

CHAPTER 15: MY TRAVELS WITH DOUG

Chasing Big Deals In Iraq And Iran

IRAQ A Window Of Opportunity__

By the time I arrived in Athens in 1974 the government of Iraq had begun slowly opening its markets to western companies. As a result, HPSA had already managed to sell two sophisticated systems and, as usual, support was an afterthought. The two systems were an HP 9600E RTE (Real Time Executive) System sold to the Iraqi Nuclear Research Center (INRC) and an HP 2000E Time Sharing System sold to the University of Basra. If I had been in Rome at the time these orders were received I would have blocked them until we had a handle on how to provide support. After John Inglis joined me in Athens we made the best of a bad situation. He kept the systems running but the response time from Athens was very long.....unacceptably long for systems running critical applications. Not wishing to make a bad situation worse, I became very concerned when Manchec began talking more and more about selling HP 3000's in Iraq. Like a broken record, the discussion we had had with Yahya Jafar in Geneva the previous November was stuck on continuous replay in Manchec's brain. But after Tony Gunn replaced Manchec I was more open to discussing the possibility.

It did not take long for Tony to get in touch with Yahya who, after not hearing from us for several months, was finally prepared to provide specifics. At Tony's request Yahya arranged a meeting with the potential customer, which turned out to be the Iraqi Ministry of Industry and Minerals (MOIM) in Baghdad.

Following the successful Baath Party coup in 1967 all of the major industries in Iraq had been nationalized and as part of a modernization plan the new government had decided to install computers running commercial applications in all of their businesses

The National Oil Company, The National Tobacco Company, The National Shoe Company, etc., etc. If all went well there would initially be 21 systems, with as many as 30 installed over a three year period. I can still see Doug salivating upon receiving this news

U.S. Becomes a Major Source Of Goods, Services for Iraq

By Thomas W. Lippman

BAGHDAD, July 28 (WP).— Despite the ideological hostility that divides the two countries, the United States has become one of the major suppliers of goods and services to Iraq and is now one of this country's leading trade partners.

Only West Germany and Japan outrank the United States as suppliers of Iraq's nonmilitary imports and U.S. officials said that, when the figures for this year are in, the United States will be bearing down on the leaders.

The Iraqi government has recently reaffirmed its adherence to a 1938 treaty providing for commercial and navigational agreements between the two countries, diplomatic sources reported, and that agreement is expected to lead to new sales contracts because it gives the United States a favored trading status.

There appears to be no prospect that these trade relations will lead to a quick resumption of diplomatic ties, which were broken after the 1967 Arab-Israeli war.

"The reasons that led us to break relations are still valid," said Tariq Aziz, minister of information and chief spokesman for the ruling Ba'ath party. The Iraqis see no sign of "serious changes" in the U.S. policy of support for Israel, he said, so diplomatic relations cannot be resumed.

The question of formal relations is "complicated," he said, and will become more so if Jimmy Carter

is elected president. This is because Mr. Carter has expressed strong support of Israel, he said, and because Iraq believes that Mr. Carter's inexperience in foreign affairs makes it unlikely that he would embark on any major Middle East policy initiatives for some time.

Mr. Aziz and other officials said Baghdad feels no urgency about the lack of formal ties with the United States because the present arrangement allows Iraq to buy what it wants while still proclaiming its unwavering anti-Zionist principles. The Iraqis have often said that they intend to purchase the best technology at the best price, regardless of the politics of the country providing the merchandise.

This policy, which has gradually replaced Iraq's near-total dependence on the Soviet Union, has enabled U. S. suppliers to raise the value of their exports to Iraq from \$26 million in 1972 to \$300 million last year.

U.S. Construction

U.S. firms are building canals, installing advanced communications equipment, constructing hotels and participating in the development of a petrochemical plant. The international fleet of Iraqi Airways consists entirely of Boeing jetliners, recently complemented by the arrival of a new 747 Jumbo that was flown here by an Iraqi crew that had been trained in Seattle.

Boeing has a staff of about 150 technicians and maintenance personnel here, the largest component of a U.S. community now believed to number more than 300.

