NETWORK!

McGinn: "Thanks for ASKing"

When the going gets tough, the tough respond.

That's what's happening across NSG. As customer teams pull out all the stops to bring in last-minute sales and financial specialists rev up cash collection efforts, employees across NSG are holding the line on expenses by responding to Rich McGinn's ASK campaign.

"I'm happy to see individuals recognize and act upon the need to really hold tight on expenses at this critical time," says McGinn, NSG CEO. "Bringing in the best possible year is crucial to our future success, and we'll get the most leverage these last few weeks by redoubling our efforts on expenses while doing all we can to close on sales and collect cash."

Straight to the bottom line

Unlike a STOP campaign which restricts expenses across the board, the ASK campaign encourages employees to take ownership for their piece of NSG's performance by asking themselves, each time they're faced with a spending decision, whether the benefit is worth the cost to the business.

"Unlike some other financial measures where dollars get 'diluted' before they hit the bottom line, every expense dollar saved is a full dollar we keep," says Steve Carson, vice president, Chief Financial Officer and Quality. "And the practice of testing every expense will serve us well going forward."

NSG teams up with Hewlett Packard to build broadband networks

Network Systems Group and Hewlett-Packard (HP) announced an agreement to build turnkey end-to-end broadband network solutions, incorporating hardware, software and applications.

Strategic move

"Clearly, one of the most exciting facets of this work is the development of a software platform to open standards," Carly Fiorina, president, NSG - North America told a group of industry analysts and reporters. "Speaking from NSG's perspective, that's why we feel good about this agreement. It puts us squarely in the software business, which is a key growth engine for the new company."

This agreement is a strategic move by both companies to focus on the development of new types of public and private and wired and wireless networks that make the delivery of multimedia information and interactive services more cost-effective and reliable.

"This agreement with HP allows us to more rapidly offer our customers the most innovative solutions and advanced software applications for the fast-growing multimedia and interactive services," says Henry Schacht, CEO of the new systems and technology company of which NSG will be a part.

The agreement, *The Wall Street Journal* said, positions NSG and HP to compete head to head with Microsoft Corp. and other desktop computing companies by developing a common network for bringing high-speed data services to the market.

Using intelligent networking solutions created by NSG and HP, Regional Bell Operating Companies, cable television companies, and other communications and computing industry players will be able to offer their customers advanced services.

"This announcement could even-

Restructuring update

Staffing U.S.-based occupational positions

As work to restructure AT&T moves forward, assigning people to the new businesses remains a critical task.

As noted in earlier updates, staffing and selection processes and guidelines for U.S.-based occupational employees are clearly defined by existing policies or collective bargaining agreements. And while most occupational employees will follow their work, those in common support functions -- such as Human Resources, Public Relations and Bell Labs core functions, -- will be assigned to the new companies as needed, based on the applicable collective bargaining agreement or existing policy.

AT&T occupational employees represented by a union are covered by labor agreements; those who are

Staffing U.S.- based occupational positions

not represented by a union are covered by the policies in effect in their business units. Although most AT&T occupational employees are represented by the CWA and the IBEW, a number of different contracts cover these employees and each outlines specific considerations for staffing. In general, however, the staffing processes are as follows:

- All staffing requirements will be determined by the business plans of the two new companies.
- The decisions for reassignment of occupational people will occur after the business model and organizational designs of the companies have been established.
- When the organizational designs for the new companies are completed, it will be possible to determine any surplus. Then, provisions of the existing policy or applicable collective bargaining agreement will be followed to assign employees and to deal with any surplus that may result. Non-represented occupational employees will be managed under the applicable policies and procedures of the employee's business unit.
- Generally, employees will follow their work. Occupational employees in common support functions will be assigned to the new companies as needed, based on the applicable collec-

tive bargaining agreement or existing policy.
- By the end of January the great majority of occupational employees will either know their job assignments in the new companies or if they'll be declared surplus. Placing some occupational employees can take their notification process beyond January 1996 as we adhere to our labor agreements or, for those who are non-represented, their unit's comparable policy. Occupational employees who are declared surplus will have access to a range of options specified by the contract or policy.

In general, the following staffing guidelines apply:

Occupational employees will be grouped for assignment and force management purposes by business unit or division, job title and geographic area, rather than by functional community, as is the case with management.

There will be a specified notification period (usually 30 to 60 days) between the time a surplus is officially declared in a particular universe and scheduled off-roll date.

