

.c. Unit 1 High-End Opportunities by Industry;

.c. Purpose;

This unit describes the targeted marketplace for HP's Corporate Business System.

.c. Objectives;

At the end of this unit, you will be able to:

3 Identify the changes now impacting traditional high-end environments.

3 Identify the major areas where HP has solutions by industry and type of application.

3 Describe why HP's competitors' situations have favorable affected HP's current window of opportunity.

.c.Introduction;

HP's Corporate Business Systems are high-end systems that position HP for aggressive movement into a new class of performance and the corporate data center environment. It represents an opportunity for you to strategically partner with high-end customers who are looking for lower cost and/or next-generation solutions for large applications.

It is important to emphasize that HP's Corporate Business Systems are **not** mainframes. That is, these systems do not utilize old technology and 1960's type architecture, nor do they have high mainframe costs.

Rather, the HP Corporate Business Systems are a mainframe **alternative** which provide the solutions required for large system computing.

These new high-end systems for the HP 3000 and HP 9000 families are being introduced under the common umbrella of "Corporate Business Systems". More details on these products are covered in Unit 3.

.c.HP Target Opportunities;

The introduction of the HP Corporate Business System allows HP to move into the business world as a much more formidable competitor. There are four generic opportunities for marketing the system to the high-end customer:

3 **As an extension of the HP product line:** The Corporate Business System is compatible with all HP 3000s and HP 9000s respectively. It provides customers with the opportunity to upgrade their existing systems and to consolidate multiple systems for simplicity and control. The system represents a new platform for new areas and new applications within the accounts that we already have.

3 **As a .i.mainframe alternative; platform:** This is the kind of system you can feel confident in placing next to an old mainframe in the data center, letting the MIS Manager compare the old and the new.

3 **As a replacement of old systems** such as the 43xx and 30xx systems from IBM, and older systems from Unisys, Honeywell-Bull, and others.

3 **As an enterprise-wide solution provider:** HP has significantly strengthened your position to be a key Information Technology (IT) partner and to go after large applications and strategic accounts in key industries.

.c.Mainframe Alternative Opportunities;

One of the key opportunities for the HP Corporate Business System is in the mainframe alternatives arena. Prime candidates for a mainframe alternative installation are customers needing to:

3 Replace existing, "patched-together" applications with better or more reliable ones.

3 Add new applications supported on the HP 3000 or HP 9000.

3 Offload corporate applications, such as .i.Human Resources; or .i.Financials;, to a system that can co-exist with their large MVS/ESA mainframe.

3 Improve access to data in the company's computers.

- 3 Achieve faster response times.
- 3 Develop applications faster and more cost-efficiently.
- 3 Move to more reliable hardware.
- 3 Replace aging mainframes (IBM 308X, Bull, Unisys) with key corporate applications or in key HP 3000 and HP 9000 vertical markets (chart in Unit 3).
- 3 Reduce annual IT outlay for maintenance and support.

.c.Opportunities and Applications by Industry;

.c.Manufacturing;

The .i.manufacturing; industry affords us the greatest opportunities to expand beyond our traditional strengths in distributed business and manufacturing applications outside of the data center. Key application areas for the HP Corporate Business System are:

Financials and .i.MRP II;

Mid-size companies that are in a high growth mode and that have financials on a mid-range or older mainframe will be looking for mainframe class performance at mid-range costs. Mainframe software available today includes Oracle financials and R/3 from SAP.

Additionally, large Fortune 500 companies typically pass plant requirements down to each local plant. When doing MRP planning, data must then be pulled up to the Corporate Level. This type of MRP planning is very compute intensive and therefore is a prime opportunity for being offloaded from a mainframe. MRP mainframe software such as CONTROL: Manufacturing from Cincom and R/3 from SAP will soon be available on HP.

Logistics and

.i.Distribution;

Customer service is becoming a key differentiator in the 1990's. Customers that produce multiple products from multiple plants for multiple distribution points need DRP systems. Historically, these applications use a large amount of mainframe resources. Mainframe class distribution software currently available on HP includes Dun & Bradstreet's SF/DRP system, with additional logistics and distribution software being offered soon.

.i.Data Repository;

Consumer products companies with large marketing organizations keep large volumes of data on sales statistics and customer service activities such as mailings and 800 number calls. Fast access to this data is critical, but not always possible due to overloaded mainframes. One solution to this is to move the marketing applications off the mainframe and onto their own dedicated system. Currently no off the shelf software exists so companies must write their own custom applications.

