1%
<u>SG&amp;A</u>								
FLD/EXP	712	61	773	29	66	22	135	1025
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1004	83	1087	32	76	25	197	1417
% NOR	46.9%	13.1%	39.2%	10.1%	16.6%	10.8%	11.9%	26.1%
FCM \$	222	73	295	28	26	13	632	993
%	10.4%	11.6%	10.6%	8.8%	5.6%	5.5%	38.1%	18.3%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$17M/248 HDS)

DIGITAL CONFIDENTIAL

5 APRIL 1993

# US COUNTRY

\$M

## US FY94 REVENUE GROWTH US HEADCOUNT PLAN

	CBU			PBU'S			MCS	TOT US
	<u>PROD</u>	<u>PS/SI</u>	<u>TOT</u>	<u>PC *</u>	<u>COMP</u>	<u>STOR</u>		
REVENUE	2139	632	2771	317	458	231	1660	5437
GM \$	934	134	1068	57	92	35	770	2021
%	43.7%	21.2%	38.5%	18.0%	20.0%	15.0%	46.4%	37.2%
<u>SG&amp;A</u>								
FLD EXP	664	80	744	39	64	23	145	1015
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	900	98	998	44	76	29	198	1344
% NOR	42.1%	15.5%	36.0%	13.8%	16.5%	12.5%	11.9%	24.7%
FCM \$	270	54	324	18	28	12	625	1006
%	12.6%	8.5%	11.7%	5.8%	6.0%	5.0%	37.7%	18.5%
HDCT	7696	3119	10815	518	200	50	8006	19589
	-1200	0	-1200	139	0	0	-300	-1361

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

DIGITAL CONFIDENTIAL

5 APRIL 1993



# US COUNTRY

\$M

## FY94 BUSINESS UNIT REVENUE PLANS (ADJUSTED)/ US HEADCOUNT PLANS

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2393	605	2998	317	449	231	1655	5650
GM \$	1091	107	1198	57	90	35	765	2144
%	45.6%	17.7%	39.9%	18.0%	20.0%	15.0%	46.2%	37.9%
<u>SG&amp;A</u>								
FLD EXP	664	80	744	39	64	23	145	1015
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	900	98	998	44	75	29	198	1343
% NOR	37.6%	16.2%	33.3%	13.8%	16.8%	12.5%	11.9%	23.8%
FCM \$	427	27	454	18	26	12	620	1129
%	17.8%	4.5%	15.1%	5.8%	5.7%	5.0%	37.5%	20.0%
HDCT	7696	3119	10815	518	200	50	8006	19589
	-1200	0	-1200	139	0	0	-300	-1361

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

DIGITAL CONFIDENTIAL

5 APRIL 1993

# US COUNTRY

\$M

## FY93 APRIL ASSESSMENT

	CBU			PBU'S			MCS	TOT US
	<u>PROD</u>	<u>PS/SI</u>	<u>TOT</u>	<u>PC *</u>	<u>COMP</u>	<u>STOR</u>		
REVENUE	2213	572	2785	228	382	132	1651	5178
GM \$	1056	66	1122	12	76	26	768	2004
%	47.7%	11.6%	40.3%	5.3%	19.9%	19.7%	46.5%	38.7%
<u>SG&amp;A</u>								
FLD EXP	968	57	1025	32	61	20	137	1275
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1260	79	1339	34	71	23	199	1667
% NOR	57.0%	13.8%	48.1%	15.1%	18.5%	17.5%	12.1%	32.2%
FCM \$	88	9	97	-20	15	6	631	729
%	4.0%	1.6%	3.5%	-8.6%	3.9%	4.7%	38.2%	14.1%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*PC INCLUDES 800SW (NOR \$107M/FLD EXP \$17M/248 HDS)

DIGITAL CONFIDENTIAL

5 APRIL 1993

# US COUNTRY

SM

## FY93 APRIL ASSESSMENT

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2213	572	2785	228	382	132	1651	5178
TC	729	0	729	199	286	99	0	1313
MFG COSTS	318	0	318	17	20	7	0	362
FCO/OD COST	110	0	110	0	0	0	0	110
SVC COGS	<u>0</u>	<u>506</u>	<u>506</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>883</u>	<u>1389</u>
GM \$	1056	66	1122	12	76	26	768	2004
%	47.7%	11.6%	40.3%	5.3%	19.9%	19.7%	46.5%	38.7%
<u>SG&amp;A</u>								
FLD EXP	968	57	1025	32	61	20	137	1275
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1260	79	1339	34	71	23	199	1667
% NOR	57.0%	13.8%	48.1%	15.1%	18.5%	17.5%	12.1%	32.2%
FCM \$	88	9	97	-20	15	6	631	729
%	4.0%	1.6%	3.5%	-8.6%	3.9%	4.7%	38.2%	14.1%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*PC INCLUDES 800SW (NOR \$107M/FLD EXP \$17M/248 HDS)

