

Chapter 16 Corporate Activities in the 1990's

Apple Computer

The company entered the 1990's under John Sculley's direction with increasing sales and profits. However, in the following years the company would encounter problems resolving its product strategy. Apple could either limit the use of its proprietary technology and maintain a high profit margin, or license the technology and achieve a greater market share for it. This problem was not helped by an executive group with individual aspirations that lacked corporate cohesiveness. Gilbert Amelio has described the Apple organization as a "dysfunctional culture." This affected the future performance and even the viability of the company.

Litigation by Xerox regarding the similarity of Macintosh graphics systems to the systems developed at PARC (Palo Alto Research Center) was thrown out in early 1990. In March 1991, the Windows/Macintosh graphics litigation with Microsoft was found to be in favor of Apple Computer, only to have most of it thrown out in April 1992.

In early 1991, Apple began negotiations with IBM regarding the possible use of IBM RISC microprocessor technology for a more powerful Macintosh computer. This resulted in an early announcement to form the PowerPC Alliance with IBM and Motorola in July 1991, followed by the final agreement in October (See Section 19.6).

A significant decline of profits in 1993, resulted in John Sculley being replaced by Michael H. Spindler as the chief executive officer in June. Sculley became chairman of the board. Then in October, Sculley resigned from Apple Computer and joined Spectrum Information Technologies as chairman and chief executive officer.

Gilbert F. Amelio, who was the CEO of National Semiconductor Corporation, became a member of the Apple Computer board in November 1994.

Due to a continuation of declining profits and loss of market share, Gilbert Amelio replaced Spindler

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as the chief executive officer in February 1996. The company lost \$816 million in 1996.

Apple acquired NeXT Software Inc., for \$427 million in February 1997. The company was purchased to obtain the NeXT operating system. Steven Jobs who had founded NeXT, became a consultant to the chairman of the Apple board.

In the spring of 1997, Apple Computer announced a corporate restructuring and laid off 2,700 employees. Then in May, Apple formed an independent subsidiary to produce and market the money losing Newton hand-held computer.

Although Amelio had implemented many improvements at Apple, the board wanted a new chief executive officer who would increase sales. This resulted in the resignation of Amelio in July. The company lost \$1,045 million in 1997. Steven Jobs announced in August, that Microsoft was investing \$150 million in the company. Apple agreed to drop its legal dispute about Microsoft Windows versus the Apple Macintosh graphic interfaces. Apple also agreed to promote the use of Microsoft Internet Explorer software on the Macintosh and Microsoft agreed to update and release its popular Office suite of applications for the Macintosh. Significant changes were made to the Apple board of directors with resignations that included vice-chairman Mike Markkula and the appointments of Lawrence Ellison from Oracle Corporation and William Campbell from Intuit.

The company introduced the iMac computer and discontinued its Newton MessagePad and eMate product lines in 1998. Sales of the discontinued products had been significantly below expectations. The company also stated that they wanted to focus their efforts on those products critical to the future success of the company. Apple reported in 1998, that its share of the personal computer market had declined to 4.6% in the USA and to 3.6% worldwide.

The iBook portable computer was introduced in July 1999. At the end of Apple Computer's 1999 fiscal year in September, net sales were \$6,134 million and the company

had 6,960 regular employees. Steven Jobs was interim chief executive officer and a director of the board.

Apple Computer is a unique company that has created an inspired and devoted following. Its easy-to-use technology, starting with the Apple II and then the Macintosh computer are acclaimed. The company has become an icon, an American success story. Conceived by entrepreneurs in a garage who became multimillionaires. Unfortunately it has lost significant market share in a largely IBM compatible market. A lack of consistent leadership has been a handicap. Management have allowed what was the dominant supplier of personal computers, to become a relatively minor participant in the current market. If Apple had made the Macintosh operating system more open, it may have gained a significantly greater share of the market. Its pioneering proprietary technology has lost its initial advantage. The future for the company is somewhat uncertain.

