After lunch the Users Group was addressed by Hewlett-Packard's General Systems Manager, Ed McCracken. He spoke on the "State of the General Systems Division." He specifically addressed the question, "Will HP survive in the computer business?" He answered that HP would survive and would strive to lead the industry.

Phase I of Hewlett-Packard's development began in 1968. This is the year that planning and development of the HP3000 started. **HP invested heavily in SPL (System Programming Language)** and in the MPE (Multi-programming Exeuctive Operating System). Phase II started in 1971. This phase was signaled by the introduction of the first HP3000's. This was the pre-CX 3000. Phase III, in 1973, showed an effort in the direction of general cleanup. Improvements were made in the hardware. The MPE and subsystems were becoming more reliable. In 1975 the HP3000 computer system made its first profits and contributed to the earnings of the company. In 1976 there were other important events. One of these was the introduction of the new Series II. The second was the creation of a separate division to maintain and improve the CX model.

Ed McCracken went on to list HP's general objectives for the future. The first objective is customer satisfaction. Hewlett-Packard will try to improve in four areas to keep their customers satisfied. These areas are: the general cleanup of the product specifications, increase in reliability of their systems, increase in responsiveness of the company toward the user, increase in effectiveness of customer and employee training, and production of better system documentation.

The second objective is to be increasingly professional. The introduction of the Series II is an example of this effort. The Series II has relatively few problems, and is much more reliable than the Series I. Before the announcement of the Series II, HP had 50 test sites in operation using the new computer. The MPE is compatible between the Series I and Series II computers. These areas show HP's attempt to offer the customer a more professional job.

The third objective is to make the required effort to meet sales, profit and shipment goals.

The fourth objective is to create a program capable of meeting all of the division's long range goals. This means increasing response to the users; to use MPE, which is considered a corner stone, to make a major contribution toward growth of the division; and to produce increasingly more powerful machines. It has been found that HP can produce a 30% increase in computing power without an increase in cost in their machines each year. The subsystems will continue to be developed and improved. The division is making an effort to develop its own disk drives. Hewlett-Packard will not produce a computer which is more expensive than the Series II. They will compete with the industry at this level.

The fifth and last objective is to develop a new division. Production capabili will be increased by a factor of three. The number of employees will double from 300 to 600. A new facility is to be completely developed at Santa Clara. Also the number of engineers in the field is to be doubled to provide better customer service. This effort is to make the division self supporting.

Ed said, "Hewlett-Packard's General Systems Division is manufacturing the highest quality systems possible, and is leading the industry in the market place." About 50% of HP's systems are sold to the smaller companies, and this part of the market is growing quickly. The rest of the sales are to the large companies for dedicated work or to O. E. M. houses. About 97% of all profits comes from sales of products and services and 3% from the sale of stocks.

The division has three profit centers. The first is the center headed by Dave Sanders. Among other things, Dave is responsible for the support and maintenance of the Series I machines. The second profit center is made up of the technical centers. These centers offer technical services and education. There will shortly be two of these technical centers, one on the east coast and one on the west coast. The third profit center is the customer service. The customer service will increase

their personnel and strive to provide better services to the customer.

NOTE: Tim Robbs attended the HP meeting as a recorder.   The above is a
summary of Ed McCracken's speech by Mr. Robbs.