



DIGITAL EQUIPMENT CORPORATION

Russell A. Gullotti
Vice President

Digital Drive
Merrimack, New Hampshire
03054-9501

05 July 1994

Mr. Bob Trickovic,
World Wide MIS Manager
Bechtel
50 Beale Street
San Francisco, CA 94119

Dear Bob:

It was a pleasure to meet with you last week.

As your executive partner, I will be responsible to insure that any issues outlined in your letter of March 17, 1994 are addressed to your satisfaction. I intend to take a very involved role in working with Bechtel and will provide the executive-to-executive communications relative to any questions relating to Digital's corporate strategies, future directions, financial strengths, product directions, management turn-over, etc.

Bob, I want to thank you for your positive comments relative to Al Snyder, and the Multivendor Customer Services organization's responsiveness to your needs. I will be in touch with Al to re-enforce the importance of their service to your company. Nancy Giovenco will be working with you to co-ordinate my visit to Bechtel to meet with yourself and Mr. Bill Friend.

In closing, I want to thank you for your time as well as your business and I look forward to working with you and Bechtel's senior management.

Sincerely,

A handwritten signature in cursive script, appearing to read "Russ", written in dark ink.

Russ Gullotti
Vice President
Worldwide Manufacturing & Logistics

CC: Nancy Giovenco

R

*Schedule call
Trickovic
mm/tues 4 pm/11:00*

Printed by RUSS GULLOTTI @MKO

INTEROFFICE MEMORANDUM

Doc. No: 074775
Date: 29-Jul-1994 04:53pm EDT
From: NANCY GIOVENCO
GIOVENCO.NANCY AT A1JULIET at
Dept: SALES
Tel No: 415-882-3744

RFC

TO: RUSS GULLOTTI @MKO (GULLOTTI AT A1 at SOLVIT at MKO)
CC: rita foley @wro
Subject: RE: Bechtel

RE: Bechtel Telephone Call

Russ,

The objective of the phone call is two-fold; you had discussed with Bob during our initial meeting keeping him appraised of any significant information from an executive-to-executive perspective. Secondly, this is an opportunity to further John Fischer's efforts with the outsourcing initiative.

Below are the suggested discussion topics:

1. Digital Financials/Year-end Results
2. Confirmation of our upcoming meeting with Bill Friend, EVP (Bob's Boss) August 30th.
3. John Fischer's recent visit to discuss the outsourcing initiatives

With regard to the outsourcing initiatives, Bechtel is looking at initially outsourcing their Global Desktop Services worldwide which would involve the procurement of PCs (Digital & Compaq), Microsoft and 3rd party software, staging, delivery, installation and support services worldwide. The second component would involve the consolidation and outsourcing of the OA servers which support some of the corporate applications. RFI response sized the opportunity in the 20M - 26M/year range. Assuming Bechtel's Global shortlist strategy, the finalists would be Digital, EDS, G.E. (possibly IBM). The shortlist decision is being made immediately by Bob Trickovic/John Bailey and some automation technology managers. The final decision will be recommended by the same team and approved by Bill Friend, EVP and Riley Bechtel, President. Decision timeframe is prior to yearend.

Russ, you will need to understand the inter-company politics prior to the Bill Friend meeting. Given the "professional level" of politics and some past hic-ups, Digital's perception at the senior management level is not where it could be. I will need your help and Rita's help to turn this around.

*R -
① I will need a brief call with her before my call
② set up talk to Nancy re: Schedule for the call.*

① why DCS and not ACS?
② "Professional Level of Politics" what is history?

I'll be in touch with Andrea to get some timeframes to schedule the call.

Please let me know if you have any questions or wish to discuss this prior to making the call.

Regards...

Nancy Giovenco

Bechtel Bob Trichovic 6/28/94

EMAIL ^{mailmarks}
- readiness for commercial use.
- functionality fine - quality poor.
- Patch due end of June
online reference library

BPR across 500 projects + functions

Document Management

al Snyder meeting went well -
memo to al

IA
↳ memo

a jody

confidence of system improving.

Channels -

- deal with govt contracts. Required to buy at
lowest possible cost
Dec. "Bay State" sells alpha at lower cost than

IA - check on Bay State
Kent St Vran

IA Nancy
to give me
detail!

Messaging strategy is good. Just deliver

Pathmark's good

Novell. \$500 more per desktop than with
Bechtel to provide the number

Poor Marketing - eg VTX security is solved. No one knows it.

Dec Viability

[Contingency plan if Dec goes under.]

⇒ ODM - Doc. Mgmt product Art Lim (presenter)

- are we committed to it?
- missing key functionality stepped to ~~ET~~ 1995
- not listening to market

alpha proved out context retrievable } no money # ?

Mgmt Problems

Throw mgs at it. all get into the act.
"Strong Mgmt" is not true about Digital.

ROBERT S. TRICKOVIC

Bob Trickovic is Manager of Information Services for Bechtel Corporation.

He is currently responsible for Bechtel's Corporate Information Services operation, including Bechtel's worldwide network. He has direct functional responsibility for deployed Information Services organizations supporting Regional and Project Offices.

Bob joined Bechtel in 1969 as an Electrical Design Engineer in the Gaithersburg Office of Bechtel Power Corporation. He advanced through a succession of field and engineering assignments, progressing to Engineering Manager for the Gaithersburg Power Division. These assignments included management of the Power Company Automation Technology organization.

Bob received a B.S.E.E. degree in power engineering from the University of Belgrade, Yugoslavia, and an MBA from Golden Gate University.

*new file
Bechtel*

BECHTEL CORPORATE VISIT
JUNE 27/28, 1994

CUSTOMER: Bob Trickovic, Worldwide MIS Manager

DIGITAL: Nancy Giovenco, Global Account Manager
Jody Mahoney, MCS Global Account Manager

June 27

Engineering Corporate Visit, Maynard

Bill Demmer, VP
Nancy Strecker, VP

June 28

Executive Partner Meeting

Russ Gullotti, VP

MCS Global Support/Outsourcing

John Rando, VP

NATURE OF CUSTOMER'S BUSINESS: (In a brief paragraph, define the basics of the customer's business.)

Bechtel is a San Francisco based, global engineering-construction organization. Bechtels main businesslines include: Petroleum & Chemical, Power (Nuclear & Fossil), Civil (Transportation, Building & Water facilities) Mining & Metals, Environment, Construction, and Advanced Systems (Defense & Space).

FACTORS IMPACTING CUSTOMER'S BUSINESS: (What are the top three priorities of concerns impacting the customer's business? What keeps them awake at night?)

- * E & C industry shift towards lump-sum contracts (Fixed price)
- * Increased number of global markets
- * Greater competition
- * Fewer mega projects
- * Increased customer involvement in project outcome, costs, and quality

CUSTOMER'S STANDING WITHIN THEIR INDUSTRY: (Where does the customer line up with others within their industry?)

Bechtel is the largest E&C company in their industry. Privately held, their annual revenues for 1993 were 9.3B

DIGITAL'S STANDING WITHIN CUSTOMER'S BUSINESS: (What is Digital's role within the account and what applications do we support? What is our major strength within the account's industry?)

Bechtel's position with Digital is a "wait and see" position. Bechtel's Executive Directors have asked the Information Systems & Services organization to put together a "contingency plan" should Digital "go out of business". Digital maintains a strong presence within Bechtel. Bechtel has aligned with only a few strategic vendors to support their IT requirements: Digital, Oracle, Microsoft, and Compaq.

Applications supported include:

On Line Reference Library: VAX/VTX/tr
EDI: VAX Alpha/EDI
Project Management: VAX/ODM
Mail: VAX/Mailworks/Teamlinks
Data Center Operations: VAX/Oracle DB
Financials: VAX/Oracle Financials
Network: DECnet/Pathworks/TCP/IP

CUSTOMER PERSONAL PROFILE: (Write a short background paragraph on the executive(s):

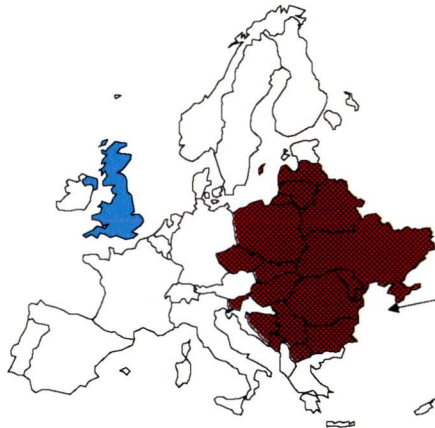
Biography attached.



United States



Chile

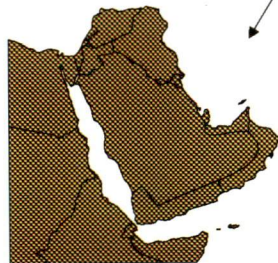


United Kingdom
Russia (Emerging Nations)

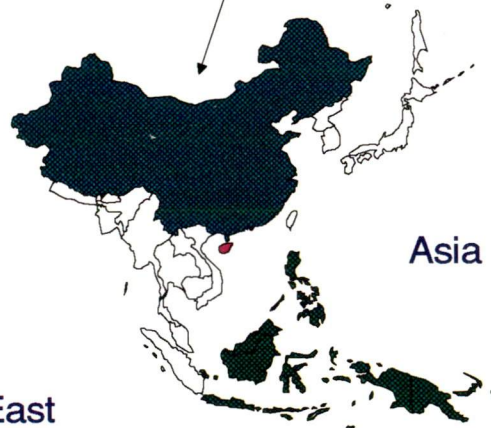
Bechtel Group Inc. Account Plan - FY95



India



Middle East



Asia

Nancy Giovenco
San Francisco - 542-3680

Digital Equipment Corporation
455 Market Street, 7th Floor
San Francisco, CA 94105

digital

March 24, 1994

Mr. R.S. Trickovic
Manager, Information Services
BECHTEL
50 Beale Street
San Francisco, CA 94119

Dear Mr. Trickovic:

I am in receipt of your letter dated March 17 regarding the performance issues Bechtel has had with Digital. There is no doubt that Bechtel is a very valued customer and that I am greatly concerned that we have not been able to achieve the level of customer satisfaction expected from my organization.

In order to insure quality of service objectives are met, we have done the following:

- * Conducted a thorough review of our services call flow processes and management escalation procedures. Changes and improvements are documented in the attachments to this letter. The call flow processes will be reviewed immediately with Bechtel.
- * I have asked the services organization to assign a Bechtel Technical Support Manager who will be your advocate into the services organization and make sure appropriate action is taken.
- * Regularly scheduled management review meetings will be established to insure continuous improvement objectives are met.
- * Digital will continue efforts already underway to establish a Bechtel/Digital Quality Alliance Agreement to promote quality and efficiencies of products and services by:
 - Eliminating processes that do not add value
 - Attaining targeted quality service goals
 - Meeting/or exceeding customer expectations

The following is the plan which addresses the items highlighted in your letter:

EMAIL

Per your recommendation, Digital will undertake an immediate evaluation of EMAIL with the involvement of representatives from Bechtel. We will make sure that we use the time of your people judiciously.

I have asked that the review team makes themselves available from April 11th - April 29th to meet with you at your convenience. If your schedule allows for an earlier meeting, we will check on their availability. It is our intention to provide you with a detailed schedule of activities once the joint meetings have been completed.

In addition, more detailed explanations are attached to this letter.

ON-LINE REFERENCE LIBRARY

While we believe that working together with Bechtel we have been able to fix many of the problems that you have had with VTX, I understand that there are still outstanding items to be resolved. Dennis Roberson, Vice President of Software Products and I have discussed this and we are both committed to resolution.

Bechtel's Technical Support Manager will serve as the focal point to insure schedules for the remaining outstanding items are communicated to Bechtel.

Additionally, he will serve as the liaison to the engineering organization for any problem reporting, resolution, follow through and communications feedback. Bechtel's Technical Support Manager will schedule a meeting with your staff in April to review status and establish planning and communication processes.

VALUE ADDED RESELLER - PRICING STRATEGIES

As you know, resellers of our equipment receive a higher discount than end-users because they add significant value to their customers as well as reduce Digital's cost of selling. In fact, as a reseller, Bechtel is entitled to a 27% discount for items to be resold.

At times, VARS will sell outside of their contract with Digital and offer you a higher discount than you are able to get from your end-user salesforce. From my brief exposure to the situation at Bechtel, this appears to be the case.

The dilemma that we now face as a company is that while we are working hard to control our partners, there is a severe imbalance in the prices being offered to your company. I understand that the local sales team has made an attempt to correct this imbalance by offering Bechtel an additional 4% in return for sole-sourcing and faster payment.

We own the channels problem and are working hard to fix it. It should be noted that there will be, by design, instances where you will be able to purchase products at a greater discount through resellers than you could directly. This is especially true for commodity items.

