

Canadian Territory

Ron Larkin

INDEX

PRODUCTIVITY

FY95 SBU STRATEGY
TERRITORY PRODUCTIVITY BY JOB CODE -
TERRITORY MANAGEMENT SPAN OF CONTROL PRODUCTIVITY
TERRITORY SALES SUPPORT RATIONALIZATION
TERRITORY NOR CHANNELS MIX % OF BUSINESS

COVERAGE STRATEGY

FY95 SBU STRATEGY
NAMED ACCOUNT STRATEGY
PROGRAMS YIELD & EXPENSES
KEY DEPENDENCIES
IMPLEMENTATION SCHEDULE
MARKET ANALYSIS FOR TOP 250 ACCOUNTS
MAPPING OF TOP 250 ACCOUNTS TO "REPORT ON BUSINESS 1000"
TOP 250 ACCOUNTS SHARE OF "REPORT ON BUSINESS 1000"
TOP 250 ACCOUNTS SHARE OF ROB 1000 - PRODUCT REVENUE ONLY
BASE ACCOUNTS
HEADCOUNT & REVENUE
PROGRAMS & EXPENSES
ISSUES/DEPENDENCIES
NEW NAMED ACCOUNTS
ORGANIZATION STRUCTURE
PROGRAMS & EXPENSES
KEY DEPENDENCIES
IMPLEMENTATION SCHEDULE
DIRECT MARKETING ORGANIZATION
FY95 INITIATIVES
DIRECT MARKETING ORGANIZATION
LEAD DISTRIBUTION/TRACKING
SBU PLAN TO ACHIEVE 20% CDN. NOR GROWTH

INDIRECT CHANNELS GROWTH

CHANNELS READINESS - FY95
CHANNELS READINESS - IMPLEMENTATION SCHEDULE
CHANNELS STRATEGY (SYSTEMS)
CHANNELS GROWTH - FY95

OVERALL ISSUES

PROPOSED FUTURE STATE - FY95 FIELD COVERAGE SUMMARY
IMPLEMENTATION/TIME FRAMES
SBU STRATEGY

TRAINING

TRAINING STRATEGY
IMPLEMENTING FY95 TRAINING STRATEGY
TRAINING ISSUES

CUSTOMERS

TOP 250 CUSTOMERS FY93
TOP 250 CUSTOMERS FY94

PRODUCTIVITY



Canadian Territory

● Productivity



SBU STRATEGY

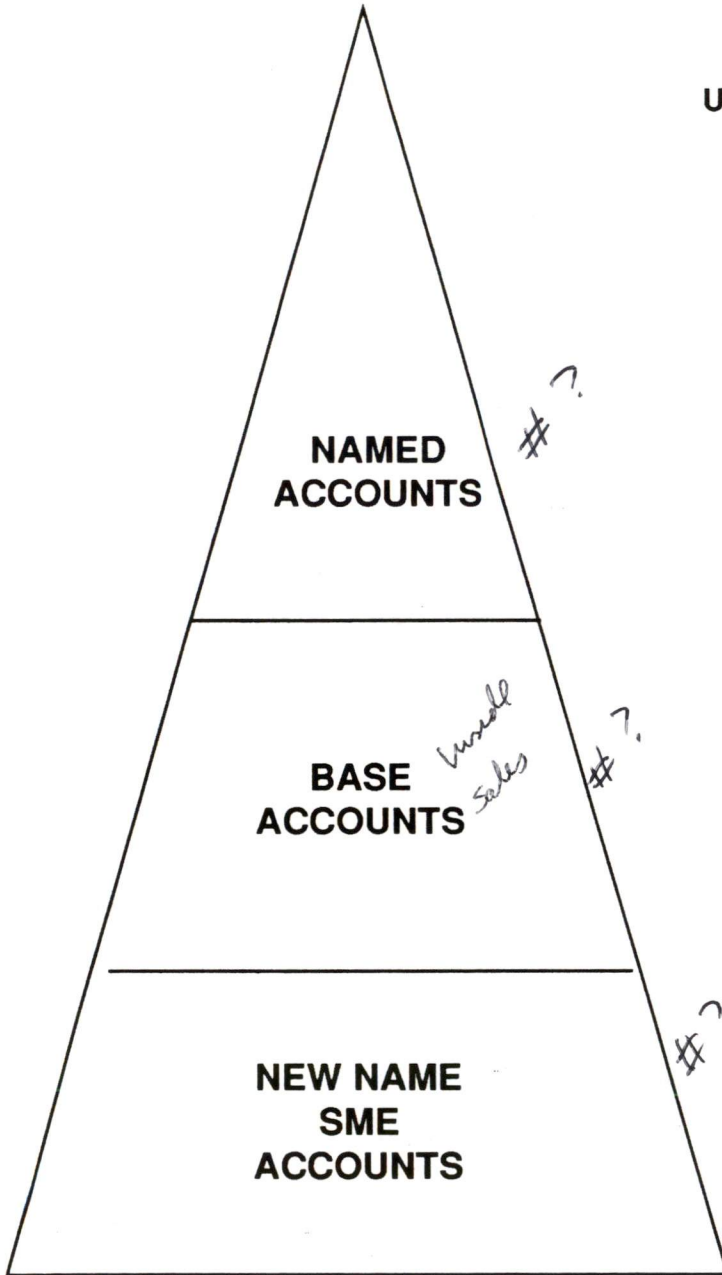
- ◆ **Grow NOR by 20%**
- ◆ **Reduce SG&A by 25%**
- ◆ **Improve Productivity by 50%**
- ◆ **Cut SG&A to 22% in SBU**



Canadian Territory

FY95 SBU STRATEGY

US \$



	Sales Coverage		Total SBU	
	FY94	FY95	FY94	FY95
Revenue	90	98	90	98
H/C	165	127	255	195
Yield	545	772	353	503

include PC?

	FY94	FY95	FY94	FY95
	Revenue	17	17	17
H/C	56	29	87	45
Yield	306	586	195	378

Unsold Sales

	FY94	FY95	FY94	FY95
	Revenue	9	21	9
H/C	25	43	40	66
Yield	360	488	225	318

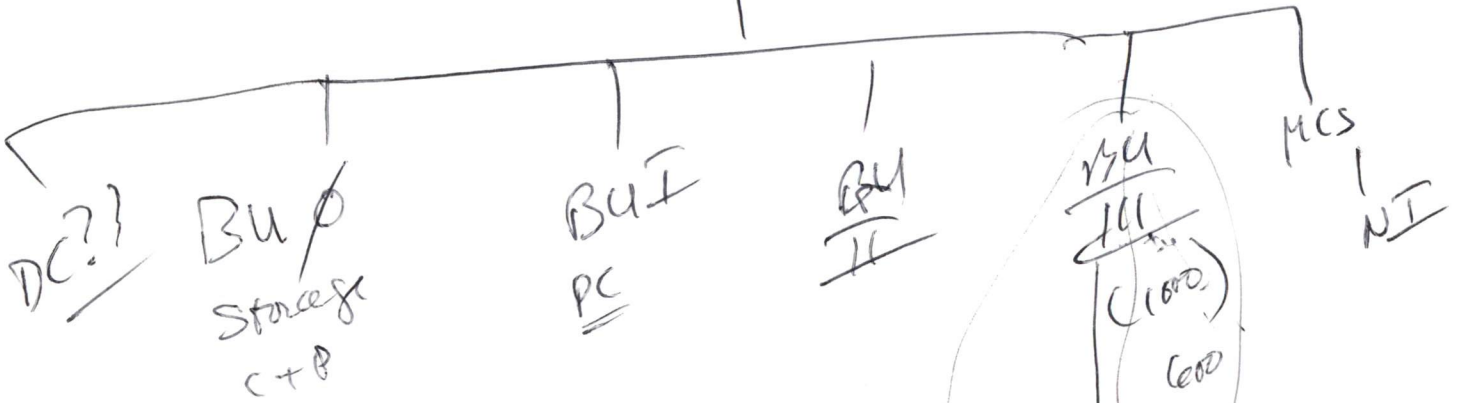
*Mon-T
cut it in
future at
all.*

TOTAL

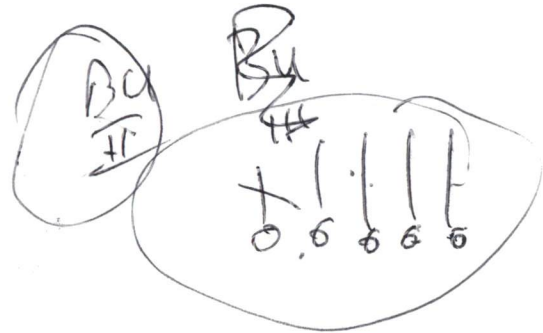
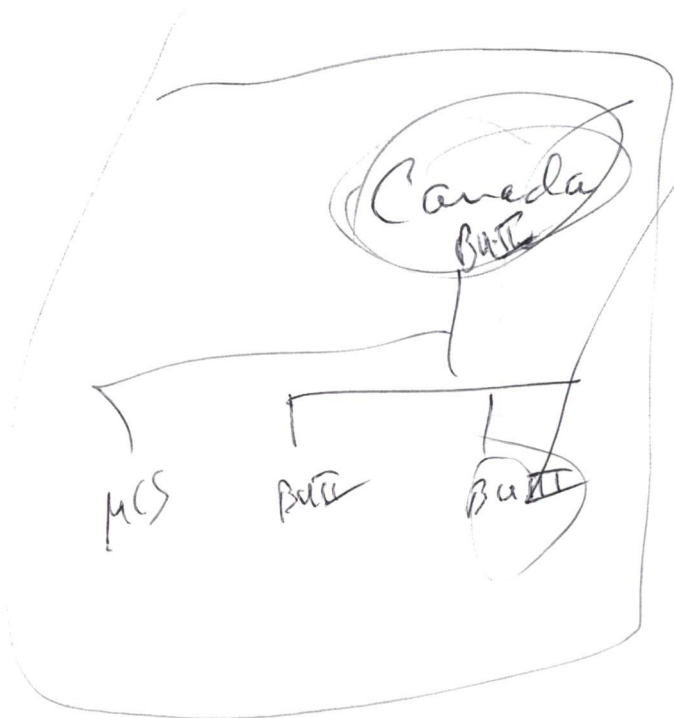
	FY94	FY95	FY94	FY95
	Revenue	116	136	116
H/C	246	199	382	306
Yield	472	683	304	444

*75
25-1000*

Americas



US Host

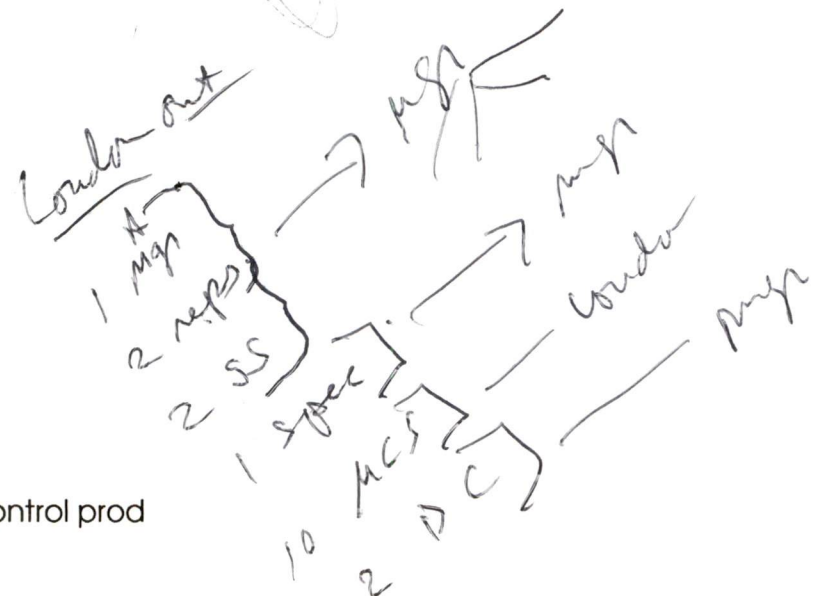


Territory Management Span of Control Productivity

SLS MANAGERS	FY94				FY95 NOR (\$M US)	FY95			FY94/95 YIELD %CHANGE
	NOR (\$M US)	END OF YEAR HDCNT	AVG HDCNT	AVG HDCNT YIELD		END OF YEAR HDCNT	AVG HDCNT	AVG HDCNT YIELD	
Level 1	116	22	20	5.8	136.5	15	15	9.1	156%
Level 2	116	7	7	16.1	136.5	7	7	19.5	121%
Level 3	116	1	1	115.6	136.5	1	1	136.5	118%
Total	116	29	28	4.1	136.5	23	23	5.9	144%