Compaq Computer

In a management reorganization in January 1991, Eckhard Pfeiffer who had previously led Compaq operations in Germany, was appointed chief operating officer. Then in October, the company announced a major restructuring of its operations and a reorganization into distinct product divisions. Pfeiffer was elected president and chief executive officer, replacing co-founder Rod Canion. The company had experienced unsatisfactory financial results that also resulted in a reduction of the number of employees by approximately 14 percent.

Compaq became the world's largest producer of personal computers in 1994 and the world's fifth largest computer company in 1995.

In June 1997, Compaq acquired Tandem Computer Inc. for the equivalent of about \$4.1 billion in stock. Tandem is a manufacturer of fail-safe minicomputers and servers for processing online transactions. Also in 1997, Compaq started to make a transition from "build-to-inventory" to a "build-to-order" manufacturing environment.

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Compaq announced an agreement to purchase the Digital Equipment Corporation (DEC) for \$9.1 billion in January 1998. Compaq Computer stated that the merger would create the "second largest computing company" in the world. The merger was completed in June.

During 1998, Compaq expanded its direct-sell process based on customer build-to-order choice.

In April 1999, Eckhard Pfeiffer left the company. It was reported that Benjamin Rosen and the company's board were not satisfied with the profitability of company. Michael D. Capellas was appointed the new president and chief executive officer in July.

At the end of Compaq's 1999 fiscal year in December, sales were \$38.5 billion. Benjamin M. Rosen was chairman of the board and Michael Capellas president and chief executive officer.

Dell Computer

Dell Computer Corporation has become a dominant direct sale provider of build-to-order personal computers. However, Dell had financial difficulties in 1993 due to problems with a new laptop computer and an overaggressive company expansion. Michael Dell reorganized his company and brought in new experienced executives from other companies such as Morton L. Topfer who left Motorola and joined Dell in June 1994.

In 1999, the company stated that it was the "the second-largest manufacturer and marketer of personal computers in the United States and were No. 2 worldwide." At the end of Dell's fiscal year in February 1999, sales were \$18.2 billion and the company had more than 24,400 employees. Kevin B. Rollins and Topfer are vice chairmen and Michael Dell is chairman and chief executive officer.

IBM

IBM sold its Lexington, Kentucky keyboard, printer and typewriter division as an independent company that became Lexmark International Group, Inc. in March 1991. Clayton, Dubilier & Rice, an investment firm arranged the financing. Marvin L. Mann, a former IBM manager became the chairman, president and chief executive

officer. IBM retained a ten percent share of the new company.

The Lexington division sale helped to minimize a loss of \$2.8 billion for IBM in 1991. This was the beginning of profitability problems for the company under the direction of John Akers and Jack Kuehler. In late 1991 IBM announced a major reorganization of the company from a single centralized company into a group of more independent business units.

In October 1991, IBM participated in the formation of the PowerPC Alliance with Apple Computer and Motorola to develop a new RISC microprocessor for personal computers, software for an advance operating system and development of multimedia applications (See Section 19.6).

An intense price war in personal computers, by firms such as Dell Computer, Compaq Computer and the various clone manufacturers, forced IBM to implement an extensive cost reduction program in 1992. This resulted in James Cannavino obtaining special reductions for corporate overhead from the Corporate Management Committee (CMC). Cannavino then appointed Robert J. Corrigan to head the hardware part of the personal computer operations.

In June, IBM formed a separate company known as the Individual Computer Products International (ICPI). This company was formed to market a series of low cost personal computers in Britain, Canada and France using the Ambra brand name. Then in September, James Cannavino announced the creation of the IBM Personal Computer Company (IBM PC Company) with worldwide responsibility for all aspects of the personal computer business. Robert Corrigan was appointed president of the new company. A new series of low cost computers developed in the late summer was introduced in October using the ValuePoint brand name.