Bob, you have my personal commitment that I and the Bechtel Team will work closely with you to make sure that we are able to rationalize our pricing strategy and that you pay a fair price for the value you receive.

RESPONSIVENESS / CUSTOMER SUPPORT

As mentioned previously, we take customer support very seriously and the following has been put in place effective immediately:

- * Assignment of a Digital/Bechtel Technical Support Manager - Mike Tarte will be in this role until a permanent person can be named.
- * Two Senior Consultants from the Digital Customer Service Center (CSC) have been assigned to Bechtel. They will understand your environment and be ready to take quick and effective action.
- * The CSC will conduct a weekly account review of Bechtel. The Digital/Bechtel Technical Support Manager will participate and report out to you.
- * The CSC management team will review training needs and develop necessary support plans.
- * Tom Garry, Bechtel's local Services Unit Manager will continue to be the Bechtel problem manager. Both he and his District Manager will receive daily updates on your account status and meet with you on a weekly basis.

Digital Equipment Corporation

As your Account Global Manager, Nancy Giovenco is responsible for the overall support and customer satisfaction. She will be your door into Digital.

You have my commitment that Nancy has the full support of Digital's resources as well as the commitment and support of the Digital senior management team.

Bob, hopefully the above plan and the attached detail will help to convince you that we are serious about fixing the problems that exist at Bechtel.

I trust that you will find this acceptable.

I look forward to a long and mutually beneficial relationship with you and Bechtel.

Sincerely,



Rita Foley
Vice President & Regional Manager
Western Region

cc: Bechtel: W.L. Friend, J. Neerhout, Jr., V.P. Unruh,
J.M. Duty, T.S. Killen

Digital: E.E. Lucente, A.E. Snyder, N. Giovenco
D. Roberson, A. Seller

Attachments

ATTACHMENT

E-Mail

PRODUCT DEFICIENCIES/DELIVERY

Memory Stability

Digital understands that there has been memory management issues with Mailworks. We have worked very hard to fix these problems and though many have been fixed, we are still working on resolving the remaining issues. Seth Cohen has been appointed Senior Consulting Engineer to head a team of engineers to address remaining issues with Mailworks memory management. Digital's team would like to meet with Bechtel to better understand your specific issues to insure they are being addressed. Shapoor Shayan, Group Engineering Manager, Seth Cohen, Senior Engineer, and Judy Giger, Product Manager are available to meet with representatives of Bechtel at any time. We would like to suggest the following dates to allow you enough time to coordinate the attendees; the week of April 11, the week of April 18th or the week of April 25th.

Digital will insure that the data collected will be incorporated into the scope of work for addressing Mailworks memory management issues. To increase communications with Bechtel, the newly assigned Technical Support Manager can work with us to insure progress and status continue.

Error Logging/Documentation

The error logging tool was made available to you since you had expressed a desire to use it. the tool is typically used by digital for diagnostic purposes which is why little documentation is available.

We can make more information available and even suggest training for the use of the tool which we could provide at Digital's CSC (Customer Service Center). It would also be an opportunity to work with the CSC account managers and discuss your service and support requirements.

Capacity Planning Tools and Documentation

As a valued Global Account, we would be willing to share our internal capacity planning data which is not generally available because of the sensitivity in its use. We can have the Technical Support Manager co-ordinate the data with you.

Administration Tools/Documentation

As you probably are aware, each customer has different needs in this area. I'd like to propose that during the same meeting scheduled for April, we share our thoughts here and understand better what Bechtel would like to see. The Technical Support Manager could then help us with on-going communications with our plans and progress.

Product Release Intervals/Patch Availability

I'd like to suggest that as part of the April meeting, Digital provide a description of our engineering product development processes and our product and patch release schedules.

MAILWORKS SUPPORT DEFICIENCIES

Front-line Technical Support/Engineering
Escalation-Communication

Two Senior Consultants from Digital's CSC (Customer Support Center) are being assigned to Bechtel (Wendy Ellis and Carl Nadrowski). In addition, a Virtual Mailworks/message router team is being formed to ensure a senior consultant is notified of all calls placed by Bechtel. The team will include Teamlinks, Mailbus, and Message Router resources that can answer any question relating to overall mail support. After 90 days, we would like to review our progress with Bechtel. Larry Gerrity, Tom Garry, and the Digital Support Operations Manager will be responsible for the review.

The Senior Consultant will:

- * Provide technical solution on the first customer contact the majority of the time.
- * Act as an interface with the customer and engineering to technically manage all escalated problems
- * Work with the virtual team to develop a plan to raise the Mailworks team cross product knowledge.

The call flow process has been modified internally to ensure that the senior consultant is notified of all calls placed by Bechtel.

Larry Gerrity (off-site) and Tom Garry (on-site) will remain the problem managers for all customer service issues. This is in accordance with the Bechtel call flow document (attached).

Customer Database

A specialist is being assigned full-time by Dave Hawk, CSC Manager, to perform a review of the current database to ensure the database is populated appropriately. This person will ensure the database contains the most current information.

All authorized engineering patches will be placed in the database and made available to Bechtel.

On-Line Reference Library (VTX/tr)

Digital understands the previous problems associated with VTX/tr product. What we did in July 1993 was assign a Sr. Engineering Manager, Gerard Van de Aast, to manage the VTX/TR product development effort. Gerard put in place schedules, resources, and time frame commitments which were then communicated to Bechtel. An engineering specialist was assigned full-time to work directly with Bechtel's Project Manager to co-ordinate and communicate delivery of key product functionality and deliverables.

The delivery of VTX 6.0 resolved stability issues in the DOS and Windows Clients and fixed problems associated with Content Based Retrieval. Digital is still committed to deliver:

- * A clean-up of cosmetic problems with the print module
- * Fix viewing/printing problems with specific images

Viewing/Printing is related to lack of available DOS memory; Digital has addressed this in the following way:

- * Delivered an extended memory VTX Client to alleviate memory problems
- * Delivered an Extended Memory Viewer
- * Delivered integration capability for Viewer and Print Modules

We will continue to maintain our communications with Bechtel's Project Manager until the remaining deliverables are met.

RESPONSIVE/CUSTOMER SUPPORT

Procedures to Escalate/Call Flow Processes

The local Services Unit Manager is the Problem Manager for escalations. Final resolution of the problem is the responsibility of the Problem Manager. They are responsible for the co-ordination of all resources and the implementation of all action plan steps. The Problem Manager is Bechtel's focal point and single point of contact for all escalations. Tom Garry is Bechtel's Problem Manager.

Attached is a detailed call flow process which addresses call flow processes and engineering escalation.

Further, to strengthen our technical account management support for Bechtel, effective immediately, the Customer Support Center headed by Larry Gerrity will conduct a weekly internal account review. The account review team will include the CSC account team staff, Tom Garry, Digital's on site services manager, and the new Bechtel Technical Support Manager, Mike Tarte.

Until we obtain product stability, Digital will provide the highest level of service in support of Bechtel.

Ownership

The Global Account Manager, Nancy Giovenco, is responsible for Bechtel. She has available to support Bechtel all the resources of Digital.

I've listed below the management support from our Engineering and Services organization backing Nancy in support of Bechtel:

Bechtel Focal point:

- Technical Services Manager (Mike Tarte, acting)

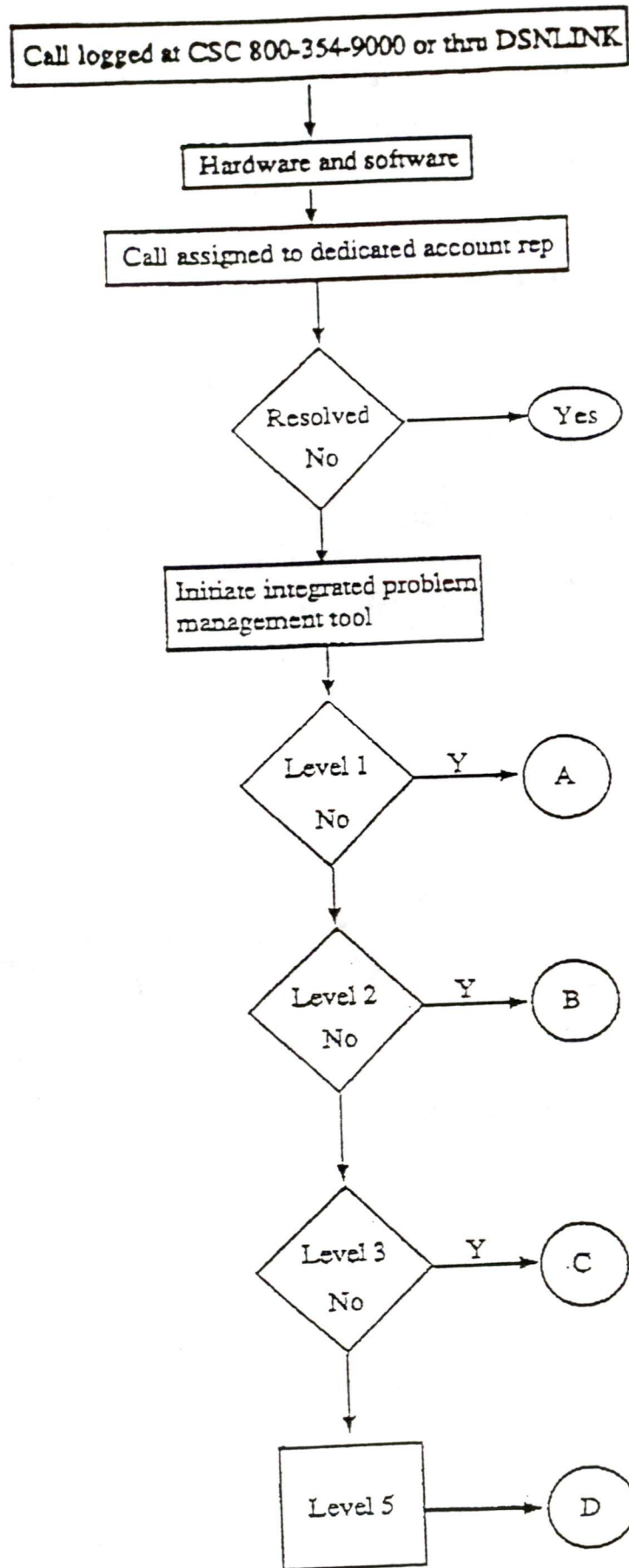
Engineering:

- Shapoor Shayan, Group Engineering Manager
- Dennis Roberson, V.P. Groupware Software Engineering

Services:

- Aggie Rucker, District Manager Services
- Willie Hooks, V.P. MCS Western

Mailworks Technical Escalation



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A

LEVEL 1
A catastrophic outage. The customer cannot produce. The customer's system application, or option is down and no procedural workaround exists.

Metrics and Responsibilities

Multivendor Customer Services (MCS) -

MCS escalates problem w/in 8HRS

MCS defines Action Plan w/in 4 HRS

MCS updates are CONTINUOUS

MCS reduce severity w/in 24 HRS

Engineering (ENG) -

ENG acknowledges within 1 HR

ENG Input To Action Plan w/in 4 HRS

ENG updates are CONTINUOUS

ENG reduce severity w/in 24 HRS

B

LEVEL 2
A high impact problem. The customer's operation is disrupted, but there is some capacity to produce. The problem may require a fix to the next release for the current customer system.

Metrics and Responsibilities

Multivendor Customer Services (MCS) -

MCS escalates problem w/in 3 BUSINESS DAYS

MCS Action Plan w/in 1 BUSINESS DAY

MCS updates are PER ACTION PLAN

Engineering (ENG) -

ENG ack w/in 1 BUSINESS DAY

ENG Input To Action Plan w/in A BUSINESS DAY

ENG updates are PER ACTION PLAN

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C

LEVEL 3

A problem which involves partial noncritical functionality loss. One which impairs some operations, but allows the customer to continue to function. This may be a minor issue with limited loss or no loss of functionality or impact to the customer's operation. This includes documentation errors.

Metrics and Responsibilities

Multivendor Customer Services (MCS) -

MCS escalates problem w/in 30 DAYS

MCS begins Action Plan w/in 1 WEEK of acknowledgment - with ENG

MCS updates are PER ACTION PLAN

Engineering (ENG) -

ENG ack w/in 7 BUSINESS DAYS

ENG input to Action Plan w/in 30 DAYS

ENG updates are PER ACTION PLAN

D

LEVEL 5

A suggestion for a hardware, software or documentation enhancement from the customer. The customer has no loss of functionality. These suggestions are entered into IPMT as a Level 5 case.

Metrics and Responsibilities

Multivendor Customer Services (MCS) -

MCS sends suggestion to ENG

NO Action Plan is required

Engineering (ENG) -

ENG puts suggestion into ENG work queue for future product planning.

