

A magazine for Hewlett-Packard and Agilent people

January-February 2000

MEASURE

Hats off
to Agilent



RUTH CHOFFRE

End-of-the-millennium* musings:

The end is near. Whatever happened to HP's \$24 million lottery winner? What's HP's all-time best-selling product? If you bought one share of HP stock when it was first offered, how much would it be worth today?

The final edition of *MEASURE* will be printed and distributed to all HP and Agilent employees about four months from now, and we want to know what you want to read in the historic May–June issue.

We have a lot of ground to cover in the last edition, including 60 years of HP history and 37 years of *MEASURE* stories. Clearly, everything won't fit. But we'd love to hear from you as we make those editing decisions.

Send your questions, story ideas and suggestions to me via e-mail (jay_coleman@hp.com), fax (650 or Telnet 857-7299) or click on the *MEASURE* section of the HPNow internal Web site and drop me a note.

By the way, although *MEASURE* will end, both HP and Agilent are planning print publications to take its place. You'll receive more information later.

Now that's agile. Every quarter, when the HP board of directors convenes, the group always meets for dinner. The November 18 dinner was an especially happy occasion for many reasons:

It marked President and CEO Carly Fiorina's first full quarter at HP's helm, and the evening included a special tribute to retiring Chairman Lew Platt.

But the biggest smiles were on the faces of two non-employees—Agilent President and CEO Ned Barnholt and Chief Financial Officer Bob Walker.

Ned and Bob started the day in New York City, where Agilent was first listed on the New York Stock Exchange. Once the fanfare and the

media interviews ended, Ned and Bob jumped into a waiting jet and raced the sun 3,000 miles to the West Coast in time for the board dinner.

Lew opened the dinner with a toast to Agilent's success. Ned and Bob should've been the two most exhausted people there, but they beamed like giddy school kids. "It was pure adrenaline," Ned said later.

Business as (un)usual. The annual gathering of HP's top executives had a number of new twists this year. First, the traditional January meeting was accelerated to December. Formerly called the HP General Managers Meeting—with about 300 attendees—it was pared to 150 participants and labeled the Senior Leadership Meeting.

There were some light moments, but Carly quickly had the execs focusing on the critical need for change at HP—what needs to change, when, how and by whom. Virtually all attendees mentioned the critical need to communicate the results to their organization, and that's good news for all employees.

***A merry millennium.** *MEASURE* agrees with the sages who say that the millennium truly begins next January. But we won't be around then, so we're joining in the 2000 celebration. So let us be among the first to wish you Happy New Year—January 1, 2001.

In the meantime, please drop me a note about the May–June 2000 *MEASURE*.

—Jay
Coleman

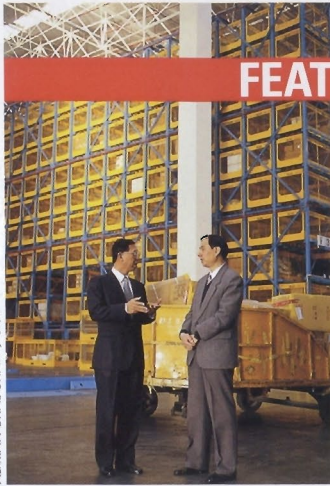


On the cover: Thursday, November 18, marked a red-letter day for Agilent Technologies. The HP spinoff was first listed on the New York Stock Exchange that day. About a dozen Agilent employees, including President and CEO Ned Barnholt (center) tossed Agilent caps with the "A" stock symbol to the trading floor below.

Cover photo by Mel Nudelman

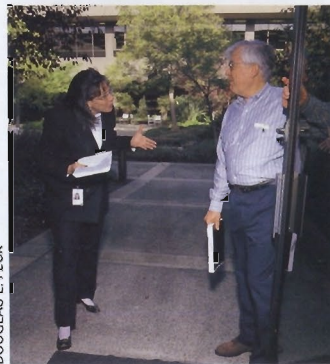
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Open markets will benefit China's economy and HP, says China Hewlett-Packard G.M. Jerry Chen (right), who meets with Liu Shu Bo, vice director and senior engineer of the Shougang Metallurgical Research Institute, a CHP customer, in a cargo area at Beijing's Capital Airport.

Making history

An end-of-the-century U.S.-China trade agreement opens doors wider to China's market of 1.3 billion people.

By Jean Burke Hoppe

It's amazing, really, what middle-aged and elderly citizens of the People's Republic of China have witnessed in their lifetimes:

- The older ones experienced the Communist takeover in 1950.
- All lived through the unsettling Cultural Revolution that waned in the '70s as China slowly began to open its doors to the outside world.
- Their lives were touched by the aggressive "Open and Reform" modernization policies of the '80s.
- And, as the century draws to a close, China is well on its way to becoming a member of the World Trade Organization (WTO). A major hurdle to China's WTO membership was cleared in November 1999 when

a U.S.-China trade pact was signed in Beijing.

The agreement sets the stage for a dramatic reduction of Chinese tariffs and the opening of many Chinese markets to foreign business. Realizing the full benefits of the trade pact will take years, but most industries should benefit substantially, especially information technology, telecommunications, banking, agriculture, securities and insurance.

Jim Whittaker, director of International Public Policy for Hewlett-Packard, calls the pact and China's potential inclusion in the WTO great news for HP and the high-tech industry. "We'll benefit from improved access to one of the fastest-growing and largest economies in the world."



And China's economy also will benefit greatly from the market opening and liberalization that the WTO requires. Once several remaining bilateral talks wrap up and the complete accession package is agreed to, China will join the WTO.

While China could be a full-fledged WTO member by spring, a major hurdle still remains with the U.S. Congress. For years, Congress has reviewed and extended China's Most Favored Nation status annually. Since the Tiananmen Square incident in 1989, the annual review has been used by human rights and other China critics to pressure China to change its policies, Jim says. WTO accession for

China requires permanent Normal Trade Relations (NTR) status, which would end the heated annual debates, he adds.

"HP recognizes the seriousness of the concerns raised about various Chinese policies," Jim says, "but we strongly support the policies of full political and economic engagement, rather than economic sanctions, as the best way to address these concerns."

The U.S. High-Tech Coalition on China, which Jim chairs, is gearing up, along with other business groups, to persuade Congress to scrap the annual vote and permanently grant China normal trading status, now that it knows the agreement is positive and commercially viable.

While the relationship between China and the United States has not always been harmonious, HP has worked hard to build a mutually respectful, enduring relationship with China. To this day, the partnership carries the imprint of company co-founder Dave Packard. Dave had a lifelong love for China, deep respect for its people and a sincere commitment to help China's modernization efforts and to promote a strong relationship between the United States and China.

The personal relationships that Dave worked so hard to build led to the establishment of China's first high-tech joint venture—China Hewlett-Packard (CHP). CHP has consistently been named one of the best-managed joint ventures in China.

China at a glance (HP and Agilent)

- Number of employees: **1,800**
- Sales offices: **14**
- Manufacturing facilities: **3**
- Established: June 20, **1985**
- FY99 sales: Hit **\$1 billion** for first time

Great moments in CHP history

1972—U.S. President Richard Nixon visits China; so do HP's Bill Doolittle and Lee Ting.

1977—Dave Packard visits China for first time.

1979—U.S. and China announce full diplomatic relations; HP holds first technical seminar there and launches its computer business.

When CHP opened its doors on June 20, 1985, it operated out of the fourth floor of the Beijing Second Watch Factory in the Haidan District, with a small manufacturing operation in the Beijing Radio Equipment Company in the Xuanwu District, and a branch office in Shanghai.

Its 200 employees operated as a work unit. HP was responsible for its employees' housing, medical care, education and transportation to and from work.

Much of that is still fundamentally in place, says CHP General Manager Jerry Chen, but the standard of living for HP employees in China has increased dramatically since those early days. HP completely reformed the compensation structure in the '90s, providing new housing, medical and pension programs. In 1994, CHP employees joined the company's worldwide profit-sharing program. Most CHP employees carry a billfold full of

credit cards; hundreds have purchased their own homes. The new headquarters in Beijing includes a design feature new to CHP—parking spaces to accommodate CHP's growing number of drivers and car owners.

Today, HP has a presence all over China, including sales offices in Shanghai, Chengdu, Guangzhou, Xian, Shenyang, Shenzhen, Wuhan and Nanjing. A wholly HP-owned holding company, Hewlett-Packard (China) Investment Ltd., established in 1995, oversees nine legal entities in China.

From the beginning, order growth has averaged 50 percent a year.

HP and Agilent employ 1,800 people in China. From the beginning, order growth has averaged 50 percent a year. FY99 sales surpassed the \$1 billion milestone; that figure is expected to double in the next five years.

In addition, Jerry says, China is a growing source of HP-manufactured products. The company also purchases \$1.3 billion worth of components there annually for its global manufacturing operations.

Jerry adds it's important to understand what NTR and joining the World Trade Organization mean to the Chinese. "This is a very sensitive issue here. I think it's safe to say that HP could lose half its Chinese business in a scenario where NTR was not extended. There have been some strong feelings this year, due largely to the (U.S.) bombing of the (Chinese) embassy in Belgrade."

HP President and CEO Carly Fiorina visited China in October 1999, her first visit since becoming HP's

World Trade Organization: Just the facts

The World Trade Organization had 134 members in early 1999. It was established January 1, 1995, to replace the General Agreement on Tariffs and Trade (GATT).

WTO's main functions include administering WTO trade agreements, acting as a forum for trade negotiations, handling trade disputes, monitoring national trade policies and providing technical assistance and training for developing countries.

WTO is headquartered in Geneva, Switzerland, and its 1999 budget was \$78.5 million.



Dave Packard (far left) meets with Jiang Zemin (far right), president of the People's Republic of China, in 1995 in Beijing. HP launched its computer business in China in 1979.

1980—HP and China sign memo of understanding.

1981—China Hewlett-Packard Representative Office opens.

1983—China invites entire HP board of directors to Beijing.

1985—CHP is established.

1994—CHP employees become part of HP's profit-sharing program.

1995—Dave Packard's last trip to China.

1999—Carly Fiorina makes first visit to China as HP CEO.

leader. For more than two days she met with government leaders, customers, business partners and employees.

"Within five years," she told one gathering, "Asia will represent 23 percent of global Internet usage. In that time, China will catch up with the United States and other advanced countries. We want to play an important part in this."

China now has about 4 million Internet users, and e-commerce business is plagued by technical

"Within five years, Asia will represent 23 percent of global Internet usage."

difficulties and customers' security concerns. "China is a very important market for HP," Carly said during her visit. "We have a very strong relationship with our customers and partners here. The Internet is a very important development for China and for HP. You'll find that our commitment to China and our philosophy of investing here for the long term have not changed. We will just become a faster, more focused and more aggressive company." **M**

(Jean Burke Hoppe is a freelance writer based in Lincoln, Nebraska. —Editor)

Flower power

BEIJING, China—A project begun more than a year ago to cultivate and strengthen an HP management team in China should begin to flower this year.

