



HORIZONS

News About IBM's Manufacturing & Development Businesses / Number 5, 1992

IBM in Gear for OEM Markets

Q & A

IBM products under competitors' names: To some IBMers it sounded more like a going-out-of-business sale than a business opportunity when IBM began to focus in 1990 on original equipment manufacturing (OEM).
Bill Boules, general manager, worldwide OEM operations, spoke with HORIZONS about IBM's expertise as an aggressive competitor in this major market.

Q: Will 1992 worldwide OEM sales reach the \$1 billion projected for the year?

A: Yes. Barring some year-end economic or manufacturing catastrophe, we expect to exceed that projection by as much as \$200 million in '92.

Q: How about the \$3 billion projected for next year?

A: That's harder. We know how we're going to do about \$2-1/2 billion; we're not yet sure where the rest is coming from. We're still learning about this business.

Q: What does IBM need to

part it again. And keep parting it. You have to keep reinforcing what you know and add the new things you learn.

And last, we found that in this

cost competitive, our cost will haunt us. If we bid to a customer who's going to put a product into his own stuff and move it through his own marketing chan-



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ROUNDUP

A: First, we need to learn to believe in and do what we know we need to do. We began 1992 knowing the rules for success in this business. To mention a few, we must reveal future product plans. We must make our new technologies available so OEM customers can get their products into the marketplace at the same time we do. We must guarantee supply. We must price to the market.

Then we went out to do it, and we found, as always, it's easier to say it than to do it.

The second thing we learned is that OEM is a culture change. We've been doing business another way for 75 years. It's like getting up one morning and parting your hair on the other side. At mid-morning you look in a mirror and it's drifted back. You've got to

say show me your function and tell me what you're going to charge me, and I'll tell you how I like it.

It's like stock car races, with the tailgate picnics and the uniforms of the drivers and the colors of the cars and the fanfare and the nuances of the track. But the checkered flag is not awarded for the colorful panorama. Whoever crosses the finish line first gets it. Assuming skilled drivers, the outcome depends on the raw capability and durability of the product. And if you don't have it, you know what happens? You lose.

Q: What about price?

A: We knew we had to be price competitive, which means cost competitive. Anywhere we're not

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Dallas Center Open f

It's not something industry reporters see every day: A roomful of IBM executives smiling as they show off a collection of up-to-the-minute computing equipment — most of it stamped with the logos of IBM's competitors.

The IBM executives who attended the briefing at the new U.S.

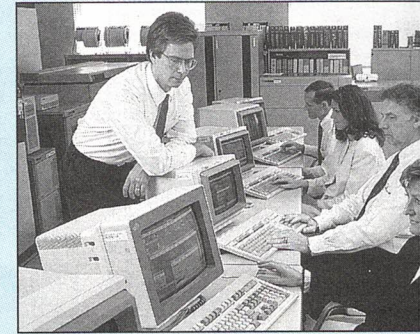
Open Systems Center on November 10 had reason to smile. The hardware they were showing off, or rather the software that will be designed to run on it, is expected to add billions of dollars to IBM's bottom line in the not-too-distant future.

Peter Tarrant, Programming Systems director of open systems marketing, explains why IBM has been shopping at Apple, DEC, Hewlett-Packard and Sun lately:

"Customers are moving to open systems — in fact, our research showed that 75 percent plan to be totally open within three years — and we plan to be actively involved in helping them make that move.

"The new Open Systems Center in Dallas — designed to serve as a one-stop-shopping solution for the design of multivendor systems — is hard evidence of the seriousness of our commitment."

Before IBM opened its new center, Tarrant and his open steering committee (composed of IBM executives from every part of the business) conducted



Customers have their choice of hardware

a survey. They polled 775 customers — as well as industry experts — in every part of the world to find out exactly what they needed when they talked about open systems.

"The consensus," Tarrant reports, "was that an open system is one that maximizes access and the sharing of, information."

Work to turn concept into code is now underway at four IBM Open Systems Centers — in the U.S., Japan, Singapore and Australia. (Open Systems Centers for the European countries are in the planning stage.)

The IBM Japan Open Center, for example, recently helped Toyota solve a sticky data access problem. The center wrote integration code that enabled DB2 and Oracle, databases designed by different manufacturers, to share information with each other.

