

is expected to be used in the study period.

Three Port Conference Circuits -

- (a) Circuits per Pack - This is to indicate the number of circuits in one circuit pack.
- (b) Circuits Provided - Total - The total number of circuits installed. Source: Busy Hour Printout.
- (c) Circuits Provided - Traffic - This number should equal the total circuits provided minus those required for service protection.
- (d) Engineering Criteria - Engineering criteria indicates that only ABS calculations are required.
- (e) Table - This indicates which table to use for determining circuit group capacity. It will be either a Northern Telecom or a poisson table.
- (f) Peak Factor - This will contain the PF (HD to ABS ratio).
- (g) CCS Capacity Provided - This value is obtained from the poisson table and represents the traffic capacity of the service circuits.
- (h) Component Main Stations Demand - For three port conference circuits the maximum number of MSs expected to use this circuit group in the study period, is the preferred entry. This may be difficult to do because of the many applications of this circuit.
- (i) Busy Hour Factor - This is used to provide a correction for data that was not generated during this component's busiest hour.
- (j) Holding Time - The holding time is calculated by dividing 3 port conference circuit usage by the corresponding call peg counts.
- (k) Busy Hour Calls per Main Station - Divide the number of BH call peg counts

for this component by the main stations for the same time period.

- (l) Busy Hour CCS per Main Station - This is an estimation, or "Pick", of the CCS per MS that is expected to materialize in this component's BH study period.
- (m) Main Station Capacity - Divide the CCS capacity provided by the CCS per MS and this represents the maximum number of MS's this service circuit group can render objective service to in the study period.
- (n) Percent Utilization - This is the percent of the 3 port circuit MS capacity that is expected to be used in the study period.

Receiver Off Hook Tone (ROH) - This indicates what type of service circuit.

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- (c) Circuits Provided - Traffic - This should equal the total circuits provided minus those required for service protection.
- (d) Engineering Criteria - Only ABS calculations are required for this service circuit.
- (e) Broadcast Connections - This is the number of simultaneous calls this circuit group can broadcast to, excluding circuits required for service protection. It is shown on Table STN, column MAX-CONN and is calculated by multiplying the number of channels by the number of traffic circuits.
- (f) Table - This indicates which table to use for determining circuit group capacity. Source: NTP 297-1001-450/2 Table M.
- (g) Peak Factor - This is not used with NTI tables.
- (h) CCS Capacity Provided - This is obtained from the NTP 297-1001-450/2 Table M

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By LEE BERTON

Staff Reporter of The Wall Street Journal

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Now, Mr. Kinney and other CGA shareholders are upset because some of CGA's top executives recently joined General Atlantic Corp., a New York-based investment company, to begin a leveraged buyout of CGA at \$13 a share—a price many shareholders think is too low.

CGA stock was quoted at \$12.125, bid, in over-the-counter trading yesterday.

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"It's unfair," says William Nasgovitz, president of Milwaukee Co., a Milwaukee, Wis., brokerage firm. Mr. Nasgovitz, who says he owns "several thousand" of CGA's 3.6 million common shares, contends that the buyout bidders are "getting a bargain and should be offering at least . . . \$16 a share for CGA's stock."

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GTD-5, DMS 100 and DMS 10 Speed Dialing List

Name	Code	Telephone Number
	2	
	3	
	4	
	5	
	6	
	7	
	8	
	9	

5ESS Speed Dialing List

Name	Code	Telephone Number
	2	
	3	
	4	
	5	
	6	
	7	

Speed Dialing

Speed Dialing allows you to call frequently dialed numbers by using an abbreviated code, reducing dialing time and time spent searching for telephone numbers. Speed Dialing gives you the flexibility to create and edit your own Speed Dialing list. The Speed Dialing short list consists of 8 numbers unless you have a 5ESS switch type, which provides a 6-number Speed Dialing list.

To establish/add or change a number on your Speed Dialing list:

- ▶ Lift the handset and listen for dial tone.
- ▶ Press **[*] [7] [4]** and listen for confirmation tone.
- ▶ Press **[#] [1]** (GTD-5 only, skip this step in all other switches).
- ▶ Press the Speed Dialing code numbers to be programmed (2-9 for all switches except 5ESS, press 2-7 for 5ESS).
- ▶ Dial the telephone number to be assigned to the code, along with any required access codes, (i.e., long distance carrier access code) up to 28 digits.
- ▶ Listen for confirmation tone.
- ▶ Hang up.
- ▶ Repeat steps for each code number to be programmed.

To place a Speed Call from the short list:

- ▶ Lift the handset and listen for dial tone.
- ▶ Press **[#] [1]** (all switches) and then dial the Speed Dialing code number (2-9 or 2-7 depending on what switch type you have). See page 50 for Speed Dialing code charts.
- ▶ Wait for party to answer.

NOTES:

- 1.) OPTIONAL: After you press **[#] [1]** and the code number, press **[#]** again for a quicker connection.
- 2.) Service codes such as 911, cannot be programmed.
- 3.) Fully restricted lines cannot have Speed Dialing.
- 4.) Customers may experience a 2- to 3-second timing delay when activating Speed Dialing codes that match other feature activation codes.

CustoPAK Optional Features

The following features are available for each of your CustoPAK lines at an additional monthly charge per line. As you read through this section, be aware of your switch type (found on the front cover of this guide), since some of these Optional features are not available for certain switch types. To add or change any of these features after your initial installation, contact your Verizon representative.

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Now, Mr. Kinney and other CGA shareholders are upset because some of CGA's top executives recently joined General Atlantic Corp., a New York-based investment company, to begin a leveraged buyout of CGA at \$13 a share—a price many shareholders think is too low.

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CGA Computer's Baffling Profit Reports Fuel Shareholders' Ire Over Buyout Offer

By LEE BERTON

Staff Reporter of The Wall Street Journal

Will the real CGA Computer Inc. please stand up? Is it the company that earned \$3.4 million in its fiscal year ended April 30? Or is it the company that earned \$765,000?

Both answers are right. That's because CGA, a Holmdel, N.J., computer software and consulting company, issues an annual report that is bewildering even for those few people who don't find annual reports bewildering. CGA, because of an unprecedented agreement with the Securities and Exchange Commission, has issued two sets of earnings statements in its annual report since 1981. Each set is based on a different accounting treatment for a 1981 acquisition.

"When I bought the stock, I didn't know which one of the two earnings statements was correct," says William Kinney, a trust investment officer for Marine Trust Co., Madison, Wis.

