

CDC TO BUY BENDIX COMPUTER DIV.

for 10 megabucks

Early this month, the first contender to depart from the loss-ridden ranks of computer manufacturers in recent years made the critical transition from speculation to accomplished fact. Purchase of the Bendix Computer Div. by Control Data was jointly announced on March 2, pending formal approval by both corporations' boards of directors. Sale price: slightly under 10 megabucks.

In a recent statement to DATAMATION, Jim Miles, vice president for marketing of CDC, suggested that negotiations were initiated "quite recently" by Bendix, and a decision to acquire the division was reached in less than 30 days.

Reasons for the CDC decision, according to Miles, involve Control Data's long range corporate intention to enter various restricted areas of the industrial and business market, one of the directions which Bendix has taken.

Specifically, the G-20 affords CDC a system with software in a stage of near-completion, that can be used as a saleable approach to this segment of the medium-scale market. The fact that "Bendix is not in military systems" was also an attractive advantage to CDC, Miles adds, providing a better marketing balance for the profit-producing Minneapolis corporation.

Having announced a military systems division early last year, Bendix has been unable to secure any firm contracts. Within recent months, an impressive and costly effort was expended in bidding for a Navy contract involving seven G-20 installations. Although the contract was awarded to Bendix, it was never signed, and bids were reopened last month. Bendix General Manager Charles Edwards explained to DATAMATION that BuShips required the initial acceptance of a G-20 by a single installation with the provision that Bendix commit itself in advance both in manpower and production capability to all seven installations before contract signing. Bendix, Edwards said, would not accept these terms.

Control Data's close association with the Navy (through its Polaris contracts and other work) has led some speculators to assume that this contract was a major reason behind the recent purchase of Bendix. Miles, however, states that this was not an important consideration, but adds that BuShips may suspend further negotiations with other manufacturers until the Bendix-CDC acquisition is finalized. Just prior to the CDC announcement, Univac was suggested as a probable successor to Bendix for the Navy contract.

The unusually short time period in which the sale of Bendix was considered and confirmed has delayed numerous decisions concerning the computer division's integration into the CDC organization.

Included in current considerations are such questions as whether the present Bendix manufacturing facility in Los Angeles will be continued; whether officers of Bendix

Computer will join CDC; whether CDC's 160 will be marketed as a replacement for the first generation G-15 and, finally, whether the G-20 will substitute for the two-year-old, still unannounced CDC 924, also in the medium-scale range. At present there are approximately 280 G-15 users and 20 installations of the G-20.

The economic headaches of Bendix Computer were brought to public attention early last year when a general "consolidation" of the division was announced (see DATAMATION, p. 19, April '62), during which five sales offices were closed and several key personnel left the firm including the general manager, M. W. Horrell.

Now with Univac, Horrell told DATAMATION late last month that despite its many years in the computing field, Bendix Corp. had never firmly decided to remain in this business and, therefore, no heavy, sustained investment had been planned for the computing division.

Somewhat analogous to political contests, however, denials of intentions to run for office or leave the computer field are not always to be taken at face value. To ascertain the future of Bendix Computer, DATAMATION visited with the division's present general manager, Charles Edwards, in mid-'62, and published a "rumor repellant" interview (see p. 29, August '62). Following are brief excerpts from this question and answer, tape recorded conversation:

Q. Do you feel you have received adequate corporate support for the Computer Division?

A. Bendix management is a conservative management. It doesn't speak to the outside world about all its problems to the extent that some other managements do. But from an internal standpoint, all the top corporate people have devoted a lot of time and attention to the Computer Division and to its future plans. The financial support which we have received is very substantial. You just can't be in this business at all if you don't receive substantial support.

Q. Would you be able to state emphatically that 10 years from now Bendix will still be in the computer field?

A. For me to make such a prediction that far ahead would be inappropriate since business conditions vary considerably and I don't believe we know whether or not we are going to be in auto pilots, for example, 10 years from now.

Q. And if we shortened the period of prognostication to five years?

A. I would say there is no prospect of our leaving the computer field in that period of time.

Q. Has there been any recent consideration to selling the Computer Division?

A. I have not been involved in any such activities and I might add that I have no qualms about indicating to our customers and prospects full support of their hardware installations and software requirements. ■