

Down to the Corner Store

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With all the precision of a well-planned military maneuver, the National Cash Register Company of Dayton last week held meetings with 50,000 businessmen in 120 North American cities, along with press conferences in such overseas commercial centers as London, Paris, Frankfurt, Tokyo, Sydney and Hong Kong. In New York City's new Madison Square Garden, where the principal meeting took place, NCR Chairman Robert S. Oelman, 58, explained the reason for what NCR described as a 48-hour saturation program. Beginning in September, announced Oelman, NCR will start delivering a new, third-generation computer system, the Century 100, and later it will be ready to install the Century 200. With these two new systems, NCR expects to spread computer availability all the way down to the corner store.

Natural Outgrowth.

The company, which made its first computer in 1959 as a natural outgrowth of its business in office machines, has so far sold or leased \$100 million worth of smaller series computers, including 55 NCR 590s bought by the Pentagon to travel around South Viet Nam in G.I. trucks keeping track of spare parts. NCR has also marketed \$200 million worth of a second-generation computer known as the NCR 315, including one \$16 million order from Japan's Sumitomo Bank, Ltd., which accounts for NCR's largest order.

Even with such sales, NCR still has only about a 2% share of the U.S. computer market v. the overwhelming 70% held by IBM. To narrow the gap, and to climb a few steps over other computer makers, Oelman has set what he calls a "minimum sales quota" of 5,000 Centurys worth \$1 billion to be sold or rented during the next five years (initial orders last week: 208). One way NCR hopes to meet the quota is through improved technology. The company's laboratories have developed a new kind of memory system, which uses thin-film rods instead of conventional doughnut-shaped cores and is cheaper to manufacture. Each rod, one-tenth of an inch long, is coated with a thin film of magnetic material and then "danced" into coils of wire where 4,600 rods grouped together make up a memory plane. NCR has also standardized integrated circuits in its computers so that they need only 120 types of cards instead of the typical 1,200 in other computers. Another anticipated advantage for the Century is the sales force that NCR has built up in 83 years of international operation. "Computers are systems," says Oelman, "and we've been in the systems business for years."

Deferred Profitability.

The Century computers are adaptable for big companies that need highly sophisticated computers, but NCR will direct its main sales drive toward smaller businessmen—banks with less than \$5,000,000 assets, even corner drugstores and service stations—who up to now thought that they could not afford a computer. NCR will either rent them one or else serve at one of its data-processing centers the records that shopkeepers compile on other NCR business machines.

Such customers, said Oelman last week, will contribute to what the company considers "deferred profitability." NCR, still trying to break even on its smaller computers, has put \$150 million into developing the Century series. The company is confident that its computers will eventually make money. This year, while causing enormous start-up costs, they will contribute to what Oelman expects to be the NCR's first \$1 billion sales year.