

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 073802
Date: 01-Jul-1994 10:42am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(HARRY COPPERMAN @AKO)

Subject: AVNET, ETC.

Harry, I had made a commitment to the Avnet company that I would talk with them when the Digital business model became clearer. Therefore, just as you, me and Enrico did with Pioneer, I called Roy Vallee, the President of Avnet and described our business model to him. He, of course, understands that such data is given in confidence.

I have two suggestions for you;

1. You and Enrico need to meet Roy Vallee and Rich Ward (President of the Computer Group). In my opinion,, Avnet is a better partner than Pioneer for many reasons. They have capabilities that most distributors don't have and I believe that neither you nor Enrico is aware of them. I told Roy that I would personally ask you to find time to visit with him and Rich Ward. Please let me know if you're willing to do this. The account manager for Avnet is Steve Woodward. The best of all possible world would be that you and Enrico both find a way to talk with this partner. If you could do it within the next month, I think it would be particularly effective. Let me know your thoughts please.

2. I think the planning teams that Scott has created to work with our distributors and other partners need to be calling higher. As of the time of my phone call with Roy, he wasn't aware of any planning team working with AVNET, nor was Rich Ward when I spoke with him a week ago. Am I correct in assuming that the planning team concept is still on the way and that our major partners will have direct planning interfaces to prepare for the account transition?

Give me a call so that we might discuss these two points.

I promise I'll butt out of your business ASAP but these few "loose ends" are quite important.

Russ

Dictated but not read

T

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

Doc. No: 074654
Date: 28-Jul-1994 09:30am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: W/W Manufacturing \$ Logistics
Tel No: 264-6209

TO: See Below

Subject: GROSS MARGIN TASK

You will recall that at yesterday's SBUOC meeting, I picked up a little assignment that has its first deliverable on August 9th.

I'd like to restate what I think that assignment is and to get us started in meeting the first deliverable...

The overall assignment is to list the short term as well as long term actions necessary to get our gross margins under control and to meet our Q1 plan for gross margins. The overall program that I will manage, along with Marian O'leary, contains 5 separate projects.

1. Pricing - Jesse Lipcon will do an immediate analysis of our pricing to develop any short term actions that will help us in Q1. Immediate actions will be proposed by Jesse and the product segment managers, with Jesse being responsible for coming up with a long term set of proposals.
2. Terms and conditions - Tony Wallace will do a quick analysis of our current terms and conditions and get the resulting data to the three area managers who will propose immediate actions to be taken regarding discounts, allowances, etc. that will impact Q1. Harry Copperman will lead the effort for the long term solution.
3. Mfg costs - I am responsible for analysis, immediate actions and long term plans regarding cost saving steps that might be taken with our bills of material, our overhead structures, our other Mfg charges, and the integrated product forecast. Further, I will review Q1 cost savings to ensure that we are generating the forecasted 2% saving.
4. Product content - Bill Demmer is charged with an immediate analysis and immediate action to review our product content e.g. can we do something with pricing based on features or can we remove features or offerings in the short term to generate more gross margins. Bill is also charged with this effort for long term action.
5. Product life cycle - myself and Jesse Lipcon are to take a look at immediate actions that could result in improved gross margins in Q1 based on current plans, product phase outs and phase ins. For the long term Jesse will have the responsibility.

If you believe I have not captured the assignment correctly, please

let me know, otherwise, I'll assume we're all together.

I have asked Tom Beaudoin to be responsible for leading this effort until Marian O'leary returns from vacation. Tom will be calling your office today to begin working with you and your designees. The goal I have is that on August 9th, each of us will be prepared to give a brief presentation about the short and long term actions we plan to take to guarantee that we'll meet our gross margin commitments for Q1 and beyond. Your presentations should be available to Tom Beaudoin in advance of the Aug. 9th meeting so that we can see if we're on the right track. Tom will give you more specifics as he deals with your people.

I know this is going to be an almost impossible assignment to get ready for the 9th, but, in order to make the effort at all possible, you'll have to assign someone and get started on this today.

Russ

Distribution:

TO: Remote Addressee	(JESSE LIPCON @LJO)
TO: Remote Addressee	(HARRY COPPERMAN @AKO)
TO: Remote Addressee	(VINCENZO DAMIANI @GEO)
TO: Remote Addressee	(TONY WALLACE @MLO)
TO: Remote Addressee	(BOBBY CHOONAVALA @ZPO)
CC: Remote Addressee	(ENRICO PESATORI @MLO)
CC: Remote Addressee	(SUSAN M FOLEY @MLO)
CC: Remote Addressee	(jay connor @bxc)
CC: Remote Addressee	(tom beaudoin @bxc)
CC: Remote Addressee	(WILLY SHIH @MLO)

Use the RDL option to see remainder of distribution lists.
DIGITAL CONFIDENTIAL Document

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

Doc. No: 074710
Date: 28-Jul-1994 03:54pm EDT
From: BOB FARRELL @BXC
FARRELL.BOB AT A1 at ISLNDS at
Dept: Mfg. Program Office
Tel No: 229-7613

TO: Russ Gullotti @MKO

Subject: A: Revised Communications DRAFT

Hi Andrea,

Attached is the revised draft. After Russ approves and you edit to your satisfaction, omitting DRAFT obviously and what he puts in closing a memo (just his name?) etc. please send to CONTRIBUTOR @MLO. This is the READERS CHOICE office that distributes to wide distributions. They are expecting the memo.

Thanks,

Linda Rydberg

*a -
one minor change -
Send it as
directed.*



Introductory memo

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

Date: 28-Jul-1994 03:26pm EDT
From: BOB FARRELL @BXC
FARRELL.BOB AT A1 at ISLNDS at
Dept: Mfg. Program Office
Tel No: 229-7613

TO: Russ Gullotti @MKO

Subject: A: Revised Communications DRAFT

REVISED DRAFT

Hello!

This is my first note to all of you since my recent appointment as the Manufacturing and Logistics manager for the Systems Business Unit.

I would like to start this note by saying thanks to all of you for a great performance in Q4. We exceeded our shipment commitments and our delivery performance. We met our cash collection goals and, as unpleasant as it is, we exceeded our commitments to the company regarding the reduction of our employee population.

Before I invest in your time and mine to travel to the plants to meet with you, I will need to spend a bit more time in Maynard developing the Systems Business Unit Manufacturing and Logistics strategies and models. As you may now realize, we will be an integral part of the SBU along with the necessary engineering, sales, marketing and business leadership to allow us to speed decision making and return this important piece of our company to profitability.

Your Q4 performance showed what Manufacturing and Logistics can do. Keeping this in mind I will focus on the following two priorities as we develop our plans;

CUSTOMER FOCUS AND COMPETITIVENESS

We won't ever succeed with dissatisfied customers, nor will we succeed if our manufacturing/logistics costs, skills, quality and overall capabilities are not equal to or better than those of our competition.

Our current Systems Business Unit structure will not allow us to achieve the necessary results without change. Many of ^{these} the changes were discussed the week before last when Enrico Pesatori unveiled the new Computer Systems Division.

A video of this meeting has been created which explains the CSD structure and goals. I want to make sure that all Manufacturing and Logistics employees are given an opportunity to view this tape over the next three weeks. It is important for each one of us to understand the changes that will be occurring over the next six months.

I'll need your help, support and ideas to accomplish all of this. If you have some initial thoughts send me a note. I'd like to hear from you. I plan to communicate regularly with you, providing updates on our progress in creating the new organization.

Russ

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

Doc. No: 073802
Date: 01-Jul-1994 10:42am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(HARRY COPPERMAN @AKO)

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Russ

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

Doc. No: 074297
Date: 19-Jul-1994 10:12am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: W/W Manufacturing \$ Logistics
Tel No: 264-6209

TO: Remote Addressee

(BOB TASSONE @SEO)

Subject: BEKELMAN CALL

I called Stan Bekelman on July 15th to talk about RCAS.

I told him that he would receive the proposal around the program management office and I was calling him in the interest of not surprising him with anything that was scheduled to happen. He appreciated that. I also told him how upset I was to have to take such a significant write-off based on all the work that you had done and that I had done personally, to gain support for the RCAS program within the company. He was sympathetic.

Then I asked him about the Pendium Server as a product insertion versus having to go to bid with it, and his answer, I thought, was a bit strange but perhaps it will be more meaningful to you...he said that whether or not it's a product insertion or competitive bid depends on how much Digital is willing to help them figure it all out, i.e., Digital would have to work side by side with the Boeing Company to be able to prove that, in good faith to the U.S. Government, this was in fact a product insertion. Do you know what all that means? Is he side-stepping something here or is the request valid?

He emphasized to me several times that this change in the RCAS program was not in any way, shape or form meant to be a negative statement about Digital, and in fact, praised our work. He did state that by going to this architectural change, it reduced the complexity to a single operating system and may well be what is necessary to keep the program alive.

He also mentioned that, if we felt it was necessary to pull our program management office, he would understand, and the two companies would have to do the best we possibly can to keep things going. (I don't know whether or not this means he's unwilling to pay for it.)

Finally, he commented that he was still looking forward to a Digital visit and asked that we begin to schedule those dates Bob. I told him you would start on that right away. Please keep in mind that he wants this sometime during the foliage season in New England, so he can bring his wife Jennifer. I'll want to host he and Jennifer for dinner and I would also like to work with you to ensure that they get a hotel in some of the nicer places for foliage watching. Please start working this with Andrea.

Give me a call after you get this to see if it's all understandable and fits with what you're hearing from Jimmy Smith.

Russ

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

Doc. No: 074090
Date: 11-Jul-1994 09:20am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: W/W Manufacturing & Logistics
Tel No: 264-6209

TO: Remote Addressee

(claire leblanc @bxb)

CC: Remote Addressee

(MARIAN OLEARY @BXC)

Subject: DRAFT MEMO

I was a little taken back by the draft memo you prepared for me as a vehicle to introduce you to the area managers. In that note, you assigned yourself the responsibility for everything we spoke about the other day. It was not my intention to do that Claire.

The role I want you to play for me is the integrated product forecast role, i.e., the work you've been doing for me. I'll be expecting you to help me set it up, create the program office and then make it work per the time tables in your proposals. (I do want a presentation by you to me of the entire proposal so I can understand it in much greater detail).

Regarding all the aspects of the work we spoke about, I'll be making those organization decisions over the next few weeks.

Russ

Send it

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

Doc. No: 073645
Date: 29-Jun-1994 09:54am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(ADRIANA STADECKER @MLO)

Subject: FAREWELL

I'm not able to attend your farewell party this Thursday Adriana. I certainly wish I could be there and, it goes without saying, that I wish you only the very best in your new undertaking. I haven't any doubt but that you will be extremely successful, and I'd also be willing to wager a lot money that you'll be far more relaxed and will enjoy work a bit more than you have lately.

I hope we can find a way to stay in touch as things evolve over the next several months. If I can ever be of assistance to you please call me.

Once again, farewell and good luck.

Russ

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

Doc. No: 073351
Date: 22-Jun-1994 10:56am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (brian mcdonald @mro)
Subject: TFSO LIST

I count nine Branch Managers being laid off with this round of Sales reductions. That's better than the first list, but significantly less than should be, given the number of Sales people being asked to leave. Are you intervening to cut more management?

Russ

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

Doc. No: 073349
Date: 22-Jun-1994 10:22am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: ORACLE

I had an excellent meeting with the CEO of the Canadian Oracle organization. In the course of our discussion, we talked about Oracle's growth in Latin America.

How closely connected are we with our Oracle partners throughout the Latin American countries, i.e., do you know your Oracle counterpart, Bill Kohrs, or does Ronaldo Foresti know Ziek Wimert in Rio? The Oracle person for Mexico is Philippe Diaz-Martinez. In Venezuela, it's Humberto Pappatorra.

Oracle is more than ever happy to work with Digital because the Oracle software works so very well on Alpha.

I'll count on you to make the Oracle contacts even stronger than they already must be.

Give me a call if you'd like some details about what's going on with Oracle in the U.S. or in Canada.

Russ

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

Doc. No: 073347
Date: 22-Jun-1994 09:57am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

Subject: RITA FOLEY

***** CONFIDENTIAL *****

Bill Demmer called to find out if Rita Foley was available to manage the Application Partner role that he is creating for Enrico Pesatori. I told him that I doubted that Rita would be available, and despite any turn ~~the~~ the U.S. is about to go through, I suspect that she would be a "survivor".

Do you concur with my position? If you have any difference of opinion you might invite Rita to give Bill Demmer a call, but if you do so, please let me know first.

If you don't want to have Rita in that position, can you think of someone else who might do well managing an organization that is responsible for managing 50-100 of our largest ISVs?

Russ

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

Doc. No: 073348
Date: 22-Jun-1994 10:04am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB NEALON @BXC)

Subject: Q1 FORECAST

Thank you for sending me the Q4 to Q1 forecast comparison for products. I read it but I don't understand it all. It seems to me that volumes of products are up and revenue is down. I think the only way we'll get to the bottom of this is to have that forecast review, which is becoming more urgent as time goes by.

I don't need to remind you Bob, that the forecast for Q1 is my responsibility, and I have got to become very comfortable with it before I can call it "mine".

Please set up the review of the forecast, and be sure we go through it line by line. You should invite Marketing people to the review, e.g., Bob Schmitt.

Russ

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

Doc. No: 073363
Date: 22-Jun-1994 11:37am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: See Below

Subject: CUSTOMER VALUE CHAIN

Dear Virgilio,

I was pleased to hear about the positive feedback resulting from your assessment of the CVC work in Europe. This will come as good news to the CVC team whose members have worked diligently to ensure that the CVC projects respond to the needs of the Company.

I also agree with you that a Quality environment is a necessary condition to sustain the work of the CVC. As you and I have discussed many times, the European TQM initiative you are driving in Europe, along with the others you mentioned, are important foundations for any major project, CVC included.

I do appreciate your concerns regarding alignment of the CVC project and the European quality initiatives. Vic Aramati, CVC Quality Manager, has assured me that this alignment is certain. This was specifically requested and supported by Win Hindle and the Quality Leadership Team. Vic will continue to work with you in order to achieve the very desirable goal of harmony between the implementation of both the CVC and quality initiatives in Europe.

Thanks for your continued enthusiasm for total quality Virgilio!

Best regards,
Russ

Distribution:

TO: Remote Addressee (virgilio gallo @geo)
CC: Remote Addressee (VINCENZO DAMIANI @GEO)
CC: Remote Addressee (JOE FORD @MLO)
CC: Remote Addressee (emmanuel fizarotti @mlo)
CC: Remote Addressee (WIN HINDLE @MLO)
CC: Remote Addressee (guy-roland perrin @geo)

Use the RDL option to see remainder of distribution lists.

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

Date: 15-Jun-1994 09:37am EDT
From: Virgilio GALLO @GEO
GALLO.VIRGILIO AT ALAMIS @EHQMTS @GEO
Dept: TQM EUROPE
Tel No: DTN 821.4829

TO: Russ Gullotti @MKO

CC: Vincenzo Damiani @MLO

CC: Joseph Ford @MLO

CC: Emmanuel fizarrotti @MLO

CC: GUY-ROLAND PERRIN @GEO

(GUY-ROLAND PERRIN @GEO)

Subject: A: Customer Value Chain

Russ,

Vincenzo Damiani has asked me last February to run a business processes focused quality program in Europe.

With the help of Guy-Roland Perrin, I carried out an assessment of activities in Europe, and collected information about the CVC.

The obvious conclusion was that the CVC responds to the need of identifying business processes throughout the company. At the same time, other tools and standards such as ISO 9000, continuous improvement, RAMS and re-engineering, within the Total Quality Management environment, are crucial to a successful implementation of CVC.

I have already established links with Emmanuel Fizzarotti in Europe. In addition, I would like to make sure that we capitalize on your information and drive, and on the TQM network of expertise we have established here.

I look forward to receiving comments and guidance from you on this.

Best regards,
Virgilio/hg

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

Doc. No: 073350
Date: 22-Jun-1994 10:41am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (RON LARKIN @TRC)

CC: Remote Addressee (BOB HULT @AKO)

Subject: ALLOWANCES

When I visited Canada, we had a brief discussion around giving additional allowances at the close of a quarter. We talked about the desire of sales to give these allowances to bring revenue into the quarter. I told you that I did not believe it was smart to give away money in order bring orders in at the end of a quarter.

I just finished looking at your allowance rate for week 11. You gave away 30.6% of list price for allowances last week. I'm not talking about discounts and allowances, I'm talking strictly allowances.

Ron, this is a point off the curve. Are there some crazy circumstances that I don't understand that would cause us to give 30% in addition to the discounts that we already give? Who approved this level of allowance giving?

Russ

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

Doc. No: 073217
Date: 20-Jun-1994 08:59am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (LUIS ZUNIGA @LAC)
CC: Remote Addressee (STEVE WOODWARD @MRO)
CC: Remote Addressee (KENT STVRAIN @MRO)
Subject: AVNET

One month from now, Avnet Inc. will incorporate in Mexico City. This presents a fantastic opportunity for us. I'd like you to call George Smith, the Executive Vice President of Sales and Marketing for Avnet Computer, (one of the divisions within Avnet Inc.), call him to tell him that you're anxious to meet with him and to work with him to develop an aggressive plan for Avnet Computer in Mexico City. By having you call him, it will show an eagerness on our part to pull in our partners. I'd like you to do this within the next several days. George can be reached at (602) 902-4719. If you would like a short pre-briefing, call the Avnet Account Manager Steve Woodward at DTN 297-9321.

I'd like you to send me a note after you have spoken with George telling me what agreements the two of you reach.

Avnet ^{is} an incredibly eager and committed partner. With good planning and an aggressive time table, you can grow Digital's Mexico presence so that we take market share from everybody.

Russ

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

Doc. No: 073218
Date: 20-Jun-1994 09:12am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

Subject: PLANNING TEAMS

If I haven't already had this discussion with you, I'd like you to prepare some small planning teams to work with each of your biggest distributors, e.g., Wylie, Avnet and Pioneer. The three of these distributors will need to be brought into our new model very quickly. I believe, through the use of non-disclosure agreements, we can start preparing them for acceptance of large numbers of our customers, ~~(as referred by the inside sales team)~~, so that they will be ready to launch at the beginning of July.