Now, Mr. Kinney and other CGA shareholders are upset because some of CGA's top executives recently joined General Atlantic Corp., a New York-based investment company, to begin a leveraged buyout of CGA at \$13 a share—a price many shareholders think is too low.

CGA stock was quoted at \$12.125, bid, in over-the-counter trading yesterday.

About 14% of CGA's stock is owned by management, but other stockholders promise to fight the buyout. In a leveraged buyout, the acquisition is financed largely by debt repaid with money from the acquired company's future operations or sales of its assets.

If it wasn't for CGA's strange and befuddling earnings reports, its stock would be trading much higher," says Ted Kellner,

president of Fiduciary Capital Inc., a growth fund management company. The firm bought 102,000 CGA shares for prices ranging from \$10 to \$13 late in 1983 and early this year. Based on its higher earnings, Mr. Kellner says, CGA stock is trading at only about 12 times earnings while stocks of eight competitive software companies are trading at an average of 18 times earnings.

"It's unfair," says William Nasgovitz, president of Milwaukee Co., a Milwaukee, Wis., brokerage firm. Mr. Nasgovitz, who says he owns "several thousand" of CGA's 3.6 million common shares, contends that the buyout bidders are "getting a bargain and should be offering at least . . . \$16 a share for CGA's stock."

Bernard Goldsmith III, CGA's chairman and chief executive, also isn't happy with the dual reporting. He concedes it has confused investors interested in the company's progress and prospects. "But the management group making the buyout believes its offer for CGA stock is fair," he says. That same conclusion was reached by an outside investment firm, L.F. Rothschild, Unterberg, Towbin.

CGA's dual reports stem from the company's acquisition of Allen Services Corp., another software company, in an exchange of stock in early 1981.

The SEC at first approved the acquisition under what's known as pooling-of-interests accounting, which assumes that both companies combined as if they had always been together. But later, SEC staff members discovered certain aspects of the transaction that they concluded required "purchase" accounting treatment.

Under purchase accounting, the purchase price is directly attributed to specific assets. If the price paid is higher than those assets,

then the difference—in Allen's case, the value of software packages and good will—must be subtracted from the acquirer's profits over a five year period. This reduces CGA's profits by about \$2.7 million annually through April 30, 1985.

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Please be sure to read the Introduction and Overview sections of this guide prior to operating your new CustoPAK system.

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system and (2) an array of switches and lamps. The switches are used to select which processors will be enabled for a specific test, and the lamps display whether the associated processor is halted. A development currently under way will replace the manual switches with ones that can be remotely controlled by the LSP.

Call traffic is generated by programmable call simulators that contain (1) circuits that simulate lines and trunks and (2) circuits that can generate and detect tones and various types of telephone signaling. These line and trunk circuits interface to the 5ESS system SMs as standard lines and trunks, and calls generated by the call simulator appear to the 5ESS switch to be normal calls. Test scripts are written in a C-like simulation language and stored in test sequence files on the LSP. A wide variety of line and trunk calls are possible. These test scripts are extensively used for regression testing of the 5ESS system generics.

The Load Originating Test System (LOTS) generates high-volume message traffic, which appears to the AM as coming from a number of SMs in the 5ESS switch. In reality, the messages are generated by special software loaded into Module Message Processors (MMPs) in the CM subsystem of the 5ESS system. The messages generated by LOTS simulate line-to-line, line-to-trunk, and trunk-to-line calls that represent either inter-SM or intra-SM traffic. The messages may represent completed calls, abandoned calls, Custom-Calling calls, or a variety of other call-sequence situations. In addition, the LOTS software generates corresponding traffic data and AMA billing data, which it sends to the AM for processing. Each LOTS MMP can generate messages representing approximately 70,000 busy-hour calls. With four MMPs, LOTS is able to load the AM with message traffic representing close to 300,000 busy-hour calls.

The Craft Message Generator/Analyzer (CMGA) is a test product that interfaces to serial I/O channels of the AM, such as the maintenance channel or service-order channel. The CMGA generates teletypewriter traffic on these serial channels and records the system responses for analysis. Test scripts can be generated and stored on the LSP, and the 5ESS responses can be matched against the expected results.

V. TEST MODELS

5.1 General description

The fundamental purpose for the test models in the 5ESS system development environment is to allow programmers to debug their code on the target machine. Subsequent software integration, load stress testing, stability runs, and final generic verification are also accomplished on a configuration that is representative of expected capability interactions in the field. Additionally, the test models integrate the

BUILDING-IN QUALITY AND PRODUCTIVITY
TO A LARGE SOFTWARE SYSTEM

E. M. Prell and A. P. Sheng

Bell Laboratories
Naperville, Illinois, 60566

Abstract

The ever-increasing demand for more and larger software systems requires that new and more effective ways of developing software be developed to increase the levels of quality and productivity. Experience with the 5ESS™ switching system development at Bell Laboratories showed that simultaneous gains in productivity and quality were made by improving the methodology and the environment surrounding the development.

This paper describes the key aspects of the management approach and the development methodology that directly contributed to those improvements in the software quality and project productivity. In addition, efforts for further improvements, including the implementation of productivity and quality circles, data and metric analysis, etc., are discussed.

Although these experiences resulted from the development of a very large project, the basic ideas and techniques can still be applied to most software projects involving more than a small group of programmers.

Introduction

The demand for software and competent designers has increased dramatically over the last two decades. This demand is not only for more software programs but also for larger software systems. It is generally felt that the demand for software is outstripping both the supply of trained talents and the current development technology and methodology. This is particularly true for large software products (greater than 100k source lines or requiring more than 50 staff years). As the cost of computer hardware continues to decrease significantly over the next several years, even larger and more complex systems will become economically feasible. Therefore the ability to design large, complex and quality software in a cost effective manner may become even more important.

As software projects grow larger and larger, the complexity increases non-linearly both within the software itself and the structure of the organizations charged with its development. The quality of the software can no longer be assured simply by debugging after the program is designed and coded. It must be built-in to the software throughout the entire design and implementation process. The demand for more and larger software systems can no longer be met simply by recruiting

more and more programmers. New and more effective ways of managing and supporting large software development must also be found to increase the productivity of existing resources.