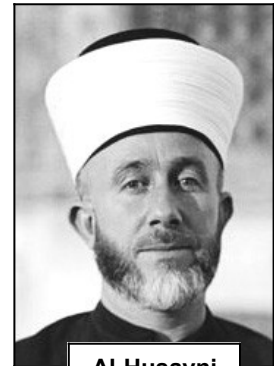
Officially the U.S. is represented by an "interests section" in the Belgian Embassy. But the U.S. diplomatic staff, now up to eight persons, has its own building and the Americans function as an embassy in all but name.

from Tony.....and I was happy because the large expected sales volume would be sufficient to justify a local HP support presence, which would enable us to provide much improved support to the INRC and the University of Basra. This may have been one of the few times when Doug and I were on the same page. To investigate this possibility further, in early April I traveled with Doug, Tony Gunn and George Panos to Iraq to meet with a gentleman named al-Dewatchi, the MOIM Information Technology manager. Following the MOIM meeting Doug and I would return to Athens via Iran, where David Shortt had lined up another possible large order, with Westinghouse.

A BRIEF HISTORY.....Iraq's Tortured Past

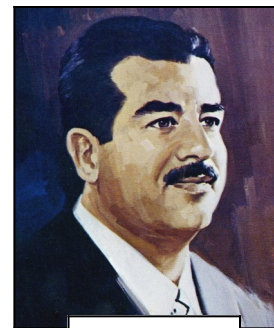
The countries we know as Jordan (previously part of Trans-Jordan) and Iraq (previously Mesopotamia) were carved out of the Middle East by the British and French in 1921 and given to Abdullah and Faisal, sons of Husain-Ali, the Hashimite King of western ("the Hijaz") Saudi Arabia, as a reward for his assistance in routing the Ottoman Turks from the Arabian Peninsula during World War I. Initially, Faisal became King of "Greater Syria" (i.e. today's Syria, Lebanon and parts of Jordan and Iraq) after expelling the Turks from Arabia with the help of T. E. Lawrence (of Arabia)but the British and French had cut a behind-the-scenes deal giving Syria to the French. After all of the dust had cleared Abdullah was proclaimed King of Jordan and Faisal King of Iraq. The Hashimite Kingdom of Jordan still exists today, but over the years Iraq suffered a series of revolutions, military coup d'etats, and assassinations that resulted, finally, in the fascist Baath (aka, Arab Nationalist or Arab Renaissance or Arab Resurrection) Party taking power in 1967. Trying to follow the events of the power struggles that occurred between 1921 and 1967 is like trying to follow the plot line in the "The Big Sleep", a movie that you have to see at least four times before you finally get it. Here is my best effort.....

Even though Iraq had received its independence in 1932 it remained under the nominal control of the British. They took full control again at the beginning of World War II to keep Iraq's oil fields from falling into the hands of Germany. There was a brief scuffle when pro-Nazi elements in the Iraqi Army tried to bring Iraq into the war on the side of Germany but they failed when the British brought in additional forces from Egypt and India. I should point out that the Arab Nationalist movement throughout the Middle East tended to be pro-Nazi because they thought that Hitler would help them remove the Jews from Palestine. One of the central figures of the movement was the Grand Mufti (senior Islamic leader) of Palestine, Amin Al-Husayni, who actually had an audience with Hitler to request weapons for the Arab Nationalists. The request was denied because Hitler had already promised control of the Middle East to Mussolini.



Al-Husayni

The defeat of the Iraqi army by the Israelis in 1948 and the popular view that King Faisal II was nothing more than a British puppet led to his overthrow in 1958 by the Baathist and communist elements in the Iraqi military. The fact that the fascists and the communists, who are normally mortal enemies, joined forces is a testimony to how convoluted the political situation was in Iraq at that time. Inspired by the successes of Nasser's Arab Nationalist movement in Egypt



Saddam

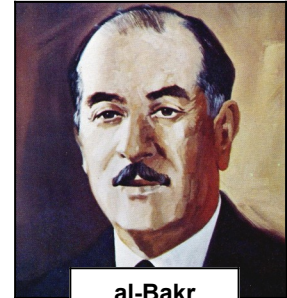


Aflouk

a few officers in Iraq's army (the "Four Colonels") led by Abd al-Karim Qasim and Abdul Salam Arif, executed a successful coup d'etat against Faisal's government. Just to make sure that the monarchy was completely and permanently out of business they assassinated the king and everyone in his family.

The new leader of Iraq, Qasim, was a member of the Iraqi communist party, which at the time was the largest communist party in the Middle East. His attempt to invite 2000 Soviet "advisors" to join the government did not play well with the Baathists and they attempted to assassinate him in 1959. One of the gunmen chosen for the job was Saddam Hussein, a very tough kid whose uncle, a senior

Baath Party member, had brought him in to handle the beat-downs required to further the party's agenda. Wounded in the unsuccessful assassination attempt Saddam fled to Egypt. His dedication to the cause of Arab Nationalism so impressed Michel Aflouk, the Syrian founder of the movement, that he supported and educated Saddam during his years in exile in Cairo. A second coup attempt in 1963 led by General Ahmed Hasan al-Bakr, a Baathist military officer, finally succeeded in overthrowing Qasim, who was executed. Al-Bakr quickly installed a Baath regime and brought Saddam who was, oddly enough, his cousin, back from Egypt.



