GOOD EVENING!

LOOKING AT YOUR AGENDA FOR THE PAST FEW DAYS, AND ESPECIALLY TODAY, I'M REMINDED OF A STORY I ONCE HEARD ABOUT WINSTON CHURCHILL. IT SEEMS HE WAS VISITING FRIENDS IN THE WEST END OF LONDON.

NOW IT WAS THE AFTERNOON OF ONE OF HIS FAMOUS RADIO BROADCASTS AND HE LEFT HIS FRIENDS RATHER LATE...SOMewhat HURRIED BY, HE STEPPED UP TO A CAB AND INSTRUCTED THE DRIVER TO TAKE HIM TO THE BBC STUDIOS.

"YOU'LL HAVE TO TAKE ANOTHER CAB, SIR, I CAN'T GO THAT FAR," THE DRIVER TOLD HIM.

THE FORMER PRIME MINISTER WAS RATHER SURPRISED. HE ASKED THE CAB DRIVER WHY HE WAS LIMITED IN THE DISTANCE HIS CAB COULD BE DRIVEN.

"WELL," REPLIED THE CABBY, "MR. CHURCHILL IS BROADCASTING TONIGHT AND I WANT TO GO HOME AND TUNE IN."

THIS SO PLEASED CHURCHILL AND HE PULLED OUT A POUND NOTE. THE DRIVER TOOK ONE LOOK AT THE MONEY AND SAID, "HOP IN, SIR. THE HELL WITH MR. CHURCHILL."

FORTUNATELY FOR ME, BUT PERHAPS NOT FOR YOU, YOU ARE NOT IN A POSITION AFTER THIS LONG DAY TO LEAVE AND SAY: "THE HELL WITH MR. PRICE." (PAUSE)

SERIOUSLY, IT'S A GREAT PLEASURE FOR ME TO BE HERE WITH YOU TONIGHT AND I THANK YOU FOR INVITING ME.
IT'S ALWAYS A PLEASURE TO BE WITH WINNERS, LIKE YOU. . .IT'S ALWAYS A PLEASURE TO BE IN SAN FRANCISCO. . .AND IT'S ALWAYS A PLEASURE TO TALK ABOUT CONTROL DATA, ITS DATA SERVICES, AND THEIR FUTURE.

SO, CRAMMING THAT ALL INTO ONE TRIP, EVEN A VERY BRIEF ONE, IS JUST PLAIN GREAT. (PAUSE)

WHILE THE MAIN THRUST OF MY REMARKS TONIGHT WILL BE ABOUT THE FUTURE, I'D LIKE TO SET THE STAGE BY GIVING YOU A BRIEF PICTURE OF CONTROL DATA TODAY.

JUST WHO IS THIS COMPANY THAT IN ONE MONTH WILL BE CELEBRATING ITS TWENTIETH BIRTHDAY? AND HOW HAS IT GROWN FROM NOTHING TO A TWO BILLION DOLLAR CORPORATION--THE 75TH LARGEST IN AMERICA--IN A MERE TWO DECADES?

WHO ARE WE? WELL, THE EASIEST WAY FOR ME TO ANSWER THAT BRIEFLY IS IN OUR CORPORATE MISSION STATEMENT: (PAUSE) "CONTROL DATA IS A WORLDWIDE ORGANIZATION DEDICATED TO THE IMPROVEMENT OF THE PRODUCTIVITY AND THE QUALITY OF LIFE FOR INDIVIDUALS AND ORGANIZATIONS THROUGH THE APPLICATION OF ITS COMPUTING TECHNOLOGY, FINANCIAL RESOURCES, PROFESSIONAL SERVICES AND COOPERATIVE PROGRAMS." WORDS. . .GOOD WORDS. . .ONLY WORDS?

