

Management Services: A Magazine of Planning, Systems, and Controls

Volume 5 | Number 6

Article 2

11-1968

People, Events, Techniques

American Institute of Certified Public Accountants

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Recommended Citation

American Institute of Certified Public Accountants (1968) "People, Events, Techniques," *Management Services: A Magazine of Planning, Systems, and Controls*: Vol. 5: No. 6, Article 2.

Available at: <https://egrove.olemiss.edu/mgmtservices/vol5/iss6/2>

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people, events, techniques

Optical Scanning Equipment Connected to Central Computer Offered on Time Sharing Basis to Small-Volume Customers

The use of optical character recognition equipment on a time shared basis is being offered to small-volume customers by Cognitronics Corporation, Mount Kisco, New York.

With Cognitronics' new system, called Remote Optical Character Recognition (ROCR), scanner and recognition unit are separated instead of being combined in a single high-priced unit. The small desktop scanner is leased to the customer for installation on his premises. A powerful central recognition unit, housed at a Cognitronics service bureau, serves a number of scanners, to which it is connected by ordinary telephone lines.

The system now can read several fonts of numeric characters created on typewriters, adding machines, or cash registers or with pencil and paper. Additional fonts and alphabetic characters will be added later. The data can be converted to punched paper tape, magnetic tape, or punched cards.

Benefits smaller customer

The entire system is under computer control and operates in a time sharing mode. Thus, unidentifiable characters from one scanner can be held at the converter until corrected while processing from other scanners continues. If the

recognition unit cannot identify a character, the character is automatically displayed on the screen of a video unit at the service center, and an operator inserts the character manually.

This use of time sharing and the service center gives the small customer access "to a powerful central system he could not otherwise afford," says Cognitronics President David Shepard.

The system is quite frankly aimed at the small company—or the large company with a small-volume application. A single scanner rents for less than \$500 a month; the only additional charge is for service time incurred in man-



Cognitronics' new desk-top optical scanner occupies less space than an office copying machine. The data scanned are fed by telephone lines to a recognition unit in a Cognitronics service bureau. Separation of the two units and time sharing operation make optical scanning economical for an application that utilizes fewer than a dozen key punch operators, the company claims.

ual corrections at the center. Yet one unit can handle the workload of twelve to sixteen keypunch operators—and with 100 per cent verification. In addition, the user avoids the heavy capital investment, extensive space requirements, and risk of obsolescence associated with single-unit equipment. ROCR can even be economical for a company with as few as two keypunch operators, according to Mr. Shepard.

The system is suggested for such applications as sales reports, branch reports, inventory control, file

maintenance, warehousing, general inquiries, market research, stock control, investment risk analysis, and subscription fulfillment. National Biscuit Company, the first customer of Cognitronics' New York City service center, is using it for sales statistics. Other clients include an insurance company (premium processing) and a brokerage.

Service centers in Los Angeles and Chicago are expected to be in operation by the end of the year. Nine other Cognitronics centers are to be added some time next year.

“Instant-Money” Machines Installed by Miami Bank Grant \$50 Any Time to Good Credit Risks

A cash dispensing system that offers instant money, available at almost any point and at any time, has been adopted by Capital National Bank of Miami.

Bank President Theodore A. Davis, Jr., in an interview with *Business Week*, called the system the “ultimate in credit cards.”

For customers with a Capital National credit card, the system would work this way:

The customer would apply for credit beforehand and would receive a card for each \$50 he anticipates needing. He would enter the card in a vending machine, the machine would okay the card num-

ber, and, presto, the prepackaged \$50 currency would be dispensed.

In the Miami instance, the machine provides 24-hour service directly outside the bank doors.

But Mr. Davis doesn't want to end here. He wants to blanket the city with the machines. Then, any customer, armed with his credit card, could conceivably use any cash dispensing unit of the bank, whether it were on the wall of a bank branch, in a shopping center, or on a pole on a street corner.

Government approval needed

One caveat remains, however; Capital National Bank must obtain the approval of the U.S. Comptroller of Currency before it installs any systems beyond that outside its own doors.