In 1992, IBM had a second year of financial losses, \$5 billion, a new corporate record. Reorganizations and staff reductions had not returned the company to profitability. IBM also sold Rolm Systems in May, a telecommunications subsidiary it had purchased for \$1.3 billion in 1984.

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In January 1993, the IBM board announced the resignation of John Akers as chairman and Jack Kuehler as president. Kuehler's resignation was effective in February and Akers in March. The announcement also stated that the company's dividend to shareholders would be reduced for the first time, by 55 percent. In April, Louis V. Gerstner replaced John Akers as chairman of the board and chief executive officer. The position of president was left vacant. Gerstner was from RJR Nabisco and the first CEO who had not progressed to the top through the company. Gerstner started implementing many changes and large write-offs to "right-size" the company that resulted in a net loss of \$8 billion in 1993. During 1993, James Cannavino became a senior vice president for strategy and development, and Robert Corrigan became president of the IBM Personal Computer Company.

Personal computer revenue had been growing, but at a slower rate than some of the other competitors. This resulted in G. Richard Thoman, a senior vice-president and group executive being appointed head of the Personal Computer Group in January 1984. Changes implemented by Gerstner, resulted in a financial turnaround for IBM in 1994, a profit of \$3 billion. However, the number of employees had gone from a peak of 407,000 in 1986 down to 219,800 in 1994. IBM was a significantly different organization.

IBM acquired Lotus Development Corporation for \$3.2 billion (\$2.9 billion in cash) in July 1995. Jim Manzi the former chief executive officer of Lotus became a vice-president of IBM. Then in October 1995 Manzi resigned. During 1995, G. R. Thoman became the chief financial officer of IBM, Robert M. Stephenson senior vice president and group executive of the Personal Systems Group and William E. McCracken general manager, sales and service of the IBM PC Company.

Taligent Inc., was dissolved in December 1995 and became an IBM subsidiary.

At the end of IBM's 1999 fiscal year in December, revenue for the year was \$87.5 billion and the number of employees was 307,401. Louis V. Gerstner was chairman of the board and chief executive officer.

Intel

Robert Noyce, co-developer of the integrated circuit and co-founder of Fairchild Semiconductor and Intel, died at the relatively young age of 62, in June 1990.

Advanced Micro Devices (AMD) litigation to obtain a license as a second source for the Intel 80386 microprocessor and allegations of antitrust violations continued in the courts during the early 1990's. In February 1992, the court arbitrator awarded license rights for the 80386 to AMD. However, Intel appealed the court ruling to the State Supreme Court, but lost the appeal in 1994. A compromise settlement on all pending litigation between AMD and Intel was reached in January 1995.

Intel began an end-user marketing campaign in May 1991, that used an "intel inside" logo. This cooperative advertising campaign with equipment manufacturers, was started to emphasize the Intel brand name to personal computer consumers. It was also targeted at companies like AMD who had developed a clone of the 80386 microprocessor. This also led to the discontinuation of the x86 designation for new microprocessors with the introduction of the Pentium in 1993.

The Peripheral Component Interface (PCI) that had been developed by Intel, was announced in 1993. This technology permitted faster graphics and enhanced computer performance. Intel offered royalty-free licenses on the PCI patents to other companies to promote the new standard.

With the release of the Pentium in 1993, Intel also became a manufacturer of motherboards. This enabled Intel to implement new microprocessor releases and related chips to small companies at a faster rate comparable to the larger personal computer manufacturers.

Intel and Hewlett-Packard announced a joint venture to develop a new microprocessor in June 1994.

The company acquired the outstanding shares of Chips and Technologies, Inc., for approximately \$430 million in January 1998. Intel also purchased the

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semiconductor operations of Digital Equipment Corporation for \$585 million in May 1998.

