

Tektronix
COMMITTED TO EXCELLENCE

TAPL
SYDNEY, AUSTRALIA

INTER-OFFICE COMMUNICATION

TO: Laura Jacob - 58-699
DATE: 19 December 1989

FROM: Brian Currie

SUBJECT: PRESS RELEASE - TELECOM

Laura,

I acknowledge both of your faxes requesting urgent feedback for the Tek Week article and the press release. I am waiting for feedback from Peter Barrett of Telecom on the press release and will forward comments to you hopefully before the end of the week.

With the Tek Week article I would like to see all of the facts that you have quoted, that is, US\$1.7 million (sale figure), the largest order in Australian history as well as the largest VM700 order.

It would seem that there is also an opportunity here to put a sales story together so let's see how the following comes out: (Fletcher Chamberlin suggested I try and put a few words together).

Team work, responsiveness and traditional selling techniques win the order.

The opportunity with Telecom was identified approximately 12 months ago. Telecom had the challenge to establish, verify and maintain accurate signals on their T.V. distribution system. Telecom's customers being the various television channels around Australia. The opportunity was initially estimated as being somewhere between 20 and 100 VM700's.

The initial contact by IG Product Manager, Alan Richards, who handles Telecom in New South Wales, identified the VM700 with its flexibility and wide measurement set to be an ideal fit for Telecom's needs. At the outset the decision was made to identify the key influencers within Telecom and to start permeating the benefits of the VM700 nationwide to all levels of Telecom personnel. (No mean task when you consider the size of Australia).

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It was my task to get to know the main decision-maker, namely, Peter Barrett, Supervising Engineer of the Line Transmission Support Section. Several late night dinners with this Telecom veteran, who is a bachelor to boot, paved the way for determining what Telecom's real needs were and what it would take to improve our chances of winning the order.

Key competitive positioning and strategy details was put together. the competition being Anritsu and Marconi.

The major benefits Marconi and Anritsu had were:

Marconi - certain measurement features

Anritsu - price

Anritsu's price was A\$7000 less per unit than the final price submitted by Tek, that is, a A\$665K differential over the 95 units.

Peter was sold on the idea that he have a "bible" to quote from to enable him to justify all aspects of supporting the decision to purchase the optimum product which was, of course, the VM700.

The selling cycle from identification of the opportunity to order consummation lasted some nine months. On many occasions conference calls were established between the T.V. division and the customer from Tek Australia's offices. In other words, the customer developed a close understanding and relationship with the business unit from early in the selling process.

At a key point in time and at very short notice it was decided that we needed an expert to visit Australia and conduct seminars at a number of key locations around the country. Larry Harrington, with the full support of his management team, was able to visit Australia and present the product working on live signals at four different geographical locations to the various Telecom users. This was an influencing factor.

The preparation of Peter Barrett's "bible" was a real challenge and brought out some real old chestnuts in selling techniques. With a differential of A\$665K to overcome, we decided that we had to present much more than a range of feature sets of instruments. The approach taken was to:

- * determine the real benefits to Telecom
- * put a dollar value on these benefits

Lateral thinking was applied but it had the benefit of creating true empathy with the customer.

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We also conducted a nationwide survey with a number of the prospective users of the VM700 within Telecom. Several of their statements and perceived benefits were captured and then quoted and referenced in the "bible". Furthermore, a number of scenarios were put together, for example, we presented the problems of a service technician going to a country transmitter site and having to not only verify and qualify the signals but to take responsible action. It was considered that to do the job properly in the minimum amount of time, he would probably need a variety of instruments ranging from a waveform monitor, vectorscope and spectrum analyser. With the VM700 you only need one instrument and less time.

We estimated that all of this added up to over A\$3 million of added value to Telecom.

Again, this was referenced in relevant sections of the "bible". I have been informed reliably that the VM700 "bible" was referred to on a number of occasions during the final decision making.