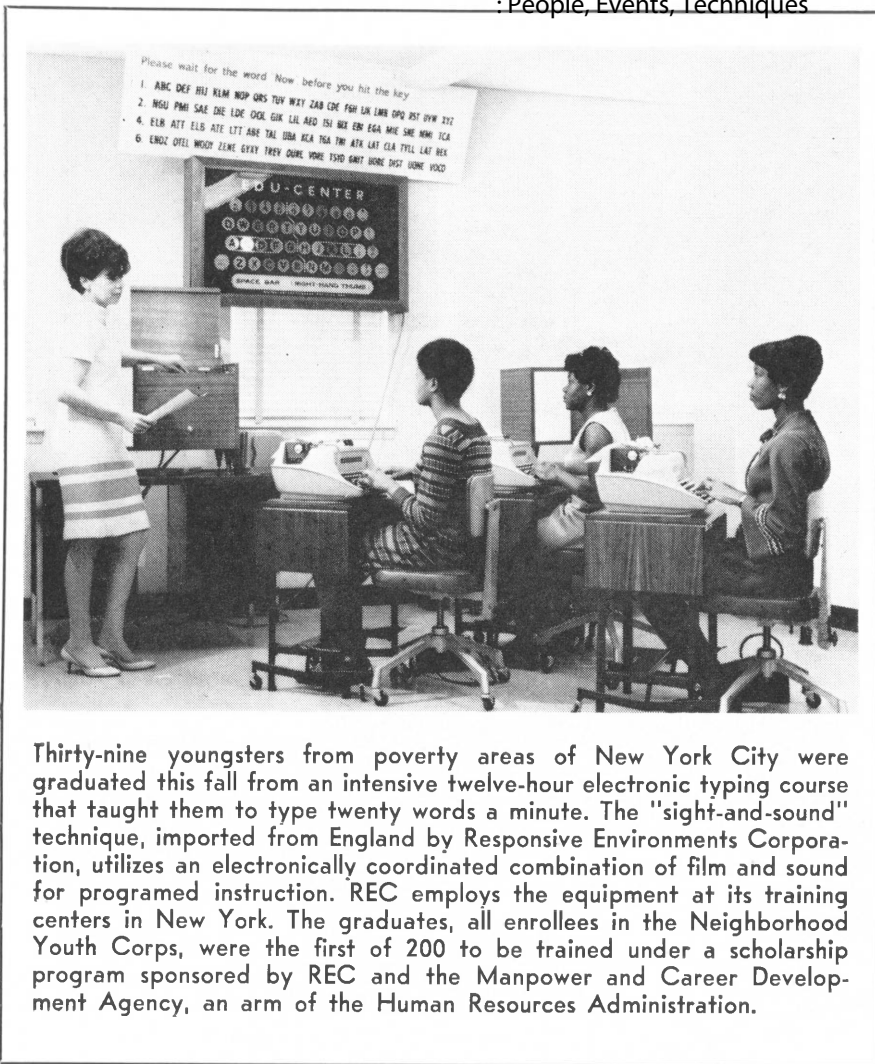
The First National City Bank of New York has also announced the introduction of a new cash dispensing system that will also allow depositors to get cash 24 hours a day.

The machine, manufactured by the British firm of Chubb & Sons, will be tested initially at the bank's new data center at 111 Wall Street, New York. It will be installed in the basement of the building, and through the test period—from the middle of October to January of next year—will be available only to employees of the bank.

In this system, to obtain cash from the unit, the depositor inserts a special card into the machine and then punches a secret identification number on a keyboard. If the identity number and the card match properly, the desired amount of cash comes out of a slot in a small plastic holder.

Similar machines produced by other manufacturers are in the First National Bank, Natick, Massachusetts, and in banks in Japan.

Who knows? Before long you may be able to open the door and pick up the morning paper and milk, and if you need cash—a quick 100-yard dash to your street corner could solve your problem.



Thirty-nine youngsters from poverty areas of New York City were graduated this fall from an intensive twelve-hour electronic typing course that taught them to type twenty words a minute. The "sight-and-sound" technique, imported from England by Responsive Environments Corporation, utilizes an electronically coordinated combination of film and sound for programed instruction. REC employs the equipment at its training centers in New York. The graduates, all enrollees in the Neighborhood Youth Corps, were the first of 200 to be trained under a scholarship program sponsored by REC and the Manpower and Career Development Agency, an arm of the Human Resources Administration.

Britain to Adopt Post Office Checking Account System; Many Firms Will Use Giro for Payroll

By December of this year at the latest, Britons will have a free checking account system. However, the system will not be offered by the banks.

Rather, it will be offered as a totally free service by the English Post Office.

The Giro Transfer System, already in use in other parts of Europe and Japan, has been considered for some time in Britain, since it has proved so successful on the continent.

For the U.K., the Giro responds to a real need because only about 20 to 25 per cent of the population has a checking account, and no more than one-half the population

has any form of bank account. Increasing this percentage would bring more personal savings out from under mattresses (not to mention sugar bowls) and into the monetary system.

