

NETWORK!

FOR PEOPLE IN THE NETWORK SYSTEMS BUSINESS OF LUCENT TECHNOLOGIES

Lucent Technologies turns up the heat on interactive applications with Inferno™

Today, Lucent Technologies is announcing that it plans to bring Inferno™, the latest network software innovation from Bell Labs, to the market immediately. And it will do so through a dedicated business unit that will develop, market and sell the product.

Inferno is network software for building and delivering highly interactive network-based applications -- anything from electronic mail and work-at-home capabilities to video games and pay-per-view movies -- on almost any computer or entertainment system, and over any communications network, from telephony and cable TV to satellite broadcast or the Internet.

"Inferno is a unique network operating system that adapts to whatever you plug into it -- from a high-end workstation to an inexpensive hand-held device," says Dennis Ritchie, head of Systems Software Research at Bell Labs.

"Imagine the ease and flexibility of a world in which you can get, for instance, your e-mail virtually anywhere, from any machine -- on your PC at the office, from a screen phone in an airport, on your TV screen at home, or on an Internet terminal in a hotel room if you're traveling," says Phil Winterbottom, one of the creators of Inferno. Winterbottom's fellow inventors include Rob Pike, Dave Presotto, Howard Trickey, and Sean Dorward of the Bell Labs Computing Science Research Center.

The complete Inferno solution includes the Inferno network operating system; the communications protocol, called Styx™; the programming language, known as Limbo™; a reference Application Program Interface (API) including interfaces to networking and graphics; and the virtual machine, called Dis™.

A start-up within a start-up

"Inferno builds on our core competence in networking software," says Dan Stanzione, president of Bell Labs. "We've established a dedicated team to get this innovation off the lab bench and into the marketplace faster. That's the kind of speed-to-market we intend to build into the Lucent culture."

Lucent will establish a separate business unit for this venture, ensuring that it has both the flexibility and support it needs to gain a competitive edge with customers. The company will license the software to telephone and cable companies as well as electronic device manufacturers, application developers and content providers.

"Our goal is to bring the same energy and speed to marketing and selling Inferno as the research team brought to its creation," says Mike Skarzynski, vice president and general manager of the Inferno business. "Time to market is crucial -- and our team is moving quickly." Work on Inferno began just over a year ago, in April 1995.

The small Inferno team includes about 20 energetic and highly motivated professionals with overlapping areas of functional expertise. Paul Crann and Amra Tareen will provide product management and marketing leadership. Pike, Winterbottom, and Ritchie will continue to support the project from the Bell Labs Computer Science

Research Center. The new unit is located at Lucent Technologies headquarters in Murray Hill, N.J.

The team's size and its agility are two key elements of a mix designed to downplay procedure and stress results. But the team also will be able

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*-- Dan Stanzione,
president of Bell Labs*

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And don't forget!
Network Systems all-employee quarterly broadcast hosted by Dan Stanzione. Live from Hilversum, the Netherlands, Thursday, May 9, 1996, 10 a.m. U.S. EDT

- First-quarter financials
- NS priorities and initiatives
- Q&A

Remember the four Network Systems priorities:

- Focusing on customers and flawless execution;
- Investing in people (training);
- Demonstrating innovation and product vision;
- Overhauling our internal processes.

Letters to the editor

NETWORK! will publish signed letters as space permits -- reserving the right to edit for clarity. Please include your name, work location, and a contact number where we can reach you. Opinions expressed in the Letters section do not necessarily reflect the views of Network Systems management. □

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Lucent turns up the heat

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to draw upon all of Lucent's resources, such as common support functions and Bell Labs.

In the past year, Inferno also has received a healthy dose of support from Lucent's executive leaders, including Chairman and CEO Henry Schacht, President and COO Rich McGinn, and Stanzione, Inferno's sponsor.

"Lucent really appreciates the value of Bell Labs," says Pike, adding that Schacht and McGinn pay regular visits to Inferno's creators in their Murray Hill lab. "Research isn't something off on the side in this new company, and that's good to see."

What's so hot about Inferno?

With Inferno software, companies that develop and deliver interactive services to users through a variety of communications media will no longer need to write separate programs for each device. They can write one program that will work on everything from multimedia PCs to advanced telephones to television set-top boxes. This enables end users to see the same services regardless of the device they use to access the information.