al-Bakr

Up until the time that Al-Bakr became the President of Iraq Saddam was basically just a thug who, along with his followers, had provided the intellectual founders of the Baath movement the muscle needed to take over the government. But, thanks to Michel Aflouk, Saddam had received enough of an education during his four years in Egypt that he was able to oversee several government ministries and the party's security forces (i.e., the secret police). In 1964 the Arab Nationalists in the Army began to grow concerned about the changing Baathist agenda, which no longer adequately represent their cause, and proceeded to organize another military coup. This resulted in the arrest and imprisonment of al-Bakr, Saddam and all of their supporters.

After his escape from prison in 1965 Saddam went underground for two years while he organized secret Baath Party cells. At this point fate intervened in the form of the 1967 Arab-Israeli war. The Iraqi Army was so demoralized by the thrashing they had received from Israel that another coup within the military resulted in the Baathists (i.e., al-Bakr and Saddam) being returned to power. From that point onward Saddam was clearly the power behind the throne, but his ambitions were kept in check by al-Bakr.

ENTER THE SOVIETS.....Gaining Leverage From The Conflict In The Middle East

In theory, the Baath party followed a fascist ideology. However, they did not seem to mind bending the rules when they joined Nasser's Arab Socialism movement and signed trade and friendship treaties with the Soviet Union, a move that was made in response to U.S. support for Israel during the 1967 war. The deal with the Soviets brought Iraq into conflict with the U.S. government, was the reason for the absence of diplomatic relations, and the reason why it was so difficult for us to obtain entry visas.



Signing ceremony of the agreement on developing economic and technical cooperation

Baghdad-Moscow Relation Based On Sovereign Equality

The joint communique signed between Iraq and USSR at the conclusion of Chairman Kosygin's visit to Baghdad has underscored the above tasks. According to the joint communique, the two sides consider unity and cohesion among Arab countries forged on the basis of opposing imperialism and zionism as of prime importance. The communique has also correctly pointed out that in their struggle against imperialism and the Zionist enemy the Arabs find in the Soviet Union and other Socialist countries their trusted allies.

A "SWEET SPOT" IN TIME

At the time that I founded HP Iraq we were in the center of the only "sweet spot" in Iraq's otherwise unstable modern history, while al-Bakr was "president", from 1967 to 1979. During this time there was a window of opportunity for western companies to enter the Iraqi market. Three major events took place that made this possible. The first was the Al-Bakr regime's desire to acquire technology that the Soviets could not provide. The second was the regime's decision to provide incentives that would result in the voluntary repatriation of educated and skilled Iraqis who had spent years in self imposed exile. Upon their return they brought with them a taste for high quality western technology. The third was the decision made by the U.S. government to ease up on export licensing restrictions in an effort to give Iraqis access to the technology they needed with the goal of slowly moving them out of the Soviet camp. The U.S. needed increased influence in the Middle East and this was

viewed as the best way to get it. Of course, like Iran and Saudi Arabia, thanks to oil exports Iraq had become wealthy and U.S. companies were beginning to pressure the U.S. government to allow them to take advantage of the growing business opportunities. The systems at the INRC and the University of Basra were the ice-breakers that lead to the eventual MOIM order.

REVERSING THE BRAIN DRAIN.....Attracting Educated Exiles

During the decades of never ending political instability and violence families with financial resources left Iraq, most moving to the U.K., but by 1974 Iraq seemed to be enjoying the first period of sustained stability since the creation of the country in 1921. To develop the country the al-Bakr government offered incentives to educated Iraqis in an effort to persuade them to return home. The Baath Party was interested in attracting people with technical and scientific backgrounds and was particularly interested in finding nuclear physicists. The incentives included guaranteed high paying government jobs, generous housing subsidies and the duty free importation of cars and other luxury items (including British wives). Two Iraqis who took advantage of the offer were Yahya Dhia Jafar and his older brother, Jafar Dhia Jafar.

THE JAFARS.....A Well Connected Family

When I had first met Yahya with Manchec in Geneva in the fall of 1974 I had no idea how prominent a role his family had played in the history of Iraq. His grandfather was a comrade of T.E. Lawrence during the World War I Arab Revolt and was the founder of Iraq's modern-day army (although based on the number of subsequent military coups I don't think that fact is much to brag about). The Jafar family has links to the ruling elites in most countries in the Middle East that go back centuries. Yahya's father, Dhia Jafar, was a close personal friend of Iraq's last King, Faisal II, and was in London in July of 1958 when the King and his entire family were murdered. Fearing for his life and the lives of his own family Dhia Jafar remained in England with his wife, daughter and two sons, Yahya and Jafar.