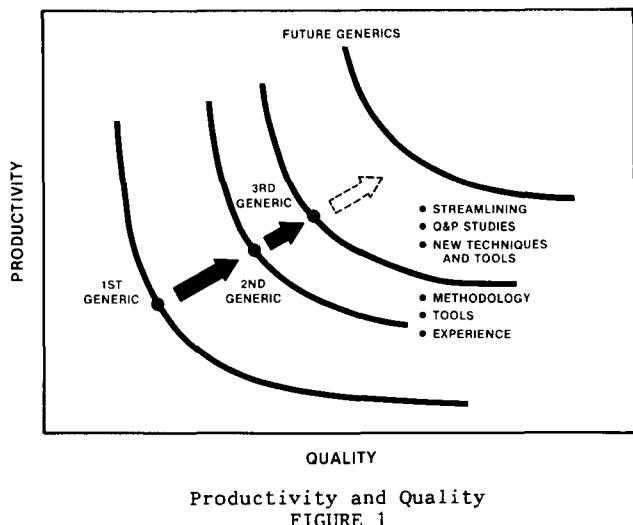
This paper presents some of the experiences gained from the development of a large computer controlled switching system, the 5ESS™ switch, at Bell Laboratories.¹ The 5ESS™ switching system is a time division switch utilizing state of the art technologies in both hardware and software. Its distributed modular architecture allows one system design to service a wide range of applications covering the needs of rural, suburban and metropolitan areas (from less than 1000 to more than 100,000 telephone lines). It is a second generation digital switching system that required ground-up development in both hardware, software and support capabilities. The focus of this paper is on the software development for the first three generic releases. These projects showed that significant increases in productivity and quality were achieved simultaneously due to highly formalized management techniques² and development methodology. Although this specific development is larger than many software projects, the basic ideas and techniques are still applicable to most projects that involve more than just a small group of programmers.

Management Approach

In order to achieve the desired superordinate goals of high quality, high productivity, and extraordinary short development intervals, the management team established a project structure where the work decomposition and the staff responsibilities logically reflected one another. Clear and effective lines of communications were established with well understood goals, responsibilities, and expectations throughout the project. The management also fostered a team spirit requiring strong positive work attitudes and firm commitments towards these goals by the entire organization. A formal rigorous development methodology was implemented to provide a uniform structure to the development process and to assure a high level of "designed-in" quality. Metrics were established and data collected during the entire development cycle to monitor progress, productivity and quality.

Figure 1 demonstrates qualitatively the results of the above approach on productivity and quality. It is based on the data from the

development of three 5ESS™ switching system generic releases showing that a twofold increase in both productivity and quality was realized. The curves are designed to show qualitatively that there is a relationship between productivity and quality, and it is not necessary to sacrifice quality for productivity or vice versa. Increases in productivity and quality can be achieved simultaneously if the environment or the methodology/technology is improved, resulting in higher operating regions as depicted.



Productivity and Quality
FIGURE 1

The following sections provide discussions on the productivity and quality improvement techniques based on the management approach used on this project. Further improvements are expected as the development process is refined and streamlined.

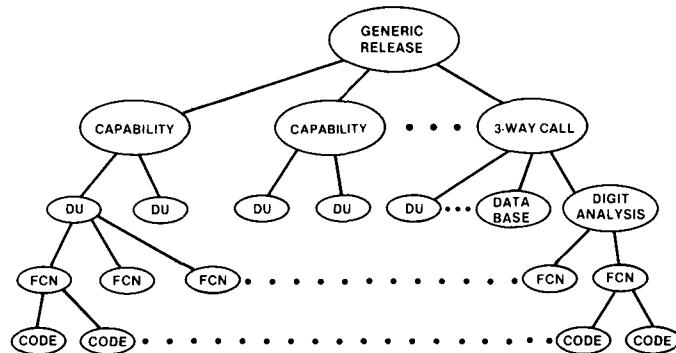
Project Structure

This project involved simultaneous development of several generic releases. The development encompassed several hundred staff years (software alone), more than 500,000 new or modified non-commentary source lines, and one to two years of development interval. Therefore it was critically important that the project be structured in such a way that both the organizational responsibilities and the components of the development structure were clearly defined and easily understood by everyone.

Structured Development Decomposition

Figure 2 shows that the generic was hierarchically decomposed into capabilities, design units and program functions. A capability was defined as a logical grouping of externally demonstratable functions. For example, in Figure 2, the ability to provide three-way calling service to a customer is externally demonstratable and, therefore, is a capability. Other examples of capabilities are other custom calling features, system initialization, maintenance and recovery of specific hardware complexes, etc. The implementation of a capability required the development of many functions which were used

internally within the programs and were not visible to the user. These were called design units which were defined based on the types of functions they perform. The example in Figure 2 shows digit analysis, data base management, hardware control, etc., as design units. Together they provided the necessary functions needed by a capability. The design units were in turn decomposed into program functions which were written in the C language. Typically a function consists of 50-100 C-statements. Today, there are over 10,000 functions in a typical 5ESS™ switching system generic with many of the functions and primitives being reused in various design units.



Hierarchical Structure
FIGURE 2

Management and Staff Responsibilities

The responsibilities of the levels of management and staff were tailored to provide a data driven bottom-up development process with a top-down supported methodology. Figure 3 shows the levels of accountability with the corresponding components of the development. The executive director and the directors were responsible for the overall project, and make project level decisions and set project directions and goals. The department heads (second level management) were responsible for the deployment of the available resources to ensure the quality of the capabilities and their scheduled completions. The supervisors had direct development responsibility for the capabilities and design units. In addition, each capability was assigned a capability manager who was a supervisor. The capability manager had overall responsibility for the development of the capability even though many of its components (design units) were developed by other supervisory groups. The capability manager must make sure that the design units were properly integrated into the capability before it was delivered to the separate system testing organization. The technical staff members had the direct responsibility for the design and implementation work assigned to them. In addition, they were charged with the responsibility of building-in the desired quality by serving as formal reviewers or inspectors of the work of their peers.

Enhanced Call Forwarding

Using a toll free 800 number, you can forward calls from anywhere in the country to any other number of your choice (pager, cellular phone, work phone or home phone). Enhanced Call Forwarding has been installed with a default destination number that you have chosen, and provides you with the flexibility to override the default number whenever necessary. **This feature is not available in the DMS 10 switch type.**

While using Enhanced Call Forwarding, certain buttons always have the same standard function:

- ▶ Press **[8]** to jump to the Main Menu.
- ▶ Press **[9]** to hear a menu again.
- ▶ Press **[0]** to hear help information.
- ▶ Press **[*]** to return to the previous menu.
- ▶ If you're entering a string of digits (a phone number or a time) and make a mistake, press **[*]** to clear the entry so you can start over again.
- ▶ After entering a string of digits, press **[#]** to end the string.