NO -- THE MORE TIME THAT PASSES SINCE THOSE WORDS WERE WRITTEN AND THE MORE I OBSERVE THE CRITICAL ISSUES PRESSING IN ON WORLD SOCIETY, THE PROUDER I BECOME OF WHAT THAT STATEMENT SAYS ABOUT OUR CORPORATION AND ITS MISSION. THE MORE CERTAIN WE ALL ARE THAT ITS FULFILLMENT WILL BEST SERVE THE INTERESTS OF STOCKHOLDERS, CUSTOMERS, EMPLOYEES AND THE SOCIETY IN WHICH WE OPERATE.
LOOK AROUND TODAY AND YOU SEE PEOPLE EVERYWHERE DISSATISFIED WITH BUSINESS. OBSERVE THE ANTIPATHY TO MULTINATIONAL CORPORATIONS -- OFTEN WITH GOOD REASON. MORE AND MORE, PEOPLE AND GOVERNMENTS ARE DEMANDING THAT BUSINESSES TURN TO THE JOB OF HELPING TO SOLVE SOCIETY'S PROBLEMS. . .IN WAYS THAT GO FAR BEYOND MERELY PROMOTING WHAT CAN BE SOLD.

CORPORATE ATTENTION TO THESE RESPONSIBILITIES DOES NOT DIMINISH PROFITS. INDEED, OVER THE LONG RUN, SOCIETY'S RECOGNITION OF THESE QUALITIES IN A BUSINESS WILL ENHANCE ITS PROFITABILITY. AND THAT IS VITALLY IMPORTANT, BECAUSE WITHOUT PROFITS THERE WILL BE NO SURVIVAL. . .MUCH LESS REWARDS. . .FOR OUR STOCKHOLDERS AND OUR EMPLOYEES.

BUT IT GOES BEYOND THAT -- A CORPORATION IS AN IMPORTANT CITIZEN OF EVERY COUNTRY IN WHICH IT OPERATES. . .AND IT MUST CONDUCT ITSELF ACCORDINGLY.

I REALIZE THOSE ARE FAR FROM UNIQUE WORDS, FOR A LOT OF COMPANIES PAY MINIMAL LIP SERVICE TO IDEALS LIKE THIS. ON THE OTHER HAND, WE BELIEVE IT AND IT HAS BECOME A PHILOSOPHY WHICH PERVADES EVERY BUSINESS DECISION WE MAKE.

COMPANIES THAT FACE UP TO THAT REALITY, IN REALITY, AND ADAPT THEIR STRATEGY ACCORDINGLY, WILL BE RECOGNIZED AS THE LEADERS. AFTER A WHILE, THE OTHERS PROBABLY WON'T EVEN BE AROUND.

NEITHER, BY THE WAY, WILL THOSE COMPANIES THAT TRY TO MAINTAIN A TOP MANAGEMENT STRUCTURE OF RIGID BOXES, ALOOF TO EACH OTHER AND THE MANAGERS BELOW. THE ADVANCING COMPLEXITY OF
TECHNOLOGY AND MARKETS DEMANDS A MULTIPLISTIC, HIGHLY PARTICIPATIVE AND INTERACTIVE MANAGEMENT, WHICH NETS DOWN TO ONE WORD — TEAMWORK.

BUT LET’S LOOK AT OURSELVES A LITTLE MORE CLOSELY. IN JULY 1957, A DOZEN PEOPLE WHO CALLED THEMSELVES CONTROL DATA RAISED $600,000 IN WORKING CAPITAL AND SET UP OPERATIONS IN A CONVERTED NEWSPRINT WAREHOUSE IN MINNEAPOLIS.

TODAY WE ARE 45,000 PEOPLE OPERATING IN 35 COUNTRIES GENERATING MORE THAT $2 BILLION ANNUALLY.

THAT GROWTH IS INDICATIVE OF THE EXTRAORDINARY RAPID EVOLUTION OF THE DATA PROCESSING INDUSTRY. . .SO EXTRAORDINARY IN FACT THAT ONE OBSERVER HAS CALCULATED THAT IF THE AEROSPACE INDUSTRY HAD DEVELOPED AS FAST, MAN WOULD HAVE LANDED ON THE MOON IN 1910 JUST 8 YEARS AFTER THE WRIGHT BROTHERS’ FIRST FLIGHT AT KITTY HAWK.