To date, Britons have been reluctant to use checking accounts because of:

1. Suspicion by the "little man" of the capitalist system.
2. High expense for the small wage earner. Although checks generally cost about 6 cents each, the typical monthly service charge runs \$1.50 minimum and could go as high as \$3.00 or more for a regular checking account.
3. Lack of general acceptance of

checks by retailers, landlords, etc.

4. Inconvenient bank hours for the small wage earners, whereas the post office is open 9 to 6 P.M., six days a week.

In the United States, it is not likely that a Giro system would ever be created because the:

1. United States has a well developed checking account system—i.e., about 65 to 70 per cent of the people use such an account.

2. Expense of maintaining these accounts is not out of line for most Americans.

Customer loss feared

Of course, the concern of banks in this country over the development of a post-office-operated Giro system would not be so much over the possible loss of the small checking account market, but rather over the possible disaffection of well-to-do individuals who are highly profitable bank customers and possibly the loss of some corporate and other commercial accounts.

The Giro system will operate as a simple transfer of funds similar to bank payroll plans in this country. For example, the salary of a worker at Courtaulds, one of the first companies to sign up with the Giro in the U.K., will be deposited automatically in his account each pay day from a pool of cash left with the post office by Courtaulds.

Transfer between accounts

Payment transfers may be made from one account to another by mail or the payer in any office of the system.

Accounts are first checked in a central office, to assure necessary funds, and then the transfer is effected. Thus, the worker can pay his bills by writing on Giro stationary the amount to be transferred from his account to that of his utility, landlord, butcher, department store—in fact, anyone in Britain.

One disadvantage is if he owes someone not a member of the Giro system, the payee will have to wait

in line at the post office for his money rather than having it automatically transferred.

Western Union Inaugurates Time Sharing System For Brokers' Securities Buy and Sell Orders

Overdrafts not permitted

No overdrafts are allowed and no interest is paid on deposits.

Any individual over 16 may use the Giro. Among the more than 10,000 customers already signed up are Shell-Mex BP, the International Publishing Corp., and I.C.I., three of the largest companies in England.

Most nationalized industries as well as many local authorities plan to pay their employees through the Giro system.

The Giro system is expected to have between 200,000 and 300,000 account holders within a couple of months of starting and to have 1 million private account holders and about 100,000 company accounts by the end of its first year.

Western Union Telegraph Co. has officially launched the nation's first shared-use computer-controlled system for transmitting securities buy and sell orders for brokerage firms.

To aid small firms

The shared-use system will make computer-controlled communications economically possible for many medium-sized and small brokerage firms unable to justify a large investment in computer programming and transmitting equipment, according to Western Union and its customers.

Macrae Syker, senior partner of Shields & Co., the first subscriber, said, "We and Western Union have

put the system through exhaustive advance test operation and we are satisfied that it gives us the advantages of a private, computer-controlled communications system without the headaches and expense associated with computer installation, programming, training, and maintenance."

Other subscribers

Elliot Gold, vice president and treasurer of First Hanover Corp., New York, reported his firm became the second customer of the Western Union system, connecting 23 stations.

Robert J. Fraiman, a Hirsch & Co. partner, said his New York-based firm also has contracted for

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MARSHALL AND STEVENS INCORPORATED / APPRAISALS

The national appraisers with fully-staffed local offices

New system expected to cut much of brokers' paperwork backlog.

the new Western Union service and hopes eventually to tie in 27 stations, including its five European offices, through Western Union International.

Western Union International, Inc. is a separate company that was spun off from its parent in 1961.

Mr. Fraiman said, "The big companies like Merrill Lynch and Du Pont can afford their own private computer systems, but we can't. This will take our communications out of the horse-and-buggy era."

Large-firm market foreseen

Western Union believes however, there is a market among large firms too, that a number of them may choose the shared system in place of the private individual systems that many brokerage firms now use.

"This makes the private system obsolete," said Jay Peake, a partner at Shields & Co. "We considered building our own system, but there's just no comparison in cost. With your own system, you have to provide your own backup computers and power supply. Western Union has four computers and three alternate power sources. And with a shared-use system, you can add or drop stations when business expands or contracts."

A computerized communications system can take over some functions now handled manually by many brokerage firms. These manual operations have been major sources of error, and errors in turn have played a major part in the current pileup of back office work brought on by heavy trading volume.

Until now only ten of the largest brokerage firms, each with its own computer system, have been able to benefit from automated handling of orders.

Western Union reports that many additional brokerage firms are interested, but want to see how the system works before signing up.