Span of Control	FY94			FY95		
	ALL REPS LEVEL 1	LEVEL1/ LEVEL 2	LEVEL2/ LEVEL 3	ALL REPS LEVEL1	LEVEL 1/ LEVEL 2	LEVEL 2/ LEVEL 3
	5	3	7	8	2	7

cut one layer



*S/LB
12-15:1*

Territory Sales Support Rationalization

SLS SUPPORT:	FY94				FY95 NOR (\$M US)	FY95			FY94/95 YIELD % CHANGE
	NOR (\$M US)	END OF YEAR HDCNT	AVG HDCNT	AVG HDCNT YIELD		END OF YEAR HDCNT	AVG HDCNT	AVG HDCNT YIELD	
Managers	53	7	7	7.5	48.8	6	6	8.1	108%
Sales Spt Specist	53	68	104	0.5	48.8	53	53	0.9	182%
Total	53	75	111	0.5	48.8	59	59	0.8	174%

Span of Control	FY94			FY95		
	<u>Sls spt Spc</u> <u>Sls Spt Mgrs</u>	<u>Sls Spt/</u> <u>Acct Mgrs</u>	<u>Sls Spt/</u> <u>Acct Reps</u>	<u>Sls spt Spc</u> <u>Sls Spt Mgrs</u>	<u>Sls Spt/</u> <u>Acct Mgrs</u>	<u>Sls Spt/</u> <u>Acct Reps</u>
	15	2	2	9	1	1

worse!
2.5 : 1
Sales : Support

Territory Productivity By Job Code

All Figures are SBU Only

JOB CODE *Total?*

Sls Managers
Global/Select Lrg
Acct Mgrs
Account Reps
Partner Reps
Product Specialist Reps
Telesales Reps
Marketing
Advisory
Support Functions
All Jobs

JOB CODE	FY94				FY95				FY94/95 YIELD % CHANGE
	NOR (\$M- US)	END OF YEAR HDCNT	AVG HDCNT	AVG HDCNT YIELD	END OF YEAR HDCNT	AVG HDCNT	AVG HDCNT YIELD		
Sls Managers Global/Select Lrg Acct Mgrs	116	29	28	4.1	136.5	23	23	5.9	44%
Account Reps	53	60	62	0.9	48.8	48	48	1.0	18%
Partner Reps	58	13	13	4.5	70.8	31	31	2.3	-49%
Product Specialist Reps	53	23	23	2.3	48.8	23	23	2.1	-8%
Telesales Reps	5	9	9	0.6	16.9	15	15	1.1	91%
Marketing	116	34	39	3.0	136.5	34	34	4.0	35%
Advisory	53	75	111	0.5	48.8	59	59	0.8	74%
Support Functions	116	86	98	1.2	136.5	73	73	1.9	58%
All Jobs	116	330	382	0.30	136.5	306	306	0.45	47%

*Non Sales Segment
(25)*

Span extra

Territory Productivity By Job Code

All Figures are SBU Only

JOB CODE	FY94				FY95			FY94/95 YIELD % CHANGE
	NOR (\$M-US)	END OF YEAR HDCNT	AVG HDCNT	AVG HDCNT YIELD	END OF YEAR HDCNT	AVG HDCNT	AVG HDCNT YIELD	
Sls Managers Global/Select Lrg Acct Mgrs	116	29	28	4.1	23	23	5.9	44%
Account Reps	53	60	62	0.9	48	48	1.0	18%
Partner Reps	58	13	13	4.5	31	31	2.3	-49%
Product Specialist Reps	53	23	23	2.3	23	23	2.1	-8%
Telesales Reps	5	9	9	0.6	15	15	1.1	91%
Marketing	116	34	39	3.0	34	34	4.0	35%
Advisory	53	75	111	0.5	59	59	0.8	74%
Support Functions	116	86	98	1.2	73	73	1.9	58%
All Jobs	116	330	382	0.30	306	306	0.45	47%

3B
3M plus 3-5M

Territory Management Span of Control Productivity

SLS MANAGERS	FY94				FY95			FY94/95 YIELD %CHANGE
	NOR (\$M US)	END OF YEAR HDCNT	AVG HDCNT	AVG HDCNT YIELD	END OF YEAR HDCNT	AVG HDCNT	AVG HDCNT YIELD	
Level 1	116	22	20	5.8	15	15	9.1	156%
Level 2	116	7	7	16.1	7	7	19.5	121%
Level 3	116	1	1	115.6	1	1	136.5	118%
Total	116	29	28	4.1	23	23	5.9	144%
		FY94			FY95			
	ALL REPS LEVEL 1	LEVEL1/ LEVEL 2	LEVEL2/ LEVEL 3		ALL REPS LEVEL1	LEVEL 1/ LEVEL 2	LEVEL 2/ LEVEL 3	
Span of Control	5	3	7		8	2	7	

Territory Sales Support Rationalization

SLS SUPPORT:	FY94				FY95			FY94/95 YIELD % CHANGE
	NOR (\$M US)	END OF YEAR HDCNT	AVG HDCNT	AVG HDCNT YIELD	END OF YEAR HDCNT	AVG HDCNT	AVG HDCNT YIELD	
Managers	53	7	7	7.5	6	6	8.2	108%
Sales Spt Specist	53	68	104	0.5	53	53	0.9	182%
Total	53	75	111	0.5	59	59	0.8	175%

Span of Control	FY94			FY95		
	<u>Sls spt Spc</u> <u>Sls Spt Mgrs</u>	<u>Sls Spt/</u> <u>Acct Mgrs</u>	<u>Sls Spt/</u> <u>Acct Reps</u>	<u>Sls spt Spc</u> <u>Sls Spt Mgrs</u>	<u>Sls Spt/</u> <u>Acct Mgrs</u>	<u>Sls Spt/</u> <u>Acct Reps</u>
	15	2	2	9	1	1



TERRITORY NOR CHANNELS MIX % OF BUSINESS

Canadian Territory

US \$

	FY94			FY95		
	<u>DIRECT</u>	<u>INDIRECT</u>	<u>TOTAL</u>	<u>DIRECT</u>	<u>INDIRECT</u>	<u>TOTAL</u>

Total SBU:

NOR (\$M)	58	58	116	N/A	N/A/	N/A
% MIX	50	50	100	48	52	100

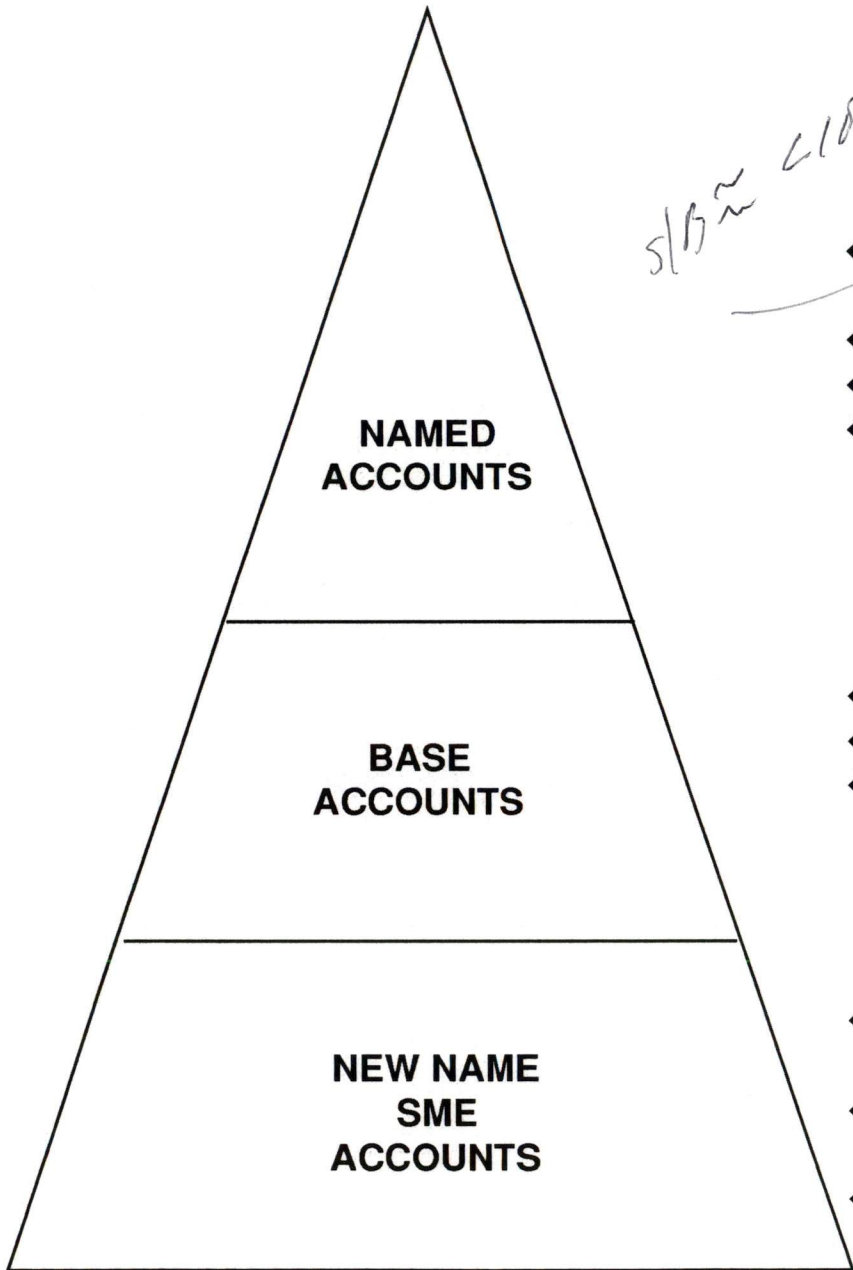
*describe
mix -
direct?
N/A?
BR Canada ISU?*



Coverage Strategy



FY95 SBU STRATEGY



5/15 ~ 2/100

- ◆ Reduce focus from 800 to 250 accounts
- ◆ Increase market penetration
- ◆ Reduce SG&A
- ◆ Penetrate strategic New Accounts

- ◆ Protect revenue
- ◆ Reduce SG&A
- ◆ Inside Reps + Telesales Coverage

- ◆ Select high growth micro segments
- ◆ Recruit best in class partners
- ◆ Support with programs





NAMED ACCOUNT STRATEGY

- ◆ Grow market share in selected named accounts by 10% ✓
- ◆ Improve profitability
- ◆ Develop selected new FP500 accounts

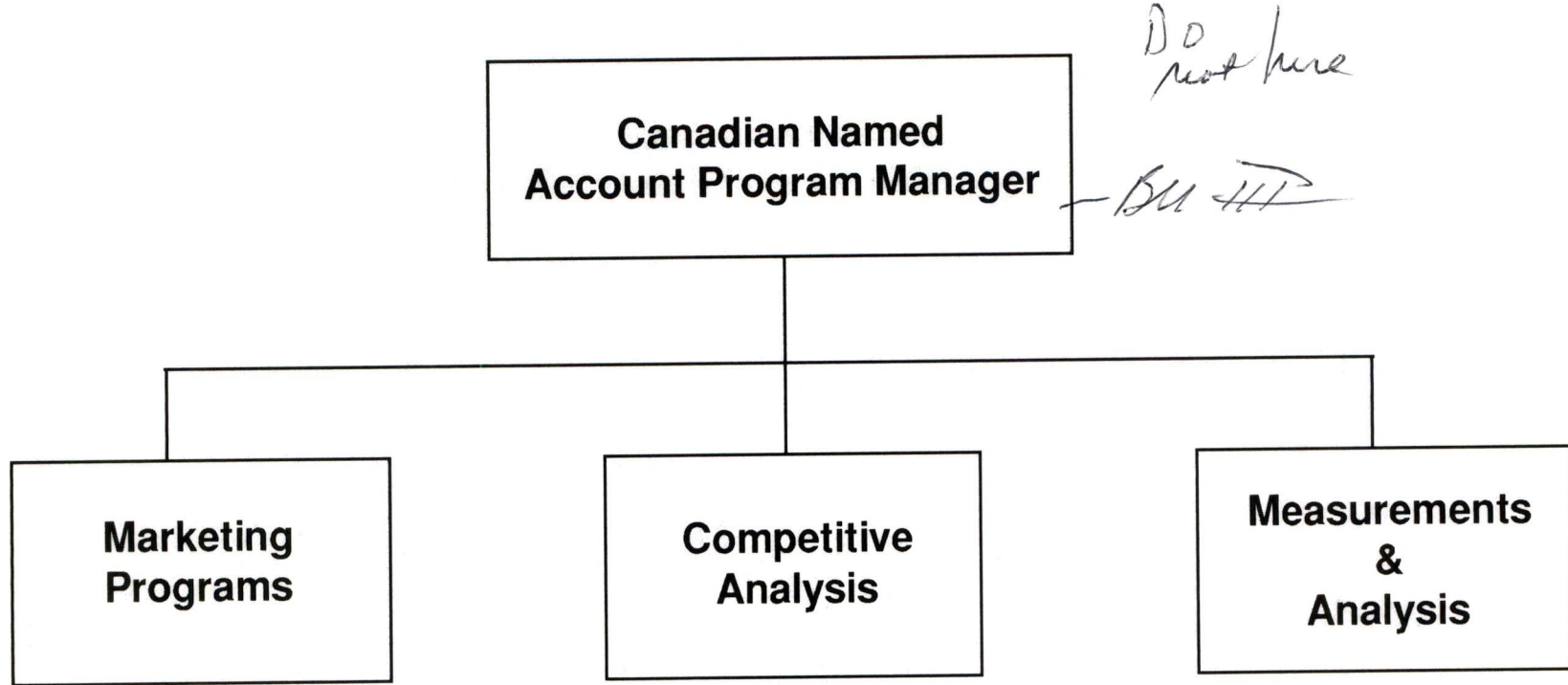
TACTICS

1. Reduce the number of named accounts from 800 to 250
2. Develop a Named Account Program including
 - training, support
 - marketing programs
 - analysis, reports
3. Utilize Direct Marketing to improve awareness and develop qualified leads
4. Utilize channels to provide solutions and fulfillment
5. Goal reps on
 - total revenue in account by all channels and product
 - account gross margin