I am meeting with Pioneer this week and have met with Avnet. I will be reinforcing the need for these planning teams, and will tell them to expect a call from you or your designated person to begin the actual planning work.

Please confirm that this is the direction you will take.

Russ

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

Doc. No: 073098
Date: 16-Jun-1994 05:19am EDT
From: Joe Ford @MLO
FORD.JOE AT A1 at EMASA2 at ML
Dept: Customer Value Chain Group
Tel No: DTN 223-0889 IDD 508-493-0889

TO: See Below

Subject: Draft of Territory Announcement

Per your request, here is an updated announcement for your edits.

J

*This goes to
Rando, Craig, Gense Kansalgi
I'm going to send this on
Monday. OK with you?*

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

Date: 09-Jun-1994 10:56am EDT
From:

DRAFT 2 DRAFT 2 DRAFT 2

Dept:
Tel No:

To: Territory Managers
CC: Russ, Adriana, Bob, John Rando, Vin, Enrico, Larry,
Charlie, Gresh CVCT

* This DECmail is from Russ *

Subj: CVC Directions -- FY95

As you know the CVC work has been driving at improving partner and customer interaction with Digital across many of our core processes. It has been focusing on our Client/Server Network, Simplified, Managed Offerings, and Territory tools for Quotations, Lead Management, Customer Databases and Electronic Connections.

Bob Palmer and the Corporate Ops Committee have asked me to lead this effort on behalf of all the Business Units, ~~reporting to Enrico~~. As I move the CVC effort into operations, I have decided to engage a formal, management review of each piece of work -- insuring integration to our new Business Models and, as appropriate, updating directions of the Version 1.0 releases.

I plan to conduct this review in early July and will certainly include as many of the appropriate people as possible, then schedules allow
~~This review will take place the second week of July in conjunction with the world-wide management meeting being held in Boston and will have a full participation of SBU, MCS, Sales Management, Finance and IMT.~~

For today, I have asked the CVC groups to delay the planned July/August pilot activities in Canada, France, SPT, Hong Kong/Singapore and the United Kingdom. I have also asked them to ~~hold on~~ ^{postpone} short term deployment activities in order to support the highest quality review session.

At the same time, I am asking that the Territory and Area ^{CVC} resources ~~involved~~ continue to support this activity by maintaining focus, continuing ^{the} planning effort and participating in validation activities as requested by the CVC development teams.

The decisions we make, based on our management review will balance our investment capabilities, our need to deliver quickly and our desire to deliver the fullest functionality possible to our colleagues in sales, customer and partner organizations.

You will continue to receive regular status reports and updates on this important work from the existing project managers and will receive a formal communication on the outcome ^{of} the Management review ~~by the End of July.~~ *once concluded*

Best Regards,

Russ

DIGITAL CONFIDENTIAL Document

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

Date: 03-Jun-1994 10:56am EDT
From: Bob Palmer @MLO
PALMER.BOB
Dept: PRESIDENT AND CEO
Tel No: 223-6600

TO: See Below

Subject: DECISION - CVC

The work of the Customer Value Chain (CVC), led by Adriana Stadecker, began in the summer of 1993 as a corporate initiative. The content of this work is essential to ensuring the satisfaction of Digital's current and future customers and has been designed, from its inception, to be transferred to the line organizations as rapidly as possible.

Effective immediately, Russ Gullotti, on behalf of the Corporation's Business Unit managers and working directly for Enrico Pesatori, will manage the transfer and integration of the CVC work into the business units and functions, as appropriate to meet critical business needs. The approximately 60 employees working directly for the CVC will be transferred to Russ immediately.

The CVC team is to be congratulated on the progress it has made on this important work.

Distribution:

TO: GRESHAM BREBACH	(BREBACH.GRESHAM)
TO: Remote Addressee	(Larry Cabrinety @mro)
TO: Remote Addressee	(Charles Christ @shr)
TO: Dick Farrahar	(FARRAHAR.DICK)
TO: Win Hindle	(HINDLE.WIN)
TO: Charlie Holleran	(HOLLERAN.CHARLIE)
TO: Remote Addressee	(Ed McDonough @bxc)
TO: Remote Addressee	(Robert McNulty @ogo)
TO: Vin Mullarkey @MLO	(MULLARKEY.VIN)
TO: Remote Addressee	(Enrico Pesatori @ogo)
TO: Lucia Quinn @MLO	(QUINN.LUCIA)
TO: Remote Addressee	(John Rando @ogo)
TO: Remote Addressee	(Tom Siekman @mso)
TO: Adriana Stadecker @MLO	(STADECKER.ADRIANA)
TO: Bill Steul @MLO	(STEUL.BILL)
TO: Bill Strecker @MLO	(STRECKER.BILL)
TO: Remote Addressee	(MARC CHARDON @MLO)

DIGITAL CONFIDENTIAL Document

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 073107
Date: 16-Jun-1994 10:05am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: See Below

Subject: Q4

Last week I gave Enrico Pesatori some good news and some less than good news.

The good news part was fun... I told Enrico that I was wrong and that the U.S. Management Team would deliver more than \$380M of NOR. You may all remember that at your U.S. Management Team Meeting I told Enrico that I didn't believe the \$429M number and that he should use \$380M. While last week I told him that you would do no less than \$400M and in my estimation could exceed \$415M.

Further good news that I gave him was based on the gross margin improvement in the United States Territory. Congratulations on the excellent work you have all done on sales to our installed Vax base.

The bad news was, of course, your poor performance against your SG&A commitments. You still have a few days available to reduce as many dollars of discretionary spending as is humanly possible. Your receivables were also well behind plan but I hold out hope for a recovery.

The bottom line of my conversation with Enrico was that the U.S. Team stands a good chance to make its revenue number but based on the SG&A performance, will miss its original profit number and may also miss its receivables goal.

I think I'm in a pool for \$10 dollars and I believe I have lost my bet. I'm delighted to lose my money! Keep selling folks.

Russ

Dictated NOT READ

Distribution:

TO: Remote Addressee (TOM COLATOSTI @OFO)
TO: Remote Addressee (RITA FOLEY @WRO)
TO: Remote Addressee (JOEL GOLDSTEIN @MSO)
TO: Remote Addressee (STEVE GRAY @MKO)
TO: Remote Addressee (AL HALL @COP)

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 073108
Date: 16-Jun-1994 10:26am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (NICK GANIO @MLO)
CC: Remote Addressee (ENRICO PESATORI @MLO)
Subject: JULY MEETING

Nick, Enrico has asked that we send our thoughts to you regarding the July Meeting.

I believe the attendees should be all of the Territory Managers and all their direct reports. (I know Enrico wants to restrict it to the "keepers" but I'm not sure we know who they all are yet). I believe we should also have many of the Area level direct reports who are not Territory Managers, e.g., my Finance Manager and Industry Marketing Manager. I also believe we should invite as many of the Corporate Business Unit Managers as are able to attend. By the way, when I say that the Territory Managers should invite all of their direct reports I do mean all, e.g., Multi-Vendor Customer Services, PCBU, Digital Consulting, etc., i.e., all the people who run the Territory.

Enrico asked if we should be recognizing any people in particular. I'll need to give this more thought but if do recognize people, it should be based on meeting their profit goals in Q4.

From a topics perspective, my first pass thinking suggests that we would, of course, discuss the new model and why we're introducing it. We would discuss its financial implications to the company. We need to talk about our implementation planning, a bit about the retention plans for management and, coincident with that, our plans for sales compensation for FY95. We should talk about the key messages to our employees and our customers. This could take shape via a role play with a "customer" who has been notified that they will now be managed through indirect channels. And, as sensitive as it might be, I think we need to build into our messages why the employees in the field should believe that "this time, the model is going to last more than six months". Believe me, that's on many people's minds who have been with the company for anymore than three years. We've got a good story to tell here and we ought to make it positively and confidently.

As I think more about this, I'll be sure to get my thoughts to you but for now that's my proposal.

Russ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 073109
Date: 16-Jun-1994 10:43am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(KAREN KUPFERBERG @MLO)

Subject: CVC

I met with the CVC Team today for a review of what they are all about and what they are planning to do. The only piece I did not get was the financial briefing, i.e., why do we need to spend \$50+M in FY95.

I need that briefing. Please send me something to read and plan on a follow-up conversation with me to go over the details. My secretary Andrea will set this up within the next week.

Feel free to give me your opinion on anything I need to know about the CVC in addition to the discussion on the financials.

Thanks in advance Karen.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 073110
Date: 16-Jun-1994 10:53am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: SONDA

I think you should prepare the draft of the note to Andres Navarros explaining to him that we have no intention of terminating the current Sonda joint venture. You should generate a positively worded memo that talks about the great success of this mutual investment and, that we Digital, see no reason to terminate the agreement.

You should, however, insert some words in the commentary about the deal aspects of working with Sonda and that we will be happy to reconsider our working arrangement with that aspect of our mutual business together.

Do you agree that we need to do this? If so, please draft the note, if you don't agree, please give me a call and we can discuss it.

I'll need this within the next couple of weeks.

Thanks in advance.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 073059
Date: 15-Jun-1994 09:54am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (SCOTT ROETH @MKO)
TO: Remote Addressee (RON LARKIN @TRC)
TO: Remote Addressee (LUIS ZUNIGA @LAC)
CC: Remote Addressee (BOB HULT @AKO)

Subject: Q1 SG&A

We're going to need to reduce our Q1 SG&A estimates as much as we possibly can, in order to meet the goals of the company. At this time, I can only say that our preliminary estimates of Q1 SG&A spending are too high.

Now I want to speak out of the other side of my mouth... as we put this pressure on to reduce SG&A, I want you to be very careful to keep the necessary funds available to launch the indirect Channels strategy. You will need to train and recruit VARS, you will need ~~to~~ train distributors, you will need to do joint Marketing and demand generation, you will need to buy or use telecommunications systems for your inside Sales Forces, etc.

It will not be an acceptable excuse to say you cut out the money necessary to implement the strategy.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 073058
Date: 15-Jun-1994 09:47am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: See Below

Subject: MCS

I've had several inputs about discussions around MCS funding for Sales next year.

While these are important and necessary discussions, I would rather see us have a single decision for the funding algorithms to be used between MCS and our Business Units, be made at the company level, rather than having individual Territory or Area negotiations.

For budgeting purposes, I'd like to use the same rules as for FY94 and then, as the changes are made at the Corporate level, we can adjust the plans.

John Paget, you should discuss this with John Rando to see if he ~~had~~ *has* any problems with it.

Russ

Dictated Not Read

Distribution:

TO: Remote Addressee (BOB HULT @AKO)
CC: Remote Addressee (JOHN PAGET @MRO)
CC: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (RON LARKIN @TRC)
CC: Remote Addressee (LUIS ZUNIGA @LAC)
CC: Remote Addressee (TONY WALLACE @MLO)

Use the RDL option to see remainder of distribution lists.

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 073057
Date: 15-Jun-1994 09:40am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: INTERVIEW

I'd like to speak with you about some ideas I have about interviewing your Mexican Country Manager candidate.

Because the role of this person in Mexico is critical to the success of other Business Units, I discussed his resume with Harry Copperman. Harry is planning to be in Fort Lauderdale during the fourth of July weekend beginning on July 1st, and would be willing to give up some of his vacation time to talk to your candidate on my behalf.

Do you think we can pull this off? See if he's available to come up to Fort Lauderdale, and find out which days he can do it, and then I'll try and get it closed off with Harry.

Thanks,
Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 073060
Date: 15-Jun-1994 10:12am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(RON LARKIN @TRC)

Subject: OPERATIONS REVIEW

***** CONFIDENTIAL *****

You need to know that both Enrico and I are growing increasingly concerned about what could be poor performance against the SBU metrics in Canada. I understand fully that you spend much of your time concentrating on the full subsidiary performance, but as we discussed at yesterday Operations Review, the profile for the SBU is, in my opinion, at very high risk. You need to focus your efforts in these next three weeks at making your Systems Business Unit commitment to the company. You may or may not receive a call from Enrico Pesatori asking what's going wrong, I assured him that you are paying attention to it, but that I, for one, felt part of the problem was that you were focused on the total subsidiary to the possible exclusion of "lazer beam" like focus on the SBU. *during*

There's still plenty of time for you to prove that this is all wasted conversation, by meeting or exceeding all of your SBU goals.

You may want to give me a call to discuss this but I did want you to get this feedback directly. (Excuse the fact that it's by memo, but I have little or no time for the call today).

Russ

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

Doc. No: 072869
Date: 10-Jun-1994 09:46am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(RONALDO FORESTI @LAC)

CC: Remote Addressee

(BOB HULT @AKO)

CC: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: BRAZIL

I'm very disappointed in the projected performance of Brazil for Q4. The week 4 forecast is the set of numbers by which you will be measured.

Based on your latest assessment against the week 4 forecast, it seems to me that you will miss your 1) revenue number, 2) gross margin number, 3) SG&A number and 4) profit number. I believe you are on track to meet your receivables committment. I am particularly perturbed that, given your poor revenue projections, your SG&A has actually increased. All of the reasons that I'm being given for the spending increases are excuses as far as I'm concerned. It is your job to know these things.

I expect you to be doing everything conceivably possible and to bring as much revenue into the quarter as possible, while decreasing spending.

Obviously, I will look for improved performance in the quarters ahead.

Russ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072813
Date: 09-Jun-1994 10:01am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (TONY MORRIS @DCO)
CC: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (DAVID JAMES @MRO)
CC: Remote Addressee (BRIAN MCDONALD @MRO)

Subject: TAC4

Just to repeat the conversation that you and I had in Washington, do not reduce any of the employees or expenses associated with winning TAC4, or the resources that might be needed for a quick implementation of TAC4, should we win it.

I know you just reduced some of our ability to implement, and I further understand that you have protected our ability to win. But at this point, I don't want any instability on that program team. I hope you agree.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072375
Date: 31-May-1994 10:50am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

Subject: JOE NADLER

I want Joe Nadler moved to Marketing.

It makes no sense to have him work for Finance. He should be a direct report of Bob Schmitt, and should sit on your staff, (in my opinion) and should be the responsible agent to Bob for doing the forecasting, which will then come through to me for approval. We've talked about this several times. What's preventing us from making the move?

I'd like to have this done by the end of this week.

Russ

Dictated Not Read

T-6-6

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072868
Date: 10-Jun-1994 09:43am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(JACK THOMPSON @RCH)

CC: Remote Addressee

(BOB HULT @AKO)

Subject: HIRING

I heard another story yesterday about how your organization continues to hire people. I believe the example given was two or three people from Corporate Industry Marketing are now working for Diane Albano.

Let me see if I can be clear...

STOP HIRING PEOPLE.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072809
Date: 09-Jun-1994 09:46am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(RON LARKIN @TRC)

CC: Remote Addressee

(RANDY GLICKMAN @MRO)

Subject: PIONEER

I'm sure you are aware that Pioneer has purchased Zentronics in Canada. That's good news. You'll find Pioneer to be an aggressive and cooperative partner.

I am worried about one thing however, apparently, someone in Canada has offered Zentronics an allowance based on a large volume purchase. I don't want to do that, and I'd like you to intervene to stop it, if it is, in fact, true. Pioneer sells Digital systems exclusively, so why would we give them an allowance? To me, that is just Canada competing with the United States.

Allowance to Pioneer, or any of its subsidiaries, must be approved by Randy Glickman. You understand how important this is.

When Randy Glickman gives you a call to discuss Pioneer, please make time for him.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072814
Date: 09-Jun-1994 10:06am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BUD ENRIGHT @MLO)

CC: Remote Addressee

(JOE NADLER @MRO)

CC: Remote Addressee

(TERRY FINK @MLO)

CC: Remote Addressee

(BOB SCHMITT @MKO)

CC: Remote Addressee

(ENRICO PESATORI @MLO)

Subject: SOFTWARE PRICING

Are you the person to talk with about software pricing these days?

You're very well aware of the fact that we're giving away a significant amount of allowances in order to compete effectively with our software pricing. We're also preparing, (I think), to introduce two tiered pricing for our software.

I believe we ^{should} ~~ought to~~ convene the right group of people to have another discussion about software pricing, so that we go into the new fiscal year knowing whether or not to cancel the current programs, to extend them, to improve upon them, or whatever it takes, to keep us competitive. Are you the right person to convene this meeting?

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072818
Date: 09-Jun-1994 10:38am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (BOBBY CHOONAVALA @ZPO)
CC: Remote Addressee (BOB STARKEY @SNO)
CC: Remote Addressee (RON BUNKER @SNO)
CC: Remote Addressee (KANNANKOTE SRIKANTH @AKO)

Subject: OPTUS

Bobby, I met with Bob Mansfield, the CEO of Optus last night. He was joined by Ian Boatman, his COO, and John Greaves, his CFO. Also in attendance was Rob Starkey, Sri, Charlie Christ and myself. We had a cordial meeting with the primary key topics focusing on the viability of Digital, and the success of Charlie Christ's Storage Business Unit.

Sri can fill you in on the details of the meeting, but I would urge you to find some time to call Bob Mansfield, or better yet, to visit with him when your travels take you in that direction. As you well know, Optus is spending approximately \$80M a year with us, and it's clear to me that they will need some convincing about the extent to which we are committed to support them in their Phase II endeavors.

Call if you think I can be of additional help.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072819
Date: 09-Jun-1994 10:49am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (RON BUNKER @SNO)

CC: Remote Addressee (BOB STARKEY @SNO)

Subject: OPTUS

I believe we had a good meeting with the Optus folks last night. As you will see from my follow-up letter to Bob Mansfield, I took some action items, not the least of which was to talk to you about the need for communications between you and he. He mentioned that you're scheduled to meet at some point in the near future, but he did express the need for closer communications between the two of you. His comments to me were that he stands in front of many audiences, including his Board of Directors, and when asked about doing such an extensive amount of work with Digital, he wishes that he was better equipped to talk about our financial status, and the direction and strategies of our company. He made it clear that he would expect you to do much of this communicating. I urge you to "fall on your sword" and get in touch with him as soon as it's reasonable to do so.

