

MEASURE

For the people of Hewlett-Packard

November-December 1985



Personal computers:
What's in the cards?

A fisherman's story
from Fort Collins

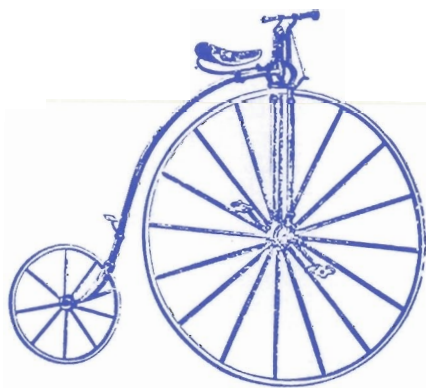
Business booming
at HP de Mexico



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MEASURE

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Hewlett-Packard Company is an international manufacturer of measurement and computation products and systems used in industry, business, engineering, science, medicine and education. HP employs more than 85,000 people worldwide.

On the second anniversary of the introduction of the HP 150 Touchscreen personal computer, Hewlett-Packard released its IBM-compatible Vectra to the marketplace. Measure asked veteran advertising and public relations freelancer (and HP-watcher) Sam Lightman to take an outsider's look at where the company has been and where it's going in the world of personal computers.

Personal computers: Past, present, future

Time has a distinctly non-linear aspect about it. Because each day in your life represents a decreasing percentage of the whole, time seems to telescope as you grow older.

To anyone over the age of 35, the personal computerization of the Western world seems to have occurred in a flash, while for those under 25, it's been going on forever—at least all their adult lives.

For some, then, names like Altair and IMSAI conjure up not so much memories as reflexes. After all, it was only 1977 when blue-jeaned and T-shirted representatives from PolyMorphic and Technical Design Labs and WaveMate and a hundred others were jostling for space at the first West Coast Computer Faire.

Probably more than any other single event, the fair kicked off the personal computer age. The year before, a Hewlett-Packard technician named Steve Wozniak had peddled his most precious possessions—two HP calculators—and Steve Jobs had sold his Volkswagen to pay for the parts of the first production Apple computer. Now they were unveiling a fully assembled second-generation machine, the Apple II. Commodore was introducing the Pet. Everybody, in fact, with an idea and a little room in the garage had jumped into the game. Just missing the fair, Radio Shack announced the TRS-80 three months later.

The chaos continued until 1981. Then, at one of the largest press conferences in its history, IBM changed the game forever. True to its constituency, IBM used Charlie Chaplin to introduce "a tool for modern times" that the business community could relate to. While business turned its attention to the serious machine, the games players and other vulnerable parties began tearing each other apart with shark-like vigor. The first wave of the shakeout took Texas Instruments, Timex-Sinclair and several others right out of the market.

Hard on the heels of IBM came the compatibles, the semi-compatibles and the non-compatibles from people who had their own ideas about how a computer should operate. At one point there were more than 200 manufacturers of personal computers. Between 1982 and 1985, sales of personal computers quadrupled, the vast majority of them going to the business market.

Inevitably, the market choked on its own overindulgence and the manufacturers suffered. In a cover article on the computer slump this June, *Business Week* identified five reasons for the current pause in sales: the United States' manufacturing sector, which buys one-third of all computers, is in a slump; potential purchasers are waiting for new models; potential users are still uncomfortable with the machines; the various machines can't be conveniently tied together into networks; companies are digesting the technology they have already purchased. The *Wall Street Journal* and others predict it could take a century to fulfill the promise of a PC on every desk and in every home.

For the moment, a reduction from 25 percent a year growth in the sales of all kinds of computers to a mere 10



TIM HOU

percent has caused excruciating pain throughout the industry. Further, the entry of the giants into the personal computer market has signaled a new phase. The industry is maturing. Of the earliest players, only Apple and Radio Shack continue to maintain a significant presence in a PC market dominated by IBM. Unless others have a specific niche, they are rapidly losing ground. The second wave of the shakeout is under way.

Where was Hewlett-Packard while all this was going on?

The butterflies were free

Prior to 1983, Hewlett-Packard had tiptoed around the personal computer market with offerings aimed primarily at users already familiar with the company and its equipment. With the release of the HP 150 in the fall of 1983, however, the company felt it had the product it needed to address the general public.

The general public wasn't so sure.

Those who wanted to take their brand new HP 150s and go off in a corner somewhere and use them to process words or do the books could be forgiven some confusion.

After all, here was Hewlett-Packard promising to set them free with a jewel-like new computer featuring a user-friendly touchscreen, the footprint of a toedancer and a butterfly.

But they quickly learned that their MS DOS machines couldn't run all that marvelous MS DOS software that was becoming available to those who'd purchased IBM PCs.

Even less available to HP 150 users were the accessory cards that let them add such functions as RAM-disc and print spooler. And when the hardware and software finally did appear, it was accompanied by steep prices.

"To be candid," observes Bill Bon-Durant, HP's director of marketing research, "I think there was a strategic mismatch. What we had developed and what we wanted to sell were two different things. We had invented a product that fit with our installed base, whether we acknowledged that or not. We presented it as a mainstream PC, and it really wasn't."



The Vectra picks up where other AT compatibles leave off, with innovations and improvements galore that open a new world of software to HP users.

As it turned out, aside from the confusion created in the marketplace, HP had nevertheless invented the right product. The HP 150 and its successors have sold at a respectable rate to precisely those customers for whom it was designed—the users of HP 3000s.

"The Touchscreen's success in the marketplace is really attributable to the fact that it was the best approach for the user who wanted to do a combination of PC-based and host-based applications," observes Steve Ruddock, program manager for Individual Computing Programs.

Eventually, even the unsuspecting folks who had acquired HP 150s as standalone PCs did well. With a substantial number of Touchscreen PCs in service, the software writers responded vigorously. The latest edition of the software catalog indicates some 2,000 programs are available for the HP 150.

Enter the Vectra

On September 26, almost exactly two years after the introduction of the HP 150, Hewlett-Packard announced the Vectra PC.

Where the HP 150 announced to the world the company's intention to pursue its own muse, the Vectra says as much about the market as about HP's creativity as a PC supplier. In 1983, it looked like a company could still go its own way: in 1985, in Tom Wolfe's memorable words, you're either on the bus or you're off the bus. The bus is painted IBM blue.

The Vectra is certainly blue-ish, an IBM PC AT-compatible that opens up to HP users the world of third-party goodies. It not only runs all the software available to AT users, it also accepts in its seven expansion slots all the accessory cards in the IBM universe.

HP claims a "30-30-30" advantage for the Vectra: it's 30 percent faster, has a 30 percent smaller footprint, and weighs 30 percent less than its progenitor. At the entry level, it's also 20 percent lower-priced.

Beyond the numbers, the Vectra is anything but another AT clone. It literally picks up where other AT compatibles leave off, with innovations and improvements galore.

One of the most interesting of these is the new HP HIL, the Human Interface Loop. The Vectra makes it possible to add any input device your little heart desires through the HIL without using any expansion slots. At the moment, these devices include keyboard, mouse, graphics pad and bar-code reader. Eventually, one can imagine voice and music synthesizers and optical character readers being added.

Regrettably, some desirable HP 150 features, such as its delicate footprint, were lost along the way. On the other hand, the HP 150's clattering keyboard has been replaced by one which is beautifully responsive. It features the 10 IBM function keys on the left, the eight HP function keys across the top, a number pad separated from the alpha keypad by a cursor pad and still more

function keys in the middle. This is one huge keyboard.

And she's got . . . MOD-ularity. . .

Another departure for HP is the modularity of the machine. Vectra doesn't come equipped with so much as a single rear connector. The user makes his (or her) own choices in configuring his PC. He can choose from among floppy or hard disc internal or external mass storage devices and color or black-and-white monitors.

Additional memory can be added, a significant portion of it installable directly on the existing board, without the need for expansion cards. A second microprocessor chip can also be added to speed up math operations. But, in another departure, such long-standing features as HP-IB (Instrument Bus) and HP-IL (Interface Loop) are now options.

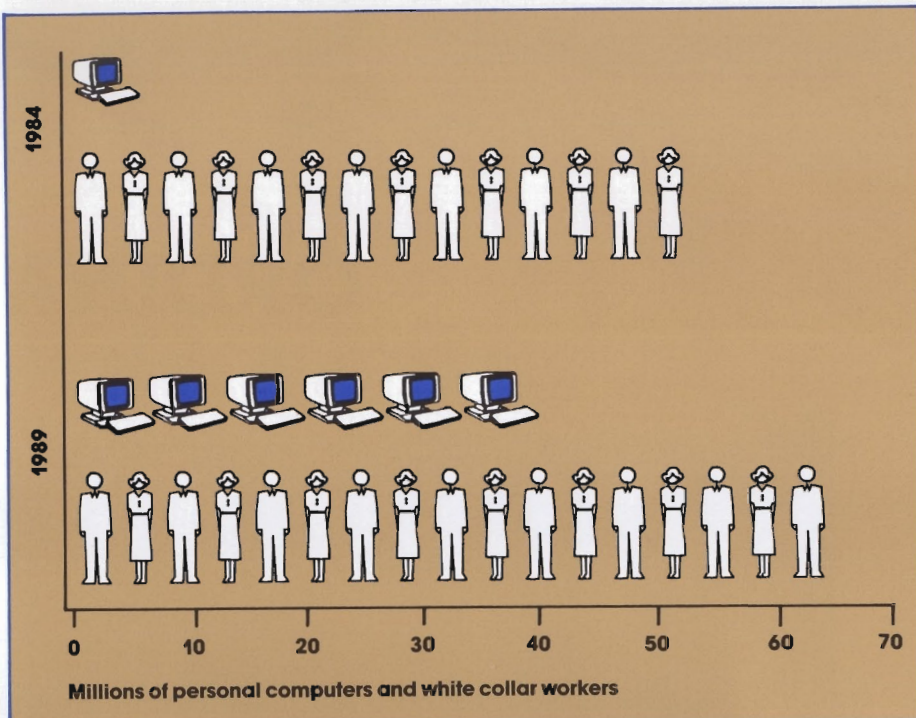
"We have this vision of a what the ideal workstation should be," says Cyril Yansouni, vice president and general manager of the Personal Computer Group. "It has to embody three essential characteristics. First, it must run industry-standard software. We've learned that the marketplace expects this, but we believe this is not enough.

