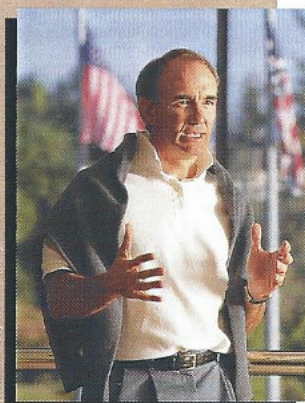## An Evolving Corporate Strategy

Amdahl, DMR, and Fujitsu: A Partnership to Provide Global Solutions

Dave Anderson, Sr. Vice President and Chief Technology Officer, explains part of Amdahl's evolving corporate strategy.

AMDAHL

In 1993, Amdahl embarked on a strategy to expand the services capabilities of the company. 1998 brings a crossover point. "It's now time," said David B. Wright, President and CEO, "to solidify the view of ourselves as a services company selling solutions."

There are several key trends that have been driving Amdahl's evolution.

▸ Services are the highest growth and the largest segment of IT. A services sale leads to a continuing customer relationship.

▸ Customers are re-centralizing control of their IT infrastructure. This requires compatability and expertise across a variety of platforms. Because of this, customers are also limiting the number of vendors they use.

▸ Customer IT is now often organized around two related but distinct groups: applications development and infrastructure management.

"Those last two trends," said Dave Anderson, Senior Vice president and Chief Technology Officer, "signal a shift in how we need to talk to our customers and in what our points of entry will be into their organizations."

Change in the IT Organization

These points of entry are continuously redefined in a multi-year process Dave calls "the pendulum of IT."

"I've seen the trend from centralized to decentralized computing and back at least four times in my career, and in the past five years, distributed computing ownership in many companies shifted from traditional IT organizations to business operations groups," Dave continued. "This mainly happened when IT applications groups did not deliver applications needed to meet business requirements. The business operations group then purchased applications that included infrastructure, such as SAP running on HP or Sun servers."

The pendulum is now swinging back. IT is being given responsibility for the entire infrastructure, including the distributed equipment and software. The new focus is on IT and business operations people working closely together to define business practice, with IT people having responsibility to create and manage the infrastructure to make that work.

"Twenty years ago," said Dave, "infrastructure generally meant a data center, and applications meant mainframe batch applications. Now, the infrastructure includes everything from mainframes to servers to laptops to pagers, as well as their operating systems and the network that ties them together.

"Applications now define the interface between our customers' companies and their end customers," he continued. "They are such a critical part of the business that applications are typically driven by the business operations people."

For many customers, this has meant an organization like that shown in Figure 1, in which the CIO typically has separate infrastructure and applications organizations.

Working Together

This split in customers' organizations creates a natural opportunity for Amdahl and DMR to work together, focusing on their respective strengths. "Amdahl is essentially an infrastructure company while DMR is a consulting and applications business," said Michael Poehner, DMR President and CEO. "We are working to better delineate what DMR does and what Amdahl does so that we are able to stand side-by-side with our complementary skills and expertise. We need to rely on each other."

DMR Strategy

To succeed with this strategy, DMR is:

▸ Expanding their industry and applications infrastructure expertise

▸ Leveraging the natural strengths found in the company's methods and tools, and the Application Development Centers

▸ Extending the services that differentiate DMR such as benefits realization and the professional consulting model to all of Amdahl

▸ Focusing on applications and business solutions that drive Internet commerce

"DMR is uniquely positioned to take advantage of the explosive growth of the Internet," explained Mike. "We are a leader in electronic business applications and will continue to expand this expertise so that DMR applications drive and define Internet commerce."

An Evolving Corporate Strategy

Professional Services Model

The business of DMR is based on the professional services consulting model. "In that business model," explained Dave Anderson, "senior consultants create business; project consultants deliver business; and the rest of us—including the executives—are here to do the work. Amdahl Global Services has been growing the consulting model, but we need to extend it to all of the infrastructure services in our company.

"If you started life as solutions company, you have a different set of instincts than if you started as a hardware company," Dave continued. "Amdahl still has a lot of hardware instincts, and while we're good at charging for product, we're not yet as good at charging for what we *know*." DMR, according to Dave, has always done this very well; it's now time to improve it throughout the rest of the company.