DIGITAL CONFIDENTIAL

5 APRIL 1993

# US COUNTRY

\$M

## FY93 CURRENT STATE\*

	CBU			PBU'S			MCS	TOT US
	<u>PROD</u>	<u>PS/SI</u>	<u>TOT</u>	<u>PC *</u>	<u>COMP</u>	<u>STOR</u>		
REVENUE	2213	572	2785	228	382	132	1651	5178
GM \$	1056	87	1143	12	76	26	753	2010
%	47.7%	15.2%	41.0%	5.3%	19.9%	19.7%	45.6%	38.8%
<u>SG&amp;A</u>								
FLD EXP	712	61	773	29	66	22	135	1025
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1004	83	1087	32	76	25	197	1417
% NOR	45.4%	14.5%	39.0%	14.0%	19.8%	19.2%	11.9%	27.4%
FCM \$	344	26	370	-17	10	4	618	985
%	15.5%	4.5%	13.3%	-7.5%	2.6%	3.0%	37.4%	19.0%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*PC INCLUDES 800SW (NOR \$107M/FLD EXP \$17M/248 HDS)

DIGITAL CONFIDENTIAL

5 APRIL 1993

# US COUNTRY

SM

## FY93 CURRENT STATE\*

	CBU			PBU'S			MCS	TOT US
	<u>PROD</u>	<u>PS/SI</u>	<u>TOT</u>	<u>PC **</u>	<u>COMP</u>	<u>STOR</u>		
REVENUE	2213	572	2785	228	382	132	1651	5178
TC	729	0	729	199	286	99	0	1313
MFG COSTS	318	0	318	17	20	7	0	362
FCO/OD COST	110	0	110	0	0	0	0	110
SVC COGS	<u>0</u>	<u>485</u>	<u>485</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>898</u>	<u>1383</u>
GM \$	1056	87	1143	12	76	26	753	2010
%	47.7%	15.2%	41.0%	5.3%	19.9%	19.7%	45.6%	38.8%
<b><u>SG&amp;A</u></b>								
FLD EXP	712	61	773	29	66	22	135	1025
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1004	83	1087	32	76	25	197	1417
% NOR	45.4%	14.5%	39.0%	14.0%	19.8%	19.2%	11.9%	27.4%
FCM \$	344	26	370	-17	10	4	618	985
%	15.5%	4.5%	13.3%	-7.5%	2.6%	3.0%	37.4%	19.0%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*CURRENT STATE- FY93 APRIL NOR ASSMNT/Q4 SPENDING ANNUALIZED

\*\*PC INCLUDES 800SW (NOR \$107M/FLD EXP \$17M/248 HDS)

DIGITAL CONFIDENTIAL

1 APRIL 1993

# US COUNTRY

\$M

## US FY94 REVENUE GROWTH/CURRENT STATE SPENDING

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2139	632	2771	317	458	231	1660	5437
GM \$	934	134	1068	57	92	35	767	2018
%	43.7%	21.2%	38.5%	18.0%	20.0%	15.0%	46.2%	37.1%
<u>SG&amp;A</u>								
FLD EXP	712	61	773	29	66	22	135	1025
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1004	83	1087	32	76	25	197	1417
% NOR	46.9%	13.1%	39.2%	10.1%	16.6%	10.8%	11.9%	26.1%
FCM \$	222	73	295	28	26	13	632	993
%	10.4%	11.6%	10.6%	8.8%	5.6%	5.5%	38.1%	18.3%
HDCT	8896	3119	12015	379	200	50	8306	20950

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$17M/248 HDS)

DIGITAL CONFIDENTIAL

5 APRIL 1993

# US COUNTRY

SM

## FY94 GROWTH/CURRENT STATE SPENDING

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2139	632	2771	317	458	231	1660	5437
TC	768	0	768	250	344	185	0	1546
MFG COSTS	317	0	317	10	23	12	0	362
FCO/OD COST	120	0	120	0	0	0	0	120
SVC COGS	<u>0</u>	<u>498</u>	<u>498</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>893</u>	<u>1391</u>
GM \$	934	134	1068	57	92	35	767	2018
%	43.7%	21.2%	38.5%	18.0%	20.0%	15.0%	46.2%	37.1%
<u>SG&amp;A</u>								
FLD EXP	712	61	773	29	66	22	135	1025
CORP	<u>292</u>	<u>22</u>	<u>314</u>	<u>3</u>	<u>10</u>	<u>3</u>	<u>62</u>	<u>392</u>
TOT	1004	83	1087	32	76	25	197	1417
% NOR	46.9%	13.1%	39.2%	10.1%	16.6%	10.8%	11.9%	26.1%
FCM \$	222	73	295	28	26	13	632	993
%	10.4%	11.6%	10.6%	8.8%	5.6%	5.5%	38.1%	18.3%
HDCT	8896	3119	12015	379	200	50	8306	20950
ADD/CUT YR/YR	0	0	0	0	0	0	0	0

