

Do you support Palmer calling customer?  
Palmer has agreed subject to your support.

Yes -  
This is an important call  
for Bob to make

First - call  
Scott - have him  
ensure that  
A-E will be a  
named direct  
account.  
R

Printed by SHANE PATTERSON @MKO

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

Doc. No: 004777  
Date: 20-Jun-1994 04:36pm EDT  
From: JONATHAN MESSERI  
MESSERI.JONATHAN AT A1ROMEOS  
Dept: Finance and Administration  
Tel No: 1-415-882-3712

t WROMTS at WRO

TO: Shane Patterson @MKO  
TO: Scott Roeth @mko

542-

CC: RICHARD WENDROFF ( WENDROFF.RICHARD AT A1ROMEOS at WRO )  
TS at WRO )

Subject: Request for Executive phone call to Household

Shane and Scott,

This is the note sent to Russ's office concerning setting up a phone conversation between one of our senior executives and the CIO of Household International. As you can see from the briefing the CIO is concerned about our stability and future plans. Barany has met Bob Palmer during the Uniform show and they flew back to Chicago together on the corporate jet. Since Palmer and Barany had a good rapport on the ride back to Chicago we felt that Bob would be a good person to answer Barany's questions. Palmer's office agreed and suggested we review the request with yourselves and Russ to gain concurrence. In order for us to put to rest these concerns we hope set up the call by the end of this week. I hope you agree with our strategy, any other advice and counsel would be greatly appreciated.

VTY,

Jon Messeri

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

Date: 20-Jun-1994 04:11pm EDT  
From: JOHN GAGNON  
GAGNON.JOHN AT A1ROMEOS at WI  
Dept: SLS  
Tel No:

MTS at WRO

TO: See Below

Subject: Household International Phone Call

Distribution:

TO: Russ Gullotti @mko

CC: Marc Chardon @mlo

CC: Jonathan Messeri @szo

CC: Rich Wendroff @szo

CC: Jo Ann Thompson @CPO

CC: Drew Karras @CPO

Use the RDL option to see remainder of distribution lists.

Russ:

Household International (HI), Chicago, a Fortune 40 company with substantial client/server business, has expressed strong interest in AXP/OSF following intensive sales attention from Bud Enright, Bob Supnick, Willie Shih, Bob Palmer and the account team. Its largest subsidiary, Household Credit Services (HCS) has near-term potential to be a Commercial UNIX reference site and has already begun to take delivery on sables and pelicans. Recently, however, the HI CIO has expressed the following concerns with Digital's financial health and the ramifications of using Digital as a strategic vendor. Key purchases have been stalled at HCS due to these concerns.

The account team feels a phone call from a Digital executive addressing these issues is critical to FY94 and FY95 business at Household. Bob Palmer had a very positive conversation with the CIO, Dave Barany, on our Corporate jet returning from UNIFORM this March, so his participation may be appropriate. After reviewing the following summary we hope you can help us elevate this to the appropriate level for action.

#### CONCERNS

The following were expressed as major concerns by Dave Barany, CIO of Household International, Chicago, to the Director of Technology at the Household Credit Services Subsidiary, Roger Shapiro. Shapiro has three AXP/OSF sables on order and has been prepared to purchase the Polycenter/Netview/Fullsail products to manage his UNIX environment. Barany is concerned about this comprehensive adoption of the Digital direction. His concern has stalled the Polycenter order and a 1000 unit PC commitment that extends into FY95. (Digital has 2000 PC's installed to date at HCS.) His comments follow:

1. Many of Barany's peer's (CIO's) are extremely concerned about Digital as a going concern.
2. Many of Digital's best people have left or are planning to leave the Company.
3. Digital is selling off it's Software.
4. Alpha is a bust. Digital has a large surplus of alpha chips...the market for the chips will not justify the investment and will not turn around the financial situation.
5. Since one or several businesses will be sold off it is too risky to assume what business Digital will finally be in.

#### STEPS TAKEN

1. Provided Shapiro with May 2 Gartner releases discussing the 2100 and OSF/1, as well as sales information regarding alpha's accelerating growth. Shapiro is to shared the information with Barany last week in Chicago. His rebuttle



was he had no problem with our technical abilities, but our financial viability remains a big question as well as what businesses we will remain in.

2. Chicago team met with Ken Harvey, Barany's local director, to discuss these concerns.
3. Chicago team had a tentative meeting with Barany on Thursday, 6/16.

#### BUSINESS AT STAKE

1. Q4: HCS \$200K for Polycenter/Fullsail/Netview management center. Extremely strategic to selling any systems at HCS through Q1/Q2 before CA Unicenter is ready for OSF and would be first Commercial UNIX reference site in Western US.

HCS \$240K PC's (200 Units)

2. Q1/Q2 HCS: 10 to 12 AXP/OSF systems  
\$1.2M PC's (800-1000 Units)  
HI: \$5 to \$10M for HFC project  
Potential to sell management center to HI if works well for HCS:  
at least \$500K

KEY MESSAGES SUGGESTED: Given the concerns outlined above, the following are suggested responses. Bob and yourself are bound to have more up to date, detailed responses to articulate.

1. Strategic businesses will not be abandoned...especially key middleware and the "Commercial UNIX" software.
2. Alpha growth is strong and improving.
3. Digital is a viable competitor that is turning its financial situation around. HI is a named account for Digital and will be supported by Digital.
4. Address personnel issue as appropriate.

I hope we can speak sometime tomorrow, Tuesday the 21th. I am on Pacific time and can be reached at home: 415-367-8748 or work: DTN 5212-4236. We hope to schedule the phone call no later than Wed. 6/22.

Best Regards,

John Gagnon  
Household Credit Services Account Manager