Calling Enhanced Call Forwarding

From a touch-tone telephone:

- ▶ Dial 1-888-483-3230.
- ▶ Enter your 10-digit Enhanced Call Forwarding account number, then press **[#]**.
- ▶ Enter your Verizon-provided temporary PIN, then press **[#]**. If this is the first time you've used Enhanced Call Forwarding, you'll be prompted to create your new 6- to 10-digit PIN.

Refer to your Enhanced Call Forwarding User Guide for detailed information on how to use this feature.

Executive Busy Override

Executive Busy Override allows you to gain access to a busy line within your CustoPAK system by dialing a code, thus establishing a three-way call. The called number will receive a warning tone prior to the establishment of the three-way conference call. The person to whom the called party is speaking can be either inside or outside of the CustoPAK system. **This feature is not available in the GTD-5 switch type.**

Upon reaching a busy internal station:

- ▶ Press the switchhook (or the Tap/Flash/Recall/Link button, depending on your telephone set).
- ▶ Press **[*] [4] [0]** (both parties will hear break-in tone and you can now join the conversation).

NOTES:

- 1.) If a three-way conference is already in progress on the called number, the feature will not operate.
- 2.) If the called party presses the switchhook (or the Tap/Flash/Recall/Link button, depending on the telephone set), the overriding party will be disconnected from the three-way call. If any of the three parties hang up, the remaining two parties will still be connected.

Last Number Redial

This convenient service enables you to be connected to the last number you dialed. Use Last Number Redial to save time and improve efficiency by reducing dialing time and time spent looking for telephone numbers. **This feature is not available for 5ESS and DMS 10 switch types.**

To be connected to the last number you dialed:

- ▶ Lift the handset and listen for dial tone.
- ▶ Press **[#] [7] [7]** and wait for the call to connect.

NOTE: If you called both numbers when establishing a three-way conference, the second number is the one stored for a Last Number Redial request.

Call Pick-Up – Group

Call Pick-Up – Group enables you to answer (pick-up) calls directed to any other line within your Call Pick-Up group by dialing a code. If more than one person tries to pick-up the call, the first user will receive the call, and the others will receive a busy signal as confirmation that the call was answered. Use Call Pick-Up – Group to provide maximum call coverage and ensure against missed calls.

To use Call Pick-Up – Group:

- ▶ Lift the handset and listen for dial tone.
- ▶ Press **[*] [1] [7]** (the incoming call is connected to your station).

To use Call Pick-Up – Group when you are already on the phone:

- ▶ Tell the person to whom you are speaking that you are going to put them on hold.
- ▶ Press the switchhook (or the Tap/Flash/Recall/Link button, depending on your telephone set).
- ▶ Listen for dial tone.
- ▶ Press **[*] [0] [1]** to put the first call on hold.
- ▶ Press **[*] [1] [7]** (the incoming call is connected to your station).

NOTES:

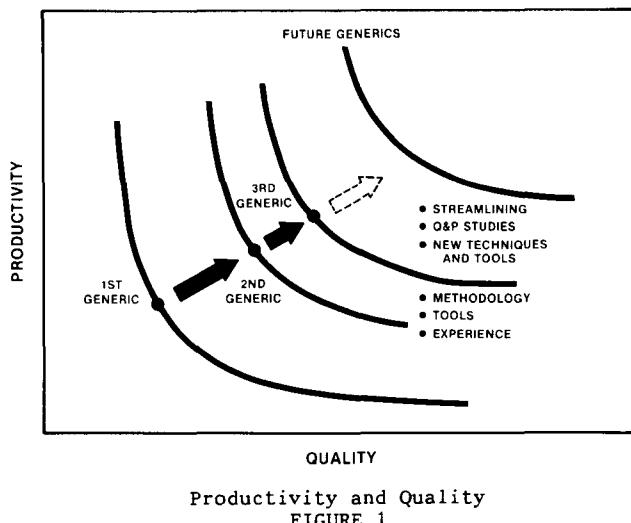
- 1.) You cannot use Call Pick-Up – Group to connect to an Automatic Callback call.
- 2.) If more than one line in your Call Pick-Up group is ringing, you cannot select which line to answer. The system will automatically direct the pick-up to the call that came in first.
- 3.) All lines in a Multi-Line Hunt group must be in the same Call Pick-Up group.

Call Restriction Options

This feature enables you to select and control the incoming and outgoing calling capabilities of each of your CustoPAK lines. Each line can only be equipped with one Call Restriction option, which has been programmed by Verizon.

NOTE: Verizon must automatically activate this feature. You cannot activate or deactivate the feature as you choose. If you want to add or update Call Restriction options, please contact your Verizon representative.

development of three 5ESS™ switching system generic releases showing that a twofold increase in both productivity and quality was realized. The curves are designed to show qualitatively that there is a relationship between productivity and quality, and it is not necessary to sacrifice quality for productivity or vice versa. Increases in productivity and quality can be achieved simultaneously if the environment or the methodology/technology is improved, resulting in higher operating regions as depicted.



Productivity and Quality
FIGURE 1

The following sections provide discussions on the productivity and quality improvement techniques based on the management approach used on this project. Further improvements are expected as the development process is refined and streamlined.

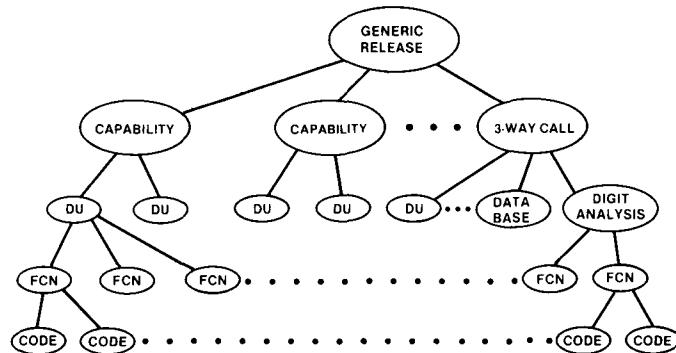
Project Structure

This project involved simultaneous development of several generic releases. The development encompassed several hundred staff years (software alone), more than 500,000 new or modified non-commentary source lines, and one to two years of development interval. Therefore it was critically important that the project be structured in such a way that both the organizational responsibilities and the components of the development structure were clearly defined and easily understood by everyone.

