

Positioning Unisys and Its Customers for E-Business Growth

Unisys is realigning its business with a fact-based, customer-centric go-to-market plan. The result will be a networked company that is better focused, easier to do business with, and positioned for e-business growth.

UNISYS

The Internet economy is revolutionizing virtually every aspect of the way organizations work — the way they structure themselves, the way they interact with partners and customers, the way they go to market.

Hierarchies are flattening. Value chains are being turned on their heads. Customers are demanding real-time response and an ever-higher level of service. From Web startups to established enterprises, organizations must respond with Internet speed to the changing demands of the marketplace.

To position itself for growth in what *Fortune* magazine calls “the next wave” of the Internet economy, Unisys is realigning the way it goes to market. The realignment is built on extensive research, oriented to meeting customer needs in the marketplace, and designed to position Unisys for strong e-business growth. The result will complete the transition begun two years ago of moving Unisys from what was essentially a financial holding company to a *networked* company — an integrated, global organization.



Building Momentum

Although Unisys formally unveiled the realignment on November 18, 1999, the process really began on September 23, 1997, when Lawrence A. Weinbach, former head of Andersen Worldwide, took the helm as chairman and CEO.

“When I joined Unisys, I recognized immediately that it was a company in need of change,” says Weinbach. “Our three-business-unit structure created internal competition and confused customers. It was difficult for us to coordinate resources, present a single face to the marketplace and, ultimately, meet our clients’ needs.

“The strength of Unisys lies in its 35,000 creative and technically excellent people,” Weinbach continues, “but those people were no longer energized to succeed in the marketplace. It became eminently clear that if Unisys were to return to growth, we would have to implement the behavioral and structural changes that would enable our people to perform at the highest level.”

Weinbach’s first step was to create a clear vision: the three-legged stool. “Our vision statement is embodied by three words: customers, employees and reputation,” he explains. “It’s like a three-legged stool; take one leg away, and it falls over.” Weinbach used that simple message to help employees refocus and re-energize, personally visiting more than 12,000 Unisys people around the world to communicate the new message and, in turn, understand what they needed to be more effective.

He also met face-to-face with more than 800 Unisys clients, learning first-hand why they chose Unisys and how they want to do business with the company going forward. Their input informed ongoing research into how Unisys clients want to be serviced from a sales and support perspective.

The result was the establishment in April 1998 of the Major Accounts program, a highly successful effort to better serve the company’s most strategic accounts. Major Accounts assigns skilled, experienced relationship executives to service the 200 largest clients in the United States and Europe, giving them a single point of contact and ensuring that they are well-served and informed of the company’s full portfolio of products and services.

The benefit to clients is a single point of accountability, regardless of which part of the organization actually delivers service — in short, making it easier to do business with Unisys. The benefit to Unisys is simplicity in the sales organization that frees up resources to focus on new business and drive revenue growth. In fact, Major Accounts has delivered double-digit revenue increases in this customer segment.

Fact-Based Approach

The realignment builds on the success of Major Accounts, extending the model throughout the sales organization. But the initiative goes well beyond sales. Just as important, it is far more than a best guess about how clients want to be serviced, and is not simply a reaction to changing market dynamics. Rather, the realignment touches every part of Unisys, and is the result of extensive research and thorough analysis of the company’s clients, its competitors and its go-to-market strategy.

The process began in January, when Joseph W. McGrath, a former Xerox executive, joined Unisys as chief marketing officer. The newly created position reflected the company’s increased focus on its go-to-market strategy, and in March McGrath formed a go-to-market task force of senior Unisys executives.

“The charter of the task force was to approach our go-to-market strategy from a fact-based, market-oriented perspective,” says McGrath. “The Internet economy moves too quickly, the competitive environment is too

demanding, to base go-to-market decisions on instinct. We had to get out into the marketplace and meet with clients to determine how they want to work with us. Then we had to respond with a comprehensive go-to-market plan that would meet customer needs and position us for strong growth.”