EXTRAORDINARY GROWTH IS ONE DIMENSION OF OUR COMPANY. ANOTHER IS ITS UNIQUE COMBINATION OF FINANCIAL AND COMPUTER SERVICES.

IN 1968 CONTROL DATA ACQUIRED COMMERCIAL CREDIT. . .A MERGER THAT RANKS AS ONE OF THE BEST IN THE INDUSTRY.

ONE REASON IS THAT COMMERCIAL CREDIT IS IN THE BUSINESS OF PROVIDING CAPITAL TO INDIVIDUALS AND BUSINESSES. NOW IT HAPPENS THAT CAPITAL AND INFORMATION PROCESSING ARE THE TWO SINGLE MOST IMPORTANT FACTORS IN INCREASING WORLD PRODUCTIVITY. FOR ANOTHER, THE COMPUTER BUSINESS ITSELF HAS A CONTINUAL NEED FOR CAPITAL.
AT THE END OF 1976 COMMERCIAL CREDIT HAD FINANCED LOANS OF $300 MILLION OF CDC'S COMPUTER LEASE BUSINESS. CONTROL DATA PAYS THE CURRENT MARKET INTEREST RATE FOR THESE LOANS. COMMERCIAL CREDIT HAS VERY LITTLE EXPENSE ASSOCIATED WITH THE LOANS AND THE RISK IS VIRTUALLY ZERO. SO IT'S GOOD FOR BOTH PARTIES.

ANOTHER REASON THE MERGER HAS PROVED AN ASSET TO CONTROL DATA IS THAT COMMERCIAL CREDIT EARNINGS HAVE BEEN IMPORTANT TO THE FINANCIAL HEALTH OF ITS PARENT. THE PROBLEM WE'VE HAD OVER THE YEARS IS THAT WHEN THE COMPUTER BUSINESS EARNINGS WERE UP, COMMERCIAL CREDIT'S WERE DOWN, AND VICE VERSA. WE NEEDED TO SHOW WE CAN GENERATE A STEADY GROWTH IN EARNINGS -- WHICH IS WHAT THE WALL STREET COMMUNITY BELIEVES IN AND USES AS A MEASURE OF PERFORMANCE.

IN 1976 CONTROL DATA DEMONSTRATED ITS ABILITY TO DO THIS. TOTAL EARNINGS WERE UP OVER 1975 AND 1977 WILL BE THE THIRD CONSECUTIVE YEAR FOR THIS TREND.

WITH THAT LOOK AT THE COMBINED COMPUTER AND FINANCE BUSINESS, I'LL TURN NEXT TO AN EXTREMELY BRIEF OVERVIEW OF THE THREE MAJOR BUSINESS SEGMENTS OF JUST THE COMPUTER BUSINESS WHICH HAD REVENUES OF $1.3 BILLION IN 1976.

THE FIRST MAJOR SEGMENT IS COMPUTER SYSTEMS WHERE WE HAD REVENUES LAST YEAR OF ABOUT $415 MILLION, A LITTLE MORE THAN 21% OF THE TOTAL COMPANY REVENUES.

THE SECOND MAJOR SEGMENT IS PERIPHERAL PRODUCTS WHICH LAST YEAR ALSO HAD ABOUT $415 MILLION OF REVENUE AND ALSO CONTRIBUTED 21% OF THE TOTAL.
OUR THIRD MAJOR BUSINESS SEGMENT, AND THE MAJOR THRUST OF THE CORPORATION, IS SERVICES—IT'S THE LARGEST PART OF OUR COMPUTER BUSINESS AND LAST YEAR CONTRIBUTED $500 MILLION OF REVENUES.


SO -- THERE IS A MISSION AND THERE ARE THE TOOLS...BY THAT I MEAN THE VARIOUS PRODUCT SEGMENTS...THAT WE CAN USE TO EXECUTE THAT MISSION.

BUT HOW DOES IT ALL GLUE TOGETHER? IN A WORD, THROUGH SERVICES, CONTROL DATA IS A SERVICE COMPANY. AND THE HEART OF THE WHOLE STRATEGY IS DATA SERVICES.

