Thank you, Tom. (insert appropriate comments on matters raised during the preceding Open Forum)

I've looked forward to this opportunity to meet with you today -- in part because it gives me a chance to express my gratitude that during Control Data's troubles you, and many other valued vendors, stood by us. I know it wasn't easy for you and I'm sure you had your moments of doubt.

Yesterday, John Buckner gave you an update on Control Data's current financial condition and explained what it means for each of you, that your support has helped. I will not add to that report; but as I said I do want to add my thanks behalf of everyone in Control Data.

We are emerging from a difficult period in the company's history, but I can assure you that we are better for it. The Control Data you've heard about yesterday and today is much different from the Control Data of a year ago -- or even earlier this year.
We have been working diligently to make improvements throughout the corporation. The people of Control Data share a vision of a New Day for the company. One recent survey showed that 99 percent of employees -- and that's a real number -- 99 percent say they feel a personal responsibility for the success of the company. We are building on that overwhelming commitment to make the changes that need to be made.

We intend to make Control Data a solid and consistently profitable company, and we are evaluating every aspect of the business with a renewed and revitalized sense of mission. We express that mission as clearly and straightforwardly as possible: to provide products and services based on computer technologies.

That's it ... pure and simple. As important suppliers to Control Data, you share in that mission.

With the financial restructuring now essentially completed, the next most immediate challenge is consistent profitability. Fundamental to that is the continuing effort to reduce product costs. Those efforts necessarily involve you.
The most fundamental change in Control Data has been to narrow the focus of the company's business. The intensity and quality of management essential to success in our industry today -- not to mention the level of investment -- are quite different from just a few years ago. This narrowing of focus is particularly pertinent to this group since it has involved a considerable reduction in the number of product lines, especially in Data Storage Products.

In the past, competition was far less severe that it is today. Not too long ago, customer needs for information processing equipment generally exceeded the crude solutions the industry could deliver. Because the needs were so great, almost any answer was marketable...or at least there was sufficient time to go back and patch up a hastily devised product or service.

The situation is far different today. There simply are more people with better competitive ideas than ever before; and at the same time, users have grown more sophisticated and more demanding. By focusing down on fewer businesses and narrower product lines, Control Data can invest more intensely -- creativity as well as financially -- in those that remain.
Sooner or later, any discussion of future direction brings up the question of research and development. So let me spend a moment on that subject. As you know, the pace of product change throughout the computer industry accelerates each year. In 1986, fully 90 percent of Control shipments of data storage equipment will involve products developed within the past two years.

The 1986 research and development budget, including related technical spending, is nearly $400 million, or roughly 12 percent of budget revenues. Last year it was 11.8 percent; back in 1981, the figure was 9.5 percent. As I speak this afternoon, work on the 1987 budget is underway and its major challenge is wrestling with the R&D requirement. We expect no lessening in aggressive expenditure. We do expect even more market-driven focusing of that expenditure.

Those statistics are important not only to further illustrate the necessity of product focus, but also to remind you that through all the tough times we have been determined to feed the lifeblood of our business -- technology and the requisite technical spending.
Better and more concentrated business focus, financial restructuring, more intensive and more effective technical spending -- all these are characteristics of the Control Data of which you here today plan (and we plan) to be the suppliers of tomorrow. But there is a more basic characteristic to which we are wholly committed and which is far more important if you and Control Data are to develop and grow a mutually rewarding relationship. That characteristic is quality.

You have heard from Bob Romfo and others in CDC on this subject. You have heard Dr. Schonberger. But I want you to know from me, Bob Price, that I am totally fixed on Quality as the single most important attribute of Control Data. The reason is, as many have told you I'm sure, to assure competitive product cost. Others say it differently -- that it is the key to productivity. And, Lord help us, we certainly have been told that we must have it because the Japanese do.

I wouldn't dispute any of that, but there is even a better reason: quality is a source of pride and self-confidence, of each person knowing that they, as an individual make a difference. That makes work -- my work, your work, anyone's work, worthwhile -- more than worthwhile. In the long run that's the only sustainable source of profits.
The scope of these changes is reflected in the term TOTAL Quality Management Process. "Total Quality" — Quality in every procedure, in every action. "Quality Management" — Quality must be managed. The actions taken to begin this transformation range from ones involving corporate strategy and structure to mundane clerical processes. And finally "Management Process." Note that I said a moment ago "actions taken to begin," the process of institutionalizing TQMP is itself a continuing process of improvement. Management improvement, process improvement, Total Quality. TQMP.

What is implied is significant change across the total spectrum of corporate activity. Moreover, in Control Data's case at least, we have been carrying out this task when most of our basic products and services were undergoing a dramatic technological and competitive change as well.

Let me now move from the corporate perspective of the effect on Quality of Business Strategy to Quality from the perspective of the individual. The kind of transition TQMP involves must be led from the top, but it must actually occur at the bottom for it ultimately involves a commitment of each individual in the organization.
Administrators and clerical workers learn to relate their work to product success and therefore your satisfaction as a customer. Individual engineers learn to think in terms of process -- the design process itself, of course, but equally important the manufacturing process that will result.

Perhaps the most stimulating concept of TQMP is the idea that every individual in the company has a work product and therefore someone -- inside or outside -- is their customer. We find people like to think that way. People have embraced the "everyone-has-a-customer" concept. They make it a very real part of their own personal work commitment, and it has a wonderful perspective-broadening effect.

At its root, this culture of quality means that each person truly feels that what they think and what they do matters. And when you get down to that is as much as any of us can expect out of life.

And the company has tried to express to each employee that they do count, that we all have a mutual stake in quality and profitability, by giving each full-time employee 10 shares of stock. Those shares are an important statement to employees not only of our belief in the future, but our belief in them as well.
We have taken steps to create a new organization, one which will do fewer things, but do them more effectively. And as this new entity emerges, it will be more focused, more aggressive and more responsive to its markets.

And above all, we recognize that only by making quality a way of life -- for everyone who draws a Control Data paycheck--will the company be sustainably profitable.

One more word on quality. Control Data will help you any way we can. We're doing some of that now, I know. This quality thing is tough. It takes dedication, training, learning. We've got to do that for ourselves, and we'll be glad to help you, too.

So we can make the whole deal into a partnership. Control Data has much to learn and so do you. We'll be glad to share what we learn with you. Within Control Data we have taken steps to create a new organization, one which will do fewer things, but do them more effectively. And as this new entity emerges, it will be more aggressive and more responsive to its markets. We have done what is necessary. We have reacted not only to the company's immediate problems, but have also addressed changes sweeping through the computer industry ... changes that affect your companies as well as ours.
As we go about rebuilding Control Data, we also want to make certain that you have an opportunity to earn adequate profits for your business as well. The surest approach is for us all to share an absolute commitment to quality.

Our industry demands a quickened pace. Those who choose to stand still cannot complain when others pass them by. Control Data will not be standing still because we will be moving confidently into our New Day. We are confident that you will make that journey with us.

Thank you....