Some contracts also call for a concurrent "voluntary" period when employees who are not declared surplus and who are in the same universe can volunteer to leave the company, making a job available for a co-worker who has been declared surplus. ❑

NSG & HP

tually affect the lives of everyone listening," says Fiorina.

"Everyone has been anxiously awaiting the day when companies will deliver the larger 'pipes' that will enable anyone from their home or office to enjoy services like Internet access, video-on-demand, home shopping, video telephone, telecommuting and distance learning, just to name a few," says Fiorina. "Intelligent distributed broadband networks are needed to make this possible, and that's exactly what we intend to deliver."

As part of the arrangement, NSG and HP will construct an architecture using a common network scheme to form worldwide intelligent networks. "Both companies bring world-renowned technical and business skills to this relationship," says Fiorina. "NSG and HP are coming together to change what networks are and what they do."

Core competencies

Each company will focus on its core competencies and produce an overall open system solution that will reach the market sooner and potentially address a broader market. "While both companies could succeed independently, by combining our respective strengths, we can build more comprehensive customer-focused solutions and get them to market faster," says Willem P. Roelandts, HP senior vice president in charge of computer systems.

Under the agreement, the two companies will cooperate in several strategic technology and product areas. They include creating a network software platform; developing applications for software platforms, and developing technology and products for interactive television.

The companies will also work together on technology and technology product licensing, joint research and development, and joint marketing and sales. ❑

McGinn: "Thanks for ASKing"

Keep it up

These critical weeks are truly the time to be cost-conscious and smart about spending, emphasizes McGinn, and to develop an attitude of individual ownership that goes forward into the new company so everyone can aggressively pursue opportunities from a position of strength.

In a highly competitive industry

that moves at warp speed, that attitude will be a must. "Everyone has a personal stake in this business," says McGinn, "and everyone will need to act as an owner, from an understanding of how they can serve customers while contributing to the health of the business and, therefore, to their own future." ❑

Analysts visit product realization facility of the future

The heady smell of freshly painted walls fills the hallways and plans are on the drawing board to add another production line. At the Product Realization Center (PRC) in Mt. Olive, N.J., signs of construction are everywhere. And for good reason.

The center designs and manufactures a critical component for one of the fastest growing segments of the telecommunications industry -- mini-cells for the mushrooming wireless market.

Recently, 20 top analysts for the telecommunications industry toured the PRC. The analysts came for more than just an update on NSG's wireless strategy. They came from as far away as San Jose, Calif., to witness first-hand a PRC where people are literally knocking down the walls that divide organizations.

Need for speed

"We want to do more than just improve our previous manufacturing processes. We want to leapfrog ahead," says Terry Vega, vice president and chief operating officer, Wireless Systems. "We are seeking radical change, and feel that the only way to achieve it is to establish a separate entity with its own rules and distinct culture."

Everything about the PRC is geared towards producing wireless equipment quicker, at a lower cost and higher quality.

To improve product quality and time to market, PRC designers brought together under one roof the once-separate design, manufacturing, engineering and business planning and processes organizations.

"We want to get people out of focusing solely on their function and instill a sense of ownership of the entire process," Hans Mattes, Product Realization vice president, told the analysts.

During the tour, analysts donned safety glasses and white lab coats and saw for themselves some ways the facility instills teamwork. Walls that once divided design teams from manufacturing have been removed. Desk space is open and shared regardless of function or level. And every wireless minicell the facility produces is signed by the people who've worked on it.

People come first

Mattes told the analysts that attention to people comes first, with respect and the Common Bond as basic values of the organization.

Employees take pencils in hand and complete surveys every two months to identify issues that need attention. Every person in the facility, regardless of function, spends time on the line. Before prospective employees are hired, they must sign a copy of the PRC Working Principles -- guidelines that identify behaviors that promote success.

For many analysts on the tour, this attention to people-related issues was a surprise.

"I came from a manufacturing background and this is quite different from what I'm used to," says Bill Murphy, an industry analyst from TAG International. "In most facilities, production associates don't work along side a vice president but here it's the norm."

The PRC concept is not new to NSG and the new systems and technology company.

In Merrimack Valley Works in North Andover, Mass., a PRC already supports the Globeview® 2000 and HFC-2000 product lines. Microelectronics' Dallas Works facility also uses the "integrated" manufacturing approach.