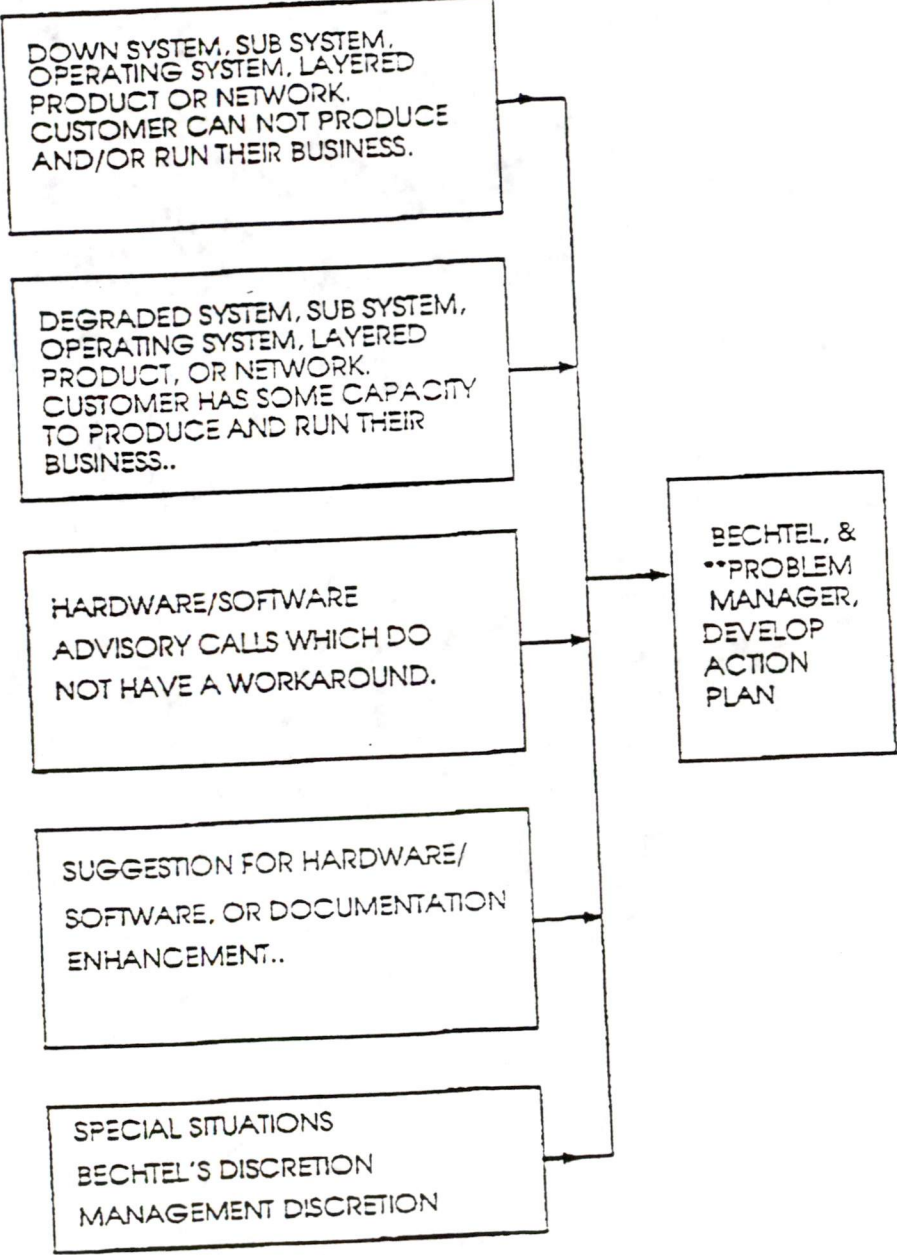
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BECHTEL

The Key Is - When In Doubt Elevate

** The Multivendor Customer Services Unit Manager is the Problem Manager for escalations. Final resolution of the problem is the responsibility of the Problem Manager. They are responsible for the coordination of all resources and the implementation of all Action Plan steps. The Problem Manager is Bechtel's Focal Point and single point of contact for all escalations.

ACTION PLANNING TRIGGERS



Please realize that any time you feel an Action Plan is necessary, we create one.

digital

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Management Escalation

LOCAL
MULTIVENDOR
CUSTOMER
SERVICES
MANAGEMENT
TEAM

REMOTE
MULTIVENDOR
CUSTOMER
SERVICES
MANAGEMENT
TEAM

TOM GARRY
PROBLEM MANAGER

WK - (415) 882-3820
HM - (408) 365-8272
PGR - (408) 989-4633

LARRY GERRITY
PROBLEM MANAGER

WK - (404) 343-1101
HM - (404) 623-1472
PGR - (404) 833-6164

AGGIE RUCKER

WK - (408) 748-6413

DAVE HAWK

WK - (404) 343-0046
HM - (404) 751-9256

WILLIE HOOKS

WK - (408) 748-4255

DICK SELLERS

WK - (719) 592-5201

FRANK BRANCA

WK - (617) 273-6302

JOHN PAGET

WK - (508) 467-2029

digital

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5/5/94

BECHTEL

<u>Objective Mtg.</u>	<u>Ownership</u>	<u>Scheduled Date</u>	<u>Deliverable/Follow up items</u>
* E-mail evaluation/Operational review with Bechtel			<u>Objectives</u> <u>Phase I</u> * Demonstrate E-Mail is a viable product for Bechtel "bet your business" * Discuss "Quality" Product Readiness
	<u>Project Sponsor:</u> Dennis Roberson Nancy Giovenco Mike Tarte	April 21 9:00am-3:00 Digital C.R. 7th floor	<u>Phase II</u> o Discuss memory fragmentation o Present scope of work to address mailworks memory management issues o Provide information/documentation on error logging tools o Share capacity planning data o Provide info on plans regarding administrative tools/documentation o Solicit input for admin tools & documentation o Present engineering product development processes & patch release schedules o Discuss product stability/plans/futures o Establish scheduled ongoing communications
	<u>Participants:</u> Jack Simonson, Sr. Eng Mngr. Shapoor Shayan, Group Eng Mngr. Judy Giger, Product Mngr. Seth Cohen, Sr. Consultant Norma Abels, Group Eng. Mngr. Tom Garry, MCS Mngr. Kelly O'Rourke		
	<u>Bechtel Sponsor:</u> Bob Trickovic John Bailey		
	<u>Bechtel Participants</u> Tim Kompara Tom Ehrich		
<hr/>			
* VIX/TR Online	<u>Project Sponsor:</u> Dennis Roberson Nancy Giovenco	April 21 3:00-4:00pm	o Review current issues o Establish schedule for remaining functionality o Establish schedule for ongoing communications
	<u>Participants:</u> Norma Abels, Group Eng. Mngr. Colleen Martin, Technical Support		
	<u>Bechtel Sponsosr</u> Bob Trickovic Gary Moulton		
	<u>Bechtel Participants</u> Tim Kompara		

* CSC/Bechtel

Objectives

- * Improve "system" responsiveness; look at both organizations in response to Bechtel's support needs.
- * Reduce costs to Digital/Bechtel

Project Sponsor: April 27
 Dick Sellers 1:00pm-4:00pm

Al Snyder
 Frank Branca

Participants:

Aggie Rucker, District MCS
 Willy Hooks, VP WR MCS
 Mike Tarte, Technical Services Mngr.
 Tom Garry, MCS Mngr.

- o CSC Org. Overview
- o Call flow process definitions
- o Review Sr. Consultant's role/improvements
- o Global Services Engagement Processes
- o Review Bechtel's CSC issues
- o Review CSC recommendations for Bechtel
- o Update customer database
- o Establish process & schedule for ongoing communication and problem resolution
- o Establish Qtrly./Yr mgmt reviews

Bechtel Sponsor
 Bob Trickovic

Bechtel Participants
 John Bailey Chris Zeck
 Don Mc Nealey Tom Erich
 Roland Sturdevant

* General service delivery
(each Regional Office location)

Project Sponsor:

John Paget
 VP - Willy Hooks
 VP - Ralph Lipizzi
 VP - Alan Croll
 VP - Michael Jackson
 Mike Tarte

Participants:
 HM/Problem Mgmt

- o Review current issues
- o Develop plan to address
- o Establish schedule for ongoing communications

Initial Meeting

- o Review clearly defined call flow processes
- o Establish schedule for (bi-monthly/monthly) regularly scheduled services team meetings

Aggie Rucker/Tom Garry	(SF)	April 20
Data Center		April 20
John Thomas	(MD)	April 20
Randy Whistler	(HSC)	April 13
Joe DelBruno/Jimmy Winston	(IA)	April 11

Bechtel Sponsor
 Bob Trickovic

Bechtel Participants

Houston
 Kathy Roberts

Norwalk
 Jay Wiley

Gaithersburg
 Tim Fritz

San Francisco
 Tom Erich
 Don Mc Nealey

London

* Pricing Strategies

Sponsor:
Terry Fink
Kent St. Vrain
Nancy Giovenco

May 16

- o Present Digital Pricing Policies & Administration/Channels Strategy
- o Establish schedule to review progress

Bechtel Sponsor
John Duty, Sr. VP

Bechtel Participants
John Duty, Sr. VP
Dave Maher, VP Procurement
Bob Trickovic, WW MIS

Licensing

Sponsor

TBD

- o address ODM licensing issues

Nancy Strecker
Nancy Giovenco

Participants
Bill Downer
Brian Kennedy

Bechtel Sponsor
Tim Killen

Bechtel

50 Beale Street
San Francisco, CA 94105-1895
Mailing address: P.O. Box 193965
San Francisco, CA 94119-3965

March 17, 1994

Ms. Rita Foley
Vice President and Regional Manager of Western Region
Digital Equipment Corporation
2525 Augustine Drive
Santa Clara, CA 95054

Subject: **Digital Equipment Corporation -
Performance Deficiencies**

Dear Ms. Foley:

Over the past four years, Bechtel has purchased Digital's products and services, valued at approximately \$30 million. Additionally, we have directed a large amount of business from our worldwide clients to Digital. We consider this to be a sizable investment in Digital products and services.

In the past 10 days, Senior Management at Bechtel Corporation has utterly lost faith in the performance of Digital's products and services, and the willingness of Digital to correct the wholesale deficiencies. This is the culmination of a long history of performance problems with Digital's products, very slow corrective actions, inadequate resources, and frequently missed schedules.

I should mention that these problems have been carefully documented and discussed with Digital's Senior Management individually. The list below provides comprehensive documentation on issues that remain unsolved.

Specific Deficiencies

The deficiencies of Digital's products and services can be grouped into four categories:



Bechtel Corporation

Ms. Rita Foley
Vice President & Regional Manager of Western Region
Digital Equipment Corporation

1. E-Mail

MAILworks product deficiencies

- Memory/stability problems in both of the server components.
- Poor error logging and documentation of log messages.
- Insufficient capacity planning tools and documentation.
- Insufficient system administration tools/documentation.

MAILworks support deficiencies

- Front-line technical support (Atlanta CSC) has inadequate product knowledge to support Bechtel.
- Escalation of technical problems to engineering and communication of resolution status to Bechtel are too slow and fraught with problems.
- Little useful/timely information on known MAILworks problems and solutions in On-Line customer database (DSNlink).

MAILworks product delivery deficiencies

- Too long an interval between product releases.
- "Patches" to known problems unavailable.

2. On-Line Reference Library (OLRL) deficiencies

The VTX/TR software product has experienced significant quality problems and undelivered functionality, as detailed in our previous correspondence (K. W. Burrowes' letter to Bruce J. Ryan dated July 28, 1993) attached. The product still continues to exhibit these deficiencies although the commitment dates for resolution have passed.

3. Value Added Reseller (VAR) - Pricing Strategies

- Digital's current VAR pricing strategies vs. direct purchase pricing have led to waste, confusion and frustration in both Bechtel and Digital organizations.
- Digital's product pricing varies widely among Digital VARs but VAR pricing is typically considerably lower than purchasing from Digital directly.
- These issues contribute to difficult commercial relations with Digital, sub-optimization of Bechtel's procurement resources, and ultimately, higher cost to Bechtel.
- Our repeated efforts to get a resolution have produced no change.

Ms. Rita Foley
Vice President & Regional Manager of Western Region
Digital Equipment Corporation

4. Responsiveness/Customer Support

- The procedure to escalate critical problems to engineering during non-business hours is ineffective.
- The many hand-offs between local Digital support resources, the various Customer Support Centers (Atlanta and Colorado), the Operations Control Center, and the engineering staffs responsible for specific products, is confusing to Bechtel, wastes time, and increases the likelihood of critical items falling through the cracks.
- There does not appear to be any "ownership" for Bechtel problems and issues within the Digital organization.

The Last Straw: Collapse of E-Mail at Bechtel San Francisco Headquarters from March 8 to March 10, 1994.