SO NOW WE CAN TAKE A LOOK AT THE FUTURE. WHERE THEN ARE WE HEADED IN THIS GREAT ADVENTURE? WELL FOR ONE THING SERVICES IN CONTROL DATA WILL BE A ONE BILLION DOLLAR BUSINESS BY 1981. AND DATA SERVICES WILL BE HALF OF THAT...$500 MILLION OR ROUGHLY DOUBLE THE SIZE WE WERE LAST YEAR.

FOR ANOTHER THE TRUE PROFIT POTENTIAL LIES AHEAD. THE PAST HAS BEEN DEDICATED TO GATHERING THE RESOURCES BUT IN THE LONG RUN SERVICES REQUIRE SIGNIFICANTLY FEWER ASSETS FOR EACH DOLLAR OF REVENUE AND WILL PRODUCE A GREATER RETURN OF CAPITAL INVESTED.
THERE IS NOT ONLY GEOGRAPHIC EXPANSION IN THE FUTURE OF DATA SERVICES BUT MORE IN-DEPTH COVERAGE OF THE VERY BROAD RANGE OF MARKET SEGMENTS ADDRESSED TODAY: SBC IN THE GENERAL BUSINESS AREA, CYBERNET IN THE SCIENTIFIC/ENGINEERING AREA AND THE APPLICATION SPECIALITIES SUCH AS TICKETRON, BTSI, ACTION, FOCUS AND ARBITRON.

THIS PROSPECT OF GROWTH IN DATA SERVICES FOCUSES DOWN VERY QUICKLY ON SBC AND TO THOSE OF YOU HERE. IT IS HERE THAT THE LEADERSHIP MUST COME IF CONTROL DATA'S FUTURE POTENTIAL IN DATA SERVICES IS TO BE REALIZED.

THIS MORNING YOU HEARD BOB KLEINERT SET YOUR 990 REVENUE GOAL AT ONE BILLION DOLLARS. WE CANNOT ACHIEVE THAT GROWTH WITHOUT CHANGE IN OUR OPERATION. IN OUR APPLICATIONS AND IN OUR MARKETING. WE CANNOT ACHIEVE THAT GROWTH WITHOUT MORE PEOPLE--1000 MORE IN SBC BY 1981--AND WE CANNOT MANAGE THOSE PEOPLE, THOSE NEW APPLICATIONS, THAT ADDITIONAL MARKET, UNLESS YOU GROW TO BE CAPABLE OF IT.

OVER THE COURSE OF THE LAST FEW DAYS YOU HAVE HEARD SOME OF THE DIMENSIONS OF THOSE CHANGES AND THAT GROWTH EXPECTED OF YOU. THE NEW PRODUCTS THAT WILL HELP US ACHIEVE OUR GOALS. THE MARKETING PROGRAMS THAT WILL MAKE IT ALL HAPPEN.

THE FUTURE THEN IS ONE OF GROWTH POTENTIAL. FOR ALL OF US AS A CORPORATION. FOR EACH OF US AS INDIVIDUALS. WILL WE ACHIEVE IT? IT IS UP TO US. PERSONAL GROWTH. LET ME TELL YOU A STORY. IT'S ABOUT A MAN NAMED CLYDE PATTERSON. IT'S A TRUE STORY.
THE INCIDENT OCCURRED SEVERAL YEARS AGO. IT CAME DURING A VISIT WITH A FRIEND TO OSKALOOSA, IOWA. MY FRIEND WAS THERE TO HELP DEDICATE A NEW PLANT FOR HIS COMPANY AND HE INVITED ME ALONG. OUR COMPANION FOR THE OCCASION WAS THE HONORABLE ROBERT D. RAY. . .THEN THE GOVERNOR OF IOWA. HE WAS THE MAIN SPEAKER AT THE DEDICATION.

AS WE WERE LEAVING THE PLANT TO ATTEND A CIVIC LUNCHEON, THE GOVERNOR ASKED IF WE WOULD MIND ACCOMPANYING HIM ON A SLIGHT SIDE TRIP. THE POLICE ESCORT TOOK THE GROUP TO A NEARBY FARM IMPLEMENT COMPANY.