Structured Development Decomposition

Figure 2 shows that the generic was hierarchically decomposed into capabilities, design units and program functions. A capability was defined as a logical grouping of externally demonstratable functions. For example, in Figure 2, the ability to provide three-way calling service to a customer is externally demonstratable and, therefore, is a capability. Other examples of capabilities are other custom calling features, system initialization, maintenance and recovery of specific hardware complexes, etc. The implementation of a capability required the development of many functions which were used

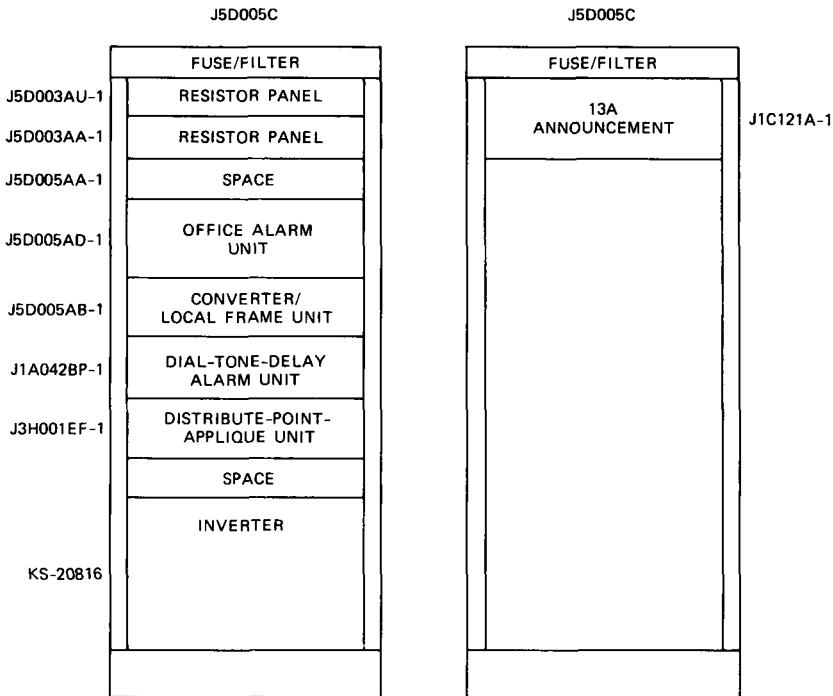
internally within the programs and were not visible to the user. These were called design units which were defined based on the types of functions they perform. The example in Figure 2 shows digit analysis, data base management, hardware control, etc., as design units. Together they provided the necessary functions needed by a capability. The design units were in turn decomposed into program functions which were written in the C language. Typically a function consists of 50-100 C-statements. Today, there are over 10,000 functions in a typical 5ESS™ switching system generic with many of the functions and primitives being reused in various design units.



Hierarchical Structure
FIGURE 2

Management and Staff Responsibilities

The responsibilities of the levels of management and staff were tailored to provide a data driven bottom-up development process with a top-down supported methodology. Figure 3 shows the levels of accountability with the corresponding components of the development. The executive director and the directors were responsible for the overall project, and make project level decisions and set project directions and goals. The department heads (second level management) were responsible for the deployment of the available resources to ensure the quality of the capabilities and their scheduled completions. The supervisors had direct development responsibility for the capabilities and design units. In addition, each capability was assigned a capability manager who was a supervisor. The capability manager had overall responsibility for the development of the capability even though many of its components (design units) were developed by other supervisory groups. The capability manager must make sure that the design units were properly integrated into the capability before it was delivered to the separate system testing organization. The technical staff members had the direct responsibility for the design and implementation work assigned to them. In addition, they were charged with the responsibility of building-in the desired quality by serving as formal reviewers or inspectors of the work of their peers.



NOTE: A MINIMUM OF TWO CABINETS ARE REQUIRED FOR MISCELLANEOUS EQUIPMENT. A MAXIMUM OF FOUR 13A ANNOUNCEMENT CIRCUITS CAN BE MOUNTED IN A MISCELLANEOUS CABINET.

Fig. 21—Miscellaneous cabinet.

5.5.3 Resistor panel

The resistor panel is a 4 inch high, 23-1/4 inch wide unit that provides a mounting for cables and current-limiting resistor assemblies.

5.5.4 Inverter

The inverter unit is required to provide emergency 117V ac to the data-set cabinet and equipment at the master control center. This unit is 26-1/4 inches high, 23 inches wide, and 15 inches deep.

5.5.5 Converter and local frame (tel jack) unit

The converter unit is a 4-inch high, 2-foot 2-inch wide mounting plate equipped with a housing for a 131-type dc-to-dc power converter that supplies the external sanity monitor. Also mounted on this unit is the circuitry required for interframe communications.

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By LEE BERTON

Staff Reporter of The Wall Street Journal

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CGA Computer Holders Get Little Help On Decision Over How to Vote on Offer

By WALT BOGDANICH

Staff Reporter of THE WALL STREET JOURNAL
HOLMDEL, N.J.—CGA Computer Inc. shareholders aren't getting much guidance as they decide how to vote on a \$13-a-share leveraged buyout offer.

Each CGA director has an acknowledged potential conflict of interest stemming from the \$46.5 million buyout plan, CGA's proxy statement indicates. So the computer software and consulting concern hired investment banker L.F. Rothschild, Unterberg, Towbin to decide if the offer is fair. The firm's opinion said it is. The firm wasn't asked to make an independent appraisal of CGA's assets or solicit other purchasers.

Under the plan, CGA would be acquired by a new company owned by Bernard Goldsmith III, CGA chairman and chief executive officer, several senior CGA managers, and General Atlantic Corp., a New York-based investment company.

CGA directors, who own 13.7% of the company, have agreed to vote their shares on the same side as a majority of the other shareholders at a Nov. 2 meeting. The directors made no recommendations to shareholders on the proposal, although they approved the buyout.

The proxy statement noted that three shareholder lawsuits have been filed in Delaware Chancery Court alleging that the buyout offer is unfair. And late last week, CGA said a lawsuit filed in federal court in Wilmington, Del., accuses the company of violating federal proxy rules in connection with the buyout plan.

CGA denied wrongdoing in all four lawsuits. Company officials declined to be interviewed about the attempted buyout.

Under an agreement with the Securities and Exchange Commission, CGA reports its earnings statements based on two different accounting treatments because of a dispute with the SEC over the way CGA accounted for an acquisition in 1981. The practice, company officials say, makes the company confusing to shareholders and has kept its stock price lower than that of comparable computer software concerns.

CGA's officers and directors, the proxy material declares, believe private ownership of the company will "maximize long-term profitability and value." In addition, dropping the peculiar accounting requirement will make equity financing easier, the material adds.