From Noon on March 8 until 8:00 PM on March 10, MAILworks was effectively inoperative in the Bechtel San Francisco office. In the course of the 2-1/2 days, the MAILworks servers, which normally support in excess of 750 users simultaneously, went down over 50 times with each occurrence terminating hundreds of user sessions. Digital was notified within two hours of the first occurrence of the problem (see attached problem journal) yet the total time for Digital to resolve the problem was 54 hours.

MAILworks is a highly visible part of Bechtel's computer infrastructure. There are 12,000 Bechtel users of MAILworks worldwide. This was really the first encounter of Bechtel's most senior management with Digital's products. The frustration they experienced prompted them to make clear to me that they will not tolerate being exposed to the performance and uncertainties associated with some of Digital's products and services.

In addition, Bechtel expended almost 500 hours on resolution by technical personnel and explanations to users of MAILworks. This does not count management's time. Moreover, many of the users were newly transferred from PROFS to MAILworks. Their confidence in the new system was severely shaken by the outages.

Cost to Bechtel

Technical and user support costs for the recent outage are conservatively estimated to be \$23,000 (476 hours of support at an average rate of \$50/hour). This pales in comparison with the loss attributable to the reduction of productivity caused by the loss of our electronic mail system.

Ms. Rita Foley
Vice President & Regional Manager of Western Region
Digital Equipment Corporation

Suspension

Effective last Friday, March 11, I directed all Bechtel's Regional Office AT organizations to suspend procurement of Digital's e-mail products. I am also reviewing whether the Gaithersburg Regional Office of Bechtel should enter into the proposed Bechtel Global License for a Document Management System.

Similar actions will be taken for the rest of Digital's products unless we see prompt, specific and measurable steps to improve Digital's performance as described below.

Need for Digital Action

In each of the four areas mentioned above under the heading "Specific Deficiencies", work by Digital is required on an urgent basis to do the following:

1. E-mail

We expect an immediate, detailed evaluation of the operational readiness of all e-mail components (server-and client-based), to demonstrate product robustness required for the conduct of Bechtel business. This evaluation should be done by Digital and Bechtel engineers at Digital's cost.

2. On-Line Reference Library (OLRL)

We expect Digital to demonstrate significant efforts to bring its VTX/TR product in line with the key functionality committed in the *Software Product Description*, and to bring the product to a stable and bug free state.

3. Value Added Reseller (VAR) - Pricing Strategies

We expect Digital to expeditiously resolve wasteful disparities that exist in our purchasing of Digital's products. We feel that as a Digital global account, we should be able to buy Digital's products directly from Digital or Digital's designated VARs at discounted prices, commensurate with the price we receive from our current authorized sources.

4. Responsiveness

We expect immediate and specific actions to:

- Speed up problem escalation to engineering.
- Prioritize and provide increased resources for Bechtel needs.
- Improve quality and responsiveness of Digital's customer (front-line) support.
- To limit and deliver only products that meet stringent operational readiness criteria, and to back those products with an improved product support organization.

Ms. Rita Foley
Vice President & Regional Manager of Western Region
Digital Equipment Corporation

We are in the process of arranging the recent e-mail problem "post mortem" review with Al Snyder, Digital's Senior Vice President of Field Services and Engineering. Some of the problems listed under Item 4 will be addressed at that time. The remainder clearly require Digital's Senior Management commitment.

March 28, 1994 Meeting

A meeting is scheduled for March 28, 1994 between Mr. Edward E. Lucente and Ms. Nancy Giovenco, of Digital; and Messrs. Bill Friend, John Neerhout, Jr., John Duty, Paul Unruh, Tim Killen and myself.

We expect that Digital's plan to remedy its deficiencies in products and services, including a timetable of actions acceptable to Bechtel, will be a key part of our discussion.

Please telephone (415/768-6990) or fax (415/768-1097) if you have any questions.

Very truly yours,



R. S. Trickovic
Manager,
Information Services

cc: Digital: E. E. Lucente, A. E. Snyder, N. Giovenco
Bechtel: W. L. Friend, J. Neerhout, Jr., V. P. Unruh,
J. M. Duty, T. S. Killen

Attachments

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ACCOUNT PLAN

1. Executive Briefing

1.1. Customer information overview

Account Name: Bechtel Group Inc.
Global Account No: 1361
Account Type: Global Account
DBA No: 3930800

Local Account No: 094878980
President/CEO: Riley Bechtel
Headquarter Location: San Francisco, California, U.S.A.
Default Business Unit: Financial, Professional & Public Services
Host Territory: United States

Fortune or B/W Rank:
Industry Rank:

WW pricing Agreement: N
Discount Default Value: 12 %
Allowance Default Value: 0%
Digital Market Share: 0 %
Size (their sales in M\$): 93000
Capital Spending (K\$):
IT Budget (K\$): 28000
Digital Annual Revenue (K\$): 7000

1.2. Key information decision maker

Company Profile:

- Headquartered in San Francisco
- 5 Regional Offices Worldwide
- 1993 Revenue \$9.4B (Privately Held)
- Workforce of 30,900
- 1400 Projects Worldwide

Main Business Lines:

- Petroleum & Chemical (Pipeline & Industrial)
- Power (Fossil & Nuclear)
- Civil (Transportation, Building & Water Facilities)
- Mining & Metals
- Environmental
- Construction
- Advanced Systems (Defense & Space)

Projects Included:

- Kuwait Oil Fields Re-Construction
- Boston Artery/Tunnel Project
- Cape Canaveral - Launch Complex 40

- Hong Kong Check Lap Kok Airport
- Natural Gas Pipeline, Thailand
- Cellular Phone Facilities, Argentina
- U.S. Embassy, Moscow
-

Bechtel's Information Technology:

The E&C industry is experiencing a major shift toward lump-sum contracts, an increased number of global markets, greater competition, fewer megaprojects, and increased customer involvement in project outcome, costs and quality.

Information Technology (IT) will facilitate EPC work process innovation and hence will transform the way EPC projects are executed, particularly in the Fossil Power and P&C Business Lines.

Information Systems and Services (IS&S) was organized to provide corporate focus to the automation integration activities. The Automation Integration Management Committee (AIMC) was subsequently formed to bring more Business Line input and project management focus to IT development projects.

Bechtel's vision of the future, emphasizes the way Bechtel will execute EPC projects value to customers, and perform corporate and office activities in a fully integrated environment. Specifically, this vision focuses on improvements to Bechtel's work processes using IT tools as enablers. Making this vision a reality will require work process innovation and changes to the organizational structure as well as delivery of integrated automation capabilities and tools.

Bechtel's information technology (IT) strategy is one of the major components of their re-engineering initiative, and is being synchronized with the work process and organization architecture activities currently under way.

Bechtel's IT activities can be categorized in two ways:

1. **Operational Activities:** These drive about 80% of Bechtel's annual IT expenditures. The objective here is to maximize cost effectiveness (e.g., by mainframe retirement).
2. **Strategic Activities.** These are paced and prioritized to ensure future competitive advantage. The Fossil and Petroleum & Chemical (P&C) Business Lines are the first priority, although the tools are expected to have broader application over time.

Bechtel's IT initiatives fall into the following classes:

1. **Project Execution Tools:** These include Bechtel Standard Application Programs (BSAPs), project management tools, and links to suppliers and customers.
2. **Corporate Support Tools:** These include the tools employed to make good use of multiproject data and best practices.
3. **Personal Productivity and Decision Support Tools.** These include office automation (such as word processing and spreadsheets) and enhanced communication capabilities. Bechtel is likely to continue making substantial investments in IT. The use of IT in combination with the rest of their work process re-engineering activities, should enable Bechtel to realize a substantial competitive advantage.

Major Decision Making-Roles

Automation Integration Management Committee. Works with Executive Committee to allocate funding for: maintaining existing applications and new strategic development projects.

Participants: Regional Office Vice Presidents, Business Vice Presidents, Service Managers, Chief Financial Officer

Function:

- Sets priority and pace for development projects
- Provides direction/expectations to development project owner
- Promotes and communicates AI strategies and Plans
- Champions work process improvement and integration
- Brings project management focus to AI
- Interfaces with functional committees on AI issues

Business Line/Regional Office Owner Teams (Operating Committees)

Function:

- Establishes development project objectives
- Approves and monitors detailed plans schedules and budget for development projects
- Ensures technical and functional compatibility between integrated development projects
- Establishes cost/benefit metrics and ensures cost-effective development
- Owns initiatives and implementation process:
- Promotes appropriate standards for multi BL use
- Resolves functional versus cross-functional issues

Automation Integrated Methods

Function

- Provides technical leadership
- Manages development work across projects to ensure integration of tools
- Manages major IT suppliers and outsourcing contracts.

1.3. Product Interest

Bechtel is in the process of re-engineering key business entities within their enterprise. Being an entrepreneurial company, the Bechtel culture has allowed the various business units to accomplish their goals using whatever methods and practices best fit the individual locations' requirements. Since each Region/Office was measured independently, the cohesiveness or transportability of the result was not an issue. As technology advances, Bechtel has begun to re-evaluate that attitude and is moving to more corporate standards for technology decision making. Just short of defining the single product that will be used enterprise wide to satisfy certain tool requirements (i.e. Microsoft Word for all word-processing), Bechtel is beginning to focus on technology requirements that will facilitate shared information and transportable documents (i.e. OLE, mail/messaging). In the spirit of being more "open" Bechtel is changing their focus from VMS to open environment, object based computing.

They are also interested in client/server desktop computing with a common access to multiple databases, "plug and play" applications, and standardized graphical user interfaces for accessing information.

1.4. Key issues

Refer to Customer Satisfaction Section 3.2.3

1.5. Relationship

Bechtel's Information Systems & Services organization has not offered the return on investment over the past two years within the company that was expected by their senior management. Consequently, the organizational structure was changed over the last year. The team that was removed was very keen on the long term relationship with Digital. The new team is holding Digital as partially responsible for the inability to demonstrate that ROI and has consequently opened the door to new sources for products and services. The Account Team needs to support the efforts of IS&S demonstrating small but consistent and repeatable successes. Confidence and support from IS&S will be a pre-requisite for the Account Team to be considered for participation in Bechtel's project bids.

2. Account Team Structure

2.1. Core Account Team

First Name	Last Name	Country/City	Group	Location	Tel No	Manager
Nancy	Giovenco	San Francisco/B	Sales	SZO	542-3744	Rita Foley
Glen	Peleshok	Houston	Sales	HSO	441-3822	Randy Whisler
Russ	Bond	San Francisco/B	Sales	SZO		Ron Brannigan
Denise	Park	San Francisco/B	DCS	SZO	542-3680	
Dave	Shaw	San Francisco/B		WRO	521-6669	
Tom	Garry	Santa Clara		WRO	521-6427	
Mike	Tarte	Santa Clara		WRO	521-4344	
Tom	Minka	San Francisco/B	DLS	WRO	521-4344	
Rich	Wendroff	San Francisco/B	Sales	SZO	542-3605	Rita Foley
Jerry	Thurston	United Kingdom	Sales	WLO	853-4032	Chris Sharp
Bill	Downer	United States O	Sales	VFO	439-5333	John Thomas
Jim	Diefenbach	Los Angeles/Irv	Sales	LAO	531-3745	Joe BelBruno
David	Stabenfeldt	San Francisco/B	Sales	SZO	542-3788	Mark Burton

	Name	Location	Tel No
Acc. Exec.	Giovenco		
Acc. Exec.'s	Rita Foley	WRO	521-4198
Terr. Mng	Scott Roeth	MKO	264-1132
Exec. Partner	Russ Gullotti	MKO	264-6209
Busns. Unit Mgr	Mark Burton	SZO	542-3772

2.2. Sales Specialists

First Name	Last Name	Country	Group	Location	Skills	Tel No	Sales Manager
APA							
Europe							
USA							

2.3. Executive Relationships

First Name	Last Name	Country/City	Organization	Location	Tel No	Title/Role
Dennis	Roberson		Engineering	ZKO	381-2766	VP, Engineering
John	Paget		MCS	MRO	297-2029	VP MCS Americas
John	Rando		MCS	OGO	223-8367	VP World Wide M
Tony	Craig		Sales	MLO	223-6955	VP World Wide S
Russ	Gullotti		Sales	MLO	264-6209	President, Amer
Bruce	Ryan		Corporate Indus	MKO	223-8303	VP, Industry Ma
Enrico	Pessatori		Sales, PC's	MLO	223-8199	VP World Wide S
Bill	Strecker		Engineering	MLO	223-3726	VP Engineering
Rita	Foley		Sales	WRO	521-4198	VP, WR Sales
Willy	Hooks		MCS	WRO	521-4255	VP, WR MCS

2.4. Other Account Team Relationships

First Name	Last Name	Country/City	Organization	Location	Tel No	Title/Role
Kirk	Selbey	United States O	Microsoft Corp.	Foster City, Ca	(415) 573-5025	
Pete	Wlodkowski	United States O	800 Software	Richmond, Ca.	(510) 412-1683	
Michael	Hohn	United States O	Pioneer	Gaithersberg, M		
Gabe	Lesky	United States O	Wyle	Los Angeles	(818) 880-9000	

3. Account Plan Summary

3.1. Account Overview and Strategy

3.1.1. Last year's Action Plan and Status to-Date

Beginning FY94, the Digital Account Team for Bechtel had either moved to new assignments or left the company. By the end of Q2, resources were recruited and mapped to Bechtel Corporate and Bechtel's Regional Offices worldwide.