Canadian Territory

NAMED ACCOUNT STRATEGY





PROGRAMS YIELD & EXPENSES

<u>Program Name</u>	<u>Expected Revenue</u>	<u>Cost</u>
DMO - Conduct lead generating companies on networking software, Alpha upgrades, storage etc.	10M	200K
Channels - Conduct joint seminars to offer solutions set for increased customer productivity (demo quip., pilots, etc.)	10M	500K
Training - Develop training program to help account managers gain share - quarterly reviews	10M	500K
Seminars - Sponsor a series of seminars i.e. downsizing, global competitiveness, productivity, OCS testimonials	5M	200K
OCS/Downsizing - Submit unsolicited OCS, desktop, and network proposals to all large accounts	<u>10M</u>	<u>300K</u>
	45M	1.6M



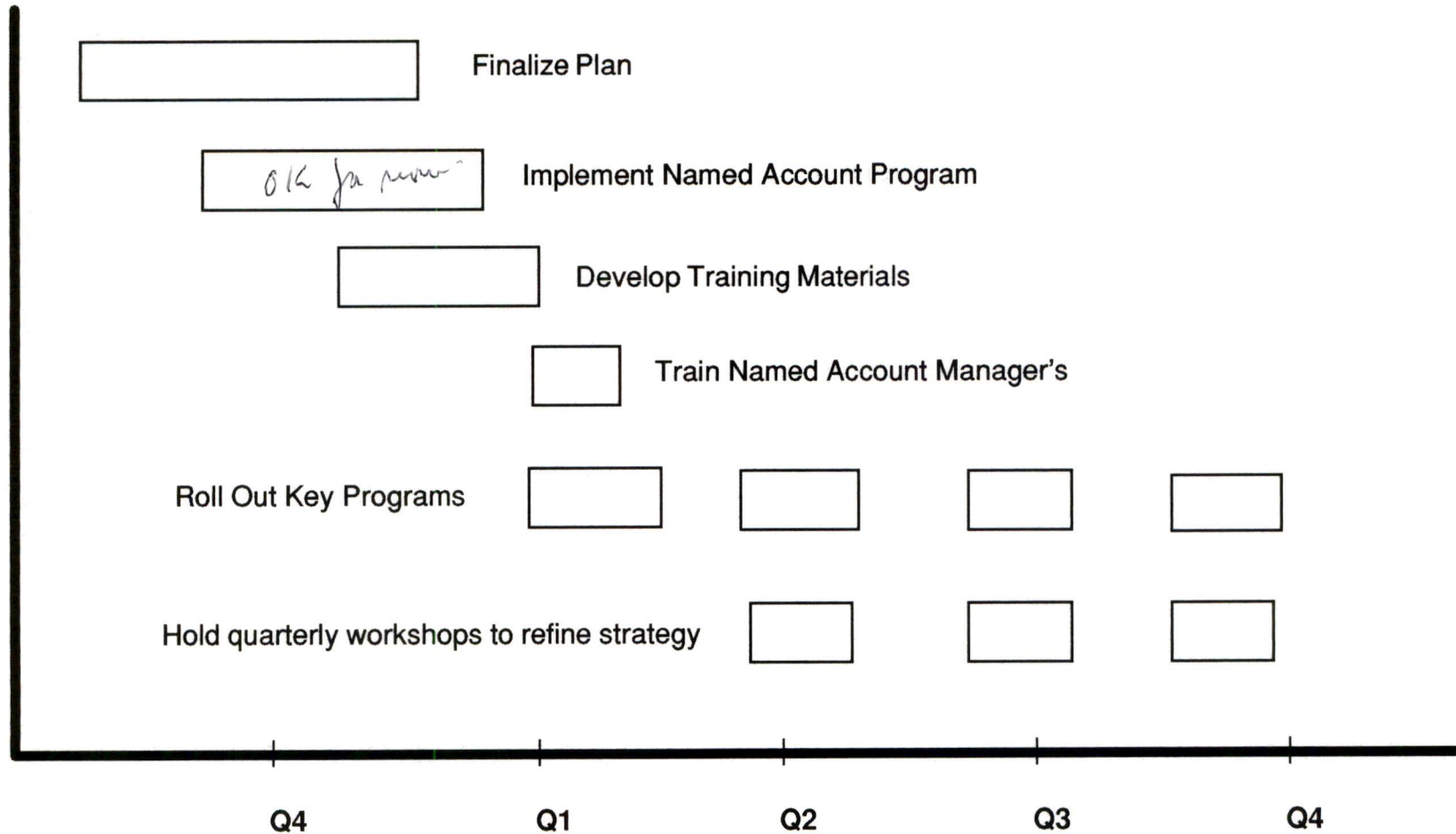
KEY DEPENDENCIES

1. Resources and program expense as previously described
2. Goaling and compensation structure that pays for growth, profit channels utilization
3. Channels solution and fulfillment capability
4. DMO lead generation capability
5. Training



Canadian Territory

IMPLEMENTATION SCHEDULE





MARKET ANALYSIS FOR TOP 250 ACCOUNTS

BACKGROUND

The top two hundred and fifty accounts (including distribution) were analyzed in order to assess:

- coverage of top 1000 companies in Canada
- Digital penetration
- growth potential

The following two sections summarize the results of the analysis and projections for FY95.

ANALYSIS

Table 1 maps the top 250 accounts to the one thousand largest companies in Canada (Report on Business 1,000). Digital does significant business with 52 of the top 1000 companies (5%) share.

The expenditures in Information Technology for the 52 companies is approximately \$2.7 billion, derived by using IDC IT expenditures as percentage of company revenue, by industry.

Digital's SBU business accounts to \$36 million, for a 1.3% penetration rate (Figure 1).



MARKET ANALYSIS FOR TOP 250 ACCOUNTS

PROJECTIONS

A 1% increase in share for the top 52 accounts (from 1.3% to 2.3% of IT expenditures) would represent \$28 million in additional SBU revenue, or 78% increase over current levels SBU sales (\$64M from \$36M).

Increasing Digital's presence from 52 to 60 accounts (+15%), with sales in the order to 1% of company IT expenditures represents an additional \$4.2 million in sales.

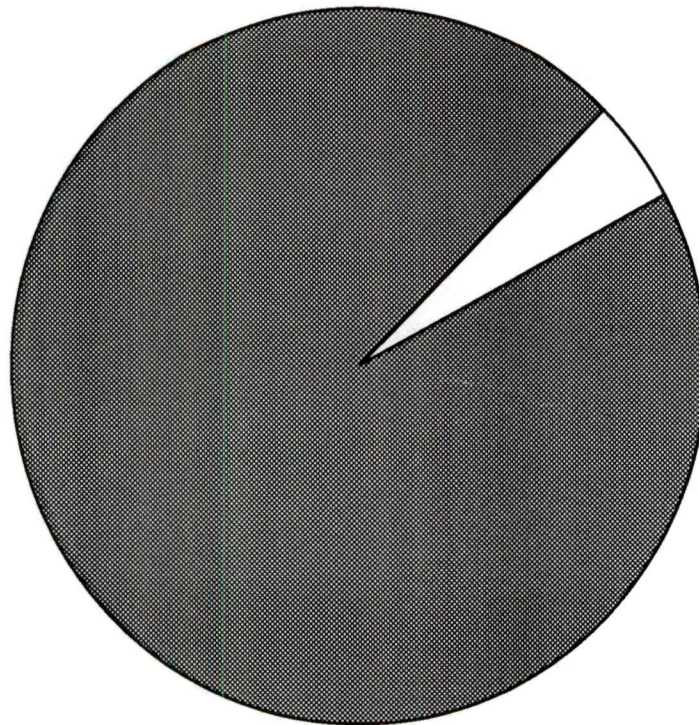
The above figures represent potential areas of revenue increase, and will be taken into account for defining Named Account sale strategies.



TOP 250 ACCOUNTS

SHARE OF "REPORT ON BUSINESS 1000"

Number of Accounts excluding Government, Universities & Hospitals



- Digital Accounts (52)
- ROB 1000 Accounts

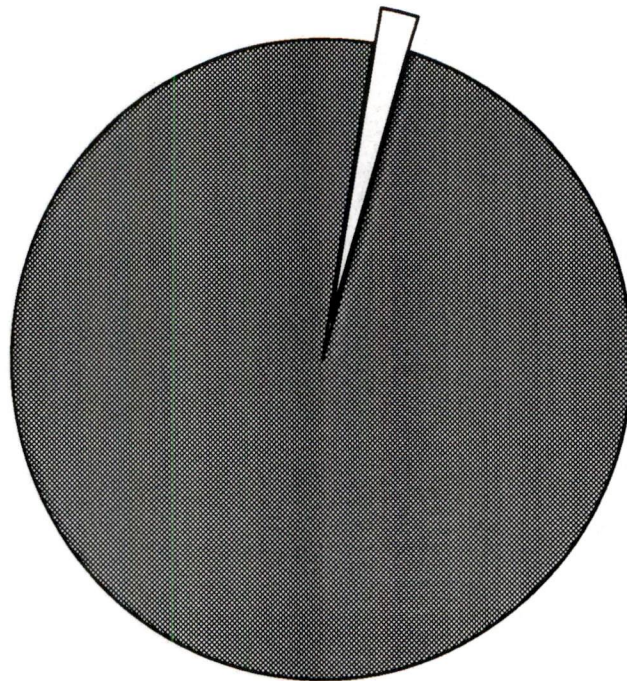
This should be "TOP" named accounts??