He also made a brief sales pitch and made it clear that he likes to do business with people who do business with him, i.e., why isn't Digital buying more of its telecommunications infrastructure from him. You really should be very aggressive about making that happen, in my opinion. Perhaps, you could begin by putting all of the Digital cellular phones up for bid. I'll leave that to you. But if you'd like me to do something from this end, please let me know.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072820
Date: 09-Jun-1994 10:59am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(MARC CHARDON @MLO)

Subject: PHONE CALL

I met with the Chief Executive Officer, the COO, and the CFO of the Optus Telecommunications Company last night. You may or may not be aware that they spend approximately \$80M a year with us and will continue to spend huge sums with us in the immediate future. The bulk of our sales to them are built around Systems Integration and Digital Consulting, and they are quite worried about the extent of our commitment and the viability of our company.

I believe it to be totally appropriate to arrange a phone call between Bob Palmer and Bob Mansfield, the CEO of Optus. This does not need to be done immediately, but I would urge it to be scheduled some time within the next two weeks or so. Robert Mansfield can be reached in writing at 101 Miller Street, North Sydney, NSW 2060, Australia or better yet, telephone him at 02-342-7002.

Prior to the call, we would arrange for a briefing by Robert Starkey and Sri.

Please let me know when you think this is do-able.

Thanks in advance.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072614
Date: 06-Jun-1994 10:17am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(JOE NADLER @MRO)

CC: Remote Addressee

(SCOTT ROETH @MKO)

Subject: BUREAUCRACY

Based on employee meetings that I've been having, our Sales Force understands the need to have controls put on our allowances. What they don't understand, is why it should take as long as one to three weeks to get an approval. In one case, I spoke with a Sales woman with whom I was very impressed, who commented that she had one allowance request rejected at least two times because it was in the wrong format.

Joe, we should be able to turn these things around in a matter of hours, people are trying to get business out there. Is there something systematically that we can do to not give up the control system we put in place, but not prevent business from happening either? I've heard this too many times now to think it's an isolated instance. If you want some specific details on an order or two, I have as many as you need.

Please respond immediately.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072616
Date: 06-Jun-1994 10:30am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB NEALON @BXC)

CC: Remote Addressee

(SCOTT ROETH @MKO)

CC: Remote Addressee

(KAREN HOWARD @MRO)

Subject: PROPOSAL

An employee in Kansas City made a proposal to me that made a lot of sense. Many of them are working so hard that they can't afford to take vacation. This person suggested that they be allowed to swap vacation for our products, especially those that might be aged and not exactly current.

This feels like a win win to me. Why don't you work with Karen Howard to see if we can make it a reality. If we can't, let me know why not.

Thanks,
Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072617
Date: 06-Jun-1994 10:33am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(JOHN PAGET @MRO)

Subject: SPRINT

I used your name "in vain" at a recent call to Sprint. We are bidding on a large desktop utility effort there, and when I met with the CIO for Sprint, George Fuciu, I commented to him that if he wanted you to visit with him personally on this, that you would.

He didn't make any firm statement, but you may get a call from the account representative Bill Brammer, to pay a visit there some time during the month of June or early July. Would you be able to do it if asked? It's a very big piece of business.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072618
Date: 06-Jun-1994 10:38am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

CC: Remote Addressee

(BOB NEALON @BXC)

Subject: RECEIVABLES

I asked four different Sales Representatives today what kind of pressure they were feeling to assist in the collection of accounts receivable. All four knew nothing about it, but said they'd be glad to help, if we wanted them to.

I'm not quite sure I understand why our Sales Reps aren't participating in this with us??? Bob Nealon, do we not involve the Sales Reps in our collection efforts?

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072619
Date: 06-Jun-1994 10:42am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB HULT @AKO)

Subject: RECEIVABLES

Andrea told me that you changed the receivables through week 8 to \$790M. Yet at the Operations Review with the Territories, we showed an actual \$670M. Why the change?

The same held true for gross inventory levels. I had numbers of \$370M and \$335M, which you changed to \$421M and \$383M. Are these changes due to human error, systemic reporting problems, or did we have some other problem?

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072620
Date: 06-Jun-1994 10:46am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(HARRY COPPERMAN @OGO)

Subject: PERSONAL COMPUTER ADVERTISING

I met with a group of employees in St. Louis last week, and one of the inputs that most employees agreed on was that the ads for personal computers that we're showing these days are too much like the old "infinity" ads, i.e., too general and not specific enough about our personal computers.

I haven't seen the ads, (they said they were mostly on cable channels) so I ~~can't~~ can't comment personally, but I did promise them I'd pass this on to you.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072621
Date: 06-Jun-1994 10:52am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (JERALD GREEN @CHO)
CC: Remote Addressee (TOM COLATOSTI @OFO)
CC: Remote Addressee (SCOTT ROETH @MKO)

Subject: DUPONT

I spoke with Cinda Hallman today about the problems we have been having with them of late. I assured her that the problem arose from the decision that I had made to review all allowance. She fully understood the need for our company to tighten controls, but could not understand why we don't treat a company like Dupont differently. I assured her that the problem was fixed and would not be repeated.

This is going to require you to shield our customer from our internal rules and regulations Jerry. If you need to get an allowance approved, do it directly and quickly, and don't expose it to the Dupont people. If in any way, any of our internal rules are slowing you down, don't accept it, call Tom Colatosti directly.

Further, if you see ^{they're} anything at all that is going to make the Dupont people feel like ~~their~~ not getting "special treatment", then I need you to take immediate action to cause it to be resolved, including my involvement, if that's what you feel is necessary. I don't want anymore screw-ups with Dupont... the relationship is too fragile to allow it.

By way of follow-up, ^a Adriana Stedecker is visiting with Cinda next Friday. I will talk to Adriana in advance ^{about} to make sure that when she speaks with Cinda, she's prepared to talk our movement to an indirect Channels strategy and to discuss in more detail some of the major directions of Digital. If you have any concerns about that meeting in advance, give me a call. Let me know how the meeting with Adriana goes. Just send me a note after it's done telling me what was discussed and whether or not the tone of the meeting was positive.

Thanks,
Russ

DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072328
Date: 27-May-1994 11:22am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (FRANK KWIATEK @MRO)
CC: Remote Addressee (KENT STVRAIN @MRO)
CC: Remote Addressee (TONY MORRIS @DCO)
CC: Remote Addressee (JACK THOMPSON @RCH)

Subject: IOCS

As we discussed, I met with Tom Farrington of IOCS. The discussion went pretty much as you described. However, when he got to his "proposal" about the new business he wanted to create, it seemed to me to be much more of a proposal to create a distributorship, that would sell to tiered minority Vars, who would sell into the large Department of Transportation program called IVHS (I think). To me, this was nothing new, but rather, a continuation of his role as a distributor. Have you seen what he's proposing?

He said that what he would need from Digital, would be the support of whomever, to help him with what was necessary to prepare Digital product and service capabilities to penetrate the Department of Transportation. I told him that he should talk with Tony Morris and Jack Thompson. In the former case, he should talk to Tony Morris, because it is a large Government program, and in the later case, he should speak to Jack Thompson, though I wasn't sure we still have any transportation industry marketing available.

Tom said he would check in with me ⁱⁿ and a few weeks, after he's tried to further develop his proposal, and make the necessary contacts. Let me know if you hear anymore from Tom or what he says ~~is~~ ^{is} different than what I've said.

Russ

Latter

DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072327
Date: 27-May-1994 11:15am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: See Below

Subject: OPERATIONS REVIEWS

I want to take the Operations Reviews to the next level of detail.

I want to be able to have Bob Nealon show us, at each Operations Review, the status by major product families against our product forecasts, and our current status of load, against our product forecasts.

The way things work today, the Logistics supply chain people have got to make far too many decisions about what products to order the plants to build or to stop building, without benefit of input from our Marketing people. I want that to stop.

Please work with Bob Nealon to develop a way to incorporate this product specificity into our Operations Reviews. I want this to begin immediately.

Russ

Dictated Not Read

Distribution:

TO: Remote Addressee (BOB HULT @AKO)
CC: Remote Addressee (BOB NEALON @BXC)
CC: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (RON LARKIN @TRC)
CC: Remote Addressee (LUIS ZUNIGA @LAC)
CC: Remote Addressee (JOE NADLER @MRO)

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072326
Date: 27-May-1994 11:08am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(MARIAN OLEARY @BXC)

Subject: RECEIVABLES

I guess I had bad data when I thought that the U.S. had the best DSO of any of our countries. You commented that the Netherlands and the U.K. had better DSO than the U.S..

I'd like to know what each country has for DSO. Do you have the data?

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072376
Date: 31-May-1994 10:55am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB HULT @AKO)

Subject: FORECASTING

I've probably asked this to you in other memos, so ignore me if this is a duplicate request....

I need to have far more specificity at our Ops Reviews regarding specific product forecasts. Bob Schmitt should attend the forecasting meetings with Scott Roeth or, perhaps even better, Joe Nadler should attend with Scott Roeth, and we should talk specific product forecasts versus load, i.e., if there are any products that are underloaded, we should cut back on the forecast. If there are any products that are overloaded, we should ask for more, but I want all those changes to come through me.

I'll count on you to set this up.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072379
Date: 31-May-1994 11:31am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB HULT @AKO)

Subject: IM&T

What is the total number of IM&T in my payroll and headcount?

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072380
Date: 31-May-1994 11:33am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BRUNO GRATALOUP @ATY)

Subject: MICHELIN VISIT

I would like your feedback on the Michelin visit. What did they say about the time they spent in Maynard, what were the good points of their visit, what were the weak points of their visit? What follow-up actions to you have for them? Are you comfortable with the actions that we took regard Canada and Mexico?

Please give me your feedback so I can ensure the proper follow-up.

I will also expect you to send a trip report to Jean-Paul Nerriere, copying me.

It was good to meet with you Bruno, please be sure to call me if I can ever be of help with Michelin.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072381
Date: 31-May-1994 11:41am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (BRIAN MCDONALD @MRO)
CC: Remote Addressee (KAREN HOWARD @MRO)
CC: Remote Addressee (BOB HULT @AKO)

Subject: UNITED STATES HEADCOUNT

***** CONFIDENTIAL *****

I'm not happy with the headcount reduction plans for the United States. As I read Brian McDonald's memo to me of May 27th, it seems to me, that of 775 employees to be TFSO'd, 470 of those are Sales and Sales Support. You are only downsizing 15 of 86 IM&T people, and 10 of 249 Site Services people. How many Logistics people are you cutting that are currently shown below gross margin?

Before we cut so deeply into Sales and Sales Support, we should take all that we can out of infrastructure.

Please be sure that the assignments you have given to your Regional people include a heavier cut amongst the overhead structure, rather than the direct sales people. You should be eliminating Districts and Units and stopping all hiring in the process of staffing your Regions.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072377
Date: 31-May-1994 11:01am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(ANDRES NAVARRO @DEL)

CC: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: RECEIVABLES

DRAFT

We are looking at the proposal that you made to me Andres, to see whether or not it is in the best interest of Digital. In the meantime, I'm speaking to representatives from all the other Business Units to get their opinion as to how we should best proceed with our relationship with Sonda.

I'm also considering the ^{additional} ~~alternative~~ proposal that you ~~made~~ ^{we discussed} regarding ~~Brazil and Mexico.~~

You and I briefly spoke about ^{Sonda accounts receivable} ~~account receivables~~. Your comment was that once Digital ships "across the yellow line", it takes about a month for the product to reach you. I've check^d this back through our system as much as ^{we} can, and there are varying points of view.

However, I do believe, as partners in a 50/50 venture, that we should expect payment on receivables as fast as possible, but certainly no longer than net 30. I hope you agree.

Russ

LECTATED NOT READ

Is Luis OK?

Revised memo-

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

Date: 02-Jun-1994 08:07am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI AT A1 at SOLVIT at MK
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: ENRICO PESATORI @MLO

CC: BOB HULT @AKO
CC: TONY WALLACE @MLO
CC: SUSAN M FOLEY @MLO
CC: BOB NEALON @BXC

Subject: Q4 STATUS

I will be calling in on Friday to give you an update on Q4 status for the Americas. If you are running late, I can have Bob Hult on the line as a backup because the time between my customer visits is very tight. If you prefer, this brief memo is a synopsis of status.

CERTS - We are unchanged in our assessment that the Americas will cert \$513M in orders for Q4. The US had a good week (a portion which shows in C&P) as did LACT. Canada is coming off a 4 day week and had low orders.

ALLOWANCES - We are improving but because most of our allowances are programatical rather than competitive, progress is slow. USA improved by 3% points last week.

NOR - We will stay on our previous week's assessment of \$458.4M. the US is tracking to meet the \$380M that I submitted for them but the US management team is holding firm at \$425M. LACT still has a \$26M assessment versus their forecast of \$31.4M and Canada is committed to \$52.4M, though I see only downside (\$5M).

GROSS MARGIN - I am still showing this at 45.5% of NOR. I believe this has some upside because of the strong VAX system sales and upgrade sales in the USA.

SG&A - SBU Expenses are unchanged from the week 4 forecast of \$177.5M. The USA has the most risk in meeting their projection of \$158.5 (\$2-3M is at risk).

PROFIT - We will return \$31.2M in area profits which is unchanged from last week's assessment.

RECEIVABLES - We had good collections in all 3 territories last week and are at \$790.9M to date versus a goal of \$1615.5 for the whole quarter. A 50% slip rate from manufacturing last week will not help us at all! We will likely miss our overall goal by \$30-50M.

HEADCOUNT - We will exceed our headcount reduction commitment of 1000 by 200+ people and will end Q4 at 5229 employees.

GROSS INVENTORY - Total Americas inventory, including Logistics, was \$421M for the end of Q3. This will drop to our Q4 ending goal of \$383M.

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

Doc. No: 072508
Date: 02-Jun-1994 10:41am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(TONY CRAIG @MLO)

Subject: DIGITAL CONSULTING

I checked with Rich Linting about the size of our Digital Consulting effort in the Americas Area. The following numbers exclude Computer Special Systems (CSS).

You will have approximately 2400 employees at the end of Q4, generating \$600M of business. You had said you thought the number was \$900M, but Rich confirmed that it was only \$600M. Approximately \$100M of that is outsourcing, and another \$50M of it is Education Services, with another \$5-10M of Consulting. This leaves a \$450M Systems Integration business, which (now I'm guessing) probably has \$100M of applications level integration and "mega projects", which probably leaves a \$300-\$350M business left behind. What I cannot do without more work is to figure out how many employees that represents. But if we use the current Digital Consulting/Americas revenue of \$250K per person, then this number of employees, associated with the "technical consulting business" would be about 1200 people. All of this is rough data, but I thought it might help you in your research.

Russ

DICTATED NOT READ

297-6983

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072506
Date: 02-Jun-1994 10:34am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(TONY WALLACE @MLO)

Subject: CSS

We're now starting to have the Digital Consulting people in the different Territories say that CSS has moved over to the SBU.

Has a decision been made by Enrico yet? If it's something that you can let me know about, I can dispel all these rumors and unnecessary waste of effort.

Russ

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Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072502
Date: 02-Jun-1994 10:19am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(VIN MULLARKEY @MLO)

Subject: CONGRATULATIONS

Congratulations Vin. Having you as Digital's CFO is comforting, not only because you're more than capable of doing the job from a technical basis, but because you'll bring to it a certain set of values and understanding of our company that we all desperately need. Please call on me for help if you ever need it.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072503
Date: 02-Jun-1994 10:22am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOBBY CHOONAVALA @ZPO)

Subject: PHONE CALL

How did your call with Enrico go? Were there any conversations that were substantively different than what you and I talked about?

Keep smiling.

Russ

DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072504
Date: 02-Jun-1994 10:27am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(GAIL DANIELS @MLO)

Subject: ROTCON

Gail, you have several aging Alpha seed units in the United States Territory. Are you working with the people in the United States to try and get these sold off so that we can reduce our field based inventories?

I don't even know who you work for these day. Within whose organization are you currently working?

Russ

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Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072505
Date: 02-Jun-1994 10:31am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(DALE BUCKLEY @BXC)

Subject: HOME OFFICE

Are you willing to work across the Americas, (primarily Canada and the United States), to develop a proposal around working out of the home or the automobile, as an aid to helping us reduce the number of facilities we have?

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072374
Date: 31-May-1994 10:17am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (TONY CRAIG @MLO)
TO: Remote Addressee (VINCENZO DAMIANI @GEO)
TO: REGGIE VAN LEE (PAPER MAIL)

Subject: SALES AND MARKETING PRESENTATION

***** CONFIDENTIAL *****

These are the action items that I picked up at Thursday's presentation of the Sales and Marketing design team effort.

- o We need to do a better job of figuring out who sells services through Model 1 and Model 2, i.e., are there separate Service people calling on our Channels partners, or do the Service people get represented by the Channels Sales Representatives?
- o We need to strengthen the role of Country and Area host Managers. If I understood this input correctly, some people see the Host Management role as taking something that is more than the sum of the pieces to help generate demand. I must have this wrong; did anyone else pick this up?
- o The role of a Country or Area Manager within any Business Unit is profit and loss by Geography. The role of Product Management is profit and loss by product. We need to emphasize and restate this.
- o We confuse people when we talk about the Sales and Marketing functional role at the "Corporate" level. We need to make it clear that this is not a line role, and it is certainly not the boss of the Area Managers. I think Enrico thought that was what we were suggesting.
- o We need to have a discussion on end user pricing, versus indirect channel (distributor) pricing for fulfillment needs. We need to learn to price first for the indirect channel, and then for the end user direct channel.
- o We need to do much more work on Model 4 (Services). Does Model 3 sell all services, e.g., install base retention, value added services, etc? Will we transfer price all the services to business Model 3? We need to have this discussion with John Rando.