Bechtel was named a Global Account in Q1.

Despite the lack of resources, and considering the newness of the Account Team, Digital was selected and is in pilot for three key Bechtel Projects:

1. Document Management (\$12M Life)
2. EDI (\$7M+)
3. Project Pearl (\$2M+)

Digital's PC's were also approved for inclusion in Bechtel's Preferred Vendor Status.

We have lost significant MCS business to Bell Atlantic due to strong competition and lack of MCS account focus. However, a recent MCS proposal has been met with optimism and some Bell Atlantic contracts have been cancelled. MCS is now responding to an RFI based on a Digital initiated management consulting effort for Global Desktop services.

Sales Reporting/Channels

Far too much time has been wasted in chasing reporting of sales through re-sellers, and LANVARS. LANVARS, primarily Baystate, have sold considerable product (with no added value) to Bechtel at discounts on an average of 17-20%. Digital sales out reports are not contractually required of LANVARS. Digital enforcement has been non-existent despite repeated escalations and the issue has put a significant wedge in Digital's working relationship with Bechtel. Bechtel's end user discount agreement was reduced, DPP performance appears poor, and sales reps are seeing no credit for their efforts, resulting in compensation and morale issues. International crediting is inaccurate and incomplete. Europe does not report indirect revenue (except in U.K.) Central Europe and Eastern Europe do not have the capability to report by account. APA does not report indirect revenue by account. India does not report revenue at the account level. Service revenue is not reported in PRC, Indonesia, Phillipines, Malaysia and Thailand. Bechtel is doing business in all of these locations.

Digital's corporate pricing and channels management are currently working with Bechtel to address the LANVAR and channels distribution issues. Manual record keeping where possible will be a necessity for tracking FY95 International revenue.

3.1.2. Critical Changes and Business Trends in the Account

Critical Changes

Bechtel's IS organization has not offered the return on investment over the past two years within the company that was expected by their senior management. Consequently, the organization structure was changed over the last quarter. The team that was removed was very keen on the long term relationship with Digital. The new

team is holding Digital as partially responsible for the inability to demonstrate that ROI and has opened the door to new sources for product and services, i.e. IBM, EDS, Teknekron, SUN.

Critical Trends

Information technology drivers are resulting from dynamic changes in Bechtel's competitors IT capabilities, Bechtel's business lines' markets, advances in the IT industry and human resource and organizational needs.

Market Drivers:

Competitor Environment

Bechtel's U.S. competitors have developed, or are working on, a number of strategic automation capabilities, including 3D modeling, integrated project management, life-cycle material tracking, document management, computer-aided procurement, fast design replication, and knowledge-based design systems. Their computing resources range from mainframes, minicomputers, and personal computers, to various CAD and engineering workstations.

Business Drivers

The P&C and Fossil Power Business Lines represent more than 50% of Bechtel's revenues. IT has been more of a competitive necessity for these Business Lines than for others, and IT investments have concentrated primarily on the project needs of these lines. However, projects in other Business Lines will also benefit from our new IT capabilities.

The Spring 1993 Bechtel IT Strategy Project identified several contemporary market drivers for the P&C and Fossil Power Business Lines. The project also defined several improvable core capabilities based on those drivers. These core capabilities are the required skills and work processes with which Bechtel must supplement its existing capabilities to win jobs and execute jobs profitably. These capabilities lead to system imperatives (opportunities for IT systems) and to work process improvement and organizational structure imperatives. These system imperatives involve the delivery of integrated automation systems that span multiple EPC functions.

Technology Drivers

Bechtel's use of IT has changed significantly over the years. Initially, Bechtel used computers to reduce labor costs and improve department efficiency. Today, Bechtel applies IT to bring about fundamental work process changes.

IT Industry Shifts (1980-1995)

In 1980 a few large hardware vendors enjoyed the IT industry's largest profit margins, and user support costs were relatively low since vendors supplied systems that were already integrated. By 1990, improvements in chip technology had lowered computing costs. This allowed a large number of vendors to compete in every market segment, thereby changing the industry dramatically. Today, customers can purchase individual IT components at lower cost, but they must also bear higher support costs due to interoperability problems between the various hardware and software offerings from multiple vendors.

Market Trends with Direct Impact to Bechtel:

Hardware: Tremendous improvement in price-performance over the years has occurred. Even better price-performance is expected from the new chip designs: Digital's Alpha, IBM's PowerPC, and Intel's Pentium. The emergence of "Personal Digital Assistants" will enable a broader population of office workers to use computers anywhere.

Networking and Telecommunications: Significant improvements in local and wide-area network capacity, reliability, and cost have occurred, such as major telecommunications advances (including increasingly reliable and inexpensive digital telecommunication systems, optical fiber, and satellite links) and emerging wireless network technology permitting communication between hand-held personal computers.

Distributed Computing: A dramatic shift from centralized to distributed systems has occurred, replacing mainframe systems in central data centers with networks of desktop workstations, bringing computing resources closer to the end users. Large monolithic applications are now divided into small, loosely coupled, and distributed software modules, each providing a well-defined service.

Open Systems Using De Facto Standards: Standardized communication protocols have emerged that enable software modules on heterogeneous hardware platforms to interact through the network. Additional standards are emerging for distributing application services, naming and locating system resources, providing system security, and communicating data across the network.

Integration Software and Object-Oriented Tools: A new generation of software has emerged for integrating legacy (pre-existing) applications on different hardware platforms. This permits step-wise linking of applications into an integrated environment using object-oriented and rapid delivery techniques, as follows:

Knowledge Based Systems: Applications that can automate routine tasks or assist designers with more reasoning-intensive or complex decision-making tasks are now more cost-effective.

Other Key Technologies: These technologies include relational and object-oriented database systems, multimedia applications, computer-aided software engineering (CASE) tools, groupware, integrated performance support systems, parallel computing, object-oriented operating systems, and industry data standards.

Human Resource Drivers

Modern Work Environment

In addition to EPC marketplace competition, Bechtel expects continuing competition for key human resources from both traditional competitors and related industries. The Toward 2001 strategy, Be the Preferred E&C Employer, calls for attracting and retaining the very best people by offering interesting and challenging career opportunities and continually improving the quality of life in the workplace. Specifically, Bechtel wants to provide a modern work environment with modern, flexible tools in an integrated framework that will foster productivity, creativity, and innovation.

Improved User Support and Training

Bechtel must not only deliver state-of-the-art tools but also continually improve support and training in the use of those tools. The goal is to decrease software learning time, enhance user effectiveness, and reduce user training and support costs by enhancing software with context-sensitive help and embedding performance support elements. These elements consist of on-line help features customized to work processes, computer-based tutorials, quick reference material, and other features embedded in the software program.

3.1.3. Impact on Digital

Bechtel's current standard architecture is committed to Digital/Alpha technology.

Additional PC purchases and upgrades will be required for the next 2 years to support Windows migration, install BSAPs and office automation tools with graphical user interfaces, and meet increased hardware requirements for field locations. Bechtel spends \$8M/Year on personal computers, primarily Compaq. The total

expenditure for PC workstations will then stabilize in the Regional Offices because: the cost per PC will stabilize and PC's will become a commodity product, 20% of the installed base will be replaced annually.

Increased capital costs will be required for network capacity, required server capacity, field network requirements, communications requirements, the number of CAD and engineering workstations, and the use of groupware.

Increased demand for application technology support (AT) will comprise 80% of the total workstation cost. Capital cost will be secondary to total life-cycle cost. Workstation standards will be selected based on minimizing the total life-cycle cost. Quality and supplier service will be important to minimize support cost and allow upgrades.

More training will be required to reduce technical dependency on AT. Some cost growth will be mitigated by migration to Windows. More training will be required for field personnel to make the migration from current workstation environments to the Windows based workstation.

Convergence of computing and telecommunications:

The network will play a vital role in client/server computing. The network will be expanded in capacity linkages, and interfaces with customers, vendors, suppliers, and partners. The number of users will increase. A growing number of applications will require better workstations and network capabilities. BSAPs and office automation tools will be distributed throughout the network and will share common services. The network will allow communication and sharing of project data among participants at geographically dispersed locations. The network will support work group communication, either internally and externally, using electronic mail, video-conferencing, bulletin boards, electronic document management system, and electronic reference library.

Convergence of BSAPs and office automation tools

More third-party software tools will be needed. As these tools become increasingly sophisticated and cost-effective, they will be used more and more. Standard graphical user interfaces (GUI) will offer a common "look and feel" across BSAPs and office automation tools. Emerging integration technologies and industry standards will permit seamless data interchange and manipulation among BSAPs and office automation tools. BSAPs, BATS, and office automation tools will work on a common infrastructure.

A shift from the "waterfall" to RAD techniques

Bechtel will be looking for software development methodologies that take advantage of the RAD techniques to reduce costs and schedules while interacting closely with on-going work process re-engineering efforts. New development tools and environments will facilitate fast-cycle software delivery and reuse of standard software modules. Developers and users will work in small, self directed teams.

Bechtel will be looking for knowledge based systems that will provide strategic capabilities in critical EPC work areas including estimating, conceptual design optimization, and construction planning. Knowledge-based systems automating routine design tasks and assisting designers with reasoning-intensive tasks will empower designers and help reduce cost and schedules. Early constructive feedback provided by such systems will help eliminate potential complications in construction. Knowledge based systems will capture valuable Bechtel design procedures, rules, and standards for continuous improvement and reuse.

Opportunities to apply key technologies to innovate work processes and achieve competitiveness.

Bechtel can achieve and maintain a competitive edge through the use of 3D modeling integrated with design analysis tools; simulation of facilities and construction processes using 3D graphics coupled with knowledge-based systems; intelligent CAD drawings linked with project databases; relational and object-oriented database systems for various applications; multimedia applications combining a full range of information types, including

text, graphics, scanned images, audio, and full-motion video; imaging systems used in document management and retrieval; programmer productivity-enhancing tools and code management systems; industry-compliant data exchange, including EDI.

Other Technologies

Equally important to the aforementioned technologies are industry data standard consortiums such as the Standard for the Exchange of Product Model data (STEP), from the International Standard Organization (ISO) in which Digital maintains a high level of participation.

3.1.4. Digital Business Outlook

Overall, the outlook for Digital is good in both Bechtel's domestic and international locations. However, we must put more focus on the international business to keep pace with Bechtel's increasing international project business.

The Account Team first and foremost must address the operational issues as outlined in Bob Trickovic's letter of March 17, 1994 to be considered for future business opportunities. (Refer to 3.2.3 "Customer Satisfaction")

The Bechtel Account Team will continue to support the Corporate services infrastructure with both products and services. Sales effort will be expanded to focus more on:

- Bechtel's business line automation requirements and strategies
- Bechtel's Project Execution automation plans
- "Sell-through" project RFP proposals to address Bechtel's customer IS Automation Technology requirements

Products:

Outlook is good. Bechtel has standardized on Digital/Alpha, DECnet, Pathworks and has approved and included Digital personal computers on the preferred vendors list.

Digital Consulting:

Digital Consulting has a very good reputation inside of Bechtel for delivering quality product. The inclination to use Digital Consulting however is severely hampered by Bechtel's perception that we are extremely over priced. We will continue to position ourselves in leadership roles in projects bringing leading edge technology experience as our added value rather than the "generic" code developer.

As a part of the "global pricing" strategy for the Account Team, Digital Consulting will negotiate a master agreement for project participation with attention to the special needs of offshore project teams.

Digital Consulting will be focusing this year on Bechtel's project teams. As Bechtel moves into the object based environment, their project teams will need to become more expert at developing their clients' systems using this new technology. Digital Consulting has a perfect opportunity to participate in leadership positions in these project teams.

Although it is unclear today what Bechtel means by "outsourcing" there is some discussion within Bechtel regarding their AT organization and the cost effectiveness of having outside organizations develop software utilities and tools that integrate standard products. Digital Consulting will continue to position itself as an alternative to Bechtel's AT organization or as an adjunct resource during times of backlog.

MCS

The outlook is conservative optimism. Bell Atlantic has captured the datacenter and some server support in several Regional Offices. Given increased product reliability, Bechtel has begun to turn to self-maintenance for commodity product support. Our major disadvantage, other than price, is the lack of a cohesive account strategy. MCS operates in each geography with no incentive to operate to an account plan.

Digital's major advantage is the ability to deliver global services in support of Bechtel's world wide project locations.