TOP 250 ACCOUNTS

SHARE OF ROB 1000 - PRODUCT REVENUE ONLY

Digital Revenue as Ratio of IM&T Expenditures



- Digital Revenue (Products only)
\$36M (1.30%)
- Total IM&T Expenditures
\$2.764M



BASE ACCOUNTS

◆ OBJECTIVES:

- ◆ To drive \$23M (\$ Can.) in SBU revenue at a significantly lower cost of sales
- ◆ To protect the base

◆ STRATEGY:

- ◆ Provide a complete base coverage strategy that optimizes the sales cost by matching the amount and type of coverage to the size of opportunity and utilizing Channels as the outside Sales Force

◆ TACTICS:

- ◆ Create a centralized Inside Sales Unit under DMO. Utilize Channels as the "outside" Sales Unit
- ◆ Assign a Channels point person in each district to manage the interface between the Inside Sales Units and the Channels e.g. work lead distribution, District communications, Channels relationship, etc. *BU-FF*
- ◆ Develop a transition approach
 - ◆ Interview customers to determine key requirements/issues
 - ◆ Develop a communications strategy
 - ◆ Train Channels of their role and educate customer on how to use



BASE ACCOUNTS

- ◆ **Attack systematically with a value-based contact strategy i.e. match the value of the account to the cost of the sales contact e.g. the bottom 4000 small and inactive accounts will be covered by mail**
- ◆ **Utilize Database Marketing techniques to pinpoint opportunities and drive Sales and Marketing strategy**
- ◆ **Provide easy-to-use contact management system and integrate into the DMO database and Telemarketing systems**
- ◆ **Create a closed-loop tracking system - through SNAP where channels are connected and through existing DMO processes otherwise**
- ◆ **Continually adjust strategy to reflect customer input through ISR's and survey feedback and database analysis**
- ◆ **Review accounts annually to determine best fit i.e. Named vs. Base**
- ◆ **Implement in a controlled approach:**
 - ◆ **Q1 Phase 1 Western Geography**
 - ◆ **Q2 Phase 2 Canadian Rollout**
 - ◆ **Q3 Phase 3 Top 100 Accounts**



HEADCOUNT & REVENUE

1. Driven by coverage strategy of 1000 accounts

COVERAGE STRATEGY

Account Priority	# of Accounts	Key Name Coverage			Total Contracts Per Year
		12X	6X	2X	
A	100	15	10	5	25,000
B	100	5	3	2	8,200
C	200	2	2	1	7,600
D	600		1	1	4,800
E	4000	Mail Only (until upgraded to D category)			
TOTAL					45,600

HEADCOUNT

SBU ALLOCATION

ISRs*	5.5
Manager	.5
Program Manager	1
Database/Automation Support	1
District Channels/Advisory	7
Total	15.0



PROGRAMS & EXPENSES

PROGRAMS

1. Surveys (buying intentions, areas of focus)	\$10K
2. Product Campaign/Mailers*	\$50K
3. Reactivation Campaign to Small/Inactive Accounts	\$40K
4. Catalogs**	\$100K
5. Transition Communications	\$20K
T O T A L	\$220K

* In addition to existing U.S. and Canadian DMO campaigns

** Lever up on U.S. strategy of mini catalogs, etc.

OTHER EXPENSES

1. Set-up costs	\$300K
2. CIT	\$100K
3. Automation	\$100K
4. Inside Sales Consulting	\$50K
5. Database Maintenance	\$20K
T O T A L	\$570K



ISSUES/DEPENDENCIES

1. **Managing the transition from “account managed” to Inside Sales managed** *ready?*
2. **Maximizing selling time and minimizing sales support time. We need to think about opening up our hotlines to customers (a paid service?) and utilizing partners. A key assumption is that the ISR will be able to have 4 hours of selling time/day**
3. **Providing the right tools e.g. a successful implementation of the Contact Management System SNAP internally and at our Channels, system enhancements to increase productivity**
4. **Optimizing the business as a whole by integrating with other BUs where it makes sense e.g. a common customer information database, common Channel management, etc.**



NEW NAMED ACCOUNTS

VISION

Through alliances with our Channels Partners, expand Digital's market share the pursuit of new business opportunities (New Accounts) and become the fastest growing and profitable enterprise within Digital

STRATEGY

1. Driven by new accounts - the primary focus is the acquisition of new Digital customers
2. Based on utilizing our business partners as the sales vehicle
3. Led by industry segmentation and implemented at the geography/district level - the industry focus will be managed close to the end user customer

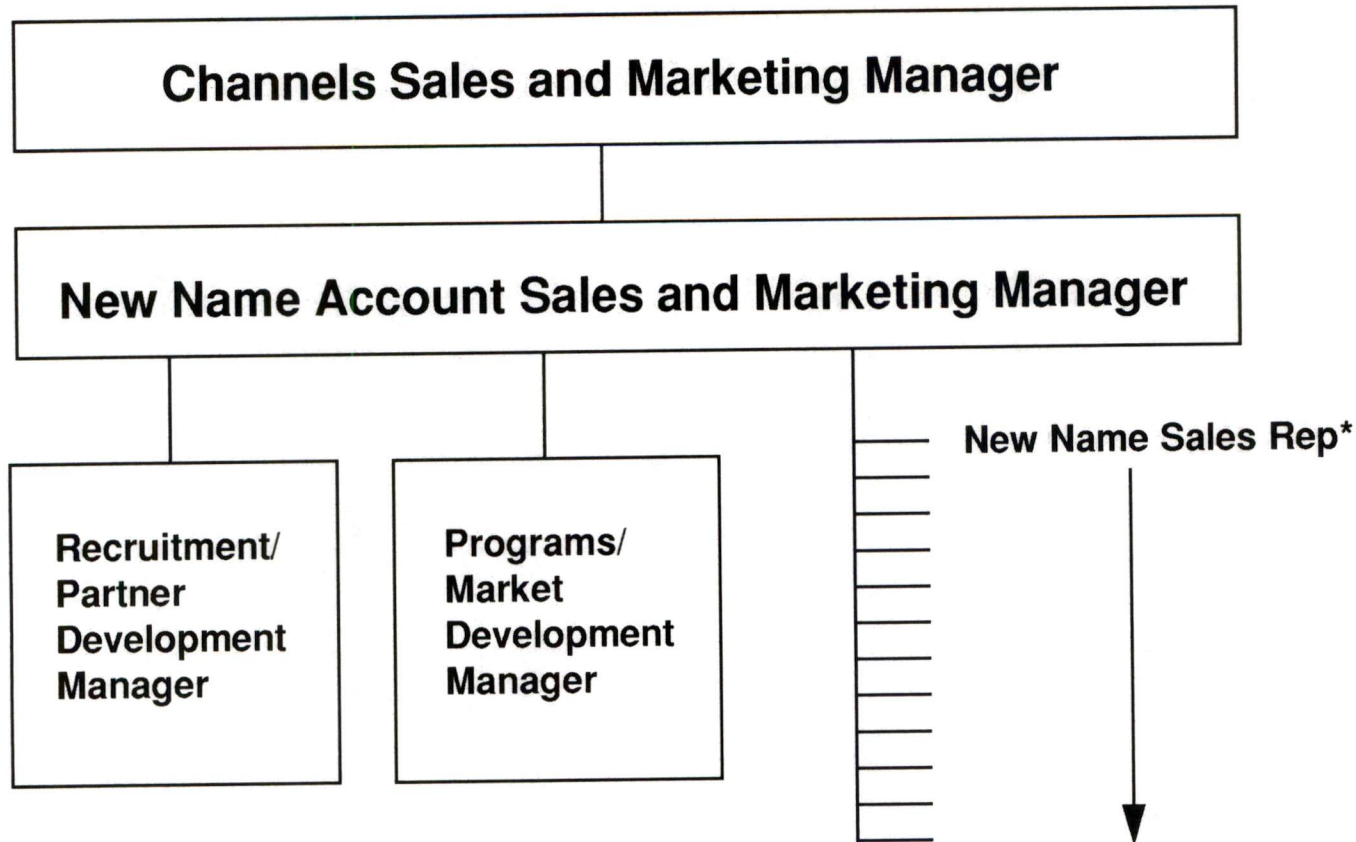
TACTICS

1. Industry Segmentation - Taking an industry view of customers; finding out where they are and what they require to run their business
2. Business Partner Mapping - Mapping partners to perspective customers and their needs. Sufficient applications and VAR (DVAR) relationships required to drive marketshare growth in targeted markets
3. Placing Digital resources in the local Geography/District - new account sales specialists and new account market development managers to play a key role in pursuing mapped opportunities
4. Local and national sales/marketing campaigns, advertising, as well as local and national promotions of our partner's capabilities and Digitals
5. Aggressive local push programs to drive solutions and joint selling strategies (where applicable) with business partner



Canadian Territory

ORGANIZATION STRUCTURE



* To finalize reporting structure (dotted line v.s. direct)



PROGRAMS & EXPENSES

Programs	\$ Value
1. Industry Segmentation Research	\$50K
2. FY95 Kick-Off Sessions/Training	\$30K
3. Lead Generation Programs (Regional)	\$25K
5. Local Marketing Initiatives	\$35K
6. Selected Advertising Campaigns	\$30K
7. New Name Account Program	\$200K



KEY DEPENDENCIES

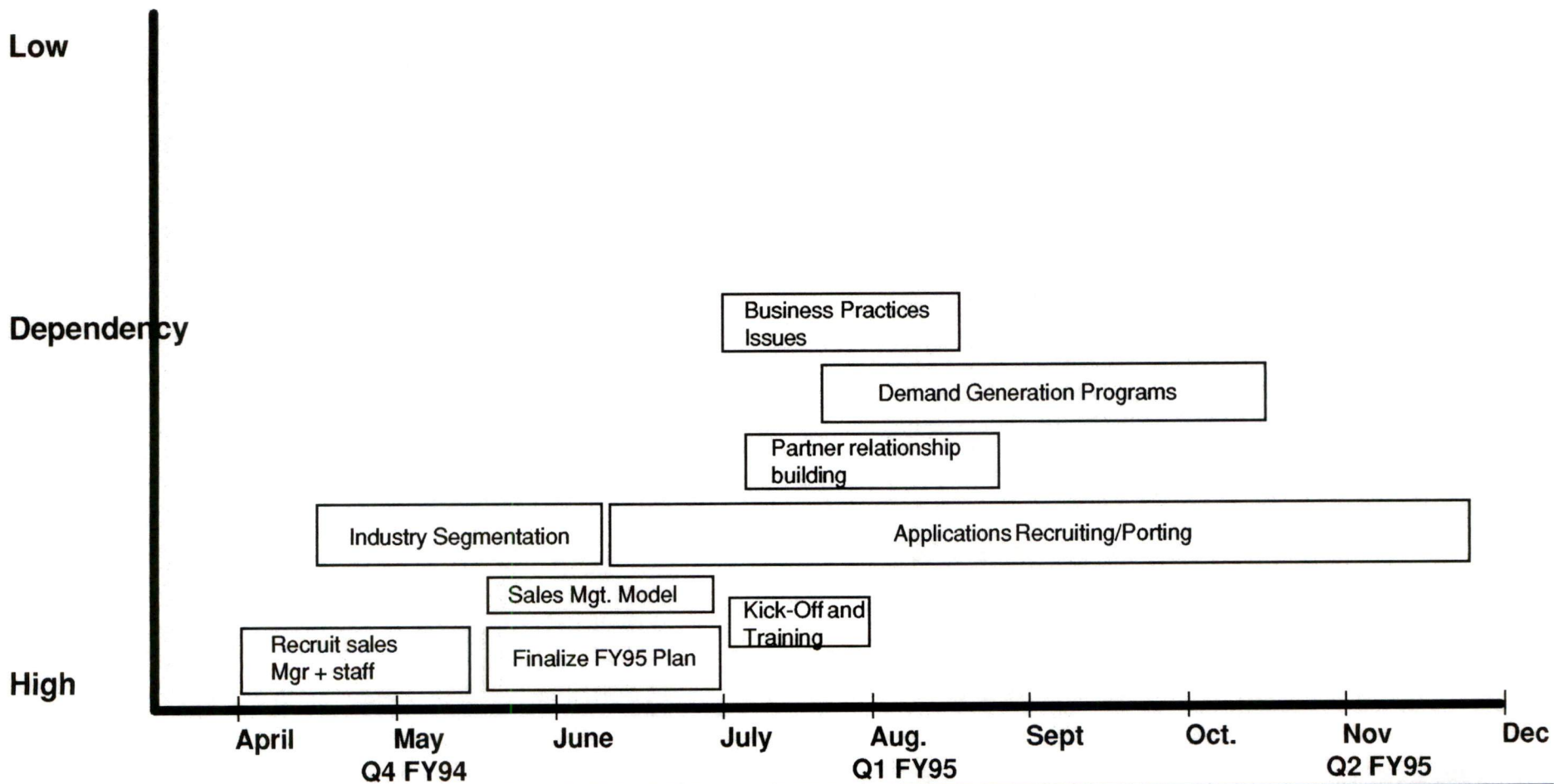
no!