- o We need to determine very clearly and specifically where we will share resources with Model 2, e.g., benchmarking centers, expertise centers, sales training, compensation, etc.
- o There were many questions about what is in an Expertise Center and where they will be located. We need to build this up from where accounts are located and we need to talk more about the skills level and, as stated above, where we will share resources with business Models 2 and 1.
- o We have a lot of work to do as to where Systems Integration begins and ends. What does it mean to be a Technical Systems Integrator. How high up the Systems Integration ladder do we go? The suggestion was made to convene Gresh Brebach, perhaps John Rando et al, to have this discussion. Tony Craig, you should make this happen.
- o More work needs to be done on a clear set of responsibilities of the role of a host manager in an Area and in a Country. We also need to make decisions as to whether this is a "fifth" person, or is it a Host Manager who also manages a Business Unit.
- o The decision as to where "house accounts" go is still not made. Enrico very much wants to see Model 2 "pure", whereas most of us believe there was some advantage in putting the house accounts in Model 2, or as Reggie suggested, Model 2B. We need to be clearer on our proposal, and we need to do our pros and cons more definitively.
- o We need to do a listing of the responsibilities of the Business Unit III Account Manager, vis a vis, the other Business Units. (BU 0, 1, 2, 4)
- o We need to make some specific statements as to how we sell our software, is it through Model 2, Model 3, or both?

If any of you captured additional action items, we should add them to this list but we should certainly make them a topic for the Thursday and Friday meeting that most of you (not me) will attend and conclude on what the decisions are on Saturday (I will be there).

Russ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072812
Date: 09-Jun-1994 09:54am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (MIKE OATES @DCO)
CC: Remote Addressee (TONY MORRIS @DCO)
CC: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (JOHN PAGET @MRO)
CC: Remote Addressee (BOB NEALON @BXC)

Subject: TAC4

Both Bob Nealon and John Paget have agreed to assign a senior level person to your team to help you with decisions that need to be made. Both people will be empowered by John and Bob to speak on their behalf.

Call John Paget and call Bob Nealon and they'll give you the names of the people they have assigned.

Also, I want you to schedule a review of the logistics and supply chain needs of TAC4 with Bob Nealon, myself, yourself, and whomever else is needed, and I believe you should do an equivalent readiness meeting with MCS to include John Paget and myself. Do this when it best suits the needs of the program team, but I do believe you should do it because both Bob and John could add a lot of value.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072238
Date: 25-May-1994 12:02pm EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

CC: Remote Addressee

(BRIAN MCDONALD @MRO)

Subject: MIKE HOWARD

**** CONFIDENTIAL ****

Here are a few inputs for the performance appraisal for Mike Howard...

We pulled Mike out of his District Manager job about a year ago to lead us in the design effort to implement the CBU model. I believe Mike did an absolutely outstanding job of proposing a model that fully met the company's direction. In fact, when we presented this proposal to Senior Leadership Team, I received an ovation for full compliance with the company's direction. Mike deserves credit for this, (despite the fact that we blew the whole thing away six months later). He ran a good process and started from the customer back. You should praise Mike's customer orientation.

I think you also ^{should} ought to praise Mike Howard for the brief period of time in this past year when he was a District Manager. He consistently met or exceeded all of his goals, (which is why he made such a good candidate to design the U.S. CBU model... he knew what really goes ^{on} in the field).

Finally, I think it's worth mentioning that Mike tends to be a positive thinking person with good motivational skills for his employees. This is something our company needs right now.

I hope this helps, let me know if you need more data.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072239
Date: 25-May-1994 12:14pm EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(TONY WALLACE @MLO)

Subject: DAVE SPRATT APPRAISAL

***** CONFIDENTIAL *****

I've been told that you need ^{Some} a ~~few~~ inputs for Dave Spratt's performance appraisal. Here are a few thoughts...

Dave was instrumental in creating a model for the creation of the Americas Area. We had to build this structure from nothing, while keeping the costs to an absolute minimum. I thought Dave was quite creative in trying to implement this model, with only an absolute skeleton of a financial staff, and was more than influential in keeping the rest of the overhead structure at the Americas to a very low level.

Dave deserves credit for his ability to see problems that ^{may be} buried in a lot of detail. I think we can attribute the majority of this to long experience in dealing with what goes wrong within a Business Unit. I found him to be very helpful in this regard.

As you and I both know, Dave was not quite proactive enough in ^{the} taking the lead on the problems that I faced in both the Americas and United States, e.g., expense control management within the U.S. could have been ^{an} a place where he was more aggressive, as was the case with opportunity he faced to help me develop the operating models for the Americas. He was just a bit too passive in this regard.

These are the inputs that I have given you fairly consistently as we have discussed Dave over the past several months, but if you need more data, just give me a call Tony.

Russ

DICTIONARY NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072240
Date: 25-May-1994 12:27pm EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(AL HALL @COP)

Subject: INPUT

Here's some input for you...

I thought you did a great job with Enrico Pesatori and myself during his visit to the U.S. Management Team. You pushed back quite aggressively on his comment that the U.S. workforce reductions were protecting the "friends of our friends". You also did a good job of pushing back on my comment that the reason our forecast has been dropped \$380M for the U.S. was because we didn't trust your numbers.

Certainly, no one is ever going to accuse you of being a push over Al!

I still don't believe the \$429M number. I love to have you prove me wrong.

Russ

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Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072227
Date: 25-May-1994 09:20am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(ANDRES NAVARRO @DEL)

CC: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: CONTRACT

You said you would fax me a copy of the contract that you had which showed a different language than you think we are using. Specifically, I believe you mentioned that your contract restricts alternate channels to VARS and OEMS, while ours does not.

I'd like to see what you're referring to. Please send me a copy of the contract as you said you would.

It was good to see you last week Andres.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072234
Date: 25-May-1994 10:55am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(TONY WALLACE @MLO)

CC: Remote Addressee

(ENRICO PESATORI @MLO)

Subject: CSS

Based on the conversation that you and I had the other day, I spoke with Rich Linting about CSS. His comment is that ~~the~~ Gresh Brebach's plans for CSS are known by Enrico, i.e., they will reduce the CSS headcount by 20% before the end of June, with the rest of CSS being eliminated by end of FY95.

The only thing that would change this plan would be if your analysis shows that it is a profitable business that would be of value to Business Units under Enrico's responsibilities.

There is no slowing down the 20% workforce reduction by the end of June, though we do still have a couple of weeks to prevent that from happening, should we make a clear decision to keep CSS.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072235
Date: 25-May-1994 11:07am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(LUIS ZUNIGA @LAC)

CC: Remote Addressee

(BOB HULT @AKO)

CC: Remote Addressee

(BOB NEALON @BXC)

CC: Remote Addressee

(IGNACIO PRADO @LAC)

Subject: OPS REVIEW

Based on the Ops Review that we did today, and based on the fact that you continue to believe that you will miss your NOR budget by \$5M, you need to do something to improve your profitability. Obviously, you're getting some of it back through gross margin improvements, but now you need to take even more draconian steps to cut your SG&A. It does me no good to have you at the mercy of the Brazilian Navy, and there is really not a whole lot you can do about that except to cut expenses. Therefore, I expect you to cut further.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072236
Date: 25-May-1994 11:22am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(TONY CRAIG @MLO)

Subject: SALES GOALING

Given all that is going on, there is a great deal of confusion in the Territories, (and with me) as to the ability to begin the goaling process for FY95.

My suggestion at this point, would be that we plan on having all goals in place and in the hands of our Sales Force ~~by~~ no later the end of July. *Ahan*

I doubt that the work we're doing on organization design will be completed quickly enough for us to meet the July ending deadline and, therefore, one could argue that we should go ahead and goal our Sales Force based on "the budgets" that we have in our hands sometime in J~~u~~.

Have you given this any thought? What direction do you want to see us take?

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072237
Date: 25-May-1994 11:52am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee
TO: Remote Addressee
TO: Remote Addressee

(LUIS ZUNIGA @LAC)
(SCOTT ROETH @MKO)
(RON LARKIN @TRC)

CC: Remote Addressee
CC: Remote Addressee

(BOB MCNULTY @OGO)
(BOB NEALON @BXC)

Subject: IM&T

I spoke ^{to} Bob McNulty tonight about downsizing IM&T in the Americas. Each of you should have ~~at the ready~~, your plans for downsizing IM&T in your three Territories. Bob McNulty will be in touch with you soon to find out if what you're ^{re}planning to do fits the plan that he has. In fact, after talking with him, you may find out that he's planning ^{to} be more aggressive than you are. The only purpose I have for putting you together with Bob is to make sure that what we're doing is not at cross purposes with each other.

Let me know what the three of you conclude after your discussions with Bob.

Russ

DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071521
Date: 04-May-1994 09:13am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(TOM COLATOSTI @OFO)

Subject: CAPITAL

Are you planning to buy some video conferencing equipment for your sales people? If not ignore this, if so, don't do it. There's a capital freeze on.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071559
Date: 05-May-1994 09:44am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209



TO: See Below

Subject: FORECASTING

Just a reminder...

At the Territory Manager's Meeting this week we agreed that no forecast would be submitted to the Manufacturing organization without my signature on it. This will ~~for go for~~ for any significant change to previous forecasts as well. Please be sure forecasts are brought to my attention for review and signature.

Thank you,
Russ

Forego

DICTATED NOT READ

Distribution:

TO: Remote Addressee (LUIS ZUNIGA @LAC)
TO: Remote Addressee (RON LARKIN @TRC)
TO: Remote Addressee (SCOTT ROETH @MKO)
TO: Remote Addressee (BOB NEALON @BXC)
TO: Remote Addressee (JOE NADLER @MRO)
CC: Remote Addressee (BOB HULT @AKO)

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071558
Date: 05-May-1994 09:31am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (KAREN HOWARD @MRO)
Subject: BONUS FOR REGIONAL MANAGERS

Based on a myriad of different things that are going on right now, I want to change my mind. I do not think it is a good idea to pay bonus to your Regional Managers as proposed in your "Triple Crown" Program. We can discuss all the reasons why when we next meet face to face, ~~but suspect you can guess.~~

Russ

DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072131
Date: 23-May-1994 10:17am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(LUCIA QUINN @MLO)

Subject: ALLIANCE EXPERTISE NETWORK

By now, Debra Schott has probably told you that I had some objections to the work that the Alliance Expertise Network was doing. I think what triggered me was the fact that she commented that she would be having a meeting with about a hundred people this week to discuss how to better deal with alliances.

The objection I had was that the alliance network was filling a very important void, when it was created. But the way things work today, I'm not sure that its need is as important as it used to be. The role of the Business Units is, as you know, significantly strengthened and the role of the Investment Committee (I'm not even sure we need it anymore) is to take the learnings from all the investments and disinvestments that we've been doing and pass them to the Business Units.

The recommendation I made was that you or she go to the six Business Units to see if they still want the group to exist. Keeping a small core of experts together, who assist all the Business Units is, of course, something I actively support.

Give me a call if you need further understanding of my position on this.

Thanks,
Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071557
Date: 05-May-1994 09:19am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (WILLY SHIH @MLO)

CC: Remote Addressee (Ed Muth @aci)

Subject: SUPPORT

I spoke briefly with Ed Muth today about his pending opportunity as the Americas liaison to our three Territories. If you get a minute to talk to Ed, he'll tell you that I didn't understand the role, nor was I very supportive about the need for such a role as I understood it.

For me to better understand why three Territories would connect with one person to get answers to questions that would be found elsewhere in your organization is very confusing to me. Perhaps it's because I am so sensitive to the fact that we simply cannot afford people who help people who help people anymore.

I see if I can arrange a phone call for you and I to discuss the model. Perhaps once I understand it better I can be more supportive.

As a totally different topic, I consider Ed Muth to be a star and would be thrilled to have him available to help us succeed. This is not talking out of both sides of my mouth, I am separating the person and his skills from the organization design.

Thanks,
Russ

223-1292

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071657
Date: 09-May-1994 09:41am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

CC: Remote Addressee

(BOB HULT @AKO)

CC: Remote Addressee

(DAVID CREED @OGO)

Subject: PESATORI REVIEW

I want of see all of the slides that you will use for ~~the~~ Enrico's
~~Pesatori~~ Operations Review of the U.S. forecast at least a full day
before the meeting.

Thanks,
Russ

DECLASSIFIED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071656
Date: 09-May-1994 09:38am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(HARRY COPPERMAN @OGO)

Subject: PHONE CALL

When we spoke on the phone on Thursday, you mentioned a consulting firm that publishes "think and do" lists. I didn't write down the name of the company, or ask you the specifics of how I could get a hold those lists.

Could you let me know how I might get my hands on these documents please?

Thanks,
Russ

●
DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071655
Date: 09-May-1994 09:33am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee
TO: Remote Addressee
TO: Remote Addressee

(RON LARKIN @TRC)
(LUIS ZUNIGA @LAC)
(SCOTT ROETH @MKO)

CC: Remote Addressee
CC: Remote Addressee

(JOE NADLER @MRO)
(BOB NEALON @BXC)

Subject: SABLE

At the Quarterly Business Review, you heard the interchange on the availability of Sables. Assuming you all do what you said you'd do, i.e., sell out on Sables, ~~then~~ I need to know how many more you need to fulfill total demand for this quarter.

Let me know how many additional units you can sell, if you could get them. Ron, did you get your allocation?

●
DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071654
Date: 09-May-1994 09:25am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: SABLE PRICING

What would happen if you raised Sable prices in Latin America? How much could you raise before you impacted volume?

By now, Andrea has told you that I am not able to make it to your meeting on Wednesday. It's because I'll be meeting with Enrico back in Maynard.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071586
Date: 05-May-1994 12:58pm EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee
TO: Remote Addressee

(BOB HULT @AKO)
(TONY CRAIG @MLO)

CC: Remote Addressee
CC: Remote Addressee
CC: Remote Addressee

(SCOTT ROETH @MKO)
(DAVID JAMES @MRO)
(STAN NUNN @FHO)

Subject: DOW

I sat in on the Dow account review today. As usual, this Account Team has its act together.

Nevertheless, I would like to use the Dow account plan as a vehicle to help us determine what the model should be in a global account.

Stan is showing continued reduced direct headcount calling on the Dow company, while at the same time, he is grown his indirect channels use to the point where \$9M of his total \$16M is being fulfilled by distributors.

My assertion is that the mathematics won't work, i.e., he's not productive with this kind of distribution model, and the number of direct sales people that he has, but I am unable to give him real data.

Bob Hult, I'd like you to take the Dow account plan and assess its profitability. Tony Craig, can you or one of your folks work with Stan Nunn specifically to determine whether or not the Dow account plan would be considered to be acceptable to Digital's needs in the future, or whether or not we can propose alternative methods for growing our business with the Dow company.

Stan Nunn will contact the two of you to begin this process. I would like to have his first input within the next two weeks.

Thanks in advance for your support to the Dow Team.

DICTIONATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071710
Date: 10-May-1994 10:32am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(JOE NADLER @MRO)

CC: Remote Addressee

(SCOTT ROETH @MKO)

CC: Remote Addressee

(BOB NEALON @BXC)

CC: Remote Addressee

(BOB HULT @AKO)

Subject: EXCESS INVENTORIES

Are you aware of any activity that requires us to return excess and obsolete inventory to Contoocook by week 8? I heard this at the financial overview at the Quarterly Business Review last week.

If you don't know about it, please find out.

Thanks,
Russ

●
DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071708
Date: 10-May-1994 10:17am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (IGNACIO PRADO @LAC)

CC: Remote Addressee (LUIS ZUNIGA @LAC)

Subject: SONDA PAYMENTS

What are the terms and conditions of payment to Digital by Sonda?

I know you've made great progress in reducing their payables down to something a bit more reasonable, but the more I think about a 50/50 owned venture, the less I understand why they do not pay us exactly per our terms. Let me know please.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071711
Date: 10-May-1994 10:40am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(JOE NADLER @MRO)

Subject: PRICING

Our European organization has begun a price/position reconfirmation of major products in Europe.

What thoughts do you have on going back through our product price positioning to see whether or not we should be repricing (up or down) any of our product lines?

Can you think of a way to do this that would bring together Canada, the U.S., and Latin America?

I'd like your thoughts on this... I'd probably ask you to lead this effort.

Thanks,
Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071709
Date: 10-May-1994 10:27am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(KENT STVRAIN @MRO)

Subject: ANIXTER

What discount do we give Anixter for the fulfillment role that it plays regarding delivery of our networking products? If it's the full discount, then I don't understand it because they're not doing the selling, as I understand things.

Can you clarify our working arrangement with Anixter for me please?

Thanks,
Russ

DELETED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071653
Date: 09-May-1994 09:22am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(RON LARKIN @TRC)

Subject: Q4 FORECAST

I will be visiting with Enrico on Thursday of this week and would like to be able to give him a status report on your progress towards extra profit. If you can, let me know where you are on covering additional profit potential before Wednesday.

Thanks,
Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071658
Date: 09-May-1994 09:44am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(LUIS ZUNIGA @LAC)

CC: Remote Addressee

(KAREN HOWARD @MRO)

CC: Remote Addressee

(BOB HULT @AKO)

Subject: IGNACIO PRADO

***** CONFIDENTIAL - DO NOT COPY OR FORWARD *****

My recollection of your proposed salary plan shows that Ignacio Prado is your highest paid direct report.

I do not want to see Ignacio Prado get a salary increase this year, based on the horrible controls audits coming out of LACT.

Certainly, Ignacio shares a great amount of responsibility, based on the specifics of these audits, but you and your line managers are accountable as well. With all else that is going on, it's a pity that you need to focus so much attention on internal controls, but this is just another ball that you're going to have to juggle. It's too serious a problem to let it slip.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071715
Date: 10-May-1994 11:07am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(JOHN PAGET @MRO)

CC: Remote Addressee

(VINCE TOMASELLI @NYO)

Subject: CITY OF NEW YORK

I met with Ralph Meccorella, one of the people who buys a lot of equipment from us for the State of New York. He commented to me that since the last layoff, his service from the CSC in Colorado has been simply awful. You might want to have somebody from your organization check with the Account Manager, Vince Tomaselli, to get some of the details.

Thanks,
Russ

DATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071714
Date: 10-May-1994 10:56am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: PC MEETING

After you and I left our meeting with Sonda, you were going to try to stop the proposed PC distributor's meeting that was planned for Deerfield Beach. Apparently, this happened as scheduled, but I'd like to know what the results were?