MCS has two proposals in progress: 1. Regional Office Win Back Services Proposal (1.4M), 2. Global Desktop Services (hardware, software, staging, delivery services) (20M).

3.1.5. Account Team Strategy

Digital's strategy must be responsive to Bechtel's business drivers and support the needs of Bechtel's diverse Business Lines (particularly P&C and Fossil Power). It must build on Bechtel's existing IT environment and deliver key tools along with enhanced electronic linkages with Bechtel's customer and suppliers. The goal is to provide Bechtel's employees with best-in-class, flexible, integrated, and cost-effective systems, networks and applications to lower the cost, shorten the schedule, and improve the quality of Bechtel's service offerings and work environment.

Account Strategy:

1. *Extend existing automation tools.* Technologies such as Alpha and ObjectBroker can help Bechtel move into a "state of the art" environment while protecting the investments already made in the BSAP set of applications. Through an application interface layer ("wrapping"), older applications can be made to interface with the more current desktop applications. Using a modular software architecture and middleware technologies to provide flexibility to "plug and play" BSAPs based on project needs. This flexibility also accommodates changing work processes due to innovation. The end user gets the immediate response that he needs to do his work while the original application remains the same for the time being. "Back room" applications can be re-engineered as needed. Bechtel has chosen Teknekron's products to start this "information exchange layer" project.
 - Define and deliver technologies (ObjectBroker, DECMessageQue) and re-engineering services (DCS) to assist Bechtel in continuously maintaining, supporting, enhancing, and modernizing the BSAPs.
 - Define and deliver seamless interfacing technologies between BSAPs and office automation tools (word processing, spreadsheets).
2. *Deliver new IT capabilities that improve Bechtel's work processes.* By being an integral part of Bechtel's re-engineering studies and ongoing continuous improvement process, Digital is well positioned to participate in the resulting automation recommendations.
 - Define and deliver integrated automation systems that support Bechtel's cross-functional work processes.
 - Define and deliver EDI linkages for Bechtel's customers and suppliers by providing network gateways, promoting and delivering on EDI standards, and increasing Bechtel's EDI awareness and utilization. Digital has been selected to pilot this effort.
 - Define and deliver technologies that will allow Bechtel to embed best practices and lessons learned into their design tools.
 - Define and deliver decision support tools with linkages to Bechtel's project systems.

If Bechtel does not find a commercial software solution for any of the technology challenges, then offer a corresponding solution according to their priorities: outsourcing, using offshore development, mixing contractors with internal development personnel, and developing software internally to Bechtel.

As their technology partner, work with Bechtel's business knowledge and add the development expertise to create applications layered on commercially available software that adds value to their work processes.

3. Promote Standardization

Bechtel's entrepreneurial spirit has led to a diverse implementation of the standard policies and procedures in the various regional offices. Consequently, Bechtel is looking to establish internal standards through the incorporation of technology standards. Hardware and software platforms will be required to meet certain standard specifications to be considered "vendor approved".

- Increase Bechtel's awareness of the standards as they evolve and the role that Digital is playing in the development of those standards as well as the development of products that meet the standards.
- Effect the inclusion of Digital definitions in the Bechtel Automation Technical Standards (BATS) for their infrastructure, development languages and office automation tools.
- As Bechtel develops standards software modules, graphical user interfaces, and software delivery policies and procedures, continue to work with our VARs and solution providers to meet Bechtel's needs through object based CASE environments.

4. Demonstrate and Deliver Digital's Interoperability Strengths

Bechtel will need to increase network links, capacity, and interfaces with customers, suppliers and field sites while providing users with secure network access and distributed services such as file and print services. They will also have to migrate toward more distributed computing, choosing those software packages that permit "plug and play" at both the hardware and software levels. Because of the global nature of the account, Bechtel will have to implement standard network protocols, while allowing maximum interoperability between connected systems, furnish standard hardware, software, and office automation tools while minimizing support and training costs.

5. Educate the Bechtel Decision Makers on Digital's Product Direction

Maintain an ongoing investigation of new Digital or Digital-compatible technologies on behalf of Bechtel and applying cost effective solutions to Bechtel's long and short term technology needs. Use those technologies that show both long-term return and near-term incremental benefits, avoiding unnecessary risk.

6. Pace and coordinate IT developments

By close monitoring and active participation in the technology assessment teams at Bechtel, Digital can help pace and coordinate IT developments to best advantage for Bechtel and Digital. Through education Bechtel will know where Digital is headed with their technological developments. By positioning the releases and keeping to the promised schedules, and with a high level of quality, Digital and Bechtel will implement at a pace that meets both sets of needs.

7. Lower IT operational costs

As Bechtel goes through their re-engineering processes with Coopers & Lybrand, there will be opportunities to provide services from Digital (MCS, DCS) to replace organizations that are no longer

needed full time. This will allow Bechtel to stay on target with their implementation targets without incurring long term support/maintenance costs.

Bechtel is looking to establish long-term relationships with leading IT suppliers for both computing and communications to pool purchases for Bechtel-wide technologies. Digital needs to become selected to participate in Bechtel's Strategic Supplier Program.

3.1.6. Action Plan

1. Gain approval of Account Plan
2. Plan and Execute Resource Requirements of Plan
3. Work with Territory Management to fairly distribute budget, understand opportunities and executing account plan.
4. FY95 Account Planning session. Develop all opportunities thoroughly and establish team member ownership for each of the projects under the opportunities.
5. Work with Executive and technical partners, and other Digital Executives, to facilitate a stronger executive sales strategy.
6. Lead and facilitate with geography management a stronger product strategy education effort throughout Bechtel.
7. Develop a strong international development plan and help with its execution.
8. Work with CSP to expand the scope of Bechtel's understanding of our capabilities. Winning the business and as importantly achieving implementation on budget and within schedules with a high degree of customer satisfaction.
9. Communicate, within Digital, customer needs, both products and services, that retains our revenue base and helps its growth.

3.2. Management Information

3.2.1. Customer Business Challenges and Digital's Opportunities Summary

3.2.1.1. Challenge : Corporate Activities

3.2.1.1.1. Opportunity : Improve Marketing & Business Development

3.2.1.1.2. Opportunity : Install Oracle Financial Systems

3.2.1.1.3. Opportunity : Human Resources System

3.2.1.1.4. Opportunity : Oracle Payroll

3.2.1.1.5. Opportunity : Data Center

3.2.1.1.6. Opportunity : MCS "Winback"

3.2.1.1.7. Opportunity : Storage/RAID (HSO)

3.2.1.2. Challenge : Project Execution

- 3.2.1.2.1. **Opportunity : Network Integration**
- 3.2.1.2.2. **Opportunity : Electronic Data Interchange**
- 3.2.1.2.3. **Opportunity : Information Sharing**
- 3.2.1.2.4. **Opportunity : Concurrent Engineering**
- 3.2.1.2.5. **Opportunity : Automated Project Data/Knowledge Based Systems**
- 3.2.1.2.6. **Opportunity : 3D Modeling**
- 3.2.1.2.7. **Opportunity : EPC Work Integration**
- 3.2.1.2.8. **Opportunity : Estimating and Historical Cost Database**
- 3.2.1.3. **Challenge : Project Management**
 - 3.2.1.3.1. **Opportunity : On-Line Reference Library**
 - 3.2.1.3.2. **Opportunity : PRIDE - Project Information & Document Exchange Sy**
- 3.2.1.4. **Challenge : Delivery to Customers**
 - 3.2.1.4.1. **Opportunity : Ras Tanura Refinery Upgrade (ARAMCO)**
- 3.2.1.5. **Challenge : Personal Productivity and Decision Support**
 - 3.2.1.5.1. **Opportunity : Desktop Upgrades**
 - 3.2.1.5.2. **Opportunity : Integrated Desktop Tools**
 - 3.2.1.5.3. **Opportunity : Data Standards**
 - 3.2.1.5.4. **Opportunity : Electronic Conferencing**
 - 3.2.1.5.5. **Opportunity : Electronic Document Routing**
 - 3.2.1.5.6. **Opportunity : Groupware Rollout**
 - 3.2.1.5.7. **Opportunity : Interdepartmental Communications**
 - 3.2.1.5.8. **Opportunity : Training**
 - 3.2.1.5.9. **Opportunity : Electronic Mail**

3.2.2. Major Events

Date	Event Description	Location	First Name	Last Name
10/94	Executive Partner Meetin	San Francisc		
6/94	Quality Alliance Program	San Francisc		
6/94	Global Customer Advisory	Boston, Ma		
	AEC Systems Show	Washington D		
	Engineering Corporate Vi	Maynard, Ma.		

3.2.3. Customer Satisfaction

3.2.3.1. Most significant customer concerns and issues

Bechtel management has raised services concerns relative to the quality of Digital's software application products, slow corrective actions, inadequate resources, frequently missed schedules, and the willingness of Digital to correct these deficiencies. The issues can be grouped into four categories:

1. E-Mail: Product/Support

A recent 54 hour mail outage prevented Bechtel from conducting business, (Corporate E-Mail, proposal generation etc). Engineering product quality issues, long intervals between product releases, inadequate local and CSC product support has diminished management's confidence in Digital's E-Mail products for use as a viable corporate standard.

2. VTX/tr: Product Deficiencies

VTX/tr is a hierarchical, content based storage and retrieval system. VTX/tr software was selected by Bechtel as its corporate wide electronic library. This decision was based on Digital's presentation of VTX as a long term strategic product. VTX/tr has also experienced product quality issues, repeated release date slippages, de-commitments of product resources and minimal support.

3. Value added Reseller (VAR) Pricing Strategies:

Digital's pricing and channels strategies have led to waste, confusion, and frustration in both Bechtel and Digital organizations. VARS (primarily LANVARS) are selling product with no added value at discounts 5-18 points higher than Bechtel's DPP (12%). Repeated internal escalations have produced no change. This issue has contributed to difficult commercial relations with Digital and sub-optimization of Bechtel's procurement resources.

Digital's own internal problems have had a significant effect on Bechtel through minimal technical support resources, sales account management turn-over, de-commitment on engineering efforts for products key to Bechtel's operation (VTX/tr) and quality issues on current products (Mailworks).

A significant portion of the Digital account resources are in "repair" mode, rather than developing new business opportunities.

3.2.3.2. Major decisions and corrective actions

A series of meetings have been scheduled to address Engineering, CSC, service delivery and technical support issues. A corrective action plan with senior management sponsors, specific measureable action items and time frames for delivery have been established and agreed to by both Digital and Bechtel.

3.2.4. Key Dependencies

3.2.4.1. Resources

Sales effort for 1994 was focused primarily on IS&S. The current plan calls for the addition of a dedicated sales representative in San Francisco to not only manage the individual sales opportunities, but penetrate other Bechtel businesses including R&D, Legal, and Finance. Both San Francisco Reps will be focusing on selling efforts in penetrating Bechtel's project business.

Digital, UK.

Recent re-organizations in London have resulted in the transition of the Bechtel account to a new District which Jerry Thurston is not a part of. Jerry has been moved to a new territory effective Q4, FY93. Jerry has in the past year regained the confidence of Bechtel Management and opened the doors for several opportunities. Jerry is the 4th or 5th sales resource supporting Bechtel London in the past three years. The "revolving door" approach to customer sales and support has had a detrimental impact in gaining customer confidence and commitment. The issue of Jerry's continued support to Bechtel London has been raised with management as a Critical Success Factor for this account.

San Francisco	2	Dave Stabenfeldt (open)	8 months
Gaithersburg	.5	Bill Downer	5 months
Houston	.5	Glenn Peleshok	12 months
London	.25	Jerry Thurston	9 months
Los Angeles	.20	Jim Diefenbach	9 months

Not all of Bechtel's business decisions are made in San Francisco's Corporate offices. Continued sales efforts must be maintained for each of Bechtel's Regional Offices. Project analysis and subsequent product procurement decisions are based on availability of resources within Bechtel worldwide. For example, the document management RFP was managed in Gaithersburg for Corporate wide distribution.

3.2.4.2. Solutions sets

Bechtel will choose solution set products based on certain industry standards, either published or "de-facto". For example, they have chosen Windows as their desktop standard and will only purchase desktop solutions that meet the Microsoft Windows standards and take advantage of the technical opportunities such as OLE and DDE information exchange.

Bechtel may not always choose a solution set by specific product, but rather by description such as: "the drawing application used in proposal publishing must be Windows based, OLE compliant and capable of printing color output to a plotter." as opposed to saying the the proposal teams must use Shapeware's VISIO product.

Digital needs to participate in the definition of these Bechtel standards in order to respond with compliant products and services.

3.2.4.3. Products

Corporate Standards

Alpha

OpenVMS

TCP/IP

Pathworks

Windows NT

3.2.4.4. Applications

In light of Digital's on-going expense cutting and cost reduction efforts, Bechtel's confidence in securing Digital applications software has been shaken. Digital is de-committing VTX/tr development resources, a product which Bechtel utilizes as a CORE corporate application for the enterprise wide "On-Line Reference Library".