Western Union calls the new system SICOM, which stands for Securities Industry Communications. The heart of the SICOM system is a multi-computer message switching and processing center at Western Union's new Technology Center at Mahwah, N. J. The center also is used to house other Western Union computerized systems.

The initial SICOM system is equipped with three UNIVAC 418 computers and provides subscribers with automatic message switching, delivery, storage, and retrieval service.

How it works

A typical SICOM transaction works like this: A Chicago branch of a brokerage firm subscriber receives an order for a stock traded on the New York Stock Exchange. The order is punched into paper tape and transmitted automatically through Western Union's Mahwah center directly to a special wall-mounted teleprinter located in the member firm's booth on the Exchange floor.

The order is simultaneously received at the firm's headquarters for back-office record keeping. When the order is executed, the confirmation is flashed back to both the originating office and the firm's headquarters office.

System expansion foreseeable

Although capacity of the system currently is 900 stations, this can be expanded with demand, Western Union said. The service is available nationwide. The system can handle 70,000 orders or confirmations an hour, and this too

can be expanded. Network codes and automatic identification procedures will be used to protect the message privacy of each user, the carrier declared.

Companies With Outside EDP Services Warned Of Particular Risks

Companies using outside EDP service bureaus face certain risks not incurred by firms with their own in-house computing facilities and should take precautionary measures to guard against these dangers, an insurance advisory firm executive cautioned recently.

Douglas Bell, president of John Liner Associates, Inc., of Wellesley Hills, Mass., warned:

"Even when a company has a written contract with a service bureau (and many such relationships are on a handshake basis), the degree of responsibility accepted by the data processor can vary widely."

Four common risks

Four types of risk are common enough to warrant insurance protection, he said. These are:

1. *Loss of cards, tapes, and valuable records.* A service bureau may accept company records but take no responsibility if anything happens to them. Mr. Bell advises all companies using service bureaus to read the fine print in their contracts with the bureaus very carefully, to keep duplicate copies of the agreements on their own premises, and as a final step to instruct their insurance company to delete the standard 10 per cent "off-premises limitation" of the usual valuable papers and records policy and

insert a Management Services Contract into the relevant insurance provisions very carefully.

2. *Fidelity loss.* Collusion between outside and inside personnel could lead to losses where the portion traceable to service bureau personnel would not be covered. "Agent endorsement" to regular fidelity protection can fill this gap.

3. *Errors and omissions.* Many service bureau contracts release the bureau from liability for any loss or damage resulting from errors or omissions in processing. Firms having such a contract should check to make sure their standard insurance allows them to give their service bureau such a release without loss of protection. Mr. Bell advises that the company attorney and insurance agent check

4. *Business interruption.* Business interruption insurance is now available under data processing policies, Mr. Bell says, and should be investigated.

"Papers and records out of a company's control can present enormous risks that are frequently overlooked," he declared. "Check all departments of your company to find out what is being farmed out to service bureaus and what the loss exposures are. Insist on the requisite coverage and duplicate source materials to be on the safe side. And read your service bureau materials carefully so you'll know what is expected of you as a client and what you can expect of your data processor."

Computerized Entertainment Ticket Services Introduced in New York and the West Coast

Fans of some theatrical and sporting events can now buy their tickets from computer-input terminals in convenient locations instead of traveling to the box office or ordering by mail.

Similar to airline systems

Their systems work like an airline reservation service. When a customer requests tickets, a clerk transmits the message from the terminal to a central computer. The computer reports which seats are available, and, if the customer approves, the terminal prints out the tickets. Then the computer deletes the number of the purchased seats from its memory bank.

On the East Coast, Ticket Reservation Systems, Inc. already has installed its first remote terminal in the midtown office of the New York Yankees, and Gimbels department store houses a second terminal where tickets for current and future performances of "Gone With the Wind" and "2001—A Space

Odyssey;" the New York Yankees home games; and the musical, "A Mother's Kisses," are on sale.

For the system's other attractions it has lined up the Civic Opera House in Chicago, the Forum in Los Angeles, and half a dozen other independent New York theatres. (Shubert Theater Enterprises, New York's biggest, has not signed up for either system.) Ticket Reservation Systems, Inc. terminal outlets range from Marshall Field & Co. in Chicago to American Express Company offices around the country.

And in the West

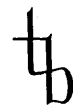
On the West Coast, Computicket Corporation, a subsidiary of Computer Sciences Corporation in Los Angeles, offers tickets to stage productions at the Los Angeles Music Center's Ahmanson Theatre and to home games of the UCLA football team, the Los Angeles Stars, and a new team in the American Basketball Association.