The extensive research of Unisys clients, competitors and customer-facing employees was developed in consultation with external experts John De Vincentis, a former McKinsey partner and author of *Rethinking the Sales Force*; Paul Hase, president of Hase Schannen Research Associates, which specializes in “conjoint analysis” research; and Tim Furey, co-author of *The Channel Advantage* and CEO of Oxford Associates, which specializes in go-to-market strategy.

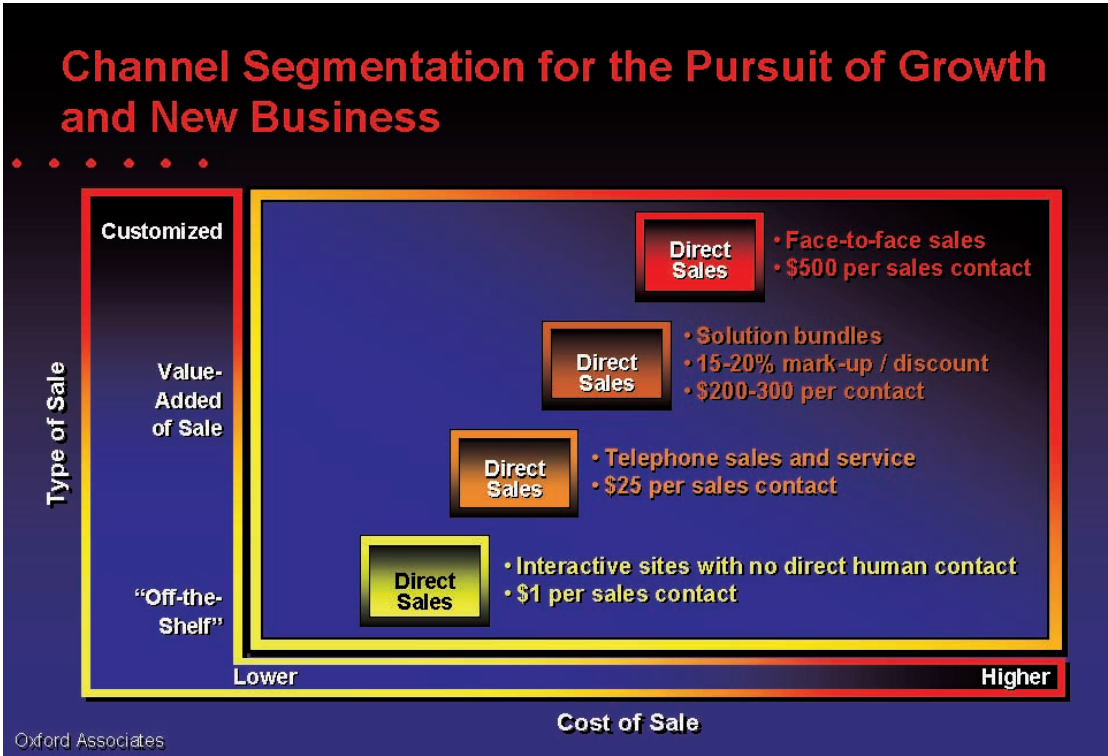
Customers — The research started with trend analysis of six years’ worth of in-depth customer satisfaction surveys, providing a broad picture of customer experience. Building on that were “conjoint analysis” interviews with more

than 750 current and prospective clients worldwide, aimed at identifying buying preferences in each of the company’s major portfolio areas. Augmenting those interviews were client focus groups in five key geographies, identifying the crucial requirements clients want Unisys to satisfy.

Participants in the conjoint analysis were required to make trade-off choices between various combinations of attributes related to how they do business with Unisys. Clients were asked questions related to their purchase of commodity IT products, high-end open and proprietary systems, software applications, custom solutions, outsourcing and support. In addition, clients were surveyed across the key markets in which Unisys provides solutions, including the communications, public sector, financial services, transportation, publishing and commercial markets.