Yahya and Jafar both graduated from universities in England. Yahya with a BSEE and Jafar with a PhD in nuclear physics. The Iraqi government's incentives appealed to Yahya who returned to Iraq in 1974 to pursue business opportunities that were readily available due to his family's connections. As far as Jafar was concerned, after becoming extremely dissatisfied with what European academia had to offer him, he returned to Iraq in 1975 and quickly became the vice-chairman of Iraq's Atomic Energy Commission (IAEC). I would meet with Jafar on several occasions to discuss the support requirements for the INRC HP 9600E system. In 1982 Jafar became chairman of the IAEC and as such the chief of Iraq's nuclear weapons program. This brought him into Saddam's inner-circle of advisors. Following the second gulf war (Operation Iraqi Freedom) Jafar found himself on George Bush's list of the 52 most wanted fugitives from Saddam's regime. In April of 2003 he turned himself in to U.S. authorities and proceeded to confirm that Saddam had ordered all of Iraq's weapons of mass destruction destroyed following the first gulf war ("Desert Storm"). After using the WMD's as justification for going to war with Iraq for the second time I am sure that George Bush did not like this truth becoming public. Note: When the INRC was bombed by Israel in June of 1981 the HP 9600E was completely destroyed.

OUR ARRIVALNo Visa? Next Stop Karachi



As a result of their overwhelming defeat during the 1967 War Iraq broke off diplomatic relations with the United States because of our special relationship with Israel. By 1974 U.S.- Iraqi relations had improved from a trade perspective but not yet enough for the paranoid Baath regime to make it easy for American citizens with commercial interests to enter the country. Consequently, it was difficult for Doug, Panos (who was a naturalized American Citizen) and myself to obtain entry visas. For us to obtain Iraqi visas a formal "letter of invitation" would have had to be on file for us at the Iraqi embassy in Athens. As Doug was in hot pursuit of a possible MOIM order there was no time for an official invitation. So, we had to enter Iraq with "emergency" visas, which had to be arranged by Yahya and personally delivered by him to immigration officials at the airport upon our arrival. When we arrived he was not there and the longer we waited the more frequent were the warnings we received from the immigration officials that we would be put on the last plane out later that evening (which was going to Karachi, Pakistan) if the visas did not arrive before the airport closed for the night. Then Yahya appeared at the last moment to save the day.

Other than myself this was the first time that anyone in our group had met Yahya. Of course, his objective in coordinating our visit with MOIM was for his new company, Electromac, to eventually become HP's system distributor in Iraq. Although he wanted to favorably impress us in every way possible I had my suspicions that he arrived at the airport late on purpose to instill in us a feeling of gratitude.....he was sure that none of us wanted to wake up in Pakistan the following morning.

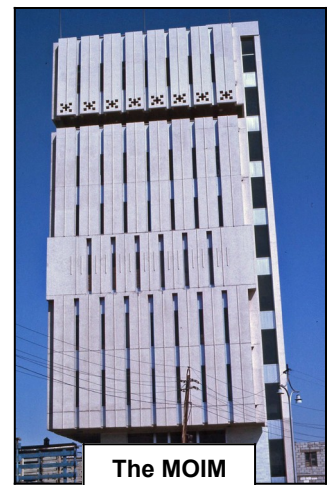
As we left the airport the immigration officials collected our passports. We were told that we could pick them up the next day at the Ministry of Foreign Affairs. This was troubling. If our passports were misplaced we would not be able to leave the country. To possibly complicate matters further, because the U.S. did not have diplomatic relations with Iraq the Belgian Embassy was representing the U.S. but did not have the authority to issue replacement passports. After expressing our concerns we were assured by Yahya that in the case of emergency visas, giving up our passports was normal procedure. He then drove us from the airport into Baghdad down the long straight stretch of highway that we all saw so many times on the evening news during "Operation Iraqi Freedom". I still remember that it was exceptionally warm for an April night. Even though Yahya's new Mercedes sedan had air conditioning he had the windows down and had a Barry White cassette playing on his car stereo all the way into town. We stayed at the Khayam Hotel, which would eventually become one of Inglis' favorite places (they always had his brand of scotch). If the Khayam had been in the U.S. it would not have even qualified for a one-star rating.....the kind of place where the bath towels were so stiff that if you dropped one on the floor it would shatter. Even so, the environment was safe, the rooms were clean, the employees were pleasant and the food was tolerable.