Intel was estimated to have 86.7% share of the microprocessor market in mid 1998. In June the Federal Trade Commission (FTC) file an antitrust complaint against Intel. The FTC alleged that Intel used its dominant position to withhold technical data and threatened to restrict supply of chips to other manufacturers who had intellectual disputes with the company.

At the end of Intel's 1999 fiscal year in December, the company had revenue of \$29.4 billion and the number of employees was 70,200. Gordon Moore was chairman emeritus of the board, Andrew Grove chairman of the board and Craig R. Barrett was president and chief executive officer.

Microsoft

In April 1990, the company appointed Michael R. Hallman as president and chief operating officer, to replace Jon Shirley who had decided to retire. Hallman had been at IBM for 20 years and then as president of Boeing Computer Services. Shirley remained on the Board and Hallman assumed operational responsibilities in June. Brad A. Silverberg also joined the company in 1990 to head the Windows and MS-DOS group and became a vice president of Microsoft. Nathan Myhrvold became a vice president responsible for advanced technology and business development in 1990.

In March 1991 arguments on items in the Windows/Macintosh graphics litigation were determined in favor of Apple. Also in March, it became public that the Federal Trade Commission (FTC) was investigating Microsoft for possible antitrust violations. The FTC actually began the inquiry in June 1990. The Commission of the European Communities also launched a similar investigation of Microsoft practices, after receiving complaints from Novell, Inc.

Microsoft had another stock split in 1991, a three for two issue. By the end of 1991 Bill Gates owned about 57 million shares or 33 percent of Microsoft. In October 1992, *Forbes* magazine reported Gates to be the richest

person in North America with an estimated worth of about \$6.3 billion.

James Allchin joined Microsoft in 1991 and subsequently became a vice president. He is head of the business systems division with responsibilities that include Windows NT and the advanced Cairo project.

After less than two years as the president Michael Hallman left the company. This resulted in a major reorganization of the company into three major groups in March 1992. The three groups reporting through a new Office of the President, were Products, Sales and Support, and Operations. Executive vice president Mike Maples had the Products Group, Steve Ballmer as an executive vice president, the Sales and Support Group and Frank Gaudette was Chief Financial Officer with responsibilities for the Operations Group. Craig Mundie joined the company in 1992 and became head of the advanced consumer division and was appointed a vice president of Microsoft.

In April 1992, the judge favored Microsoft and dismissed a significant part of the Apple Computer charges that Windows software infringed the "look and feel" of the Macintosh graphics system. In August the court made additional judgments in favor of Microsoft. Then in August 1993 the court dismissed all of Apple Computer's remaining infringement claims.

Then in June 1992, Microsoft announced a major agreement with IBM that confirmed their joint development separation. IBM relinquished rights to Windows NT, but was however allowed to use Windows software until September 1993. Microsoft would receive a royalty for each copy of OS/2 sold, but paid IBM a one-time payment for use of certain IBM patents.

In 1993 the Federal Trade Commission litigation started in 1990, was moved to the Department of Justice by the Clinton administration. Richard (Rick) Rashid joined the company in 1993 and became head of research and a vice president of Microsoft. Rashid was an expert in operating systems and chief architect in the development of Mach, a UNIX-based operating system.

Bill Gates married Melinda French, a Microsoft product manager on January 1, 1994 on the Hawaiian

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island Lanai. In March 1994, Microsoft reached an agreement with Tele-Communications, Inc., to develop an interactive cable-TV system for personal computers. This is a new entry into the information highway market by Microsoft.

Microsoft lost a patent infringement law suit by Stac Electronics in February 1994. The infringement pertained to the DoubleSpace disk compression utility included in MS-DOS Versions 6.0 and 6.2. Microsoft deleted DoubleSpace in Version 6.21 and added DriveSpace in Version 6.22 released in June 1994. Also in June, Microsoft acquired SoftImage, Inc., a leading developer of high performance 2-D and 3-D computer animation and visualization software.