Unisys found that across its product and services portfolio, the key go-to-market attributes include the sales interface, industry knowledge,

Figure 1: Channel segmentation will improve customer satisfaction while significantly reducing sales costs.



technical knowledge, breadth of product integration and breadth of after-sales support. Just as important is the sales relationship: a single point of accountability, a relationship executive that understands the customer's business priorities, and a sales team that coordinates resources, resolves issues and delivers the solution.

One focus-group participant described the ideal sales team: "The relationship manager can help us focus on the big picture, the specialist salespeople can provide expertise on which features and options are available, and the technical specialists would be available as needed. The combination of having both a relationship manager and specialist salespeople is preferable."

Client research also focused on sales channels. When do customers require a sales executive? When do they look to a Unisys partner to provide additional value? When do they turn to the Internet for product information? The goal of the research was to understand, in each area of Unisys business, which channels clients prefer for a given solution. The research revealed that for many after-sales purchases such as add-ons, upgrades, extensions and renewals, many clients actually prefer alternate channels such as resellers, telephone sales or Web-based self-service. Such channel segmentation could simultaneously improve customer satisfaction and significantly reduce sales costs (see Figure 1).

Competitors — Client research was followed up with extensive research of key competitors, drawing information from industry experts, competitive go-to-market strategies and interviews with some 400 executives, managers and sales staff at competitive organizations.

Competitors analyzed included AMS, Andersen Consulting, Cap Gemini, Compaq, CSC, Deloitte & Touche, EDS, HP, IBM, Inacom, Sun Microsystems and Wang. These companies fall into three broad groups: those that are product-focused, those that offer moderately customized solutions, and those that offer highly complex business-to-business solutions such as outsourcing.

Not surprisingly, companies in the first group are most effective at using alternate channels such as resellers and the Internet. Companies in the second group still rely on field sales but are beginning to take advantage of alternate channels. Companies in the last group deal with long, complex sales cycles that require a highly skilled sales team with extensive face-to-face interaction.

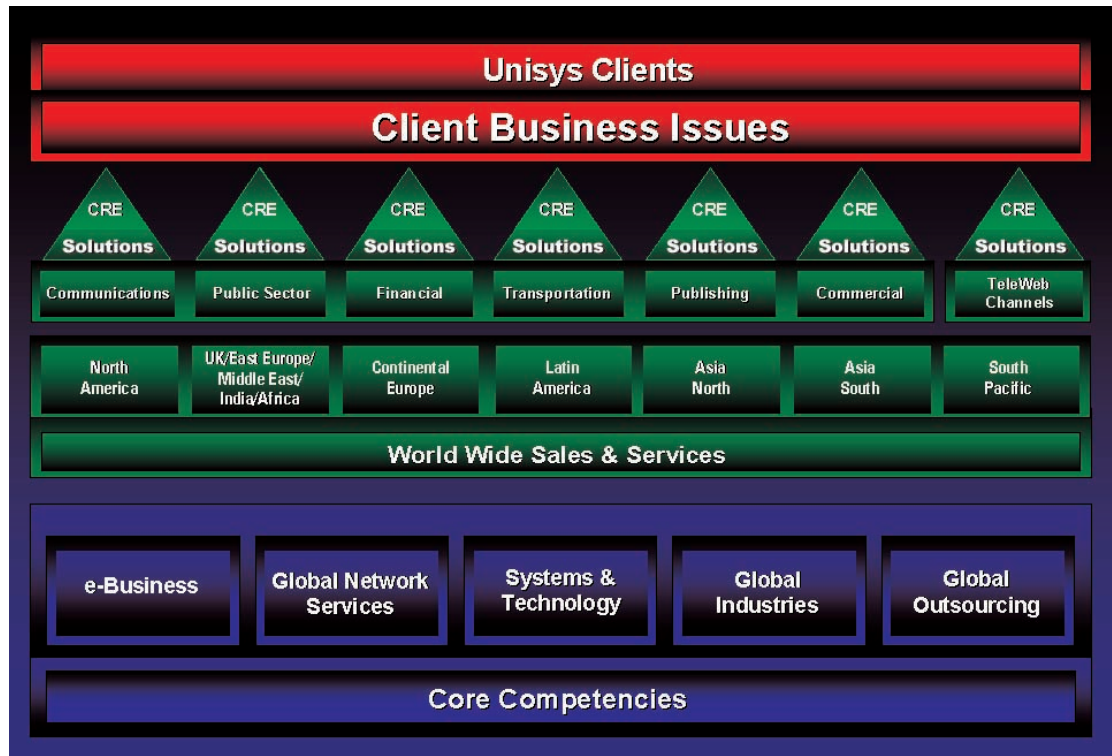
Likewise, companies in the first group go to market in a product-centric manner, while companies in the second and third groups go to market by vertical industry such as financial services. For these companies, clients are managed through a relationship executive who is responsible for all aspects of sales, service delivery and customer satisfaction.