THE GOVERNOR WENT IN TO PAY A VISIT TO ONE OF THE EMPLOYEES. HE WAS A MAN WHO HAD WON NATIONAL PROMINENCE FOR HIS MECHANICAL ABILITY. HIS NAME WAS CLYDE PATTERSON.

I WAS A BIT PUZZLED AT FIRST. AFTER ALL, WHAT'S SO UNUSUAL ABOUT A MECHANIC THAT WOULD WARRANT THE GOVERNOR MAKING A SPECIAL TRIP TO SEE HIM?

THE GOVERNOR WENT INTO THE ROOM WHERE MR. PATTERSON WAS WAITING. HE WAS A NEAT, TRIM MAN DRESSED IN BLUE OVERALLS AND A LIGHT BLUE SHIRT. HE ROSE WHEN GOVERNOR RAY ENTERED THE ROOM.

IT WAS THEN THAT I UNDERSTOOD WHY THE HEAD OF A GREAT STATE WAS SO ANXIOUS TO SHAKE THE HAND OF A MECHANIC IN OSKALOOSA, IOWA. YOU SEE, CLYDE PATTERSON WAS BLIND. . .STONE BLIND. (PAUSE)

YET IN SPITE OF HIS BLINDNESS, CLYDE PATTERSON HAD DEVELOPED HIMSELF INTO A TRULY SKILLED CRAFTSMAN. . .A PERSON WHO COULD ASSEMBLE INCREDIBLY INTRICATE PARTS MORE ACCURATELY THAN ANY OTHER MECHANIC IN HIS COMPANY.
DURING THE COURSE OF OUR BRIEF CHAT, I ASKED HIM ABOUT HIS OCCUPATION PRIOR TO HIS BLINDNESS. CLYDE PATTERSON'S ANSWER? "OH, I WAS JUST A GENERAL HANDYMAN."

ONLY AFTER HE BECAME BLIND HAD HE DEVELOPED HIS TREMENDOUS SKILLS. THROUGH SHEER GUTS AND DETERMINATION. AND A STRONG DESIRE TO IMPROVE HIMSELF.

CLYDE PATTERSON HAD FOUND THE THRILL OF INDIVIDUAL ACHIEVEMENT. MOST SUCCESSFUL. AND HAPPY. PEOPLE I KNOW THRIVE ON THE HEADY, EXHILARATING SATISFACTION THAT COMES FROM DOING AN EXCELLENT PIECE OF MEANINGFUL WORK. NO ONE HAS TO TELL THEM IT IS GOOD--THEY KNOW. ASK ANY PRO. IN ANY FIELD.

IF I WERE TO CRYSTALIZE THIS INTO A PRINCIPLE--CALL IT PRICE'S PRINCIPLE NUMBER ONE--IT WOULD GO SOMETHING LIKE THIS:

"LIFE AFFORDS NO HIGHER PLEASURE THAN THAT OF SURMOUNTING DIFFICULTIES. PASSING FROM ONE STEP OF SUCCESS TO ANOTHER. FORMING NEW GOALS AND SEEING THEM GRATIFIED."

AND THERE IS A COROLLARY. IT USUALLY FOLLOWS PRICE'S PRINCIPLE NUMBER ONE. AND IT GOES SOMETHING LIKE THIS:

"TO ATTAIN THE THRILL OF ACHIEVEMENT. OF SUCCESS. YOU'VE GOT TO WORK A LITTLE HARDER THAN THE REST."

A VERY SUCCESSFUL MAN I ONCE KNEW TOLD ME, "A LONG TIME AGO, I OBSERVED THAT NINE OUT OF EVERY TEN THINGS I DID WERE FAILURES. SO I JUST DID TEN TIMES MORE WORK." HE WAS BEING A BIT MORE CLEVER THAN CORRECT IN HIS ASSESSMENT OF HIMSELF -- BUT I GOT THE POINT.