Our first stop the following morning was the Ministry of Foreign Affairs. Yahya had already had someone complete the necessary paper work for each of us. Before entering the building we had to have our photos taken and they had to be attached to the forms. The photographer used a very old wooden bellows style camera on a tripod. Both he and the camera must have been 80 years old. His studio was right there on the sidewalk and we waited a few minutes while he developed the photos. Naturally, Yahya did all of the talking. The Ministry was much better organized than I had expected and our passports appeared almost immediately. After my experience in the other countries I had visited since my arrival in the Middle East I fully expected our passports to have been temporarily misplaced but, thankfully, that was not the case. With our passports back in our possession we were all breathing a little easier.

After a quick look around town we headed to the MOIM. Like most oil exporting countries the increased revenue had not yet translated into any visible development. There were no luxury hotels or fancy restaurants. The tallest building in Baghdad was the MOIM at eight stories. Most other structures were three stories or less and were painted (or not) the same color as most other buildings I had seen in the Middle East sand brown. Thanks to perpetual martial law it was very safe for the average person and surprisingly, for a socialist environment, the people were very friendly, helpful, and upbeat, which was most likely the result of a strong economy (lots of oil money) and the multitude of educated and enlightened Iraqis, like the Jafar brothers, who were being lured back to the country from abroad. My thinking at the time was that any country where Barry White is popular couldn't be all bad.

THE MOIM.....The Beginning Of A Beautiful Relationship

Our first meeting with the MOIM went very well. Our contact, Mr. al-Dewatchi, who we would eventually just refer to as Dewatchi (I don't think anyone knew his first name), was one of the technical people who had returned to Iraq from abroad. Having lived in the U.K. for many years his English was perfect and like many other Iraqis who were trained abroad, while living in "the West" he had acquired significant experience with computers from U.S. manufacturers, including HP, with which he was very familiar. I found Dewatchi to be extremely polite, open and casual with a sense of humor that put us all at ease. We hit it off with him immediately..... but he was an experienced techy who knew exactly what he wanted and there was some question as to whether HP would be able to provide it.



We spent several hours reviewing the specifications outlined in the MOIM RFQ (request for quote). Central to the discussions were two requirements that HP might not be able to satisfy. The first was regarding MOIM's desire for a turn-key project.....meaning that HP would have to develop special application software, which the HP factory (Data System Division, which was about to become the General Systems Division) had never done before for any customer and was unlikely to change that policy just for MOIM. The second possible sticking point was regarding display terminals. The hardware and drivers would have to provide an Arabic character set and display the characters from right to left, the reverse of English. We all agreed that this second condition would most likely not be a problem for HP, but the requirement for a turn-key project would be, and sensing that to be the case Dewatchi softened his position. It was easy to see that he really wanted HP to have the order.

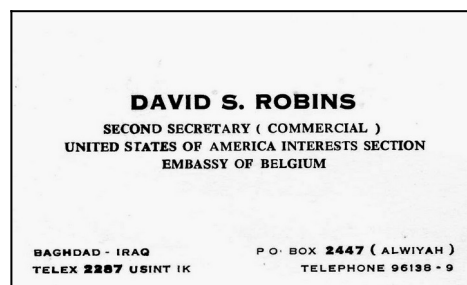
After a couple of hours of further discussion it was tentatively agreed that a good compromise solution would be for HP to train Dewatchi's people and work along side them to develop the required application software. If the details could be worked out to his satisfaction he would be inclined to place the order with HP. That was where we left off at the end of our first meeting with Dewatchi. The ball was now back at our end of the court. The question became: Would HP's General System Division (GSD) be willing to provide many months of software development assistance and training.....and do a good portion of it in Iraq? Doug committed to Dewatchi that he would bring the matter to the attention of HP's top management. From that moment on Doug was on the phone with HP's CEO, John Young, almost daily to ensure that we got full cooperation from GSD. If John gave us the go-ahead we would prepare a proposal for the MOIM project. From the MOIM side, Dewatchi promised to telex invitation letters to the Iraqi embassy in Athens so that we could re-enter Iraq on future trips without so much difficulty.

From my perspective the installation of a possible 30 HP 3000's would be a support manager's dream: A large installed base of identical systems, all belonging to the same customer and all in the same country. It would be perfect. The MOIM order would give us the "critical mass" needed to justify a facility that could also be used to support the growing base of HP's other products, such as medical and desk top calculatorsbut could we have a direct sales presence based in Iraq as well? Before leaving Baghdad Panos and I set out to find the answer to that question.