Chi-Hing Kee, general manager of HP China's Customer Service and Support Group (CSSG), launched the initiative, called the Sunflower Project, in October 1998.

"Our support business had quintupled in the last three years," he said. "Because of the rapid growth, we had a young management team that averaged less than two years of HP experience. We needed to ensure we always have the best team in China so that we can stay ahead of our competition."

Chen Ju, CSSG organization-development manager in China, worked with Gary and Eileen Ruppel—longtime HP Human Resources professionals—on a six-month project to roll out the Sunflower Project, an organization-development tool to assess and develop management skills, including HP management practices and the HP Way.

The "sunflower" symbolism was perfect; a children's story in Chinese literature talks about growing up as sunflowers—together, tall and facing in the same direction.

Chen, Gary and Eileen began with a comprehensive assessment of the team. They used a survey tool—the Personnel Decisions International "profilor"—and one-on-one interviews to assess the skills and knowledge of some 45 managers and 27 individual contributors.

"Most of the managers had engineering backgrounds," Gary says. "They could recite textbook-perfect answers to questions on management, but they had almost no experience in applying those principles in real managerial situations."

The management team also underwent a Quality Maturity System (QMS) review to measure the group's proficiency on strategic focus, business planning, process management, improvement projects and leadership, and participation. The results showed that first-line managers could take more responsibilities to speed up their development.

The CSSG team then designed a program that includes improving self-awareness through survey feedback and individual coaching, development workshops customized according to the group profile and cross learning through a structured mini-QMS business review process.

After nine months, the self-confidence level of the managers had increased from 6.9 to 7.6 on a scale of one to 10. Recent Employee Survey results showed



Gary and Eileen Ruppel worked with Chen Ju, HP China (CHP) organization-development manager, to develop the Sunflower Project, which trains CHP's young management team.

that managers scored a 79 percent favorable rate on competence, accessibility and leadership.

The Sunflower Project could spread elsewhere in HP.

"The China CSSG team has done a great job, and this should help them get even better," says Tom Ashburn, G.M. of HP's Customer Service and Support Group. "The Sunflower Project should result in more cross-HP business exposure and a measurable increase in management and leadership capability."

ADRIAN BRADSHAW / GFA

The key to strategic partnerships, said HP Chairman Dick Hackborn, is to minimize negotiating time and maximize time spent on how to jointly win in a marketplace. Dick addressed HP's top 150 executives at the Senior Leadership Meeting in Monterey, California, in December.

Reinventing business—the HP Way

The HP Way—the soul, spirit and character of the company—can help us make the changes that are imperative today, says Chairman Dick Hackborn.

By Dick Hackborn

What does the HP Way have to do with business, and how relevant is it today as HP reinvents itself for the future? HP President and CEO Carly Fiorina called on Chairman of the Board Dick Hackborn, a retired HP executive vice president, to answer those questions at the recent Senior Leadership Meeting in Monterey, California.

Dick told the gathering of HP's top executives that reinventing Hewlett-Packard is nothing new. "The start of the printer business about 15 years ago, and remaking the PC business about six years ago, are good examples of how HP has reinvented itself in major ways," Dick said. "And those two businesses represent more than two-thirds of HP's revenue today."

*During a one-hour conversation with Carly, Dick cited numerous examples of HP business practices during the past 60 years and how those decisions were consistent with the HP Way. As co-founders Bill Hewlett and Dave Packard told Dick, the HP Way was never meant to be a straitjacket that hampered sound business decisions. On the next few pages, MEASURE shares the essence of Dick's remarks.—
Editor*

When I look back on the printer business—and then to the PC business—there are five success factors that came out of the reinvention that have direct relevance to the HP Way.

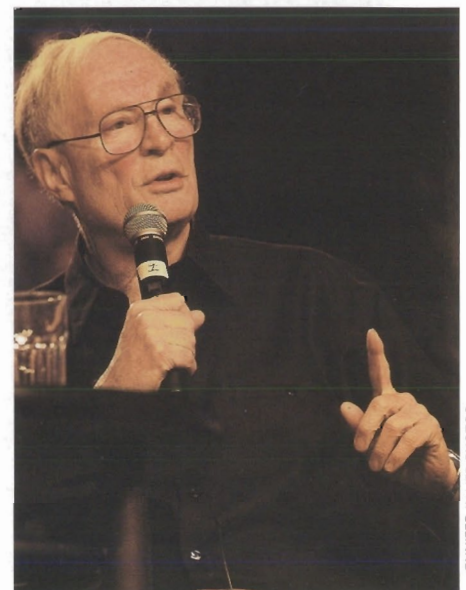
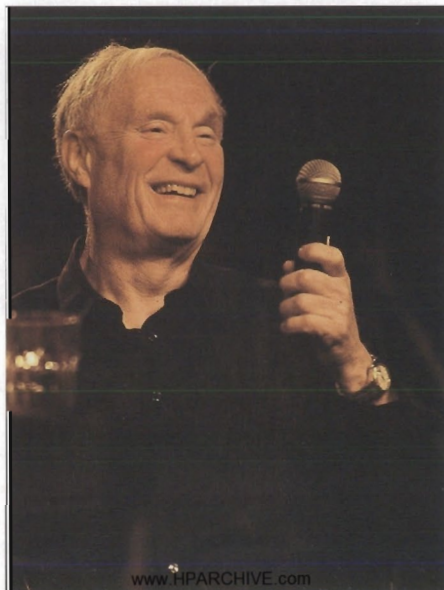
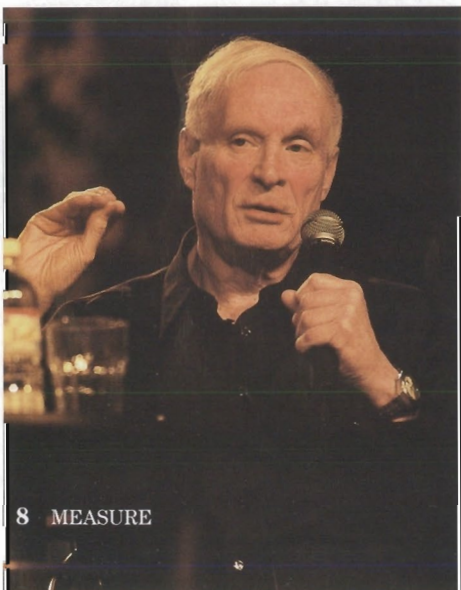
The first one has to do with innovative products. Fifteen years ago, the printer business wasn't even visible. It was a small peripheral business as part of our systems business.

But something happened that was a major technology paradigm shift—the move to non-impact printing. Fortunately, we had people at HP who recognized that this was the future of printing.

The reinvention was embodied in two ways. First was the partnership with Canon, which took copier technology and transformed it into laser-printer technology. The other reinvention was HP's development of thermal inkjet technology. We made the contribution of establishing it as a mainstream printing technology.

The creation of this new business came about because we had a very tight coupling between understanding user needs and the capabilities of the technology.

Interestingly, we had done surveys, but no customers identified the need specifically for a LaserJet printer. They mentioned things such as





improving line-printer performance or daisy wheel or what have you, but they didn't conceive of a LaserJet printer and they didn't conceive of a color inkjet printer.

The crucial combination of partners and new technology is repeated many times during HP's history. It's the core of our HP Way.

The second success factor was rapid time-to-market. This didn't come to the forefront until we entered the handheld calculator market. In fact, rapid time-to-market was driven by Bill Hewlett. After your initial breakthrough, you need to leverage it quickly to have lower cost models—models with more capability. The key word here is leverage. You've got to have a lot of development discipline and product-market discipline to do this. You can take a long list of what customers need; you've got to pare it down to the most critical items—items you can do on a tight time schedule.

The third success factor was that we partnered on a scale never before done at HP. Partnering is very much a part of the HP culture, and the Canon-HP partnership is the ultimate example.

Three key factors describe what makes up a strategic partnership:

(1) your customers expect the two of you to work together; (2) each company has strengths in complementary areas; neither company tries to totally control the partnership; and (3) the key people in each company really are excited about the partnership.

I would add three more factors regarding partnerships, based on watching our business evolve over the years.

The first is that HP is a world-class company. When you partner, you should have world-class partners. If you don't, you've got to question what the partner brings to the situation.

The second factor is that when you have a strategic partnership, you've got to do it well. That takes a significant commitment of management and technical people's time. So you can't decide to have strategic partnerships all over the map. You don't have the management or engineering bandwidth to do that, so focus on world-class ones and commit to making those partnerships work.

Bill Hewlett on several occasions when we were doing this and saying, "Am I violating the HP Way? Is there

HP is a world-class company. When you partner, you should have world-class partners.

The final reason you should have strategic partnerships is to minimize negotiating time and maximize time spent on how to jointly win in a marketplace.

The fourth overall success factor was that we created a new HP business model for high-volume markets. I remember talking to Dave Packard and

something I don't understand?" And they said, "No, it's fine. What you are doing is great. The HP Way doesn't have to be a straitjacket. It's definitely flexible. The core principles look the same. Just make sure you don't make any mistakes."

The fifth success factor was to have lower cost structures than our competitors. Because of that, we could price aggressively with reasonable profitability.

Those were the five success factors. Let me comment especially about the ones that apply to our new reorganization today. We have basically two types of organizations: One is accountable for generating world-class products and systems, and the second provides customers with a world-class, total customer experience.

Both are fundamental to our ability to be an industry leader. If you don't



"If you knew Dave (Packard) and Bill (Hewlett), they were anything but stodgy," Dick told the management team.

subsequently, as people re-did our PC business, in de-layering those businesses.

The other thing that's very important

here is to make sure that these organizations do a good job of resource allocation. I've said at board meetings for a number of years that we should phase out of some HP businesses because there are other great businesses that we should be getting into.

Yes, there is an increased investment—I don't have a problem with that. Dave told me years ago that it's often more a question of management bandwidth than resources.

By de-emphasizing businesses that aren't going anywhere, you free up management time and technical people. You can put those resources on your new businesses. The Internet can lower our costs and increase our efficiency in headcount-intensive activities.

As I mentioned earlier, the third success factor is the importance of strategic partners. There's an old HP joke that it's easier to partner with external companies than it is to partner inside HP. Unfortunately, there's still some truth to that today. In our new organizational structure, if you don't view each other as strategic partners and do the things that strategic partners do, it's not going to be a successful reorganization.

I want to say a few words about the importance of employees. This is the way I see how the process works: It starts with motivated employees. If

have great products and systems, you don't get to have a customer experience in the first place. If you make great products and systems and you don't have a great customer experience, you're never going to be a market leader.

That's why both of these organizations are so vital. They both have relatively distinctive responsibilities—very important but distinctive. The bottom line in these organizations is that your teams are going to be able to make better and faster decisions.

What's great about the structure is the ability for us to generate new business growth in two ways. First is through our products and systems, as we've always done. We also have new business growth opportunities beyond our products and systems that we can create without losing momentum in our product organizations.