Mr. Goldsmith, in particular, stands to gain a great deal from a buyout. The take-over group will buy almost half of his 13.1% interest in CGA for \$2.6 million, and he will own a 37.3% interest in the new company. He will contribute \$62,833 in cash and the remainder of his CGA shares to the new company. He paid an average 12 cents a share for his CGA holdings, the proxy material indicates.

Robert J. Sywolski, CGA's president and chief operating officer, will have a 7% interest in the new company and director F. Philip Handy will have a 2.5% interest.

In a leveraged buyout, a company is acquired in a transaction financed largely by borrowing. Ultimately the debt is paid with funds generated by the acquired company's operations or sales of assets.

To finance the buyout, the acquiring company has received a commitment from Bankers Trust Co. for \$36 million. Messrs. Goldsmith, Sywolski and Handy will put up \$145,647 in cash, plus GCA common stock valued at \$3.5 million, which doesn't include the shares Mr. Goldsmith, in effect, is selling for \$2.6 million. General Atlantic will finance the rest of the buyout with cash and the purchase of a subordinated debenture.

Mr. Handy, who will be a consultant to the new company, also will receive a \$75,000 fee from the new company for acting as a financial consultant in connection with the buyout plan if the buyout is completed or a

\$20,000 fee if the plan is terminated.

In addition, Mr. Goldsmith received \$50,000 from General Atlantic for introducing it to another computer software company in which General Atlantic subsequently made an investment, the proxy material says. Mr. Goldsmith and Mr. Sywolski will have employment contracts with the new company.

CGA director Thomas F. Kearns is a partner in the investment banking firm of Bear, Stearns & Co., which received \$30,000 from the new company "for financial advisory services" in connection with the proposed buyout.

Another CGA director, Joel M. Handel, is a partner of Baer Marks & Upham, the law firm which is general counsel to CGA. The proxy material notes that Baer Marks may perform legal services for the new company.

In national over-the-counter trading, the company's stock closed at \$12.375, unchanged.

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- Develop a forecast of B-Type requirements on a year-by-year basis.
- Track B-card usage monthly and notify the equipment engineering group of potential shortages.
- Keep the number of B-cards assigned to A-Type services to a minimum.
- Provide network maintenance with a forecast of E-CUTS for re-claiming B-cards.

7. ASSIGNMENT CONSIDERATIONS

7.01 In switching systems such as DMS 100/200 switches, a quantity of telephone numbers and line equipment are excluded from the total available to customers. These items are separated into several categories which are defined subsequently.

A. Telephone Numbers

7.02 There are no restrictions inherent in the DMS 100/200 switch that restricts the assignment of telephone numbers. However, there are other considerations as described in this BR and in Practices 780-103-010 and 780-200-014.

B. Utilization Plans

7.03 After the capacity is defined for a DMS traffic unit, the network administrator should develop a directory number utilization plan. The following guidelines are provided for the preparation of this plan:

- Determine any reserved number requirements, i.e., IBN.
- Determine the main station equivalent of the limiting item.
- Determine the number of directory numbers to be assigned per NXX at exhaust date.
- Prepare projections of assignable directory numbers by NXX for at least four future intervals.

7.04 Before finalization, the utilization plan should be reviewed with traffic engineering, network maintenance, LAC, and marketing.

After the plan is mutually agreed upon, the network administrator should supervise the actual assignment implementation. The number assignment list (in offices not equipped with mechanized line assignment) is prepared as follows:

- Refer to the appropriate interval on the directory number utilization plan and the last line count to determine the NXX(s) to be used for preparing the number assignment list.
- Select the required number of assignments from the number book for the appropriate NXX(s) and note this in the records.

C. Aging

7.05 Directory numbers are considered available for assignment when certain aging requirements have been met or when intercept studies have been made to determine candidates for accelerated reassignment. The guidelines for number aging are found in Practice 780-200-014, Determination of Line and Number Requirements.

7.06 Quite often, a well known and frequently called number is considered unassignable for an indeterminate period, and is not reassigned without a study. It is desirable that arrangements be made locally for customer services to advise network administration when a disconnected number might require special handling, e.g., numbers that have served a taxi company, a large store, a public service, etc. or numbers listed incorrectly in the directory.

7.07 Blocks of numbers should be reserved for directory number utilization plans and area transfers. Numbers should also be reserved in order to efficiently serve series completion, and IBN customers. The marketing group should be helpful in determining how much series completion and IBN numbers need to be planned for.

7.08 The Multi-Line hunting feature offers an excellent opportunity to conserve number assignments and reservations. Unless a customer's functions are identified by individual

and represents the traffic capacity of the circuits based on the number of broadcast connections.

- (i) Component Main Station Demand - Enter the maximum number of office MS's expected to use this circuit group during the study period.
- (j) Busy Hour Factor - This is used to provide a correction for data that was not generated during this component's busiest hour.
- (k) Holding Time - The holding time is calculated by dividing circuit group usage by the corresponding call peg counts.
- (l) Busy Hour Calls per Main Station - This is the number of BH call peg counts for the component, divided by the main stations for the same time period.
- (m) Busy Hour CCS per Main Station - This is an estimation, or "Pick" of the CCS per MS that is expected to materialize in this component's BH.
- (n) Main Station Capacity - Divide the CCS capacity provided by the CCS per MS, this will give the maximum number of MS's the ROH tone group can render objective service to during the study period.
- (o) Percent Utilization - Divide component main station demand by main station capacity and this will give the percent of the ROH tone group MS capacity that is expected to be used in the study period.

Announcements - This column indicates an announcement but does not specify which one. The announcements with the highest projected usage should be used.

- (a) Circuits per Pack - This does not apply because digital recording announcement machine (DRAM) channels are being evaluated and the quantity of channels is determined by the setting of switches on the DRAM control card.

- (b) Circuits Provided - Total - Enter "1" because only one channel is being evaluated, the one with the highest projected usage.
- (c) Circuits Provided - Traffic - Enter "1" because only one channel is being evaluated.
- (d) Engineering Criteria - The engineering criteria indicates that only ABS calculations are required.
- (e) Broadcast Connections - This is the number of simultaneous calls this circuit group can broadcast to. Source: Table ANNS. Max. Connections.
- (f) Table - This indicates which table to use for determining circuit group capacity. See NTP 297-1001-450/2, Table M.
- (g) Peak Factor - This is not used with NTI tables.
- (h) CCS Capacity Provided - This value is obtained from the NTI table and represents the traffic CCS capacity of one channel, based on the number of broadcast connections.
- (i) Component Main Station Demand - For this circuit group, enter the maximum number of office MS's expected to use this circuit group. For this group it will equate to the total office MS's.
- (j) Busy Hour Factor - This is used to provide a correction for data that was not generated during this component's busiest hour.
- (k) Holding Time - The holding time is calculated by dividing circuit group usage by the corresponding call peg counts.
- (l) Busy Hour Calls per Main Station - Divide the number of BH call peg counts for the same time period. This item is not required for determining when empirical usage data is used.
- (m) Busy Hour CCS per Main Station - This is an estimation, or "Pick" of the CCS per

is expected to be used in the study period.