HP 3000 Series II

To determine what the business environment was like for the few U.S. companies with operations in Iraq, after the MOIM meeting Panos and I met with David Robins, the commercial attache' at to the U.S. Interests Section of the Belgium Embassy. Robins recommended that we have a talk with the general manager of the local IBM office. What we learned from him was what not to do when setting up a subsidiary in Iraq. I think that he was extremely helpful only because IBM was pulling their sales operation out of Iraq and he was therefore able to speak candidly about the problems. He told us that the Iraqi government was aware that foreign corporations often used accounting methods that would enable them to avoid paying taxes. To counter this the government began taxing foreign corporations on their sales volume, which was easy to verify, instead of on their profit margin, which could be manipulated. This method of taxation made the IBM sales operation prohibitively expensive and forced them to shut it down. Based on that information it was decided that if we were to start a subsidiary operation in Iraq there would be no HP sales presence. An HP subsidiary would have to be my baby, dedicated to service. The subsidiary would be funded by warranty revenue billings, service complement, and MOIM service contract income as well as internal billings and expense allocations to any of the Athens based sales groups who wanted someplace to temporarily call home when their sales engineers were visiting Iraq.



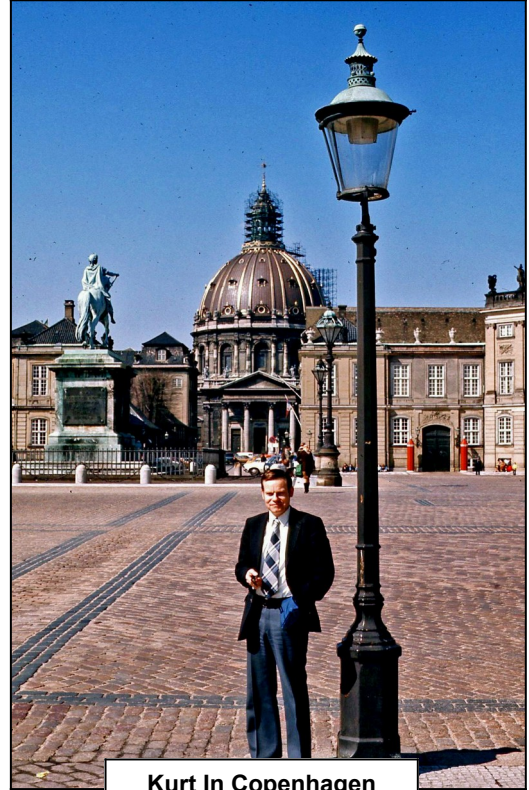
By the end of our visit we had concluded that partnering with Dewatchi and the MOIM would offer us the best case scenario for setting up shop in Iraq. The assumption, which turned out to be true, was that we would be dependent upon each other for the success of the project and this would create an excellent

long term working relationship (and reference account). There would soon be a second visit to the MOIM to clarify and resolve any remaining issues before preparation of the final proposal and ultimate sales contract.

MY BUSY APRIL.....A Visit To Copenhagen

April was a very busy month for me. I traveled back to Iraq a second time with Doug, followed by a visit with him to Iran in pursuit of a large order from Westinghouse. In between trips to Iraq I spent a couple of days in Copenhagen at the request of my friend Kurt Neilson, HP's service manager in Denmark, to meet with one of his OEM's, F.L. Schmidt. They wanted to discuss support options for several process control systems that they had already installed in the Middle East.

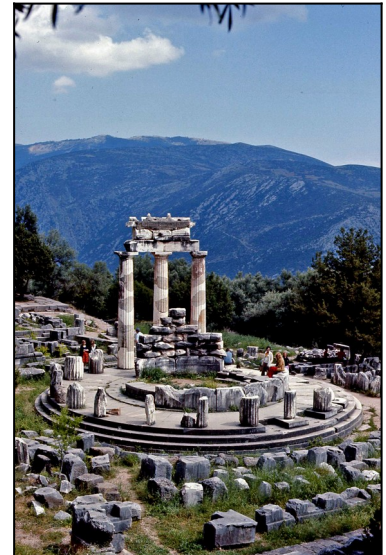
Over the Easter weekend we had a visit from LeeTing and his wife Helen. Lee was with me on the HP Taiwan startup team and was the best man when I married Joella in 1971. He and Helen were in the process of moving back to the U.S. and had decided to stop over for a few days in Greece to see us. The timing of this visit was perfect. It was Easter weekend and there were a lot of holiday activities taking place. On the way to Delphi, in the mountains about two hours north of Athens, we stopped to stretch our legs in a small village and found ourselves invited to a BBQ.....and the Greeks never take no for an answer. Also, when we arrived in Delphi there was a traditional wedding celebration taking place and we were soon included in the festivities. When Lee and Helen departed they commented that Greece was surely the most hospitable place they had ever visited. A very talented guy, Lee went on to follow in the footsteps of Doolittle and Alberding as HP's Vice President of International Operations.



