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Datapro Reports on
Minicomputers

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Supermicrocomputer
Systems

Digital Equipment Corporation: Company Profile

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Company History
Led by Kenneth H. Olsen, three engineers founded Digital Equipment Corporation in 1957. Three years after its founding, Digital introduced its first computer, the Programmed Data Processor Model 1, or PDP-1. In 1963, the company introduced its landmark PDP-8, the first successful minicomputer.

In 1977, Digital introduced the VAX (virtual address extension) Series of 32-bit minicomputers, one of the most successful product launches in computer industry history.

In addition to the VAX family, Digital offers DECstations and DECsystems which use reduced instruction set computing (RISC) technology and operate under ULTRIX, Digital's implementation of the UNIX operating system.

To support its systems, Digital offers a variety of hardware and software products as well as a range of communications and networking products and services.

Officers
President: Kenneth H. Olsen
Senior Vice President, Engineering, Manufacturing, and Product Marketing: John F. Smith
President and CEO, European Operations: Pier Carlo Falotti.

Product Line Overview
The current VAX family consists of VAXstation desktop workstations; MicroVAX departmental systems; VAXservers; VAX 6000 Series medium-range systems; and VAX 9000 Series high-end mainframes.

Digital's current RISC-based product line includes the DECsystem multiuser systems and servers and DECstation workstations.

Installed Base
Installed base figures are in excess of 500,000 units across all Digital product lines.

Sales and Marketing Strategies
Digital uses direct and indirect channels to market its products and services. Direct sales occur through more than 200 offices worldwide. Third-party resellers include business centers, office equipment dealers, system houses, OEMs, and retailers.

Digital likes to characterize itself as the world's leading supplier of networked computer systems as well as a leader in systems integration. To remain a leader, particularly in these specific areas, the company believes it must support openness and industry standards to remain competitive in the 1990s. The company is a key participant in industry standards organizations such as the Open Systems Foundation (OSF), an industry group founded in 1988 to develop industry-recognized specifications for UNIX. UNIX will be the standard operating system for users who prefer open systems rather than proprietary systems.

Network Application Support (NAS), a new Digital strategic direction addressing VAX compatibility and multivendor connectivity, will let users integrate desktop systems and large system resources involving both Digital and non-Digital systems.

In 1988, Digital introduced Enterprise Management Architecture (EMA), an integrated network management strategy.

Market Position
The DECstation 2100 and 3100 compete with a variety of technical workstations, including products from Sun Microsystems and Hewlett-Packard/Apollo.

Financials
Digital Equipment continues to rank as the second largest U.S. computer company as measured by total revenues. While Digital enjoyed record revenue and profit growth through the 1980s—largely on the strength of its VAX platform and networking architecture—sales and profits have been sluggish within the last couple years.

For fiscal 1989, ended June 30, Digital reported net earnings of $1.1 billion, down 18 percent from the $1.3 billion earned in 1988. Revenues for 1989 were $12.7 billion, up 11 percent from the $11.5 billion of the previous year.

Digital is making a $1.5 billion investment in new product development. According to the president's letter, Digital is "continuing to invest heavily in VAX and RISC-based systems and VMS and UNIX software." Within the next year, "Digital's strategy is to focus on the computing environment of the 1990s. Digital will offer the widest selection of technology and continue to make significant investments in R&D and new products in response to dynamically changing customer needs."

Service and Support
Digital's Field Service organization offers both on-site and off-site support services for Digital products. Services include the Basic Service Agreement, Recover-All service, and Per Call service. Off-site maintenance is available through Digital's Customer Returns Center, Product Repair Center, and Digital Servicenters, which are all equipped with parts inventories, special diagnostic systems, and repair kits.

Digital maintains over 25 training centers worldwide. Courses covering both Digital-related and non-product-related topics are offered. On-site training at the customer's installation can also be provided.

Terms and Conditions
Digital's systems, as well as all peripherals, are covered by a one-year warranty with different levels of service. The minimum option—List Price Warranty—features one year of "return to Digital" support for parts and one year of conformance warranty for software. The alternative System Warranty Support is offered at an increased price and includes Basic Support Service. Standard Warranty Support prices are generally 10 to 20 percent higher than List Prices. Warranty coverage can be extended for up to three years. ∎