Customer-Facing Employees — Unisys also conducted surveys of three dozen Unisys executives in the company's major businesses and geographies, plus some 1,200 customer-facing employees worldwide. Executives were asked about growth opportunities, obstacles to growth and how the company should invest for growth. Customer-facing employees were asked about client values and perceptions, the sales process, cross-selling and alternate channels.

The results were extraordinary in their consistency. Both executives and salespeople saw a need for the company to become more customer-focused, to achieve better integration across its businesses, and to promote teamwork across businesses and functions. They also emphasized a need to identify cross-selling opportunities, investigate alternate channels and continue to provide sales training. In addition, executives looked for growth opportunities in e-business, high-end servers, vertical industries and outsourcing.

In conclusion, the extensive research of customers, competitors and customer-facing employees means the realignment is fact-based and oriented to customer needs, says Oxford Associates CEO Tim Furey. "Unisys has taken a more thoughtful and rigorous approach to this process than a lot of other companies," he explains. "Unisys began the process ... by building

Figure 2: A structural and process view of the new Unisys. Core competencies are grouped into five organizations that go to market in seven geographical groups. Solutions are delivered through vertical industries, plus alternate channels. The customer relationship executive provides a single point of accountability.



a robust fact base about how customers want to buy on a global basis — not just *what* they want to buy, but *how* they want to buy. They also looked at what competitors are doing, how they are going to market, what is changing. Unisys approached this with an external view, an external fact base.”

A Networked Company

It is that external view which informs the realignment. It is driving structural, process and behavioral changes that respond to the way clients want to do business with Unisys and that address their most compelling business issues. Ultimately, the result is the transition of Unisys from a financial holding company to an integrated, networked organization.

Single Point of Accountability — Unisys will go to market with client relationship executives (CRE) who are expert in the key vertical industries the company serves: communications, public sector, financial services, transportation, publishing and commercial. Each vertically aligned CRE functions as a single point of accountability for all Unisys business with the client — whether contact with the client is face-to-face or through alternate channels. The CRE manages all resources and sales activity, presenting the entire Unisys portfolio and a single Unisys face to the customer. The measure of the CRE’s success is

revenue growth within the target account. This essentially represents an extension of the successful Major Accounts model throughout the sales organization.

The CRE is supported by portfolio sales executives (PSE) who work across multiple customers and prospects. The PSE is responsible for the sale of individual products or portfolio elements as well as horizontal sets of components such as a customer relationship management (CRM) solution. The measure of the PSE’s success is revenue growth within his or her portfolio elements.

CREs and PSEs are augmented by telesupport reps who, along with sales management and presales support, constitute an *integrated* sales force. This integrated sales force is managed by a newly created Worldwide Sales & Services organization. Worldwide Sales & Services assigns sales support and issue resolution as close to the client as possible in seven geographical groups: North America, U.K./Eastern Europe/Middle East/India/Africa, Continental Europe, Latin America, Asia North, Asia South and South Pacific (see Figure 2).