We are unable to make firm commitments to the development of our Document Management strategy adding further to Bechtel's fear and uncertainty as to Digital's application commitments.

Our recent loss to Teknekron for a pilot to provide the modular software architecture and middleware technologies for Bechtel's Software Application Programs, was a significant strategic loss. Resources to articulate the "overall" object oriented architecture as opposed to point products were non-existent. Bechtel's IS Senior Management have been critical of the IS organization's ability to deliver a project. Knowing the severity of resource availability (particularly for ObjectBroker), Bechtel chose other "safe" alternatives.

Digital must quickly and clearly articulate what our Corporate commitment is for these applications and provide the necessary resources to support them.

EDI

VTX/tr

MailWorks

ODM

VAXnotes

TeamLinks

3.2.4.5. Digital Consulting

1. Digital Consulting's ability to become a subcontractor for Bechtel projects, providing technical support and development expertise.
2. Digital Consulting's success in supporting the ongoing re-engineering effort through projects withing Bechtel's corporate information layer.
3. Negotiation of global master agreement for project services.

3.2.4.6. MCS

1. MCS needs to recognize the Global account plan and the joint need to value their activities relative to the plan. Geographic measurements today are defeating that goal. Global accounts require an Account resource that is focused on MCS revenue protection, growth, and customer satisfaction on a world wide basis.

We currently have an "acting" resource in place filling this role given the significant amount of MCS related customer satisfaction issues as well as the significant MCS revenue opportunities. The goal for FY95 is to assign an MCS account manager (part time) to the Bechtel account worldwide.

2. Our customers are confused in working with Base versus New Business sales reps and managers. It would seem simpler to have a single MCS focal point who builds a relationship with the client on existing service that leads to new business.

3.2.4.7. Other Issues (e.g., Pricing, Legal, Travel)

1. Refer to Key Issues 1.4
2. Worldwide pricing has been raised. This topic was raised at the Global Customer Advisory Board 4/94. It will become more of an issue as we move closer to entering into Bechtel's Strategic Supplier Program.

3. Responsiveness/Customer Support. Procedures to escalate critical problems to engineering during non-business hours is ineffective. The multiple "handing-off" steps between local Digital support resources, the various customer support centers, and the engineering staffs responsible for specific products is confusing to Bechtel, wastes time and increases the likelihood of critical items falling through the cracks.
4. series of meetings have been established, identifying Digital Senior Management sponsors and representative teams from the Engineering, CSC, MCS and Channels/Pricing business groups to meet with the appropriate Bechtel Management. Action plans have been developed and are being executed.

3.3. Financial Information

3.3.1. Report: Five Year Revenue and Resource Plan

	FY93 Actual	FY94 Actual	94/93 %	FY95 Plan	95/94 %	FY96 Plan	96/95 %
Product Revenue (NOR in K\$)							
U.S.	\$3,710	\$4,987	34.42%	\$5,806	16%	\$6,949	20%
Direct	\$2,152	\$1,100	-48.88%	\$4,134	276%	\$4,170	0%
Indirect	\$1,558	\$3,887	149.49%	\$1,672	-57%	\$2,779	66%
United Kingdom	\$0	\$300		\$824		\$1,767	114%
Direct		\$60		\$552		\$1,102	100%
Indirect		\$240		\$273		\$665	144%
Germany & Others (Russia)	\$0	\$0		\$149		\$850	469%
Direct				\$105		\$553	426%
Indirect				\$44		\$297	570%
Asia	\$0	\$0		\$409		\$950	132%
Direct				\$263		\$618	135%
Indirect				\$146		\$332	127%
Latin America	\$0	\$0		\$282		\$451	60%
Direct				\$200		\$293	47%
Indirect				\$82		\$158	93%
NOR Product	\$3,710	\$5,287		\$7,470	41%	\$11,090	48%
Direct	\$2,152	\$1,160		\$5,253	353%	\$6,654	27%
Indirect	\$1,558	\$4,127		\$2,217	-46%	\$4,436	100%
Services Revenue (NOR in K\$)							
U.S.	\$2,590	\$1,613		\$1,884		\$2,737	45%
Digital Consulting	\$1,000	\$100		\$737		\$1,095	49%
MCS	\$1,590	\$1,513		\$1,147		\$1,642	43%
United Kingdom				\$519		\$587	13%
Digital Consulting				\$273		\$235	-14%

MCS				\$246		\$352	43%
Germany & Others (Russia)				\$60		\$78	30%
Digital Consulting				\$27		\$31	15%
MCS				\$33		\$47	43%
Asia				\$191		\$391	105%
Digital Consulting				\$27		\$156	473%
MCS				\$164		\$235	43%
Latin America				\$76		\$117	53%
Digital Consulting				\$27		\$47	72%
MCS				\$49		\$70	43%
NOR Service	\$2,590	\$1,613		\$2,730		\$3,910	43%
Digital Consulting		\$100		\$1,092		\$1,564	43%
MCS		\$1,513		\$1,638		\$2,346	43%
Leveraged Business		\$18,000		\$24,000		\$30,000	
Impacted Business						\$15,000	
Total Revenue NOR	\$6,300	\$6,900		\$10,200		\$15,000	47%
Resources (Effort Years)							
U.S.	2.75	2.50		3.30	32%	3.30	0%
United Kingdom	0.25	0.25		0.25	0%	0.25	0%
Germany & Others (Russia)							
Asia						0.10	
Latin America						0.10	
Account Team-Sales	3.00	2.75		3.55	29%	3.75	6%
U.S.	1.75	1.50		1.60	7%	1.60	0%
United Kingdom	0.25			0.10		0.25	150%
Germany & Others (Russia)							
Asia							
Latin America							
Account Team-Support	2.00	1.50		1.70	13%	1.85	9%
U.S.	0.00	1.00		1.00		1.00	0%

United Kingdom							
Germany & Others (Russia)							
Asia							
Latin America							
Account Management	0.00	1.00		1.00		1.00	0%
Total Selling Effort	5.00	5.25		6.25	19%	6.60	6%
Other Resources							
Revenue/Head (K\$)	1.26%	1.31%		1.63%		2.27%	
Other Expenses (K\$)	\$0	\$0		\$75		\$75	

3.4.3.4. Account Review Decision Summary

3.4.1. Review Board Attendees

3.4.2. Minutes

3.4.2.1. Account Team approval

3.4.2.2. Review board decision

3.4.3. Approvals

4. Account Plan Detail

4.1. Strategic Information

4.1.1. Customer Business Challenges and Business Opportunities

4.1.1.1. Challenge : Corporate Activities

4.1.1.1.1. Description

Bechtel is looking to improve marketing and business development information systems, provide consistent corporate financial systems and provide all departments with access to a comprehensive, human resources information system.

4.1.1.1.2. Opportunity : Storage/RAID (HSO)

4.1.1.1.2.1. Description

Bechtel's on-going storage expansion.

4.1.1.1.3. Opportunity : MCS "Winback"

4.1.1.1.3.1. Description

Time and materials contract support program for Digital equipment in all Regional Offices.

4.1.1.1.3.2. Value for Customer

Reduced operating, administrative and logistics costs of Digital Equipment base to Bechtel.

4.1.1.1.3.3. Solution Process

Contract is in final negotiations. Bechtel to convert data center back to Digital services initially, then to roll out to Regional offices.

4.1.1.1.4. Opportunity : Data Center

4.1.1.1.4.1. Description

On-going upgrade and peripheral purchases.

4.1.1.1.4.2. Solution Process

Continue to support Bechtel's storage upgrade planning and tape systems.

4.1.1.1.5. Opportunity : Oracle Payroll

4.1.1.1.5.1. Description

Implement Oracle's new payroll application corporate wide.

4.1.1.1.5.2. Value for Customer

Integrated Financials/Payroll

4.1.1.1.5.3. Solution Process

Bechtel has selected Oracle Payroll and is Field Testing it. Payroll will be implemented on DEC Alpha platforms.

4.1.1.1.5.4. Action Plan and Milestones

Continue planning joint efforts for roll-out and installation.

4.1.1.1.6. Opportunity : Install Oracle Financial Systems

4.1.1.1.6.1. Description

Replace the existing CFIS (Corporate Financial System (IBM based)) with Oracle Financials (DEC Alpha Systems).

4.1.1.1.6.2. Solution Process

Bechtel is replacing the existing Corporate Financial Systems with three levels of application systems:

- *Corporate Systems:* These systems manage corporate level financial information such as shared reference information and consolidated financial data. Data includes the Shared Information Database, the Job Accounting Database, Chart of Accounts System, and the Corporate Ledger (Operations Reporting, Summary General Ledger, and Trial Balance Gathering).
- *Permanent Office Systems.* Controller staff members in permanent offices use these tools to record and gather detailed accounting transactions: Detail General Ledger, Labor Distribution, payroll, Non-labor Distribution, Accounts Payable, Fixed Assets, Receivables Management, Autocoding, and Intra-Bechtel Accounting.
- *Desktop Systems.* Permanent employees use these systems for such tasks as electronic time record and electronic expense reports to directly record their own time charges and expenses.

4.1.1.1.6.3. Action Plan and Milestones

1. Support the implementation of the Oracle Financial modules
2. Configure system upgrades as required.

4.1.1.1.7. Opportunity : Human Resources System

4.1.1.1.7.1. Description

Provide all departments with access to a comprehensive, human resources information system which will help automate a variety of corporate work activities, such as succession planning, workforce planning.

4.1.1.1.7.2. Value for Customer

Improves personnel management work processes, consolidates regional offices in one common method and eliminates redundant manpower tracking systems in each Regional Office.

4.1.1.1.7.3. Solution Process

Bechtel has replaced the PDS (Personnel Data System) with the HRIS system and migrated to Digital Alpha.

4.1.1.1.7.4. Action Plan and Milestones

Continue support of system and configuration upgrades as needed.

4.1.1.1.8. Opportunity : Improve Marketing & Business Development

4.1.1.1.8.1. Description

Bechtel's objective is to provide timely electronic access to information on Bechtel projects, recent awards, new prospects, customers, and competitors; to facilitate on-line review of client requests for proposals and preparation of Bechtel proposals and multimedia presentations; streamline prospect tracking and reporting; assist proposal teams in costing and pricing of automation to recover these value-added services.

Bechtel also expects to expedite the development, review, and negotiation of contracts by using standard Bechtel and client contract templates and interfacing with their Legal & Risk Management Department.

4.1.1.1.8.2. Value for Customer

The Marketing and Business Development System (MBDS) co-ordinates marketing and reduces the time and cost of data gathering and dissemination. The system can track companies (customers, competitors and partners) contacts, communications, prospects, projects, and text memos.

4.1.1.1.8.3. Solution Process

The M&BD system is installed (based on VAX systems) and operational. The M&BD system will need to be "wrapped" to fit into the new object oriented environment (middleware) for access by desktop applications. Additional databases and applications will be spun off once this basic ability is established.

4.1.1.1.8.4. Action Plan and Milestones

The Account Team needs to gain an understanding of Bechtel's future planning to determine course of action.

4.1.1.2. Challenge : Project Execution

4.1.1.2.1. Description

Bechtel is the largest Engineering and Construction Company and is aggressively working to streamline or replace traditional engineering procurement and construction processes as well as raise quality and lower costs.

4.1.1.2.2. Opportunity : EPC Work Integration

4.1.1.2.2.1. Description

Execute EPC work in an integrated environment throughout the life cycle of projects: select and configure tools easily on the basis of project needs; exchange data between applications in a timely and cost effective manner; completely eliminate manual data re-entry; and share applications and data between users in a distributed environment.

4.1.1.2.2.2. Value for Customer

These core capabilities are the required applications and work processes with which Bechtel must supplement its existing capabilities to win jobs and execute jobs profitably

4.1.1.2.2.3. Solution Process

Team with AIM to integrate BSAP integration and reporting with "PRIDE" as well as other identified project defined tools.

4.1.1.2.3. Opportunity : Concurrent Engineering

4.1.1.2.3.1. Description

Perform concurrent engineering using tools that automatically co-ordinate parallel execution of project activities.

4.1.1.2.3.2. Solution Process

Identify concurrent engineering tools. Develop sales strategy.

4.1.1.2.4. Opportunity : Automated Project Data/Knowledge Based Systems

4.1.1.2.4.1. Description

Expedite and reduce costs of front-end engineering and procurement by replicating designs and re-using data from similar projects; employing knowledge-based design systems that capture Bechtel design rules, procedures, best practices, and lessons learned; and automatically generate project data and deliverables from the set of integrated tools.

4.1.1.2.4.2. Value for Customer

This project effort allows the re-use of design and estimating data, expedites conceptual engineering and reduces costs.