1. **Recruit new name account Sales and Marketing Manager**
2. **Identify the dedicated new name account units and reps in each Geography/District**
3. **Establish dedicated recruiters in each geography**
4. **Clearly articulate the goaling compensation plan for this group. Supporting the business objectives and selling behaviour through a channel**
5. **Segmentation of the market by:**
 - industry
 - location
6. **Business partner mapping by:**
 - application
 - location
- 6A. **Application porting support for targeted industry applications**
7. **Separate installed base versus new name accounts**
8. **Dedicated training for this group with business partners, plus ongoing development**
9. **Ensure consistency of the model throughout Canada**
10. **Integrated PC & SBU strategy for Channels is required**
11. **Senior management support for:**
 - **Account management v.s. commodity sales**
 - **Hunters v.s. farmers**



Canadian Territory

IMPLEMENTATION SCHEDULE





IMPLEMENTATION SCHEDULE

NOTES

◆ **Recruit Sales Manager and Staff**

- Ensure that manager in place to focus and drive the implementation

◆ **Finance FY95 Plan**

- Develop a comprehensive new name account business plan for Canada to include:
 - Profitability model
 - Account definition
 - Service strategy

◆ **Industry Segmentation**

- Define applications by industry to give marketshare in target markets

◆ **Applications Recruiting/Porting**

- Source targeted applications
- Provide technical resources and support to port onto Digital platforms

◆ **Sales Management Model**

- Ensure that there is a plan for lead handling and routing



IMPLEMENTATION SCHEDULE

NOTES

◆ Partner Relationship Building

- Ensure that there are local partner linkages established with new account sales force

◆ Kick-Off and Training

- Develop industry content information, partner mapping tools, and general sales tools for new account sales force
- Marketing awareness development
- Training with business partners

◆ Demand Generation Programs

- Industry based programs to generate leads
- New name incentive programs
- Products packaging for ease of channels configuring and ordering

◆ Business Practices Issues

- Address any sales credit/tiering issues
- Focus on competitive discounts
- Incentives for business partners



Canadian Territory

FY95 INITIATIVES

◆ NAMED ACCOUNTS/BASE ACCOUNTS:

- ◆ Product life-cycle type campaigns - migrate customers to newer technologies. Uses database Marketing
- ◆ Loyalty campaigns -- prevent base erosion
- ◆ Commodity campaigns - specials (seasonal/monthly), catalog, mass mailers
- ◆ Seminar/roadshow follow-up to move customers further along the sales cycle
- ◆ Solutions campaigns (working with Partners).
- ◆ Digital Detectives

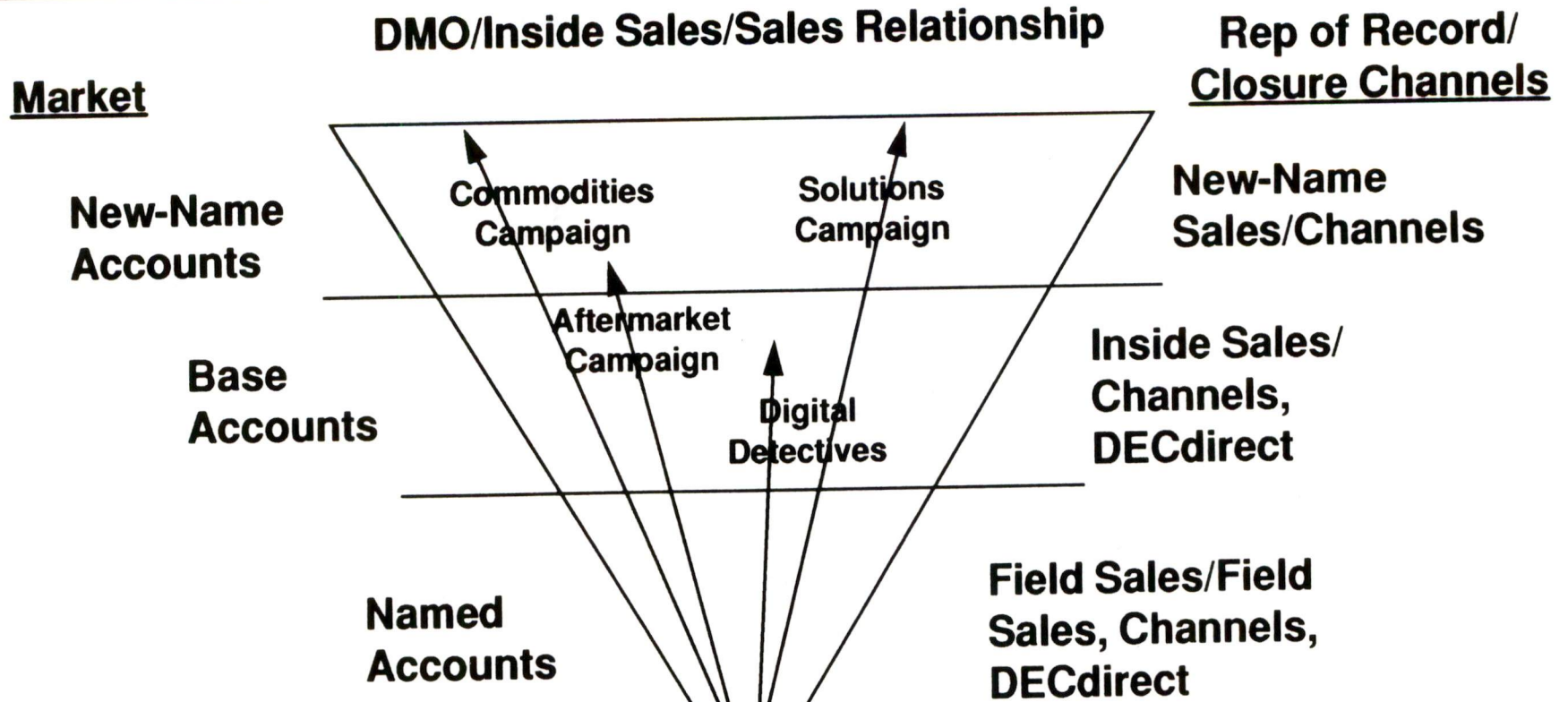
◆ NEW NAMED ACCOUNTS:

- ◆ Provide Consulting/training support on demand generation to Partners and Sales
- ◆ Use techniques of "predictive Modelling" to determine optimal approach (i.e. map profile of Digital's "best" customers to new named accounts to narrow target)
- ◆ Focus on commodity campaigns to establish beach head
- ◆ Solutions campaigns (working with partners).
- ◆ Digital Detectives



Canadian Territory

DIRECT MARKETING ORGANIZATION



Telemarketing:

- . Lead generation & qualification
- . Product Specialist
- . Campaigns for their specialty - across Named & New-Name Accounts

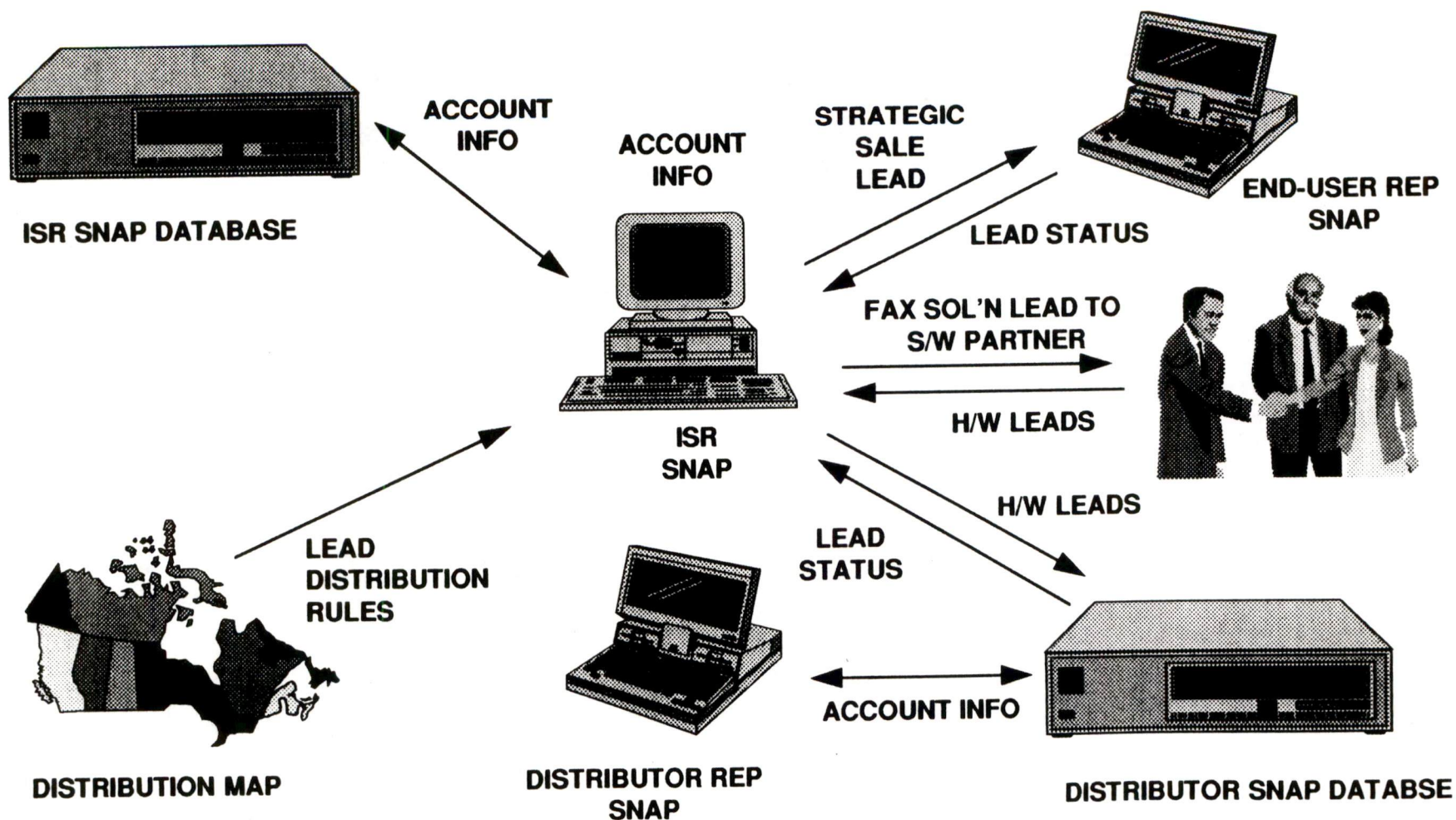
Inside Sales:

- . Rep of record for marginal accounts
- . Industry focus
- . Campaigns for their accounts



Canadian Territory

LEAD DISTRIBUTION/TRACKING





SBU PLAN TO ACHIEVE 20% CDN NOR GROWTH

◆ Key Incremental Growth Areas:

- UNIX/NT server business (increased win ratio)
- UNIX/NT new client systems (i.e. "AVANTI")
- Networking products through channels (i.e. HUBs, Access Routes)
- Storageworks off-base
- Groupware software through small integrators
- Mainframe downsizing (OpenVMS and UNIX/NT)

◆ Reduce erosion of OpenVMS NOR

- Mainframe downsizing campaigns
- All-in-1 installed base to ALPHA

◆ Multiple marketing programs, product announcements, industry show participation

- Focus on "Top 2" by segment i.e. Microsoft roadshow for NT Frontlog

◆ Targeted advertising with specific "Call to Action"

◆ Increased sales specialist sales force

- Channels leverage in base and new name accounts

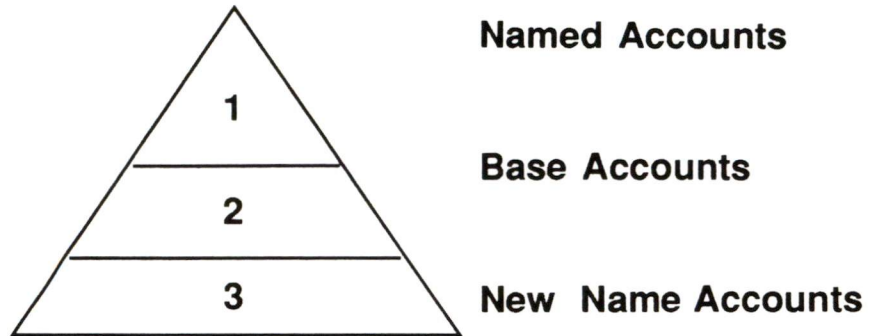
INDIRECT
CHANNELS GROWTH



Indirect Channels Growth



CHANNELS READINESS - FY95



1. Named Accounts

- Named accounts have direct account management focus
- Portfolio of business partners(s) available to account managers
- Account plan to integrate the following business partners:
 - Systems Integrators
 - VARs
 - Developers
 - Distributors
- Business Partners to be engaged in account strategy to increase account share
- Develop strategic partner relationships and ensure applications available on current platforms (OSF-1)

2. Base Accounts

- Base accounts managed by inside sales and business fulfilled through business partners
- Leads followed through the following business partners:
 - VARs
 - DVARs
 - Developers
 - Distributors
- Base accounts mapped against partners (by city)
- Current partners to review their resources and new opportunities (i.e. distributors)
- Recruit new partners where required



