

# How UK computer manufacturers can compete

Richard Milton, the well known computer and electronics Journalist discusses whether 'British is Best' in the computer world with Michael Aldrich, Marketing Director of Redifon Computers Limited.

In computers, as in other areas of high technology, the charge is often levelled at British firms that while they display a high level of originality in research and development, their initiative is rarely matched by productive and marketing skills, and it is other countries who reap the benefits of British inventiveness. Now, though, there are signs that the tide has not only turned, but is running back the other way.

ICL's takeover of Singer is perhaps the most striking example of the new entrepreneurial attitudes of British computing but there are plenty of other examples. One UK computer man who believes fervently in the ability of British computer manufacturers to compete on an even footing in world markets, is Mike Aldrich, Marketing Director of British manufacturer Redifon Computers.

Aldrich believes that Britain's ability to be competitive rests on selling the strengths that we possess as a nation, rather than attempting simply to emulate the mass-marketing policies of US corporations. A country which is low on natural resources and raw materials, but high on technical inventiveness, he believes, has to be in the business of selling high added-value products — and that means high technology products.

"The strengths we have," says Aldrich, "are a first class tertiary education system, a long history of innovation, and over the past twenty years we've started to come to grips with the problems of productivity and efficiency. To take ICL as an example, there you have a very fine success story: how a group of varied British companies were taken together, moulded into a single firm

and set itself the objectives of living in the world's markets, being as efficient as anybody else, and carrying innovation as far as possible from our own technology base — and look at the results."

## Characteristics

Aldrich dismisses the idea that there are any specific marketing advantages or disadvantages to being British or any other nationality. There are, he says, simply different industrial characteristics of the British company, particularly a company of our size, is that because of our approach we can be more flexible than the large, multinational corporation that we compete with. This simply means that we can get close to our customers, that we have much shorter lines of communications within our own organisation, and we can be more responsive to customers. And one of the things you find in the computer business is that all the good ideas come from the customers: whatever the engineers tell you, the good ideas come from the user!"

Aldrich feels that while it is likely that US companies will continue to dominate the world computer market, this fact by itself should not be permitted to obscure the true criteria by which success is



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measured. The question is not who is the biggest, but who is generating high revenues, who is providing expanding employment and so on.

"It is true," he says, "that the British computer industry has been something of a cinderella but I don't see the US industry as dominating the UK industry. We were very strong in the early days of research and development and we have continued to be strong. Manchester University and other universities have been in the forefront of computer R and D for twenty years. In industry, we have failed to some extent to pick up and use those talents, because we haven't been strong enough: we haven't been growing fast enough and we haven't been pursuing success as hard as we should have been — but that has changed a lot over the past five years."

## Progression

"You might think, for example, that the entry of a company like ourselves into the computer business is a natural progression, since Redifon is a mainstream electronics company. But

many electronics companies such as RCA and Xerox Corporation have pulled out, while other firms have lost substantial sums — so it is by no means a natural progression. The thing that determines success in this business is not size alone, and it is this mistaken attitude that is behind large companies pulling out of computers while smaller firms are successful. In the late 1960s and early 1970s for example, there was a fundamental attitude that success could be achieved through synergy — the belief that two plus two equals five. Even my seven year old son could tell you that the maths of that are wrong!"

"There was a fundamental feeling that the world is a big place, and to do well you had to be of mammoth proportions. That proved to be a lot of nonsense. In order to do well in the world, you have to identify your market, satisfy your market, make the right commercial decisions, and you end up making a profit. It doesn't matter whether you are running a sweetie shop or an industrial concern. Nowadays, instead of 'big is (Continued over page)

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best' we have the idea that 'small is best' and it is just as nonsensical. It's all a question of making sure you understand what your objectives are, clarifying your objectives, and going out and doing it!"

Redifon came into the computer business as an offshoot of its activities as a manufacturer of flight simulators. These complex systems underwent the classical development from analogue to digital during the 1960s and at the end of that period were driven by an advanced dual-processor minicomputer. Because of the stringent requirements of flight simulators, the processor the company had developed was very sophisticated — in Aldrich's words, "a Rolls-Royce of a mini" — and the firm realised its potential for exploitation in other areas of the market. It took the in-house mini, wrote software for it and used it as the basis of the Keycheck systems sold to the UK Government for its vehicle licensing department at Swansea.