.c.Telecom;

.i.Telecom;munications is a fast-growing industry where HP has been very successful in the last few years. Through 1995, this opportunity should grow given that their expenditures for UN*X are increasing twice as fast as both the total software market and the total information systems spending (based on Business Research Group data). This growth should support many opportunities for Corporate Business System class platforms. Important applications include:

- 3 Business Support Systems
- 3 Tools
- 3 Networks Operations Management

.i.Business Support Systems;

Business Support System opportunities exist with wireless (cellular) and landline service providers in the following areas:

- 3 Marketing
- 3 Billing
- 3 Customer service applications
- 3 Tariff filing

The landline provider's typical IT environment includes mainframe-based in-house software or is provided by a service bureau with VAB software.

For wireless providers the IT environment is either in-house PC/mid-range based systems or it is provided by a service bureau.

Two solutions being investigated for porting to Corporate Business System class HP platforms include CASS 2000/3000 from Cellular Solutions (subsidiary of Telesciences) and Hotwatch from Cellular Technical Services.

.i.Network Operations Management;

As telecommunication service providers' networks become more and more complex, Corporate Business Systems class machines are needed to handle tracking and monitoring of increased network traffic. AT&T is an HP OEM which has 60-70% market share in the U.S. for Network Operations systems. Corporate Business Systems will extend the HP solution set to more of AT&T's target customers.

.i.Tools;

Several different tools are required to support business support applications and network operations management and therefore must also run on the Corporate Business System platform.

Many of the telecommunication companies have tremendous needs to transport information from various disparate database systems. One way to accomplish this is through the use of database interface tools like Information Builders' Inc. FOCUS product.

Telecommunication companies often have unique networking needs. One that is prevalent at many Regional Bell Operating Companies (RBOCs) is BSC/3270 with HLLAPI. HP is working with key providers of this software (Systems Strategies' EXPRESS product) to ensure we have the required connectivity.

.c.Wholesale Distribution;

The .i.wholesale distribution; industry represents tremendous opportunity for HP, which is recognized as the second largest vendor in this industry. The majority of HP's success in wholesale has been in our eight target segments and with small-medium sized distributors through the VAR channel. Now, the Corporate Business System enables us to aggressively penetrate large distributors. We are already experiencing success with distributors who presently have mainframes and are downsizing to HP systems. Some recent wins include Healthco, Ideal Plumbing and Groupe SOPA. Corporate Business Systems will dramatically increase HP's

success in mainframe downsizing opportunities. It will also help to position HP as a key player in overall supply chain management, integrating manufacturers, wholesalers, and retailers to more effectively manage the supply chain. In addition, we have seen increased interest by mainframe software providers to work with HP in going after the wholesale distribution industry.

Important applications include:

- 3 Sales/marketing
- 3 Central purchasing
- 3 Inventory management
- 3 Financials
- 3 Human resource management
- 3 Consolidated reporting
- 3 E-mail

Important VABs include:

- 3 Distribution Resources Company
- 3 R&D Systems
- 3 Dun & Bradstreet
- 3 STSC
- 3 Ultimate Data Systems

.c.Retail;

HP's momentum in the .i.retail; industry is rapidly growing. Our strategic focus on store automation has been very effective in enabling us to successfully work with leading retailers. With the introduction of the Corporate Business System, HP is now well positioned to aggressively go after mainframe-based application opportunities at headquarters. In addition, with our Corporate Business Systems offerings we are now able to position HP as a key player in overall supply chain management, integrating manufacturers, wholesalers, and retailers to more effectively manage the supply chain.

One specific area that represents tremendous opportunity for HP is mail order. The Corporate Business Systems enable us to work with the leading solutions providers in this segment to aggressively pursue large catalog or mail order companies whose needs we were not able to effectively address until now.

Important applications include:

- 3 Merchandising
- 3 Central purchasing
- 3 Financials
- 3 Mail order/catalog fulfillment
- 3 Data repository
- 3 Proprietary credit management
- 3 Human resources
- 3 Inventory management

HP's mail order VABs include Axcion, Smith Gardner, and Target Information Systems

.c.Government;

The .i.government; segment of the market has large budgets and is littered with old mainframes. In general, the focus

will be on offloading the mainframe in state and local government environments. Major applications include:

- 3 Central records management
- 3 Centralized billing
- 3 Library management systems
- 3 Municipal courts
- 3 City management systems
- 3 Health and welfare administration

Third-party solution providers include Dynix, Inlex, Software AG, and Mitchell-Humphrey.

.c.Education;

Until now, HP's success in selling administrative systems in the Higher .i.Education; market has been predominantly in medium and small colleges. For the first time, HP can offer an attractive alternative to the 30xx and 43xx systems being used for student, financial, and library administration in large universities. Many customers are seeking third-party solutions, but there is also a strong demand for state-of-the-art tools to support in-house application development.