Talking about structure, (GE CEO) Jack Welch says, "Every layer between customers and developers is a *filter*, which reduces the understanding of the user's product needs and slows the decision-making process." And I would add, "which is even more deadly in the Internet Age." Jack took great pride in de-layering General Electric. I took great pride as we created the printer business and then,

If you have motivated employees, you're going to have happy customers, and if you have happy customers, you're going to have satisfied shareholders.

you have motivated employees, you're going to have happy customers, and if you have happy customers, you're going to have satisfied shareholders. That's the sequence, and it repeats itself over and over again.

For employees to be motivated, they've got to have a personal satisfaction in what they're doing. They've got to feel they're recognized and rewarded for their accomplishments.

Another thing is, don't accept poor performance. Poor performance can be a morale problem for all the other people in your organization who are contributing. Be particularly careful that you recognize the people who are the "change agents." You're going to need a lot of them to get through this reorganization.

Dave and Bill didn't practice consensus management, by the way. You knew that they were listening to you because they would feed back what you said to them—usually with more wisdom than you said it in the first place. Then they made their decision and everybody was expected to execute. It wasn't a voting process.

Some members of the media have labeled HP as stodgy. In my experience, HP has always been a dynamic company. If you knew Dave and Bill, they were anything but stodgy. They were aggressive and they were excited about what technology could contribute to customers. They had both customers and technology foremost on their minds. They were motivated and they motivated people. It's called leadership, and there's nothing stodgy about it.

Congratulations for taking on a huge challenge. I think it's absolutely the right kind of challenge for HP right now. **M**

Masters of the paper tiger

Employees from HP's and Agilent's Tax, Legal and Finance departments have tackled a mountain of paperwork to keep the two-company split on schedule.

By Diane Jardine



Tackling a mountain of paperwork the past 10 months has kept Mary Hentges, Agilent manager of Corporate Financial Reporting, and Ray Cookingham, HP vice president and corporate controller, and their teams on the run.

Imagine these scenarios:

- A medical service technician in Argentina learns that his urgent replacement part is delayed at the freight forwarder because the long-time HP part, now from Agilent, is not on the list at U.S. Customs.
- Agilent's initial public offering (IPO) is delayed indefinitely when the

Securities and Exchange Commission rejects the financials for both companies.

- Agilent employees in Singapore are denied entry to the on-site cafeteria because HP's agreement with Agilent to provide restaurant services is illegal in that country.

Unthinkable? Not entirely. As HP spins off its measurement businesses

DOUGLAS L. PECK





Tax, licensing and customs by the numbers

- Number of new tax entities created for Agilent: **45**
- Number of countries Agilent sells/ships to: **123**
- Number of products needing re-branding: **20,000**
- Number of Agilent suppliers: **more than 20,000**

into Agilent Technologies, only the efforts of hundreds of employees worldwide in the Finance, Legal and Tax, Licensing & Customs (TLC) Departments of both companies have prevented these scenes from becoming reality.

Following the architectural lead of HP's Executive Council, these infrastructure departments have acted as design engineers for the company's strategic realignment. Working with government and regulatory agencies worldwide, these masters taming the paper tigers in government and regulatory agencies have created the blueprints, drawn up the agreements and filed mountains of documents that have enabled HP and Agilent to conduct business independently and on a global scale.

The challenges for these groups began in late 1998, when HP's then-Executive Committee began considering realignment options. Working with an extremely tight circle of HP executives,

the committee sought vital information from the businesses and from TLC to illustrate the various possibilities. Legal created non-disclosure agreements for all participants in the pre-announcement discussions and Finance prepared financial data.

"I certainly re-familiarized myself with hands-on work," recalls Steve Brashear, HP's

Corporate Financial Reporting manager. Retiring HP TLC Director Larry Langdon and other key figures in his department quietly toiled during this early period as well, seeking an IRS ruling on the taxability of the chosen path. If the ruling hadn't been in HP's favor, it's unlikely the company would've gone forward with the split.

Immediately after the public announcement, HP's TLC department shifted into high gear to create the blueprints, or entity structures, that would minimize the tax liabilities of both companies worldwide.

These drawings also would guide Legal in engineering the entity legal agreements. Because HP is subject to local taxes in every country in which it operates, the designs had to work from both the local and the U.S. tax perspective. And it did in 90 percent of the cases. In countries such as Japan, where there were conflicts, HP chose to pay the local tax.

"We've always chosen to pay the local tax rather than U.S. tax," says new TLC Director Les Ezrati. "If you pay the local tax, sometimes the U.S. will give you a dollar-for-dollar credit on the foreign tax paid."

Blueprints in hand, Legal began creating the many legal agreements for the two companies. "What we've done is 'de-merged,'" explains Ann Baskins, HP V.P. and corporate secretary. "We've essentially set up a new company, and we had to figure out how to do it. Tax gave us the plan; then it had to be vetted against local laws and regulations."

Some issues raised by the split were so complex that even the authorities didn't have the answers. "Some of this is cutting-edge stuff, it turns out," Ann says.

HP's split has been likened to the AT&T/Lucent spinoff of a few years ago. These masters of the paper tigers will tell you, though, there's little to compare. AT&T's separation lacked HP's degree of global integration of business activities.

With more than 50 percent of HP's business outside the United States, Ann says, "Our transaction is like a new venture. Agilent is a new venture, but it's huge. When you have a start-up, you normally start small and add things on. This is very different. We're trying to launch a furnished house."

Meanwhile, tiger tamers in Finance wrestled with their own stack of challenges. In order to meet a November IPO date, HP had to file preliminary papers with the Securities and Exchange Commission in August. Included in the requirements of this S1 filing were "carve-out" financials showing Agilent's separate results over the past five years. This task posed the first serious challenge to the split's success, because there was little technical know-how inside HP, and Silicon Valley's white-hot IPO market had made external reporting specialists a scarce commodity. Finance did know, however, that the split would take an army of accountants.

The roadblocks for Finance were clear and big. HP's financials were a consolidation of HP and Agilent activities in some 50 countries and 130 international subsidiaries. The data-integrity requirements of the SEC,

the investment bankers and the auditors meant that the numbers would have to be built from the bottom up, splitting more than

Some issues raised by the split were so complex that even the authorities didn't have the answers.

Splitting the Financial Service Centers

- Number of financial applications cloned: **135**
- Number of system interfaces: **1,700**
- Number of countries affected: **52**
- Number of vendors: **116,000**
- Number of active assets: **500,000**
- Number of accounts receivable invoices per year: **8 million**
- Number of accounts payable lines per year: **11.7 million**
- Number of Travel Expense Reports processed per year: **970,000**



170
general
ledgers. In
addition, some
of the company's
statements had *never*
been split among the businesses.

To make matters worse, Agilent's financials had to be divided into its four business segments to meet new accounting rules.

Unlike Tax and Legal, Finance could not rely solely on outside resources for help. It needed people familiar with the company's financial flows and reporting processes. Returning to Corporate Financial Reporting after only eight weeks on the job as Optoelectronics Division controller, Agilent's CFR Manager Mary Hentges drew on her 13 years of public-accounting experience and led the carve-out efforts. Mary says she had serious doubts that the company could actually split the books by the July 31, 1999, deadline that had been set internally.

"I knew that HP didn't have a process to split its balance sheet," Mary says. "To some degree, I wanted to caution management that it couldn't be done. Instead, I kept asking for everything I felt was necessary to accomplish this lofty task. 'Everything' included lots of HP Finance people, program management, incentives and review by HP and Agilent senior managers on any day of the week needed."

So do it they did. "All of our requests yielded the necessary results," Mary adds. "Talk about 'dreams made real.'"

It is incredible how HP people come through when they understand the focus and deliverable. No one wanted us to miss the S1 filing because they couldn't deliver—no matter

how monumental the effort needed to come through for us." For example, urgent calls to the businesses, to Internal Audit and to CFR alums now working elsewhere in HP yielded more than 40 analysts for temporary assignment in Palo Alto, California. These analysts, along with hundreds of their counterparts, spent months of six- and seven-day workweeks, splitting and then re-consolidating each entity's financials, and answering questions. Their challenges continued through autumn, as third-quarter and year-end statement filings were required, as well as replies to 50-plus SEC comments.

Soon after the initial S1 filing, Day One preparations became foremost in the minds of the tiger tamers. Of paramount importance was a seamless transition for customers. Many of them were drawn into the quote-to-cash project that was designed to minimize disruptions outside HP. But unlike the businesses, these functions still had to replicate themselves worldwide. "In Tax, whether you have a \$48 billion, a \$40 billion company or a \$10 billion company, you've got to file the same number of tax returns," Les says.

Legal was additionally consumed with creating and blessing many of

the formal agreements now required for arms-length transactions between the two companies. Preparation for two separate annual meetings in February is taking time as well.

And Finance, still suffering the expertise shortfall, reproduced CFR for Agilent and, at the same time, faced a cobweb of system splits. HP V.P. and Corporate Controller Ray Cookingham speaks of his confidence in success because of HP's recent investments in worldwide consolidation and enterprise systems. "Just having a common chart of accounts helped," he says. Jerry Schaefer, Agilent's Worldwide Financial Services Manager, and Kemp Bohlen, his HP counterpart, agree. Kemp adds that planning for the enormous task of separating 135 financial applications (see page 12 box) was easier because two major geographic consolidations had just been completed.

Y2K plans delivered a pleasant surprise when Kemp and Jerry realized the systems inventory already had been done. Regardless, they say, everybody admits that the timing couldn't have been worse.

Bad timing or good, ready resources or none, these tiger tamers have met the challenge to lay foundations for two strong companies. And the success factor?

Mary Hentges speaks for many of those involved when she says, "It's HP and Agilent people pulling together to make things happen." **M**

(Diane Jardine, program manager for Finance Communications, lives in Roseville, California.—Editor)

"To some degree, I wanted to caution management that it couldn't be done!"

How important are customers? Totally!

HP is intensifying its commitment to customers through a new initiative—the Total Customer Experience.

During the kickoff of her worldwide communication tour last fall, HP President and CEO Carly Fiorina encountered a group of customers as she entered a lobby at HP's Cupertino, California, site.

"Are we keeping you happy?" she asked.

"Sometimes," replied one customer.

"Good," said Carly with a grin.

"We love demanding customers."

One of the people leading the effort to improve customers' interactions with HP is Alex Sozonoff, vice president for Customer Advocacy. Recently, Alex interviewed Carly about the Total Customer Experience initiative that she launched in October. Here are excerpts from the interview.—Editor

Alex: What do you mean by the term Total Customer Experience (TCE)?

Carly: Customers are our most important assets and we must learn to treat them as crown jewels. We must remember that the customers always define their own desired experience. We need to be close enough to them so that we can anticipate their needs and flexible enough to meet them accurately.

In general, TCE includes all of the interactions that customers have with our company, our people, our products and our services.

Customers expect a superior Total Customer Experience from HP that adds value to them in the way they define it.

