

Let's look at the record...

industry today. In 1961, there were a handful of such companies. Today more than 100 companies are competing in this market; they own in excess of \$1 billion worth of computer equipment. The business has spawned a bumper crop of new millionaires.

**Slow on innovation?
Excessively high on costs?**

Let's look at the record

Already the computer has passed through three technological revolutions—vacuum tubes, transistors, and integrated circuitry. It has been made steadily cheaper to use, steadily easier to use and many times more versatile in the ways it can be used. There has been a thousandfold reduction in computing costs and these economies have been passed on to users. U.S. computing power has been doubling every year since 1955.

Innovation is what produces results for manufacturers in the computer industry, and, much of the industry's competitive thrust is centered in its research and development activity. From this has come an unparalleled series of technological breakthroughs and an extraordinary stream of new end products and applications. These developments have come from every corner of the industry and, through patent licensing, are widely available.

**IBM—A tough competitor
but a fair one.**

IBM is a company which has grown from \$400 million in gross revenue in 1953 when we delivered our first computer to \$5.3 billion in 1967. We've grown by sticking to our business, by doing it the best way we know how, fairly, honestly, in free and open competition, not through mergers, stock swaps and acquisitions.

In the course of this growth, IBM has been especially sensitive to the possibility of anti-trust allegations. In 1952, the Justice Department had brought suit against IBM, alleging that it had monopolized U. S. domestic and foreign commerce in the tabulating machine business. The government asked the court to order IBM, among other things, to divest itself of a portion of its tabulating card business; to divest itself of service bureaus and to provide for

the purchase, as well as the rental of computers.

IBM, in its answer, denied the allegations of the complaint. After lengthy negotiations, we acceded to a Consent Decree without trial. Under this procedure, no determinations were made as to guilt or wrongdoing, but IBM agreed to take various actions and adopt a specific set of business procedures.

We have leaned over backwards to avoid giving our competitors cause for complaint. We have specified in considerable detail a code of fair business conduct for our people.

To the best of our ability, we have been faithful to our business conduct code. But we have retained the right to work hard at our business. For we do not believe that size alone denies a company the right to compete to the best of its ability in a free and open market.

We know it is free and open, we know it is competitive, because we are growing less rapidly than many of our competitors. We are losing business to them.

**IBM—An amalgam of diverse skills
dedicated to customer service.**

The key to IBM's success and, we believe, to the success of the data processing industry is dedication to the needs of its customers who find so many uses for equipment.

To satisfy those needs, to innovate and develop new uses, a company like IBM must integrate the broad range of highly specialized skills that are required to produce a data processing system and put it to useful work. The design, development, manufacture, programming, installation, and servicing of an information handling system is a complex matter. Some have called it the most intricate of all management feats today.

IBM certainly does not have a corner on the required skills, ideas or people who can put effective computing systems together. Our competitors have proved that they do a good job of this, too. However, IBM will continue to try to do a better job than they do. That's what competition is about.

We are confident that we will be able to pursue success in the future, as we have in the past, by giving our customers the best service and best products we can offer. We will make every contribution we can to the success and growth of the entire computer industry. The industry will continue to find new and better ways to help people solve problems with computers. And that will benefit the entire nation.

IBM.