

**EXECUTIVE COMMITTEE
STRATEGY RETREAT**

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TOPICS

- **Situation Analysis**
- **Available Competitive Strategies**
- **Unresolved RTI Strategic Issues**
- **Key Strategies**

SITUATION ANALYSIS

Short term operational results are very positive, but long term strategic picture is mixed

Short Term:

- **Revenue growth is 110% for YTD of FY88 vs. 65% for FY87**
- **Pretax profits of \$4 million FY88 YTD vs. loss in FY87**

Long Term:

- **Distributed DBMS and Gateways are unique, but**
- **RTI has lost market share & differentiation vs. Oracle**
- **Sybase has de-positioned RTI as technology leader**
- **DEC is investing to compete in our primary market**

Conclusions:

- **“Business as usual” = further erosion of our strategic position**
- **Better execution is insufficient to compete against a competitor three times our size**
- **Need strategies that:**
 - ☞ **Meet important market needs**
 - ☞ **Leverage distribution and technical resources**
 - ☞ **Are difficult for competitors to follow**

AVAILABLE COMPETITIVE STRATEGIES

- **Introduce New Technologies**
- **Compete for Distribution Channels**
- **Marketing Partnerships and Alliances**
- **Merger or Acquisition(s)**
- **New Product Acquisitions**
- **Differentiated Market Segment Focus**
- **Differentiated Product & Company Positioning**
- **Interconnections & Joint Marketing**
- **Standards as a Weapon**

NEW TECHNOLOGY INTRODUCTION:

- **Distributed DBMS: Performance, Availability,...**
- **Gateways: IMS, IDMS, VSAM, SQL/DS,**
- **CASE Tools**
- **Next Generation Forms System & User Interfaces**
- **POSTGRES Technology**
 - ▮ **Abstract Datatypes**
 - ▮ **Rules**
 - ▮ **Object-Oriented DBMS and Tools**

COMPETE for DISTRIBUTION CHANNELS:

- **Key OEMs: IBM, Sun/AT&T, DEC, Apple, Siemens...**
- **PC Players: LOTUS, IBM(?), A-T(?), Borland,...**
- **Key VARs: MSA, M&D, ASK, IBI(?)...**
- **International Distributors**
- **Industrial Distributors: Hamilton/Avnet, Arrow, Lex,...**
- **Distributors: SoftSel, ...**
- **Retail: Businessland, Computerland, ...**

MERGER or ACQUISTION(S):

Merger:

- **Micro S/W Co:** Lotus, Ashton-Tate, WordPerfect, ...
- **Tools Vendor:** Pansophic, COGNOS, IBI, ...
- **RBOC:** Ameritech, US West, PacTel, ...
- **DBMS Vendor:** Cullinet, Informix, Sybase, ...

Acquisition(s):

- **CASE Vendor:** CADRE, Atherton Technology, Softool
- **Mainframe S/W:** Nomad, RAMIS, VM Software, ...
- **International Distributors:** INENCO, ...
- ...

MARKETING PARTNERSHIPS & ALLIANCES:

- **Consulting Firms: CTG, CAP, CACI, PW, AA, CSC, ...**
- **Gov't Contractors: EDS, IBM/FSD, CSC, PRC, BDM, ...**
- **...**

DIFFERENTIATED MARKET SEGMENT FOCUS:

- **OLTP Applications: High Performance + Availability**
- **Engineering/Scientific Applications**
- **DoD (Orange Book Security)**
- **Industry Focus: Manufacturing, Finance, Telecomm ...**
- **Internationalization**
- **Application Developers / Database Administrators**
- **End Users & Decision Support**

DIFFERENTIATED COMPANY POSITIONING:

- **Technology Leader**
- **Performance Leader**
- **Open Architecture / Standards Supplier**
- **Corporate-Wide Solutions Supplier**
- **Market Segment Leader (e.g., Manufacturing)**
- **Quality Leader**
- **Service & Support Leader**

New Product Acquisitions:

- **Lotus 1-2-3V, Lotus 1-2-3U**
- **CADRE Teamwork, DISUS/Deft, Softool Configurator...**
- **Wordperfect**
- **Adobe(?)...**

INTERCONNECTIONS & JOINT MARKETING

- **SAS, SPSS...**
- **Molecular Design Ltd.**
- **RS/1**
- **AT 20/20**
- **LOTUS 1-2-3 & LOTUS Tools (via Promise Driver)**
- **Genigraphics**
- **...**

STANDARDS as a STRATEGIC WEAPON:

Standards Adherence:

- **SQL (DB2, ANSI, XOPEN)**
- **OSI/RDA ; TCP/IP, SNA, LAN Manager, ...**
- **Windows: X, MS-Windows, Presentation Mgr.**

Standards Creation:

- **Distributed DBMS**
- **Gateways**
- **4GL**
- **Data Dictionary**
- **PDES (Program Data Exchange Standard)...**

UNRESOLVED STRATEGIC ISSUES

1) MVS

- Whether to enter?
- When and how to enter?
- How to fund?

2) PC Market & PC LAN strategy

- Target market?
- Distribution channels?
- Release 5.0 pricing strategy: \$ return vs. Share?
- Release 6.0 strategy (vs. Rel. 5.0 backend)?
- LAN strategy?

UNRESOLVED STRATEGIC ISSUES

3) **DEC OEM relationship for VAX/VMS**

4) **How to fund ADTs, MVS, Gateways, POSTGRES...?**

- **Strategic Partnerships?**
- **R&D Partnership(s)?**

5) **Transition to POSTGRES**

- **Simple upgrade?**
- **Migrate via Gateway?**

6) **Other issues ...**

KEY STRATEGIES

1) Become the Market Standard in individual market segments thru key OEM deals

- **SUN / AT&T: “UNIX Extended Edition”**
- **DEC: Front Ends on Rdb + Gateways**
- **IBM AIX: (“SAA Today”)**
- **IBM / LOTUS: OS/2 Server**
- **Siemens: European X/OPEN market**
- **Apple: MacIntosh market**

KEY STRATEGIES

2) Re-position RTI as the Technology Leader

- Performance
- Gateways
- ADTs ; Rules

3) Partner to bring an MVS product to market

- EDS / AT&T license buyout?
- Sell engine to Pansophic, IBI, Nomad, Ramis, ...
- R&D Partnership to fund?

KEY STRATEGIES

- 4) **Focus on Gateways as key to Distributed DBMS**
- 5) **Price INGRES/PC aggressively to gain market share?**
- 5) **Engineering/Scientific applications market (“hidden strategy”)**
- 6) **Integrate & remarket LOTUS 1-2-3 on VAX & Unix**

KEY STRATEGIES

7) Coalitions to create technical standards

- **Distributed DBMS**
- **Gateway technology**
- **Data dictionary(?), ...**