Canadian Territory

CHANNELS READINESS - FY95

Be H

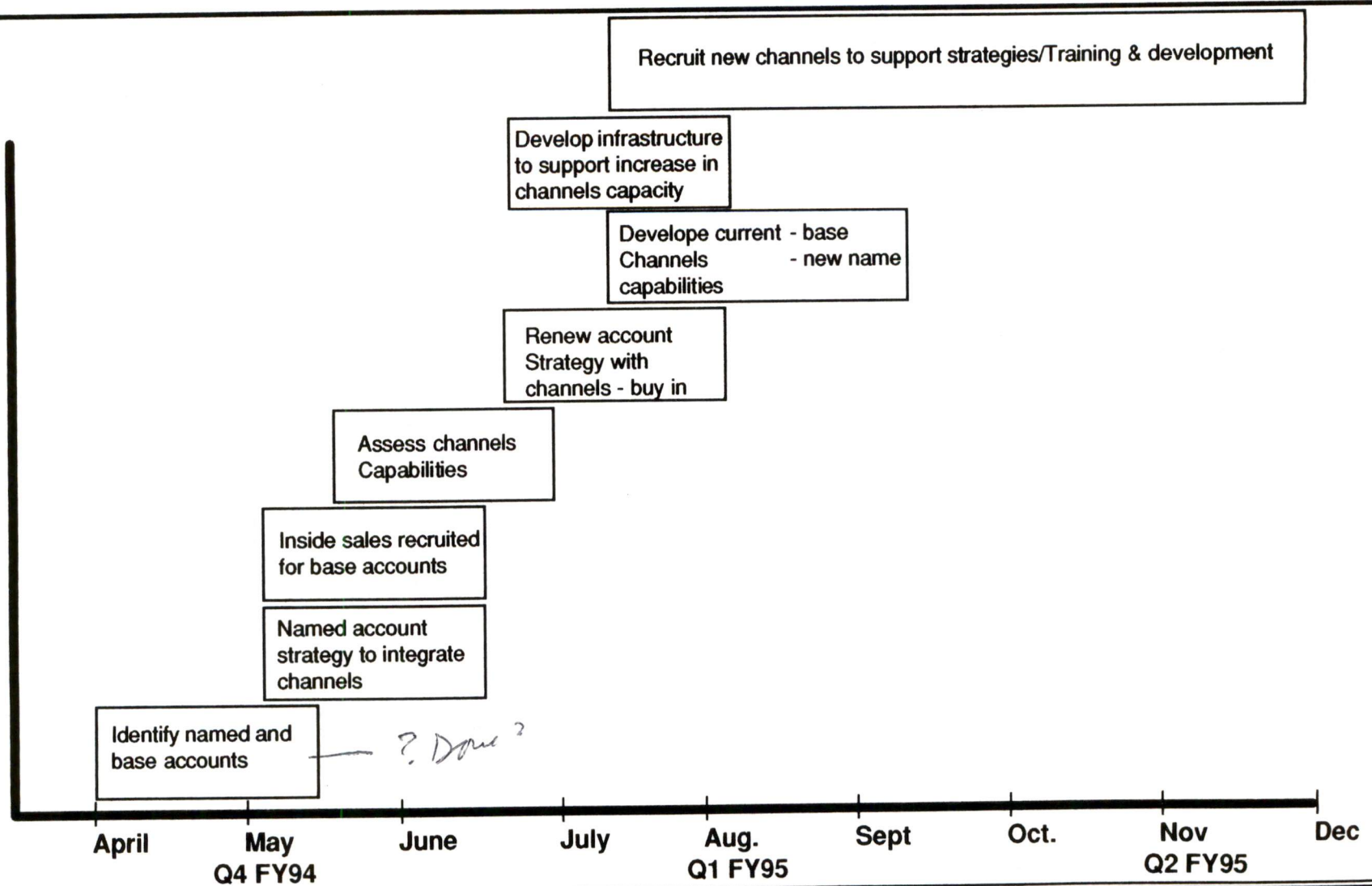
3. New Name Accounts

- New name accounts focussed through business partners under the direction of new account sales force
- Leads typically will be fulfilled through the following business partners:
 - DVARs
 - VARs
 - Distributors
 - Mass Merchants
- New partners recruited based on local application requirements
- Focus on incentive programs to reward business partners for new accounts



Canadian Territory

CHANNELS READINESS - IMPLEMENTATION SCHEDULE





CHANNELS STRATEGY (SYSTEMS)

ACTIONS AND PLANS IN PLACE TO DEVELOP SME CHANNELS

◆ **New Accounts Program**

- dedicated SME Units in each Geography
- dedicated SME reps
- NEW Name Account Focus
- separate installed base SME versus New Name
- dedicated Market Development Managers
- must sell through a Partner
- recruit SME Sales/Marketing Manager for Canada
- dedicated recruiters in each Geography
- commission based sales force - 50/50 plan
- dedicated training with Partners



CHANNELS STRATEGY (SYSTEMS)

ACTIONS AND PLANS FOR OTHER INDIRECT CHANNELS OF DISTRIBUTION

◆ Continued focused recruitment strategy of top 10 Sun Resellers in Canada:

- recruited to-date: Rand Technologies
University Campus Resellers (3)
Dehan EDP
ESRI
Fuji Graphics

◆ Currently establishing Canadian Master Reseller relationship with:

- Legacy Systems - completed
- Tecway Technologies - contract in progress
- Arrow Electronics - contract in progress
- EMJ - contract in progress

◆ Implement Opportunity Registration System - Q4 FY94:

- pilot program currently under way
- focus on Distributor and D-VAR sales activity
- minimize conflict between Distributor channels
- maximize sales activity with Digital sales force and Distributors

◆ Inside Sales/Telesales Unit being formed:

- focus on marginal accounts:
 - accounts yielding under \$250K/year
- attack systematically with a value-based contact strategy
- support with direct mail
- utilize "Database Marketing" to develop sales and marketing strategies
- review accounts annually to determine best fit (field vs. inside)



Canadian Territory

CHANNELS STRATEGY (SYSTEMS)

SPECIFIC PLANS IN PLACE FOR SELLING WITH PARTNERS:

◆ Strategic Partner Unit:

- dedicated focus on top/strategic Partners in Canada; Oracle, SHL Systemhouse, Anderson Consulting, Ross Systems, EDS of Canada, SAP, DMR, and CGI
- additional focus on selling model with Systems Integrators and Consultants

◆ Joint participation at Industry focused seminars and trade shows:

- Implementing Open Client/Server Now - Q4 FY94
- Downsizing Seminars - Q4 FY94
- TOEM Road Show - Q4 FY94

◆ Business Partner Management Meetings:

- Executive Review Board for Distributors - June 1994
- Advisory Council for VARs, Developers, System Integrators, and TOEMs - September 1994



CHANNELS STRATEGY (SYSTEMS)

SPECIFIC PLANS IN PLACE FOR SELLING WITH PARTNERS:

- ◆ **Dedicated Channels Sales Reps and dedicated Channels Sales Units within each Geography in FY95**

- ◆ **Complimentary sales metrics for Channels Sales within Digital sales force:**
 - target implementation FY95 for General Manager (DM) level and below
 - Channels dollar the same as Direct dollar (one for one)

- ◆ **Actively involve DMO organization to support Partners:**
 - support Distributors in direct marketing and telemarketing techniques
 - Alpha Achievers Program - Q4 FY94
 - Pathworks Netware and ParthWorks V5.0 program with G.E. Hamilton and Onyx - Q4 FY94
 - Alpha Workstation Program with G.E. Hamilton - Q4 FY94
 - Advantage Upgrade Program with Avnet - ongoing
 - Storagework Bulletin - all Distributors
 - ongoing lead generation programs with Distributors



CHANNELS GROWTH - FY95

CHANNELS FOCUS AREAS:

Channel

Master Reseller

TOEM

Data Base Vendors

VARs

Developers

Campus Resellers

Agent Program

Ethno-Cultural Partners

Products

Video Image and Printers

Storage Products

Network Products

Alpha Chips and motherboards

Memory modules and

Contract Manufacturing

All Systems Products

All Systems Products

All System Products

Workstations, Video Image
And Printers

All Systems Products

All Systems Products



Canadian Territory

CHANNELS GROWTH - FY95

TARGETED PARTNERS FOR RECRUITMENT:

Master Resellers

- Tech data
- Universe Info.
- Merisel
- Techway Technologies
- Crowntek
- Computerland

TOEMS:

- 3D Micro
- Legacy Systems

DATABASE VENDORS:

- Sybase
- Ask Group/Ingres
- Empress
- Informix
- Huron System

VARs:

- Comlink Systems
- Breagan Group
- Baun Group
- Systemmetrics
- Bellair International

DEVELOPERS:

- (see Database Vendors)

CAMPUS RESELLERS

- There are approx. 24 campus resellers throughout Canada of which we are in the process of 2 to date. (U of Waterloo and Memorial University)

STORAGE PRODUCT RESELLERS

- EJ Systems
- 3D Micro
- Computer Brokers of Canada
- Arrow Canada
- Sidus Systems



CHANNELS GROWTH - FY95

ACTION PLANS

- ◆ Three dedicated headcount focussed in this are
 - Craig White
 - Peter Spencer
 - Alex Rakcochivich
- ◆ Promotion of Campus Reseller Program through the Digital participation and Sponsorship of their annual Conference (CACCS)
- ◆ Joint VAR recruitment within all target areas

PROGRAMS

- ◆ New Partner launch funds to be utilized for ramping and launching a new partner. (\$25K/partner)
- ◆ Seed unit programs
- ◆ More aggressive discounts for initial stocking order for new Master Resellers
- ◆ Technical support/advisory support program for new partners

INFRASTRUCTURE

- ◆ Additional Sales headcount will be required to ramp and account manage the new partners
- ◆ Logistics resources to increase to support additional partners

OVERALL
ISSUES



Overall Issues



PROPOSED FUTURE STATE FY95 FIELD COVERAGE SUMMARY

	US \$			
	<u>SBU REVENUE</u>	<u>H/C</u>	<u>YIELD</u>	<u>Y/Y YIELD GROWTH %</u>
250 Named Accounts	98	127	772	42%
1,000 Base Accounts	17	29	586	92%
New Name Accounts	<u>21</u>	<u>43</u>	<u>488</u>	<u>36%</u>
Total	136	199	683	45%

Key Requirements

PRODUCTIVITY

1. Justify all SBU costs
2. Coordinate 6 BU focus in Named Accounts
3. Provide accurate revenue, SGA, TCM tracking

COVERAGE STRATEGY

1. Develop clear market segment implementation plan
2. Train and manage field a new role
3. Provide incentive for success

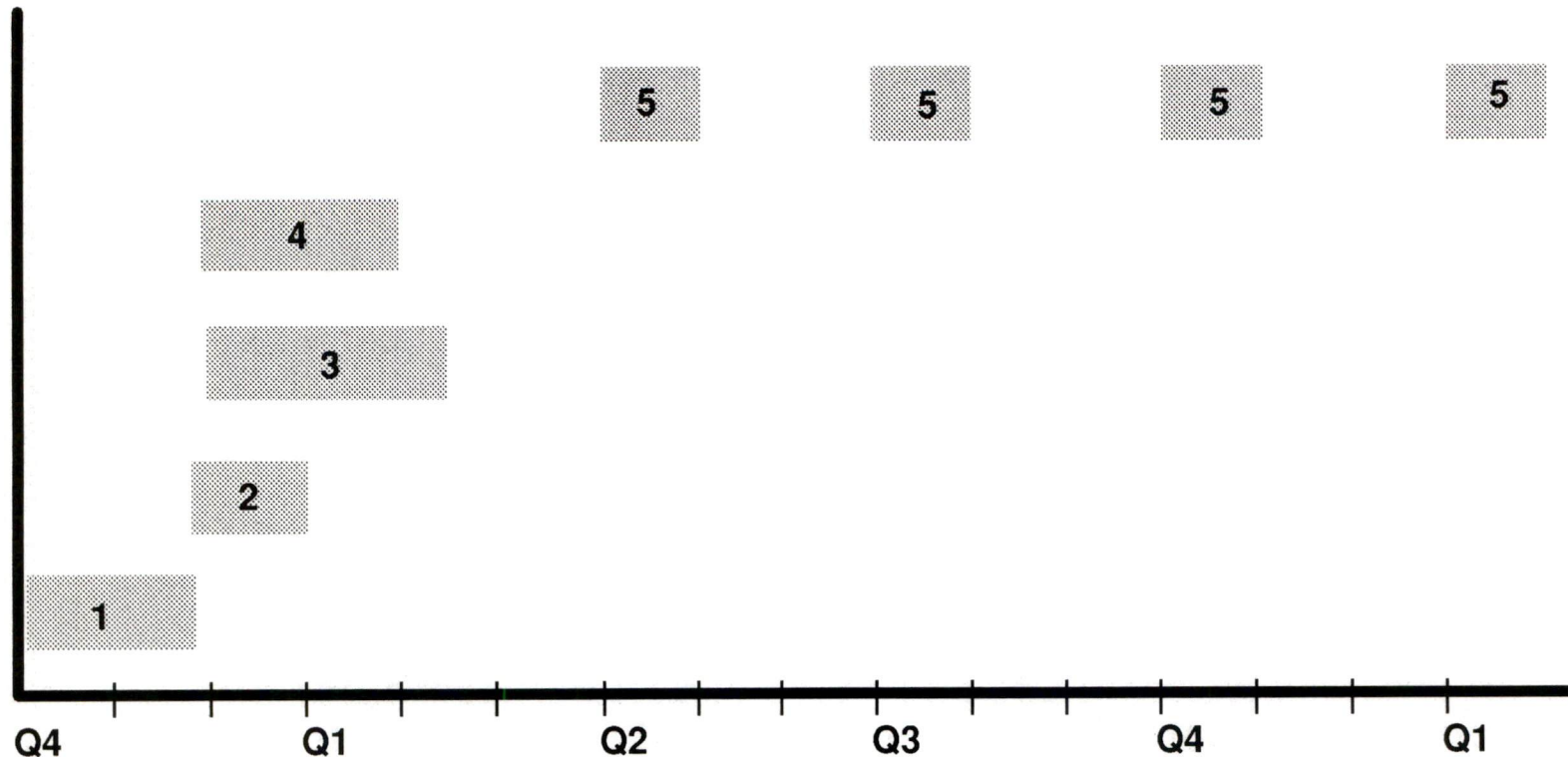
INDIRECT CHANNELS GROWTH PLAN

1. Application suites for Named Accounts
2. Refine channels discounts & support programs to drive new roles
3. Ramp up recruiting for the New Name Account Area