Amdahl Infrastructure Services

In order to build infrastructure services, Amdahl must:

▶ Evolve the infrastructure customer relationship into one led by services, with a focus on garnering a steady stream of business from each account

▶ Continue to build its portfolio of infrastructure services and associated technology

▶ Develop and acquire the services management, consulting, and implementation skills needed to extend the professional services business

"Our customers have created infrastructure groups to facilitate integration across the enterprise," said Alan Bell, Senior Vice President, Worldwide Field Operations. "The focus of infrastructure services is to provide solutions centered on availability, scalability, and data management."

"And with our software strategy," continued Brendan Dawson, Executive Vice President, "we are focusing on infrastructure services and methodologies in the areas of system and data management. We develop software that creates significant opportunities to deliver solutions."
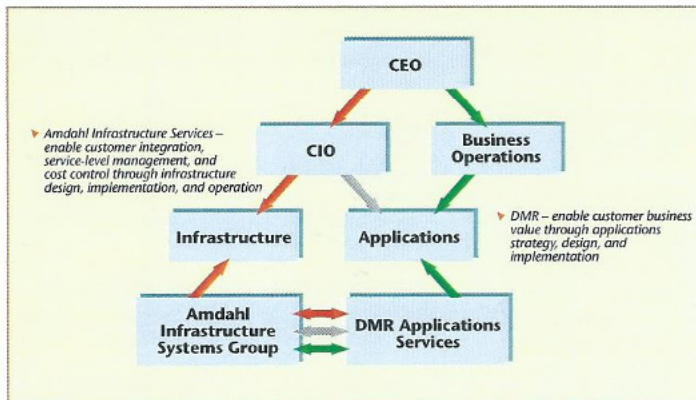

Figure 1. Applications and Infrastructure entry points into customer organizations

Amdahl Solutions Strategy

Our primary hardware goal is to be number two in the S/390 business. "Do we want to be number one?" asked Bill Flanagan, Senior Vice President, Production Operations, and Year 2000 Program Manager. "Sure, but that's probably not practical for now, especially since we don't own the architecture."

The key change for products is distribution as a part of a service offering. "We, of course, will continue to sell hardware to customers that just need hardware," said Bill, "but we expect that many customers will buy infrastructure hardware and software as part of a larger solutions offering such as capacity or availability management."

A second target area is the use of additional channels of distribution such as telesales and web-based selling. "We're not likely to sell a customer their first Amdahl mainframe over the web," said Greg Grodhaus, Senior Vice President, Marketing. "But after that initial sale, the customer will be able to go to our web site and configure his own machine, speeding up the process. We are not replacing the sales people; we're giving them a new process and tools to make their jobs easier and make them more productive."

Partnership with Fujitsu

Critical to achieving these goals will be leveraging Fujitsu's strengths to form a comprehensive global partnership. As a $37+ billion dollar enterprise, Fujitsu has extensive research and development resources, as well as a significant corps of IT experts, both of which are key elements in an Amdahl solutions strategy.

In this reciprocal partnership, the companies are, in fact, going through much the same kind of transformation in becoming services-led, and the mutual influence, shared knowledge, and complementary skills have benefited both Amdahl and Fujitsu. "We've developed common ways to look at the market, and we listen to each other," said Yasushi Tajiri, Senior Vice President, Corporate Strategy and Business Development.

One of the primary topics that concerns both companies is profit. In a recent discussion between David Wright and Tadashi Sekizawa, Fujitsu's Chair of the Board of Directors, Mr. Sekizawa defined his four top priorities for Amdahl as:

▶ Increasing profits

▶ Increasing revenues to increase profits

▶ Selling Fujitsu products where they will increase profits

▶ Assisting in development of better Fujitsu products to increase profits

Enhancing Services for Stronger Solutions

"Now that we have successfully transitioned from ECL to CMOS mainframes," said David Wright, "the hardware side of our business is once again relatively stable. We also have a very strong applications business with DMR. Now is the time to focus on enhancing the services side of our infrastructure business."

By developing this closer service relationship, Amdahl provides a greater depth of services and dramatically increases revenues. "The relative numbers could be $5 million for mainframe sales to a customer, but $50 million on a continuing service contract," said Alan. "This evolving strategy not only increases services revenue and profits, it gives us more efficient solutions delivery."