Microsoft signed a consent agreement with the Department of Justice in August 1994, regarding potential antitrust violations. A similar agreement was reached with the European Union. However in February 1995, a Federal judge decided not to ratify the agreement. This was successfully appealed by Microsoft and the Department of Justice later in 1995.

Microsoft signed an agreement in October 1994 to purchase a company called Intuit, Inc. Intuit had a very popular personal finance program called Quicken. However after the intervention of the Department of Justice to block the merger, Microsoft withdrew its offer to purchase the company in May 1995.

In July 1995, Gates made another major reorganization following the retirement of Mike Maples. Five senior executives now directed four operating groups. Steve Ballmer the Sales and Support Group, Robert J. Herbold the Operations Group, and Frank M. (Pete) Higgins and Nathan P. Myhrvold directed the Applications & Content Group and Paul A. Maritz the Platforms Group.

Microsoft released Windows 95 that previously had the code name of Chicago in August 1995. Microsoft also provided capability within Windows 95 to access a new Microsoft Network (MSN). In December, Bill Gates announced the company's commitment to supporting and enhancing the Internet by integrating its software with the public network. Also in December, the company

entered into a 50/50 partnership with the NBC television network to create a news/information channel and an interactive online news service for the Microsoft Network (MSN).

In January 1996, Microsoft acquired Vermeer Technologies Inc., and the FrontPage application software. FrontPage is a tool for creating and managing Web documents without programming. In February, the Interactive Media Division was created with responsibilities for applications for children and games, the Microsoft Network on line service and products of the now-dissolved Consumer Products Division. Jeffrey Raikes was promoted to group vice president for sales and marketing in July and in December the Office of the President was replaced by an executive committee.

In June 1997, Microsoft invested \$1 billion in Comcast Corporation, the fourth-largest cable television operator in the USA.

WebTV Networks, Inc., was acquired by Microsoft for \$425 million in August 1997. WebTV Networks was an online service that enabled consumers to access the Internet through their television via set-top terminals using proprietary technologies.

Microsoft invested \$150 million in non voting shares of Apple Computer stock in August 1997. Bill Gates and Steve Jobs described a broad product and technology development agreement between the two companies. Microsoft also agreed to develop future versions of the popular Office suit of programs for the Macintosh computer.

In October 1997, the Department of Justice announced a new investigation of Microsoft. The department stated that the company was violating anti-competitive licensing practices for personal computer manufacturers by tying the use of its Windows 95 operating system to the use of its Internet Explorer software. This investigation, resulted in the launching of an antitrust suit by the Department of Justice and 20 States against Microsoft in May 1998. The antitrust trial opened in October, and the number of States was reduced to 19 when South Carolina withdrew in December.

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Microsoft released Windows 98 in June. In July, Gates appointed Steve Ballmer as president of the company.

At the end of Microsoft's 1999 fiscal year in June, net revenue was \$19.7 billion. Microsoft is now the world's largest software company.

In September 1999, Microsoft announced it will buy the Visio Corporation for \$1.3 billion in stock. Visio's main software is a graphics package for drawing such things as flowcharts, block diagrams and networks. The November 29, 1999 issue of *Forbes* magazine reported Bill Gates net worth to be \$93 billion, Paul Allen \$26 billion and Steve Ballmer \$22 billion. Gates was number 1, Allen number 2 and Ballmer number 3 on the list of the world's top technological billionaires.

Novell

In 1992, Novell acquired Digital Research, Inc. from Gary Kildall who died in July 1994.

Novell acquired the WordPerfect Corporation for \$1.4 billion in March 1994 and bought the Quattro Pro spreadsheet from Borland International for \$110 million in June. Novell also purchased a license to market the Borland Paradox database for \$35 million. Novell made the acquisitions to gain a greater penetration in the business applications market. However, the Novell board became unhappy with the acquisitions and forced Raymond Noorda to leave. He was replaced by Bob Frankenberg who had been at Hewlett-Packard for twenty-five years.