What were we able to tell our distributors, given that we did not have an agreed to arrangement with Sonda?

Russ

DI...ATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071713
Date: 10-May-1994 10:47am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(DENNIS ALBANO @MRO)

Subject: ANIXTER

Dennis, help me understand the Anixter model regarding the sale of network products. What do our sales warriors do? What does Anixter do? What is the advantage of letting Anixter do the fulfillment for Digital? What discount level do they get? What if other distributors wish to carry our networking products?

Could you please help me to understand the arrangement that we have with Anixter? I'm still not clear on it.

Thanks,
Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071712
Date: 10-May-1994 10:46am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: SABLE

Did you get the Sable machine as I committed for Brazil?

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071705
Date: 10-May-1994 08:47am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: See Below

Subject: A/R ESCALATION

Pull out all the stops on receivables please. Territory Managers, please ensure that extended teams come to you. Other B.U. Managers, please support this! Territory Managers will decide for SBU, you decide for your B.U., but tell him why and what the terms were.

Thanks,
Russ

Distribution:

T	Remote Addressee	(DENNIS ALBANO @MRO)
TO:	Remote Addressee	(HARRY COPPERMAN @OGO)
TO:	Remote Addressee	(alberto costales @ako)
TO:	Remote Addressee	(JOEL GOLDSTEIN @MSO)
TO:	Remote Addressee	(KAREN HOWARD @MRO)
TO:	Remote Addressee	(BOB HULT @AKO)
TO:	Remote Addressee	(RON LARKIN @TRC)
TO:	Remote Addressee	(RICH LINTING @OGO)
TO:	Remote Addressee	(BOB NEALON @BXC)
TO:	Remote Addressee	(JOHN PAGET @MRO)
TO:	Remote Addressee	(SHANE PATTERSON @MKO)
TO:	Remote Addressee	(SCOTT ROETH @MKO)
TO:	Remote Addressee	(BOB RUSSELL @SCO)
TO:	Remote Addressee	(DICK SMITH @MSO)
TO:	Remote Addressee	(LUIS ZUNIGA @LAC)

Printed by Tony Wallace @MLO
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: 012827
Date: 05-May-1994 02:38pm EDT
From: Tony Wallace @MLO
WALLACE.TONY
Dept: VP Sales & Mktg. Finance
Tel No: (508)493-3390

TO: See Below

Subject: A/R Escalation

I presented the attached material at today's Corporate Operations Review meeting. The individual Area Reviews are from the Tuesday report-out. Please note the addition of the escalation process. This was agreed to by all attendees and should be implemented immediately. We should keep this in place at least for the next three quarters. Please note that Russ has implemented additional controls on extended terms. We need to close with Europe and A/P.

I look to you to drive implementation with your Logistics counterpart.

Regards,

Tony

/mp

Attachment

Distribution:

- TO: Remote Addressee (Bob Cohen @GEO)
- TO: Remote Addressee (Bob Hult @AKO)
- TO: Remote Addressee (Pam Ferguson @AKO)
- CC: Remote Addressee (Bobby Choonavala @ZPO)
- CC: Remote Addressee (Vincenzo Damiani @GEO)
- CC: Remote Addressee (Russ Gullotti @MKO)
- CC: Remote Addressee (Tom Kelly @MLO)
- CC: Remote Addressee (Susan M Foley @MLO)
- CC: Remote Addressee (Marian O'leary @BXC)

DIGITAL CONFIDENTIAL Document

WORLDWIDE LOGISTICS
Q4 Accounts Receivable

Escalation Process

Objective

Ensure that cash collections issues are identified and resolved in a timely manner

Process

Weekly reviews of cash collections performance will be held by the Logistics Controller and the Area Logistics Controllers

* These reviews will be conducted by Territory with a focus on cash collections and agings vs. Q4 goal of \$ 4.057B.

* Issues representing significant cash collection opportunities requiring intervention will follow an escalation process:

1. Area Logistics Controller will work with the Territory Finance Manager

If the issue is not resolved by the close of the next business day

2. Area Logistics Manager and Area Finance Manager will engage the Territory Manager (Bill Steul will receive a memo on the issue).

If the issue is not resolved by the close of the next business day

3. Area Manager will be engaged

If the issue is not resolved by the close of the next business day

4. Enrico Pesatori and Tony Wallace will be engaged

If the issue is not resolved within the next business day

5. Bob Palmer and Bill Steul will be engaged

Cash Collections A/P

- Weekly Cash is the goal, not the resultant DSO number.
- Actions:
 - Territory and Country weekly cash goals have been set and are being measured weekly thru concalls.
 - Maximize April and May ships to increase A/R.
 - Increase temporary collection resources.
 - Goal all Level 2 Sales Managers and provide weekly updates.
 - Continue weekly Territory reviews.
 - Q4 Budget = \$548.9 Q4 Goal = \$554.0

Cash Collections Europe

- Forecast: \$1,815
Target: \$2,100
- Goal: Improve DSO two days better than budget
- Actions:
 - Territory review weekly
 - Weekly cash collection goals
 - Focused on early billing of service contracts.
 - Area incentive program developed by Territory.

Cash Collections Americas

- **Canada - 65 days/budget (65)**
- **LACT - 90 days/budget (92)**
- **U.S. - 62 days/budget (55)**
- **Cash incentives - A/R collected over 60 days**
- **Early and complete shipments**
- **Integrate to OPS review process**
- **Territory Manager must approve extended terms**
- **Weekly collection goals**
- **Q4 Target \$1.5 vs. Q4 Forecast \$1.5**

Q4 RECEIVABLES REVIEW

NOR (\$B)	<u>\$4.2</u>	<u>\$4.0</u>	<u>\$3.8</u>	<u>\$3.6</u>
Cash (\$M) required for DSO Budget (68)	\$4,057	\$4,023	\$3,968	\$3,913
Cash (\$M) required for DSO Goal (66)	\$4,171	\$4,112	\$4,052	\$3,993

Cash Collections (\$M)	<u>Q3 Act</u>	<u>Current Area Q4 Forecast</u>	<u>Q4 Budget</u>
U.S.	\$1,195	\$1,305	\$1,410
Europe	1,781	1,814	1,887
APA	615	736	760
	<u>\$3,591</u>	<u>\$3,855</u>	<u>\$4,057</u>

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071770
Date: 11-May-1994 11:36am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(JOHN PAGET @MRO)

Subject: SPRINT

I spoke to the President of the Sprint long distance division today, and during our conversation, as I mentioned to you, I brought up the utility piece of business. He was aware of it but was not particularly involved in the decision. He promised that he would pay close attention to it to make sure that we were treated fairly.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071760
Date: 11-May-1994 09:56am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(VINCENZO DAMIANI @GEO)

Subject: CONFIDENTIAL - NICK GANIO

***** CONFIDENTIAL *****

With Ed Lucente's departure, I am Nick Ganio's career manager. I don't know how well you got to know Nick, but he's a very talented, aggressive person. He speaks fluent Italian and Spanish. He was very successful in Sales and Marketing.

With that introduction, I'm now in the process of trying to help him find his next useful position. He may end up working for Enrico, but I thought I would let you know that he's available for consideration for other opportunities.

If you have something you think would be of interest to both you and Nick, let me know.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071761
Date: 11-May-1994 10:07am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: NICK GANIO - CONFIDENTIAL

***** CONFIDENTIAL *****

With Ed Lucente's departure, Nick Ganio is available for his next assignment. Though he may end up continuing to work for Enrico Pesatori, he is such a talented guy that I thought I'd let you know of his availability.

Nick speaks fluent Italian and Spanish. He was a very successful Sales leader in the United States and has done significant amounts of Marketing.

Things to think about...

1. LACT Sales and Marketing Manager.
2. Mexico Country Manager, if we cannot find a qualified Mexican to do this for us.
3. Any other ideas?

Thanks,
Russ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071762
Date: 11-May-1994 10:19am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(JACK THOMPSON @RCH)

Subject: MISCELLANEOUS

Scott Roeth has made some comments lately that suggest that 50% of the employees in the Americas Industry Marketing organization came from Corporate Industry Marketing. Is this true? I'd like a profile of where your 170 employees came from.

On a separate topic, you will receive a call from David Toso in Europe, he's working on an assignment for Enrico Pesatori. Give me a call ASAP. I want to discuss this with you so you'll know what we're talking about.

Thanks,
Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071852
Date: 13-May-1994 09:19am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (LUIS ZUNIGA @LAC)
CC: Remote Addressee (BOB HULT @AKO)
CC: Remote Addressee (KAREN HOWARD @MRO)
Subject: Q4

CONFIDENTIAL - DO NOT COPY

Luis, this is just to confirm with you that at the Enrico Pesatori meeting on Q4 operational results, I committed to him that you would make your forecast of week five. I understand that you have down side risk, but that is your problem to solve with your Country Managers. I also told him that you would deliver your committed territory contribution margin and would work to ensure that your SG&A number went down from current forecast but certainly it would not go up. I also explained to him that you had as much as \$2M risk in your receivables forecast commitment to him which, of course, didn't make anyone very happy. *overword*

I told him that you are committed to ^a25 person headcount reduction from your ending Q3 headcount number. I'd like to inform you that you can remove expenses and people from anywhere within the SBU headcount, e.g., you can remove MIS people, Finance people, HR people, Supply Chain people, etc., if they represent an SG&A expense to you and you believe that you can do without these expenses. One could argue that you don't need single solitary MIS person, given the sad state of your systems in Latin America. I would also like to emphasize to you that, if you are reducing non-Sales headcount, then you should plan on removing that resource from the company immediately, rather than wait to ~~the~~ end of Q4. Begin the process now, which will help us lower our SG&A. I believe on the phone call for our ops review on Wednesday, I promised I'd get back to you to let you know whether or not Sales Support was included in your headcount for overall headcount reduction purposes. The answer is yes, (Bob Hult was right, I was wrong).

Finally, I would like you to get back to me absolutely no later than May 19th with a headcount reduction plan that tells me where you will reduce people, and when you will reduce them. I would like you to shoot for greater than ^a25 people reduction. And I would like you to give me a call Monday, after you've had the weekend to think about this message, so that I can give you further direction about these workforce reductions.

Russ

DN Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071853
Date: 13-May-1994 09:50am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (JACK THOMPSON @RCH)
CC: Remote Addressee (BOB HULT @AKO)
CC: Remote Addressee (KAREN HOWARD @MRO)

Subject: HEADCOUNT REDUCTION

CONFIDENTIAL

This memo is just to confirm with you that you are to reduce an additional 25 people from your Industry Marketing workforce.

Jack, I need to know immediately how you plan to do your reduction and the number that you will reduce. Do not even consider any number less than 25, but certainly consider a number greater than 25. Further, if you are spending any additional SG&A moneys that you do not believe you should be paying, i.e., some sort of allocations from somewhere, and you do not believe they are necessary for you to do your work, let me know about them and I'll help you figure out a way to reduce them.

The situation is urgent, but I also do not want to break Industry Marketing. As you and I discussed, I would expect you to eliminate the presence of our lowest revenue generating segment. You should do so with the support of the three Territory Managers, which is why I want you to get your plan together as quickly as you possibly can.

Please confirm this to me in ~~our~~ phone call on Monday.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071854
Date: 13-May-1994 10:00am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (BOB HULT @AKO)
CC: Remote Addressee (KAREN HOWARD @MRO)

Subject: HEADCOUNT REDUCTIONS

CONFIDENTIAL

I plan to do additional work on our SG&A models for FY95, but for now, suffice it to say, that I am expecting a 925 person headcount reduction in the United States Territory from your Q3 ending number to your Q4 ending number. As I told you on the phone last night, you are free to reduce headcount in any domain where the expense hits your SG&A line. You would receive "headcount credit" for any employees who are currently in your numbers and, of course, would benefit from SG&A where the headcount number is not shown on your numbers but the cost is allocated to you. I would expect you to begin immediately to reduce expenses, other than direct sales people, e.g., MIS, Finance, Supply Chain, HR, and Facilities employees.

I would like to see your preliminary headcount plan, and timing of headcount reductions absolutely no later than May 19th, but would prefer to hear from the beginning of next week with an update of your progress. Whenever you can reduce a non-sales person, you should do so well before the end of this quarter. For sales people, you and I should discuss a strategy on when sales people would leave. In the meantime, I would urge you to become very aggressive on your non-performers for obvious reasons.

Please confirm to me that you and I are in agreement, and understand that there may be some minor changes to this direction, but that you should get going full speed. This situation is urgent.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071850
Date: 13-May-1994 08:48am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BUD ENRIGHT @MLO)

CC: Remote Addressee

(RON LARKIN @TRC)

CC: Remote Addressee

(BOB HULT @AKO)

CC: Remote Addressee

(ENRICO PESATORI @MLO)

Subject: SOFTWARE

During an operations status review with our Canadian Team, they mentioned to me the fact that their previous forecast included several million dollars for the use of Cohesionworks software licenses at BNR.

Their latest projection of revenues for this systems business shows that all of that software revenue will become Digital Consulting revenue because your organization has decided that supporting Cohesionworks on a non-Digital platform~~s~~ is not something you're prepared to invest in.

What is your overall policy on this? Should we be planning to move our frameworks software over to Digital Consulting and let them manage these products? I thought the purpose of these frameworks was that we would integrate multi-vendor environments.

I'd appreciate hearing from you on this.

Russ
DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071769
Date: 11-May-1994 11:08am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BILL BRAMMER @OPK)

Subject: RON ^{Lemay} LAMAY CALL

I talked with Ron Lemay for 15 minutes this morning. Let me summarize the call as follows;

He was actually quite surprised that we thought there was a lot of negativism about Digital in "the system". As far as he's concerned, we are a high quality vendor to his company, and he knows nothing about any negativism amongst his direct reports or below them.

He did comment however, that he would bring this topic up in a conversation that he plans to have with George Fuciu to test it himself. When I suggested that Dave Dorman might be one of the folks that who was negative on Digital because of his Kodak outsourcing experience with us, Ron's retort was that there really is not serious negativism about the way Sprint was treated at Kodak. Rather, he commented on the professionalism of Digital during that time, and made specific mention of fact that we followed up with some joint public relations and advertising which he found to be very helpful and professional.

He did suggest to us that our problem might be the fact that Ed Lucente was personally not very well regarded within Sprint and that may have been the cause of some of the difficulty.

I told him about our utility bid and the video on demand bid and, though he was aware of them, he was not directly involved with them. I think it will serve us well to have brought them to his attention.

He promised to call me back if he did learn about negativism about Digital and should I hear from him, I'll let you know immediately.

I told him that I would be visit Kansas City in June and would he be willing to spend some time with me. His response was "certainly I will, just arrange it through my office".

If you are able to set that up for my visit Bill, make it a 30 minute discussion with Ron and then try and get me with Dave Dorman and George Fuciu. Give me a call if you have any questions.

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071883
Date: 13-May-1994 01:08pm EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(STAN NUNN @FHO)

CC: Remote Addressee

(RALPH KETTLING @SWO)

Subject: JOHN OLISSON CALL

My phone call with John Ollison was very brief, but I suspect it was relatively productive.

I set tenor with John that I was anxious to get any feedback that he might have about Digital, and its performance inside of Dow Corning, and I further commented that I was sorry that I missed him during my recent visit there. He immediately launched into a conversation about how he thought Dick Hazelton was in the camp of "if it isn't broken, don't fix it". When I asked him what he meant, he thought that they were having difficulty getting going on their client server computing architecture, (Ralph, you were right, he calls it real time business systems) because Dick Hazelton didn't think it was broken enough to have to move quickly. I disagreed with John and told him that I thought Dick Hazelton was very much leaning towards taking some specific action, and that perhaps it was Bob Chapman who was proposing that Dow Corning go slow. When I said this to John, he seemed delighted, but a little bit surprised and commented that if I was, in fact, correct that he would be "much bolder" with Dick Hazelton on this topic.

Regarding Digital performance, ~~he thought~~ we were doing a fine job and was expecting to see ~~from us~~ "a package" that would ~~have them~~ SAPR3, perhaps Consilium, and ~~several~~ others combined to help solve their *client server* problem. He assured me that he'd love to be spending more money with us, but he won't be able to do that until he moves Hazelton into clear support for change in the computer architecture.

We terminated the call with a brief discussion about golf. It was a cordial discussion and I promised to check in with him at a future date.

Let me know if you have any questions.

Russ

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

Doc. No: 071917
Date: 16-May-1994 11:48am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BUD ENRIGHT @MLO)

Subject: RAXCO

Bud, if you can find the time, I'd like you to do a favor for me. One of our business partners is Raxco. They're located down in Rockville Maryland, and they're a software company that primarily is focused on system management and security software, although I suspect their skills are much broader than that. They're headed up by a Chief Executive named Rich LeFebvre. He has successfully grown this company to some 35+ millions of dollars since he started ever so recently.

Rich has tried for years ~~to try and~~^{to} get us to work with him to let him do some of the security software that we insisted on investing in ourselves. We let him down there and we let him down again on some of the polycenter software.

I spoke with Rich again today and he and his people have additional ideas to help Digital save money.

Would you be willing to give Rich a call sometime next week to at least listen to what he has to offer, and if he can spark your interest, to perhaps spend an hour with him or his senior product manager (he'll be in ~~this~~^{the} Boston area for ~~the~~^{the} next couple of week).

If you're willing to do this, call Rich at 301-258-2620. I would appreciate it if you would not delegate this because one of the greatest frustrations Rich, and so many of our other partners have, is that they get stopped by the management layers when they think they have good ideas.

If you do call Rich, you might want to talk with him about perhaps taking on some of our other software. For instance, Trusted Gosip. Given that he is managing a company that has a lot of security knowledge, maybe we can have our cake and eat it too by letting him manage that for us.

Let me know please.

Thanks,
Russ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071586
Date: 05-May-1994 12:58pm EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (BOB HULT @AKO)
TO: Remote Addressee (TONY CRAIG @MLO)
CC: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (DAVID JAMES @MRO)
CC: Remote Addressee (STAN NUNN @FHO)

Subject: DOW

I sat in on the Dow account review today. As usual, this Account Team has its act together.

Nevertheless, I would like to use the Dow account plan as a vehicle to help us determine what the model should be in a global account.

