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A trimmer Storage Technology Corp. took some important steps on its road back from Chapter 11 and near ruin, and the company has predicted it will emerge from bankruptcy this year.

After three years of losses totaling $603.8 million, the maker of IBM-compatible disk and tape storage devices turned a profit in 1986, reporting net earnings of $36.2 million.

StorageTek made progress on the product front, introducing a couple of significant new tape drive offerings and finally achieving volume shipments of its key 8380E pcm disk storage device. Cutting its worldwide employee count to 8,400 from 15,000 helped StorageTek return to profitability; so did continued access to investors' and creditors' dollars—between $650 million and $800 million in cash, equity, and notes—that the company will have to pay out as soon as it leaves Chapter 11.

Through bankruptcy, StorageTek continued to invest research and development money in new products—$68.5 million in 1986 (in 1985 it spent $65.5 million). The result early this year was the introduction of a StorageTek 3480-class cartridge tape drive and an automated cartridge tape library to go with it. StorageTek hopes to become one of the first pcm suppliers of a 3480-class drive when it starts shipping its own 4480 product this quarter. And the company hopes to whip up interest in what it calls "nearline" storage, a $250,000 tape library positioned between on-line disk and off-line tape. While critics call the library too expensive, unproven, and unnecessary, StorageTek says it expects to ship as many as 6,000 tape libraries over the next five years, beginning in 1988.

Meanwhile, in 1987, StorageTek must rely on the strength of its existing products—nine-track tape drives, 3380-class disk devices, nonimpact printers, and solid-state storage devices. While it continues to command the lion's share of the market for solid-state storage devices, it fell behind IBM and lost ground to pcm competitors National Advanced Systems and Amdahl Corp. in the 3380 DASD market. By late 1986, however, StorageTek was shipping its 8380E drive in volume.

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Motorola's semiconductor sales rose 9% in 1986 to $1.88 billion, after a disastrous 23% plunge the year before. The recovery helped Motorola report $5.89 billion in sales, a record high, up 8% from $5.44 billion in 1985. Earnings were $194 million, well more than double the $72 million profit the company made in 1985.

Data processing sales slipped, however, due to a 17% decline in sales to $229 million by Motorola Computer Systems. Formerly Four-Phase Systems Inc., the subsidiary was purchased four years ago for $250 million. The Information Systems Group, which makes modems and related communications equipment, did better, with sales rising 9% to $465 million.

Although the computer operation has lost money for four consecutive years, it is unlikely to be abandoned, as it constitutes a substantial market for other Motorola products. For example, two supermicrocomputers it introduced last year—the Vision/32 and the System 8000—use Motorola's 32-bit chip (MC68020), its VME bus architecture, and the Unix V/68, Motorola's version of the widely used AT&T operating system.

Edward F. Staiano, a senior manager, was assigned late in 1985 to oversee the operation, which had been left pretty much on its own since being acquired.

Staiano trimmed the work force, reduced manufacturing and overhead costs, and focused the company on minicomputer and microcomputer lines. Beyond adding the Vision/32 and the System 8000, the company beefed up its Series 5000 computers and introduced personal computer connectivity products based on the System 8000. To expand overseas markets, Philips International will distribute Motorola computer products in Europe.

In the Information Systems Group, Codex last year introduced a half dozen products, including the 2250 and 2260 Series V.32 modems for the dial-line market. Other introductions were the 6003 intelligent network processor, a point-to-point statistical multiplexor that supports up to eight asynchronous terminal ports, and the 4255 SNA Gateway, a cluster controller and protocol convertor.

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The information systems piece of Martin Marietta Corp. saw the future, and it wasn't in packaged software, so it sold its packaged program products to On-Line Software International Inc.

Not that the other pieces of the primarily aerospace company were anything to write home about. Corporate revenues did rise to a record $4.75 billion, a 7.7% increase over the previous high of $4.4 billion in 1985, but net income fell 18.8% to $202 million.

At least the company made money. All Martin Marietta Data Systems (MMDS) did was cut its losses and run. MMDS's sales jumped 8.7%, to $467.4 million from $429.9 million. That undoubtedly contributed to losses of only $3.7 million, compared with the previous year's $10.3 million.

On-Line, strictly a telemarketer until this move, paid $35 million for MMDS's RAMIS II, UFO, Consensus, and Unison products. MMDS retained the custom application software and services marketed in support of MMDS's primary systems business, principally Modular Application System (MAS) software and the Orlando 4000 data center computer services. MAS includes manufacturing, financial, and personnel application packages.

The sale marked the end of MMDS's attempt to restore RAMIS II to the glory days of the early 1980s. The product had been the market leader when MMDS bought it in 1982 from Mathematica. But as MMDS's emphasis shifted to systems integration and information systems in the federal sector, RAMIS II slipped behind Focus and has trailed badly since 1984.

Those negative vibes may have been reflected in yet another presidential shuffle. Patrick J. Zilvitis, who had been head of MMDS since October 1985, was replaced in January 1987 by Frederick Hudoff, who had been vice president in charge of the corporation's air traffic control division.

Outside the U.S., Hoskyns Group Ltd., MMDS's international subsidiary based in London, strengthened