Inferno will help the public information access industry to leverage the function and untapped potential of public networks while maximizing the software and hardware investments of companies who develop and provide interactive services. Additionally, users will get more from their

communications devices because they will be capable of providing more utility. For instance, an electronic game system in the home soon can become a tool for accessing information, games or electronic mail over public networks.

Designed to require minimal hardware, the entire Inferno software solution, including basic applications, requires less than one megabyte of memory, making it well-suited for today's networks, emerging network environments, and for use with advanced communications devices.

These flexible features, combined with a head start in the marketplace, are the competitive advantages Lucent plans to leverage. Although several companies have said they intend to compete in this market, no one else currently offers a solution like Inferno.

Although the trade press has already compared Inferno to Sun Microsystems' Java, Inferno and Java are actually very different offerings. Inferno is a complete software solution; Java is a programming language. And Java applications run only on the Internet, while Inferno applications run on all networks. □

[Note: A detailed description of Inferno is available on the Bell Labs web site: <http://inferno.bell-labs.com/inferno/>]

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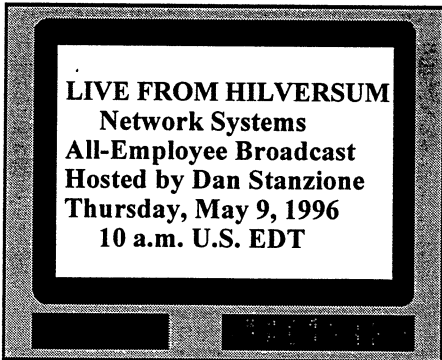
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Lucent Technologies
 Bell Labs Innovations



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LIVE FROM HILVERSUM
Network Systems
All-Employee Broadcast
Hosted by Dan Stanzione
Thursday, May 9, 1996
10 a.m. U.S. EDT

Fax questions in advance to 201-606-3309. Check with your local site coordinators or Public Relations representatives for details.

NS gets set to lift the customer teams to new heights

It's global! It's early! It's simple! So, what is it? It's the 1996 special incentive program for the North America Region and AT&T Customer Business Units, and International Customer Teams. And the program rolls on to the launch pad this week.

All Network Systems sales-people should check their mail for details. A complete story about the exciting new program will appear in the May 9 issue of **NETWORK!** Get ready for liftoff! □

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OKC launches whole order delivery

Imagine getting a stereo system delivered the same way customers get a 5ESS® switch: You purchased the whole system at once. You want the whole system at once. Seems logical, right? One day the truck shows up and hands you your ... speakers. The next week, your ... CD player shows up. A few days later, a box full of cables appears at your door. Finally, when all the pieces are there (you think!), someone comes to put it all together, but now you can't remember where you stashed that box of cables. Sound like beautiful music? Hardly.

Well, that's exactly how our customers feel. But April 26 marked the beginning of the end for customer frustration with order delivery, as the Oklahoma City Works shipped an entire 5ESS switch in "one piece." Actually, it

was in several pieces, but all the pieces were together on *one* truck, heading for a U S West customer in Tacoma, Wash. There, an installer will be able to put it all together quickly, without having to waste time searching for parts or making calls to order rush shipments.

It may sound like no big deal, but make no mistake about it: not only is whole order delivery (WOD) a Lucent Technologies strategy; it's a business imperative. It is a big deal.

A package deal, for real!

It seems hard to believe, but customers purchasing a 5ESS switch haven't been receiving their order as a "package." Instead, they'd get 20 percent of the order from the Oklahoma City Works and the other 80 percent from as many as

Continued on next page

NS to supply 2,000+ miles of cabling in CS First Boston's NY office

Lucent Technologies announced on May 1 that it will run more than 2,000 miles of its communications cable -- enough to run clear across the United States from New York to Seattle -- in a single New York City high-rise to give CS First Boston advanced voice, data, and video communications.

In one of the largest communications cabling systems for the financial community -- a multimillion-dollar project -- 2,273 miles of Lucent Technologies' fiber-optic and copper cable will be installed in the global financial firm's downtown Manhattan offices, which will

house more than 2,500 of the company's stock traders.