Customer interactions take place at many different times and in many different ways—including the way they become aware of us

"I believe that HP owes our customers a superior Total Customer Experience (TCE) when dealing with us, and I am personally committed to improving TCE and making it a competitive differentiator for HP," says HP President and CEO Carly Fiorina.

and how we can help them when they buy from us, when they use our products and services, and when they seek our help and support.

Customer experiences may extend to other areas of the value chain beyond our direct control, but we at HP are accountable because the HP logo is on the product. End-user customers buying through channels are demanding closer ties to us as the manufacturer. One key to improving the customer's experience with HP is recognizing that most business customers who recommend or buy products have already purchased computers and imaging equipment for themselves as consumers.

We need to recognize this as we develop our brand and determine the focused messages we want to send to the marketplace. These messages must be strong and consistent, and leverage the overall strength of HP.

Alex: How have our customers' buying behaviors and expectations changed in this new information-intensive economy?

Carly: The power has shifted from the vendor to the customer in the consumer, commercial and business-to-business markets. An increasing number of customers are very knowledgeable about computer and computer-related products. They easily research products and companies, and compare alternatives for themselves over the Web.

What they perceive as valuable in the product and from the supplier has changed—from the way they learn about new products to the way

The power has shifted from the vendor to the customer in the consumer, commercial and business-to-business markets.



they buy, use and seek support for them. As their expectations have increased, nimble and fast-moving competitors are racing to satisfy their unique desires. As a result, customers are more confident and demanding in the consumer, commercial and enterprise marketplaces.

Alex: What are customers telling you about their Total Customer Experience from HP?

Carly: I hear many good things, but the list of negatives is long, too. Many issues span commercial, consumer and enterprise domains.

This is what customers tell us: HP is inflexible and hard to do business with. We don't meet commitments. We don't listen to our customers very well. We ask for feedback, but don't act on it. We don't provide feedback on our progress. We lack the passion to address customer needs and solve the problems. Our people are not empowered to solve problems on the spot. As a company, we don't know our customers individually or organizationally.

We need to develop deeper relationships with our end users, even when they buy through channels. We have product quality problems that impair their effectiveness and produc-

tivity. I'm impressed with how strongly our customers want a relationship with HP and have an emotional connection to us.

Alex: What are some of your observations about HP's TCE efforts?

Carly: In my recent international travels, I've seen outstanding and creative examples of the way our employees go the extra mile to work with their customers. Unfortunately, most of these examples required a super-human effort on the part of an individual or a small team because the processes and systems we have developed for them just were not designed to address customers as individuals.

In the past, our organizational structures and management measures were established to support specific businesses or product lines. That has created a disjointed approach to dealing with customers and that's a big part of the problem. We've let these structures and performance measures get in the way of being responsive to customer needs.

Alex: What's wrong with how we in HP view the TCE today?

Carly: Various businesses and product lines are managing parts of this experience today and doing it very well. However, it's evident that we lack a holistic perspective on the customer experience.

Different parts of our organization are talking to the customer and giving conflicting messages. We don't understand what the full range of engagements with our customers really represents—to us or to them. So we

can't determine how to make the full range of engagements add up to a winning and competitively differentiated partnership.

Our customers tell us that we need to spend more energy on understanding and improving the sum total of our efforts. The sum of all our customers' experiences with HP needs to increase their loyalty to our company—not diminish it. This is a "burning platform" for our customers, so it must be one for HP. This can't continue to be business as usual.

Alex: What's at the root of our problems with managing the TCE today?

Carly: Because of our previous organizational alignment, we have not had a holistic vision of how we interact with our customers. Our strong product line, profit-and-loss-based orientation has created complexity

The Total Customer Experience

- Choosing
- Ordering
- Installing
- Learning
- Using
- Upgrading
- Supporting
- Disposing

in the way our people interface with our customers. Our management measurement system often drives the wrong behaviors in our people, and punishes the people who attempt to do the right

thing for the customer.

Alex: What are we doing to fix these problems?

Carly: We've raised the visibility and importance of this issue across the company by naming senior managers in both Enterprise and

Commercial Business and the Computing Systems organization to head up this important area. Ann Livermore and Antonio Perez lead customer-facing businesses that are focused on the customer experience in the enterprise and commercial, and consumer markets, respectively.

Relative to current issues with specific customers or segments, we've placed increased emphasis on our Most Valuable Customers (top 100) and are bolstering the roles of our client business managers. We will focus more strongly on understanding and managing the Total Customer Experience, so that every contact with HP is one that increases customer loyalty.

Alex: Can you elaborate on your expectations for Ann's and Antonio's organizations?

Carly: We've clearly placed their organizations closest to the customers, and made them responsible for maintaining our relationships with them. I expect Ann and Antonio to take the lead in understanding the needs of customers and assuring that our customers are having superior experiences when dealing with us.

We've put the responsibilities for the direct customer touch points—brand and advertising, HP.com, sales and outbound marketing, channels and service and support—in their organizations. However, Ann's and Antonio's responsibilities don't end at the borders of their organizations. I expect them to assure the best TCE for their customers, regardless of where in HP the experience is generated. They must work closely with the product organizations on the Total Customer Experience.

Alex: What's next? What will we do to achieve sustained TCE performance for the long term?

Carly: It's clear we need to change practices in HP that are inconsistent with achieving both our TCE and business objectives. We need to develop and communicate one TCE vision for all of HP; encourage a healthy questioning of goals, policies and processes on our customers' behalf; institute appropriate measures for customer loyalty; compensate people for meeting their goals; align the passion and power of our people behind TCE.

Alex: Have you considered creating a financial stake for every employee in achieving TCE goals, perhaps going so far as to include a measure of customer satisfaction or loyalty in the profit-sharing formula?

Carly: Absolutely. It's the job of every employee to assume responsibility to contribute to our customers' ultimate success, as they perceive it.

Alex: Who should take on leadership for the TCE?

Carly: I'm the ultimate sponsor for TCE. To emphasize the importance of achieving the best TCE, you'll see

me start staff meetings and business reviews with a review of how we're doing with TCE. We'll monitor TCE performance both quantitatively and qualitatively. I'll hold my managers accountable for understanding TCE in their markets and assuring they meet their goals. And we'll actively identify and remove organizational barriers that inhibit our focus on the Total Customer Experience.

I expect my managers to do the same in their organizations. We need to sponsor HP-wide efforts to assure that we change permanently, and for the better.

We need to sponsor HP-wide efforts to assure that we change permanently, and for the better.



Making it a Total Customer Experience

To truly hear customers be:

- Attentive
- Aware
- Involved
- Committed

To remove barriers for customers be:

- Flexible
- Responsive
- Efficient
- Dependable

To create solutions for customers be:

- Competitive
- Cost-effective
- Imaginative
- Capable

Alex: What is your TCE goal for HP?

Carly: I took this job because HP is one of the great companies in the world. I expect nothing but the best from this company and its people. Our customers are extremely important assets for this company, and I want to protect and enhance this.

I believe that HP owes our customers a superior Total Customer Experience when dealing with us, and I am personally committed to improving TCE and making it a competitive differentiator for HP.

Alex: How will you know that HP is improving the total experience for its customers?

Carly: I'll know both qualitatively and quantitatively. By next year at this time, I want customers—on their own—to tell me that HP really has changed. Customers will relate stories about how we have shown sincere interest in their individual and organization successes and have gone the extra mile to meet their unique needs. Also, we'll have data that will reflect how well we're doing in the Total Customer Experience with enterprise, commercial and consumer customers.

Newly established research approaches will track our improvement and identify what we need to do

to continue to delight our customers. When we accomplish this, our customers will reward us with increased sales, profits and shareowner value.

Alex: Any closing thoughts you'd like to leave with HP employees about TCE?

Carly: I want our new TCE vision to be universally embraced by every employee. As a company, we should know our customers and their organizations as well as we know our own.

We need to remember what they tell us and act based on their feedback.

When we interact with them, no matter the medium, we represent all of HP. We should exude a consistent and flexible "can do" attitude and seek to understand them better and meet their unique needs. **M**

As a company, we should know our customers and their organizations as well as we know our own.



EROL GURIAN

Klaus Wiese (left), head of IT infrastructure at Airbus Industrie, and Andreas Schmäing, HP's key account manager for Daimler-Benz in Hannover, Germany, discuss HP's role on the airbus consortium project. Building strong relationships is a key element of HP's Total Customer Experience initiative.

STRATEGY

Primed for success

Agilent pursues an aggressive vision for growth in each of its fields of interest.

By Mary Lou Simmermacher

"Let's see what this baby can do," called Ned Barnholt, president and chief executive officer of Agilent Technologies, as he shifted gears and sped off in a black Ferrari convertible. Employees watched Ned's video message during celebrations November 1, 1999, the first day of Agilent's operation as an independent entity within Hewlett-Packard. Now the whole company is speeding ahead to see just how successful it can be.

"Opportunities for Agilent's success abound because of our strong market position and sound business strategies," says Bob Walker, senior vice president and chief financial officer.

Agilent starts with a rich heritage, broad and deep technology portfolio, leadership market positions, strong customer relationships, global presence and scale, a solid financial foundation, and an experienced and committed senior-management team.

"I want Agilent to be widely recognized as an innovative growth company and the leader in each of our fields of interest," Ned says. "We already lead as No. 1 or No. 2 in many of our major markets."

To maintain and grow its market leadership, Agilent is aggressively executing three business strategies:

- **Focus on high-growth markets**

"We're increasing our focus on large, rapidly changing markets with significant growth opportunities," Ned says.

"We have tremendous opportunities in communications because of the explosion in new data, Internet and wireless services," Ned says. "We contribute at each point throughout

the whole technology life cycle. Our design tools, test instruments and components help communications equipment manufacturers such as Cisco, Motorola and Lucent develop products quickly, and our test products help them mass produce quality products efficiently. Then we help communication service providers such as US West, AT&T and British Telecom develop, deploy and manage advanced technologies to meet consumers' demands for bandwidth and new services.

"We're drawing on our strength as an entrepreneurial company to enable us to grow into another \$20 billion to \$40 billion company again."

"We've told investors that we're going to be a growth company, and now we've got to deliver," Bob says.

- **Pursue technology innovation**

"The diversity of our technologies is a tremendous strength," Ned says. "We can integrate our technologies in ways that few other companies can and develop completely new solutions for our customers."

Agilent Labs supports technology innovation by focusing about 75 percent of its research on the requests

of Agilent's businesses to help them become even more competitive. The remaining resources are focused on creating new businesses, much further out in time.

In the late 1980s, HP decided to increase its investment in fiber-optic or lightwave technology in its central research labs. Today, Agilent's business in components and measurement for optical applications totals more than \$500 million per year.

With Caliper Technologies, Agilent is developing lab-on-a-chip technology

"We've told investors that we're going to be a growth company, and now we've got to deliver."