"We must also provide vocational functionality. The workstation should enhance your ability to do the job you are paid to do. That's the second characteristic, and third is communications capability. This includes access to data, the ability to communicate with voice, to create memos and add graphics to them, send and receive electronic mail, and so forth."

2,000 dealers can't be wrong

"I think Vectra is HP's bridge product," says Brad Pransky, president of The Databank Inc. of Penn Valley, Pennsylvania, an HP dealer. "It's going to be their way of tying the HP 150 series into the IBM mainstream."

Unlike the situation that faced the first HP 150s, the Vectra distribution channels are ample. Dealers who couldn't be bothered stocking HP Touchscreens were more than delighted to handle the peripherals that everybody loved to touch: the LaserJet and the ThinkJet. As a result, when



The number of personal computers being used by white-collar workers should increase dramatically in the next five years, according to International Data Corporation.

the Vectra appeared, HP already had a potential distribution network for it that will help to assure its success: some 2,000 dealers in the U.S. alone.

Mary Beth Clevenger of Info Systems Inc., an HP dealer in Wilmington, Delaware, figures the Vectra will improve her hardware sales substantially.

"Up until now," she notes, "there has been another 30 percent of our potential hardware customers that we haven't been able to swing over because we didn't have IBM compatibility. Probably half of those don't care about the label. They just want access to the five million software packages on the market." The actual number is several thousand and climbing, but the point is well taken.

What next?

Presumably, this will be HP's flagship offering, with the Touchscreen PCs at last taking their proper places as planets in the HP 3000 solar system.

"We have an aggressive, on-going development program for the Touchscreen II PC," says HP's president John Young in the press release announcing Vectra, "that includes enhancements, greater peripherals support, and continued support for HP and independent-vendor software products. Touchscreen II, combined with Vectra PC, will help us provide a broad range of solutions to our customers."

The Vectra fills the last gap in HP's office automation strategy which, at the minicomputer level, is one of the best in the business.

Tom Scharien, who directed the com-

puterization of the Ministry of Labour for the provincial government of British Columbia in Canada, can vouch for that.

Tom's group began by eliminating IBM. "We needed distributed processing and they really don't do distributed processing very well. And if you want to expand from a three-terminal system to a 300-terminal system, IBM makes you go through three operating systems to get there. All in all, their system is just too complicated."

"It's a little ironic," says Steve Rudock, "because the impetus for PCs in the beginning was to free people from their corporate data processing departments and get command over their own data and software. Now the trend is to seek out those companies that can tie these things back into systems."

Observes Bill BonDurant, "The new market is filled with more fearful types who know they have to buy these silly things in order to keep up. But they're concerned that the computer is somehow going to take away from their productivity, make them learn another task, be costly and hard to control. That plays into the hand of IBM, because they're very reassuring."

But, he concludes, "HP can also play that role. We're sort of in a sense a 'Little Blue.' We're very reassuring, and because of that I think we are a survivor."

HP is definitely on the blue bus now. One important question remains.

Who's driving? **M**

—Sam Lightman

Extra

ORDINARY PEOPLE



PAUL ANDERSEN

Walter is at home floating across Sprague Lake in his belly boat, waiting for the big strike that signals the start of another day.

A belly boat is an inner tube with waders attached in which fisherman Walter Olesek floats silently and singularly at four in the morning across a deep mountain lake, hoping again for the big strike. His thoughts unwind like line from a reel—of Big Mike and Mom, the 82nd Airborne Division, great fish, Kurt the skateboard pro, hard melons, Phyllis, Phyllis again. And as he drifts along in his ridiculous rig, a Detroit-born cook as much at home in the Colorado Rockies as a beaver, he is a man at extraordinary peace.

He hears them coming to the lake (like a fox, he misses nothing out here), but the deer that come to drink have nothing to fear from Walter, for he is more linguist than predator. He hears them talking. He does not know what they're saying, but he knows they are talking, and, as he will tell his son, "There are things going on besides you and your life, things to pay attention to." The big strike comes soon after.

It comes in the east, when the moon is docked in the west. Walter waits at attention (as he once waited at attention for President John Kennedy). As the sky lightens, you see his gold earring, his blond hair, and if you look at his hands, you see his callouses. Then you see the red wafer of the sun rise over the trees, and across the Laramie River basin the words ring out, "There's another one!"

Walter Olesek has caught another sunrise, he has been given "the privilege of living another day." It is the only thing that's ever been handed to him.

"Walter, nothing's ever gonna be given to ya."
—**"Big Mike" Olesek**
to his son

"Big Mike" Olesek was born, the son of Polish immigrants, in upper Michigan on Drummond Island. He was working in Detroit when he met Walter's future mother one day downtown on Butternut Street. Big Mike was an auto worker, and after he and Helen



At 17, Walter became a paratrooper in the U.S. 82nd Airborne Division.

were married, they lived in a Polish neighborhood in north Detroit. Walter was born in 1944.

Big Mike taught his son a work ethic he maintains to this day as food services supervisor at HP's 2,300-person plant in Fort Collins, Colorado. At age nine, Walter delivered papers, and at 14, he washed dishes in restaurants. "Walter," Big Mike would say, "nothing's ever gonna be given to ya." These days Walter arrives at HP at 5:30 a.m. and labors 10 hours before leaving. He's missed three days in his last 19 years of work.

Where Big Mike's tutelage left off, Walter's gregariousness took over. The year Kennedy was inaugurated, Walter quit high school to join the Army. At 17, he was a paratrooper in the famed 82nd Airborne Division.

He jumped 23 times—and came close to becoming part of the U.S.'s botched Cuban invasion of 1961—but he considers that less important than completing high school ("It was the first thing I did") and the day President Kennedy visited the base. "I remember standing there at attention (he demonstrates)—he wasn't this far away when he drove by (10 feet)—with my boots spit-shined (he rubs his shoes)—the 82nd was Kennedy's division."

After he was discharged he went to cooking school, "since I like to eat."

Chefs, according to Walter, are free spirits "because, hey, if one place closes down, you can always find another." And so with his wife, Phyllis, who he married for the first time in 1964, Walter spent the next 15 years "living in North Carolina with the Southern people, traveling, working in country clubs in Michigan. I always had a job."

Along the way he and Phyllis were divorced, then remarried, and had two children, Cheryl, now 21, and Kurt, 19. Kurt won an HP scholarship this year and attends Colorado State University. He also happens to be a professional skateboard rider, a sport far less contemplative than fishing.

In addition to reeling in the start of day, the captain of a belly boat has other duties: "Walter, always be kind and never make fun of anyone," his mother Helen would say.

"Walter, always be kind and never make fun of anyone."—**Helen Olesek** to her son

And so the captain takes an 81-year-old man on fishing outings just to be nice to him. He anonymously stocks a local fishing hole with large bass in order to give the cane pole boys, who are about nine, a chance to land a really big one. He brings his day's catch into work to serve at a banquet for HP sales reps.

"I think," Walter says, "that too many people just get wrapped up in where they are supposed to be, rather than appreciate what they have in hand." He provides this opinion after a day's work at HP. We sit outside in the courtyard. It is September. The sun warms only your edges. The flowers that looked so rooted in spring now look out of place, like immigrants newly landed in their native reds and yellows in a nation where the citizens wear brown.

"I love the fall," Walter says. "It's my favorite season."

"You have the habit of optimism," I say. "You know, I get burned out by people who take life for granted," Walter says.

Extra

ORDINARY PEOPLE

"Life gets short when life goes by you."

I'm thinking of what he told me last Saturday was like. He was out fishing by 5 a.m., after which he and his wife played a round of golf. Then he attended Ag Day at Colorado State University, a local celebration of Colorado agriculture, where he squeezed the melons with a touch known only to chefs and grandmothers. After that, he and Phyllis took in a CSU football game. Walter, however, hadn't had enough golf, so after the football game he played another nine holes. I believe he ended the day by making dinner for the family.

He and his partner Ed Brovet finished second in the HP-Fort Collins golf league, although Walter only took up the game a year or so ago, and I started to ask about that, but we were sidetracked.

"Lake Powell," Walter says, "is one of the most amazing places I've found in my life. It's such a mammoth creation, it puts us all in perspective—it shows me something created me." He says he goes there every year, then invites my wife and me to go along. He volunteers to drive the 1,000 miles there and back. Then we'll rent a houseboat, he says, and you and "Mama" (his name for my wife) will have a really good time, I guarantee it...