Ensuring vital links

Twelve million feet (2,273 miles) of integrated fiber-optic and copper SYSTIMAX® Structured Cabling System (SCS) will be deployed through 17 floors of CS First Boston's new world headquarters building, which occupies an entire block at 11 Madison Ave. and 24th St. The win ranks as one of Lucent's largest SYSTIMAX SCS projects.

The solution will link more than 1,000 CS First Boston trading desks to local area networks, telephone systems, and traders' voice

Continued on next page

OKC launches whole order delivery Continued from page 1

22 different suppliers, with total order delivery stretching out over months.

Not only does this annoy customers, but shipping piece parts is costly, inefficient, and ineffective for Network Systems. But now that WOD is becoming a reality, customers can smile more often -- and so can Network Systems.

For instance, Dana Zitek, vice president of the U S West Customer Team, is smiling, especially since U S West is one of the largest 5ESS switch customers. On hand at the OKC Works to commemorate the milestone, Zitek called the accomplishment just one more exam-

ple of the ways we're living up to one of the Network Systems priorities: focusing on customers and flawless execution.

"This issue was one of the biggest dissatisfiers we had with our customers. Our competitors don't do things this way," says Zitek.

"Now that whole order delivery is available, it is another example of how we're listening to our customers and providing them with solutions."

Survival of the fittest

In the jungle of the telecommunications equipment business, it's truly becoming "survival of the fittest." WOD is just one part of a major thrust to improve our delivery and business performance. Nicknamed "Project Cheetah," the program is the most ambitious attempt to re-vamp our internal processes, all the way from the moment NS gives a customer a quote to the time it receives payment from the customer. Warning: if this is the first time you're hearing about Project Cheetah, rest assured it won't be the last.

"When we looked at Network Systems' delivery some time ago, we were like a rhino," says North America Region Vice President

Gerry Butters. "We were big, awkward, and on SlimFast®. What we need to be is a Cheetah -- fast, swift, and accurate -- and I'm convinced we can be."

Giving customers what they want

WOD means delivering all the hardware in the 5ESS switch product for any customer in a single shipment. And it's not just the way Network Systems conducts business, it's the way Lucent Technologies does business. More important, it's the way customers want the products delivered, and it's a major change in the way work is done at OKC.

"Now that whole order delivery is available, it is another example of how we're listening to our customers and providing them with solutions."

*-- Dana Zitek,
vice president,
U S West CT*

WOD demanded that NS employees expand their roles, and concentrate on working together to get products delivered quickly to customers. But there's more work to be done. As the WOD concept grows, so will the need for storage space, for example. Plans also are under way to assemble a team that will manage the WOD process.

"With the whole order shipment of a 5ESS growth switch module to U S West, we marked the beginning of a new era in the 39 years of operations in Oklahoma City," says Jim Styring, Global Provisioning and Manufacturing vice president.

The WOD concept already is expanding. Now, all U S West orders -- and soon, all customer orders under three Switch Modules -- will be shipped using WOD. In the future, small mid-range offices will be shipped as whole orders, and by March 7, 1997, customers around the world will be able to enjoy the benefits of WOD on all products. What's next? On May 3, the SLC®-2000 product is scheduled to ship using WOD. □

First Boston Continued from Page 1

systems so the traders can more quickly access complex market information and retain critical information. And in a business where reliable communications is essential, SYSTIMAX fits the bill.

"The cost to an investment bank such as CS First Boston of experiencing a telephone or computer network outage far exceeds the cost of a reliable system such as SYSTIMAX," says William Mitchell, director of Telecommunications, CS First Boston.

"It can be disastrous when a global financial company loses its data -- even for a few seconds," says Dave Laughland, Global Private Systems vice president. "By installing our SYSTIMAX SCS solution, CS First Boston will have reliable access to its extremely important data."

Supporting customers' evolving needs

Fiber-optic cable will be deployed in the backbone portion of the network, and copper cabling will be strung to traders' desktops.

Installation by IPC Information Systems, an authorized reseller, began in February and is slated to be completed by July. The first services on the new network will be turned on in June, and the network will be in full operation in the fall.