The Next Steps

Amdahl's strategy has always focused on using technology to solve customer problems. The specifics of how that plays out depend on customer needs in a rapidly changing marketplace—something Fujitsu President Naoyuki Akikusa calls "an era of mega-transformation."

Look for more information in *Update* as Amdahl, DMR, and Fujitsu respond to the shifting marketplace and refine plans for continued growth in the future.

DMR KAS Team Hosts Internal Knowledge Manager Conference

To mark a successful initial half year of its Knowledge Access System (KAS), the DMR KAS Team hosted the first company-wide internal conference focused on knowledge management.

KAS is a Lotus Notes application that serves as an interface to 50 major forums and databases of corporate interest, giving every DMR employee easier access to company information. KAS provides links to: DMR competency center databases such as APM/Outsourcing, APM/Year 2000 and Technology Services; DMR methods databases such as the one for DMR Macroscope; corporate functions, for example the Marketing Library; and various consulting and delivery services databases.

Attendees of the Knowledge Manager Conference. From left: Nathalie Turgeon, Kristen Cirillo, Katina Martin-Unterberger, Jean-Marc Nantais, Yves Carrier, Bruno Martin, and Murray Kronick.

The Knowledge Manager Conference in Ottawa brought together the owners of these key databases to discuss better ways to capture, package, distribute, and reuse DMR's intellectual capital.

KAS is a step toward improving the DMR knowledge management environment on Lotus Notes. The next goal is to improve the overall quality and currency of the information, as well as awareness of knowledge management itself. The presentations at the conference reinforced three themes necessary for effective knowledge management:

- *Think Globally, not Locally.* There are 8,000 potential DMR users of Lotus Notes, spanning many cultures and languages. Databases need intuitive interfaces and should emphasize the most broadly re-useable content.

- *Build it and they will come...will not work.* Database managers must strive for maximum awareness; content must be advertised regularly. Users will not find a database by chance or remember that it exists when they need it. Content owners should identify their target audience and keep that audience informed of new information.

- *Currency is King.* Regular maintenance of knowledge materials is a critical success factor. Users will not return to a database that has outdated information.

The Gartner Group has written recently about the important human element of knowledge management, and events like the September conference help support the knowledge network that is growing at DMR.

For further information about KAS or the Knowledge Manager Conference, please contact Mercedes Benz, KAS Database Manager, on Lotus Notes at *KAS_Team@dmr.ca*, or call the KAS hotline at (425) 451-3457 ext. K-A-S (527).

—DMR KAS Team

New Corporate Strategy Document Now On the Web

Take advantage of the new online corporate strategy presentation to read more about Amdahl's direction and facilitate discussions with your customers. To download the 44-foil presentation, please refer to:
http://www.ccc.amdahl.com/marcom/grcorp.htm.

new!
The Amdahl
Corporate Strategy
Presentation
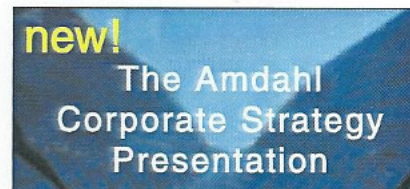
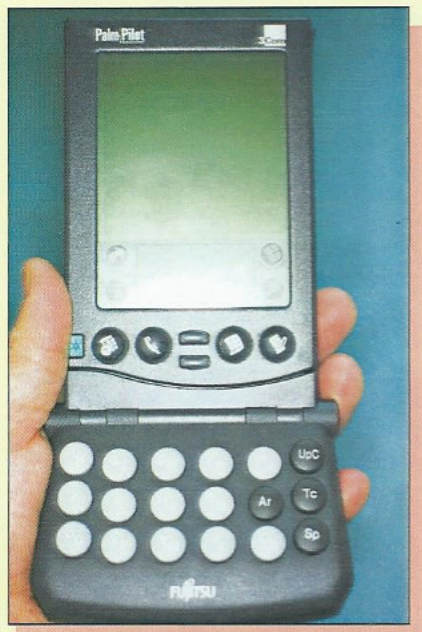# Fujitsu Develops World's Smallest High-Speed Text Input Technology

Fujitsu Laboratories Ltd. and Shinano Fujitsu Co. Ltd. have developed the world's smallest high-speed text input system featuring an enhanced single hand key (SHK) technology—a one-hand input system that makes it possible to enter text into a mobile information device with the speed and ease of regular word processing.