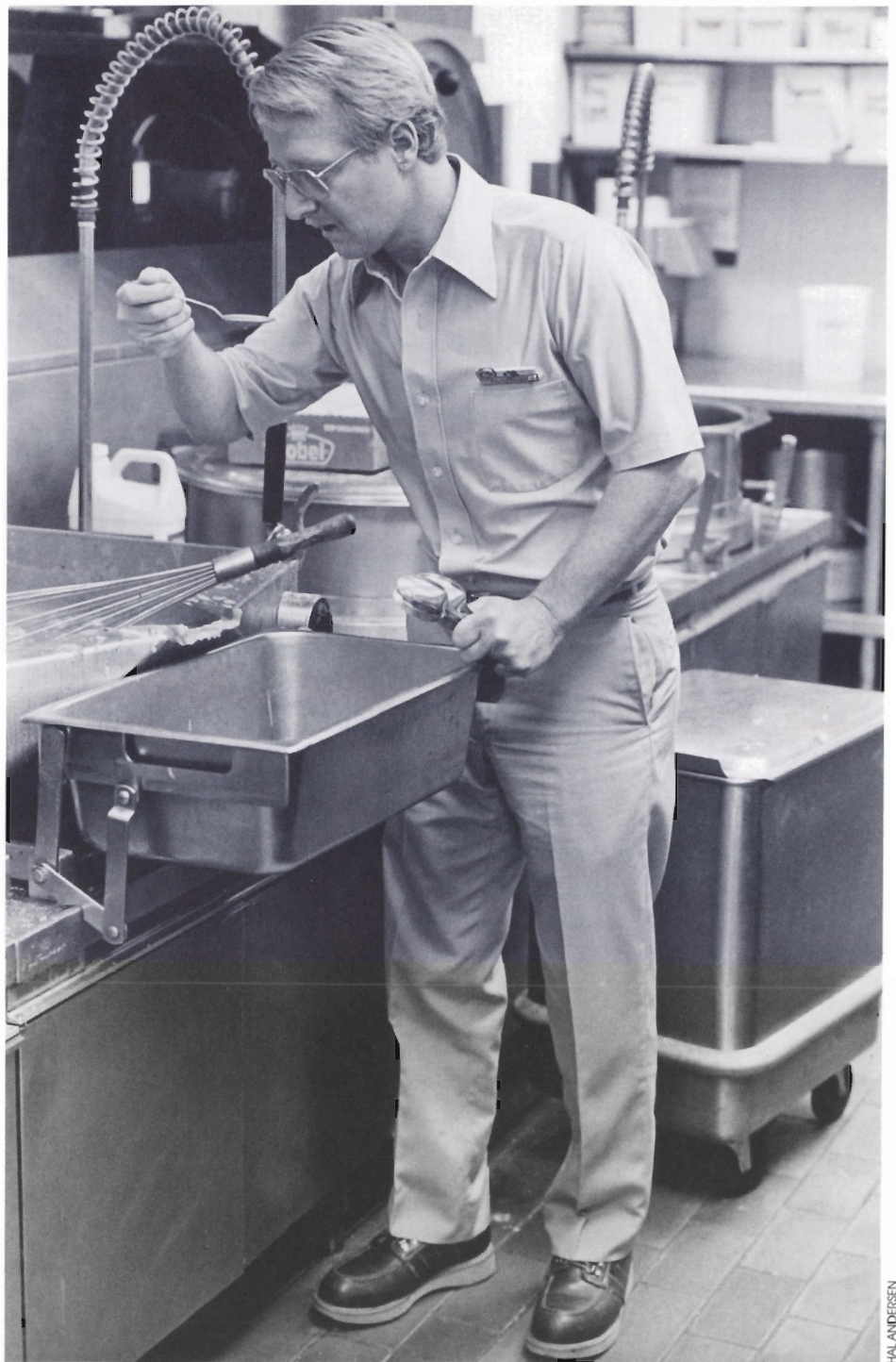
"You know you're in reality when you can hear a butterfly land on your knee."

—Walter Olesek

When Walter was in the Army, he was baptized. Two paratroopers stood up for him. To this day he calls them his "godfathers." Walter's eyes are watery blue and there is much to them.

"You know you're in reality when you can hear a butterfly land on your knee," he says, "because then you are at peace with yourself. When you gotta cover up how you feel about things, then you don't have peace. I cry sometimes, but crying lets out pain. Crying turns into laughter."

He always comes out like this, head



Testing the fare is one of Walter's jobs as first-shift food services supervisor in Fort Collins.

up and going hard. Next month he is driving to Michigan to catch the salmon heading up the Ausable River. He'll visit Big Mike and Mom. She will have been cooking for days. She is the kindest, most generous person in the world, Walter says.

On the way back from Michigan, Walter and Phyllis will be stopping at garage sales in order to bring back "merchandise" to sell at the several flea market stalls his wife rents. Nobody hands you anything, but it doesn't matter, because you already have what you

need. He learned this on his own.

"When I'm in my belly boat fishing in the mountains," Walter says, "it makes me happy to see the full moon going down and the sun going up. I say, 'Yeah, man, this is what it's all about. I've been given the privilege of living another day.'" **M**

—John Monahan

John is HP's public relations and communications manager in Fort Collins, Colorado.

YOUR TURN

Measure readers share their views on matters of importance to employees.

Take bad with good

As a 15-year HP employee, I support the current cutbacks in expenses, and for the parts of the world where legally acceptable, the pay cut to keep the company financially sound.

If my memory is correct, this is the third time in my HP years that these actions have been taken. In the prior two times, a key point was made that was missing in the most recent announcements that I have seen and heard. The point: At HP we share in the profits two times per year and during difficult times we share in the financial difficulties through pay and other cuts.

I feel this financial sharing of good and bad times is a key to our success as a company.

AL MACILROY
San Diego

More on South Africa

I read with interest the main article in July-August issue of *Measure* about HPRSA and the way HP people in South Africa are working together to help solve that country's problems.

However, I then read with surprise Simon Middleton's piece: "The Roots of Apartheid." From this article one would conclude that apartheid resulted from Britain's colonial involvement in South Africa. Nothing could be further from the truth.

□ Simon said Britain won sovereignty in 1814. It would be fairer to say that the British and Dutch mutually agreed to British rule. Britain paid the Dutch 6 million pounds in compensation.

□ He said Dutch settlers migrated to the interior because they were "bridling under English colonialism." They migrated because in 1833 Britain abolished slavery. The Boers ran their farms by slave labor.

□ The most misleading statements were that Britain intruded into the interior when diamonds and gold were discovered and that apartheid resulted from the Afrikaners being caught between the English and numerically superior black groups. Initially, Britain was simply interested in protecting her Cape sea-route. Therefore, occupation was restricted to coastal areas. Most of the problems between the British and

the local tribesmen were the result of the Boers' ill-treatment of those tribesmen. Because of this, the British were often forced to enter Boer territory to protect themselves. In the Sand River Convention of 1852, Britain formally recognized the independence of the Transvaal and two years later the Orange Free State.

The subsequent "gold rush" brought people from all over the world. The Boers taxed these immigrants heavily and denied them representation. It was Britain's aid to these immigrants, or Uitlanders as the Boers called them, that led to the Second Boer War.

TREFOR HOOKER
Altrincham, UK

Warrior starts conflict

I must express bitter disappointment in last issue's feature on Ms. Gidding.

I do not wish to discourage her ambitions as a body builder, but her appearance as Conan's protégée in the employee magazine of a "progressive" company is ludicrous, offensive, and a sad, sad reminder of how little progress has been made.

WILLIAM SEAMAN
Vancouver

It is difficult to understand why you chose Gidding's body building as an appropriate feature for *Measure*. HP puts a lot of effort into projecting an image of a company that actively recruits and supports women and minorities. I'd like to believe this all goes back to Bill's and Dave's attitudes that all employees deserve to be treated with respect.

Is this supposedly sexy, half-dressed Amazon really the image you want to project? I'd expect this in a race car magazine, not in a publication by one of the most respected and envied corporations in the world.

It's taken a lot of discipline and effort on Ms. Gidding's part to accomplish what she has and I applaud her work. What is sad is use of her body to get attention and presumably sell a product (HP as an interesting company?). Shame on you. I'd like to think you know better.

GRETCHEN OOSTERHOUT
Vancouver

Caring for customers

Communication is invaluable, but which is more important: internal documents or documents that help assure returning dollars from satisfied customers?

We see internal publications (e.g. *R & D Network*, *Measure*) typeset on high-gloss paper and printed in more than one color, while the documentation we send to customers is often photocopied from a laser-printed original.

If customers are our first priority, why are we forced (due to time and resource constraints) to constantly ask what we can leave out of external documentation, instead of how to improve it? Let's show our customers that we do care about them after the sale.

Until documentation is considered part of a product, and quality is taken seriously, are we not simply paying lip service to customer satisfaction?

EDNA HETCHLER
SUSAN FISHER
GLORIA MILLER
Santa Rosa

Write on!

What public issues affect HP people and their jobs? Do you disagree with something you've read in *Measure*?

Send us your thoughts. We want to share your opinions and comments with more than 85,000 other employees.

If your letter is selected for publication, you'll receive a *Measure* T-shirt. (Be sure to send us a return mailing address and indicate your T-shirt size— unisex small, medium, large or extra-large.)