"CS First Boston constantly evaluates next-generation high-speed applications, and we want to be sure the cabling infrastructure we choose will not be an obstacle to implementing higher-capacity systems later," says Mitchell. "SYSTIMAX SCS gives us an evolutionary path to next-generation high-speed networking." □

Lucent's "expertise" shines at cable TV trade show

Lucent Technologies made a strong showing this week at Cable '96, the annual trade show sponsored by the National Cable Television Association. In support of its show theme -- "Telephony: talk to the experts" -- Lucent made two key announcements.

Time Warner extends Lucent's contract

Lucent Technologies announced that its contract with Time Warner Communications, a division of Time Warner Cable, for Synchronous Optical Network (SONET) transmission equipment has been extended for two more years.

Lucent will supply SONET Add/Drop Multiplexers, Digital Loop Carrier Systems, and Digital Access and Cross Connect Systems. The equipment will be used by Time Warner as it continues to deploy competitive voice and data communications networks for business and residential customers.

"Lucent's ability to offer a full array of products and services, as well as engineering and installation services were critical in the re-selection process," says Nina Aversano, Global Commercial Markets president. "Our relationship with Time Warner has been productive because we have been able to consistently meet their network needs with integrated solutions that include switches and transport and access equipment."

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*-- Nina Aversano,
Global Commercial
Markets president*

Director named to support key customers

In a move that recognizes the emerging muscle of the cable TV industry, Lucent Technologies announced the appointment of Martin Glapa, distinguished member of technical staff at Bell Labs, to Architecture Planning director supporting cable television companies, CableLabs, and competitive access providers.

In this newly created position, Glapa will lead Bell Labs efforts to focus directly on these customers and

the unique network architecture each needs to provide sophisticated communications services such as telephony over cable, broadband data services, wireless, and video networks. He will be responsible for identifying new technical and business opportunities and coordinating trial activities and experimental projects.

Glapa also will lead Lucent Technologies' membership of the CableLabs/IT Convergence Forum, a group created to facilitate communications

between vendors, CableLabs, and its members. "We are delighted to be invited by CableLabs to join its Convergence Forum," says Aversano. "We believe that with Marty's leadership, our relationship with CableLabs and its members will continue to be strong." □

Whittington to head GSM Product Realization

Demonstrating continued commitment to Global System for Mobile Communications (GSM) development, Lucent Technologies today named Neil Whittington its GSM Product Realization vice president.

Whittington will lead all GSM wireless infrastructure systems product management and development, introduction to manufacture, and customer support.

Responsible for worldwide support

Whittington will be based in Swindon, United Kingdom, where he will be responsible for Lucent's new GSM Product Realization Center located there. He also will be responsible for the company's GSM Center in Nurnberg, Germany, which it acquired as a portion of the public network assets of Philips Electronics.

Both Centers will provide product development and marketing to Lucent's GSM customers worldwide. GSM manufacturing will continue to be based in Nurnberg.

Lucent Technologies has provided GSM wireless network systems to service providers in Malaysia, Brunei, the Kingdom of Saudi Arabia, the United Arab Emirates, France, Switzerland, Portugal, and Germany.

A wealth of expertise

Before his current assignment, Whittington was Data Technology vice president for AT&T Network Systems' wireless equipment group, where he was responsible for business and product development for Wireless Data Products, including packet data offers for cellular networks and indoor wireless local area networks. Earlier, he was with AT&T Global Information Solutions, where he was responsible for the company's personal computer-based video communication products.

Whittington joined Bell Laboratories in 1970 and has worked on various projects and systems at AT&T.

□

GTE moves ahead with Lucent ATM as its backbone system

Lucent Technologies' largest Asynchronous Transfer Mode (ATM) customer is moving full speed ahead with the deployment of its full-service ATM network, utilizing Lucent's GlobeView™-2000 Broadband System as its network backbone.

Replacing traditional private line service, the Globeview-2000 provides network access with the capability of handling customers' simultaneous voice, data, and video transmissions, which it calculates into information packets and transfers at very high speeds over the most economical route.

First ATM customer

As Lucent's first ATM switch customer in 1991, GTE later purchased 12 additional systems to support a network that covers nearly one-third of the United States. And just last week -- after a year of capabilities testing -- GTE completed certification and standardized Lucent Technologies' 1.3.1 release of its GlobeView-2000 ATM switch.

GTE recommended that all its field locations be upgraded to the newest release, which the customer expects to begin installing in its network in July 1996. The upgrade will bring in several million dollars to Lucent.