4.1.1.2.4.3. Solution Process

Digital has been chosen to provide the archival storage via jukebox and wide area networking products. The project is rolling out to each Regional Office.

4.1.1.2.5. Opportunity : Electronic Data Interchange

4.1.1.2.5.1. Description

Provide project data on-line to customers, vendors, and suppliers through enhanced network interfaces with their systems; and execute business transactions using electronic data interchange (EDI) technology, thereby reducing data entry and handling costs and time.

4.1.1.2.5.2. Value for Customer

Bechtel's strategy is to reduce data entry and handling costs and time by linking systems with supplier, contractor and customer systems and conducting standard transactions electronically. EDI also offers streamlining processes, maintaining information accuracy, reducing material lead time and reducing job site inventory.

4.1.1.2.6. Opportunity : Estimating and Historical Cost Database

4.1.1.2.6.1. Description

Bechtel has adopted a standard, automated estimating system for all Business Lines and Regional Offices. A Corporate historical cost database will be designed to link with the estimating systems.

4.1.1.2.6.2. Value for Customer

ESP will standardise the estimation process, improve estimate accuracy, increase estimate speed, decrease estimate cost, permit uniform training and sharing of estimators among offices. The corporate historical cost database will link with the estimating system, archive cost and pricing data from completed projects and enable offices and projects to share this data. This becomes increasingly important as Bechtel's clients ask for lump sum bids.

4.1.1.2.6.3. Action Plan and Milestones

Understanding of the solution and partnering with solution provider to make initial interest and justification calls.

4.1.1.2.7. Opportunity : 3D Modelling

4.1.1.2.7.1. Description

Optimize conceptual designs using 3D modeling enhanced with analysis, design, estimating, scheduling, and constructive capabilities; and enable designers to visualize alternative designs and perform value engineering. Provide project data on-line to customer, vendors, and suppliers through enhanced network interfaces with their systems; and execute business transactions using electronic data interchange (EDI) technology, thereby reducing data entry and handling costs and time.

4.1.1.2.7.2. Value for Customer

Bechtel currently uses a home grown CAD tool - 3DM as well as Autodesk and Intergraph products as alternatives to 3DM and as defined by Bechtel's clients. Bechtel is pursuing a state of the art CAD system to provide significant work process innovation opportunities in support of modeling and design of all discipline commodities.

4.1.1.2.7.3. Solution Process

Bechtel has been participating in a joint effort with IBM and Dassault Systems to build the next generation of CAD tools. Bechtel provides functional requirements specifications and work process diagrams. Bechtel's recent re-organization has resulted in new management perspectives opening the doors to look at all CAD options on more equal footing. Decision criteria will emphasize Windows NT. Bechtel does not wish to increase support costs in supporting multiple operating system environments.

4.1.1.2.7.4. Action Plan and Milestones

1. Team with marketing to understand Digital's future directions and Intergraphs support.
2. Review with Bechtel, industry marketing data driving 3D CAD requirements.
3. Formulate account strategy if in support of Digital solution.

4.1.1.2.8. Opportunity : Information Sharing

4.1.1.2.8.1. Description

Enable project participants to access up-to-date project information from local and remote locations, while maintaining data security and integrity; reduce the time it takes to gather project information; and maintain an on-line project reference library that contains project reference information, documents, best practices, and lessons learned.

4.1.1.2.8.2. Value for Customer

Reduce time and cost of information gathering while incorporating "Best practices".

4.1.1.2.9. Opportunity : Network Integration

4.1.1.2.9.1. Description

Perform EPC work at different locations throughout the world with fast and reliable network communication links between geographically dispersed offices and field sites; and transfer project data electronically between project participants via the network.

4.1.1.2.9.2. Value for Customer

The network is a major element of Bechtel's infrastructure. Bechtel's network expansion covers three areas; geographic expansion, improvement in network capacity and enhanced network interfaces with clients, suppliers and partners.

4.1.1.2.9.3. Solution Process

Bechtel's current network is based on Digital's DECnet and Pathworks. Digital is participating in the expansion planning and product evaluations.

4.1.1.3. Challenge : Project Management

4.1.1.3.1. Description

Bechtel's competitors have developed or are working on a number of strategic automation capabilities including project management and are aggressively marketing these real or perceived strengths in automation standard tools and methods and implementation of integrated automationsystems in conjunction with continuous work process innovation. The goal is to provide Bechtel project employees with best-in-class flexible, integrated, and cost effective applications & tools to lower the cost, shorten the schedule, and improve the quality of service to Bechtel's customers.

4.1.1.3.2. Opportunity : PRIDE - Project Information & Document Exchange System

4.1.1.3.2.1. Description

Bechtel's projects have a requirement for a system which will integrate all work processes through the lifecycle of a document as it traverses the phases of a project.

4.1.1.3.2.2. Value for Customer

A document management system will provide value to:

1. *Project Work Processes*: common repositories of shared data, ability to start a new project based on historical project data, consistent user interface across all Bechtel developed applications.
2. *External Customers*: Manage customer documentation; generate, review, approve, and distribute documents electronically to customers.
3. *Internal Users*: Integrate all work processes through the life cycle of a document, reduced re-training costs, compatibility of information across all Regional Offices.

4.1.1.3.2.3. Solution Process

Digital has been selected and is piloting our ODM (Open Data Manager) document management software in Gaithersburg as well as the Okelanta, Florida project. Following the pilot will be a roll-out to the five Regional Offices. We will need to coordinate the planning and implementation for the selected customer projects.

4.1.1.3.2.4. Action Plan and Milestones

1. Complete successful pilot 6/4
2. Finalize Engineering Partnership program
3. Develop schedules for functionality releases
4. Map Account Team to each Regional Office
5. Participate in customer project implementation planning

4.1.1.3.2.5. Critical Success Factors

- Pilot success
- Corporate Acceptance

4.1.1.3.2.6. Risks and Dependencies

As Digital continues its cost cutting efforts, questions have been raised relative to future product commitments to document management. De-commitment from ODM would have a devastating impact on the Account Team's ability to market applications software for significant project business.

4.1.1.3.3. Opportunity : On-Line Reference Library

4.1.1.3.3.1. Description

Bechtel's requirement is to provide for a corporate wide information storage and retrieval system to automate methods of locating and accessing shared information.

4.1.1.3.3.2. Value for Customer

Research has determined that engineers spend an average of 40% of their time looking up reference information. Sometimes the information cannot be found in a reasonable amount of time and engineers are forced to complete tasks without it.

4.1.1.3.3.3. Solution Process

OLRL Project is underway utilizing VTX/tr application software, and Digital VAX servers. As interest and usage in the OLRL increases, Bechtel's functional departments and business lines will be adding more information to the database. Planning is required to grow the acceptance and usage in each Regional Office/Business Line, as well as bringing the tools and data to the project sites.

4.1.1.3.3.4. Action Plan and Milestones

VTX/tr engineering needs to deliver committed to functionality on time, bug free. Digital needs to clearly articulate its commitment to product futures, ie. outsourcing VTX, maintenance only, etc., by June 1994.

4.1.1.3.3.5. Critical Success Factors

Future product strategy decisions from engineering.

4.1.1.4. Challenge : Delivery to Customers

4.1.1.4.1. Description

Engineering and Construction industry is experiencing a major shift toward lump sum contracts, increased global markets greater competition and increased customer involvement in project outcome, costs and quality.

4.1.1.4.2. Opportunity : Ras Tanura Refinery Upgrade (ARAMCO)

4.1.1.4.2.1. Description

The Ras Tanura Refinery upgrade is one of several being accomplished by ARAMCO. Bechtel has bid with Digital as a key services subcontractor. Digital is the required platform and ObjectBroker is the required middleware. Digital will provide key technical positions and leadership in the information architecture for the refinery.

4.1.1.4.2.2. Value for Customer

Digital provides the greatest value for ensuring the successful implementation of ObjectBroker and the integration of Digital based refinery applications.

4.1.1.4.2.3. Solution Process

Provide industry consulting expertise and sell through applications/ product in support of the ARAMCO Refinery Process upgrade.

4.1.1.4.2.4. Action Plan and Milestones

1. RFP has been submitted.

4.1.1.5. Challenge : Personal Productivity and Decision Support

4.1.1.5.1. Description

Bechtel is focusing on improving the communication, access, and use of information to enhance individual productivity, timeliness of work group communications and quality of decision making.

Bechtel has defined the following tools as their corporate standards: PCs with Microsoft Windows for desktop computing and RISC-based workstations for engineering, Microsoft's office automation suite (Word, Excel, and PowerPoint) for individual productivity improvement, Calendar Manager by Russell Information Sciences for personal time management, Microsoft Project and Primavera SureTrak for project scheduling, DEC TeamLinks for work group information management, DEC TeamRoute for non-project document routing and approval, and DEC VAXnotes for electronic conferencing.

4.1.1.5.2. Opportunity : Groupware Rollout

4.1.1.5.2.1. Description

Employ groupware tools to enhance team decisions and improve the management of meetings.

4.1.1.5.2.2. Value for Customer

Improve personal productivity.

4.1.1.5.2.3. Solution Process

Team with AIM to determine quality requirements.

4.1.1.5.3. Opportunity : Interdepartmental Communications

4.1.1.5.3.1. Description

Promote other communication forms throughout the company, such as video-conferencing, bulletin boards and an electronic reference library to communicate between offices, jobsites, customers, vendors and suppliers.

4.1.1.5.3.2. Value for Customer

Improve work process, information flow.

4.1.1.5.3.3. Solution Process

Team with AIM to determine plans and priorities.

4.1.1.5.4. Opportunity : Electronic Mail

4.1.1.5.4.1. Description

Bechtel's electronic mail system was upgraded when they migrated from mainframes to a client/server environment. Bechtel has migrated from the IBM PROFS system to Digital's MailWorks products. Unlike PROFS, MailWorks is distributed among the major offices.

4.1.1.5.4.2. Solution Process

Bechtel has experienced major product quality and support issues with MailWorks. While engineering is continuing to address delivery of functionality the sales team is continuing to promote the attributes of MailWorks as a viable Corporate backbone product.

4.1.1.5.5. Opportunity : Training

4.1.1.5.5.1. Description

Successful implementation of new IT capabilities on projects depends heavily on user training.

4.1.1.5.5.2. Solution Process

Change Management (Awareness, Education, and Preparation for Change). To increase users' awareness of the concepts and work principles of the new tools and of the process by which they will be introduced, Bechtel will use multiple-media forms such as briefings, videotapes, workshops, newsletters.

Performance Support Embedded in Software Applications. Bechtel plans to include just-in-time learning capabilities consisting of on-line help features customized to work processes, computer-based tutorials, and quick reference material.

4.1.1.5.5.3. Action Plan and Milestones

1. Understand video based Instruction Requirements.
2. Determine multimedia learning requirements.
3. Formulate approach; team with AIM

4.1.1.5.6. Opportunity : Desktop Upgrades

4.1.1.5.6.1. Description

Equip all employees with workstations appropriate to their functions and ensure access to local and wide area networks.

4.1.1.5.6.2. Value for Customer

Improve individual productivity.

4.1.1.5.6.3. Solution Process

Bechtel has identified a desktop replenishment plan with associated network requirements and schedules.

4.1.1.5.6.4. Action Plan and Milestones

1. Team with AT Managers.
2. Develop Digital PC campaign to compete with Compaq for PC opportunities.

4.1.1.5.7. Opportunity : Electronic Document Routing

4.1.1.5.7.1. Description

Transmit electronic mail; notify recipients of incoming mail and include multimedia attachments to messages.

4.1.1.5.7.2. Solution Process

Bechtel is working with Digital to pilot TeamRoute. Potential rollout to 10,000 users.

4.1.1.5.8. Opportunity : Data Standards

4.1.1.5.8.1. Description

Develop a consistent and user-friendly environment across office automation tools and BSAPs through standardized graphical user interfaces (GUI), transparent network interconnectivity, and distributed system services.

4.1.1.5.9. Opportunity : Integrated Desktop Tools

4.1.1.5.9.1. Description

Provide employees with productivity-enhancing office automation tools for word processing, personal time management, presentation graphics, spreadsheets, and project scheduling.

4.1.1.5.9.2. Solution Process

Bechtel has issued an RFI for Global desktop services/OA server outsourcing. Digital, as well as MicroAge, FutureNow, EDS, IBM, and Computerland have responded.

4.1.1.5.9.3. Action Plan and Milestones

1. Digital has submitted response 5/94.
2. Awaiting short list selection for RFP.

4.1.1.5.10. Opportunity : Electronic Conferencing

4.1.1.5.10.1. Description

Use Bechtel standard electronic templates to facilitate the preparation of conference notes, telephone notes, memos, action item lists, letters, and letterheads.

4.1.1.5.10.2. Solution Process

Bechtel is working with Digital to pilot TeamLinks conferencing and VAXnotes for 100 users to provide proof of concept.