Major opportunity areas include:

Academic .i.library management system opportunities;

There are a number of old, mainframe-based library systems which date to the early days of library automation which are installed in university libraries. Academic libraries are looking for cost reduction while adding new capabilities in the software and systems they purchase. They are also trying to gain more vendor independence.

HP's largest academic library VABs include Dynix and VTLS

University core administrative system opportunities

Large universities traditionally have used mainframes or large VAX systems for .i.central administration; functions such as:

3 Student administration for the entire campus

3 Financial management functions

3 Payroll/personnel management

HP's VABs in this application area include:

- 3 AIMS Group
- 3 BiTech Software
- 3 CARS
- 3 Systems and Computer Technology (SCT)
- 3 Software Research Northwest

.c.Financial Services;

The .i.Financial Services; Market provides HP with a tremendous opportunity for growth. We are increasing our focus here for one major reason -- our open systems approach meets the needs of customers. Research and experience tells us that the industry leaders are moving to client server based open systems as they are reengineer their operations.

According to CSC/INDEX, the typical financial services corporation spends 4% of its revenue on IT, and foresees a 5.6% increase during 1992 in the face of current economic times. This industry uses IT as a competitive weapon, and you can use our new high-end products as the entry to penetrate these companies with big IT budgets. The market is segmented along banking, securities and insurance with the majority of software solutions written in-house.
Banking

3 Consumer loans

3 Trust management

3 Pension administration

3 Downsizing in back office

Securities

3 Large ticker plant operation

3 Analytics data base engine

3 Regional support of branch offices

3 Fund/portfolio management

3 Large imaging server

Insurance

3 Claims processing

3 Direct marketing databases

3 Accounting

.c.Cross-Industry Applications;

HP is aggressively pursuing cross-industry applications such as financial accounting, human resources, sales and marketing data analysis, executive information systems, and pension/benefit systems. HP currently has many of these applications in place.

The HP Corporate Business System is entering a multi-billion dollar market at a time when customers are demanding new, innovative, and high-quality solutions from trusted suppliers. Our challenge is to capture a leading share of this high-end marketplace.

Table 1 identifies some of the new high-end solutions on the HP platforms. A large number of these solutions have been ported to HP over the last two years. HP is a prime platform for mainframe solutions due to our strong position in the market and product line breadth at the high-end.

Availability of these applications on HP's Corporate Business Systems opens up significant new markets for HP and really unlocks the door to IBM's glass house. Use this table to help identify the applications currently in use by your clients that run on an HP system.

.c.HIGH-END .I.SOLUTION AVAILABILITY ON HP SYSTEMS;;

Runs On HP Partner	Solution Name 9000	Solution Focus	Industry	Main- frame	3000	
ASK/Ingres	MANMAN NO	MRP II, Finan.		Mfg.	NO	NOW
	Advance Q4'92	Financials	Mfg.	NO	Q4'92	
	Ingres	Database, 4GL	Horizontal	NO	NOW	NOW
CGI	PACLAN/X, PACBASE	Integrated CASE	Horizontal	YES	NOW	NOW
Cellular Tech.	Serv. NO	Hotwatch TBD	Business Supp.		Telecom	NO
Cellular Solutions		CASS 3000 TBD	Business Supp.		Telecom	NO
Cincom	Control: Mfg. Q3'92		MRP II	Mfg.	YES	TBD
	Mantis	4GL	Horizontal	YES	Q2'92	NOW
	Supra	Database	Horizontal	YES	TBD	NOW
Computer Assoc. NOW		CA-Unicenter	System Mgmt	Horizontal	YES	NO
	Classic/Open	HR	Horizontal	YES	NO	NOW
DRC	SFD	Distribution	Wholesale	NO	NOW	NO

HIGH-END SOLUTION AVAILABILITY ON HP SYSTEMS (Continued)

