Purchaser a Problem as Xerox Abandons Computers

By H. J. MAIDENBERG

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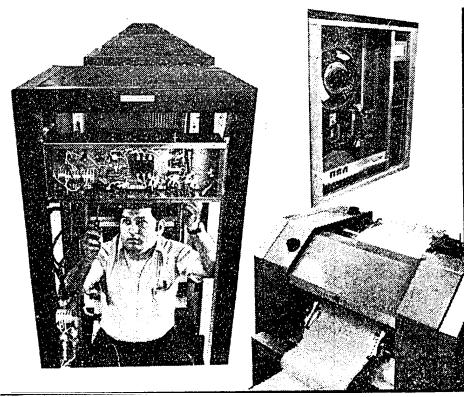
When the Xerox Corporation said it would abandon the manufacture of computers late Monday afternoon, industry specialists immediately began speculating about a possible purchaser of the large operation.

Given the nature of the computer industry, which requires vast amounts of capital, technical expertise and a market, many analysts said they expected the buyer would have to be a foreign company or even a Government.

Prospects of the Xerox Corporation since its abandonment of computer manufacturing are discussed in today's Market Place column. Page 48.

For one thing, they noted, none of the handful of domestic manufacturers of basic mainframe computers have either the capital or a favorable legal climate for further concentration.

The giant International Business Machines Corporation, the leader in the computer field, is in fact now involved in anti-Continued on Page 55, Column 5



A technician working on a Xerox component for a data processing system. Xerox is following RCA and General Electric, both of whom discontinued computer manufacturing.

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Purchaser a Problem for Xerox Unit

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trust litigation with the Government, which is trying to break its hold on the industry. The legal climate posed no problems when the General rental Electric Company sold its computer operation to Honeywell.

Corporation a year later. Nor was there any Federal objection when Xerox entered Control Data, Inc.; and the in Digital Equipment Company, the business the computer 1969 by buying Scientific Data the other major elements in the Data Systems as a springboard Perhaps one reason

Washington's green light in hardware. those years was that the man-

systems and hardware.

In Xerox's case, the analysts available business has intensisaid, it was unwilling or un-fied tremendously. able to spend the huge sums operations that included proand branch

systems.

Inc., in 1970, or when the RCA roughs Corporation. Sperry age. By 1964, solid state elec-Corporation sold out most of Rand and Honeywell offer a tronics dominated the field, its lines to the Sperry Rand full line of general purpose followed by printed circuits machines and related systems. and, finally, today's semicon-

Systems, Inc., for \$900-million, industry, offer specialized com-into the industry it had a nar-Because of the recession, the scientific

Moreover, technological ad-

needed to finance integrated vances, a major factor in luring business, have become increasingly costly. Sperry Rand's duction of all basic equipment, Univac system, introduced after office World War II, held sway until

1959, with the vacuum tube Today, only I.B.M., the Bur-technology born of the radio Xerox; the NCR Corporation; ductor memory bank systems. At the time Xerox bought

for puters, systems and related row base of clients, mostly the Government and a few highly organizations. ufacturing operations involved falloff in orders from the aero-though Xerox introduced a consisted mainly of the so-space industry and the sat broad line of equipment, most called minicomputers, related uration of other government industry experts recalled, it did markets, the competition for not have the marketing depth. "Xerox had an extraordinary

eight-year-old

Scientific

line of equipment and had proven its ability to market copiers," one analyst "But computers are not copiers and Xerox apparently couldn't marry their expertise to their new operation."

Because of the awe that has surrounded Xerox's rapid growth and enviable general financial strength over the years, its move prompted speculation on possible future withdrawals from computer making. As one Wall Street analyst said:

"When a top-flight outfit throws in the towel, you look twice as hard at the weaker companies in the field."