Kurt In Copenhagen



The Tings And Our Little Delphi





Easter Wedding In Delphi

BBQ in Arachova



MOIM DECISION TIME.....Bringing In The Big Guns

In late April Doug and I returned to Baghdad for our second meeting with Dewatchi. We were joined there by a very diverse group of stake holders: From HP Athens - Tony Gunn; From Geneva – Heinrich Baumann, manager of the HPSA legal department; From GSD – Bob Bond, European marketing manager, Jon Bale and George E. Moore, software development engineers; From Computer Techniques International (CTI) – Gilbert Pant (*aka, Jill-bear Pont*). That evening we met in the bar at the Khayam to discuss how involved GSD was prepared to become in the development of MOIM's application software, which was still an open issue. The goal of the session was to make sure that we were all in agreement about the depth of HP's commitment before meeting with MOIM the next day. The main concern expressed by GSD's representatives was that they did not want to take responsibility for the on-going support of any special application software. GSD's position was that they would be happy to train the

MOIM software engineers and help them develop the software, but they did not want ownership of the finished product. This was a position that we all understood and was also the understanding that we had left with Dewatchi during our previous visit. If he agreed, the deal would get the green light from GSD.

Near the end of the meeting the GSD representatives demonstrated excellent judgment by ruling out the participation of CTI. Tony Gunn had expected that CTI would be able to help if there were any applications that GSD was reluctant to handle. To the contrary, the GSD folks did not want to have the success or failure of the project depend on the performance of an unknown third party. They had already decided prior to leaving Cupertino that if we got the order HP would take responsibility for training MOIM and for overseeing the successful development of all the application software. Also, it was highly unlikely that MOIM would accept the involvement of a third party. There could be no finger pointing if something went wrong. Gilbert expressed his disappointment, but understood why HP did not want to muddy the water by involving CTI. Poor Gilbert was now stuck in Baghdad for two days until he could get a flight back to Athens. After doing his tourist thing for a couple of days Gilbert departed. Our paths never crossed again.

The meeting with Dewatchi the following morning went very well. The topic of software development was very brief. He was in full agreement with the approach outlined by the GSD representatives. His people would spend 2-3 months in Cupertino and would be accompanied back to Baghdad by a team of experienced HP software developers who would work along side MOIM engineers for up to a year. With everyone relieved that the software development issue had been resolved Dewatchi switched to the topic of planning.....as if we already had the order. What would the delivery time be? What was our estimate of how many software engineers would be on-site? How would HP address the need to include an Arabic character set in the displays and printers? Then he turned his attention to me. How many customer engineers would be required to meet MOIM response time requirements? Would MOIM be allowed to interview them before they were hired or transferred from elsewhere within HP? Where would backup support come from if needed and how long would it take? Dewatchi wanted to document everything discussed and agreed to (especially any items not listed in the RFQ). Everything had to be wired as tightly as possible. His ass was on the line as well as ours. If we made a mess of it he would lose his job (or worse) and HP would miss out on any future business opportunities in Iraq.

THE SERVICE AGREEMENT.....The Only Remaining Possible Show Stopper

One of the topics under discussion was the need for a service agreement that would address the demanding support needs of MOIM. Knowing in advance that this topic would come up I had brought with me samples of several service agreements that I had used in the past. Dewatchi also had a sample MOIM agreement, which he gave to me. We discussed his expectations, all of which were fine with me except for the non-performance penalty clause that was spelled out in great detail in the MOIM sample. At that time (possibly even now) HP would not enter into any service agreement that had a penalty clause. At that point we discussed a couple of possible scenarios where the penalty clause might be invoked and I was convinced that the world would have to end before we would ever find ourselves in a non-performing situation. The room was quiet. Heinrich, our attorney, said nothing. Even Doug was silent. The penalty clause could kill the deal and everyone knew it. I told Dewatchi that I would go back to the hotel, put together a draft agreement that we should all be able to agree on, and go through it with him before I returned to Athens. The next day I sequestered myself in my hotel room at the Khayam and spent the entire day preparing a customized service agreement for the MOIM. If we landed the MOIM order we would need a presence in Iraq. So, while I was creating the service agreement Doug and Heinrich went about checking on how to set up a business entity in Iraq, confirming what Panos and I had previously told them about the tax situation, and looking into the cost and availability of office space, etc.

