

B.C. KO

See Pat Spratt's
response attached

I N T E R O F F I C E M E M O R A N D U M
C O R M T S A L L - I N - 1 S Y S T E M

Date: 3-Mar-1989 02:51pm EST
From: Ken Olsen
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TO: See Below

Subject: NEW CORPORATE APPROACH TO MARKETING

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Back in the early days of Digital, when we introduced the PDP-8, we had a monopoly on a unique part of the market, but we couldn't get our message across. We had marketers who could tell wonderful, glib, heavenly messages about what these wonderful machines would do for people. We were very reluctant to give them all the facts because things were getting better. There were a number of weaknesses the machine had, and marketers never want to spell out what you don't have or what your weaknesses are.

They seem to have the theory that, if we promise wonderful things in the sweet by and by with violins playing, people will call the salesman and the salesman will somehow miraculously get them to buy without ever having to face the issues of specifications, data, and the real world.

This approach to marketing, of course, has a serious weakness because the salesman doesn't have any real data if marketers never get it organized, and we only sold to those people who were smart enough and brave enough to figure out what we had even if we weren't going to tell them or even figure it out ourselves.

The decision (maybe the most important decision in the history of the Company) was made in the Old Mill in Westminister at a WOODS meeting when we formally decided that we would write a book that would tell every single thing we knew about the PDP-8, every piece of software and every piece of data, and not imply things that weren't true, not leave unsaid things that were weak or negative and not make promises or glib statements at all just the simple facts. This revolutionized the Company.

Today we spend a fortune on glib, vague, heavenly marketing media which promise all sorts of wonderful things will happen to organizations if they use our computers but are very devoid of facts. I assume we leave out the facts because these would

include the software and the features we don't have. We also leave them out because things are changing and getting better, and, if you make a statement now, it will be obsolete very soon. I am also afraid we do it because it is a lot of work to understand everything we have and to write it down. Glib statements are so much easier than facts.

We also have the obvious problem that, if our wonderful claims catch the imagination of the customer, the salesman doesn't have any more facts than we gave the customer because the facts are not organized. It takes many experts from the Company to go out and help the customer if he is persistent.

Meanwhile, we are losing an enormous fraction of the market, not to IBM, but to a myriad of small companies who service those customers who want to get the simple facts from someone who understands his product. This is normally the smaller company who has a limited product line and a limited offering, but they understand it, know the facts, can talk immediately to the customer about those things they can solve and also tell immediately the things that they can't.

I'd like to immediately budget and plan a corporate-wide marketing plan which will basically be a traditional Digital handbook on every hardware offering we have and every application area we are interested in. I'd also like to have us clearly identify all those hardware areas and application areas which we are not interested in and which we will not have a handbook on.

These handbooks will contain no general, glib, glorious statements about the miracles that will happen to you if you use our equipment just the facts--here is how things work, here is what is needed in this area, here are the parts we offer, here are the things we get from third parties, and here are the services we offer.

I'd like Ken Swanton to head a team to organize our CPUs and the corresponding disks into one booklet that would present all the data and all the information necessary to understand our computer disk offering.

Because it's one book, there will not be competition between machines, they will all be put into perspective, and the reasons for more expensive machines will be presented clearly. The book will be dated and prices, costs and justification of the cost will be clear. This book should probably also include our story on SMP, clustering and local area clustering.

I'd like John Rose to present the book on office networks. Lay out the choices, the reasons, what we offer, what it costs and how easy it is to wire up a network by oneself or by hiring an expert. It should include terminals, PCs and workstations.

I'd like Bill Johnson to write the book on enterprise networking.

This group, traditionally, has a problem different from the rest. Instead of making glib, general promises, they try to impress people with how much technical knowledge they have and how complex the problem is. I would like them to try to make enterprise networking simple. The general approach should not be to put everything in front of the customer at one time, but to make the simple solution first and then with appendices add the technical solutions to more complex problems that might arise.

I'd like each of Pete Smith's groups to write the book on their area. For example, there should be a book on desktop publishing, all the things that desktop publishing can do, which of these things Digital offers, what it costs, and why one would use it.

The factory booklet should be something you give to a friend. If he read it, he should understand everything we offer and why you use factory computers on the floor and why you use factory for the management operation. He'll understand what Digital offers, what he has to go to a third party for, and what we don't offer that he should get somewhere else.

In the financial services area, there are probably several books. We may combine them all in one, but it might be worth it to make a separate book for trader workstations and money transfer and another book for remote office operations.

We should also have a general book on TP and mainframe computers that explains all we do and all we offer that every salesman could memorize and leave with his customer.

I'd like Pete and the other appropriate people to outline this whole series of books and include them in their budget but also include them as a corporate budget for this part of marketing.

KHO:dao

KO:2735

Dictated on 3/2/89, but not read

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