Informatics

Olivetti bids to rival IBM

Milan

OLIVETTI, the Italian-based typewriter and office furniture company now well-launched into a transformation into an informatics business, aims to become Europe's IBM, said economic studies director Bruno Lamborghini at a meeting at Olivetti's headquarters at Ivrea last week. But the company has a long way to go. It ranks tenth among world informatics technology companies, and is second in Europe only if it includes sales of electronic typewriters. Moreover, first place in Europe is taken by IBM itself, with seven times Olivetti's European sales. But Olivetti is chasing fast: its consolidated profits in 1983 were triple those of 1982, and its sales volume curve is at present rising like the graphs normally seen only in cartoons.

The rub for Europeans, however, is that Olivetti's rise and rise is only partly a European phenomenon. Although nobody would say so explicitly, it is clear that Olivetti has written off any major prospect of growth by combination with other European partners. Instead, it is relying on the deal made earlier this year with a big wolf, the American Telephone & Telegraph Company (AT&T, formerly Bell Telephone), which has injected capital into Olivetti to a total now reaching a quarter of the outstanding equity.

The deal allows the fraction ultimately to reach 40 per cent, coming close to control, but in a display of bravura occasioned by Olivetti's tremendous success lately under its dynamic president, Carlo de Benedetti, the company shows no fear that it will act merely as the back door by which the American wolf will enter Europe.

Indeed there is talk in Ivrea of showing AT&T how to make proper use of its wasting asset, Bell Laboratories, which are seen as "good for Nobel prizes" but relatively weak on applications technology for the new informatics market. Olivetti now has a hundred or so people at Bell Labs at any one time, where they have access to all but defence and public switching work. This offers Olivetti "a unique opportunity", says Lamborghini. The company has always been conscious of design, which in turn means marketing, which in turn means the needs of office users — which is where the information revolution is taking place. The combination of Bell research (and communications technologies) and Olivetti's closeness to the office could be a very powerful combination that would leave mainframe dinosaurs such like IBM behind. Such is the stuff of dreams at Ivrea.

But what of combination in Europe? "The political and economic discord that currently divides the European countries does not permit optimism on possible progress in the immediate future", write

Lamborghini and the corporate marketing director Vittorio Cassoni cautiously in a joint report. Esprit, the joint European project on fifth generation ("intelligent") computers, is welcomed at Olivetti but seen as "very small" compared with the efforts of US manufacturers, said Lamborghini last week.

It is playing an important role in the definition of common European standards, however. Esprit provides a point of contact where companies can meet ("it was incredible how the European companies, even in the same country, were isolated") but there is frustration in Olivetti at how national and inter-company rivalries are hindering the project. Thus Olivetti directors, asked whether the company has decided to go it alone (with AT&T) without the help of Esprit, shrug their shoulders in a gesture of "what do you expect?", and smile.

European Commission

Golden parachutes at Ispra

SOME 120 high-grade scientists and technicians earning between £25,000 and £40,000 a year at the European Commission's Joint Research Centre (JRC) at Ispra, in Italy, are to be offered early retirement on terms starting at 70 per cent of their current salary. Or so says a proposal now before the European Parliament for its "opinion". According to Glyn Ford, Labour Member of the European Parliament and once science policy lecturer at the University of Manchester, that opinion should be "no" — although the Energy, Research and Technology Committee to which he belongs has voted the measure through.

Ford says the objective of the proposal is "perfectly sensible", for it is aimed at shifting 50–60-year-old nuclear physicists who were given lifetime appointments when JRC began as a Euratom research centre 25 years ago, and bringing in younger, more junior scientists in new disciplines. The European Parliament and the Commission have both been urging JRC to rejuvenate the shift to non-nuclear technologies and environmental issues, and the retirement scheme is a response to that.

"But I object to the quantity of cash involved and the method by which people are being retired", said Ford on Monday. The retirement scheme will be voluntary and unrestricted, "so only the best people will go". There has long been doubt about the scientific productivity of JRC, and this could make the situation worse, Ford believes. The result of a similar scheme at Manchester, Ford says, meant that all the people who could get jobs, and were in demand (such as computer scientists and accountants) left, depleting the university

As for research directions, Olivetti is interested in Bell Labs' flat screen (plasma) technology, in non-impact (thermal and ink-jet) printing, and above all in voice input and output. Artificial intelligence (AI) is also seen as "crucial and strategic", requiring research at many levels and in many directions, as intermediate products — particularly involving voice recognition — will be affected by intermediate developments in AI research. But Olivetti does not intend doing basic research in AI — it will leave that to Bell Labs.

As for products, Olivetti research director Arnaldo Pasini foresees a laser printer with all the graphic capabilities of a newspaper, a digital reader (to record incoming letters etc. in bit image form, so there will be no need to keep paper files), and vocal input and output, all within a few years. Most innovative technology will come from the United States, where Olivetti has now invested in some 20 venture companies, Pasini says. Olivetti's job will be to match it to the market: to become, says one commentator, "the great transformer".

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of a useful cadre of people. Moreover, although those taking retirement from JRC will be obliged to notify the centre if they subsequently begin earning enough to take their total income (including pension) beyond their original income, the scientists come from many different countries and violations will be difficult to trace. The result will probably be a brain-drain "to our competitors" financed by the European Community, Ford claims.

JRC director Jean-Albert Dinkespieler, however, puts the matter in a slightly different perspective. The net cost to JRC will be 1.5–2 million ECU (about £825,000–£1,100,000) a year for ten years, only 1–2 per cent of the JRC salary bill, when account is taken that money will be saved by replacing highly paid by younger less well-paid people. Moreover, he points out, all new appointments will be on a contract (5-year renewable) basis, to avoid a repetition of the problem now being faced. Similar schemes have operated successfully at the European Space Agency, he claims. The researchers were too old to change speciality, and too young to retire, so what else should be done to create movement?

It would probably be a one-off exercise, said Dinkespieler, and would involve recruitment of biologists (an innovation for Ispra), air and water chemists and oceanographers for pollution studies. The Council of Research Ministers has given its outline approval to the scheme, he said, but European parliamentary approval (which involves the advice of many committees including Energy, Research and Technology) was also necessary. Ford's intervention had made matters more difficult.

Robert Walgate