## Assumption

"We started out," says Mike Aldrich, "with the assumption that a device was needed to replace the card punch — that it was crazy to cut holes in a piece of cardboard in the 1970s to get information into a nanosecond mainframe. So we thought that we were producing a machine to replace the card punch and consequently the first system actually looked like card punches. But here we couldn't see the wood for the trees, because what people really wanted was a data entry device — not a card punching machine. The old concept of having centralised data preparation with all the problems of control of documents, was giving way to the idea of putting the problem of data entry back to the people who are actually doing the processing. So by the time we had distributed the data preparation and put more intelligence into the terminal, we ended up in a different business."

What this experience shows, Aldrich believes, is the validity of his claim that 'good ideas come from the users'. "We sit here," he says, "thinking of all the

wonderful things that you could do with one of our processors, but we are really in a situation where the market is driven by the users' requirements. A lot of the centralisation that went on in the 1960s, for example, was simply because users could buy 360/50s fairly easily. Today the user can buy a lot of low cost minicomputer systems that he can dot around his business. Again, software today is fairly stable, whereas ten years ago you wrote minicomputer code at the rate of one line a week. Today you've got stability of software, availability of field engineering resources to support systems, and you've got people on the support side who understand the software. And in ten years time the microprocessor business will be just like that."

The criticism that British firms innovate but other nations capitalise on that innovation is, says Aldrich, "a wild generalisation — which has a lot of truth in it!"

"There's no doubt," he says, "that the Americans have their greatest strength in their ability to produce in volume. Ever since Henry Ford started his production line going, the Americans have been ahead in advanced production techniques; to actually take something and turn it into a market product and to have the skills to sell it and support it in the market place. The Japanese and the Germans have come close in recent years in doing the same. But with a few notable exceptions, the Americans have never been very advanced in their technology."

"I think that from our own company's experience, we have managed to match innovation with good production techniques that enable us to get the kind of volume production that enables us to sell our products competitively. We also have the attendant problems: you've only got to walk next door to see that the growth of the company has almost blown the walls out of the factory! But we are just going into a new factory and we are changing our production methods, so that by doing things just a bit differently, we shall get more than twice the production out of the new plant."

## STRONG FIRST HALF PERFORMANCE

During the first six months of the 1977/78 fiscal the order intake has doubled compared with the same period last year. The trend for multiple system orders from blue-chip companies in the UK and International markets continues.

In addition, a new mixed media system has been ordered by a nationalised industry.

Particular highlights of the first six months were an excellent performance from Czechoslovakia, the achievement of the first USSR contracts and a number of significant major contracts in the UK.

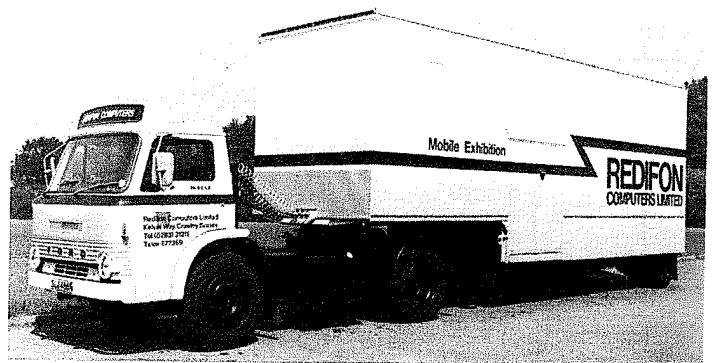
Michael Aldrich, Marketing Director, believes that the second half performance will show a further improvement "We are moving into a peak period for orders and shipments with a rising market share and a capable organisation."

Czechoslovakia leads the performance league with 150% of fiscal 1977/78 order budget already achieved. UK is accelerating fast and is planning to win in spite of working on much larger targets.



The South-East Branch heads the UK Field Marketing Operation League and George Snelgrove, S.E. Branch Manager attributed the success to the enthusiasm and hard work of the members of his department. Front left to right: Stuart Bass, Territory Manager; Cilla Newmarch, Secretary; George Snelgrove, Branch Manager. Centre: Carolee Yuridin, Systems Analyst; Jackie Caseley, Systems Instructor; Susan Grace, Systems Analyst. Back: Alan Pierson, Systems Analyst; Ron Speed, Branch Systems Support Manager; Martin Dines, Junior Systems Analyst and Clive Brandon, Sales Executive.

## Stop me and buy one



The Mobile Exhibition Unit will be in the Midlands during 14th and 25th November, the West Country during 28th November to 2nd December and the South from 5th to 9th December. Further details may be obtained from your local Branch Manager.

The Unit has attracted a lot of attention during its tour of Scotland and the North during October and the early part of this month.