The "bible" also included sections on service and support, germane strengths of the organisation, spread sheet analysis of the various measurement functions in comparison with the competition. Finally and most importantly, we were able to negotiate an on-going strategical alliance with Telecom opening the door for our research people to discuss Telecom's future technological needs and developments.

Overall, a job well done and a model that I think we can all learn from for the future.

Laura, I think there is a story here but I am not a writer. Perhaps someone at Tek Week can make something of the sales story. I would appreciate some feedback on this. I enclose an extract from the VM700 "bible". I will get to you as soon as I have some input from Peter Barrett.

Kindest regards,



Brian

FEATURES UNIQUE TO THE VM700A

- * Visual Display of waveform, vector, raster
- * Autologging
- * VMate alarm compatibility
- * Specifications
 - Group delay measurements
 - Bounce measurements
- * Sales / service centres in all mainland capital cities
- * 100% spare parts availability
- * State-of-the-art product
 - Telecom measurements built into new product
- * Rack or cabinet version
- * Tektronix reputation in Video Measurements
- * Human Interface
- * Delivery
- * Software application engineer availability -

FEATURES

Versatile Product
(Five Instruments in One)

Immediate fault validation
and TV signal integrity
determination

Ease of Use

On screen 'Help' available

Functionality

TV Industry Standard Products

Latest 'State of the Art'
Digital Technology

\$24,800 Price

Worldwide product acceptance

Local specialist service and support

Service and support in:

- * Sydney * Brisbane
- * Melbourne * Perth
- * ACT * Adelaide

BENEFITS TO TELECOM

Cost savings
Short learning curve
Minimises training and associated costs

Time saving
Less disputes
Increased user confidence

Reduction in installation costs
Short learning curve
Minimises training and associated costs
Improves 'Telecom' user satisfaction

Short learning curve

Compatability with existing installed Tekronix
products (200 X R148 ITS Inserter)

Measurement reliability

Reduced service downtime
Internal calibration & self diagnostics

Giving \$68,945 value
Potential saving to Telecom of:-
 $\$38,945 \times 100 = \$3,894,500$

Enhancing Telecom offshore opportunities

Prompt response
Guaranteed quality of repairs -
Tektronix conforms to quality std AS1822

Prompt response
Minimum downtime

THE PRODUCT

The VM700A option 11 (introduced at Montreaux '89) is the PAL version of the successful NTSC VM700A introduced in 1988 and contains many state-of-the-art capabilities such as:

- * Digital Waveform Monitor
- * Digital Vectorscope
- * Picture Monitor
- * Graphic Measurement Display
- * Large "Touch" Screen
- * Noise Measurement Set
- * Auto Logging
- * Remote Control Operation
- * User Friendly Front Panel

With these and the many other features present in the VM700A, coupled with the overwhelming level of industry acceptance experienced to date, we are confident the VM700A will become the worldwide standard video measurement instrument for both carriers and end users alike.

We have and will continue to work closely with the Telecom engineering staff in expediting the early inclusion of your design requirements in the VM700A as experienced with the bounce measurement.

Discussions between yourself and Brian Currie regarding a technology transfer initiative will undoubtedly lead to closer business and technical relationships in the future.

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WHY THE VM700A IS THE BEST CHOICE

We believe the following to be the reasons why the VM700A is the best choice functionally, technically, economically and synergistically. There are many advantages to Telecom in buying our product in preference to the Marconi or Anritsu offerings. Below, in point form, we will demonstrate the following Tek advantages:

Point 1: TELECOM VIDEO ENGINEERS WANT THE VM700A.

Point 2: WHY THE VM700A IS PREFERRED BY TELECOM STAFF.

Point 3: TELECOM APPLICATIONS DEMAND THE VM700A.

Point 4: TELECOM CUSTOMERS PREFER THE VM700A.

Point 5: TEKTRONIX VM700A IS CLEARLY THE MARKET LEADER.