Address letters via company mail to Editor, *Measure*, Public Relations Department, Building 20BR, Palo Alto. Via regular postal service, the address is *Measure*, Hewlett-Packard Company 20BR, PO Box 10301, Palo Alto, CA 94303-0890. Try to limit your letter to 200 words. Please sign your letter and give your location. Names will be withheld on request.



TIM HOLT

Data Systems Division employees in Cupertino watch the HP VideoMagazine at the monthly coffee talk.

Don't touch that dial!

Being part of the TV generation has conditioned us. We're used to getting our news in two-minute blasts of condensed information and our entertainment at the touch of a button.

The employee video program, the *HP VideoMagazine*, is aimed at this generation of "videophiles" that responds with full attention when the VCR switch clicks on and the show begins. It's designed to complement existing print



Moderators Linda Mour and Sam Chu Lin are freelance journalists in the San Francisco area.



Stu Casteel (right) edits the video magazine and John Pesqueira shoots and directs the program.

communications in the company as it seeks to show HP corporate objectives in action.

Television is simply the most effective medium for some stories.

It's OK to read about sharks, cafeteria food and special effects. But the impact is greater when you can see the blood around the mouth of the predatory, great white shark that scientists study with the aid of HP equipment. It's fun to follow the camera into HP kitchens around the world and see the different types of food served at each and methods of food preparation, or to see bits of the special effects created with HP equipment for Hollywood movies such as "Star Wars" and "2010."

Producer Marika Ruumet calls the video magazine format "consistent, but flexible." Each edition includes an issue story (such as past looks at ergonomics and hazardous waste), an application story showing HP products at work, a news roundup called "Around the Circuit" and features on HP people.

The *HP Video Magazine* has been around for almost two years. Recent survey results indicate that 63 percent

of employees have seen the program.

Those who have seen it give the program good marks in terms of being interesting and professionally done. Office support and production employees rated it considerably higher than managers and supervisors.

Personnel or communications managers at each HP location decide how the program is shown to employees, depending on facilities available and the number of employees. Management support, good advance publicity and a systematic plan to get the program shown are the key factors to success in locations where the video magazine is seen by the most employees.

The *HP Video Magazine* fits nicely into the agenda of regularly scheduled coffee talks, and that's the way the Data Systems Division at Cupertino, California, handles distribution. Some departments plug the video magazine into regular staff meetings.

At Avondale, Pennsylvania, the video magazine is advertised in advance and shown continuously one day in the cafeteria from 7 a.m. to 5 p.m. Employees are free to watch it any time. In Sunnyvale, California, a large conference room is booked for a week of showings; supervisors call and reserve the room

for their employees. At the Finance Remarketing Division on that site, all 118 employees watch the program at their monthly get-together in the auditorium.

The award-winning program, a cooperative effort of Corporate Public Relations and HP Television Network, is produced six times a year using HP capabilities. Moderators Sam Chu Lin and Linda Mour are both freelance television journalists in the San Francisco Bay Area.

Marika says about 140 copies of each program are sent to locations in the U.S., Canada, Latin America and the Far East. Input on story ideas, she says, comes in from all over the world.

Those international stories provide the biggest challenge, says assistant producer Sally Goodwin. The production team tries to include at least one in each issue. Language barriers, Sally says, are the biggest stumbling block while trying to track down footage from far-flung locations such as Iceland, Hong Kong, New Zealand, Sri Lanka, Singapore and Germany. **M**

—Jean Burke



In these trying times for Mexico, HP provides a bright spot in a generally gloomy economic picture.

Success: Hecho en Mexico

Mexico has troubles.

Its people have united to combat despair, disease and equipment shortages while recovering from the tragic September earthquakes that demolished parts of Mexico City and surrounding areas (see box on page 15).

The country had problems enough before being rocked by these extraordinary events.

An economic crisis that began in 1982 has produced 60 percent inflation, a current account deficit and nearly 80 percent devaluation of the peso during the last 12 months.

While Hewlett-Packard de Mexico can do little to prevent natural disasters, it is doing its fair share to brighten Mexico's economic picture.

In the last two years, Hewlett-Packard de Mexico has seen a growth in orders of 121 percent and a growth in shipments of 88 percent.

"We expect things to slow down in 1986," says Manuel Diaz, managing director of HP de Mexico, "but only because our growth has been so explosive and has stretched us so beyond our resources, we need to take this time to catch our breath."

HP's hard-fought victories in Mexico have come from the HP 3000 business computer line, Manuel says. But with the formation this year of Microcomputadoras Hewlett-Packard (MHP), a joint venture with the Mexican operation Grupo DESC, HP's gaining ground in the Mexican personal computer market.

One reason for this sudden growth has been HP's marketing focus the past two years, Manuel says.

"In 1983, we began examining our

marketing effectiveness in different business sectors," he says. "We analyzed both our weaknesses and strengths and came to the conclusion that our hardware and software offerings fit beautifully with those industries most concerned with productivity improvement, such as manufacturing or distribution companies."

HP's list of Mexican customers (many of whom were lured away from competitors, Manuel emphasizes) reads like a *Who's Who* of international business. DuPont, Ford, General Motors, Ciba-Geigy and Ericsson are all now HP users. Siemens, the West German-based telecommunications equipment manufacturer, recently replaced an IBM system in its Mexican operation with HP equipment.

"Our penetration of the market has been far better than we expected," says Jorge Martinez, operations manager for the new Microcomputadoras HP joint venture. "It looks as if we'll ship triple the number of Touchscreen personal computers we thought we'd be able to sell our first year."

One reason for the PC's success in Mexico, Jorge says, is the full-service dealer network HP has established throughout the nation. There are about 60 in the growing dealer network, including regular dealers and original equipment manufacturers (OEMs).

The joint venture in Mexico has not been without challenges. The computer market in the country is in some ways very different from its U.S. counterpart.

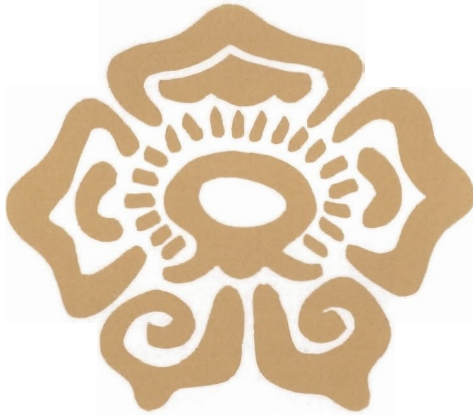
"For one thing, the Mexican market is highly regulated with lots of permits

required to import products," Manuel says. "Also, companies here do not have the large, sophisticated data processing staffs that American firms do. So we have to provide far more support to customers than we would in the U.S."

Because of the limited purchasing power in Mexico, "most of the solutions we sell are low- to middle-range systems—we sell very few top-of-the-line HP 3000s," he says. "This puts a lot of pressure on us to have just the right bag of offerings for our customers."

Nevertheless, "if you do well in Mexico in the beginning," Manuel says, "you will have a customer who will be extremely loyal. That's because to a small company here, the purchase of even a PC is as important as the installation of a mainframe is to a larger company."

The biggest challenge for HP de Mexico, however, is working within the joint-venture framework in the PC market and still being competitively priced. Microcomputadoras HP's Manufacturing Manager Fred Sciubba says, "Here in Mexico, we have two objectives. One



is to maximize the return on investment by HP's and Grupo DESC's shareholders. The second is to meet or exceed MHP's commitments to the Mexican government.

"The issue is made more complex by our being the minority interest in the joint venture (HP owns 49 percent of MHP; Grupo DESC owns 51 percent) for what maximizes returns for HP shareholders can sometimes conflict with what maximizes returns for our partners."

In addition, the Mexican government in August announced it would allow IBM to create a wholly-owned manufac-



LEN LAVIARIAN, SAN JOSE MERCURY NEWS

This story on HP de Mexico was ready for publication when the country was hit with two destructive earthquakes in September. On page 45, there's an update on how HP employees fared and how they're helping rebuild in Mexico City and surrounding areas.

Rescue worker is lowered into rubble of three-story building.

turing operation in Mexico (previously the government had required at least 51 percent Mexican ownership of all investments in the country). The decision could give IBM a cost advantage, though Manuel Diaz hopes the effect on HP sales will be minimal.

"IBM's agreement with the government stipulates that it can sell no more than 8 percent of the computers it manufactures in Mexico," says Manuel. "So I believe that in the worst scenario, our market share would decrease only one percentage point or two. The real losers, I think, will be the small IBM-compatibles who were filling the gap left by IBM not being here. I suspect that in a couple of years, no more than 10 of the 25 such firms currently here will remain."

New kid on the block

The HP Touchscreens are meticulously manufactured 300 miles northwest of Mexico City in Guadalajara, the country's second largest city. Adjacent to a training ground for young seminarians, and on an attractively landscaped site dotted with rubber trees and cacti, Microcomputadoras HP produces the Touchscreen in a recently renovated warehouse. With a wince, Fred Sciubba recalls the original building.

"When we moved in this spring, the warehouse was really dark and dingy and allowed rain to drip down on your desk," he says.

Following a paint job, structural improvements and the installation of furniture and production equipment, MHP was ready for business. The oper-

ation employs 23, with four people building the Touchscreens for distribution in Mexico and, perhaps later this year, to Argentina.