Unisys e-@ction Solutions — The complete Unisys portfolio of technology, services, solutions and partners will be integrated into Unisys e-@ction Solutions. These solutions are built around the business issues that clients indicate are most compelling to them, including business velocity, IT efficiency, e-business transformation, network expansion, customer relationship management, and a broad range of vertical-industry issues (see Figure 3).

The technology, services and solutions that constitute Unisys e-@ction Solutions are drawn from every part of the organization, plus Unisys partners. “More than an organizational structure, solutions represent a sales process that will help drive the teamwork and collaboration identified as necessary by customer-facing employees,” explains Nancy Friedman, vice president and general manager of Performance Solutions Practice for Unisys and a member of the go-to-market task force. “It will also better enable the integrated sales force to cross-sell solutions from throughout the Unisys portfolio.”

The company uses a formula to describe the interrelated elements of a Unisys e-@ction Solution: $xCV = (s^2 + p^2) + P$. That is, achieving a multiplier effect on Customer Value requires the orchestration of solutions and services, platforms and plumbing (or infrastructure), plus the People to put it all together. In other words, each solution comprises the products and services, the technology and networking, and the

expertise that deliver value to the customer. An example Unisys e-@ction Solution for a CRM solution is illustrated in Figure 4.

Integrated Organizations — The final component of the realignment is the organization of the company into five customer-facing organizations, in addition to the Worldwide Sales & Services organization: E-Business, Global Network Services, Systems & Technology, Global Outsourcing and Global Industries. This last organization includes eight verticals: communications, global public sector, U.S. federal government, financial services, transportation, publishing, commercial and cross-industry. These organizations reflect the company’s core competencies and develop the products and services that constitute the Unisys e-@ction Solutions delivered to clients.

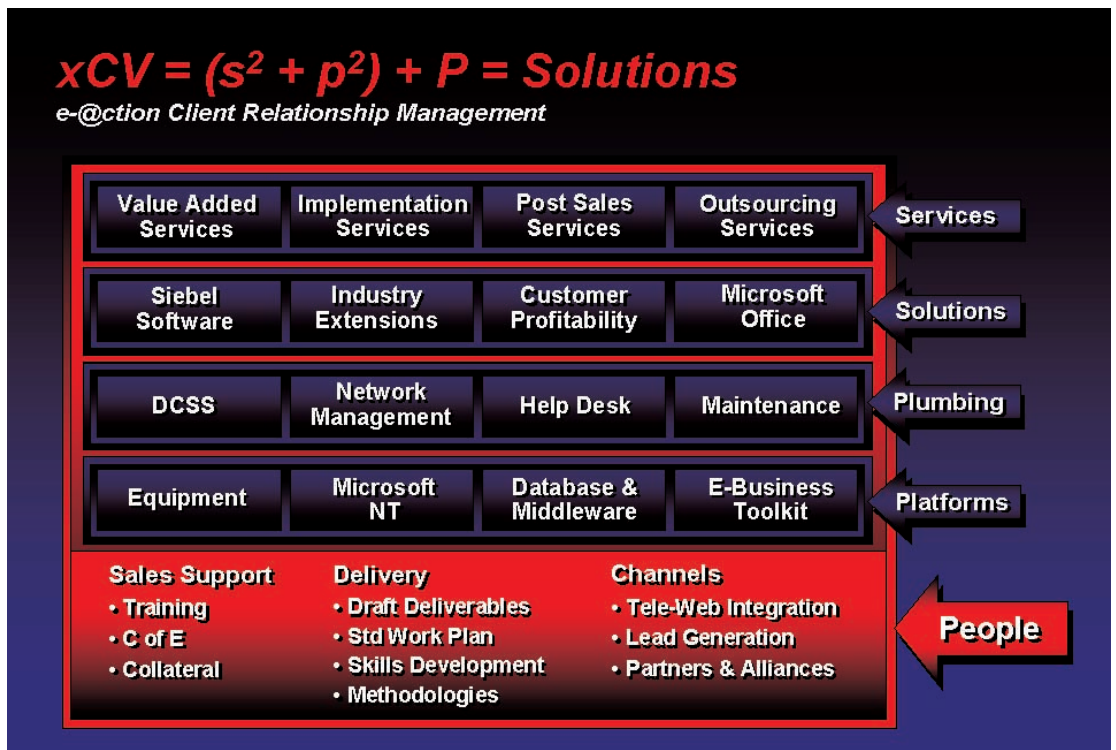
But the realignment is about more than new business units or sales processes. “Fundamentally, the new Unisys is about behavioral change,” emphasizes Weinbach. “We have put in place a leadership team, organizational structures and processes, and incentives and training programs all designed to foster collaborative behavior across and within sales, marketing, R&D, support and all other functions. The new Unisys is 35,000 people energized to work as a single team for the benefit of the client.”