NOW IT'S MY GUESS THAT THESE IDEAS ARE NOT ALL THAT STRANGE TO MOST OF YOU HERE TONIGHT. ACTION PEOPLE LIKE YOU NORMALLY TAKE THIS APPROACH TO THEIR WORK.
IT TAKES PLENTY OF SKILL, INITIATIVE AND JUST PLAIN HARD WORK TO ATTAIN INDIVIDUAL RECOGNITION. . . TO BECOME KNOWN AS A TOP ACHIEVER IN A LARGE ORGANIZATION.

BEYOND HARD WORK AND SELF-MOTIVATION, HOWEVER, THERE IS ANOTHER PRINCIPLE. THAT IS BEING ABLE TO MAINTAIN A SENSE OF HUMOR -- ESPECIALLY ABOUT YOURSELF.

THERE ARE THOUSANDS AND THOUSANDS OF STORIES ABOUT ABRAHAM LINCOLN AND MANY OF THEM TURN AROUND ABE'S TREMENDOUS ABILITY TO POKE FUN-- AT HIMSELF AS WELL AS OTHERS.

THERE'S THE STORY OF THE DISTINGUISHED BRITISH VISITOR WHO UPON ENTERING LINCOLN'S OFFICE WAS ASTONISHED TO FIND HIM POLISHING HIS OWN SHOES -- AND SAID SO. ABE LOOKED UP AND ASKED "JUST WHOSE SHOES DID YOU EXPECT ME TO BE POLISHING."

OR THE STORY HE TOLD ON HIMSELF ABOUT A MAN WHO APPROACHED HIM ONE DAY AND SAID --

"SO, YOU'RE ABE LINCOLN."

"YES, THAT'S MY NAME," SAID LINCOLN.

"THEY SAY YOU'RE A SELF-MADE MAN."

"WELL, YES, WHAT THERE IS OF ME IS SELF-MADE."

"WELL, ALL I'VE GOT TO SAY," OBSERVED THE MAN,

"IS THAT IT WAS A DAMNED BAD JOB." (PAUSE)

PERHAPS LINCOLN'S GREATEST STRENGTH, BECAUSE OF THIS PERSPECTIVE OF HUMOR, WAS TO SEE THE GOOD AND THE BAD IN PEOPLE -- AND TO USE THE GOOD.
THOSE ARE SOME OF THE KEYS THAT I BELIEVE ARE ESSENTIAL TO PERSONAL GROWTH—(1) LEARNING THE THRILL OF INDIVIDUAL ACHIEVEMENT. . . (2) LEARNING TO WORK A LITTLE HARDER THAN THE REST. . . (3) LEARNING TO MAINTAIN A SENSE OF HUMOR ABOUT YOURSELF. . . AND (4) LEARNING TO APPRECIATE THE CAPABILITIES OF OTHERS.

ON THAT LAST POINT, THERE'S A LITTLE STORY ABOUT ONE OF SAN FRANCISCO'S MORE ILLUSTRIOUS NATIVE SONS — JOE DIMAGGIO.

WHEN JOE DIMAGGIO CAME UP TO THE BIG LEAGUES, BOBO NEWSOM, A STRONG ARMED PITCHER EAGERLY AWAITED A CHANCE TO PITCH AGAINST THE HIGHLY TOUTED NEW YORK YANKEE ROOKIE.

"I'LL TAKE CARE OF HIM." BOBO PROMISED HIS TEAMMATES. "I PITCHED AGAINST HIM ON THE COAST AND I KNOW HIS WEAKNESSES."

THE FIRST TIME DIMAGGIO FACED NEWSOME HE DOUBLED. THEN HE DOUBLED AGAIN. HIS THIRD TWO BAGGER DROVE BOBO OUT OF THE GAME. NEWSOME WAS ASKED IF HE STILL KNEW DIMAGGIO'S WEAKNESS.

"CERTAINLY," NEWSOME REPLIED WITH DIGNITY. "IT'S TWO BASE HITS."

(PAUSE) THANK YOU AGAIN FOR HAVING ME.

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