The company released a suite of applications called PerfectOffice in early 1995.

By October 1995 the WordPerfect contribution to Novell sales had declined and was affecting the company's profitability. This resulted in the sale of WordPerfect and related suite software to Canadian Corel Corporation for \$10.75 million and shares of Corel stock in February 1996. Corel Corporation was now one of the dominant suppliers of software for personal computers.

The board once again became unhappy with its CEO and in late 1996 Frankenberg resigned. He was replaced by Eric Schmidt who had been the chief technology

officer of Sun Microsystems. Significant reorganization and layoffs were made in 1997 to improve profitability.

Sun

In early 1990, Sun decided to consolidate its computer designs on the SPARC microprocessor technology. Its workstations would not use the Motorola microprocessor and the 386i personal computer with the Intel microprocessor was discontinued. The SuperSPARC microprocessor was released in 1991 to mixed reviews and incorporated into Sun's workstations in 1993. The Solaris operating system was also introduced in 1993.

By 1995, Sun was doing very well. The combination of computers with a new UltraSPARC microprocessor released in 1995 with the Solaris operating system made a significant improvement in revenues and more importantly profits. Sun had also become a major source for powerful servers that powered the Internet. Another important event in 1995 with implications for the Internet, was the introduction of the Java programming language.

In 1996, Sun acquired a high-end server product line from Silicon Graphics. The server had been designed by Cray Research using the Sun SPARC microprocessor and the Solaris operating system. Sun also considered acquiring the Apple Computer company in 1996. However, after further consideration it decided not to.

In late 1997, Sun announced that it would develop a version of Solaris operating system for the new Intel Merced microprocessor. This would reduce Intel's dependence on Microsoft and provide a UNIX operating system alternative.

An entry-level line of workstations called Darwin was introduced in January 1988. These low-cost workstations sold for under \$3000 without a monitor.

Ed Zander who is the chief operating officer was given the additional title of president in April 1999. Scott McNealy who relinquished the position of president remains the chairman and chief executive officer.

In August 1999, Sun acquired Star Division, a software developer of the StarOffice suite of productivity programs. Sun subsequently announced the

development of a version of the suit called StarPortal for the World Wide Web. This is intended to provide a new method of competing with the highly successful Microsoft Office suit of programs.

Sun, and in particular Scott McNealy has contributed to and supported the Department of Justice anti-monopolistic litigation against the Microsoft Corporation. Sun has become not just a major supplier of workstations and computer servers, but also a significant innovator in software and a potential threat to Microsoft in certain segments of the market.

Other Companies

1990

Jean-Louise Gassée with financial backing from AT&T and Seymour Cray founded Be Inc., in 1990. Erich Ringwald who had also been at Apple Computer, was the director of engineering. The company demonstrated a new personal computer called the BeBox in October 1995. The computer system price ranged from \$1,600 to \$3,000.

In the early 1990's, the Symantec Corporation acquired a number of companies such as the Peter Norton Computing company in 1990 and the rival Central Point software company. Symantec now focuses its product line on communications, networks and is a leading supplier of utilities software.

1991

Borland International acquired Ashton-Tate and the dBASE database application program software for \$440 million in 1991.

Starting in 1991, the Digital Equipment Corporation (DEC) encountered financial losses. This resulted in significant staff reductions and company reorganization in 1992. However the losses continued and resulted in the retirement of co-founder Kenneth Olsen in October. He was replaced by Robert B. Palmer who had joined DEC in 1985.

1992

MIPS Computer Systems started having problems around 1990 and was purchased by Silicon Graphics in 1992. Also in 1992, the Corel Systems Corporation, the Canadian developer of CorelDRAW graphics software, changed its name to Corel Corporation.

At WordPerfect Corporation, the two principal owners Alan Ashton and Bruce Bastian decided to implement a management reorganization in March 1992. This resulted in Pete Peterson, the executive vice president who made significant contributions to the development of the corporation, leaving the company shortly after.