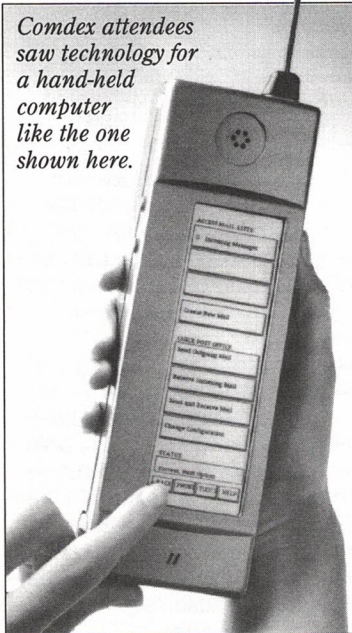
"That's just one of the ways we plan to deliver open systems — by providing the best support and service offerings in the industry," says Tarrant.

IBM is uniquely qualified to deliver open systems for several

COMDEX

IBM Stars at Las Vegas Show: Technology Moves to Market

Comdex attendees saw technology for a hand-held computer like the one shown here.



From November 16-20, computing was the name of the game in Las Vegas.

That's when the Nevada city hosted the 1992 Fall Comdex computer industry show, attracting international crowds to 2.1 million square feet of exhibits and demonstrations of small computer systems, peripherals, software, hardware, services and accessories.

A major player was Entry Systems Technology, the Personal Systems group that develops subsystems for IBM's future personal computers and workstations.

Comdex attendees saw a technology demonstration for a 16-ounce computer that will fit into a coat pocket. A cross between a cellular phone and a small

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FEATURES

TRADE SHOW

IBM Wows Crowds at Comdex

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computer, the hand-held device will be able to send information to or receive information from office systems over a cellular network. It will be able to send and retrieve faxes and store information. Its interface will be a liquid crystal display with a touch overlay. A possible interface for the future might be handwriting or speech recognition.

Another future technology demonstrated by EST was a local area network (LAN) using a radio frequency. This wireless network is for people who need networks set up quickly, such as emergency response teams, or for places difficult to wire, such as plant floors.

And EST exhibited an infrared wireless personal area network in which multiple computers exchange information using infrared light waves rather than radio waves.

Smile, You're on Candid Computer

Also on display was a ThinkPad computer with an integrated camera. Users can simply point the notebook at an image, snap a picture, and digitize and store the image in memory.

In fact, during demonstrations, an IBM presenter snapped pictures of audience members and sent the images over a wireless infrared network to a printer in another part of the room, where

One demonstration showed technology to turn a ThinkPad 700C computer into a wireless network by integrating a cellular radio into the full-function, color notebook. Called Celluplan II by IBM (CDPD by the trade press), the technology is currently in field trials and is being driven by a consortium of major cellular

"There was a tremendous interest in speech recognition at Comdex this year. Everyone was talking about it."

carriers. This will result in a nationwide standard for providing a data overlay over the existing analog cellular network.

Attendees also saw a wireless modem for mobile users that can exchange electronic mail over radio. But customers won't have to wait for the future to enjoy all the technologies at Comdex.

Speech Recognition

At the show, IBM announced a family of leading-edge speech recognition products from EST.

First, there was the IBM Speech Server Series system for customers with RISC System/6000 servers supporting OS/2 or AIX

accuracy, this system is ideal for dictation. It can also distinguish between words that sound alike, such as where and wear.

IBM also announced the IBM Continuous Speech Series Developers Assistance Program. This system, which runs on both

OS/2 and RISC System/6000 standalone systems, has a 1,000 plus word vocabulary. The Continuous Speech Series was developed for people who have their eyes and hands busy, but who need access to information. For instance, a police officer, while driving, could dictate a license plate number to a computer and receive information about the owner. A stockbroker on the exchange floor can get the latest news about a company and buy or sell stock by speaking to the

owner. A stockbroker on the exchange floor can get the latest news about a company and buy or sell stock by speaking to the

computer.

"There was a tremendous interest in speech recognition at Comdex this year," says Walt Shaw, a member of the speech recognition marketing group in Personal Systems. "Everyone was talking about it and a number of companies emphasized their speech-recognition technology, including IBM."

Elton Sherwin, manager of speech recognition strategy and market development, Personal Systems, says these speech-recognition products are the result

This ThinkPad 700C integrates a cellular radio for wireless communication.

of a partnership between EST, IBM Research, the IBM Vienna software development lab and Carnegie Mellon University.

"These products show significantly reduced cycle time, resulting from the new EST organizational structure," says Sherwin. "We were able to bring this to market much more quickly than we would have been able to do before." ■

IBM Offers Variety and Depth of Comdex Speakers and Demos

A wide variety of IBM products were featured at Comdex/Fall '92 in Las Vegas. Highlights included:

- Keynote speeches by Bob Corrigan, IBM vice president and president, IBM PC Company, Mike Braun, assistant general manager, multimedia and Sam Inman, president, IBM PC Company-North