Agilent Laboratories

Communications and Electronics

Test and Measurement



Some growth opportunities

Test and monitoring for next-generation communication networks

Semiconductor test for high-speed memory and systems-on-a-chip

Semiconductor Products



Some growth opportunities

Components for fiber-optic communications

Gigabit networking and cellular chipsets

Network/communications ASICs

Healthcare and Life Sciences

Healthcare Solutions



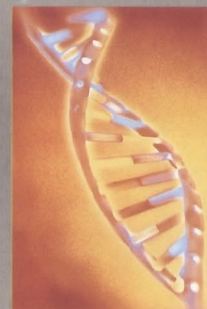
Some growth opportunities

Point-of-care diagnostics

Automatic external defibrillators

Chronic care and wellness

Chemical Analysis



Some growth opportunities

Disease identification

Drug discovery

Bio-instrumentation

for the biopharmaceutical market, which is a growth segment in the \$16 billion worldwide market for various analytical instruments used in chemistry and biotechnology. In September 1999, Agilent introduced the first commercially available product using this technology that can analyze compounds on a chip the size of a large postage stamp.

In the future, when doctors order a blood test, patients won't have a nurse draw three or four tubes of blood. The lab-on-a-chip will analyze a blood sample so small it's barely visible. And patients won't even feel the tiny puncture.

Agilent aims to help its customers speed the analysis for drug development by 10 times and decrease by 10 to 100 times the use of expensive chemicals.

"It currently takes more than 10 years and \$300 million to discover and develop a new drug," Ned says. "We think we can help to reduce that time and cost significantly."

• **Maximize the benefits of Agilent's global presence and scale**

"In Agilent, each business by itself couldn't afford an advanced research lab and wouldn't get the cross-fertilization," says Tom Saponas, senior vice president and chief technology officer. "And there are real synergies among our businesses, because the instruments that Agilent sells are surprisingly similar from an electronic and software standpoint. What changes are the front-end sensors that convert a physical, chemical or electrical phenomenon into digital format."

Agilent will continue to look for ways to leverage its global infrastructure. "We plan to focus on areas where process innovation and supe-

rior execution can create more value for Agilent," says Doug Halbert, vice president, Agilent Manufacturing. "We aim to save more than \$100 million over the next three years."

"Investors are asking me why we don't just split off our businesses as opposed to having them all together in one company," Ned says. "One investor said, 'I can buy Teradyne and Waters stock plus a collection of your competitors and replicate your portfolio.' I said, 'Yes, but we're getting synergy among our businesses and moving quickly as new growth opportunities come along that build on our diverse base of technologies. In addition, our research labs will generate even more growth in the future. We're building a company for the next 60 years, not just the next quarter.'"

Agilent's strong market position and sound business strategies provide tremendous opportunities for success. However, in spite of this strong beginning, results could suffer if Agilent Technologies doesn't execute well or fails to introduce new products and services in a timely manner.

"I want Agilent to be one of the best decisions we ever made at Hewlett-Packard," Ned says. "We have the opportunity and the responsibility to take the wonderful hand we've been dealt as part of HP and turn it into something even better. Anything less is not an option." **M**

(Mary Lou Simmermacher works in the Executive Communications department for Agilent Technologies. —Editor)

PRODUCTS

Getting to the heart of the matter

Agilent's Interactive Healthcare Services helps congestive heart-failure patients help themselves.

By Marcie Lynn Smith

Congestive heart failure (CHF) is a jolting diagnosis that can shake up a life, something CHF patient Thomas Danna knows firsthand. But thanks to a new healthcare service from Agilent Technologies, Thomas has reclaimed some of his independence and become proactive in his own care, which is managed through the University of Massachusetts Medical Center.

"Before I enrolled in Agilent's Interactive Healthcare Services, I depended on the nurses," Thomas remembers. "They used to come three or four times a week to check my weight. Three times I was rushed to the hospital because I was retaining a lot of fluid, and I was pretty near dead when I got there."

Approved by the U.S. Food and Drug Administration (FDA) in October 1999, Interactive Healthcare Services "connects" CHF patients and providers to each other. It gives doctors the data they need to make better-informed decisions about treat-

Annual expenditures for heart-failure patients are estimated to be U.S. \$38 billion, making it the single most expensive healthcare problem in the United States.

ment to improve quality of life. It also quickly identifies at-risk patients so doctors can intervene earlier and enables patients to be active participants in their own care.

Interactive Healthcare Services keeps CHF patients out of the emergency room and out of the hospital, helping to lower the nation's healthcare bill in the process.

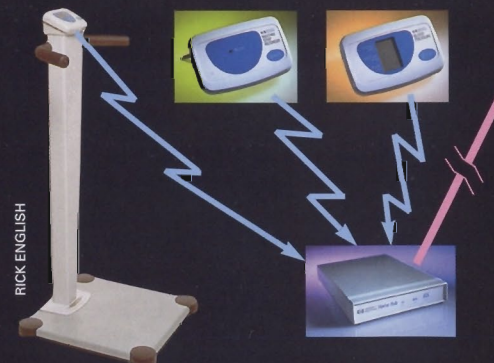
According to a 1997 American College of Cardiology (ACC) study, annual expenditures for heart-failure patients are estimated to be U.S. \$38 billion, making it the single most expensive healthcare problem in the United States.

CHF-related hospital stays—which number about one million annually and cost an average of \$9,000—account for a whopping \$23 billion of that. According to ACC's research, cutting the number of heart-failure hospitalizations by half could slash healthcare costs by some \$4.5 billion annually.

Along with medication, the best current treatment for CHF involves

What's up doc?

- 1 Wireless signals, from each of the three simple-to-use monitoring devices to the modem, connect the patient to the clinician automatically.



Agilent's Interactive Healthcare Services connects patients and providers to each other and to the information they need to better assess treatment, diet, exercise and other health factors.

diet and exercise modifications. Better patient education and closer monitoring outside the hospital also can contribute significantly to successful management of the illness.

"Interactive Healthcare Services makes patients active participants in their own care," explains Tom Shoup, operations manager for Agilent's New Clinical Ventures. "And when they understand the connection between the lifestyle choices they make, the drugs they take and the way they feel, they're better off."

Using Interactive Healthcare Services' portable, simple-to-use units, patients take daily measurements of weight, blood pressure, pulse, heart rhythm and other vital signs. "It's easy to operate and there's nothing to remember," Thomas says of the scale. "Everything is done for you. I was shown how to use it once and that's it. I've had no problems."

Vital signs automatically are transmitted to Agilent's Web-based Clinical Review Software, which organizes and presents it for the healthcare provider, flagging those patients whose vital signs warrant priority action.

Daily monitoring involves three steps:

1. Measure:

Patients measure their weight, heart rhythm, blood pressure, pulse and other vital signs

2. Connect: The data are automatically transmitted via modem to Agilent's Clinical Review Software, which doctors can access

via the Web. In combination with a comprehensive patient database, the software allows clinicians to track daily patient measurements, store and retrieve historical data, and generate reports.

3. Respond: If daily measurements fall outside pre-set limits, the patient can be flagged for immediate follow-up, promoting faster interventions and reducing hospitalizations.

Providers pay a per-patient, per-month fee for Interactive Healthcare Services. Agilent provides software training and connects the clinician without putting any load on the customer's IT organization. All they have to do is make sure their network is working. Technical support is available 24 hours a day, seven days a week.

"We're responsible for getting the equipment to the patients, installing it and training them on how to use it," explains Dan Barton, marketing manager for Agilent's New Clinical Ventures. "Once connected, Interactive Healthcare Services helps patients take care of themselves and be more self-reliant."

That's certainly how Thomas sees it. "Having the system has changed my life. It's given me more independence," he declares. **M**

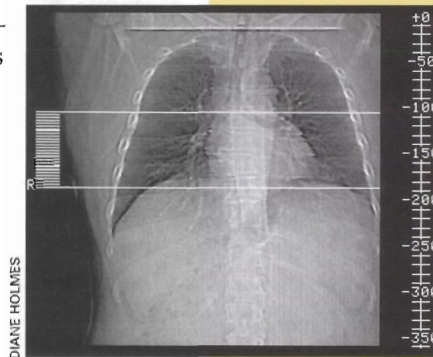
(Marcie Lynn Smith is a freelance writer based in Cupertino, California.

To learn more about Agilent's Healthcare Solutions Group, click on <http://www.healthcare.agilent.com/mpg>.—Editor)

CHF: the disease

What is it? Congestive heart failure (CHF) exists when the heart loses its ability to pump blood efficiently to the rest of the body.

Typical causes: Hypertension (high blood pressure), heart valve disease, pulmonary disease, coronary artery disease, congenital heart disease (defects of the heart at birth) and cardiomyopathy (primary disease of the heart muscle



itself). CHF may develop over weeks, months or even years.

Risk factors: The most controllable risk factors include smoking, obesity, excessive alcohol intake, high-fat and/or high-sodium diets, hypertension and diabetes.

Most common symptoms:

Shortness of breath, swelling of the legs and ankles, pulse irregularity and palpitations, and difficulty with eating or sleeping. These symptoms indicate fluid retention around the lungs, changes in blood pressure and enlargement of the heart.

Prevalence: Some 4.8 million Americans alone are afflicted with CHF, with more than 400,000 new cases being diagnosed each year. In 1968, the annual number of deaths directly related to CHF was 10,000. By 1993, this number had risen to 42,000, and it continues to climb.

Software at the medical center automatically sorts critical patients to the top of the list for medical attention. Because of this system, patients enjoy an increased feeling of self-reliance from their monitoring efforts.

BUSINESS

Road warriors

Agilent celebrates Silicon Valley's largest IPO after an exhausting three-week, 25-city road show.

By Steve Beitler

- Nov. 1 London
- Nov. 2 Milan/Frankfurt
- Nov. 3 Amsterdam
- Nov. 4 Denver
- Nov. 5 San Francisco
- Nov. 8 San Diego/Burbank/
Pasadena/Los Angeles
- Nov. 9 Kansas City/
Des Moines/Chicago
- Nov. 10 Boston
- Nov. 11 New York
- Nov. 12 New York
- Nov. 15 Minneapolis/Milwaukee
- Nov. 16 Houston/Austin/
San Antonio/Dallas
- Nov. 17 Philadelphia/Greenville, DE/
Atlanta/Baltimore
- Nov. 18 New York Stock
Exchange

At 10:02 a.m. Eastern Standard Time on November 18, 1999, Agilent Technologies President and Chief Executive Officer Ned Barnholt and Chief Financial Officer Bob Walker emerged from trading booth No. 12 on the floor of the New York Stock Exchange.

Both men held small pieces of paper aloft and were smiling broadly. A group of about 30 Agilent employees, clustered around the booth amid the chaos of the exchange floor, broke into cheers, applause and high fives.

The papers and smiles marked the completion of the first trade ever in Agilent stock. That trade was for 10,000 shares at \$45 5/8—a very nice “pop” above the initial offering price of \$30 that had been finalized the night before.

