"THE FIRST STEP"

REMARKS BY
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TO

INTERNATIONAL STEEL FORUM

AT

CONTROL DATA CORPORATION
BLOOMINGTON, MINN.

WEDNESDAY MORNING, SEPTEMBER 29, 1976
THANK YOU JOHN, AND GOOD MORNING. ON BEHALF OF CONTROL DATA, I WOULD LIKE TO EXTEND A SINCERE WELCOME TO ALL OF YOU WHO ARE HERE TO ATTEND THIS TWO-DAY "IDEA-EXCHANGE" PROGRAM.

THERE IS AN OLD CHINESE PROVERB: A JOURNEY OF A THOUSAND MILES BEGINS WITH JUST ONE STEP. I BELIEVE THIS FORUM REPRESENTS SUCH A STEP. IT IS THE FIRST TIME DATA PROCESSING PROFESSIONALS IN THE WORLD'S STEEL INDUSTRY HAVECOME TOGETHER TO SHARE CURRENT DEVELOPMENTS IN THE APPLICATION OF COMPUTER TECHNOLOGY.

WE -- ALL OF US -- HAVE ONE THING IN COMMON. THAT IS THE DESIRE TO SOLVE TODAY'S PROBLEMS OF INCREASING PRODUCTIVITY IN A HIGHLY COMPETITIVE BUSINESS ENVIRONMENT.

BY TOMORROW AFTERNOON, WHEN THIS INTERNATIONAL STEEL FORUM ENDS, YOU WILL HAVE PARTICIPATED IN AN EXCHANGE OF MORE THAN TEN ADVANCEMENTS IN THE TECHNOLOGY OF COMPUTER-CONTROLLED AND COMPUTER-ASSISTED PRODUCTION. ALL OF THEM ARE AIDS TO IMPROVING STEEL INDUSTRY PRODUCTIVITY. THESE TECHNIQUES ARE BEING SHARED BY COMPANIES AND ORGANIZATIONS THAT ARE IN THE FOREFRONT OF APPLYING COMPUTERS TO SOLVE SPECIFIC PROBLEMS.

- PAUSE -

I'D LIKE TO BEGIN THIS MORNING BY SPENDING A FEW MOMENTS ON WHAT I BELIEVE IS A RAPIDLY GROWING NEED FOR MORE "CROSS-TALK" . . . MUTUALLY ADDRESSING COMMON PROBLEMS . . . AMONG DIVERSE BUSINESSES AND INDUSTRIES.

- PAUSE -
IN THIS AMERICAN BICENTENNIAL YEAR OF 1976, NOT SURPRISINGLY THERE HAS BEEN A MARKED INCREASE IN REFLECTIONS ON THE PAST . . . EVENTS THAT HAPPENED AND WHY. THERE HAS BEEN A GREAT INTEREST IN INDUSTRIAL DEVELOPMENTS THAT SUPPORTED AND SOMETIMES LED THE WAY TO A BETTER LIFE FOR PEOPLE.

IRON AND STEEL HAVE PLAYED A SIGNIFICANT PART IN THESE IMPROVEMENTS. FROM THE FIRST CAST IRON PLOW IN 1797 . . . TO AN IMPROVED STEEL PLOW IN 1838 AND A STRONGER VERSION IN 1868 . . . THESE DEVELOPMENTS HELPED OPEN THE AGRICULTURAL HEARTLAND OF THIS COUNTRY. THEY ALSO IMPROVED THE PRODUCTIVITY OF FARMERS HERE AND IN OTHER COUNTRIES OF THE WORLD.

LAND TRANSPORTATION, PARTICULARLY THE RAILROADS, DEPENDED IN LARGE PART ON DEVELOPMENTS IN IRON AND STEEL. THEY ALLOWED EXPANSION INTO VIRGIN TERRITORY ON TRACKS AND OVER BRIDGES THAT COULD SUPPORT THE WEIGHT AND WITHSTAND THE VIBRATIONS OF HEAVY, FAST-MOVING TRAINS.

AND FROM THE VILLAGE BLACKSMITH OF 200 YEARS AGO . . . TO THE FOUNDRIES OF THE 19TH CENTURY . . . TO THE MACHINE TOOLS OF TODAY . . . THE IRON AND STEEL INDUSTRY HAS BEEN IN THE VANGUARD OF INDUSTRIAL DEVELOPMENT AND TECHNOLOGICAL CHANGES THAT HAVE IMPROVED ALL OF OUR LIVES.

BUT WHAT ABOUT TODAY . . . 1976 . . . AND BEYOND? WHERE CAN WAYS TO IMPROVE THE PRODUCTIVITY OF A MATURE INDUSTRY SUCH AS
STEEL BE FOUND?

IF YOU READ THE HEADLINES IN THE DAILY NEWSPAPERS, YOU ALMOST WONDER IF THERE'S ANY CHANCE AT ALL FOR IMPROVEMENTS SUCH AS THOSE OF THE PAST. IT SEEMS THAT FAR LESS GLAMOROUS, BUT FAR MORE NUMEROUS, INFLUENCES ARE WORKING TODAY.