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$17M/248 HDS)

DIGITAL CONFIDENTIAL

1 APRIL 1993

# US COUNTRY

\$M

## US FY94 REVENUE GROWTH US HEADCOUNT PLAN

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2139	632	2771	317	458	231	1660	5437
GM \$	934	134	1068	57	92	35	770	2021
%	43.7%	21.2%	38.5%	18.0%	20.0%	15.0%	46.4%	37.2%
<b><u>SG&amp;A</u></b>								
FLD EXP	664	80	744	39	64	23	145	1015
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	900	98	998	44	76	29	198	1344
% NOR	42.1%	15.5%	36.0%	13.8%	16.5%	12.5%	11.9%	24.7%
FCM \$	270	54	324	18	28	12	625	1006
%	12.6%	8.5%	11.7%	5.8%	6.0%	5.0%	37.7%	18.5%
HDCT	7696	3119	10815	518	200	50	8006	19589
	-1200	0	-1200	139	0	0	-300	-1361

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

DIGITAL CONFIDENTIAL

5 APRIL 1993



# US COUNTRY

SM

## US FY94 REVENUE GROWTH US HEADCOUNT PLAN

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2139	632	2771	317	458	231	1660	5437
TC	768	0	768	250	344	185	0	1546
MFG COSTS	317	0	317	10	23	12	0	362
FCO/OD COST	120	0	120	0	0	0	0	120
SVC COGS	<u>0</u>	<u>498</u>	<u>498</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>890</u>	<u>1388</u>
GM \$	934	134	1068	57	92	35	770	2021
%	43.7%	21.2%	38.5%	18.0%	20.0%	15.0%	46.4%	37.2%
<b>SG&amp;A</b>								
FLD EXP	664	80	744	39	64	23	145	1015
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	900	98	998	44	76	29	198	1344
% NOR	42.1%	15.5%	36.0%	13.8%	16.5%	12.5%	11.9%	24.7%
FCM \$	270	54	324	18	28	12	625	1006
%	12.6%	8.5%	11.7%	5.8%	6.0%	5.0%	37.7%	18.5%
HDCT	7696	3119	10815	518	200	50	8006	19589
ADD/CUT YR/YR	-1200	0	-1200	139	0	0	-300	-1361

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

\*\*CBU HDCT REDUCTIONS OF 1200- LOGISTICS (400)/SLS (800)

DIGITAL CONFIDENTIAL

5 APRIL 1993

# US COUNTRY

\$M

## FY94 BUSINESS UNIT REVENUE PLANS (ADJUSTED)/ US HEADCOUNT PLANS

	CBU			PBU'S			MCS	TOT US
	<u>PROD</u>	<u>PS/SI</u>	<u>TOT</u>	<u>PC *</u>	<u>COMP</u>	<u>STOR</u>		
REVENUE	2393	605	2998	317	449	231	1655	5650
GM \$	1091	107	1198	57	90	35	765	2144
%	45.6%	17.7%	39.9%	18.0%	20.0%	15.0%	46.2%	37.9%
<u>SG&amp;A</u>								
FLD EXP	664	80	744	39	64	23	145	1015
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	900	98	998	44	75	29	198	1343
% NOR	37.6%	16.2%	33.3%	13.8%	16.8%	12.5%	11.9%	23.8%
FCM \$	427	27	454	18	26	12	620	1129
%	17.8%	4.5%	15.1%	5.8%	5.7%	5.0%	37.5%	20.0%
HDCT	7696	3119	10815	518	200	50	8006	19589
	-1200	0	-1200	139	0	0	-300	-1361