The historic moment in New York City was the culmination of Agilent's extremely successful initial public offering (IPO) of stock. In the days before trading began, surging demand for the company's shares led to increases in both the number of shares offered—from 57 million to 72 million—and in the initial offering price—from a range of \$19 to \$22 per share to \$30.

Many factors contributed to this success, but none was more important than the powerful Agilent story that Ned and Bob told on the

road show—a three-week presentation marathon in which Ned and Bob, along with Treasurer Didier Hirsch and Investor Relations Manager Hilliard Terry, met with institutional investors and financial analysts in five countries and more than 20 major cities.

From October 28 through November 17, in sessions that ranged from group meetings with up to 150 people to a one-on-one session at a well-appointed study above a garage in San Diego, the Agilent team honed the presentation, answered questions, hopped from airplane to hotel to car to meeting to car to meeting to airplane and hotel, grabbing sleep where they could and fighting to keep their voices and health intact.

“You just don't get a lot of sleep,” Ned said during a one-day weekend break in the middle of the road show. “I enjoy the smaller group sessions more than the large groups. The small ones are more intense, with more give-and-take and questions. There was one meeting where we just put the slides away and talked for an hour.”

“Actually, it turned out to be a little easier than I thought,” said Bob, after returning from New York. “Our investment bankers, who really ran the road show, did all the arrangements for travel and hotels, and that all went very smoothly. Of course, Ned and I are a little more experienced than many of the people who do IPO road shows, so we didn't burn the candle at both ends. We turned down what I'm sure were some very nice dinners to try to check voicemail and get some sleep.”

The road show opened in London, where Ned and Bob were caught a bit

The 25-city road show that led to Agilent's initial public offering of stock was a grueling period for (from left) the company's President and CEO Ned Barnholt, Chief Financial Officer Bob Walker, Tim Sullivan from Morgan Stanley Dean Witter, and Investor Relations Manager Hilliard Terry.



off guard by investors' questions about a small fiber-optic component company whose road show had recently come through town. Investors had been given the impression that Agilent's Semiconductor Products Group (SPG) was losing market share to this company, and they wanted to get Ned's and Bob's thoughts.

A flurry of phone calls between London and San Jose clarified the situation, which was not as portrayed in the questions. "This is a good example of how we adapted on the fly," Bob said. "We also tweaked the basic pitch in the first few days to address the questions investors were asking most frequently."

An enduring memory of London for Bob is the sight of Ned loading his luggage and moving around several luggage carts at Heathrow Airport. "Here's the CEO of an \$8 billion company, and it doesn't occur to him to have someone else do it," Bob said.

Investor Relations Manager Hilliard Terry has a less inspiring memory of London. "All through the road show, we'd be in these group sessions with all this great food, and we couldn't eat," Hilliard recalled. "We'd be too busy either giving the pitch or in meetings.

"So the bankers would send out for sandwiches or box lunches that we could eat as we went from one meeting to the next," Hilliard said. "In London, we could not figure out what was in the sandwiches. We narrowed it down to either eggs or cheese." Puzzled but fortified, the road show

team visited Amsterdam, Milan and Frankfurt before heading to the United States.

"The most intense U.S. cities were Denver, San Francisco, Boston and New York," Hilliard said. "That's not surprising; a lot of big investors are based in those cities." As the road show wound its way across the country, requests for meetings grew so numerous that the team decided to split up. After Kansas City, Hilliard and Bob set out for Des Moines, Iowa, while Ned and Didier headed to Chicago.

Throughout the road show, Agilent's bankers were fine-tuning the itinerary and keeping close tabs on "the book," which is the tally of prospective orders for Agilent shares. The book built slowly in the early days of the road show and then exploded. By the end of the road show, Agilent's IPO was over-subscribed—demand for shares well exceeded the supply.

"I think we ultimately got the story honed, and the momentum picked up as we moved across the country," Ned said. "We did a much better job of showing investors why it makes sense to have our four businesses together. Communications is clearly the 'thread' that joins test and measurement and SPG. Longer term, genomics—the

study of the genetic basis of disease—is where we expect healthcare solutions and chemical analysis to converge.

"The point we hammered home is that Agilent is a technology company, and that we will go after opportunities that our rich set of technologies makes possible," Ned said. "In some ways it's like the approach HP took. After all, there was a point in the '70s when HP could have focused on its current strengths and become a calculator company. But HP saw itself more broadly. The company chose to fund R&D that created whole new markets and businesses. I think there's a lesson in that for Agilent."

Agilent's road-show team spent a lot of time preparing answers to questions on strategies, markets and finances, and Bob feels the practice paid off. "The questions weren't as off-the-wall or as pointed as we'd been warned about," he said.

If the questions were straightforward, some of the settings in which investor meetings took place were not. "Investors are very interested in how the managers of a company come across as people," Bob noted. "So they deliberately set up stressful or unusual environments to see how you react."

A prime example was a meeting in San Diego with a very successful fund manager. "He lives in a very large home in a gated community," Bob said. "I was amazed that the driver could find it, but it wasn't a problem.

"The point we hammered home is that Agilent is a technology company, and that we will go after opportunities that our rich set of technologies makes possible."

IPO

It turns out there are drivers who have carved out the IPO market as their niche, and they know all the places.”

Then there was the Kaufman Fund in New York, led by a couple of seasoned investors who were quite animated in their responses, good or bad, to the Agilent story. They were visibly skeptical when Bob spoke glowingly about Heartstream, a company HP acquired in 1998 that makes a very successful external defibrillator. “Heartstream? Jeez, we couldn’t make a dime on that stock,” one said, but they are hoping for better with Agilent. They signed on to buy shares.

By their own count, Ned and Bob told the Agilent story about 100 times in the three-week road show. After their last meetings in Greenville, Delaware, and Baltimore, Maryland, wrapped up a little after 3 p.m. on November 17, Ned, Bob, Didier, Hilliard, the bankers and the lawyers

had a conference call to review “the book.” At that meeting, and a subsequent one between Ned and Agilent Chairman Jerry Grinstein—who

“We had a great story to tell and a super support team every step of the way.”

together were the pricing committee of Agilent’s board—the pricing and size of the offering were finalized: 72 million shares at \$30 per share, which made Agilent’s IPO the largest in Silicon Valley history to date.

“We had a great story to tell and a super support team every step of the way,” said Ned, who was tired but clearly buoyed by the strong demand for Agilent stock. “But I think I’ve been away from home way too long. Our dog decided to sleep on my side of the bed while I was gone, and when I tried to move him, he growled at me. Believe me, I’m happy we’re through with the road show.” **M**

(Steve Beitler is the manager of executive and investor communications for Agilent Technologies.—Editor)

Employees and the Agilent IPO: What’s the story?

Many Agilent employees—and some HP people—have asked why they weren’t able to participate as “friends and family” in Agilent’s IPO. The answer is in two parts: First, the logistical requirements made direct participation impractical. The more subtle answer is that many employees participated indirectly.

First, those logistics. When Ned and his management team discussed employee participation in the IPO, they quickly decided that the opportunity should be offered to all Agilent employees if it were offered to any. Since neither HP nor Agilent legally could offer shares in the IPO directly to employees, a brokerage firm would have had to solicit orders and establish separate accounts for thousands of employees around the world.

For a company of Agilent’s size, this simply wasn’t practical. Lucent reached the same conclusion when it was spun off from AT&T.

There’s also a way, albeit indirectly, in which many people did participate. If you owned HP stock prior to the IPO and hold it until the distribution date (currently planned for mid-2000), you will receive Agilent shares when they are distributed to HP shareholders. Although we don’t have the precise formula, HP shareholders should expect to receive about one Agilent share for every 2.5 HP shares they own on the record date for the distribution. At press time, the record date hadn’t been set, but it is likely to be in the spring of 2000.

Agilent definitely wants its employees to have a stake in the company’s success. To that end, President and CEO Ned Barnholt and the Agilent board of directors are considering a variety of plans, including the possible grant of stock options to all Agilent employees when HP distributes the Agilent shares it currently owns to HP shareholders. When Lucent distributed stock to AT&T shareholders, it granted stock options to all Lucent employees.

Dick Grasso, chairman of the New York Stock Exchange (center), congratulates Agilent’s (from left) Craig Nordlund, Ned Barnholt, Didier Hirsch and Bob Walker.

MEL NUDELMAN



LETTER FROM NED BARNHOLT

Agilent Technologies' president and CEO discusses why the company can—and will—be successful.

Can you imagine what it is like to keep a secret—one that is so exciting that you just tremble when you start to think about it? One that you're sure many people want to know? One that will excite them as much as it does you?

If you can imagine this, then you know how I've felt during Agilent's so-called "quiet period."

All of us at Agilent and HP were constrained by the rules governing our initial public stock offering. We could make no statements that set expectations about Agilent's future. Now that the quiet period is past, we can speak openly to customers, the media and one another about why Agilent can, and will, be successful.

Let me concentrate here on a few of the things that I believe set us up for success: We are targeting growth markets. We are starting from a position of product leadership. And we have a tremendous technology base.

Many of the markets we serve are changing rapidly and growing substantially. Although the communications industry is a prime example, it's not the only one. The time and expense required to discover and develop new drugs are driving change in the pharmaceuticals industry. Healthcare is under pressure around the world to reduce costs while improving quality.

Solving the mysteries of genetics-based disease is fueling the developing bioscience industry. The semiconductor and electronics industries continue to be driven by rapid technological advancements. These trends offer opportunities.

We start from a position of strength in these markets. Today, we are a leader in the overall test and measurement market. In semiconductor products, we are a top supplier for networks, computers, printers and mobile phones. Our Healthcare Solutions business is a worldwide leader in clinical measurement and diagnostic solutions. We are a leading provider of chromatography and mass spectrometry systems.

In each of these markets, we have close relationships with market-leading customers, which, in turn, provide us insight into future direction.

We are building on this strength with a not-so-secret weapon: Agilent Labs. Labs is key to ensuring that our technology pipeline remains full—not only with internal research but also through strategic partnerships with external sources such as universities and institutes. Here, too, we have a powerful legacy of technological innovations. We've been spending about 12 percent of our revenue on R&D and we intend to continue at that level.

Although we are well positioned, success is not guaranteed. Our immediate challenge is execution. We must capitalize on our strengths and demonstrate to customers and shareholders that Agilent Technologies is a worthy investment.



MEL NUDELMAN



Huge banners hung outside the New York Stock Exchange heralded Agilent Technologies' listing on November 18, 1999.

LETTER FROM CARLY FIORINA

HP's reinvention doesn't belong to any individual or team—"We all own it," President and CEO Carly Fiorina told HP's top executives at the Senior Leadership Meeting in Monterey, California, in December.

HP's president and CEO discusses the "Rules of the garage" and the excitement generated at the recent Senior Leadership Meeting.

Rules of the garage

- Believe you can change the world.
- Work quickly, keep the tools unlocked, work whenever.
- Know when to work alone and when to work together.
- Share—tools, ideas. Trust your colleagues.
- No politics. No bureaucracy. (These are ridiculous in a garage.)
- The customer defines a job well done.
- Radical ideas are not bad ideas.
- Invent different ways of working.
- Make a contribution every day. If it doesn't contribute, it doesn't leave the garage.
- Believe that together we can do anything.
- Invent.