Point 6: VM700A REPRESENTS BEST VALUE/PERFORMANCE RATIO.

Point 7: TEKTRONIX OFFERS MORE SUPPORT.

Point 8: TEKTRONIX WINS ON TECHNICAL SPECS.

Point 9: THE VM700A WILL FIT BETTER WITH TELECOM'S EXISTING
TV TEST EQUIPMENT.

Point 2: WHY THE VM700A IS PREFERRED BY TELECOM STAFF

We believe Telecom need more than a "numbers" box - that is, a test set which merely monitors Telecom video lines and reports back by displaying the actual value along with limits comparisons.

When a "number" is found to be out of tolerance, the next logical action is to use other VM700A features (e.g. Waveform Monitor, Vectorscope, Picture Monitor) to analyse the cause of the problem. Even when the Telecom staff member has limited experience in finding the problem area, he/she can be "talked" through the exercise by a more experienced operator in a remote location. This saves travel time and cuts down on measurement uncertainty - visual portrayal of the problem area is much more conclusive. We have experienced cases where, although the "number" was technically out of tolerance, visual inspection showed that the signal had far worse problems than those first highlighted by the raw number.

During a Melbourne Telecom session, we noted a common response to a particular bar amplitude problem - "now lets look at that on the CRO". It is natural for a technician to reach for visual confirmation in cases like this.

Telecom at any given time will have many ageing waveform monitors and vectorscopes. The VM700A has added value to Telecom as it can be used to cover for a "down" visual instrument.

Point 6: VM700A CLEARLY THE BEST VALUE/PERFORMANCE INSTRUMENT

The VM700A represents at least five instruments in one package:

	<u>Estimated Value</u>
(i) Automatic Measurement Set	\$ 30,000
(ii) Waveform Monitor	
(iii) Vectorscope	\$ 17,890 *
(iv) Noise Measurement Set	\$ 30,000 **
(v) Group Delay Measurement Set	\$ 30,000 ***

<u>TOTAL</u>	<u>\$107,890</u>

* Based on Tektronix 1781R pricing

** Based on Rohde & Schwarz UPSF2

*** Based on Rohde & Schwarz LFM2

We know Telecom require a lot more than a "numbers" box and we also know that the other functions that Tektronix offer will not be used all the time. Nevertheless, even if we allocate only 50% worth to the additional features Telecom will find indispensable in trying times, the value of the VM700A is still \$ 68,945.

Because our two competitors can only claim to be measurement sets which provide only raw numbers, their worth can never exceed the price of that single function instrument.

TEKTRONIX VM700A	ANRITSU MS6301C	MARCONI 2924
\$68,945	- \$30,000	- \$30,000
The added value of the VM700A over 100 units represents \$3,894,500		

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PRODUCT VALUE TO TELECOM

Telecom can also derive value from the VM700A by logging the cost savings of annual staff excursions to remote locations against the initial purchase price of the VM700A.

Annually, this will amount to:

$\$650 * 12 = \underline{\$7800}$ for one staff member in one state for one year.

When this figure is multiplied for 6 states the cost becomes:

$\$7800 * 6 = \underline{\$46,800}$

Multiply this by the number of technicians involved in making such trips and the cost becomes very large indeed.

Scenario:

1. Each excursion is of 2 days duration
2. The STO or engineer's cost to Telecom is \$50,000
(includes salary, holiday pay, office space, etc)
3. There are 250 working days in a year
4. Travel costs amount to \$250 per trip
5. Annually, 12 trips are required.....

.....It then follows that each excursion will cost Telecom:

$$\$250 + (2/250 * \$50,000) = \$650$$

The \$46,800 saving, equivalent to one staff member's total annual cost to Telecom, can only be realised if the instrument chosen is a FULL function set instrument such as the VM700A with the capability of almost totally eliminating such excursions.

An instrument with anything less than a FULL feature set would still require constant field trips making it difficult to justify the purchase in terms of these cost savings.