"I'm especially pleased with the fact that after creation of the joint venture in April, our first PC went out the door in July," says Fred, who has witnessed four HP start-ups in the U.S. and Mexico. "But I'm also pleased at the production levels we've maintained since then, and the fact that in such short time quality matches that of the Touchscreens made in the U.S."

Next door to the new facility, the Guadalajara Computer Operation which produces HP 3000s and several hard and floppy disc memories has been contributing to company profits for more than two years, says general manager Jose "Pepe" Grapa. Because of the growing demand for computers in Mexico, the manufacturing activity and staff have both increased.

"While we only had 20 employees two years ago, we now have 130," says Pepe. "In the last year, floppy disc shipments have increased 80 percent and shipments of HP 3000 computers have grown about 20 percent."

The plant also began to manufacture several new products in the last year, including the HP 3000 Series 37 computer, the HP 7945 hard disc drive and the HP 9121 floppy disc drive, which is exported to other Latin American countries, Canada and Australia.

"These products not only complement our current product line but also help us offset our high sales in Mexico with exports, a commitment we made to the Mexican government," controller



Carlos Balandra says. "They've resulted in a lot of overtime work, but employees are enthusiastic because they can see the success of the operation."

Growth of the HP manufacturing plant has also been fueled by the 1984 creation of a research and development group. Its nine members maintain close working relationships with Office Systems Division in Roseville, California, and the Computer Systems Division. The group initially translated HP's U.S.-made software programs into Spanish. It explores and develops a broad range of projects for HP such as Escuince, a 256K RAM that is part of the HP 3000 system. Escuince (a Spanish term for a Dennis the Menace type of youngster) increases the performance of the system by 50 percent in combination with a new CPU board set from Roseville.

Help wanted

The challenge of finding enough qualified engineers to work on such projects has become easier the past year, says Steve Cline, research and development project manager. "We've reviewed the college engineering programs throughout Mexico and have established strong relationships with the best schools in the country."

The subsidiary has a contract with the Tecnológico de Monterrey, a prestigious Mexican engineering school, under which computer peripherals are tested by students on campus. Together, HP de Mexico and ITESO University in Guadalajara (UAG) are developing testing equipment for power supplies and software development for the county of Guadalajara.

Through an agreement with Stanford University, HP de Mexico and four other international firms have arranged a program with UAG in Guadalajara whereby students can earn a master's degree in electronics from Stanford Honors Co-op program.

The effort to recruit the best engineers possible has even led HP de Mexico to a relatively unknown graduate school in remote Tonanzintla, which has only 50 students but offers a superior education, Steve says.

Continuing to hire Mexico's brightest, most diligent workers will allow



Luis Aguirre ensures the HP 150 Computadora Personal with the *toque magico* (magic touch) is well-packed before shipment.

HP to thrive in what is becoming an increasingly competitive market, says Manuel Diaz.

"In the minicomputer segment, we are already competing with IBM, NCR, Honeywell, Control Data, Burroughs and Sperry," he says, "and in the past six months, Wang, Data General, DEC and Prime have announced plans to enter the market."

With the stepped-up pressure to compete, says Manuel, "I don't think there is enough room for all of us and believe a shakeout is about to begin. But I am confident that HP will thrive because we have already developed a strong marketing presence that has positioned us clearly to be the number-two company in Mexico. And I challenge anyone to find a more enthusiastic work force in the world. Ours is so enthusiastic, I've had customers ask me, 'What is it with you guys that makes you work so hard?'"

That enthusiasm should help HP weather increasing competition and the emergence of IBM in the country's PC market, which previously included only Apple and several small IBM-compatible firms.



Ubaldo Urbano uses the assembly-by-cart method in the production line, saving trips back and forth to the stockroom.

"Of course, to maintain our success here," Diaz says, "we will have to work like heck. We may be disappointed with the government's IBM decision, but we will respect it and we certainly will not renege on our investment here." **M**

—Jeff Herrington

Jeff is a freelance journalist based in Dallas, Texas.



MICHAEL BRYANT, SAN JOSE MERCURY-NEWS

Doctors work in makeshift field hospitals following earthquakes.

Earthquake damage leaves four employees homeless

Alberto Arredondo was just out of the shower and getting dressed to go to his job at the headquarters of HP de Mexico (HPM) when the first killer earthquake struck in Mexico City at 7:20 a.m. on Thursday, September 19.

Bracing himself in the doorway of his swaying sixth-floor apartment, he heard crashes as three other buildings in his block collapsed. His building banged steadily against the one next door—forcing Alberto and his wife Gabriela to lie on the floor. When the tremors stopped, the Arredondos scooped up two-month-old Gabriel Alberto and made their way down the stairs to the street.

It would be the last time they were in their home.

Co-workers Luis Orozco, Abel Murillo and Carlo Abba who lived nearby were also left homeless; three other HPM people suffered lesser losses. Company facilities in five locations in Mexico City were more fortunate, coming through Thursday's earthquake (M_s 8.1 on the Richter scale) and the M_s 7.5 aftershock the next day with just a few cracks in the plaster.

With power off and radios warning commuters to stay out of the clogged streets, only 20 percent of the HPM staff made it to the office Thursday.

Werner Hinke, who came in early, heard on the radio that the Medical Center—where his wife Annette was a resident physician on duty—had been destroyed. When he reached the

ruins he found Annette had survived and was already giving medical care to the injured.

"Within a few minutes we went from a normal situation to chaos," says country manager Manuel Diaz. In sprawling Mexico City, the damage was concentrated in only one area—but it was the heart of government services in the capital. Facilities of the nation's telephone company were devastated. So were three hospitals and a number of federal agencies.

As all Mexican people rallied spontaneously to help in the emergency, many HP people were among those who excavated buildings and dug out victims. Victor Luna put to work his training as a Red Cross paramedic.

Friday morning, with power restored, top management of HPM and Microcomputadoras met to set up an emergency committee. It would be the first of daily meetings at 5 p.m. for the next two weeks. Included in the sessions were people from the support organizations that were to help get customers back in operation.

With Mexico City cut off from phone contact to the outside, Guillermo Gonzalez flew Friday to the undamaged HP site in Guadalajara to set up a remote COMSYS/HP DESK node. The telex machine in the Monterrey office became another message channel.

HPM's Ruben Berron quickly contacted Telefonos de Mexico, a major customer, to offer help in restoring

the crippled phone service. The immediate need was for operational equipment, so HPM expedited delivery of measurement gear to large vendors.

Over the weekend, an HPM team phoned users of some 180 HP systems in the earthquake zone. Six of 40 major systems had been destroyed; another 15 were not in operation because they were in damaged buildings. Customers who were up and running were asked if they could provide use of their own systems or make floor room available for equipment of firms who needed to run payroll and other essential programs. "The response was superb," says Samuel Araiza, marketing manager.

By Monday it was accurately known where the trouble lay. Hotline appeals for parts and products went out to the rest of HP. Normal processing was resumed quickly, with HPM accommodating some customers on its own equipment.

Touched by the human side of the disaster, employees voted overwhelmingly to contribute a day's pay to assist earthquake victims. HP entities in Mexico are giving matching funds. The Guadalajara employee relief committee is aiding the stricken village of Guzman. Mexico City funds will be split evenly between national relief and help for colleagues like Alberto Arredondo—whose homes were shaken apart in a few fearsome minutes.

—Betty Gerard

TIGHT TIMES

How the current slump affects one HP division and its people.

Vancouver Division's Jo Younkin never thought she'd see the day when HP would cut her pay and work schedule. "We'd all heard about the 'nine-day fortnight' plan back in the '70s, but we never thought it would happen to us," explains the production worker. "It was kind of scary because we'd been working a lot of overtime and a lot of Saturdays before the cutback."

In August, Jo, her Vancouver co-workers and 85,000 other HP employees found themselves facing the realities of a companywide cost-cutting measure that closed most every manufacturing facility two days each month with corresponding cuts in pay.

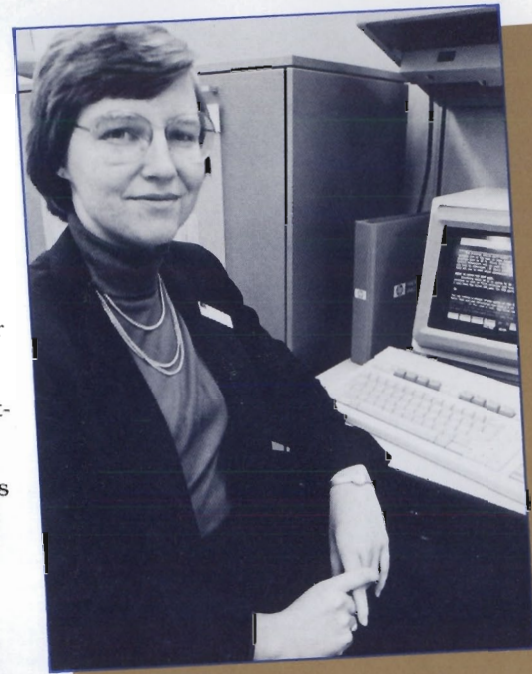
Fifteen years earlier HP developed the concept of trimming work schedules and paychecks rather than using layoffs to help the company weather a major economic slump. But for about 90 percent of today's employees hired since then, the nine-day fortnight was little more than a good-old-days story.

