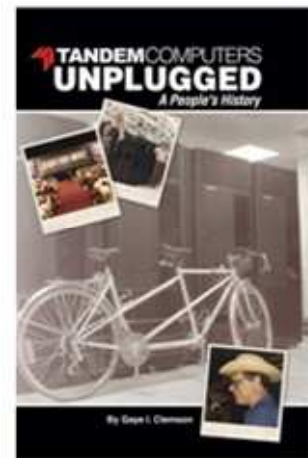


Tandem Computers Unplugged: A People's History

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In her book, *Tandem Computers Unplugged: A People's History*, author Gaye I. Clemson paints a poignant picture of the history of Tandem Computers, Inc. Having worked at Tandem for eight years from 1984 to 1992, moving there from Bell Canada's Computer Communication Group, Gaye is privy to a great deal of Tandem's history and culture.



In 2009, with the closing of the Fremont Manufacturing Supply Chain facility, one of the last of the historic Tandem sites, a note was posted on the Tandem Alumni Yahoo! Group site calling for a mock wake and inviting memories. For over a week the response was overwhelming; and the resulting recollections of dozens of ex-Tandem employees, Tandem vendors, and Tandem customers form the backdrop for the book. The memories of these people provide the human touch to the Tandem history that the author follows from Tandem's inception in 1975 to its acquisition by Compaq Computers in 1997.

Tandem began with a concept. Out of HP and working for the venture firm Kleiner Perkins in the mid-1970s, James E. Treybig (Jimmy to all) came to the realization that many organizations needed computers that would never fail to process their online transactions. He thought that he could build such systems. With Tom Perkins encouragement and \$50,000 from Kleiner Perkins, Jimmy, 33 years of age at the time, hired two talented former HP people – Mike Green for software and Mike Katzman for hardware – to help him develop a business plan.

They delivered a successful business plan in 1974 with the intended market being “the use of multi-processor computers in online transaction-oriented applications.” Kleiner Perkins anteed up another \$1,000,000 to carry the team through 1975. Thus was born Tandem Computers, Inc. The founders were Jimmy, Mike Green, Mike Katzman, and Jack Loustanou, who would provide the financial guidance for the firm. Jimmy, of course, was CEO.

Jimmy was a character. He was described in many magazine articles as a Texan with an “aw-shucks” accent, his shirttail out, his sleeves rolled up, his tie unknotted, and generally looking slightly ruffled. However, this disguised a man who was extremely bright and quick witted, a driven, aggressive, extremely competent businessman.

From the start, Jimmy espoused a very people-centric management philosophy. His philosophy was based on the HP way, which was still in play at the time. All people were good (though good people do not always make good decisions). People, workers, management, and company are all the same. Every person must understand the essence of the business, and every employee must benefit from the company's success. Always promote from within. It was this philosophy that led to unparalleled company

loyalty which was a Tandem strength in the early years as evidenced by the multitude of personal memories included by the author in the book.

The early team of the founders and ten additional key employees got to work on the successful design of the first Tandem system. It was designed on an HP 3000. To celebrate the first working prototype in 1975, everyone gathered for a beer bust to celebrate. Friday beer busts soon became a tradition in every Tandem office in the world. These were occasions when people could get together with their peers and management to talk about anything at all. Jimmy would be seen walking around with a beer in each hand available to anyone who wanted to buttonhole him.

The first system was sold in 1976 to Citibank. It was a two-processor T16 NonStop system with 64 kilobytes of memory, two refrigerator-sized 10 megabyte disks, and a 60 line-per-minute printer. Its cost? \$116,000.

Tandem grew rapidly after that. The next year, 1977, saw \$7.7 million in sales with a staff of 170. This led to Tandem's first public offering, which raised \$9 million. True to Jimmy's philosophy that every employee should share in the success of the company, all were given a 100-share option regardless of their position in the company.

In 1980, with \$100 million in sales and over 1,600 employees, Tandem was the fastest growing company in America. Datamation declared Tandem No. 1 in customer satisfaction. Tandem retained that position for four years.

During this time, employees flourished. Each was entitled to a six-week sabbatical every four years. Additional stock options were handed out. A large outdoor swimming pool was built with Tandem's name on the bottom.

The Tandem Television Network brought entertainment and Tandem news to all employees. It was the first network of its kind other than CBS, NBS, and ABC. The dissemination of company information was further enhanced by the introduction of the NonStop News publication in 1978 and the Center – a quarterly journal, in 1981.

Tandem was one of the first companies to provide email to all its employees. The email system was a worldwide network of 140 nodes and 600 processors. Though Jimmy felt that this significantly improved communication throughout the company, he refused to read his on email on a terminal. His assistant printed out his messages for him.

Employee perks extended to recognition for top performers. The First Cabin Club honored outstanding salespeople, and the Tandem Outstanding Performers (TOP) recognized outstanding non-sales people.

As Tandem matured, so did its marketing philosophy. It moved from a technological focus to a solution focus. The Alliance program was established to support third-party solution providers. The Customer Conference Center (CCC) was set up to educate visiting organizations. The Tandem Executive Institute briefed industry-focused executives on Tandem's capabilities.