The prototype device, which combines a 3Com Palm Pilot with the SHK input technology, has 18 keys: four for functions and 14 for the alphabet (each key is allotted two characters). It can input both English- and Japanese-language text, using editing software in which Kanji character and English word conversion is accomplished by comparing words in an internal dictionary to all possible combinations of characters on the keypad.

The internal dictionary stores approximately 10,000 English and 18,000 Japanese words; conversion time, however, is less than two seconds. Thanks to the sophisticated conversion system, there is no need for a shift key or to press two keys at the same time even though two letters are assigned to each key.

Weighing only 75 grams, the device can be easily attached to and detached from a palmtop computer.

Fujitsu is conducting research that will allow the SHK input technology to be incorporated into the next generation of mobile information devices.

Technology for the world's smallest high-speed text input system was developed by Fujitsu.

Open Enrollment Begins for U.S. Amdahl Employees

Amdahl's 1998 U.S. Benefits Choices Open Enrollment—the annual period when employees have the opportunity to re-elect or change benefits choices for the coming year—will be held October 19 through November 1, 1998.

U.S. Amdahl and AFSC employees will be able to enroll between October 19 and November 1 to:

▶ Change their current coverage

▶ Enroll in the new life insurance coverage options for dependents

▶ Add eligible dependents for coverage or participate in the spending accounts in 1999

Benefit changes for U.S. employees in 1999 include:

▶ Spouse supplemental life insurance coverage

▶ Dependent child supplemental life insurance coverage

▶ Portable life insurance coverage for employees and enrolled family members under certain circumstances

▶ Extended eligibility age for dependent life and AD&D (accidental death and dismemberment) insurance for children

▶ Enhanced AD&D benefits for the following circumstances: paralysis, coma, private passenger automobile death (while wearing a seat belt), college education, and criminal assault

▶ Higher lifetime maximum benefit for Amdahl medical plans

The Health Benefits Group (with Halloween friends). From left: Susan DePalma, Rosa Ciprian, Carol Hastings, Maria Simbulan, Emily Hubbert, and Kathy Bartow.

In addition, costs for life insurance plan coverage have decreased substantially for 1999, meaning that it will cost much less to purchase supplemental employee life insurance (amounts over three times salary). In line with the decrease in costs, Choice Dollars for employees to purchase employee life insurance coverage will also be reduced proportionally.

Open enrollment materials explaining all of the benefit changes in more detail will be mailed to employee homes beginning October 15.

U.S. DMR and CE Services employees participate in separate and different open enrollment periods; information about those dates and benefit choices is being distributed separately.

If you have any questions after reading the open enrollment materials, please contact the Benefits Department at *Health_Benefits@Amdahl* or by calling 1(408) 746-8106.

—Carol Hastings, Health Benefits Group

Italian TV Turns to Amdahl for Management Help

The EDM solution from Amdahl eliminates multiple versions of installed applications and centralizes change management for Italian national broadcasting company.

RAI

BUSINESS

Radiotelevisione Italiana (RAI) is the Italian national broadcasting company. RAI broadcasts an average of 50,000 hours of radio and 30,000 hours of television programs each year.

ISSUE

To manage a total of 8,000 distributed PCs, most of which have unique configurations. The PCs run complex applications and users must have the same version of installed applications.

SOLUTION

The EDM solution from Amdahl to manage software distribution and change management for PCs installed across local and wide area networks.

BENEFITS

- All distributed systems have the same version of installed applications

- All distributed application software can be managed and controlled from one central location

RAI has approximately 11,000 employees and covers all Italian territories with local editorial teams for news and entertainment programs. The RAI headquarters are in Rome, with three auxiliary TV production centers in Milan, Turin, and Naples.

The company's strengths lie in its creative talent and the ability to provide a continuous supply of global and local information through its news services. The company is also required, by law, to provide a set level of public and social services.

IT Infrastructure

RAI has been using multi-tier computing systems involving client/server and server/LAN architectures for some years. There are a number of server-based applications that follow a three-tier architecture: mainframe, server, and client. Most systems have a connection to the mainframe. The most frequently used architecture calls for a Windows-based application on the client, accessing information on a database server, with frequent calls to a central database resident on the mainframe.

There is an installed base of approximately 8,000 PCs dispersed over a large geographic area. Initially, an SNA network carried all of the data traffic, but that is now being supplemented by a TCP/IP network.