You can order a "Rules of the garage" poster from the Literature Distribution Center (part number 5968-8959E) or grab a letter-size PDF copy off the HPNow Web site at <http://hpnow.hp.com>.

The reinvention of HP, I'm convinced, is a story that will be told and retold for years to come. It's a compelling story: A venerable firm, founded by radicals, returns to its roots and reinvents itself.

At the very core of this reinvention are the "Rules of the garage." The 11 rules provide a framework for how everyone in the company should act and interact with each other.

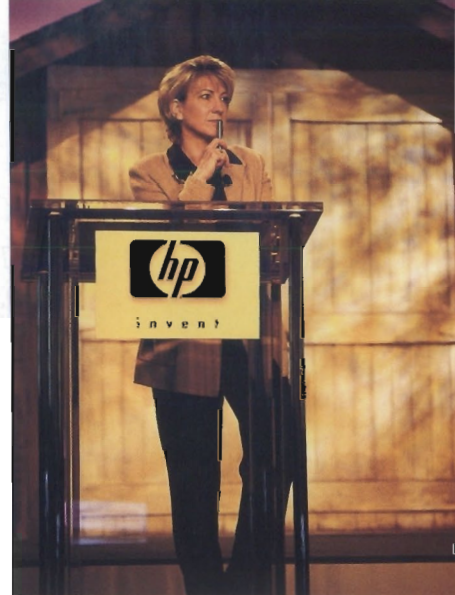
To me, the rules *are* the HP Way.

There was never more evidence of this than at our Senior Leadership Meeting in Monterey, California, in December.

The meetings were designed so that our top 150 senior HP leaders could (1) look into the mirror, see an honest reflection and act on it; (2) set out a vision and plan for winning and winning big; and (3) roll up our sleeves to start the process of reinvention.

In three days of meetings, the team worked as a unified body to chart HP's future course. We discussed the compelling need for HP to change many of its business processes. And yet, we repeatedly emphasized the importance of embracing change in the context of HP's core values—the "Rules of the garage."

Perhaps the most compelling advice came from Dick Hackborn, HP's retired executive vice president and current HP non-executive chairman. Dick spoke eloquently and passionately about the *business* side of the HP Way. He cited numerous examples of how HP has reinvented itself in the past. On one occasion, he asked the company co-founders, Bill Hewlett and Dave Packard, if he were violating the HP Way by pursuing a new business model. Their answer was succinct and insightful: The HP Way was never meant to be a



JENNIFER SAUER

straitjacket (see related story on pages 8–10).

That's why the coupling of the "Rules of the garage" and our current reinvention makes perfect sense. Like the true inventors they were, Bill and Dave didn't rest on their laurels. You couldn't make a contribution and move ahead if you weren't prepared to change.

It's clear to me after our Senior Leadership Meeting that we have an energized management team that's ready to communicate the new strategy and vision of HP to all employees. The reinvention of HP doesn't belong to any individual or team—we all own it.

There's never been a more challenging or exciting time for our company. Together, we'll write the next chapter in HP history.

ASK

Dr. Cyberspace

HP.com is busy trying to project one HP to our customers.

Have you noticed anything different about HP.com lately? Never fear, the good doctor is here to tell you the latest change that's happening right under your noses.

In an effort to improve the customer experience, HP.com has developed and implemented guidelines for all external HP Web sites. This should reinforce a single identity in our customers' experience, which will help HP.

With 47 country sites, 550,000 total pages worldwide and more than 1 million sessions per day, HP.com is working hard to better the "Total Customer Experience." Believe me, improving customer satisfaction while creating the look of one HP is not an easy task.

The new look and feel is a result of three basic waves of renovation. These waves were planned and approved by the HP.com Council, a governance body comprised of executives from each HP business. Here's a shot of what's going on:

• Phase One—Creating a single HP.com identity

Last August, HP.com had a major face-lift with the rollout of the Standard Navigation Framework policy. This project implemented standard welcome pages, banners, and side-

bars and consistent navigation behavior throughout all HP locations worldwide.

This has helped to eliminate our decentralized Internet presence, create a stronger single HP identity and improved customers' ability to navigate and complete tasks.

• Phase Two—Going global

The Gateway Management Solution (GMS) is the newly required tool

to manage all HP country gateway pages. GMS enables consistency across all country gateways, reinforces the HP brand and enables us to distribute HP worldwide news quickly and efficiently. Also at this time, customer e-mail standards were created through the Assistance project. These customer e-mail standards on the Web seek to improve business-to-customer communications and increase customer loyalty.

Take note, GMS is currently rolling out in phases across the world in early 2000.

• Phase Three—Making the customer feel at home

The next cyber-step is to give customers a personalized experience when they log on to HP.com. When customers come to the site, they'll have the opportunity to enter personal information, such as are they CEOs or students, which will make shopping and other tasks easier. Customers then can experience the site tailored to their needs. Look for these enhancements later this year. **M**

A single identity

For information about HP.com programs or the HP.com Council, visit <http://marketing.corp.hp.com/hmcs/>.

For more information about GMS, see <http://marketing.corp.hp.com/hmcs/programs/gateway.htm>.



YOUR TURN

MEASURE readers share their views on matters of importance.

Light my rocket

This letter is in response to a letter published in the ExtraMEASURE section of the November–December MEASURE. The letter recalled the customer's experience with an HP 5100C scanner.

As a technical support engineer, it really “lights my rocket” when managers override HP policies that front-line personnel must adhere to by providing special treatment to customers that are persistent enough to contact them. I feel this makes the customer-support person look bad in the eyes of the customer.

I'm glad that this customer was satisfied with his final treatment, but what about all the other customers that had the same experience? Were the policies and procedures that caused this customer to lose confidence in HP changed?

Shouldn't we look at what caused the dissatisfaction in the first place, fix that and then trumpet the fix as a success story?

ALAN ANDERSON
Roseville, California

This is a tricky issue, says Alex Sozonoff, HP's vice president for Customer Advocacy. On the one hand, HP has policies and procedures that should be followed. On the other hand, we're making the Total Customer Experience a top priority.

“My philosophy,” Alex says, “is ‘if in doubt, fix the customer problem first and fast.’ Then you can investigate the root cause, including the possibility that our policy prevents front-line employees from ‘doing the right thing.’ If there is a potential conflict, the policy should be reviewed in order to maintain the overall process integrity. Ultimately, either you satisfy the customer or someone else will.”—Editor

Please contact us

Do you have comments about something in MEASURE? If we publish your letter, you'll receive a Dr. Cyberspace MEASURE T-shirt.

Send your comments to Editor Jay Coleman. The addresses and fax number are on page 3. Please limit your letter to 150 words, sign your name and give your location. We reserve the right to edit letters.



The power of print

Thanks for the print edition of MEASURE. There are many things on the Web that even now cannot bring the feelings of reading the print edition.

This is not just about information. Many of us do not go to the office and get connected to the network. I never will be able to read it online or download it over the phone lines in my busy schedule. Even if I could, what about my wife?

RAMANA KUMAR
Azusa, California

Wake up and smell the coffee

I, too, appreciate MEASURE magazine in hardcopy format. To borrow a phrase recently used in a Your Turn letter, MEASURE is a class act that definitely qualifies as “coffee-table” literature.

And speaking of “...waking up and smelling the coffee,” the last thing I want to do with my morning coffee is boot my laptop and get online.

Lastly, MEASURE is printed on recycled paper, which has a minimal effect on the environment.

MIKE PASCIAK
Indianapolis, Indiana

Tunnel vision?

Sorry, Dean Kagawa, but your letter (“Carly and the Luddites,” MEASURE November–December 1999) reminds me of people who, once they've put on their trousers in the morning, believe that the whole world is dressed.

You seem to have overlooked the fact that there's a whole raft of people in HP/Agilent who don't possess their own company-provided laptop or other PC. And many jobs don't involve time sitting on planes.

Retaining an option of a hardcopy version of MEASURE is not being a

Luddite. We should be using new technology usefully to extend the options for the “haves”; providing alternative ways for them to live their lives—and certainly not depriving the “have nots” of even their basics.

Would you similarly remove all letter postal services just because e-mail is here? If you did that you'd immediately cut off an essential link to over half the world that have yet to be connected to their first telephone.

DAVID LORD
South Queensferry, Scotland

Startled in Corvallis

Two manufacturing engineers in Corvallis (one with a degree in television production) find it startling that HP would feel compelled to spend the money to build and transport a replica of “the garage” (November–December 1999 MEASURE).

Surely an e-services giant would realize that a simple blue-background video-production trick could have saved HP thousands of dollars and countless hours of work.

Why not do this job with HP's snazzy digital equipment?

JIM DONNELLY, DAVID L. SMITH
Corvallis, Oregon

Says HP Brand Advertising's Julia Mee, “We did consider using computer-generated graphics to create the illusion of the garage in these worldwide locations. However, it was important to have interaction with the garage to add depth and texture to the scenes (e.g., the man riding the camel in front of the garage, the people walking by, etc.).

“The cost to do this level of computer-generated graphics would have been exorbitant, and the end result would not have been as genuine.”—Editor

EXTRAMEASURE

News from around
the HP world

By Desiree Sylvester



Sailing into No. 1

AUCKLAND, New Zealand —As *AmericaOne* prepares for the big competition in early spring in Auckland, Hewlett-Packard continues to ensure smooth sailing for the America's Cup 2000 challenger from the San Francisco-based St. Francis Yacht Club.

HP, the team's official information-technology sponsor, provides desktop and palmtop PCs, storage devices, scanners, printers, digital cameras, high-performance workstations

and HP Exemplar servers for the research and design of the entire boat—from keel to hull to sails.

Thanks to the HP DesignJet 755CM printer, *AmericaOne* was able to quickly restore the yacht to its original shape after a collision during Round Robin 1 competition in October.

"Having the printer significantly reduced the time needed to get on with the repair," says Brad Fitzgerald, *AmericaOne* shore team

manager. "It is times like these when having the horsepower of America's top technology companies gives *AmericaOne* an edge."

The team transferred from its Long Beach, California, training and testing site in September to compete in the America's Cup Challengers races—the Louis Vuitton Cup. The team ended Round Robin 3 in fourth place, which guaranteed it a berth in the semifinals.

AmericaOne's second international America's Cup class boat, USA 61, was flying high in November when it was relocated—shrunk wrapped in a 747 air freighter. The yacht is the first in America's Cup history to be flown on a 747.

For more information about HP's partnership with *AmericaOne*, check out the Sponsorship Marketing Web site at <http://marketing.corp.hp.com/brand/sponsorship/>. Or jump to <http://www.americaone.org> to learn more about the team.