"We want to take the lessons we've learned from this PRC and others like it and transfer them to other locations," says Mattes. "The learning process is just

Wireless wrapup

The wireless market is booming and Network System Group is gearing up to meet the demand. Here's a look at two recent announcements:

New software offers advanced features

NSG is successfully trialing new Digital Control Channel (DCC) technology software with Southwestern Bell Mobile Systems in Dallas. The software allows cellular service providers to offer enhanced features and services over their Time Division Multiple Access (TDMA) network. Service providers using TDMA networks will be able to preserve their original investment and remain competitive with services provided over CDMA networks.

"TDMA is a proven low-cost platform for service," says Jim Brewington, president, Network Wireless Systems. "DCC will keep our customers' TDMA networks competitive with emerging networks, providing wireless users with the advanced voice and data services they want and need."

Product Realization Center reaches milestone

Wireless equipment manufacturers are competing to produce CDMA mini-cells for the growing Personal Communications Services (PCS) market. Last year, to help meet this demand, NSG opened its Product Realization Center in Mt. Olive, N.J.

The center has already manufactured the 100th CDMA mini-cell for use in PCS networks, and will ramp up production by the end of 1995 to meet all customers' demand. Components for the mini-cells are sourced from NSG's manufacturing location in Columbus, Ohio, and from outside vendors. In addition to the Center in Mt. Olive, the facility at Columbus has also started production of the CDMA mini-cells to support demand in the growing PCS market. ❑

FYI

Transition support courses

AT&T's Human Resources team is offering a series of transition support courses and "toolkits" -- free of charge -- during December and January to all employees who received the Voluntary Force Management Offer.

Four courses will be available: Career Decision-Making Seminar; Helping You and Your Family Cope With Workplace Change; Investing in Your Future; and Securing Your Future.

They will be offered in a number of locations in California, Colorado, Illinois, Massachusetts and New Jersey. For course availability in your area and to register, call 1-800-TRAINER, prompt #5.

The courses are offered on a "first-come, first-served" basis. Several workshops also can be "suitcased" to other locations, based on availability and number of participants. If an employee is not within commuting distance, the 800-TRAINER (prompt #5) representative will help identify alternative arrangements.

In addition to the courses, three "toolkits" are being offered: Stress Management Kit; Managing Change Workbook and Video; and Take Charge of Your Future Interactive Software. To order, send your request by fax to 816-654-2802 or by e-mail to attmail!kcre-pro.

Savings Plan deadline

The deadline for loan, withdrawal and distribution requests for the AT&T Long Term Savings Plan for Management Employees is Dec. 26. Requests for these transactions received after 4 p.m. Eastern Time on Dec. 26, 1995, will be processed as a 1996 tax year transaction on the first business day in January. ❑

Welcome to NSG's new home page

A well-designed home page on the World Wide Web is quickly becoming a prerequisite for doing business in these technology-driven times.

Network Systems Group recently revamped its home page to improve information on NSG's products, services and offers.

The site also incorporates the new look and feel, which is a brand image and visual identity that supports a distinct "Network Systems" brand in the marketplace.

Powerful first impression

For millions of people who surf the World Wide Web, a well-designed and easily navigated home page can influence the first impression they have of a company. NSG's new site, located within the successful att.com domain, has been designed to make it easy for even first-time Web surfers to find out more information about NSG's products, services and offers.

Surfers to NSG's new Web site can choose from four top-of-the-page attractions: Networks, Total Solutions, Bell Labs Innovation and What's News.

Just a click away

Visitors who click on the Bell Labs Innovation icon get a brief history and a few hyper-text links to major Bell Labs Web sites. These hyper-text links are bolded blocks of type, which when clicked, whisk the visitor to another part of the home page or another Web site anywhere across the Internet.

Hyper-text links are scattered throughout each section of NSG's new home page. Expanding these links to create a truly interactive customer communication channel is the "Phase Two" goal of the project.

In the Total Solutions area, the focus falls on NSG's offers in sections on Global Networks, Broadband Now and PCS & Wireless. Visitors who click on "Global Networks" for example can learn more about the products and services NSG offers for all kinds of networks from metro and rural/suburban markets to advanced cable television and private systems.

"Cyber-savvy"

The What's News section contains NSG's latest press releases as well as copies of *Network Edge* -- NSG's customer publication.

Building an impressive presence on the World Wide Web provides a tremendous opportunity to demonstrate to customers that NSG is the most "cyber-savvy" supplier of network infrastructure in the world.

Eventually as NSG becomes a part of the new communications systems and technology company, the new home page will move out of AT&T's domain and into a new systems and technology address.

The new site is outside the "firewall" and is available to anyone with Internet access at the following address:
http://www.att.com/nsg/ ❑