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

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5 APRIL 1993

# US COUNTRY

SM

## FY94 BUSINESS UNIT REVENUE PLANS (ADJUSTED)/ US HEADCOUNT PLANS

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2393	605	2998	317	449	231	1655	5650
TC	864	0	864	250	337	185	0	1636
MFG COSTS	318	0	318	10	22	12	0	362
FCO/OD COST	120	0	120	0	0	0	0	120
SVC COGS	<u>0</u>	<u>498</u>	<u>498</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>890</u>	<u>1388</u>
GM \$	1091	107	1198	57	90	35	765	2144
%	45.6%	17.7%	39.9%	18.0%	20.0%	15.0%	46.2%	37.9%
<u>SG&amp;A</u>								
FLD EXP	664	80	744	39	64	23	145	1015
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	900	98	998	44	75	29	198	1343
% NOR	37.6%	16.2%	33.3%	13.8%	16.8%	12.5%	11.9%	23.8%
FCM \$	427	27	454	18	26	12	620	1129
%	17.8%	4.5%	15.1%	5.8%	5.7%	5.0%	37.5%	20.0%
HDCT	7696	3119	10815	518	200	50	8006	19589
ADD/CUT YR/YR**	-1200	0	-1200	139	0	0	-300	-1361

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

\*\*HDCT REDUCTIONS OF 1200 CONSIST OF 400 LOGISTICS/800 SALES

DIGITAL CONFIDENTIAL

1 APRIL 1993

# US COUNTRY

\$M

## FY94 BUSINESS UNIT REVENUE PLANS (ADJUSTED)/ BUSINESS UNIT FLD EXPENSE

	CBU			PBU'S			MCS	TOT US
	<u>PROD</u>	<u>PS/SI</u>	<u>TOT</u>	<u>PC *</u>	<u>COMP</u>	<u>STOR</u>		
REVENUE	2393	605	2998	317	449	231	1655	5650
GM \$	1091	149	1240	57	90	35	745	2166
%	45.6%	24.6%	41.3%	18.0%	20.0%	15.0%	45.0%	38.3%
<u>SG&amp;A</u>								
FLD EXP	773	95	868	67	60	16	133	1144
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	1009	113	1122	72	71	22	186	1473
% NOR	42.2%	18.7%	37.4%	22.7%	15.9%	9.4%	11.2%	26.1%
FCM \$	318	54	372	-10	30	19	612	1022
%	13.3%	8.9%	12.4%	-3.2%	6.6%	8.1%	37.0%	18.1%

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

DIGITAL CONFIDENTIAL

5 APRIL 1993

# US COUNTRY

\$M

## FY94 BUSINESS UNIT REVENUE PLANS (ADJUSTED)/ BUSINESS UNIT FLD EXPENSE

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2393	605	2998	317	449	231	1655	5650
TC	864	0	864	250	337	185	0	1636
MFG COSTS	318	0	318	10	22	12	0	362
FCO/OD COST	120	0	120	0	0	0	0	120
SVC COGS	<u>0</u>	<u>456</u>	<u>456</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>910</u>	<u>1366</u>
GM \$	1091	149	1240	57	90	35	745	2166
%	45.6%	24.6%	41.3%	18.0%	20.0%	15.0%	45.0%	38.3%
<b><u>SG&amp;A</u></b>								
FLD EXP	773	95	868	67	60	16	133	1144
CORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>5</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	1009	113	1122	72	71	22	186	1473
% NOR	42.2%	18.7%	37.4%	22.7%	15.9%	9.4%	11.2%	26.1%
FCM \$	318	54	372	-10	30	19	612	1022
%	13.3%	8.9%	12.4%	-3.2%	6.6%	8.1%	37.0%	18.1%

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

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5 APRIL 1993

# US COUNTRY

\$M

## FY94 BUSINESS UNIT REVENUE PLANS/ US HEADCOUNT PLANS

	CBU			PBU'S			MCS	TOT US
	PROD	PS/SI	TOT	PC *	COMP	STOR		
REVENUE	2347	617	2964	350	449	231	1698	5692
GM \$	815	119	934	61	242	44	808	2089
%	34.7%	19.3%	31.5%	17.4%	53.8%	19.2%	47.6%	36.7%
<u>SG&amp;A</u>								
FLD EXP	648	80	728	83	45	14	145	1015
ORP	<u>236</u>	<u>18</u>	<u>254</u>	<u>6</u>	<u>11</u>	<u>6</u>	<u>53</u>	<u>329</u>
TOT	884	98	982	89	56	20	198	1344
% NOR	37.7%	15.9%	33.1%	25.4%	12.5%	8.6%	11.6%	23.6%
FCM \$	167	39	206	-22	197	30	663	1074
%	7.1%	6.3%	7.0%	-6.3%	43.8%	13.2%	39.0%	18.9%
HDCT	7696	3119	10815	518	200	50	8006	19589
	-1200	0	-1200	139	0	0	-300	-1361

\*PC INCLUDES 800SW (NOR \$120M/FLD EXP \$20M/248 HDS)

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