The 500-person manufacturing operation in Vancouver, a stone's throw from the Columbia River that divides Washington and Oregon states, typifies the way most HP organizations have responded to the tight economic times. The division revised plans for its annual picnic at HP's forested recreation site next door, staging a bring-your-own, no-frills affair. Gone are the donuts and pastries that have been a tradition at HP coffee breaks. About a dozen Vancouver production people are "on loan" to the San Diego Division for six months, living far from home.

In a community long dominated by the timber and textile industry, HP's arrival in Vancouver in 1979 was viewed as a welcome diversification of the local economy. Other electronics firms have since followed. RCA recently announced plans to build a joint-venture plant with Japan's Sharp Electronics.

Julee Piper, a production worker in the print-head assembly area, feels sorry for some people who left HP to join a nearby semiconductor firm. "They left because they needed the extra money, but they ended up being laid off at least till March," she explains. "I'd rather stick with a company that has a reputation for treating its people right." **M**

—Brad Whitworth



Keeping a project on track

Carol Peterman, an R&D project manager, has a tough job, and with HP closed every other Friday, her job hasn't been any easier. She and her co-workers know there's no slack in the schedule to get their new line of printers to the market. We know that delivering our new product on time is vital to the division."

The unpaid time off around the Labor Day weekend in September cost the group valuable time on an already tight schedule. "Because our design includes a custom integrated circuit and the IC fab and other services in the company shut down that weekend, we didn't lose just the two unpaid days. We lost five days' time. But our introduction date can't move back.

"Most of my co-workers can afford the smaller paycheck," says Carol. "And they all have the right attitude going in: 'I'll do what it takes to get the job done.'"



Making dollars count

HP's belt-tightening measures have hit Stevie Whitmore's household hard. "My husband hasn't worked for more than a year, so I'm the sole breadwinner right now." To make her trimmed paycheck go farther, the couple has cut out entertainment and trips that would cost them money. Instead they've substituted short fishing trips and visits to friends on the days HP's closed.

Stevie, who works in Vancouver's printed-circuit board area, worked for a number of companies in the eastern U.S. before joining HP five years ago. "HP is the most people-oriented place I know. Everywhere else, employees were treated as objects. I certainly appreciate what HP's doing for me."

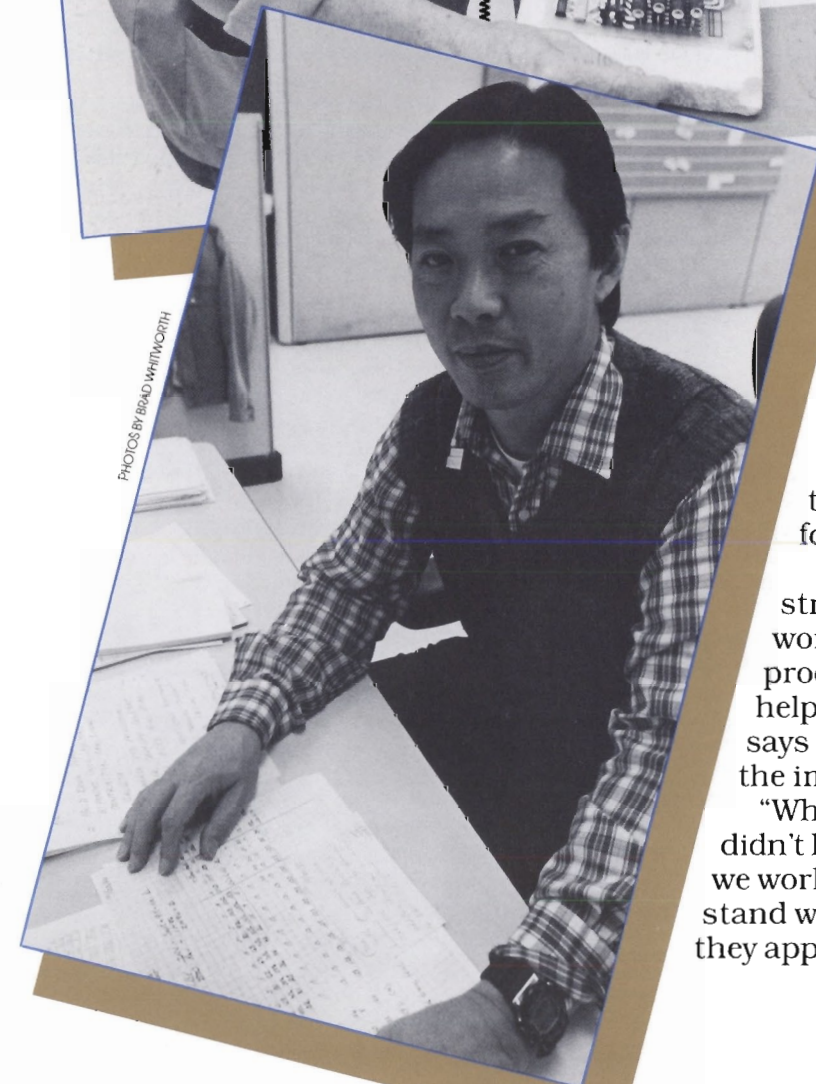
Facing economic reality, again

This is the third time Loke Seng Koh has faced tight times at HP. "In 1977, I was in Singapore as acting general manager for Dick Love. I announced a 'nine-day fortnight' to the work force. Fortunately, it lasted only four to six weeks."

He also saw HP's Corvallis, Oregon, site struggle with too many people and not enough work before he transferred to Vancouver as a production manager. "HP's culture certainly helps neutralize the shock of such cutbacks," says Loke. "It gives everyone a real-life lesson on the importance of HP's profit objective."

"When things were humming along last year, we didn't hire any new production people here. Instead, we worked a lot of overtime. Today, people understand why we asked them to work long hours and they appreciate the business decision we made then."

PHOTOS BY BRAD WHITWORTH



LETTER FROM JOHN YOUNG

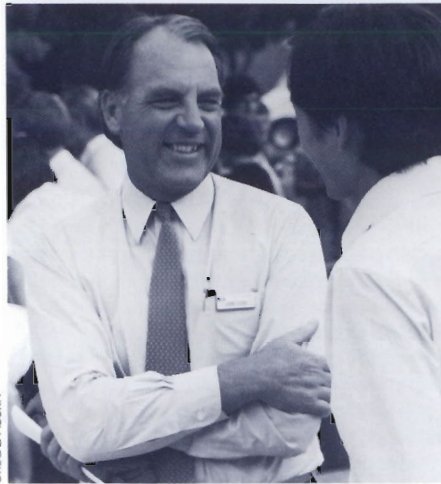
HP's president puts 1985 in perspective.

I'm writing this letter before we see our year-end results. But by the time you read it, you'll already have seen announcements of our 1985 fiscal year performance—and know what your profit-sharing will look like. So perhaps the most appropriate message I can offer at this writing would be to put HP's performance in perspective by discussing some of the factors that have had a pronounced effect on the electronics industry this past year.

1985 has been a year of slower growth for electronics—one that's posed difficulties for all HP product lines and for our competitors as well. But overall, industry sales haven't declined. The tapering off in growth has appeared all the more dramatic because 1984 was such a boom year. For example, HP's 1984 sales were up 30 percent over the previous year—a growth rate we said was unlikely to continue into 1985. We were right with that projection, although the downward trend line proved a little steeper than expected. I'd like to discuss briefly some of the forces that have contributed to a disappointing year for the entire industry.

First, there were lots of competitors—each expecting to achieve a certain share of the market. Given the fact that 1984 saw so much growth for the industry, that optimism appeared warranted. But the aggregate expectations added up to more than 100 percent of the market. More production capacity was created than was borne out by actual demand.

Second, there's been a general slowdown in capital spending, that is, outlays by business for plants and equipment. Capital spending has always been cyclical, and HP's sales have always closely tracked this basic yardstick of economic health. What is new is the fact that fully 40 percent of capital outlays by the manufacturing sector now comprises purchases of electronic equipment—up from just 25 percent 10 years ago. And in U.S. manufacturing industries—which are major purchasers of electronic equipment—capital outlays have been virtually stagnant for the past year as they've been affected by imports swept in by the high dollar. Since electronics represents a more significant portion of what manufacturers spend, our indus-



John helped celebrate HP's 25th anniversary in Loveland, Colorado, in August, asking employees for 25 more years of HP leadership.

try's growth rates are moving more closely in line with that sector of the economy. When our customers face slowdowns, so do we.

Third, purchases of electronic equipment by U.S. government and defense contractors have slowed. Part of this is the predictable result of what phase the defense-related projects have entered. The needed equipment was bought at the beginning of the project—last year or the year before. Compounding this natural and expected flattening of purchases, the whole U.S. defense procurement process is under intense scrutiny. Right now, there are more auditors out there than buyers. Dave Packard is heading a commission that will be recommending ways to improve the procurement process, and his leadership capabilities will prove most valuable in resolving this issue.

A fourth factor affecting our industry has been the changing value of the U.S. dollar. A strong dollar translated into high local currency prices for equipment manufactured in the U.S. and sold overseas. The dollar's recent weakening is an encouraging sign. But in the short term, it's led to uncertainty and hesitation on the part of our international customers. They've been inclined to hold off on purchases and wait for price adjustments.

A phenomenon I'd call "computer confusion" is a fifth issue contributing to this year's business slowdown. With the deregulation of telephone companies, computer users now face a wealth of choices in networking. Those interconnect issues take time to sort out. Buyers are also pausing to absorb and more effectively use the more than five million personal computers that were purchased in 1984. While those PCs

have brought some individual productivity benefits, few of them have been connected to each other within a comprehensive information strategy. These "islands of information" have fallen short of the buyers' expectations.