Three Port Conference Circuits -

- (a) Circuits per Pack - This is to indicate the number of circuits in one circuit pack.
- (b) Circuits Provided - Total - The total number of circuits installed. Source: Busy Hour Printout.
- (c) Circuits Provided - Traffic - This number should equal the total circuits provided minus those required for service protection.
- (d) Engineering Criteria - Engineering criteria indicates that only ABS calculations are required.
- (e) Table - This indicates which table to use for determining circuit group capacity. It will be either a Northern Telecom or a poisson table.
- (f) Peak Factor - This will contain the PF (HD to ABS ratio).
- (g) CCS Capacity Provided - This value is obtained from the poisson table and represents the traffic capacity of the service circuits.
- (h) Component Main Stations Demand - For three port conference circuits the maximum number of MSs expected to use this circuit group in the study period, is the preferred entry. This may be difficult to do because of the many applications of this circuit.
- (i) Busy Hour Factor - This is used to provide a correction for data that was not generated during this component's busiest hour.
- (j) Holding Time - The holding time is calculated by dividing 3 port conference circuit usage by the corresponding call peg counts.
- (k) Busy Hour Calls per Main Station - Divide the number of BH call peg counts

for this component by the main stations for the same time period.

- (l) Busy Hour CCS per Main Station - This is an estimation, or "Pick", of the CCS per MS that is expected to materialize in this component's BH study period.
- (m) Main Station Capacity - Divide the CCS capacity provided by the CCS per MS and this represents the maximum number of MS's this service circuit group can render objective service to in the study period.
- (n) Percent Utilization - This is the percent of the 3 port circuit MS capacity that is expected to be used in the study period.

Receiver Off Hook Tone (ROH) - This indicates what type of service circuit.

- (a) Circuits per Pack - This indicates the number of circuits in one circuit pack.
- (b) Circuits Provided - Total - The number of circuits installed. Source: Table STN (NTP Form 2652 A-B).
- (c) Circuits Provided - Traffic - This should equal the total circuits provided minus those required for service protection.
- (d) Engineering Criteria - Only ABS calculations are required for this service circuit.
- (e) Broadcast Connections - This is the number of simultaneous calls this circuit group can broadcast to, excluding circuits required for service protection. It is shown on Table STN, column MAX-CONN and is calculated by multiplying the number of channels by the number of traffic circuits.
- (f) Table - This indicates which table to use for determining circuit group capacity. Source: NTP 297-1001-450/2 Table M.
- (g) Peak Factor - This is not used with NTI tables.
- (h) CCS Capacity Provided - This is obtained from the NTP 297-1001-450/2 Table M

is divided into two shelves with five Line Drawers (LD) per shelf. Each drawer can hold up to 64 of the new smaller Line Cards (LC). It is possible to accommodate multi-slot cards and to assign any mix of line cards (and service) to the same drawer.

6.14 Two LCMs are bolted together one on top of the other to form a Line Concentrating Equipment (LCE) frame. Looking at the LCE from the front, the bottom LMC is 0 and the upper LCM is 1 (See Figure 2). The ten drawers in each LCM are numbered 00 (bottom left) to 19 (top right). (Each drawer is broken up into two sections of 32 LCs per section.)

6.15 The Remote Line Concentrating Module (RLCM) is connected to the LGC in the host office by from two to six DS-1 links. The RLCM can interface up to 640 subscriber lines. Basically the RLCM is similar to the LCM in the host office except that it is located at a remote location.

6.16 The "new family" of PMs uses a new smaller series of line cards — Type-A (NT6X17AA), Type-B (NT6X18AA and NT6X18AB), Type-C (NT6XZ1AA), Type-D (NT6X71AA), and Type-E (TN6X19AA, NT6X20AA, and NT6X23AA).

6.17 Type-A Line Cards provide the following features:

- Single-party bridged ringing
- PBX loop start
- Superimposed ringing
- Frequency Selective ringing (bridged ringers).

6.18 Type-B Line Cards provide all of the features of a Type-A card plus:

- Two-party divided ringing
- Multiparty coded ringing
- PBX ground start
- Hotel/Motel

- Coin-prepay and semi-post pay
- PBX toll diversion
- Frequency Selective ringing (divided ringers without +48V interface).

Type-B Line Cards (NT6X18AB) provides all of the above features and is used where coin pad disabling is required. The NT6X23AA Power Converter Card is associated with the NT6X18AB card and is required to supply +48V power for coin stations requiring +48V such as Mechanized Calling Card Service (MCS). It occupies two positions, 00 and 16.

6.19 Type-C Line Cards provide Integrated Business Network (IBN) service.

6.20 Type-D Line Cards provide data service to lines equipped with DMS-100 data units using time compression multiplexing (TCM) transmission. The NT6X71AA cards occupy two card positions (vertically) so the drawer capacity is cut in half.

6.21 Type-E Line Cards provide message waiting features.

C. Responsibilities

6.22 The provisioning of B-Type Line Cards is complicated by a number of factors such as:

- Ground start requirements are difficult to determine precisely from the General Planning Forecast (GPF).
- The B-Type Line Card is more expensive than the A-Type Line Card.
- Overprovisioning of B-Type cards could create a buildup of A-Type services on B-Type cards which would have to be cleared periodically by line transfers.
- The overall objective of the traffic engineer and network administrator is to avoid limiting the machine on B-Types at the same time minimizing the quantity of A-Type Services on B-Type cards.

6.23 In order to meet the objective, the network administrator should:

CGA Computer's Baffling Profit Reports Fuel Shareholders' Ire Over Buyout Offer

By LEE BERTON

Staff Reporter of The Wall Street Journal

Will the real CGA Computer Inc. please stand up? Is it the company that earned \$3.4 million in its fiscal year ended April 30? Or is it the company that earned \$765,000?