Canadian Territory

IMPLEMENTATION/TIME FRAMES



STEPS

1. Finalize budget + H/C #'s with Corporation
2. Deploy budget to field with completed goalsheets
3. Communicate Kickoff + Training Corporate, Compensation + other changes/plans to field
4. Appoint Program Managers for new structure
5. Monitor, update & track implementation



SBU STRATEGY

- ◆ **Grow NOR by 20%**
- ◆ **Reduce SG&A by 25%**
- ◆ **Improve Productivity by 50%**
- ◆ **Cut SG&A to 22% in SBU**

TRAINING



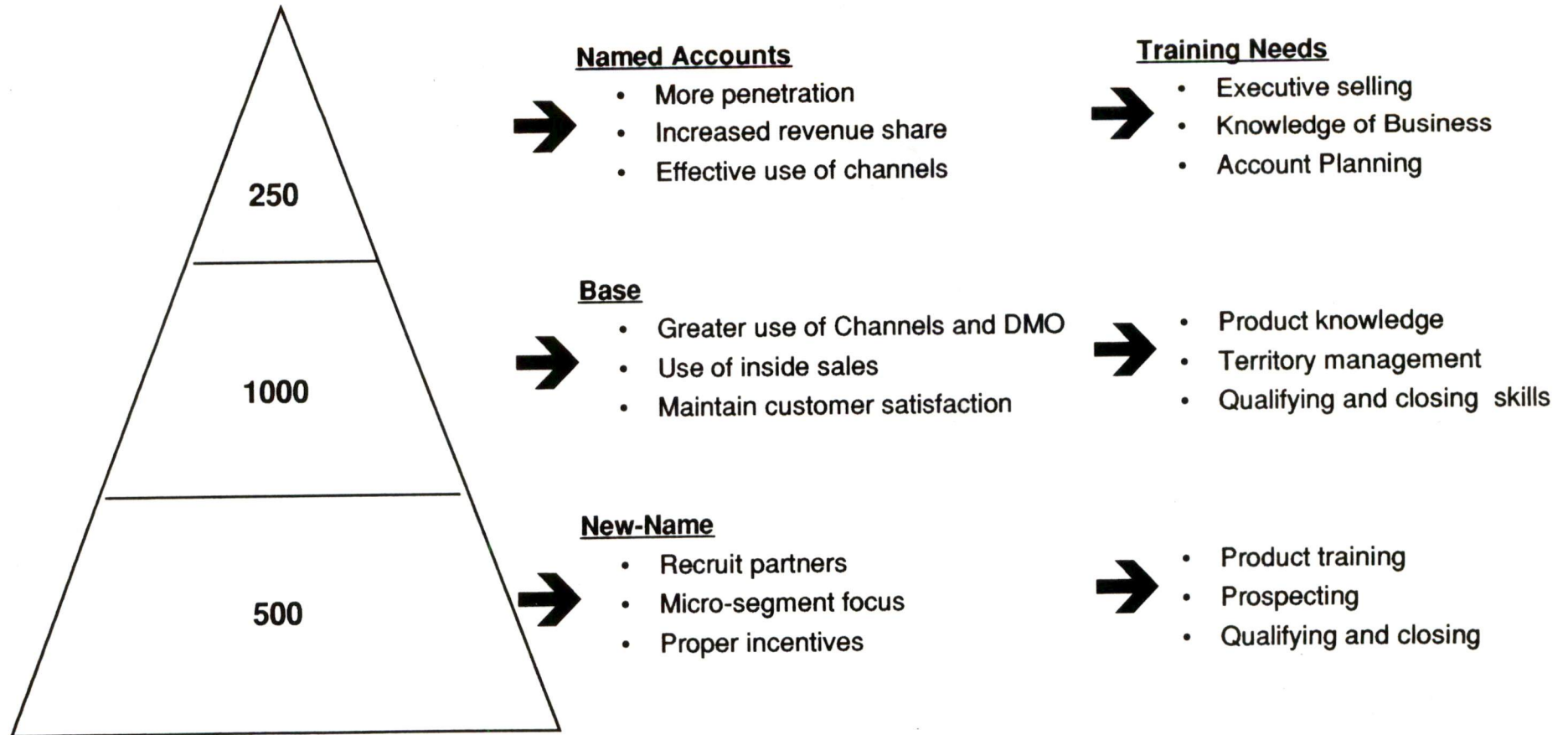
Canadian Territory

Training



Canadian Territory

TRAINING STRATEGY





Canadian Territory

IMPLEMENTING FY95 TRAINING STRATEGY

Needs Assessment	June			
Source Training		July		
Deliver Training		July/ August		
Follow-up/Reassessment			September	
Refresher/Make-up classes				December



Canadian Territory

TRAINING ISSUES

- ◆ **Current Sales Training H/C is 2 - Would require 1 more to meet all the training needs of the SBU, Channels and Partners**
- ◆ **World-wide curriculums and preferred training vendors are being sourced through corporate Sales Training**
- ◆ **Major funding would be provided by Corporate Sales training budgets are ready for approval for submission to corporate**

try via americas

CUSTOMERS

file Canada

CANADA FY95 FIELD SALARY PLAN (EXCLUDING SALES)

(\$M US)

	<u>FY94</u> <u>Fcst</u>	<u>FY95</u> <u>0% Salary</u> <u>0% Success</u>	<u>FY95</u> <u>4.2% Salary</u> <u>2.5% Success</u>	<u>Incremental</u> <u>Impact</u>	<u>Inc/ (Dec)</u> <u>over FY94</u>
Payroll Cost					
Base	61.7	53.8	56.1	2.3	(5.7)
Success	0.5	0.0	1.7	1.7	1.2
Temp/Contract	2.7	2.7	2.7	0.0	0.0
	64.9	56.5	60.5	4.0	(4.4)
	----	----	----	---	-----
Fringes					
Benefits	6.4	5.1	5.5	0.4	(0.9)
Recognition	0.0	0.0	0.1	0.1	0.1
Retirement	2.4	2.5	2.5	0.0	0.1
I.S. (P.I.K)	0.6	0.6	0.7	0.1	0.1
	9.4	8.2	8.8	0.6	(0.6)
	----	----	----	---	-----
Total	74.3	64.7	69.3	4.6	(5.0)
	====	====	====	===	=====

DIGITAL EQUIPMENT OF CANADA

**FY95 NON-SALES EMPLOYEE PAY
PROPOSAL**

**BRIEFING PACKAGE
May 1994**

<p style="text-align: center;">DIGITAL EQUIPMENT OF CANADA FY95 NON-SALES EMPLOYEE PAY PROPOSAL</p>
--

PAY PROGRAM STRATEGIES

Focus on:

- Revitalizing and renewing Canadian subsidiary
- Re-engaging the Digital Canada's workforce
- Obtaining the best possible base salary/incentive mix to leverage performance
- Maximizing the use of compensation dollars to attract and retain the best, most motivated, employee population
- "Incenting" the employee population to succeed!

<p>DIGITAL EQUIPMENT OF CANADA FY95 NON-SALES EMPLOYEE PAY PROPOSAL</p>
--

SUMMARY OF PROPOSAL

BASE SALARY

- Implement an overall field spend plan of 4.2%.

SUCCESS SHARING

- Maintain same earnings opportunity; introduce quarterly targets with payouts starting at 80% threshold.

VARIABLE COMPENSATION

- Modifications to FRCPM (Financial Rewards for Customer Program Managers) program.
- Introduce incentive programs for Marketing and Sales Support.

PAYMENT IN KIND

- Modify Income Supplement program to return to market competitiveness.

BENEFITS

- Long-Term Disability Plan (LTD) modifications to contain costs.
- Medical & Dental Plans - Introduction of same sex spousal coverage to comply with legislation.

DIGITAL EQUIPMENT OF CANADA FY95 NON-SALES EMPLOYEE PAY PROPOSAL

BASE SALARY SPEND PLAN

BACKGROUND

Projected Market Movement in FY95	3%
Inflation	2.1%
Turnover (including transitions)	15%
(excluding transitions)*	5%

*up to end Q3/FY94.

COMPETITIVE MARKET POSITION

Digital Canada Base Salary Market Position	96% —
Projected Market Movement (FY95)	3% —
Ending Market Position w/o Salary Action	93% —
Proposed Merit Increase*	4.2% —
Base Salary Market Position	97.2% —

*Applies to non-Sales, Field employees only.

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL
SUCCESS SHARING**

Background

- Success Sharing first introduced in FY93 to reinforce employee participation and teamwork.
- All employees (except Manufacturing, Engineering & Logistics) participate.
- Goals are either Territory Contribution Margin (TCM\$) or Geography Contribution Margin (GCM\$). *No*
No
- Earnings opportunity varies for Key Contributors (bonus-eligible population) and General Population.
- Achievement pay for General Population plan is funded from employee base pay. Key contributors plan matches bonus opportunity in marketplace.
- Overachievement Pay is 0.25% (general population) or 0.5% (key contributors) of base pay per point of overachievement.
- Payouts start at 80% achievement.
- Maximum payout capped at 140% performance.

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL
SUCCESS SHARING**

Proposal

Earnings Opportunity

- Maintain earning opportunity for General Population at 2.5% base salary for 100% achievement.
- Increase earnings opportunity for Key Contributors (bonus-eligible population) who have a direct impact on the business from 5% to 10% base salary. Maintain earnings opportunity for other Key Contributors at 5% base salary.

Goal Alignment

- Goal alignments to be determined when worldwide business/functions have defined their Success Sharing strategies.

Payout Schedule/Performance Threshold

- Introduce milestone payments for achieving pre-set quarterly targets.
- Maintain payout threshold at 80%.
- *huh?* Align 20% of total earning opportunity (0.5% base salary) to each quarter. Payout determined based on linear equation, rather than percentage per point of achievement above threshold.
- Overachievement only paid for exceeding annual goals.

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL
SUCCESS SHARING**

Impact

- Program revisions are within Corporate Success Sharing guidelines. >
- Target total cash compensation remains within 100% of competitive range.
- Payment between 80% and 100% achievement are funded from employee base pay.
- Program reinforces employee engagement and encourages a focus on quarterly, as well as annual goals.

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL
PAYMENT IN KIND**

Income Supplement (Cdn\$/year)

Tier	Position	Current		Proposed	
		Amount	Position	Amount	Amount
Level 1	CEO	\$9,600	CEO	\$15,000	
Level 2	CMT	\$7,200	CMT	\$8,500	
Level 3	Level 40+	\$4,320	Key Contributors*	\$5,700	

*Level 41 employees & direct reports to CMT.

Impact

- why?*
- Increase in Income Supplement will meet basic market practice of providing automobiles and financial counseling services, or 80% of total value of perquisites offered in competitive marketplace.
 - Incremental cost of proposal is C\$90,000 per annum.