Thus far I've referred to five factors that have made 1985 a difficult year for electronics manufacturers—overcapacity, sluggish capital goods markets, a slowdown in defense procurement, fluctuations in the dollar, and a "wait-and-see" attitude among customers. Does the coming together of all these events mean the future looks less bright? I think not. We've yet to tap all the market potential for electronics equipment. We still have many contributions to make. But we must do a better and better job of understanding and meeting real customer needs. The competition is growing, and so are customers' expectations.

But the pause in growth the industry has seen provides an excellent opportunity to concentrate on our strengths and to build for the future. I believe the Hewlett-Packard Company is as strong as it's ever been. Our R&D investments are focused on the right problems. Our capabilities in measurement and computation are ideally aligned to make the needed contributions. Our reputation for quality and support are a competitive advantage in the market. Our people are an invaluable asset, and I've been impressed and encouraged by your response to the challenges we face. The basic principles upon which we rest our business are as sound and relevant as ever. I'm proud of HP. I'm confident about the future. And I'm grateful for your untiring efforts in 1985. Happy holidays and the best of the new year to you all.

Extra

TREASURE



AIR BEL LABS

Computerized lobster grabs Air India's black boxes

When an Air-India jet crashed into the ocean off the coast of Ireland June 23 killing 329, recovery of the "black boxes" aboard was critical to find out the cause of the disaster.

After conventional efforts to locate the wreckage failed, a submersible craft developed by AT&T to repair telecommunications cables joined the search.

The unmanned SCARAB I (Submersible Craft Assisting Repair and Burial) was toled to the scene by ship and lowered overboard — tethered to the mother ship by a 10,000-foot cable carrying power and signals. The craft hovers above the ocean floor, using seven built-in thrusters. It looks like a

great lobster with two front claws for grasping objects. Three video cameras "see" and a pinger sends out sound signals for positioning.

SCARAB I first spotted and retrieved the flight-deck voice recorder lying by itself on the ocean floor, then found the flight data recorder the next day. The rescues were made at a record depth of 6,600 feet. An HP 1000 computer system on the ship translated sound signals to calculate the relative position of the sub to the ship, which was then pictured on three HP graphics displays.

"In SCARAB's usual work, the mother ship has to keep track of where its child is

or the sub will run over the cable or even escape," says AT&T's Roy Bergfors, who helped design the sub.

As SCARAB I was borne off to Cork, Ireland, with its prizes, the identical SCARAB II continued the search through the wreckage. It's an old hand at such public service, having recovered a lost Dutch helicopter off the coast of Virginia in 1982 and rocket boosters from NASA's space shuttle.

Showing the government a thing or two

HP Germany recently sponsored a symposium in Bonn, West Germany, for representatives of the German parliament, members of the federal administration, and business and press opinion leaders.

The one-day event was held in the Baden-Württemberg embassy in Bonn to demonstrate to government officials how technology and innovation could be used to solve social and environmental problems.

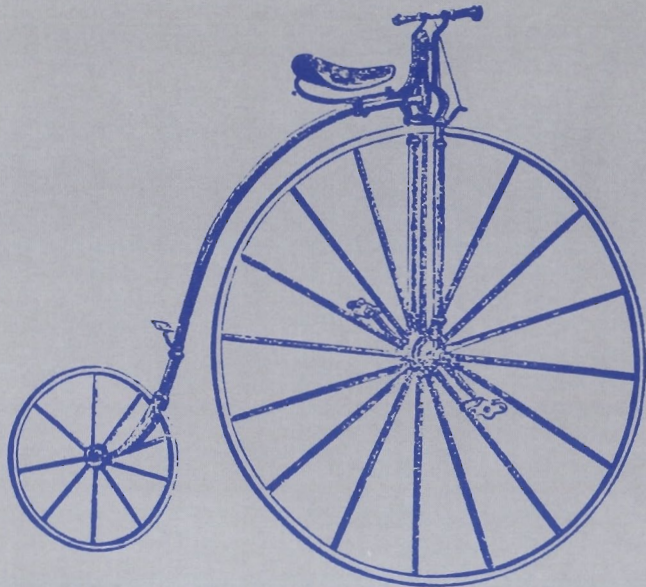
HP Germany's top management was well-represented at the meeting, explaining the company's products and objectives to participants.

The sometimes-heated roundtable discussions focused on health-care costs, medical electronic system expenses, environmental issues, and the social consequences of office and industrial automation.



ROUF BRAUN

Extra MEASURE



HP's tour de force at Tour de France

For the second year, Hewlett-Packard France contributed to the success of the Tour de France, the country's largest sporting event. HP provided systems for classifying race results and data bases with the competition records of the cyclists.

In addition, an HP medical division team worked

with Tour de France doctors to monitor racers before and after the race. A mobile laboratory, equipped with a gas chromatograph and mass spectrometer, followed the cyclists to perform fatigue and exertion tests on a volunteer group throughout the race.



CHART CHANGES

A new Integrated Circuit Group has been formed within the Information Systems and Networks sector under **Fred Schwettmann** as group general manager. It comprises the Northwest IC Division, Cupertino IC Division, Integrated Circuits Division and Singapore IC Operation.... Tape products from the Greeley Division have been spun off for a new Greeley Tape Operation (reporting to the Computer Peripherals Bristol Division).... The Colorado Springs Division has shifted to the Electronic Instruments Group.... The former Personal Computer Group Operation has been renamed Entry Systems Operation.... Entities of the former Administrative Productivity Division have been assigned to other divisions, with the Financial Systems Operation absorbed into the Manufacturing Productivity Division.

ON THE SCENE

In a consolidation of Components Group activities on the same site, the Optoelectronics and Optical Communication divisions have moved from Palo Alto to San Jose, California.... The Manufacturing Systems Group has signed an agreement with Bechtel to work together to build and equip complete "turnkey" electronics manufacturing plants worldwide.... Production

of the two-millionth Series 10 handheld calculator was celebrated at the Corvallis, Oregon, site.... Two HP products were among winners of *ID* (Industrial Design) magazine awards for outstanding computer equipment designs of 1984: the HP mouse designed by the Corporate Design Center and the HP 7978 Streaming Tape Drive designed by a Greeley Division team.



HP Mouse



HP 7978

CORPORATE HATS

New company officers named September 20: **Lew Platt** and **Doug Chance** to senior vice presidents (Chance becomes a member of the Executive Committee); **Dick Anderson**, **Bill Craven**, **Ben Holmes** and **Bill Richion** to vice presidents.

Craig Nordlund to secretary of the corporation and **Ann Baskins** to assistant secretary.



OK, hold it right there, buddy

If you're smart, you won't mess with the MAESTRO data base at the Direct Marketing Division (DMK) in Sunnyvale, California.

The DMK MAESTRO recently played private eye to solve a \$50,000 cross-country mystery.

It all started when the security department at Fairchild Camera and Instrument Corporation in South Portland, Maine, contacted DMK's Jerry Meek. Fairchild needed help to recover \$50,000 worth of stolen HP personal computers.

The South Portland security team reasoned the hardware thief might have

ordered supplies from DMK, and asked Jerry for a data base with the names of local HP PC users.

HP's Tamina Schwartz provided a list of customers in the South Portland area and Fairchild was able to match a name from the MAESTRO zip code list with the name of a frequent visitor to the Fairchild site.

The computer thief confessed to the crime in an interview, and the property was retrieved from his home.

The DMK MAESTRO data base is a collection of HP computer, peripheral and instrument owners used for direct-mail programs at several HP divisions.



"What if ..."

What if ... millions of potential computer buyers began hearing about HP's strong commitment to the U.S. business market?

It's happening.

Through the "What if ..." advertising campaign, HP plans to reach millions of business people who influence and decide on the purchases of business computing systems. The campaign kicks off on National Football League broadcasts November 24 and in *The Wall Street Journal* November 25. The ads feature HP people always thinking about how to provide solutions to customers' problems.

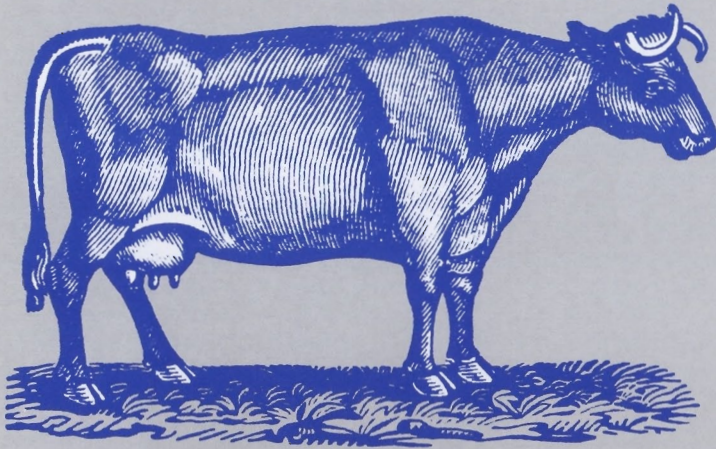
The TV ads will run all year on many nationally broadcast sports programs, including professional basketball, golf, tennis, major league baseball, as well as the professional football games. The ads also will appear on news broadcasts.

This is the most coordinated and consistent ad campaign ever staged by HP and it is expected to reach 90 percent of the target audience an average of 12 times during its first three months.