Stan is showing continued reduced direct headcount calling on the Dow company, while at the same time he is growing his indirect channels to the point where \$9M of his total \$16M is being fulfilled by distributors.

My assertion is that the mathematics won't work, i.e., he's not productive with this kind of distribution model and the number of direct sales people that he has, but I am unable to give him real data.

Bob Hult, I'd like you to take the Dow account plan and assess its profitability. Tony Craig, can you or one of your folks work with Stan specifically to determine whether or not the Dow account plan would be considered to be acceptable to Digital's needs in the future, or whether or not we can propose alternative methods for growing our business with the Dow company.

Stan Nunn will contact the two of you to begin this process. I would like to have his first input within the next two weeks.

Thanks in advance for your support to the Dow Team.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071861
Date: 13-May-1994 10:39am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209



TO: Remote Addressee

(MIKE HOWARD @SCA)

Subject: DISCUSSION

Today Win Hindle asked me if it was true that "we're eliminating our Global Account Managers". I told him that the answer was unequivocally no. Then I asked him where he heard such a thing...

He said that you have been mentioning to people that we were eliminating Global Account Manager position^s.

Please comment on this to me.

I hope you're well... I also hope ^{you} make your forecasted number to Scott.

R

LECTATE NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071862
Date: 13-May-1994 10:45am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

Subject: CHANNELS

Have your recruiter try to target ^a guy named Jerry Farmer for your U.S. Channels position. He's currently the Channels Manager at Compaq Computer.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071863
Date: 13-May-1994 10:47am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(DICK FARRAHAR @MLO)

Subject: CONFIDENTIAL - JOEL GOLDSTEIN

CONFIDENTIAL

Here's my input on Joel Goldstein's performance as the OD Consultant to the Americas Area...

As you know Dick, Joel is the person I look to for help in the organization design and development in the Americas Area. I continue to claim that Joel is a superb OD Consultant to me for several reasons, not the least of which is that he keeps himself very current in the latest "technologies" on organization design and development. He's also, perhaps, one of the best "connected" people in the company, i.e., whenever I give him complex work to do, I can rest assured that I'm not running counter to the rest of companies direction because Joel is involved in so many different aspect of Digital's development.

Joel causes us to think clearly and assess the impact of the decisions that we make both on the company's direction, and the people who will be impacted by our decisions. This unusually broad set of skills has served us well over these past several months as we created the Americas organization design, and, once again, restructured the United States. Joel was consultant to both teams, thus keeping the necessary synergies between the two organizations.

Joel is a level headed, clear thinking person who, somehow, keeps his own personal emotions and opinions out of things, (unless it's appropriate to do otherwise) and represents an objective sounding board for so many of us responsible for the management of this company.

My only recommendations to you regarding Joel are to continue to provide him the opportunity to serve at multiple levels in the company, and to continue to foster his continued knowledge and awareness of the state of the art of organization design and development, i.e., don't eliminate this training and education all together.

Hope this helps.

Russ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071851
Date: 13-May-1994 08:56am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (RON LARKIN @TRC)
CC: Remote Addressee (BOB HULT @AKO)
CC: Remote Addressee (KAREN HOWARD @MRO)
Subject: Q4 FORECAST

CONFIDENTIAL - DO NOT COPY

Just to be sure you and I are together (although I believe we are)...

At the quarterly assessment meeting with Enrico Pesatori yesterday, I told him you would meet your week five forecast of \$52.4M in revenue and \$12.4M of territory contribution margin.

I am fully aware of the problem you're having with \$2M of revenue going to Digital Consulting as a result of non support for Cohesionworks on a non-Digital platform. As committed, I am trying to work that for you with Bud Enright, but I do require that you make your \$52.4M with or without the Cohesionworks in there.

I also want to confirm with you that you are currently working on a 25 person headcount reduction within the SBU. As I told you, you can remove people and spending from anywhere within the SBU SG&A number. You do not need to focus just on the headcount that you manage directly, but have license to reduce any headcount that you do not believe is necessary, given the current circumstances of the company. You further agreed to examine additional headcount reductions and would report that back to me no later than May 19th.

Let me know if we're in disagreement, otherwise I'll assume you're marching ahead.

Russ

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Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072014
Date: 18-May-1994 02:22pm EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: See Below

Subject: Q4 QTD CASH COLLECTIONS

We tested the support plan in the three (3) Americas Territories. Involvement and committed account management support was clearly operative in Canada and LACT. It was not the case in the United States. A corrective roll-out to the U.S. Regional Sales V.P.'s was completed today, 5/18/94.

You were partially correct, it is now fixed. We have account management focused and goaled on cash collections and improved aging targets greater than 60 days in all three Territories.

Regards,
Russ

Dictated Not Read

Distribution:

TO: Remote Addressee (VIN MULLARKEY @MLO)
CC: Remote Addressee (BOB PALMER @MLO)
CC: Remote Addressee (ENRICO PESATORI @MLO)
CC: Remote Addressee (BOB HULT @AKO)
CC: Remote Addressee (BOB COHEN @GEO)
CC: Remote Addressee (MARIAN OLEARY @BXC)

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

Date: 17-May-1994 02:40pm EDT
From: Vin Mullarkey @MLO
MULLARKEY.VIN AT PNDVUEA1 at
Dept: Corporate Finance
Tel No: 223-4447

LMAIL at MLO

TO: See Below

Subject: Q4 QTD CASH COLLECTIONS

In preparing for tomorrow's business review with the BOD I learned that we are behind in our QTD cash collection activity in the America's (excluding Canada) and Europe (excluding UK and Ireland). I'm told that the primary reason for the performance problem is that the committed account management support has not materialized.

Please send to Bob Palmer and I by 2:00 p.m. on Wednesday (5/18) a comprehensive statement on your corrective action so that the fix can be explained to the BOD.

Distribution:

TO: RUSS GULLOTTI @MKO
TO: VINCENZO DAMIANI @GEO

CC: BOB PALMER @MLO
CC: ENRICO PESATORI @OGO
CC: BOB HULT @AKO
CC: BOB COHEN @GEO
CC: MARIAN OLEARY @BXC

Use the RDL option to see remainder of distribution lists.

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072129
Date: 23-May-1994 10:09am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOBBY CHOONAVALA @ZPO)

Subject: INFRASTRUCTURE

You may or may not know by now, that Enrico Pesatori wants us to be very aggressive about reducing infrastructure costs. As we downsize our employee base in Q4, he wants us to put particular focus on the costs of infrastructure, e.g., MIS, Personnel, Finance, Facilities, Logistics, etc.

When I commented to Enrico that many of those costs are not controlled by us in the Area, he said "those days are over" and that we should feel free to go ahead and reduce as necessary.

You may want to talk to Enrico about this but, in any case, I would advise you to make the majority of your cuts are in infrastructure before you start reducing Sales headcount.

Russ

Advise sure

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072130
Date: 23-May-1994 10:15am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(STAN NUNN @FHO)

Subject: DOW

What are your plans to migrate Dow from their current Vax technology,
where ever they might have it installed?
one word

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072126
Date: 23-May-1994 09:58am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209



TO: Remote Addressee

(FRANK MCCABE @MLO)

Subject: PAIN IN THE NECK

You were right. I went to Brook Stone and bought the "Swedish pillow" and it sure did help.

It won't solve my problem, but it certainly makes getting up in the morning a little bit easier.

Thank you Dr. McCabe.

Russ

DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072127
Date: 23-May-1994 10:03am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

Subject: ORDERS

What are your Regional Managers saying to you about the continued abysmal order rate in the United States? Are they still sticking to their numbers? By now, certainly someone must be realizing that this simply isn't going to happen.

These people are letting you down.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 072128
Date: 23-May-1994 10:06am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(FRANK MCCABE @MLO)

Subject: OEM

Enrico Pesatori tells me that you are working with Larry Cabrinety to define what an OEM is. Is this true?

I'd love to help you with this. We're creating very unnecessary problems with the way we're doing things today.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071916
Date: 16-May-1994 11:16am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (BOB HULT @AKO)
CC: Remote Addressee (LUIS ZUNIGA @LAC)
CC: Remote Addressee (RON LARKIN @TRC)
CC: Remote Addressee (SCOTT ROETH @MKO)

Subject: SG&A

I'd like you to test something for me...

The SG&A forecasts for the Systems Business Unit for Q4 are significantly different by Territory, e.g., Canada has 18.1% of revenue as SBU SG&A, the United States has 37.9% SG&A as a percent of its Q4 revenue, while LACT is at 28.5%.

Please take a look at the SG&A numbers to be sure we're all calculating it same way, i.e., does Canada include all the costs that the United States does, are there differences in the way expenses are being determined? ~~as to whether or not their SBU, or otherwise,~~ are we putting allocations into all numbers with the same logic?

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071918
Date: 16-May-1994 12:11pm EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(VINCENZO DAMIANI @GEO)

Subject: TONY CRAIG

Just so that you're aware...

Enrico Pesatori has added Tony Craig to ^{the} task team that you and I are working on for the organization design. He will ~~probably~~ ^{be} attending ^{ing} our two day meeting with Reggie VanLee and David Toso.

Dictated Not Read

P.S: Titia - that means one more room
at the Movenpick Hotel -
Thank you -

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

Doc. No: 071961
Date: 17-May-1994 09:57am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (DAVID JAMES @MRO)
CC: Remote Addressee (BOB HULT @AKO)

Subject: ALLOWANCES

The allowance rate in the United States is making me crazy. It was up again last week to 13%. Scott, I know our quotes are valid for 60 days, I know we have lots of Marketing programs, but for goodness sake, when you add the allowances into the discounts that we're giving, there is nothing left. Between discounts and allowances, we're giving away almost 29% of list price.

You should pull all allowances up to the Regional Manager level immediately.

Dictated Not Read

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

Doc. No: 071960
Date: 17-May-1994 09:50am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(RON BOHLIN @OGO)

Subject: DIGITAL INSIGHT

How did your Digital Insight presentation go? I hated to leave because I wanted to hear what you had to say.

Did I say anything that conflicted with anything you would have said?

Russ

Dictated Not Read

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

Doc. No: 071959
Date: 17-May-1994 09:42am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(TONY WALLACE @MLO)

Subject: REPORTING


I need you to help me with something...

Every once in a while, I attend a session where you or Sue presents data, which inevitably ends up being data about the United States. The problem I have is when you present it, I'm not at all aware of the fact that you're going to present it, nor am I prepared to answer all the questions that inevitably come my way.

There is probably two ways to work on this. 1) When you want data, ask Bob Hult to provide it, which will therefore allow him to prepare me or, 2) If you're going to use the United States as an example to make a point, let me know that you're going to do so, in order that I might get myself prepared for it.

OK?

Russ

DN Read


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

Doc. No: 072039
Date: 19-May-1994 09:54am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (JERRY COIL @LVM)

CC: Remote Addressee (RITA FOLEY @WRO)

Subject: BOB PALMER CALL

I relayed the information that you gave me to Bob Palmer. He will make it a point to discuss this with Jerry Sanders, the CEO of AMD, when he speaks to him again in the near future.

In the meantime, keep selling, and if you'd like me to give the CIO a phone call to discuss anything with him, let me know.

I'll stay in touch as I learn anything new.

Russ

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

Doc. No: 072038
Date: 19-May-1994 09:49am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB NEALON @BXC)

CC: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: BRAZIL

When I returned from Brazil, I asked you to look into the possibilities of GE Capital financing some of our leases in Brazil at rates that would allow us to be competitive, given the 50% inflation rate per month in that country.

I haven't heard from you. What the status?

Russ

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

Doc. No: 072040
Date: 19-May-1994 10:01am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(STAN NUNN @FHO)

Subject: ACCOUNT PLAN

What's the status of the work on using your account plan as a case study regarding profitability and the use of indirect channels? Has the work begun? When will it be complete?

I anxious to use the data to help me with other tasks.

Russ

Dictated Not Read

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

Doc. No: 070540
Date: 07-Apr-1994 09:06am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(JOE NADLER @MRO)

Subject: FORECASTING

Ed Lucente made a comment ^{AT} ~~that~~ his meeting today about forecasting in the U.S. He said "there is no involvement by the salesforce in the forecasting process". This was not one of those things when I was going to debate him very long but I'd like to test it with you. Am I correct in saying that when we pull the product specific forecast together, that your people in the territories use the knowledge they have from the actual orders that we're receiving, i.e. what's going on in the salesforce? Or do they just look backwards in a mirror through historical data?

This whole forecasting thing is driving me crazy .

Russ

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

Doc. No: 071716
Date: 10-May-1994 11:19am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(TOM COLATOSTI @OFO)

Subject: NEW ENGLAND POWER

I have to congratulate you. I gave a talk today to a few dozen senior people from some of our major accounts, one of whom was Eric Cody from New England Power. At the end of my talk, he commented that I was far too "morose" when I spoke about Q3 earnings, and that as far as he was concerned, Digital was a powerful, viable vendor to New England Power. Then he used you as an example of a guy who can deliver a very powerful, upbeat message that motivates not only your customers, but your employees. I think I could probably take a lesson from you.

He also mentioned to me that he has "new opportunity" for Digital, if we don't blow it like we did the last time". Specifically, he's talking about mainframes and downsizing. He said he had mentioned it to you and that he plans to work closely with you to make this happen. It almost sounds like he doesn't trust any of the infrastructure between you and he.

Are you aware of all of this? Are you working on it with him?

Thanks,
Russ

Dictated Not Read

DRAFT

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070944
Date: 18-Apr-1994 01:12pm EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

Subject: Q4 ASSESSMENT

In your presentation at the territory managers meeting last week you showed a \$508M assessment against a target of \$536M or 95% of plan. However, if we exclude PCs from that, you drop to 88% of your total target for the SBU with only 59% of your network target being achieved (*if I'm reading the numbers correctly*)

Really see no need at all for you to be so far below in your networking plan. Every additional dollar of networks products beyond the \$20m you have forecasted gets you closer to your target for the systems business unit. Are you able to estimate how much of this shortfall is flowing through ^{the} C&P~~s~~ business unit?

Russ

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

Doc. No: 071329
Date: 28-Apr-1994 09:30am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee
TO: Remote Addressee

(BOB NEALON @BXC)
(WILLY SHIH @MLO)

Subject: SABLE

I spoke to both of you, separately, about Sable. In both cases, you said there are Sables available to be booked and shipped in the fourth quarter and that you were both worried that there was not enough order activity.

I told the three Americas Territory Managers about this and they enthusiastically went back to their organizations saying... "sell Sable"...

Today I learned that in Canada all of the Sable orders that they have booked have not yet been scheduled, and that in Latin America the demo machines that they're looking for have no delivery date, and that in the United States they're running into significant difficulties getting status on when units can ship.

These are the things that are driving people crazy.

Help! Let's do something that will build confidence and credibility in our Sales Force. These confusing messages have got to stop.

Russ

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

Doc. No: 071330
Date: 28-Apr-1994 09:37am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (CHARLIE HOLLERAN @MLO)
CC: Remote Addressee (BOB PALMER @MLO)
CC: Remote Addressee (ENRICO PESATORI @MLO)
CC: Remote Addressee (SCOTT ROETH @MKO)

Subject: RESIGNATION

Today Scott Roeth received Ed Kamins' resignation. He will leave the company on May 25th to join LANart Corporation as their Vice President of Sales and Marketing.

You may want to coordinate any "press worthy" activity between the two companies.

Scott Roeth will deal with naming Ed's replacement in the near future.

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

Doc. No: 071388
Date: 29-Apr-1994 09:17am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

Subject: LEAD TIMES

The lead time bar charts are no longer in the Digital Today news paper.

What was the reason you took them out?

Dictated Not Read

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

Doc. No: 071449
Date: 02-May-1994 09:43am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

Subject: NICK GANIO

***** CONFIDENTIAL *****

Nick Ganio is not going to take the job in Japan as originally announced. He's available for a senior position back here in the United States.

He's interested in the Ed Kamin's job. However, before you move too quickly on filling that job, I think you need to consider the direction that we may take under Enrico Pesatori's leadership, i.e., the job may change its structure significantly.

You and I should chat about Nick.

Russ

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

Doc. No: 071452
Date: 02-May-1994 09:52am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(ENRICO PESATORI @MLO)

Subject: TOEM/COEM

Ed Lucente was working with Larry Cabrinety to try and pin down some definitions for what a Digital OEM was and was not. Definitions such as these cause far too much internal strife, so Ed was trying to get it cleared up once and for all.

Will you continue this effort with Larry Cabrinety, or would you like me to do it? I'll be glad to put a proposal in front of you and Larry if that's what you'd like or, perhaps, you and Larry are already in agreement.

Just let me know if you need me to do something.

Russ

dictated NOT READ

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

Doc. No: 071451
Date: 02-May-1994 09:50am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee
TO: Remote Addressee
TO: Remote Addressee

(SCOTT ROETH @MKO)
(LUIS ZUNIGA @LAC)
(RON LARKIN @TRC)

CC: Remote Addressee
CC: Remote Addressee

(BOB HULT @AKO)
(KAREN HOWARD @MRO)

Subject: HEADCOUNT

I'd like to remind you that hiring is still frozen and that approvals for hiring, whether they be individual or "blanket requests", must still be approved by me.

Russ

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Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071450
Date: 02-May-1994 09:47am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB HULT @AKO)

Subject: BUDGET CALENDAR

It was obvious to me, after the Forecast Review on Friday, that our Territory Managers do not understand the budget calendar.

Please clear this up with everybody. Let's lay out the deliverables on a weekly basis between now and the third week in May (I think that's the date when everything is due).

Russ

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

Doc. No: 071448
Date: 02-May-1994 09:33am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (LUIS ZUNIGA @LAC)
TO: Remote Addressee (SCOTT ROETH @MKO)
TO: Remote Addressee (RON LARKIN @TRC)
CC: Remote Addressee (JOHN BUCKLEY @MLO)
Subject: ETHICS

I was asked by John Buckley to support him in having each of you assign an Ethics Office liaison into your Territories. After my discussion with him, I decided I would like to have you approach it a different way.