Runs On HP Partner	Solution Name 9000	Solution Focus	Industry	Main- frame	3000	
Dun & Bradstreet	NO	AMAPS	MRP II	Mfg.	YES	NOW
	DRP	Wholesale	Distribution	YES	Q3'92	NO
Dynix	Dynix Auto Library Sys	Lib. Mgmt. Corp. Libr.	S&LG, Educ.	NO	NOW	NO
Infor. Builders	Wharehouse	EDA Data Access	Elect. Data Horizontal	YES	NOW	NOW
	Focus NOW	4GL	Horiz, Telecom		YES	NOW
Inlex	INLEX/3000	Lib. Mgmt.	S&LG, Educ. Corp. Libr.	YES	NO	NOW
Lawson	Accounting	Financial	Horizontal	YES	Q3'92	NOW
	Distribution	Distribution	Wholesale	YES	Q3'92	NOW
	HR	HR	Horizontal	YES	Q3'92	NOW
Mitchell- Humphrey	Financial Mgmt	Finance	S&LG	NO	NOW	NO
Oracle	Financials	Financials	Horizontal	YES	NOW	NOW
	Oracle	Database, 4GL	Horizontal	YES	NOW	NOW
	Mfg. Q3'92	MRP II	Mfg.	NO	'93	
PeopleSoft	HRMS	HR	Horizontal	YES	NOW	NOW
Pilot Executive NOW		Lightship	EIS/ 4GL	Horizontal	YES	NO
Quest	NetBase	Disaster Tolerance	Horizontal	NO	NOW	NO
R&D Systems	Trend	Distribution	Wholesales	NO	NOW	NO
SAP	R/3 Q4'92	MRP II	Mfg.	YES	Q4'92	
	Q3'92	Financials	Horizontal	YES	Q3'92	
Software AG	Natural: 4GL	4GL	Horizontal S&LG	YES	Q3'92	NOW
Softlab	Maestro II NOW	4GL	Horiz., Telecom		YES	NOW

Storagetek	3480 Q3'92 Compatible	Cartridge Tape TBD Backup	Mainframe Storage	YES		
STSC INC.	STSC Q3'93	Logistics, Process Mfg.	Wholesale, Process Mfg.	YES	Q3'93	
Texas Instruments NOW		IEF	Int. CASE	Horizontal	YES	NO
Ultimate Data	SHIMS	Distribution	Wholesale	NO	NO	NOW
WDS NO	Compass Cont.		A&D MRPII	Mfg.	YES	NOW

For additional information about the applications listed, refer to the Corporate Business Systems Applications Guide included in your Sales Kit.

.c.Window of Opportunity;

Problems currently facing our competitors have created a favorable climate for HP's entry into the large systems marketplace.

.c.IBM;

IBM has split its operations into several autonomous divisions whose management is measured almost solely on the short-term profitability of their respective units. The .i. IBM,RS/6000; , .i.IBM,AS/400; , and .i.IBM,ES/9000; product lines are all in separate business divisions, with the following implications:

3 IBM's ability to maintain the image of a grand strategy will be hurt by competing product lines.

3 IBM's ability to devote the resources to develop and maintain the business partnership, which has been their traditional strength, is waning.

IBM's Enterprise visions (for example, SAA, Sysplex) have key components spread across several of these autonomous divisions. This has the following implications:

3 IBM's ability to execute their Enterprise vision, already late, will be pushed out further (mid to late 1990's).

3 An opportunity is created for vendors such as HP who can demonstrate they can solve the problems today.

The IBM AS/400 still doesn't offer the high-end performance that would allow it to compete with HP at the Corporate Business System level.

You have the opportunity to position HP as a strategic partner that provides a scalable and compatible system platform to meet the needs of the enterprise. The data center has to integrate and manage the user environment that IBM is currently neglecting. HP's experience with the user environment, our support of the most popular LANs, and our ability to integrate and manage them makes us the natural partner.

IBM has historically taken the "Don't worry, IBM will make it work" attitude. Their new organization will make it impossible for them to do this except for the largest accounts.

Industry consultants believe that HP has the opportunity to fill this gap. Our reputation as a quality computer vendor and our relationships with credible system integrators and mainframe application suppliers such as Dun & Bradstreet, Computer Associates, and SAP make us a natural strategic partner.

.c.DEC;

Digital's high-end product line is in a shambles.

3 The .i.DEC,VAX 9000; is essentially a dead product. DEC is even telling some of its customers to move to the VAX 6000.

3 .i.DEC,VAX 6000; is in somewhat of a lame duck status. The growth path is a box-swap to .i.Alpha; , DEC's future RISC systems, after one more VAX 6000-700 system upgrade.

3 Industry opinions vary on whether it will be mid-1993 or

even 1994 before DEC can ship Alpha for large, multi-user systems with VMS functionality. HP made the transition to a RISC platform five years ago. We now offer the only RISC architecture designed for the commercial environment. There are thousands of applications currently available for HP systems. Also, the strategic components are already available. For example, highly functional IBM networking capabilities, commercially robust operating environments with .i.MPE/iX; and .i.HP-UX;, and a broad range of mainframe applications are ready or are being ported. Alpha will stall DEC's ability to offer a comparable set of solutions for several years.

.c.Sequent;

.i.Sequent; has not yet established wide-spread credibility in the data center. With HP's new Corporate Business System, time may have run out.

The loss of the Unisys OEM contract also has hurt Sequent's ability to project credibility in the data center.

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