HP aims to increase its name recognition and develop an image in the minds of potential customers. For effective marketing, building awareness is a necessary first element. Despite the current industry slump, the campaign is a critical effort to establish the company's competitive edge and enhance the selling process.

The TV ads are backed up by a parallel effort in major print media, with ads in general interest, business and computer publications.

Extra MEASURE



HP on the moo-ve Down Under

A distributed network of six HP 1000s is helping keep Australia's animals safe from hoof and mouth and other dread animal diseases.

The computer system is at the Australian Animal Health Laboratory (AAHL) in Geelong, Victoria, the most technologically advanced and most secure laboratory of its kind.

The lab, which opened this April, helps veterinarians prevent exotic (foreign) diseases from spreading through herds of Australian livestock. This is important for the country, which exports \$4.0 billion of animal products annually (\$1.4 billion of beef & lamb, mostly to the U.S. and Japan).

Specialists at the lab diagnose suspected exotic disease outbreaks and train veterinarians how to recognize them. The scientists conduct basic research and develop and test vaccines.

The lab is a set of airtight rooms, built one inside

the other. All research on exotic viruses happens inside the innermost rooms. The building is designed so that if airtightness is lost in any of the rooms, the air flows only toward the center of the building and not toward the outside. No airborne virus could escape the building.

AAHL employees are protected from viruses by special equipment and protective clothing. Everyone must change clothes completely upon entering the lab, and shower upon leaving the lab. Showers are also required when moving between certain parts of the building. All clothing worn inside is laundered within lab walls.

The network of HP 1000 A900 series computers plays a major role in all aspects of AAHL's operations. The computers control laboratory instruments, run the security system and collect scientific data.

MORE NEW HATS

Alain Couder to general manager, Grenoble Networks Division.... **Dave Sanders** to GM, Office Systems Division.... **Lee Thompson** to GM, Lake Stevens Instrument Division.... **Bob Watson** to GM, Vancouver Division.... **Rex James** to GM, Greeley Division.... **John Boose** to operations manager, Greeley Tape Operation.

Hans van der Velde to country manager, HP Netherlands.... **Alfredo Zingale** to marketing manager Europe for sales force 15.... **Jef Graham** to marketing manager, U.S. Field Operations.

NEW PRODUCTS

The HP LaserJet PLUS printer from the Boise Division can produce a full page of higher-resolution graphics and has added memory (512 Kbytes). Users may download up to 32 fonts into the printer's memory. ... A physician at a remote location is now able to access information about a patient from the hospital's HP critical-care network (HP Care-Net), using software that runs on the HP Touchscreen II personal computer. The complete station, from the Waltham Division, is named HP CareView.

The HP ColorPro eight-pen plotter from the San Diego Division, designed for business people needing graphics for reports and overheads, was introduced with more than 100 software packages. It interfaces with most PCs ...

The HP 2603A daisywheel printer was engineered by two original equipment manufacturers to specifications by the Vancouver Division, which will market it. Olivetti Peripherals, Inc. of Italy makes the printer; the triple-bin sheet and envelope feeder is from BDT Products, Inc., of West Germany. ... To simplify program development for the HP3000, the Information Technology Group's Computer Language Lab has developed HP Business BASIC/3000 with powerful new programming features.... From the Analytical Group comes the HP 1040M diode-array detection system based on the HP 9000 Series 300 computer. It uses *core software* originally developed for use with HP's GC/MS products.

The Design Systems Group (DSG) has new introductions in its DesignCenter Series that includes both mechanical and electrical computer-aided engineering (CAE) products. The DesignCenter ME Series 50 is a complete system of mechanical CAE products running on the HP 9000 Model 550. It provides design solutions — based on either interactive solid or 3-D geometric modeling — for the entire process of product development and can be configured for a user's particular needs. Also new are two CAE systems for logic design capture and verification: the HP Logic DesignStation (based on the HP 9000 Series 300) and the HP Personal Logic DesignStation (using either the HP Vectra or IBM PC-AT).



PETER KRUPP

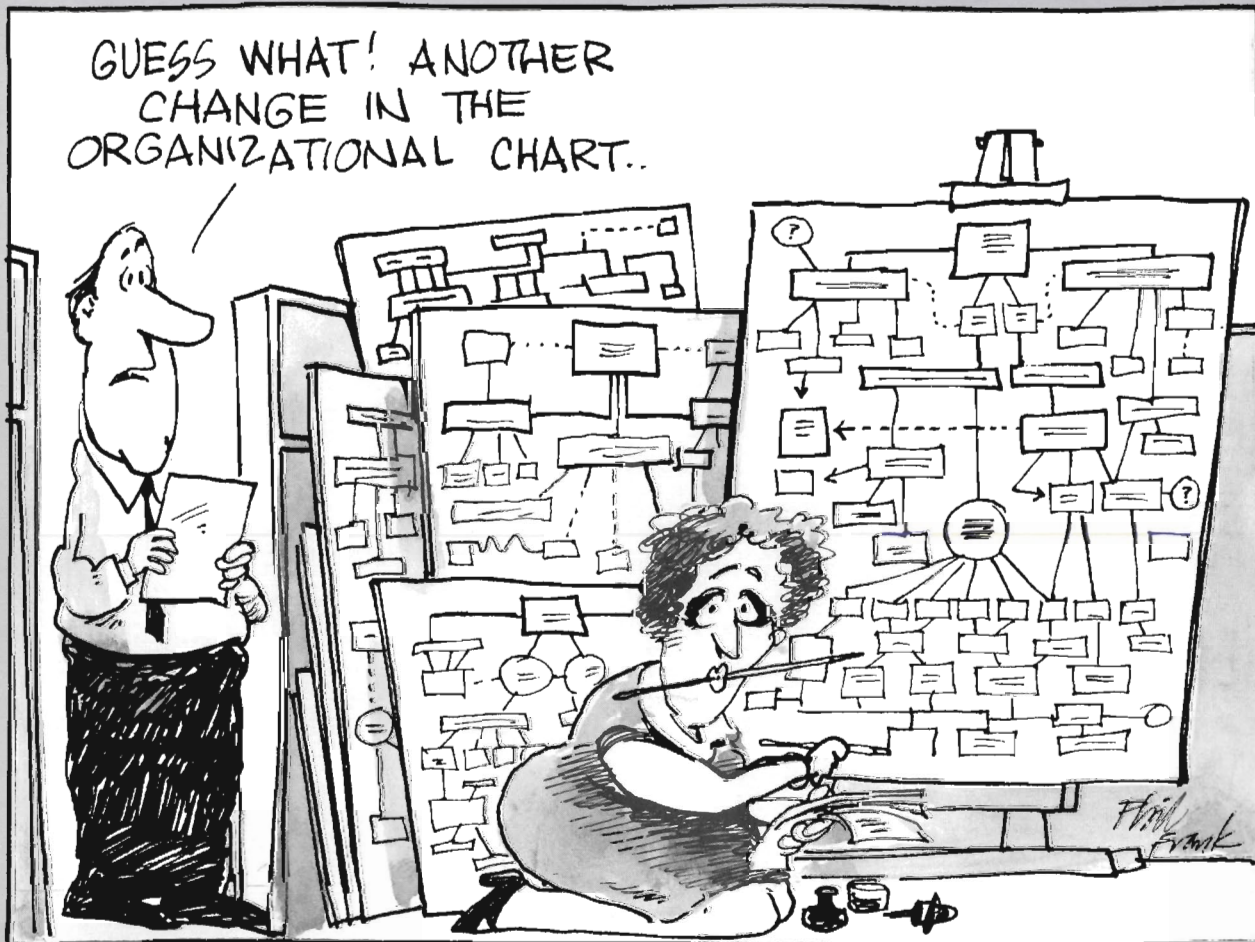
Philippe tours principal facilities

For four days this September, Prince Philippe of Belgium paid a quiet visit to HP facilities on the West Coast as part of a 10-day firsthand introduction to U.S. high technology.

In Corvallis, Oregon, the prince (left) and his aide de camp, Colonel Guy Mertens, saw how computer-aided design systems produce plotted outlines for integrated circuits. Tim Williams (right), R&D manager for the Handheld Computer and Calculator Operation,

shows him a silicon wafer that will become tiny individual chips like the one Prince Philippe is holding.

In tours of HP Labs, the Personal Office Computer Division, and the corporate computing center in the Bay Area, the 25-year-old prince learned how HP develops and uses state-of-the-art electronic products.



PARTING SHOT

Dakin care of business

HP is doing its part to keep the world stocked with teddy bears.

R. Dakin & Company, worldwide manufacturer of stuffed animals and dolls, uses an HP 3000 Series 42 for inventory control in its manufacturing facility in Lindsay, California.

Beau Weill, vice president of manufacturing, says it used to take four Dakin employees two and a half weeks to plan raw material requirements and inventory usage. By the time the information was ready to use, it wasn't timely.

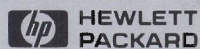
"The HP 3000 gives us more lead time, allows us to decrease inventory and helps ensure the world has enough teddy bears to go around," says Beau.

Dakin took bids from 13 suppliers when purchasing the manufacturing system, Beau said. "After a careful, laborious look at what was available, we chose the HP product, largely because it could handle multiple inventory locations."

Dakin was founded in 1955 as a distributor of imported handcrafted shotguns and sporting goods, and entered the toy market in 1957.



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