Help for Distributed Application Management

The IT department manages all of the distributed PCs. Since virtually no two PCs were identically configured, this had been a daunting task. When issues surfaced regarding software distribution and change management in the control of the distributed IT environment, RAI began looking for a sophisticated management solution.

After extensive independent market research, RAI chose the EDM application deployment software from Amdahl, a Novadigm-enabled component of the Amdahl application management solution. RAI was one of the first companies in Italy to use this type of solution.

A key distinguishing feature of the EDM software is its object differencing technology that determines the difference between the desired state of the desktop and the actual state and then automatically synchronizes changes at the object level. This ensures that actual distributed system contents conform to the latest updated configuration.

> *"Constant availability of all mission critical solutions and applications is extremely important. Amdahl has actively helped us in achieving just this."*
>
> —*Pietro Calvi, IT Services Manager, RAI*

RAI and Amdahl Partnership

In order to deploy the new solution—one that would be operated from a single central management console—an Amdahl project manager worked alongside the RAI IT department. This gave RAI immediate access to Amdahl's technical expertise and support throughout the eight-month project.

Pietro Calvi, RAI IT Services Manager, has significant praise for the success of the project. "The software distribution project was managed by a team in which a very important effort came from a resident Amdahl project manager. Assistance was available on hand when we needed it."

"Constant availability of all mission critical solutions and applications is extremely important," continued Calvi. "Amdahl has actively helped us in achieving just this."

RAI headquarters in Rome, Italy.

Amdahl a Leader in Recycling and Reclamation Programs

Company earns two more environmental awards and will be featured in Sunnyvale "America Recycles" celebration

Already generally acknowledged as one of the Bay Area's leaders in formal recycling and reclamation programs, Amdahl is again proving that waste reduction is not only good for the environment, it makes good business sense.

"So far this fiscal year (beginning April 1), we've saved more than $75,000 through redeploying and re-using equipment within the company," said Terri Ramirez, Senior Contract Administrator for Scrap, Reclaim, and Recycling Services. "We've also achieved a cost avoidance—by not paying disposal fees on recycled items—of $80,000. In addition, we've actually earned more than $570,000 by selling items like recovered chips, furniture, paper, and precious metals."

On top of the benefit to the community and the company, Amdahl's efforts have been recognized by national, regional, and local environmental groups as well.

NRC Award

In September, the National Recycling Coalition (NRC) awarded Amdahl the Fred Schmitt Award for Outstanding Corporate Leadership in Recycling, Reuse, and Waste Management. Terri was on hand in Albuquerque, New Mexico, to receive the award, which was presented at the NRC annual conference, the largest of its kind in the United States. With more than 1,800 participants, the conference featured technical sessions, tours, and hundreds of exhibits highlighting recycling, reduction, and waste management products and services.

Four Times and It's a WRAP

Amdahl was also among the 52 regional companies named a Waste Reduction Awards Program (WRAP) winner by the California Integrated Waste Management Board. This marks the fourth consecutive year that the company has won a WRAP award.

WRAP awards are designed to recognize companies that develop creative and aggressive programs to reduce the amount of waste sent to landfills. Winners receive a certificate of recognition from the State Waste Board, as well as advertising and promotional use of the WRAP logo to promote their waste reduction accomplishments.

America Recycles

At the local level, the City of Sunnyvale will honor Amdahl at its "America Recycles" celebration on November 14 at the Sunnyvale Material Recovery Facility. "America Recycles" is a two-year-old program designed to encourage partnerships between private enterprise and government in waste reduction and recycling. Officials from the cities of Sunnyvale and Mountain View, as well as representatives from the Waste Board, will be on hand to present an award to Amdahl for the company's "outstanding achievements—as signified by the NRC and WRAP awards—in waste reduction." Amdahl representatives will attend to receive the award.

"This year has been fantastic for us so far," said Terri. "Earlier we won the California Resource Recovery Association Award for Best Waste Reduction Program, and we're under consideration by the Fujitsu Environmental Awards program, as well as the Peninsula Conservation Center Foundation Business Environmental Network for their award. It's all very exciting."

The Scrap and Reclaim crew in Bldg. 31. Back row, from left to right: Pascual Estrada, Rey Rincon, Andres Chavez, Leonel Ramos. Front row left to right: Terri Ramirez, Lynn Frese.