Intuit released QuickBooks, an easy-to-use accounting program in 1992. The company went public in 1993.

Carol Bartz who had been a vice president of marketing at Sun Microsystems, was recruited by the board of Autodesk in 1992 to replace founder John Walker. Bartz is now the chief executive officer and chairman of Autodesk. Walker left the company in 1994.

1993

In February 1993, Steven Jobs sold the computer hardware operations of the NeXT Computer company to Canon Inc. Also in 1993, the Tandy/Radio Shack personal computer manufacturing operations were merged with AST Research.

1994

In early 1994, WordStar International (formerly MicroPro International Corporation) had financial difficulties and merged with Softkey Software Products and Spinnaker Software Corporation to become Softkey International, Inc.

Commodore International was liquidated in April 1994. Adobe Systems acquired Aldus Corporation in August 1994 whose main product was the desktop publishing program called PageMaker.

Hayes Microcomputer Products encountered financial problems in November 1994 that resulted in them filing for protection from creditors. The company then

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reorganized and emerged from Chapter 11 protection in early 1996.

1995

Advanced Micro Devices (AMD) and Intel, reached a compromising settlement in their joint litigation regarding AMD's use of Intel technology in January.

The Zeos personal computer company was purchased by Micron Technology in 1995. Joseph and Ward Parkinson and Doug Pitman had founded Micron Technology, Inc. in 1978 as a semiconductor design consulting company. In 1982, the company started manufacturing semiconductor memory chips. The purchase of Zeos resulted in the formation of Micron Electronics, Inc. that is now a major direct marketer of personal computers.

In December 1995 the joint venture between Apple Computer and IBM to develop an advance operating system by Taligent was dissolved. Taligent became an IBM subsidiary.

1996

Silicon Graphics acquired Cray Research, Inc., a manufacturer of supercomputers, in February 1996 for \$767 million. However, it was not a successful acquisition and Silicon Graphics announced it was selling the remains of Cray Research in March 2000.

In July 1996, The Atari Corporation was terminated. AMD acquired the NexGen company in 1996, that had developed advanced microprocessor designs.

In early 1996, Packard Bell Electronics purchased Zenith Data Systems and its personal computer products. Then in July, a merger was formed to integrate Packard Bell Electronics and the NEC corporation's worldwide personal computer operations outside Japan. The merged company became Packard Bell NEC, Inc. Beny Alagem serves as chairman, chief executive officer and president of the new company. The company is reported to be the second largest supplier of personal computers in the USA market.

Since the termination of its computer, the NeXT Computer company has concentrated its efforts on software development. In early 1996 the company changed

its name to NeXT Software, Inc. Then in December, Steven Jobs sold the company to Apple Computer.

1997

Acer Inc., acquired the notebook computer operations of Texas Instruments in February 1997. The 3Com Corporation acquired the U.S. Robotics Corporation in June 1997 in an \$8.5 billion stock swap.

1998

The Hayes Corporation filed for protection from creditors in October 1998, and subsequently announced it was closing down the company in January 1999.

Borland International changed the company name to Inprise Corporation in April 1998.

1999

Lew Platt, chairman of the board, president and chief executive officer of Hewlett-Packard, announced that the company was being split into two separate companies in 1999. The medical and instrument business became Agilent Technologies Inc. The computer, printer, software and service business retained the Hewlett-Packard company name. Carleton S. Fiorina became president and chief executive officer of the HP computer company in July.

America Online completed its acquisition of Netscape Corporation for \$4.3 billion in March. The acquisition was assisted by a partnership between AOL and Sun Microsystems. Sun agreed to buy Netscape software and AOL agreed to buy Sun products and support the Java programming language.

In November, Packard Bell NEC announced it was closing its USA operations by the end of the year. Cheaper competitive products had resulted in financial losses and quality problems contributed to the closure.

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