*practice in US too
but was stopped*

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL
VARIABLE COMPENSATION**

I. Financial Rewards for Customer Program Managers

Background

- Program first introduced in Canada in FY94; based on worldwide framework for CPM programs.
- Applies to approximately 10 CPM Managers in Canada.
- Currently a 2-tiered program:
 - Milestone Program - provides rewards for completion of preapproved program milestones. Funded from base pay.
 - Success Program - provides reward when program is completed with Business Plan margin in excess of original plan. Funded by incremental program profit.
- Feedback in FY94 was twofold:
 - Program layout, especially Success portion, was too complex.
 - Need more leverage to provide adequate incentive.

*This is up to
Des. Cons. not Canada.
OK @ push?*

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL
VARIABLE COMPENSATION**

Financial Rewards for Customer Program Managers (cont'd)

Proposal

- **Milestone Program:** Deliver quarterly milestone payment sized by Revenue budget, when quarterly program margin achieved. *not how it works.*

<u>Annual Revenue</u>	<u>Annual Earning</u>	<u>Quarterly Payout</u>
<u>Budget</u>	<u>Opportunity</u>	
<\$2M	\$4K	\$1K
\$2 - \$5M	\$6K	\$1.5K
>\$5M	\$8K	\$2K

- **Success Program:** Deliver overachievement payment when program margin exceeds total program margin targets. Payouts are 10% of incremental profit in excess of original target, capped at 50% of base pay. *new hard to manage re scope change etc.*

Impact

- More understandable program.
- Milestone payments remain funded by base pay.
- Success payments funded from incremental program profit.
- Now similar (in design and payout) to U.S. FRCPM Program. *in place?*
- Target total cash compensation remains within 100% of competitive market practice.

<p style="text-align: center;">DIGITAL EQUIPMENT OF CANADA FY95 NON-SALES EMPLOYEE PAY PROPOSAL VARIABLE COMPENSATION</p>
--

II. Financial Rewards for Marketing Managers/Consultants

Background

- The success of Digital Canada relies heavily on the work of the SBU, Industry and Product Marketing organizations.
- Introduce a variable compensation program in FY95 which incepts individuals in the Marketing organization to succeed.
- Program should provide rewards to individuals who perform above target with compensation which is higher than market average.
- Conversely, compensation for individuals who perform below target should be below market average.

Proposal

- **Eligibility:** SBU, Industry and Product Marketing employees who have a measurable goal.
- **Goal Alignment:** Individuals primarily measured on Revenue for their respective area of responsibility (i.e. product segment, industry segment, etc.).

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL
VARIABLE COMPENSATION**

Financial Rewards for Marketing Managers/Consultants
(cont'd)

• **Rewards:**

(a) Milestone Program

- Delivers quarterly milestone payment when pre-set quarterly targets are met.
- Equal opportunities of 2.5% base salary each quarter.
- Maximum earnings opportunity will be 10% of base salary.

(b) Success Program

- Delivers an overachievement payment of 0.1% or 0.2% of base salary (depending on difficulty of market segment) for each percent of achievement in excess of 100%. \$100 or \$100K?
- Maximum overachievement pay will be no more than 20% of base salary.

Impact

- Provides a variable compensation program which incents Marketing/SBU employees to succeed.
- Milestone program funded from base pay spend plan; Success Program funded from incremental profit.
- Some employees may experience base pay reduction, but target total cash remains within 100% of competitive total target cash.

<p style="text-align: center;">DIGITAL EQUIPMENT OF CANADA FY95 NON-SALES EMPLOYEE PAY PROPOSAL VARIABLE COMPENSATION</p>
--

III. Financial Rewards for Sales Support Employees

Background

- In April 1994, Sales Support employees were consolidated into Sales organization.
- Because the success of the Sales function relies heavily on the work of Sales Support employees, the Canadian Sales Management has proposed a variable compensation plan for Sales Support.

Proposal

- Eligibility - Sales Support employees who have measurable goals. *eg?*
- Goal Alignment - Primary measurement will be revenue generated for area of responsibility (i.e. product set, account, unit, etc.).
- Rewards

(a) Milestone Program

- Delivers a milestone payment when pre-set quarterly targets are met.
- Equal opportunity of 1.25% base salary each quarter.
- Maximum opportunity 5% of base salary.

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL
VARIABLE COMPENSATION**

Financial Rewards For Sales Support Employees (cont'd)

(b) Success Program

- Delivers payment of 0.1% of base salary per point of overachievement.
- Maximum payment is 20% of base salary.

Impact

- Provides a variable compensation program which incents Sales Support employees to meet and exceed their goals.
- Milestone Program funded from FY95 base pay spend plan.
- Success Program funded from incremental profit.
- Target total cash compensation remains within 100% of competitive target total cash.

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL
PAYMENT IN KIND**

Background

- Three-tiered Income Supplement first introduced in 1983.
- Provided tax-effective method of paying cash for perquisites typically given in competitive marketplace:

Automobiles

Parking

Financial Counseling

Club Memberships

Car Phones

Health Examinations

- Different income supplement paid to Territory Manager, members of Canadian Management Team and other positions at Level 40 and above.
- Towers Perrin conducted study on Digital's behalf; finding was that the value of Digital's Income Supplement was significantly behind competitive marketplace.
- Recent experience in executive recruitment supports this finding. *le?*

Proposal

- Effective July 1, 1994, modify Income Supplement Program as follows:
- Maintain three-tiered program.
- Based on competitive practice, remove Level 40 employees from program. For legal reasons, add income supplement into base pay.
- Consistent with competitive practice, restrict eligibility to Key Contributors (i.e. bonus-eligible population):

*Who
concerned?*

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL
BENEFITS**

I. LONG-TERM DISABILITY PLAN

Background

- Employee pays 100% of premium. *! how much*
- Premiums increasing rapidly (20% this year).
- LTD benefit is non-taxable; little incentive for employee to return to work.
- Current benefit is 66% of annual salary.
- No cap on benefit. *per year ?*

Proposal

- Introduce 80% after-tax cap. *per year ?*
- Introduce Mandatory Rehabilitation clause.

Impact

- No cost to Digital.
- Positive employee relations impact because costs will be contained.
- Better management of LTD process; employees encouraged to return to work.

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL
BENEFITS**

II. SAME-SEX SPOUSAL MEDICAL/DENTAL BENEFITS

Background

- Ontario government likely legislating benefits coverage for same-sex spouses in July 1994.

Proposal

- Digital to announce only if legislated; no changes if legislation is delayed.
- Coverage only applies to Medical and Dental Plans

Impact

- Annual cost between C\$3 - 10K.

o/c

DIGITAL EQUIPMENT OF CANADA

**FY95 NON-SALES EMPLOYEE PAY
PROPOSAL**

May 24, 1994

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL**

PAY PROGRAM STRATEGIES

Focus on:

- Revitalizing and renewing Canadian subsidiary
- Re-engaging the Digital Canada's workforce
- Obtaining the best possible base salary/incentive mix to leverage performance
- Maximizing the use of compensation dollars to attract and retain the best, most motivated, employee population
- "Incenting" the employee population to succeed!

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL**

SUMMARY OF PROPOSAL

BASE SALARY

- Implement an overall field spend plan of 4.2%.

SUCCESS SHARING

- Maintain same earnings opportunity; introduce quarterly targets with payouts starting at 80% threshold.

VARIABLE COMPENSATION

- Modifications to FRCPM (Financial Rewards for Customer Program Managers) program.
- Introduce incentive programs for Marketing and Sales Support.

PAYMENT IN KIND

- Modify Income Supplement program to return to market competitiveness.

BENEFITS

- Long-Term Disability Plan (LTD) modifications to contain costs.
- Medical & Dental Plans - Introduction of same sex spousal coverage to comply with legislation.

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL**

BASE SALARY SPEND PLAN

- | | |
|--|------|
| • Current Market Position (06/94) | 96% |
| • Proposed Spend Plan (Merit & Promotion)
(varies by function, based on individual
competitive position) | 4.2% |
| • Target Market Position with implementation
of proposal | 97% |

WHY

- Canadian economy starting to recover
- Increasing turnover (especially during Q4)
- Increasing necessity to pay higher salaries to new hires
- Resulting compression with existing employees
- Focus on retaining best, but fewer, people

DIGITAL EQUIPMENT OF CANADA FY95 NON-SALES EMPLOYEE PAY PROPOSAL
--

SUCCESS SHARING

		Current	Proposed
Earning Opportunity			
Achievement Pay	General Population	2.5%	No change
	Key Contributors	5.0%	5% or 10% (direct impact)
Overachievement Pay	General Population	0.25% /point	No change
	Key Contributors	0.5%/point	0.5% or 1%/point
Goal Alignment		Geography/Terr. CM\$	TBD
Payout Schedule		Annual	Milestone pay for achieving pre-set quarterly targets
Mechanism		Per point of achievement	Linear relationship
Performance Threshold		80%	80%

WHY

- Quickly re-engages workforce
- Address skew
- Motivational - "incenting"
- Meets competitive norms for companies who have variable compensation

DIGITAL EQUIPMENT OF CANADA FY95 NON-SALES EMPLOYEE PAY PROPOSAL
--

PAYMENT IN KIND

- A tax effective program; meets market practice of providing perquisites (i.e. automobile, financial planning, etc.)

PROPOSAL

Income Supplement (Cdn\$/year)

<u>Tier</u>	<u>Position</u>	<u>Current</u>		<u>Proposed</u>	
		<u>Amount</u>	<u>Position</u>	<u>Amount</u>	<u>Amount</u>
Level 1	CEO	\$9,600	CEO	\$15,000	
Level 2	CMT	\$7,200	CMT	\$8,500	
Level 3	Level 40+	\$4,320	Key Contributors*	\$5,700	

*Level 41 employees & direct reports to CMT.

- Level 3 participation changes from 260 employees to 70 employees.
- Effective: July 1, 1994
- Cost: C\$90,000

WHY

- Meets competitive practice
- Cost containment for new promotions
- Easier administration
- Meets pressures identified during executive recruiting.

DIGITAL EQUIPMENT OF CANADA FY95 NON-SALES EMPLOYEE PAY PROPOSAL
--

FINANCIAL REWARDS FOR CUSTOMER PROGRAM MANAGERS

- Two-tiered program; slight modification
- Measurement - program profit
- Milestone Program:

Annual Revenue <u>Budget</u>	Annual Earning <u>Opportunity</u>	<u>Quarterly Payout</u>
<\$2M	\$4K	\$1K
\$2 - \$5M	\$6K	\$1.5K
>\$5M	\$8K	\$2K

(funded by base salary)

- Success Program:
 - Payout 10% of incremental profit in excess of target (funded by incremental profit)

WHY

- Simplify mechanism
- More leverage

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL**

**FINANCIAL REWARDS FOR MARKETING
MANAGERS/CONSULTANTS**

ELIGIBILITY

- SBU, Industry and Product Marketing Managers/Consultants

MEASUREMENT

- Quantitative goal, to be defined

PROGRAM - TWO TIERED

- *Milestone*
 - 2.5% base pay for achieving quarterly targets (max. 10%)
 - Funded within base salary plan
- *Success Program*
 - 0.1%/0.2% base pay for each percentage of overachievement (max. 20%)

WHY

- No incremental dollars; within target total cash compensation
- Better leverage/incenting employees to succeed
- Competitive practice

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL**

FINANCIAL REWARDS FOR SALES SUPPORT

ELIGIBILITY

- Sales Support employees

MEASUREMENT

- Quantitative goal, to be defined

TWO-TIERED PROGRAM

- *Milestone*
 - 1.25% base pay for achieving quarterly targets (max. 5%)
 - Funded within base salary plan
- *Success Program*
 - 0.1% base pay for each percentage of overachievement (max. 20%)

WHY

- No incremental dollars; within target total cash compensation
- Better leverage/incenting employees to succeed
- Competitive practice

**DIGITAL EQUIPMENT OF CANADA
FY95 NON-SALES EMPLOYEE PAY PROPOSAL**

BENEFITS

LONG-TERM DISABILITY PLAN

Proposal

- Introduce 80% after-tax cap.
- Introduce Mandatory Rehabilitation clause.

Impact

- No cost to Digital.
- Positive employee relations impact because costs will be contained.
- Better management of LTD process; employees encouraged to return to work.

SAME-SEX SPOUSAL BENEFITS COVERAGE

Proposal

- Digital to announce only if legislated; no changes if legislation is delayed.
- Coverage only applies to Medical and Dental Plans

Impact

- Annual cost between C\$3 - 10K.

file Canada

CANADIAN MANAGEMENT ORGANIZATION

Prod Mktg
Commo
IND Mktg

