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

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Date: 03-Aug-1992 04:28pm EDT
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TO: See Below
cc: Win, EC, & BOD
Subject: ALPHA STRATEGY

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It seems the approach to Modular Computing will revolutionize the design and manufacturing of computing. Because it is an obvious idea and so trivial in setting it up, it is obvious everyone will do this as soon as they see it. We have to be careful our competitors do not announce it before we announce it.

This means we have to be particularly careful with our R&D to make sure we keep ahead in the improvement of our products, the manufacturing of our products, and, of course, the distribution of our products.

I would strongly suggest you ask for a very careful audit of all that was promised and all that was given away when we offered to license ALPHA to other companies.

Some of these companies think we offered them our proprietary designs. If we did, or if we now give them away in order to have people use ALPHA, we then will have all our work open to an immediate take over by other companies. We can do all of the marketing, selling, and designing, and they can take away the market.

What did we promise those who bought ALPHA? Which software did we promise to support? Did we promise applications?

I think we should also initiate a review of the logic that says we should get as many people to use ALPHA as possible. Clearly, there are two points of view, one says all the companies that are looked up to, are admired, are financially successful and they became that way from being a monopoly, by having proprietary products,

and by gaining very large market share. The other point of view is in order to get applications, one has to have many people use the same architecture and software system.

The decision to put the highest priority, even higher than internal success in getting other companies to use ALPHA, was railroaded through without any discussion of alternative plans. It was forced on management and the Board of Directors.

I think the Board of Directors would appreciate a thoughtful analysis of history of like-products, an analysis of the choices, and what the implications mean. This, of course, should not be done by those who have a vested interest and have already made up their mind, but by someone who will look it over objectively, lay out the alternatives, and present conclusions one might draw from history.

KHO:pm  
KO:7566  
(DICTATED ON 8/1/92, BUT NOT READ)

**Distribution:**

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