SOCIAL CONCERNS, AVAILABILITY OF CAPITAL, WORLD ECONOMICS, POLITICAL ACTION, POLLUTION CONTROL REQUIREMENTS, LABOR RELATIONS -- THESE FACTORS SEEM NOW TO MORE STRONGLY AFFECT THE HEALTH OF THE WORLD'S STEEL INDUSTRY THAN CAN ANY DRAMATIC BREAK-THROUGHS FROM INVENTIONS OR BASIC PRODUCTION TECHNOLOGIES.

YET ALL THESE FACTORS JUST INTENSIFY THE NEED FOR INCREASED TECHNOLOGICAL INNOVATION. NOT ONLY WILL INCREASED INNOVATION APPLY DIRECTLY IN HELPING TO SOLVE MANY PROBLEMS, BUT THE INCREASED PRODUCTIVITY AND FINANCIAL STRENGTH THAT WILL RESULT PROVIDE THE RESOURCES TO ATTACK ALL THE PROBLEMS.

HOW WILL THIS HAPPEN? I THINK IT WILL COME THROUGH A GLOBAL SHARING OF IDEAS.

INDUSTRIAL DEVELOPMENT IN THE PAST OFTEN TOOK PLACE TOTALLY WITHIN NATIONAL OR . . . TO USE THE JARGON OF THE TRAVEL INDUSTRY . . . "AFFINITY GROUP" BOUNDARIES. BUSINESSES AND NATIONS OFTEN FELT THAT THEIR ACHIEVEMENTS WERE SINGULAR. EACH BELIEVED THAT ITS SOLUTIONS WERE UNIQUE. THERE WAS LITTLE INTEREST OR CONCERN IN TAKING THESE SOLUTIONS BEYOND NATIONAL OR BUSINESS MARKETS.
IN THE PROCESS, MANY COMPANIES . . . AND COUNTRIES . . . LOST SIGHT OF THE FACT THAT SOME OF THE UNDERLYING REASONS FOR THEIR SUCCESSES LAY IN DEVELOPMENTS THAT HAD ORIGINATED ELSEWHERE.

TODAY, THERE IS A CRITICAL NEED TO ABANDON THIS TYPE OF THINKING . . . THERE IS A COMPPELLING NEED TO SHARE PRODUCTIVITY IMPROVEMENTS IN INDUSTRIES THROUGHOUT THE WORLD. THE STEEL INDUSTRY IS A PRIME EXAMPLE.

- PAUSE -

OBSERVERS HAVE NOTED THAT THE STRATEGIES USED BY BUSINESS MANagements, ESPECIALLY IN THE UNITED STATES HAVE CHANGED SEVERAL TIMES IN THE PAST 30 YEARS.

FROM THE MID-1940S TO ABOUT 1960, THE EMPHASIS WAS ON GROWING SALES. THIS WAS FOLLOWED, FROM THE EARLY '60S INTO THE '70S, BY EMPHASIS ON GROWTH IN EARNINGS PER SHARE . . . OFTEN THROUGH MERGER . . . AND OF COURSE INCREASING MARKET SHARE.

HOWEVER, THE ECONOMIC TRIALS OF THE PAST FEW YEARS . . . AND PARTICULARLY A WORLDWIDE EXPLOSION THE DEBT INCURRED TO FINANCE RAPID EXPANSION . . . HAS FORCED MANAGEMENT ATTENTION ONCE AGAIN TO THE BALANCE SHEET-AND RETURN ON CAPITAL.

EVIDENCE OF THIS . . . WHAT HAS BEEN CALLED A "NEW BUSINESS CONSERVATISM" . . . TODAY IS FOUND IN SUCH AREAS AS CLOSE CONTROL OF INVENTORIES AND CAPITAL OUTLAYS. IT IS ALSO APPARENT IN THE INCREASED ATTENTION BEING PAID BY WORLD BUSINESS TO THE ENTIRE
SPECTRUM OF ASSET MANAGEMENT.

THE PRODUCTIVITY OF FINANCIAL ASSETS . . . PHYSICAL ASSETS . . . AND PEOPLE HAS A DIRECT BEARING ON THAT NOW-MORE-EVER-IMPORTANT REAL "BOTTOM LINE."

AND THAT'S ALL PROBABLY FOR THE GOOD. BUT IT ALSO IS NOT GOOD ENOUGH. IT IS EQUALLY NECESSARY FOR BUSINESS TO BE CONSCIOUS OF THE SOCIAL ENVIRONMENT IN WHICH IT LIVES. THIS MAKES IT MORE IMPORTANT THAN EVER THAT ALL RESOURCES BE EXPLORED WHICH CAN HELP IMPROVE BASIC PRODUCTIVITY. LET ME TELL YOU HOW WE AT CONTROL DATA HAVE APPROACHED THIS CRITICAL PROBLEM. SEVERAL YEARS AGO WE DEVELOPED A STATEMENT OF OUR BASIC BUSINESS PURPOSE. IT EXTENDS WAY BEYOND THE PRODUCTION AND DISTRIBUTION OF COMPUTERS AND DATA SERVICES. BECAUSE OF ITS APPROPRIATENESS, LET ME QUOTE IN PART FROM THIS STATEMENT:

"CONTROL DATA IS A WORLDWIDE BUSINESS DEDICATED TO THE IMPROVEMENT OF PRODUCTIVITY AND THE QUALITY OF LIFE FOR INDIVIDUALS AND ORGANIZATIONS THROUGH THE APPLICATION OF ITS COMPUTING TECHNOLOGY, FINANCIAL RESOURCES AND PROFESSIONAL SERVICES."