Practical Approaches to Management Problems

Modern Management: Principles and Practices, *Dick Carlson, Consultant*
A concise presentation of the techniques of modern management aimed at performance improvement based on a thorough understanding of management functions. The numerous self-testing devices, charts, diagrams, worksheets, and discussion questions make the book ideal for use by the individual executive, by seminar groups, and in the classroom. The management functions are individually discussed in detail, covering the purpose and essential elements of each and the practical problems faced in performing them and in effecting improvements.
183 pages, 6x9 soft, \$3.95

A Management Guide to Systems and Procedures, *Carl L. Keyes, Consultant*
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A Management Guide to Production Control, *Carl L. Keyes, Consultant*
A clear presentation of the operation and functions of production control and its importance to the company organization. Practical suggestions are made for the fulfillment of its responsibilities and for working with other departments. Coverage includes forecasting, production planning, and engineering changes.
120 pages (tent.), 6x9 hard, \$5.95 (tent.)



Tinnon-Brown, Inc.,
10835 Santa Monica Boulevard,
Los Angeles, California 90025

Computicket Corporation plans to install 125 terminals throughout the Los Angeles area. Already it has begun selling tickets through terminals located in 55 southern California supermarkets run by Ralphs Grocery Company. Other outlets that have signed up include Tyson-Sullivan, New York's largest entertainment ticket agency; the Bullock's chain of eight department stores in southern California; and Wallichs Music City, a Los Angeles chain of six retail outlets.

National network expected

All of the California firm's New York terminals are expected to be operating before the end of the year. Ultimately, the new system is expected to expand into a national network through which the public will be able to buy tickets to entertainment events in all of the major cities of the country.

Peat, Marwick Aids In Developing Industry Guide

Peat, Marwick, Mitchell and Co. recently helped prepare a *Management Accounting Manual*, which concentrates primarily on the needs of the small and medium-sized firm, for the Grain and Feed Dealers National Association.

Three groups involved

The manual, developed jointly by the Minneapolis office of the accounting firm, the Financial Information Committee of the grain and feed dealers group, and the National Cash Register Company, contains a chart of accounts for the industry, as well as systems guides for financial accounting, grain accounting, inventory management, and budgeting.

Many of the systems recommendations in the manual will be available through NCR Data Centers in the near future.

Setting Work Standards By Computer Foreseen As Real Possibility

A major effort to computerize the application of work standards is being launched under the sponsorship of Wofac Corporation, a management consulting firm specializing in work measurement.

Douglas M. Towne, a research scientist at the University of Southern California, will direct the \$200,000 research project, which is expected to take two years. His group will study various work operations to develop standard data, which then will be stored in a computer data bank for use in measuring other operations with similar characteristics.

Revolution in standards

Development of a fully practical computerized work standards system applicable throughout industry would be "a real revolution in the field of work measurement, perhaps the first revolution since the advent of predetermined times," James H. Duncan, Wofac president, said at a recent symposium on computerized work measurement.

Garment industry example

He cited the garment industry as an example of how such a system might work: "It would be necessary only to lay out the garment patterns on a special table. The industrial engineer or analyst would then trace the seams with a pantograph-mounted stylus, pushing buttons as he continued to feed into the various types of stitches.

"The computer would measure the length of the seams and curvatures. The computer would then produce complete operation times for cutting, sewing, and other operations and would optimize methods. In an industry where equipment is highly standardized, as in garment making, a centralized service could be provided to a large

group of manufacturers, who would send patterns into a central place for analysis by a central computer. The garment makers would then need only the tracing equipment to complete their operations."

Colors Duplicated By New Office Copier Offered By 3M

The 3M Company (formerly the Minnesota Mining and Manufacturing Co.) has introduced a new office machine that can make faithful copies of any original, with full color reproduction.

The Color-in-Color unit, which will be marketed in 1969, can be bought or rented from 3M. The manufacturer has not yet quoted a price, but has said copies will average about 50¢ apiece "including the cost of the machine."

The dry-process copier was demonstrated publicly in October at the Business Equipment Manufacturers Association exposition in Chicago.

Dictaphone Shows New Unit That Sells For Less Than \$300

Aiming at accountants and other professionals in small offices and at small businessmen, Dictaphone Corporation has introduced a new dictating machine selling for less than \$300. That's about \$100 less than the company's next-lowest-priced model.

The new machine, the 400, is designed for use by those who normally dictate fewer than five letters a day. Its chief appeal for this group, apart from the price, is that its recording medium, instead of a belt, is a "sound sheet," a note-pad-size sheet with a capacity of ten minutes' dictating time.