On the right track

Attention "gearheads": the legendary Jackie Stewart has left the building. A crowd of HP employees crammed the Yosemite Room at HP Labs in November to meet the three-time Formula One world champion as he discussed the 1999 F1 Grand Prix racing season and what to expect in 2000.

Jackie is chairman and founder of Stewart Grand Prix (SGP), the Formula One racing team that Hewlett-Packard sponsors. HP has supported the Stewart team since it began three years ago, with equipment and



STEVE CASTILLO

services for the design of the cars and engines, the telemetry used to gather data on the car's performance and IT infrastructure.

Jackie pointed to HP in regard to his team's ability to compete successfully in the shortest possible time frame. "No other team

Racing legend Jackie Stewart (right) signed autographs, including one for Agilent's Graham Pollock, and talked about his team's deal with HP during a visit at HP Labs in Palo Alto, California.

creates a total vehicle by computer," he said.

Jackie also said his team operates like a small car company—only faster, thanks to HP. SGP, which will change its name to Jaguar Racing this year, must complete modifications to its cars every two weeks. "Internet time means fast turnaround," he said. "But production times in Formula One are even faster than that."

For more information about HP's sponsorship of SGP, jump to <http://marketing.corp.hp.com/brand/sponsorship/currentsponsorships/Stewart/Index.htm>. Or find out more about Jackie and his team at the Stewart Grand Prix official Web site: <http://www.stewart-ford.com/>. Also, check out HP Now's feature on Jackie's visit at <http://hpnow.corp.hp.com/news/features/stewart/index.htm>.

SERGE SOZONOFF

Retiring
 People
 in the News (grams)
 Products Partners



A crew in Beijing, China, erects a replica of "the garage," HP's first facility, before filming a television commercial. The garage is the focal point of HP's \$200 million branding campaign.

GOODBAY, SILVERSTEIN & PARTNERS PHOTOS

Humble beginnings

When HP rolled out its \$200 million global brand campaign in November 1999, the launch included packing up a replica of the garage and shipping it around the world to produce a striking TV commercial.

The garage's five-week trip resulted in a commercial that began airing in December.

The HP icon visited New York's Wall Street, the Egyptian pyramids in Cairo, the Forbidden City of China, Prague, the

Czech Republic, and Paris, France.

According to Lisa Carr, HP Brand Advertising manager, the locations tie in the

concept of HP's international presence while adding dimensions of surprise and visibility.

"We also wanted to put the garage in such grand locations because it's a subtle comparison between HP's humble beginnings (in the garage) and the powerhouse it is today," Lisa says.

In the Paris scene, tree branches are all bare and fallen leaves surround the garage. In reality, reports HP Brand Advertising's Julia Mee, the leaves were trucked in and carefully arranged all around the garage. After the filming finished, the leaves were raked up, shoveled into the trucks and taken away.

The Paris garage was dismantled and transported to the HP office in Evry, where it was rebuilt in the lobby.

You can view the commercial on <http://www.hp.com>.



People

Ignacio Fonts has been named Inkjet Commercial Division G.M.

Debra Dunn, Susan Bowick and Ann Baskins have been elected V.P.s of the company by the HP Board of Directors.

Gary Ruppel, HP's and Agilent's Human Resources Y2K initiative lead, has retired as an Agilent employee.

Dick Lampman is now V.P. and director of HP Labs.

The new G.M. of EC sales, Northern European Region, is **Frode Hauli**.

Larry Welch is now director of HP Operations Procurement.

Bill Highstreet was named G.M. for the Electronic Products and Solutions Group Worldwide Financial Solutions Unit.

Computing Systems has created two new organizations: the Business Systems and Technology Organization, under **Scott Stallard**, V.P. and G.M., and the Software and Solutions Organization, headed by **Bill Russell**, V.P. and G.M.

John Hassell has joined HP as director of State and Local Government Affairs.

Campaign

HP unveiled a \$200 million (U.S.) global brand campaign and new company logo in November at COMDEX/Fall '99. The first ads, based on the "Rules of the garage," ran on U.S. television and in major business publications.

Offering

Agilent Technologies announced that its initial public offering of common stock would be priced at \$30 (U.S.) per share.

Names

New names have been chosen for HP's four business organizations: Enterprise and Commercial Business, under **Ann Livermore**, president; Consumer Business and Digital Media Solutions, headed by **Antonio Perez**, president; Imaging and Printing Systems, led by **Carolyn Ticknor**, president; and Computing Systems, under **Duane Zitzner**, president.

Ranking

HP was ranked No. 43 on *Fortune* magazine's latest "Best Companies to Work For" list.

For more information, search Newsgrams at <http://hpnow.hp.com/news/newsgram/nghome.htm>.

Curing the virus

Although January 1, 2000, has come and gone, Hewlett-Packard's Information Technology department wants you to remember how important it is to upgrade your anti-virus program regularly.

"HP lost a lot of productivity when the virus hit in December—people lost data," says Mariam

Jazayeri, Corporate IT's worldwide security awareness program manager. "It's everyone's responsibility to protect information assets within HP, and one way of helping is to make sure you scan for viruses daily."

Check out IT's Security Awareness Web site at <http://hoax.hp.com> for more virus prevention steps.



A millennium compendium

That loud "Whew!" you heard on or about January 1, 2000, turned out to be the non-story of the year.

The Year 2000 (Y2K) rollover—the possibility that computers would go haywire and confuse the "00" with 1900 instead of 2000—went better than anyone imagined. But HP and Agilent were well prepared nonetheless to support customers worldwide.

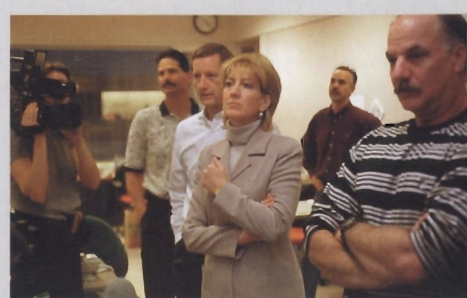
Some 20,000 employees worked or were on call during the historic weekend, ready to ensure that customers were well taken care of and all internal operations worked properly at 500 HP and Agilent locations.

"Together, HP and Agilent have many tens of

millions of customers using our products and solutions," said Bernard de Valence, G.M. of the Y2K program office, in early January. "So far, we don't have a single case of serious customer dissatisfaction anywhere in the world with the way HP and Agilent have helped them achieve their own Y2K compliance."

CNN (Cable News Network) reporter Greg Lefevre

Activity begins to build at the HP and Agilent Y2K command center in Palo Alto, California (left), on December 31, as the year 2000 breaks on the other side of the world. Media interest, including CNN and local TV crews—continued during the day when HP President and CEO Carly Fiorina visited the command center and HP's customer support center in Mountain View (right).



broadcast live reports from the HP and Agilent Y2K Command Center in Palo Alto, California, at least three times on Friday, December 31, giving HP great global visibility.

HP President and CEO Carly Fiorina visited the command center and the customer response center in Mountain View, California, that day and returned to Mountain View at midnight to thank employees working through the night.

All in all, it was a smooth rollover with positive media coverage for both HP and Agilent.

URLs inside HP

This issue's related Web addresses:

<http://hpnow.hp.com>

HPNow Web site to get "Rules of the garage"

<http://marketing.corp.hp.com/hmcs/>

Information about HP.com programs or the HP.com Council

<http://marketing.corp.hp.com/hmcs/programs/gateway.htm>

Information on Global Marketing Services

<http://marketing.corp.hp.com/brand/sponsorship/>

Sponsorship Marketing Web site

<http://marketing.corp.hp.com/brand/sponsorship/currentsponsorships/Stewart/Index.htm>

HP's sponsorship of Stewart Grand Prix

<http://hpnow.corp.hp.com/news/features/stewart/index.htm>

HPNow's feature on Jackie Stewart's visit

<http://hoax.hp.com>

IT's Security Awareness Web site

<http://hpnow.hp.com/news/newsgram/nghome.htm>

Newsgrams

URLs outside HP

This issue's related Web addresses:

<http://www.healthcare.agilent.com/mpg>

Agilent's Healthcare Solutions Group Web site

<http://www.americaone.org>

AmericaOne team Web site

<http://www.stewart-ford.com/>

Stewart Grand Prix official Web site

<http://www.hp.com>

HP's Web site

<http://www.ncups.org>

Northern California Underwater Photographers Association

<http://www.ncups.org/RChofre.htm>

Ruth Chofré's underwater images

Customer spotlight

Sample feedback from HP customers

This letter is to offer my appreciation for your continuous, continual and continued support. Last week, I called customer service after I accidentally threw away my manual and software package for an HP computer that I bought this summer (HP Pavilion 4535). The representative sent me a duplicate copy of the software and manual at no charge (I offered to pay for the goods, but he said no. I then offered to pay the shipping, which he also refused).

When I made that phone call, I knew I needed to purchase a new computer for my home office. Needless to say, I bought my third HP computer (HP Pavilion 8560C) in six months as a result of the service that I have received from HP. (The computers I've bought over the last six months are the HP Pavilion 6475Z, in May; HP Pavilion 4535, in August; HP Pavilion 8560C last week. Additionally, I bought an HP 620LX palmtop PC, two HP printers and an HP digital camera in the last 18 months.)

As most people know, computers can become generic. One thing that separates the brands is service (well, the keyboard is pretty sharp also). I appreciate the service that HP gives its small customers. Thank you. I will continue to use, buy and recommend HP products.

Daniel Inserra
Scottsdale, Arizona

PARTING SHOT



Underwater excursion

ANILAO, Philippines—Waters of the South China Sea are teeming with new life after years of cyanide and dynamite use by fishermen who had depleted almost every living cell.

It is here that HP Global Treasury's Ruth Chofré and her husband, Michael, focus much of their underwater photographic pursuits.

Ruth captured this image off the coast of Anilao, a village in the province of

Batangas, about 77 kilometers (48 miles) south of Manila, in March 1999. She used a Nikonos V underwater camera with a 28-millimeter lens, macro 1:2 extension tubes and dual Nikonos 105 strobes at full power.

Ruth, an avid underwater photographer and scuba diver for the past 32 years, searches for colorful and cooperative subjects, especially those with unusual behavior. A prime example is this cleaner shrimp in an

anemone. The cleaner shrimp also is known as the "reef doctor," because it cleans parasites from fish. You can see eggs in this pregnant shrimp's belly.

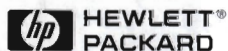
Ruth and Michael have worked with dive resort owners to eliminate the cyanide blasting and dynamiting of the local fishing grounds in an attempt to change the old ways of village people.

One of the methods they employ is to give their multimedia show on "Diving in

the Philippines" to San Francisco Bay area dive and other clubs. They suggest travel to these islands, and encourage villagers to build a life through tourism. "Taking a camera underwater is a special experience," Ruth adds.

Dive into the club Web site to see more underwater images at <http://www.ncups.org>, and see more of Ruth's images at <http://www.ncups.org/RChofre.htm>. **M**

For U.S. address changes, use Change of Address form in Personnel on the Web at <http://persweb.corp.hp.com>.



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