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Figure 3: In the new Unisys structure, core competencies are grouped into five organizations fronted by a single sales organization. Products and services are delivered through Unisys e-@ction Solutions focused on key client business issues.



Figure 4: An example of a Unisys e-@ction Solution for customer relationship management. Such a solution combines hardware, software and services and is built on a foundation of Unisys expertise.





The groundwork for this team-based approach is already well in place. The highly successful Unisys University, launched in March 1999, offers coursework in team building, consultation and collaborative behavior.

New sales and other incentives programs are performance-based and reward teamwork. Structural, process and incentive changes are all designed to remove impediments to and encourage teamwork — developing, measuring and rewarding the appropriate behavior.

How will these changes affect client relationships? Unisys anticipates that the realignment will present minimal disruption — and in many cases offer measurable improvement — in its interactions with clients. In fact, the company expects that the majority of current client interfaces will not change. Because the initiative is the culmination of a process that began two years ago, because it is based on months of research, because the structural, process and personnel changes will be in place immediately, Unisys will be able to avoid a prolonged implementation period.

How will Unisys know if the realignment is successful? Going forward, the company plans to complement standard metrics with important new measurements such as how channels are changing the business mix; growth of sales and market penetration for Unisys e-@ction Solutions; the percentage of revenues from new clients; and the percentage of e-business revenues. The fact-based, market-oriented approach applied to implementing the initiative will also be applied to measuring its success.

“The Web has forever changed the way companies and customers (whether they be consumers or other businesses) buy and sell to each other, learn about each other and communicate,” says a November 1999 *Fortune*

report. In “the next wave” of e-business, says *Fortune*, “every company, big or small, new or old, [must] provide better service to customers.”

Oxford Associates’ Furey agrees. “E-commerce is upsetting the go-to-market strategy of every company,” he says. “Companies that aren’t changing won’t be around in four or five years. Which companies will really accelerate that change? I would put Unisys in that category. Unisys isn’t just recognizing the need to change, but is really pushing forward.”

About Unisys

Unisys is an electronic business solutions company whose 35,000 employees help customers in 100 countries apply information technology to seize opportunities and overcome challenges of the Internet economy. Unisys people integrate and deliver the solutions, services, platforms and network infrastructure required by business and government to transform their organizations for success in this new era. The company offers a rich portfolio of Unisys e-@ction Solutions for electronic business based on its expertise in “repeatable” vertical industry solutions, network services, outsourcing, systems integration and multivendor support, coupled with enterprise-class server and related technologies. The primary vertical markets Unisys serves worldwide include financial services, transportation, communications, publishing and commercial sectors, as well as the public sector, including federal government customers. Unisys is headquartered in Blue Bell, Pennsylvania, in the Greater Philadelphia area. For more information on the company, access the Unisys home page on the World Wide Web at www.unisys.com. Investor information can be found at www.unisys.com/investor.

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