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Digital Enlists the QE2 For Lavish Trade Show

By CALVIN SIMS

The Digital Equipment Corporation, never known for flashy salesmanship, is throwing a \$20 million party in Boston Harbor this week aboard the Queen Elizabeth 2 and the Star/Ship Oceanic luxury liners.

Digital has rented both ships to accommodate many of the 50,000 executives who have been invited to what is perhaps the largest and most extravagant trade show sponsored by a single computer maker. Industry analysts expect Digital to introduce several major products tomorrow, during the second day of the nine-day event.

The giant sales show, called Decworld, is a sharp departure from Digital's low-profile method of selling computers.

"They are renting a big boat to get mass media coverage — they want executives who don't think about technology to know who they are," said Susie Peterson, an analyst with the First Boston Corporation. "D.E.C. thinks it is I.B.M.'s equal and wants Fortune 500 buyers to agree."

To handle the crowd, the ships will dock alongside the World Trade Center and serve as hotels. Digital has even rebuilt the Commonwealth Pier to accommodate the ships, and about 10,000 members of its sales force will be on hand to pitch the products.

Dallas Kirk, who is coordinating the show, said that compared with the cost of having sales representatives visit customers' facilities, a \$20 million event is "a bargain when you consider how many new customers we will gain." Analysts said the company would generate about \$1 billion in revenues by making contact with customers at the event.

With its new-product introductions, Digital, under the direction of its president, Kenneth H. Olsen, is expected to continue a strategy that has enabled its Vax minicomputer line to steal significant market share from the industry leader, the International Business Machines Corporation. Digital, whose profits have soared in the

past year, reported earnings of \$377.3 million, a gain of 58 percent, in the latest quarter.

Improvements Seen

Michael Geran, an analyst with E. F. Hutton, said: "We will see significant improvements in functionality and price performance without price increases — an indication that D.E.C. is continuing its strategy of satisfying the installed base with a fast product cycle."

According to industry analysts, Digital, based in Maynard, Mass., will introduce three new low-end computers that offer three times the power of current machines in its Microvax 2 line but cost no more to produce.

Among these low-end products are successors to the Microvax 2 and Vaxstation 2000. Analysts said the new version of Microvax 2, which is priced at about \$16,000, would cost more than \$35,000. The new work station is expected to cost about \$5,000, slightly more than the current product.

These low-end products are meant to compete with similar machines from Hewlett-Packard, Sun Microsystems and Apollo. The price performance of the new computers is because of complimentary metal-oxide semiconductor, or CMOS, technology, which is faster and cooler.

The company also plans to announce a new network link to I.B.M. mainframes and new disk drives to satisfy user requests, the analysts added. The software link would allow D.E.C. minicomputers to connect to I.B.M.'s mainframes. The new 5.25-inch disk drives would offer about 280 megabytes of memory storage.

According to Ms. Peterson of First Boston, there is much speculation that Digital will also introduce a replacement for its high-end computer, the Vax 8750, that would offer 25 percent more performance through faster chips, as well as a new mid-range computer, the Vax 8400, that would compete with I.B.M.'s 9370.