"In July, we're going to achieve a milestone by bringing up GTE's internal applications and a few

months later, the company will start reselling services to the commercial marketplace," says Tom Johnson, account manager for Data Networking for the GTE Customer Team.

What GTE has been hoping for

"With the 1.3.1 release, Lucent finally has achieved the standardized feature functionality GTE has been anticipating for three years. This will enable GTE to start opening the doors to revenue-bearing traffic."

-- Tom Johnson, account manager for Data Networking, GTE CT

"With the 1.3.1 release, Lucent finally has achieved the standardized feature functionality GTE has been anticipating for three years. This will enable GTE to start opening the doors to revenue-bearing traffic," explains Johnson.

GTE originally purchased the GlobeView-2000 system with the 1.1 and subsequent technical releases, primarily geared for video dial tone projects. But because of changing strategies in video, GTE had been considering other sales opportunities in

product and service areas such as frame relay, tele-training, and video conferencing, among others, to customers in health care, entertainment, and various other markets. Now those opportunities are one step closer.

Using the Pacific Bell and GTE networks and Lucent's Enhanced Multi-mode Interface Unit, an ATM-based product application was demonstrated for the American Heart Association last November. A procedure in an operating room of a UCLA (University of California at Los Angeles) teaching hospital --

Continued on next page

FYI

Hopefully, you won't actually have to use this information ...

In concert with the AT&T restructuring, a temporary process has been established for Lucent Technologies employees to report on-the-job and motor vehicle accidents. This interim change specifically affects those business units who were supported by Regional Environment and Safety Operations and will be in effect until a mechanized reporting process is implemented in the third-quarter of 1996. Employees who are located in Lucent's manufacturing facilities and major Bell Laboratories locations will continue to forward their injury reports to their local safety organization.

Effective May 1, 1996, all Lucent Employee Accident/Injury Reports (Form ATT083) and Company Motor Vehicle Accident Reports (Form ATT084) should be forwarded, preferably by fax, to their supporting North America Regional Operations center indicated below by employee work state:

North America Regional Operations - East 745

Route 202-206, Room 3A14 Bridgewater, NJ 08807
Tel: (908) 231-6341, Fax: (908) 231-0309

Employee work state: Alabama, Connecticut, District of Columbia, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Massachusetts, Maryland, Maine, Michigan, Mississippi, North Carolina, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia, Vermont, Wisconsin, and West Virginia.

North America Regional Operations - West
4430 Rosewood Drive, Room 3186 Pleasanton, CA 94588
Tel: (510) 224-1487, Fax: (510) 224-1471

Employee work state: Alaska, American Samoa, Arizona, Arkansas, California, Colorado, Guam, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, and Wyoming. □

Brewington shares his views on the business

Jim Brewington, president - Product Realization, shared his views on Lucent Technologies as an independent company, investment analysts' opinions, and changes in store for the new company during a recent meeting with supervisors in Lisle/Naperville, Ill.

"We as a company are going to have to compete with Hewlett-Packard, Motorola, Northern Telecom, and Ericsson for investors," Brewington said in his opening remarks. He added that the investment analysts asked very sophisticated and pointed questions during the recent road shows, and that they will be looking closely at Lucent's quarterly results.

Tactics for meeting challenges Lucent faces as an independent company include increasing research and development (R&D) spending while decreasing administrative spending, improving asset management, moving products to market more efficiently, and improving decision making.

The importance of shared values

Brewington also discussed the importance of shared values, emphasizing teamwork, diversity, and respect. "One value that we need to make sure is institutionalized is respect for each other's opinions," he said. "It's critically important that we work together."

Audience questions ranged from general -- about Lucent and its investors -- to specific -- about switching products -- to Brewington's feelings about people issues.

When asked about the road shows, Brewington talked about areas in which the investors feel confident that Lucent is strong, such as Bell Labs and its manufacturing facilities, and areas where they were concerned, such as Lucent's ability to make the right investment choices and stay focused. "They think we wander around and sort of stumble upon the answer," Brewington said.

He also discussed the need to reduce costs and improve internal systems throughout Lucent, as well as to make smarter business deals. When Network Systems' annual fourth-quarter push was brought up, Brewington said that it's a hard cycle to break, but a significant effort was under way to fix it.

