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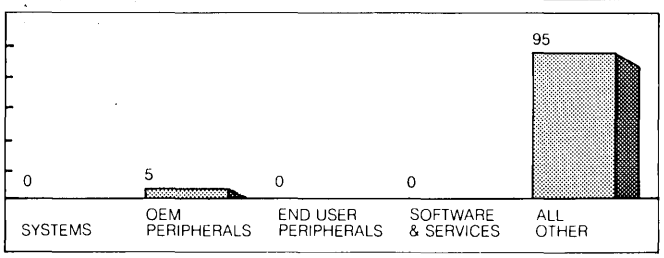


1979 RANK	1980 DP REV. (MIL)	% DP GROWTH	1980 DP EMPL. (MIL)	1980 TOTAL REV. (MIL)	FISCAL YEAR ENDING
37	205	28	0	6,080	DEC.

3M COMPANY

3M Center
St. Paul, MN 55101
(612) 733-1110

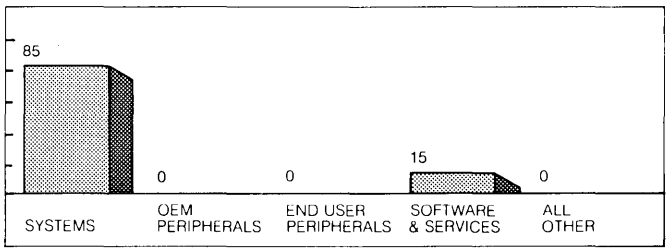
3M doesn't break out its dp revenues. For 1980, we have estimated them at $205 million, up 28% from 1979 (our 1979 estimate of $310 million has been revised downward, to $160 million). Domestic revenues were about $145 million, or approximately 70% of total dp sales.

The bulk of 3M's dp revenues come from disk and tape media. Its domestic tape business grew to $60 million, for a 25% share of the non-captive market. Most of the gain can be attributed to increased prices. Disk packs, 3M's next largest domestic business, are estimated at $50 million. The company has also been active in flexible disk media, where it has increased its market share to around 10%. During 1980, over 9 million pieces were manufactured, for $23 million in domestic sales. Finally, 3M manufactures data cartridges and small amounts of other disk drive products.

The Data Recording Products Division has enjoyed a strong turnaround the last couple of years because of its increased commitment to marketing and customer support. Although 3M does sell to oems, its main focus is the end user market, which it reaches through distributors—a cost-effective alternative to direct sales. Customer support had suffered badly, but since 1979 3M has improved its service and distribution, and this is reflected in increased market share. In 1980 it became possible for retailers of personal computers to order magnetic media and other products directly from 3M. Retail marketing support programs such as point-of-purchase displays and counter cards with free handouts have also helped, as has 3M's practice of providing retailers with preprogrammed diskettes for demonstration purposes.

3M's major products include adhesives, copiers, micrographic equipment and supplies, consumer products, and electrical supplies. Corporate revenues (which rose 12% last year, to $6.1 billion) dwarf the contribution by dp products. 3M has made several forays into data and word processing, but hasn't met with much success. Still, 3M's active participation in copiers and facsimile transmission and its established marketing channels give the company an enviable position should it decide to expand its standalone office products to a systems approach employing dp and wp technologies. 3M already employs several new communications technologies, including fiber optics. With its considerable resources and its low debt-to-equity ratio, 3M is capable of becoming an even more powerful force in the office.

40



1979 RANK	1980 DP REV. (MIL)	% DP GROWTH	1980 DP EMPL. (MIL)	1980 TOTAL REV. (MIL)	FISCAL YEAR ENDING
31	197	10	3,748	197	DEC.

Four-Phase Systems, Inc.

10700 North De Anza Boulevard
Cupertino, CA 95014
(408) 255-0900

Four-Phase growth rate slowed in '80, due to stiff competition in distributed processing and an unfavorable economic environment. Revenues were up only 10% and there was a small decrease in the order backlog. Four-phase had a year-end 1980 backlog of orders of $27.9 million compared to $28.2 million in 1979. Total net income declined to an estimated $3.5 million in 1980 from approximately $16.7 million in 1979.

The Four-Phase product line came under heavy competition from IBM, Wang, and Prime. Among these rival sellers, IBM provided the toughest competition.

In late 1980, Four-Phase responded to the competitive environment with the acquisition of Two Pi Corp. Two Pi manufactures IBM-compatible computers in the range of IBM System 370/138-148 and 4331 systems.

According to Lee Boysel, president of Four-Phase, the integration of the PCM systems from Two Pi into the Four-Phase product line will provide customers with IBM software-compatible batch processing in addition to the field-proven interactive capabilities. According to the Four-Phase 1980 annual report:

"This move establishes Four-Phase as the only non-IBM distributed dp supplier to offer IBM-compatible back-end processing combined with front-end interactive data and text handling." Four-Phase has stressed the fact that the Two-Pi product will complement planned Four-Phase systems at the higher end of the IBM 4300 range. This new family of Four-Phase products is expected to be announced in 1983/1984.

In 1980, spending on research and development increased to $15.9 million, 39% greater than 1979. 1980 results of this labor included two new high end systems products: the IV/95, a new video display and a new software offering called the Office Management System (OSM/IV).

Other 1980 developments included (on enhancements the following software products: Data IV, Vision, Multifunction Executive (MFE/IV) and Fore Word. The Four-Phase communications offerings were also expanded to include SNA/SDLC capabilities, DATA N, and VISION software products.