Both answers are right. That's because CGA, a Holmdel, N.J., computer software and consulting company, issues an annual report that is bewildering even for those few people who don't find annual reports bewildering. CGA, because of an unprecedented agreement with the Securities and Exchange Commission, has issued two sets of earnings statements in its annual report since 1981. Each set is based on a different accounting treatment for a 1981 acquisition.

"When I bought the stock, I didn't know which one of the two earnings statements was correct," says William Kinney, a trust investment officer for Marine Trust Co., Madison, Wis.

Now, Mr. Kinney and other CGA shareholders are upset because some of CGA's top executives recently joined General Atlantic Corp., a New York-based investment company, to begin a leveraged buyout of CGA at \$13 a share—a price many shareholders think is too low.

CGA stock was quoted at \$12.125, bid, in over-the-counter trading yesterday.

About 14% of CGA's stock is owned by management, but other stockholders promise to fight the buyout. In a leveraged buyout, the acquisition is financed largely by debt repaid with money from the acquired company's future operations or sales of its assets.

If it wasn't for CGA's strange and befuddling earnings reports, its stock would be trading much higher," says Ted Kellner,

president of Fiduciary Capital Inc., a growth fund management company. The firm bought 102,000 CGA shares for prices ranging from \$10 to \$13 late in 1983 and early this year. Based on its higher earnings, Mr. Kellner says, CGA stock is trading at only about 12 times earnings while stocks of eight competitive software companies are trading at an average of 18 times earnings.

"It's unfair," says William Nasgovitz, president of Milwaukee Co., a Milwaukee, Wis., brokerage firm. Mr. Nasgovitz, who says he owns "several thousand" of CGA's 3.6 million common shares, contends that the buyout bidders are "getting a bargain and should be offering at least . . . \$16 a share for CGA's stock."

Bernard Goldsmith III, CGA's chairman and chief executive, also isn't happy with the dual reporting. He concedes it has confused investors interested in the company's progress and prospects. "But the management group making the buyout believes its offer for CGA stock is fair," he says. That same conclusion was reached by an outside investment firm, L.F. Rothschild, Unterberg, Towbin.

CGA's dual reports stem from the company's acquisition of Allen Services Corp., another software company, in an exchange of stock in early 1981.

The SEC at first approved the acquisition under what's known as pooling-of-interests accounting, which assumes that both companies combined as if they had always been together. But later, SEC staff members discovered certain aspects of the transaction that they concluded required "purchase" accounting treatment.

Under purchase accounting, the purchase price is directly attributed to specific assets. If the price paid is higher than those assets,

then the difference—in Allen's case, the value of software packages and good will—must be subtracted from the acquirer's profits over a five year period. This reduces CGA's profits by about \$2.7 million annually through April 30, 1985.

So in July 1981, CGA and the SEC agreed that CGA would issue its annual report in both the "pooling" and "purchase" formats for the next five years. Howard Hodges, chief accountant of the SEC's corporate finance division, notes that CGA is the only public company permitted this dual financial presentation. "I would never recommend it again, and it hasn't come out the way anyone anticipated," Mr. Hodges concedes. He says that investors interested in CGA "really have to look at both profit figures and make judgments themselves."

Both CGA's previous auditor, Alexander Grant & Co., and its current auditor, Price Waterhouse & Co., hold that the pooling treatment was and is proper. Neither, however, will say which profit figure is correct. Price Waterhouse, in its latest report on CGA's annual financial statement, says the dual presentation of profits conflicts with the generally accepted reporting standard, which requires a business entity to present only one set of primary financial statements.

Meanwhile, Mr. Goldsmith, CGA's chairman, says that the only beneficiaries of the dual report are graduate business students at Harvard University and the Amos Tuck School of Dartmouth College. "Our annual report has become a classic to illustrate the difference between pooling and purchase accounting, and I've been asked to speak before student groups at both schools about the unusual agreement we made with the SEC," Mr. Goldsmith says.

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Under the plan, CGA would be acquired by a new company owned by Bernard Goldsmith III, CGA chairman and chief executive officer, several senior CGA managers, and General Atlantic Corp., a New York-based investment company.

CGA directors, who own 13.7% of the company, have agreed to vote their shares on the same side as a majority of the other shareholders at a Nov. 2 meeting. The directors made no recommendations to shareholders on the proposal, although they approved the buyout.

The proxy statement noted that three shareholder lawsuits have been filed in Delaware Chancery Court alleging that the buyout offer is unfair. And late last week, CGA said a lawsuit filed in federal court in Wilmington, Del., accuses the company of violating federal proxy rules in connection with the buyout plan.

CGA denied wrongdoing in all four lawsuits. Company officials declined to be interviewed about the attempted buyout.

Under an agreement with the Securities and Exchange Commission, CGA reports its earnings statements based on two different accounting treatments because of a dispute with the SEC over the way CGA accounted for an acquisition in 1981. The practice, company officials say, makes the company confusing to shareholders and has kept its stock price lower than that of comparable computer software concerns.

CGA's officers and directors, the proxy material declares, believe private ownership of the company will "maximize long-term profitability and value." In addition, dropping the peculiar accounting requirement will make equity financing easier, the material adds.

Mr. Goldsmith, in particular, stands to gain a great deal from a buyout. The take-over group will buy almost half of his 13.1% interest in CGA for \$2.6 million, and he will own a 37.3% interest in the new company. He will contribute \$62,833 in cash and the remainder of his CGA shares to the new company. He paid an average 12 cents a share for his CGA holdings, the proxy material indicates.

Robert J. Sywolski, CGA's president and chief operating officer, will have a 7% interest in the new company and director F. Philip Handy will have a 2.5% interest.

In a leveraged buyout, a company is acquired in a transaction financed largely by borrowing. Ultimately the debt is paid with funds generated by the acquired company's operations or sales of assets.

To finance the buyout, the acquiring company has received a commitment from Bankers Trust Co. for \$36 million. Messrs. Goldsmith, Sywolski and Handy will put up \$145,647 in cash, plus GCA common stock valued at \$3.5 million, which doesn't include the shares Mr. Goldsmith, in effect, is selling for \$2.6 million. General Atlantic will finance the rest of the buyout with cash and the purchase of a subordinated debenture.

Mr. Handy, who will be a consultant to the new company, also will receive a \$75,000 fee from the new company for acting as a financial consultant in connection with the buyout plan if the buyout is completed or a

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Another CGA director, Joel M. Handel, is a partner of Baer Marks & Upham, the law firm which is general counsel to CGA. The proxy material notes that Baer Marks may perform legal services for the new company.

In national over-the-counter trading, the company's stock closed at \$12.375, unchanged.

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