Jimmy's encouragement for everyone to be himself or herself continued. A story told by one of the responders told of visiting a couple of supervisors' offices. One was Guido D'Ambrosio, whose office was called "The Swamp:"

"The swamp is more like a two-bit museum than an office. There were women's underwear and stuffed bras arranged on the wall, weird little statues all around and strange little signs with colorful sayings (some of questionable taste). Technical manuals were strewn about, empty beer cans, full ashtrays, half-dead plants, an old parking meter, a fish tank/terrarium that was completely green and countless other bits of junk."

He went on further to say:

“I remember Bill Hanson’s old-fashioned barber’s chair in the middle of his office where he’d read the paper on breaks.”

Jimmy included himself in this group. He always ran the Los Angeles marathon and prided himself on finishing it in less than two hours. His record was one hour and 190 minutes.

One of the responders told of a talk that Jimmy gave to a dinner group in Belgium. Jimmy showed up late partway through dinner soaking wet from the pouring rain. He looked like a drowned rat. Around his neck was a bolo-like string tie with a small creature-like figurine on the bottom. Halfway through the talk, the “creature” started crawling up his belly, making an odd squealing noise. When it reached the knot in his tie, he pulled it down. After a few minutes, it started back up again. After several repetitions of this, he commented about the dangers of letting a Texas boy loose in Belgium – you never know what he’ll pick up.

As a tribute to the loyalty and attitude of Tandem staff, the author has many stories of heroic efforts by Tandem personnel to solve customer problems. Staff would travel around the world and spend sleepless nights to correct a problem that was affecting a customer.

Disappointedly, in 1982, Tandem stumbled. Its revenues and earnings faltered, and its stock dropped. Jimmy had to cut back on staff – a heartbreaking decision on his part as he had been following a no-layoff policy. However, Tandem recovered and in 1984 made the Fortune 500 list with \$450 million in revenues and a staff of over 5,100 employees.

Business continued to boom. In 1987, Tandem was listed on the New York Stock Exchange and finally made the billion dollar revenue mark. Word was out that Jimmy could now hire somebody to sleep in his clothes.

The day of October 17, 1989, was a day to remember. That morning, Tandem put on a worldwide show announcing its newest computer, the Cyclone. That afternoon, at 5 PM, the Loma Preita 6.9 earthquake hit, wreaking havoc from Oakland down through Silicon Valley. Tandem opened up its Watsonville facility as an emergency relief center.

A later earthquake triggered one of the most intriguing stories about Tandem’s NonStop systems. After the earthquake, customer support received a call from a customer saying that his system was down and asked how he could get it up. The support system asked if the customer knew how to reboot it. “Of course,” said the customer, who went on to explain that the system was still running. The problem was that it fell over in the earthquake, and the customer wanted to know how to get it up without hurting the cabinet.

In 1990, Tandem hit its peak revenue point of \$1.9 billion. But this was the start of a slow decline. It seems that the market focus was moving from fault tolerance to faster and cheaper. This was compounded by reducing employee morale. In the mid-1980s due to its growth and size, Tandem started hiring professional managers from the outside. So much for promoting within. With the new management, the employee-centric philosophy of Jimmy’s early days was soon forgotten.

1991 saw the first round of significant layoffs and plant closures. The stock price had dropped so that many options were worthless. 1993 brought another 1,800 layoffs and a 5% cut in compensation.

In 1995, Jimmy was moved out of direct operations to become the Chairman of the Board. Roel Pieper was appointed CEO. In 1996, Enrico Pesatori was hired as COO. The writing was on the wall. Tandem was being groomed for an acquisition. Realizing this, Jimmy left the firm and returned to Texas to join a Texas venture firm.

In 1997, Tandem was sold to Compaq Computers. One of the first things that Compaq did was to decimate the Tandem sales force. Of course, because they sold computers via the Internet.

In May of 2002, HP acquired Compaq; and Tandem became the NonStop Enterprise Division of HP, headed by Pauline Nist. Tandem had now gone full circle from its HP roots to an HP division. Its staff had fallen from 1,500 employees as compared to 9,500 at its peak.

The loyalty of the early Tandem staff was eloquently expressed by Bob Cron:

“Tandem, probably never to be equaled again in this lifetime, represented care for its employees, high aspirations, untiring energies and best corporate philosophies and practices that were, if not always perfect, at least diligently and thoughtfully pursued and applied. I personally interpret my allegiances to Tandem and her people in much the same way that I am bound to my U.S. Marine Corps and my buddies therein: Semper Fidelis, which translates to ‘Always Faithful!’”

The author has spiced up her book with hundreds of photos of Tandem people and early computers as well as documents that include marketing brochures, advertisements, and the original Mackie diagram that illustrated simply how Tandem achieved its fault tolerance. That diagram was on the back of every employee’s badge. There is even a photo of Jimmy showing that he could write a note with his foot - “Love, Y’all.”

If you are a Tandem person from the early era, you will probably find references and quotes related to many of the people you knew. I for one enjoyed reading about those I knew – Dave Mackie, Dennis McEvoy, Bob Marshall, Pauline Nist, Bill Heil, Ron LaPedis, Phil Ly, Henry Norman, Vic Para, Phyllis (Witherspoon) Marriner, Jerrienne Churchill, Polly Kam, Gary Bonhiver, Jim Gray, Jerry Held, Randy Baker, Harold Sammer, Nigel Baker, Martin Fennel (who married Patti Huhn of the CCC), Jack Chapman, and Neil McGowan.

Tandem Computers Unplugged is a must-read for any Tandemite. It can be obtained at www.tandemcomputersunplugged.com or from Amazon.com.