



DIGITAL EQUIPMENT CORPORATION

Russell A. Gullotti
Vice President

Merrimack, New Hampshire
03050-4303

April 26, 1993

Mr. G.L. Carleo
Director, Pueblo County
Information & Computer Services
215 West 10th Street
Pueblo, Colorado 81003

Dear Mr. Carleo,

I was deeply concerned after having read your letter to me. You are correct in saying that staff reductions are something Digital Equipment Corporation must undertake. In every case, it is our intention to accomplish this with minimum negative impact to our customers. It is often difficult to accomplish this goal without some disruption, though we are working very hard to minimize the impact of these changes.

I am pleased that you underscored your ability to work with Kelly. I fully expect our Rocky Mountain organization to continue to partner with you to provide all necessary support and resources to ensure your ongoing success and to regain your confidence as a valued Digital customer.

Frank Bowden, Vice President for Central Accounts, has indicated your willingness to give us the opportunity to demonstrate our continued partnership with Pueblo County in the implementation of your goals. He further indicated that you have invited him to visit with you to better understand how we might further enhance the relationship between Digital Equipment and Pueblo County. I wish to personally thank you for this opportunity.

Mr. Carleo, thank you for taking the time to share your concerns with me. I recognize that our changes may require an adjustment for you and your staff. The Pueblo County/Digital Equipment Corporation business relationship is very important to us. Thank you again for taking the time to write and for your honest comments.

Sincerely

Russ Gullotti
Vice President, U.S. Area

cc: Frank Bowden

**Pueblo
County**

Information &
Computer Services

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Tuesday, March 30, 1993

digital

Digital Equipment Corporation
Russ Gullotti
Vice President -- US Area
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603-884-6209

Mr. Gullotti,

We have been a Digital customer for over 14 years. In that time we have seen sales and technical support staff come and go. We have never been impacted by someone leaving or being reassigned until now. Last week we were informed that Kelly Lipp, our technical support staff from the Denver Office, for this account was TFSO'd.

It is incredulous that a resource like Kelly could be let go when there are people above him who don't generate any revenue for your company!.

You have a resource here who has won internal Digital's *Circle of Excellence Award*, brought in one public sector account for \$2.8 million dollars, and is a person who understands how to sell the Digital "Total Solution", and he gets the ax? How is that justifiable?

As a customer, and a former Fortune 10 Company employee I appreciate your reorganization efforts to help Digital get back on its feet. From my perspective you have the best technical products in the marketplace, and that from one who used to be true Blue.

The rhetoric in the industry about Digital being too VMS focused is trash. There are incredibly good reasons for continuing on with VMS, now OpenVMS, and of course Alpha. That perspective and insight was gained from Kelly, and you have no idea how many people I talk to about Digital solutions every week. Our recent GIS project has gained some reasonable press and the people we talk to want to know how Digital products and Services helped us achieve our goal.

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Mr. Russ Gullotti

It is understandable why you have to undertake a staff reduction in light of general market conditions. On the other hand, when you start letting people go in an organization like yours its a lot like bleeding a person to remove the poison, like they used to in the middle ages.

Unfortunately, you are quickly losing the ability to get well and recover when you let people like Kelly go. Sometime you have to step back and say, enough is enough for this region or this office. It can't be done on numbers and seniority alone!

In my career I have been through four large downsizing efforts. Three of them at Shell Oil, in Houston in the early eighties. You must realize that everyone in your organization is watching the goings on. When you have staff spending more time on their resumes than their customer base that is a major problem, wouldn't you agree?

This part of the country doesn't have access to many Kelly Lipp class resources and to lose one in the Rocky Mountain region hurts beyond belief.

Being a Quality conscious organization you are used to addressing the root cause of a problem, not symptoms. I propose to you that the symptom is Kelly has been let go. The root cause is extremely bad judgment on the part of management. I don't know if Kelly can be salvaged, however, a quality review process would at least save other valuable staff from the wrath of middle management.

I must tell you, that if I were Kelly's manager, and my boss came to me and said Kelly didn't make the cut, you would have had two badges on the desk, not just one.

You have to know that without multidimensional technical staff like Kelly and especially one with his self-initiative, you are spinning your wheels thinking you can continue being effective and competitive in the marketplace.

It occurs to me as I write this I have already downgraded your potential to just competitive instead of being a clear winner, which is what you had when Kelly was onboard.

To lose Kelly on this account is like losing my right arm. Throughout the entire planning and configuration phases his focus on the total solution never wandered.

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Mr. Russ Gullotti

In my 16 years in information systems I have never witnessed nor been part of a smoother design, acquisition, and implementation of a complex project. Everything that he and I committed to, has been met and/or exceeded, on time, and without excuse.

If this is the way your management rewards that kind of service then they don't have a clue to who is really doing the work to bring Digital back into profitability.

A major problem we now face - by losing Kelly we also lose eight 8 years of site and customer expertise, customer rapport. As a customer I feel betrayed and feel like we have been cast aside.

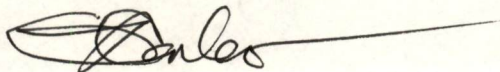
When you lose your ability to support and maintain relationships with the customer you are one step away from losing an account. As of today, we have lost all the ground we regained in 1990 and 1991.

Kelly's expertise on Alpha was responsible for Pueblo County selecting a VAX even though my original plans called for an ULTRIX based system.

We will keenly miss working with Kelly, the key here is with.. As a customer who spent the dollars we did with you in 1992, and literally made an investment in your company it remains incomprehensible.

I wish you luck in your guiding Digital back into profitability, you're going to need a lot of it, especially with people making decisions that allow resources like Kelly to get away.

Sincerely,



G. L. Carleo -- Director

cc: Robert Palmer - Digital Equipment Corporation
President CEO
146 Main Street - Maynard, MA 01754-2571
Frank Bowden - Digital Equipment Corporation
Vice President Central Accounts Territory -
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Dallas, TX 75244

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

Doc. No: 005753
Date: 14-Apr-1993 01:34pm EST
From: Frank Bowden
BOWDEN.FRANK AT A1 at DPD05 at
Dept: CENTRAL ACCOUNTS SALES
Tel No: DTN 483-4040

TO: andrea wilkins @mko

CC: don canney @ogo

Subject: PUEBLO COUNTY

ANDREA,

TO UPDATE YOU ON PUEBLO COUNTY, INFORMATION & COMPUTER SERVICES, FOLLOWING IS INFORMATION FRANK BOWDEN PROVIDED TO ME REGARDING THE ISSUES BROUGHT OUT IN THE CUSTOMER'S LETTER OF MARCH 30, 1993.

1. WE HAVE AN ACTION PLAN IN PLACE.
2. THE PLAN HAS BEEN PRESENTED TO THE CUSTOMER.
3. FRANK BOWDEN HAS PERSONALLY TALKED WITH THE AUTHOR OF THE LETTER, MR. G. I. CARLEO.
4. CUSTOMER IS CONFIDENT THAT THE ACTION PLAN WILL AID IN CONTINUING THE PARTNERSHIP.

QUESTIONS: WOULD RUSS WANT FRANK TO DRAFT A LETTER IN RESPONSE TO MR. CARLEO'S LETTER TO RUSS? OR HAS HE ALREADY RESPONDED OR DOES HE INTEND TO?

PLEASE LET US KNOW WHAT FURTHER ACTION IS NEEDED. THANK YOU.

GAY