As far as I'm concerned, the person responsible for the business ethics and practices within your respective Territory is you personally. Therefore, whenever there are communications or problems that arise in your Territory that might involve John Buckley's Corporate Ethics Office, I want him to deal directly with you, unless or until you delegate the specific instance to someone else.

I told him that, for my specific instance, I would probably continue to assign the mechanical aspects of dealing with the Ethics Office, e.g., training, documentation, etc., to Shane Patterson. You may want to do the same, i.e., have someone in your Territories that you use consistently to help with the administration of any work to be done around business ethics.

John Buckley will contact the three of you personally to discuss this. If you have any difference of agreement with what I have said in this note, let me know please, otherwise I'll assume we're all together.

Russ

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Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071111
Date: 22-Apr-1994 09:13am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (willy shih @mlo)
CC: Remote Addressee (BUD ENRIGHT @MLO)
CC: Remote Addressee (BOB NEALON @BXC)

Subject: SABLE

Are there any "product holds" on Sable? I have heard that there may be software problems with SMP or that there may in fact be engineering holds on the hardware itself.

Please let me know if this product is shipping or not.

Thanks in advance

Russ

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

Doc. No: 071112
Date: 22-Apr-1994 09:14am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(ED LUCENTE @MLO)

Subject: SABLE

I checked on Sable shipments and I don't think we have a problem as I suggested to you.

SMP running on Unix is not shipping until August, that's the original schedule. What we're shipping is field test units only. This is probably where people were telling me that there was a shipment problem.

VMS with SMP will be shipping in mid May as will the Uni-processor version of Unix.

Windows NT/Daytona version is 2 months late. There's not much we can do about that. Microsoft is going to have to do what they can to move those dates in.

What I have to do now is make sure that the salesforce sells all of this so that our customers' expectations can be set correctly.

Let me know if you understand things to be different than what I just said.

Thanks

Russ

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

Doc. No: 071113
Date: 22-Apr-1994 09:19am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB TASSONE @SEO)

Subject: ACCOUNT REVIEW

I see that your Boeing account plan will be reviewed on April 27th.
Where is that being held?

Russ

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

Doc. No: 071114
Date: 22-Apr-1994 09:19am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB RUSSELL @RCH)

Subject: GLOBAL ACCOUNT PLAN REVIEWS

What role will you or your people be playing in the global account plan reviews? I have received a schedule of when each account will be reviewed and want to know the role of Americas industry marketing in these reviews.

Thanks

Russ

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

Doc. No: 071115
Date: 22-Apr-1994 09:20am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(TONY CRAIG @MLO)

Subject: SALES COMPENSATION PLANNING

In a recent discussion with Scott Roeth it became obvious to me that he was pretty well briefed on your plans for FY95 sales compensation. I know next to nothing about what you're planning to propose.

Do you have a plan to brief the Area Managers on your thoughts?

Russ

DIGITAL RESTRICTED DISTRIBUTION Document

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

Doc. No: 071116
Date: 22-Apr-1994 09:21am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (ED LUCENTE @MLO)
CC: Remote Addressee (SCOTT ROETH @MKO)
Subject: INDIRECT CHANNELS

DO NOT DISTRIBUTE

I spoke with Scott and Ed Kamins today about your request to look at the possibility of speeding up our "pilots" with our distributors in order to be able to do some sales downsizing in Q4.

First, you should know that Scott plans to downsize about 100 sales people in Q4 already. You should also know that these pilots are still very much in a design stage and are not ready for implementation of any significance in the fourth quarter. Nevertheless, Scott and Ed Kamins will look to see what the implications might be of going
ter.

We did discuss some other alternatives which might allow us to do some additional downsizing of sales in Q4 but they do not involve the use of these indirect channels pilots. Rather, we would consider combining multiple midsize accounts under fewer sales people and make these accounts "no book direct" with very high yields expected. This might work and Scott and Ed will examine that as well.

Ed, we all understand that we should be willing to take some amount of revenue risk to get things done quicker, but in the case of implementing the pilot programs with our distributors during Q4, none of us felt comfortable.

Russ

DIGITAL RESTRICTED DISTRIBUTION Document

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071224
Date: 26-Apr-1994 10:03am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee
TO: Remote Addressee
TO: Remote Addressee

(SCOTT ROETH @MKO)
(LUIS ZUNIGA @LAC)
(RON LARKIN @TRC)

Subject: DEC100

We have the opportunity, if we're all inclined to do so, to reverse the DEC100 decision and go back to the previous model of small local events with spouse and guests invited.

I don't want you to ask anyone's opinion about this; I just want you to tell me whether or not you think we should take this opportunity to propose the change to Enrico Pesatori.

Please respond to me in the next day or so because I'll be meeting with Enrico on Wednesday.

Russ

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071225
Date: 26-Apr-1994 10:12am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

Subject: CONFIDENTIAL - RITA FOLEY

***** CONFIDENTIAL *****

By now you may know that Rita Foley's exception has been signed by Vin Mullarkey and Dick Farrahar.

Scott, I need you to write down on a piece of paper what the terms and conditions are going to be for Rita at the end of her two and a half year assignment. This is important to me because I can almost foresee a scenario whereby she begins a long negotiating process with us at the end of the two and a half years and we simply have to take the initiative to set the course clearly now.

Please draft what your thoughts are and let me see them.

Russ

Dictated Not Read

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

Doc. No: 071021
Date: 20-Apr-1994 09:20am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: See Below

Subject: HISPANIC MARKET UPDATE

Mike, thanks for your recent note regarding our progress (or lack thereof) in growing our market share in the US Hispanic market.

I just had a con call with Fred Zerger, Belinda and Jorge. The good news is that we certainly have raised sensitivity to the size and magnitude of the Hispanic market. I made a commitment that I would contact Harry Copperman to discuss the role that his organization might be playing to grow our presence in this market via the sale of PCs. In that regard Mike, I don't believe you should abandon your original plan to set up an SME unit with a Hispanic manager and several Hispanic sales representatives completely. Rather, if we can get Harry to commit to some focus on PC specialists in South Florida, along with the work that you're doing with SME in South Florida, added to the fact that John Paget has been brought in to the picture, I expect that we can still move ahead with the pilot program in South Florida that brings together all of these three business units in a coordinated way. I would ask you to lead that effort.

We can also use some of the work that's being done in Mexico along with some of the work that Harry is doing with Spanish ads for PCs. There would probably be some minor adjustments to be made but there's no sense in recreating all of this fine work just to go after the US market.

I do support your statement about going after large Hispanic companies in the US. You should continue to do that in addition to trying to bring together MCS, the PCBU and the SBU to do a South Florida pilot.

Let me know your thoughts on this please.

Russ

Distribution:

TO: Remote Addressee (MIKE HOWARD @MRO)
CC: Remote Addressee (BELINDA HERNANDEZ @SCA)
CC: Remote Addressee (AL HALL @COP)
CC: Remote Addressee (RITA FOLEY @WRO)
CC: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (ALBERTO COSTALES @AKO)

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071022
Date: 20-Apr-1994 09:38am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (JOHN PAGET @MRO)
CC: Remote Addressee (BELINDA HERNANDEZ @SCA)
CC: Remote Addressee (jorge cebollero @alf)
CC: Remote Addressee (FRED ZERGER @MRO)
CC: Remote Addressee (MIKE HOWARD @MRO)

Subject: HISPANIC MARKET

John, I'm told that you have spoken with some of our Hispanic leadership about MCS and its presence in helping us gain market share in the US Hispanic market. I'm delighted of your involvement in this effort.

I have copied you on another note which asks Mike Howard to bring the SBU, MCS and the PCBU together in South Florida to do a pilot to see if we can't, in fact, try some things that will help us grow our market share much more aggressively than currently.

My capitalistic instincts are at work here...I believe that this is a great way to help the company. Again, I very much appreciate your involvement in this effort.

Russ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071023
Date: 20-Apr-1994 09:42am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (HARRY COPPERMAN @OGO)
CC: Remote Addressee (belinda hernandez @sca)
CC: Remote Addressee (jorge cebollero @alf)
CC: Remote Addressee (fred zerger @mro)
CC: Remote Addressee (MIKE HOWARD @MRO)

Subject: HISPANIC MARKETPLACE

Harry, I've copied you on a note to Mike Howard who is the person I've asked to lead an effort to grow our presence in the Hispanic marketplace in the US. Originally Mike had planned to do an SME pilot in South Florida with an Hispanic manger and several Hispanic sales people, but given the direction of the company and the fact that the PCBU really has it's own effort going around small and midsize companies, he found that much more difficult than originally planned.

I'm encouraging him to work with you and your people to see if we can't have you use some of the PC ads that you've already done in Hispanic in South Florida and perhaps I can convince you that, when you do some hiring in South Florida, that you should put Hispanic speaking sales people in place. They, in turn, could work with the SBU, Hispanic sales professionals that we have and anything that John Paget decides to do in that area. By bringing these three business units together we might be able to make a concerted effort to go after what is obviously a growing and dynamic marketplace.

Belinda Hernandez is going to contact you to bring you up to speed on the work that's been done so far. When she calls, I'd appreciate it if you could give her some of your time.

Russ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071020
Date: 20-Apr-1994 09:18am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(TONY WALLACE @MLO)

Subject: CSS

What happened to the CSS proposal to have the accountability move over to Digital Consulting?

Wasn't there a proposal floating around that would have had operational management with Digital Consulting along with management reporting of the results followed by a high level hand-off back to Ed? That seems to me to be an acceptable model. Where are you on that proposal? Where is Ed?

Russ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071018
Date: 20-Apr-1994 09:08am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(ED KAMINS @MRO)

Subject: JOHN SITAR

Our old and trusty friend John Sitar (Corstar) called me yesterday.

As you may know he's a large holder of Digital stock and he is obviously ~~about that~~ (who isn't) but he also went in to some significant detail about how we're making a big mistake by having companies like his be required to "report" to master resellers for the PC business. He wants to do business with Digital and not Amerisel or someone else. He believes we're making a significant mistake and will drive away additional VARs when we do this. I'd like your thoughts on this.

He also believes that we have a problem in Holland where the Digital office is cooperating with a company called TPE (The Product Enterprise) which is a company that may be an authorized Digital distributor, but according to Sitar Digital is discounting significantly greater than terms and conditions would want just to knock out Sitar's company from winning business there. Is this something you could check for me please?

After you've gathered a little bit of data get back to me please. I may want to close the loop with Sitar.

Russ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071017
Date: 20-Apr-1994 09:06am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(bill mulcahy @²¹⁰~~exb~~)

Subject: SPACE

We have a few hundred available offices in MKO1 and MKO2. Do you have any resources that you'd like to move over here?

One of these days the two of us should chat - it's been a long time.

Russ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071016
Date: 20-Apr-1994 09:04am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB HULT @AKO)

Subject: FACILITIES IN CANADA

I had a very reasonable request asked of me by Ron Larkin several weeks ago regarding the Toronto facility.

As you know I support his request, but deferred to you because you wanted to run up through the finance community due to some historic emotions around this topic.

I want to give Larkin and answer. When will I hear from you on this?

Russ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071014
Date: 20-Apr-1994 09:01am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB NEALON @BXC)

Subject: SABLE

I need one Sable machine for Brazil. If they can get this machine quickly, we stand to win a major Windows NT opportunity at the biggest bank in Brazil.

Can you do it for me?

Russ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 071024
Date: 20-Apr-1994 09:49am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (RON LARKIN @TRC)
TO: Remote Addressee (LUIS ZUNIGA @LAC)
CC: Remote Addressee (KAREN HOWARD @MRO)
CC: Remote Addressee (BOB HULT @AKO)

Subject: SUCCESS SHARING PROPOSALS

Each of you has submitted a proposal to me which would lower the starting point for the success sharing programs in your respective territories. I promised you an answer by mid April.

I don't support your proposals. I can understand the rationale behind your request but I simply cannot support something called "success" sharing that would give bonuses for performance so significantly below our Board of Directors commitment. I've asked several people to look into this for me, not the least of which was corporate compensation committee headed up by Sarah Sumner. They, too, recommend against proceeding with this set of proposals for many of the same reasons.

I would like to remind you both that we have available to us top performer recognition and individual performer recognition, which will help somewhat, although not to extent each of you would wish.

I would also remind you that, in both cases, you're within reach of the 80% level of your Board of directors budget. You should not abandon this and should encourage your employees to continue to strive to attain those levels.

Thanks for your proposals, they were both well done.

Russ

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

Doc. No: 070539
Date: 07-Apr-1994 08:56am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (TOM COLATOSTI @OFO)
CC: Remote Addressee (brian mcdonald @mro)
CC: Remote Addressee (KAREN HOWARD @MRO)

Subject: TONY MORRIS PERFORMANCE ASSESSMENT

The right person to ^{give} get a performance appraisal about Tony Morris would be Tom Colatosti, of course. Tony worked for Tom for this past year, although he also sat on the US Management Team representing all government business in the US.

I urge you to get a status of Tony's performance against goals for FY94 and have him do a self-assessment in that regard.

Specifically, I would mention that Tom, and to some extent myself, had to push Tony to become more aggressive about cutting costs in the government programs organization while spending less time trying to control all elements of government sales everywhere. We also urged him to be more aggressive about winning some key government programs and I was pleased with the progress he's making here. You can see by the effort on TAC-4 and Forestry that he is learning to get more visibility for these key programs, but you'll need to keep coaxing him to do so, I believe.

Tony is certainly knowledgeable about the government buying vehicles and the government community in general. He adds a great deal of value with this knowledge.

As a member of the US Management Team, he was, relatively speaking, a quiet member of the team. This might have been due to the fact that he really worked for Tom rather than me directly, but when he did speak on a government, it was usually a good input.

Overall I would rate Tony's performance a "3" and would focus on his need to take an aggressive leadership role in helping us target where we will focus our government bids and where we will not. A clear government strategy with a crisp channels approach to the US government is needed.

Let me know if you need more help from me on this.

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070189
Date: 30-Mar-1994 10:56am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(KAREN HOWARD @MRO)

Subject: MENTOR

We recently conducted ^a survey of our sales skills throughout the Americas, (at least I think it was throughout the Americas). I believe the survey was called Mentor. Do you have the results of this?

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070188
Date: 30-Mar-1994 10:55am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee
TO: Remote Addressee

(SCOTT ROETH @MKO)
(RON LARKIN @TRC)

Subject: NORTHERN TELECOM

Is the Northern Telecom Account Manager in Boston? If so, why?
Should we move him to where his customer is?

DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070187
Date: 30-Mar-1994 10:51am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB HULT @AKO)

Subject: MEASUREMENTS

Somebody mentioned a method of measuring a Business Unit to me that I had never heard of... do you know what the "EVA" method of business measurement is all about? I'm told that it's something that Finance is using.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070185
Date: 30-Mar-1994 10:19am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(RON LARKIN @TRC)

Subject: Q4 FORECAST

Though you are projecting overall Q4 revenue to exceed your targeted number by \$1M, the revenues of the Systems Business Unit are projected to miss the target by \$10M. Obviously, that's unacceptable Ron. We need to recover that \$10M.

What is your expectation of getting back to target for the SBU?

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070184
Date: 30-Mar-1994 10:16am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB HULT @AKO)

CC: Remote Addressee

(DAVE SPRATT @MRO)

Subject: SONDA/MICROTEC

Why don't we consolidate the revenues of Sonda and Microtec into the company's revenues? We own approximately 50% of these two ventures. I don't understand why the profit shows a plus or a minus to our SG&A expense. Please explain this to me.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070183
Date: 30-Mar-1994 10:10am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: FORECAST

One of the items that we did not get to talk about on our recent travels together, was your current forecast for SG&A for the 4th quarter. If I understand your position correctly, you're currently projecting to exceed your targeted spending by \$1.5M dollars.

What steps are you taking to get that back to target? We just can't have these expense overruns. I thought we were working to reduce your "GIA" allocation, which has been part of your problem.

Please send me a brief status report on your current estimate of overspending to your SG&A target in Q4, and all the steps you're taking to get it back to target.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 069773
Date: 18-Mar-1994 09:18am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

Subject: FRANK BOWDEN

***** CONFIDENTIAL *****

In our brief discussion about Frank Bowden the other day, you mentioned that the large sum of money spent for golf memberships was for himself and two others. Are the "two others" still with the company?

Russ

DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 069775
Date: 18-Mar-1994 09:26am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB BRYANT @LAC)

Subject: PHONE CALL

I talked to Al Hall about the proposal that you made to me regarding our Hispanic markets. I don't believe you have anything to worry about. He seemed to me to be quite supportive of the work you had done in that regards.

He and I are in total agreement that the leadership for our Hispanic efforts in Florida should be someone of Hispanic culture.

I hope things work out well for you. Stay in touch.

Russ

STATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070196
Date: 30-Mar-1994 11:27am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB SCHMITT @MKO)

Subject: TRAIN THE TRAINERS

Have we solved the problem of pulling out our best sales people to become trainers or train the trainers during our product roll-outs? I know that was a serious problem that was relatively unique to the United States because we didn't have any people to do this work. What's the status these days?

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070194
Date: 30-Mar-1994 11:15am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (MARK ROBERTS @MKO)
CC: Remote Addressee (BOB RUSSELL @SCO)
CC: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (RON LARKIN @TRC)
CC: Remote Addressee (LUIS ZUNIGA @LAC)

Subject: AMERICAS

During the recent program review on our roll-out process, you kept referring to the Americas when you meant the United States. I need to have you mean the Americas when you say the Americas. I'd like you to work with Bob Russell to determine the best way to include Canada and Latin America on your conference calls regarding announcements.

Bob Russell, let me know after you and Mark have spoken, as to what you think the best way to get all of the Americas Territories included the marketing roll-out process.

Thanks,

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070193
Date: 30-Mar-1994 11:11am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB HULT @AKO)

Subject: ALLOCATIONS

The Canadian and Latin American allocations from Acton seem to be a concern to both of them. If I'm correct, their issue is that the allocation is staying flat, while the headcount and spending at Acton is dropping precipitously. Is there something we can do to lower the allocations to these two Territories in Q4?