AGAINST THE BACKGROUND OF THE TECHNOLOGY-SHARING PROCESS OF THIS STEEL INDUSTRY FORUM, I’D LIKE TO DESCRIBE SOME OF OUR PROGRAMS THAT SUPPORT THIS BUSINESS PHILOSOPHY. THESE PROGRAMS NOW ARE BEING IMPLEMENTED TO FURTHER INTERNATIONAL SHARING AND APPLICATION OF TECHNOLOGY IN NUMEROUS DISCIPLINES.
THE FIRST, OF COURSE, IS FORUMS SUCH AS THIS -- PEOPLE IN SIMILAR ACTIVITIES, FROM SIMILAR BUSINESSES, MUTUALLY EXPLORING SOLUTIONS TO COMMON PROBLEMS. WE ALSO HOLD SEMINAR PROGRAMS THAT BRING TOGETHER DATA PROCESSING PROFESSIONALS FROM VARIOUS INDUSTRIES TO ADDRESS HOW THEY CAN BETTER APPLY COMPUTER TECHNOLOGY ACROSS INDUSTRY LINES.

ANOTHER CURRENT EXAMPLE OF OUR EDUCATIONAL INTERESTS IS THE SERIES OF SEMINARS, BEGINNING NEXT WEEK, THAT BRINGS LEADING SOVIET SCIENTISTS AND ENGINEERS TO THE UNITED STATES TO PERSONALLY DESCRIBE STATE-OF-THE-ART TECHNOLOGY. THE FIRST SEMINARS ADDRESS THE PROCESS CONTROL FIELD . . . INCLUDING A STEEL ROLLING MILL. THEY WILL CONTINUE NEXT YEAR IN EDUCATION . . . IN METEOROLOGY . . . AND IN ECONOMETRIC FORECASTING.

- PAUSE -

BUT TO US AT CONTROL DATA, PERHAPS THE MOST EXCITING PROSPECT IS OUR TECHNOLOGY EXCHANGE SERVICE CALLED TECHNOTEC. THIS WORLDWIDE COMPUTER SERVICE IS NOW JUST COMPLETING ITS FIRST YEAR OF OPERATION. IT IS DESIGNED TO FOSTER TECHNOLOGY TRANSFER . . . PARTICULARLY CROSS-INDUSTRY TRANSFERS AND TRANSFERS BETWEEN COUNTRIES.

THE PROBLEM IS NOT THE EXISTENCE OF ENOUGH TECHNOLOGY--THE VOLUME OF TECHNOLOGY AVAILABLE WORLD-WIDE IS MASSIVE. BUT IT IS NOT ONLY MASSIVE IT IS ALSO TOTALLY DISORDERED. THIS IS THE GREATEST BARRIER TO GREATER TECHNOLOGY TRANSFER . . . AND TECHNOTEC SOLVES THIS PROBLEM IN THE SIMPLEST POSSIBLE WAY. TECHNOLOGY IS DESCRIBED BY ITS OWNER IN TERMS OF WHAT IT CAN DO-
WHAT HE THINKS IT MIGHT DO RATHER THAN WHAT IT IS. LIKewise, PEOPLE LOOKING FOR TECHNOLOGY CAN DESCRIBE THEIR NEEDS.

ALL THIS INFORMATION IS STORED ON A DATA BASE THAT CAN BE ACCESSED EASILY BY TELETYPExE MACHINE OR OTHER KINDS OF COMPUTER TERMINAL5 FROM MANY POINTS THROUGHOUT THE WORLD.

WE EXPECT THAT SEMINAR PROGRAMS AND EXPANDING USE OF THE TECHNOTEC SERVICE WILL LAY THE GROUNDWORK FOR FUTURE TECHNOLOGY EXCHANGES AMONGST COUNTRIES OF THE WORLD.

IF THERE IS ANY KEYNOTE THOUGHT FOR THIS FORUM, IT MIGHT BE EXPRESSED SOMETHING LIKE THIS -- COMING TOGETHER IS A BEGINNING . . . KEEPING TOGETHER IS PROGRESS . . . AND WORKING TOGETHER IS SUCCESS.

ALL OF US HAVE NUMEROUS AND VARIED DEMANDS PLACED UPON OUR AVAILABLE TIME. IT HAS BECOME IMPERATIVE FOR US TO OBTAIN THE INFORMATION WE NEED . . . WHEN AND WHERE WE WANT IT. THIS FORUM, I'M CERTAIN, WILL BE IMPORTANT TO EACH OF YOU AS YOU STRIVE TO ATTAIN YOUR RESPECTIVE GOALS.

IT'S A PLEASURE FOR US AT CONTROL DATA TO HOST THIS EXCHANGE.

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