Looking for clarity

The audience also asked Brewington about his feelings on employee performance ratings. Brewington said that while there are good arguments on both sides of the ratings question, the more fundamental issue is communication -- that people at all levels want clarity around what is expected of them and feedback on how they are doing.

"Communication is one of the most critical jobs we have as managers," he said.

On the topic of switching, Brewington discussed opportunities available because of deregulation in the industry, the growth of second lines in the home, and the AT&T divestiture. Lucent's customer base will include both the RBOCs and AT&T, as well as other U.S.

and international customers.

Making smart decisions

The gathering wrapped up with a question about decision making.

"The philosophy that you get better information from the customer is critical, but you must synthesize that information to make better decisions," he said, emphasizing that the business leadership group structure should enable better decision making. Finally, he added that employees must also make decisions quickly, based on facts, and correct them later if needed. □

"One value that we need to make sure is institutionalized is respect for each other's opinions. It's critically important that we work together."

*-- Jim Brewington,
president - Product Realization*

GTE moves ahead with Lucent Continued from page 4

along with huge blocks of color video and sonograms -- were transmitted and projected onto a screen in the auditorium of a convention center in Anaheim, Calif. The audience was 20,000 international cardiologists.

Little things add up

Getting to this point wasn't always easy for GTE and Lucent. Because the national ATM standards body (the ATM Forum) hadn't put its requirements into final standardization, explains Johnson, Lucent had been forced to delay its system's feature functionality to the point where GTE began to think Lucent might never address its requirements for ATM, or maybe not even continue with the product line.

"We pushed our development organization and product people because we thought this product would be critical to our future, and we believed we had to be in this business," adds Johnson. "People want video dial tone at their homes, they want high-speed data; they want to select movies on demand. ATM is a good way of delivering that. With support from our Customer Business Management and Marketing organizations in New Jersey, we stayed in front of the customers and showed them we were genuinely interested in assisting them. The little things started counting for something." □

Letters to the editor

Power steering

I am writing in response to the Inside Network Systems articles that have been recently published in *NETWORK!* ("An Overview" and "Our Globalization Strategy").

This series of articles is excellent. Each article documented extremely urgent areas that had been previously undocumented. Each was well written, clarifying direction and providing enough specifics to be extremely useful.

Please continue to provide the clear, timely information that is vital to setting our new direction.

-- Terry Thompson, Warren, N.J.

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Industry watch

Nortel reports solid first quarter

Northern Telecom Ltd. reported a 34 percent jump in first-quarter earnings, boosted by strong increases in orders and revenue, and separately won a three-year, \$500 million contract to supply telecommunications gear.

Nortel reported net income of \$83 million, or 32 cents a share, up from \$62 million, or 24 cents a share, a year earlier. Operating income more than doubled to \$147 million from \$72 million, helped by a 16 percent revenue increase to \$2.60 billion from \$2.25 billion. Nortel's U.S., European, Caribbean, and Latin American businesses posted strong revenue gains, although revenue declined in Asia Pacific because of a slow-down in orders from China. The company said it remained "optimistic" about long-term prospects, particularly because of strong demand for its wireless and high-speed fiber-optic network equipment.

Nortel also won a \$500 million order to supply gear for a major network expansion by WorldCom, a long-distance phone company.

WorldCom said it separately signed a contract with Nortel's rival, Lucent Technologies Inc., to buy \$35 million of optical fiber for its network.

(*Wall Street Journal*, April 24, 1996)

U.S. Justice Department vows scrutiny of Bell deals

Confronted by two giant telephone mergers, including the \$22.1 billion deal proposed by the Nynex Corporation and the Bell Atlantic Corporation, the Justice Department plans to push for tough new rules aimed at ensuring vigorous competition in local telephone markets.

In sharp contrast to the Justice Department's usual review procedures, the mergers now pending among four of the seven regional Bell companies will be scrutinized under both traditional anti-trust law as well as under the terms of the sweeping new telecommunications law.

The law, enacted in February, requires all local telephone companies to open up their markets to competition, forcing them to let new rivals plug into their networks and forcing the established carriers to sell networking services to their rivals at wholesale prices.

(*The New York Times*, April 29, 1996) □

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