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070191
Date: 30-Mar-1994 11:00am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB NEALON @BXC)

Subject: EXECUTIVE COMMITTEE

You had made a request to me that you wanted someone to support the Systems Business Unit on your Executive Committee. Would Joe Nadler be a good person to do that for all three Americas Territories?

On another topic, you were going to convert our Q4 DSO to dollars, as well as days, so that we could target our Territory Managers more effectively. From a DSO perspective, I believe we had LACT take a reduction from 93 to 90 days, Canada stayed flat at 65 days, and the USA was to go from 59 to 55. Now we need to convert that to dollars. Thank you.

DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070192
Date: 30-Mar-1994 11:06am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SHANE PATTERSON @MKO)

Subject: AMT STAFF

For the next AMT Staff meeting you should remember to follow-up and have Bob Nealon give us a brief half hour update on Manufacturing status. I also probably need two hours for Luis Zuniga to present the Mexican growth plan. We may have to start the staff meeting a day early ~~enable~~ to accomodate that. Do you have other items scheduled already?

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070190
Date: 30-Mar-1994 10:58am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB RUSSELL @SCO)

Subject: GLOBAL ACCOUNT PLANNING

Are you involved with the global account planning processes being layed out by Tony Craig's people? It looks to me like it's all being driven from Corporate. That's not a problem for me, except that I was under the impression that the three Areas would do the coordinating of these reviews and invite the Corporate person.

Do you have any clarity around this?

Dictated Not Read

Printed by RUSS GULLOTTI @MKO
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: 069456
Date: 08-Mar-1994 02:08pm EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(ED LUCENTE @MLO)

Subject: MAX MAYER

***** CONFIDENTIAL *****

You may or may not be aware that Max Mayer will be replaced in his current position in Digital Consulting by someone that Gresh is bringing in (from McKenzie).

I have a position at the Americas which may suit Max, but I would appreciate it if you could find some time to talk with Max. I consider him to be a very clear thinker and a person who gets things done. If you are equally as impressed with him, perhaps there is something within your organization that would be fitting for him.

DIGITAL CONFIDENTIAL Document

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070195
Date: 30-Mar-1994 11:21am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(VINCENZO DAMIANI @GEO)

CC: Remote Addressee

(TONY CRAIG @MLO)

Subject: JARGON

I've noticed in a couple of your memos that you refer to a "sales branch". What is that? In the Americas, we have sales units, sales districts, and at least in the U.S. sales regions. We have no branches, (we use to have them, but I thought we had all adopted a universal jargon so we no longer use the term branch).

DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070200
Date: 30-Mar-1994 11:36am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(JOEL GOLDSTEIN @MSO)

Subject: MEMO

Thanks for forwarding the "highly confidential memo" regarding the United States expense problem for FY95.

It's pretty sad when the U.S. Territory Manager's boss doesn't get to know this stuff without a privately sent, highly confidential memo being forwarded to him somewhat illegally. Don't you think? Please encourage Scott to share these problems with me.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070199
Date: 30-Mar-1994 11:34am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(ANN LONERGAN @MKO)

Subject: DECATHLON

Do you happen to know whether or not we've decided who attends Decathlon? Will all our Country and Territory Managers attend ~~Decathlon~~? If you're not the person to decide this, just let me know who is, so I can work on it a bit.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070198
Date: 30-Mar-1994 11:32am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(ELIZABETH STONG @OFO)

Subject: SALES TRAINING

I'm getting some good feedback that you are actively involving Canada and Latin America in your planning.

Thanks. This is going to help a lot.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070360
Date: 04-Apr-1994 09:38am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: See Below

Subject: INFORMATION SYSTEMS

It's clear, after having spoken with you several times, that the information systems in LACT do not provide you with the data you need to have in a timely fashion. Canada and the U.S. seem to be in much better shape, therefore, I have asked Bob Hult to work with you to determine which of the systems in the United States and Canada we can implement in LACT, and how fast we can do it, to get you the reporting and product tracking that we need to have.

In the process of doing this, I would expect Bob Hult to work with Joe Nadler and Bob Nealon from a product perspective.

DICTATED NOT READ

Distribution:

TO: Remote Addressee (LUIS ZUNIGA @LAC)
CC: Remote Addressee (BOB HULT @AKO)
CC: Remote Addressee (SCOTT ROETH @MKO)
CC: Remote Addressee (RON LARKIN @TRC)
CC: Remote Addressee (JOE NADLER @MRO)
CC: Remote Addressee (BOB NEALON @BXC)

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070367
Date: 04-Apr-1994 10:26am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(BOB SCHMITT @MKO)

Subject: DAVE COPELAND

I told Dave Copeland to give you a call. Do you remember him? He's now running a Digital spin off with a piece of software that was designed by DEC that runs on top of object broker. It seems to me that we're under utilizing Dave's software, and that we ought to be a little bit more aggressive because it will help us with some the sales of object oriented technology.

When he does give you a call, please listen to what he has to say to see if it makes sense to you, and if it does, I'll leave the follow-up to you. Thanks in advance.

DATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070300
Date: 01-Apr-1994 09:41am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(RON LARKIN @TRC)

Subject: TONY WALLACE MEMO

Tony Wallace sent out a memo on March 28th showing the PC business as a percentage of total effort within the Systems Business Unit. Canada is "off the map" with almost 21% of its total Systems Business Unit revenues coming from personal computers. Only SPR is higher.

You're going to need to do something about this Ron. The answer isn't necessarily to do less PCs, but rather, to do more servers, networking and software sales.

Please comment on this.

DATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070301
Date: 01-Apr-1994 09:49am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(RICH LINTING @OGO)

Subject: GENE HODGES

Gene Hodges is coming to see you. I encourage you to spend some time examining possible job opportunities in your organization. He's an extremely talented marketer, but more importantly, he is superb with our customers.

He's never worked for me directly but I have observed him many times and am glad that he's coming to see you.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070302
Date: 01-Apr-1994 09:58am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(SCOTT ROETH @MKO)

Subject: GENE HODGES

Gene Hodges will probably try and get on your calendar in the near future to examine possible job opportunities in the United States Territory. He's the guy that Ed Lucente thinks so highly of, based on Ed's observations of him in some of our product announcements, etc. Gene has never sold, but he will come to you and ask for your opinion about the opportunity to perhaps lead a large account or a global account. I know it's not normally done in the IBM company, but I would think that this would be a case where we could take that risk with little or no possibility of failure.

DICTATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070304
Date: 01-Apr-1994 10:10am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(ROB GOGAN @MRO)

Subject: YOU

I was glad to hear you found a good job Rob. Don't get down on the company. These things are bound to happen but, with your skills, this has a happy ending.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070305
Date: 01-Apr-1994 10:13am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee (SCOTT ROETH @MKO)
TO: Remote Addressee (LUIS ZUNIGA @LAC)
TO: Remote Addressee (RON LARKIN @TRC)
CC: Remote Addressee (BOB RUSSELL @RCH)
CC: Remote Addressee (BOB HULT @AKO)

Subject: PARTNERS

Beginning with our July announcement, we will see an increasingly dedicated focus to business partners as the primary audience for our hardware products and software. Ed's staff has agreed that by focusing our announcement primarily on our direct end users is only procreating the reputation we have as non-partner oriented.

I'm telling you this so that you might get a jump on things and begin to build partner announcements into your thought processes long before the July announcement.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070306
Date: 01-Apr-1994 10:20am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: MEXICO

I was looking at some market data the other day that suggested Digital is number 11 in reputation amongst computer suppliers in Mexico. Based on that low image, perhaps we should be hiring an Hispanic cultured person to run Mexico but be looking outside of Mexico, e.g., the U.S., Spain, etc. What do you think?

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070424
Date: 05-Apr-1994 09:03am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee
TO: Remote Addressee

(RON LARKIN @TRC)
(LUIS ZUNIGA @LAC)

CC: Remote Addressee
CC: Remote Addressee

(JOHN PAGET @MRO)
(SCOTT ROETH @MKO)

Subject: LEASING

Would each of you send me a brief paragraph describing your leasing arrangements in your respective Territories please. John Paget has made some observations about our use of leasing in United States, but before I decide on any group of people listening to his perspective, I would like to hear what the two of you do first, i.e., is leasing outsourced to an independent company in your country or counties? If so, who do you use? Or is leasing still run through Digital Equipment Corporation who then sources it elsewhere? When you get a minute, please respond to this question. Thanks in advance.

Dictated Not Read

OK - make the 2 or 3 tweaks
and send to
SLT/AMT.

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070228
Date: 31-Mar-1994 08:49am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: See Below

Subject: AMERICAS ANNOUNCEMENT

Earlier this year we announced the creation of the Americas Area with the intention of recognizing several advantages for our Latin America/Caribbean, Canadian and U.S. Territories. We see advantages to be gained from focus on NAFTA, common time zone management and sharing of resources and infrastructure.

Bob Russell and his design team have done a fine job of developing a model that meets the design principles we had established for ourselves;

- o Develop a structure that helps to meet the growth goals of our Business Units.
- o Assess^{and improve} customer and employee satisfaction.
- o Development of a strong industry marketing focus to serve all Americas Territories.
- o Management of ~~all other~~ Pan American efforts.
- o Leave local what is best done locally for our customers.
- o Insure operational and functional excellence throughout the Americas.
- o Stay lean.

I am now happy to announce the Americas Management Team (AMT).

TERRITORY MANAGERS:

Canada - Ron Larkin, Vice President
United States - Scott Roeth, Vice President
Latin America/Caribbean - Luis Zuniga, Vice President

BUSINESS MANAGERS:

The following Vice Presidents are members of the Americas Management Team reporting to their respective corporate managers;

Systems Business Unit - I will be the SBU Manager in addition to my role as Americas President.

MCS - John Paget, Vice President

Digital Consulting - Rich Linting, Vice President

PCBU - Harry Copperman, Vice President

Storage - We currently have no plans to have Storage Business Unit representation at the Americas. This will continue to be managed at the corporate level.

C&P - I am pleased to announce that Dennis Albano, Vice President, will be responsible for our Components & Peripherals Business Unit and responsible for TOEM/CpOEM activities for the Americas reporting to Larry Cabrinety. More details on the specifics of this assignment will be forthcoming.

FUNCTIONS:

Industry Marketing - Bob Russell, Vice President

Bob will be establishing approximately 20 Industry Segments to provide industry direction, Sales Support, marketing programs, Pan-American partner management, etc., to the Sales organization. In addition, Bob's Americas organization will work closely with the Corporate Industry Segments. Americas Segment Managers will be announced within a few days; the staffing process for the individual contributors will be distributed also in a few days.

~~New~~ Business Development - Alberto Costales

Alberto will work with our Territory Managers and Business Unit Managers to define and implement an aggressive set of strategies and programs that will increase market share across the Americas. Alberto and his team are currently working on growth plans for Mexico and Argentina. Alberto will also be my focal point for NAFTA related programs.

Logistics - Bob Nealon

HR - Karen Howard

OK GA
Communications - Will be announced shortly.

Legal Dept - Costales support of vcl
Finance - As you have seen in a separate memo, Bob Hult has been named as the Vice President of Finance for the Americas.

Additional updates on the priorities and plans for the Americas Management Team will be sent to you over coming weeks.

I am excited about the talent represented on the Americas Management Team. We look forward to working together, with your support, to meet our goals of customer and employee satisfaction, and the growth and profit of Digital's businesses.

cc. A 2d - Shane -

Distribution:

TO: Remote Addressee (HARRY COPPERMAN @OGO)
TO: Remote Addressee (alberto costales @ako)
TO: Remote Addressee (JOEL GOLDSTEIN @MSO)
TO: Remote Addressee (KAREN HOWARD @MRO)
TO: Remote Addressee (BOB HULT @AKO)

Use the RDL option to see remainder of distribution lists.

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

Doc. No: 070366
Date: 04-Apr-1994 10:21am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(NEAL DADD @AKO)

Subject: DAVE COPELAND

Do you remember Dave Copeland? He's going to call you with, what seems to me, to be a good idea regarding ways to get more out of our customers who visit the CTG with us.

When he calls, please spend some time with him, Thanks in advance.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070365
Date: 04-Apr-1994 10:15am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee
TO: Remote Addressee

(RON LARKIN @TRC)
(LUIS ZUNIGA @LAC)

CC: Remote Addressee
CC: Remote Addressee

(BOBBY CHOONAVALA @AKO)
(BOB HULT @AKO)

Subject: "GIA" SUPPORT

It is now the ^ufourth quarter, and by the agreement that Bobby Choonavala has made, you should be completely transitioned to getting all of your support from the Americas Area.

Do either of you have any remaining connections with Acton or is the transition complete as directed?

DEFINATED NOT READ

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070364
Date: 04-Apr-1994 10:11am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(RON LARKIN @TRC)

Subject: TORONTO SPACE

I haven't forgotten that you have a request into me to keep a sales unit in your downtown Toronto building. Right now, what we're doing is going back up through the Finance system to see if we can muster up support for your proposal. Apparently, there was a great deal of emotion around "Copeland's folly".

I am still supportive of your request of being a good business decision. But in this case, I believe I need to get support.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070186
Date: 30-Mar-1994 10:22am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(ED LUCENTE @MLO)

Subject: COUNTRY/TERRITORY MANAGERS

I've been giving some thought to this problem of clearly defining the role of a Territory Manager. At the Country level there's quite a bit of concern by employees from all of the Business Units that we're overly fragmenting the company in front of our customers, (half of this is valid the other half is a little bit of hysteria) and that we're disempowering the Territory or Country Manager from bringing the necessary resources to our customers.

How's this for a notion... we're currently going through a process of reviewing global account plans which require our Global Account Managers to propose skills and resources from all over the company to grow Digital's presence in their accounts. Why can't we treat our Territory Managers or our Country Manager as "the Account Manager for a geography", i.e., they would be responsible for proposing what resources were needed, how they would be brought together to grow overall revenues in a Territory. Further, just as none of our Business Units would go into an account without first working with the Global Account Manager, then I would think that same courtesy would apply to a Territory Manager. Today, a Territory Manager is discovering that a Business Unit is moving things around inside the Territory and the Territory Manager knows nothing about it.

All this proposal implies is a little bit of balance in the system. It might be worthwhile considering.

In the meantime, the four goals that I have been putting on my Territory Managers are 1) total revenue for the territory, 2) customer satisfaction, 3) employee satisfaction, and 4) profit for the Systems Business Unit. This is being discussed rather "vigorously". None of the Territory Managers believe they should be measured just on the profit of one Business Unit. They believe that takes away any element of trust by the other Business Units within their Territory. They're comfortable with employee satisfaction, customer satisfaction and revenue, so long as all the Business Units support them having those goals.

I hope this is helpful.

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070457
Date: 05-Apr-1994 12:41pm EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee
TO: Remote Addressee

(LUIS ZUNIGA @LAC)
(RON LARKIN @TRC)

CC: Remote Addressee

(CLAUDE PESQUET @ZKO)

Subject: LOCALIZATION

Claude Pasquet is responsible for the translation and localization of our products into the multiple languages of our customers.

He would like to have a "point person" from each of your Territories to help him with localization strategies, plans, problems, etc.

Please appoint a person and get that name to Claude as soon as you can. Copy me on your response.

Thank you.

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070458
Date: 05-Apr-1994 12:50pm EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(HARRY COPPERMAN @OGO)

Subject: FEDERATED

There certainly is an awful lot of concern about the PC product problems at Federated. Are you going out to see them? Do you think we are likely to be "thrown out"?

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070422
Date: 05-Apr-1994 08:36am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(MARY BARRETT @MLO)

Subject: MANAGEMENT REPORT

I noticed that in the Corporate Management Report that you sometimes include Latin America and Canada as part of Asia Pacific, and other times, you include them as part of the Americas. I can understand the "confusion" during the transition period.

For the fourth quarter though, I'm expecting to see Canada and Latin America always included as part of the Americas. Is this your expectation as well?

Dictated Not Read

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 070423
Date: 05-Apr-1994 08:50am EDT
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209



TO: See Below

Subject: TRAINING

I'd like to clarify a note that I recently sent regarding training for the upcoming client server announcement. I told you that I had made a commitment that all of the Territory Managers and their direct reports would be required to attend training. These comments apply to those people who are directly attached to the Systems Business Unit only. In no way was I "directing" that Digital Consulting, MCS, PCBU, Logistics, etc. were required to attend. Certainly, you're more than welcome to attend if you wish, but the requirement to go applies only to those people directly involved with the Systems Business Unit.

Sorry for any confusion.

DIKTATED NOT READ

Distribution:

TO: Remote Addressee (HARRY COPPERMAN @OGO)
TO: Remote Addressee (alberto costales @ako)
TO: Remote Addressee (JOEL GOLDSTEIN @MSO)
TO: Remote Addressee (KAREN HOWARD @MRO)
TO: Remote Addressee (BOB HULT @AKO)

Use the RDL option to see remainder of distribution lists.

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 069287
Date: 04-Mar-1994 08:43am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: See Below

Subject: SABLE

I hope you get to read this while you are traveling and are able to respond. I'm worried about something and I need to know if you are as well.

When we announce Sable with its new prices, few people will want to buy any other Alpha workstation from us. I have been told Manufacturing will only have 1000 units available for Q4 shipments. If this is true, we will lose significant revenues from our fast ramping Alpha workstation sales, i.e., people will just wait for Sable machines. We can't afford that.

What are your plans to deal with this? Is my data correct?

Distribution:

TO: Remote Addressee (WILLY SHIH @MLO)
CC: Remote Addressee (ED LUCENTE @MLO)
CC: Remote Addressee (TONY WALLACE @MLO)
CC: Remote Addressee (JOE NADLER @MRO)
CC: Remote Addressee (BOB SCHMITT @MKO)
CC: Remote Addressee (JESSE LIPCON @LJO)

Printed by RUSS GULLOTTI @MKO

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

Doc. No: 069352
Date: 07-Mar-1994 09:30am EST
From: RUSS GULLOTTI @MKO
GULLOTTI
Dept: PRESIDENT AMERICAS AREA
Tel No: 264-6209

TO: Remote Addressee

(LUIS ZUNIGA @LAC)

Subject: COMMISSION

Is your sales force 100% of variable compensation now?

Dictated Not Read