Today when we talk about cut and paste we are referring to functions included in personal computer word processing applications. Back in 1975 cut and paste meant just that.....cut things out with a pair of scissors and stick them together with paste. With the scissors on my Swiss pocket knife along with the scotch tape, paste, pens, pencils, erasers, white-out and blank sheets of paper that I had brought along, I spent the entire day cannibalizing the sample service agreements and using the bits and pieces to create a special agreement for the MOIM. I authored any required subject matter that could not be found in the

samples. The end result was the ugliest forty page collage of text that anyone had ever seen. Paragraphs had different fonts and type sizes and there was a lot of long hand in between where I had to add text.

The next day I met with Dewatchi again to go through the draft agreement, which took a couple of hours. Doug, Tony and Heinrich were present. Regardless of the appearance of the draft agreement the content was exactly what Dewatchi had wanted and expressed his appreciation for my efforts. As I walked Dewatchi through the agreement I could tell by the expression on Doug's face that he was very impressed and pleased.....primarily because I had not removed the penalty clause. I had decided that I was not going to be the one to remove it. If the HPSA legal department (who worked for Heinrich) wanted to take out the penalty clause it would be their decision not mine.....I was not going to take the heat for losing an order for 21 systems. Upon my return to Athens I had the draft MOIM service agreement typed up by Anne and we sent it off to the HPSA legal department in Geneva. There were no changes in the final contract.

It took several months for the order to make it through the Iraqi beauracracy and by the time the MOIM students had been selected and trained in Cupertino, and the HP Iraq service subsidiairy had come up to speed, more than a year would pass. The first shipment took place in August of 1976. More details about the creation of HP Iraq and the people who were hired to staff it are covered in future chapters.

YAHYA JAFARThe Forgotten Man

During the entire time we were in Iraq no one had given any further consideration (did not even discuss it) to the possibility of Yahya Jafar becoming our computer systems distributor. After the decision was made to set up a local service subsidiary and sell directly out of Athens Yahya didn't matter any more. He may have received some compensation from Tony Gunn for his initial assistance to us, but that was the extent of it. Even though I was in Iraq again many times over the next two years I never again connected with Yahya.

ALI AL-HASANI.....Armed And Dangerous_

During my last day in Baghdad I met with Peter Merkel, who was there visiting his new medical distributor, Ali Al-Hasani. I was anxious to meet Ali and speak with him about the arrival of Pat Matthew, my new medical service engineer. Unlike the HP visitors to the MOIM Peter did not have any visa problems thanks to Ali's very special government connections. Ali had become a personal friend of Saddam when they had shared a prison cell together in 1964 & 1965 during one of the periods when the military regime in power had locked up all of the Baath Party members. Ali had used his relationship with Saddam to gain preferential treatment whenever the government put out bids for medical equipment. This worked very well for Peter and put him way out in front of Tony Gunn when it came to developing new business in Iraq. Until the MOIM order came through most of our sales volume in Iraq was attributable to Peter.

Upon first meeting Ali he made quite an impression. He was a very stocky fellow with the in-fashion Saddam look-alike mustache. He was also a joker with a sense of humor that was a little on the dark side. After we had exchanged handshakes and some small talk we sat down in his office to discuss the possibility of getting more orders from the Iraqi government. Ali, who was always trying to squeeze more money out of HP started the conversation by asking Peter to give him a bigger commission. When Peter replied that he couldn't do it Ali reached into his top desk drawer and pulled out a .45 automatic. With a very serious look on his face Ali pointed the gun right at Peter's head and said, "I don't think you heard me. I want a bigger commission." At this point I was ready to hit the deck, but Peter just sat there and replied in his usual unflappable monotone voice, "Ali, you can fucking kill me but I can't give you a bigger commission". Ali then started to laugh and putting the gun back in the desk he said, "I just wanted to make sure that you weren't lying to me".

On a later occasion Ali asked Pat Matthews to accompany him to the airport. No reason was given. Just before they entered the VIP lounge using Ali's access pass he handed Pat his brief case. Thinking that Ali might have to pick up something Pat was happy to help out. After they had left the lounge Ali took the brief case from Pat, opened it, took out his .45, and put it in his waste band. Pat's jaw dropped about a

foot. If he had been caught with a gun in the Baghdad Airport VIP lounge, the lounge frequented by al-Bakr and Saddam, Pat would probably have been shot. That possibility seemed to be of little (actually, none) concern to Ali, who had simply tricked Pat into babysitting his gun. Pat never did find out why they were there and even if Ali had told him it would have probably been a lie. To make amends, that evening Ali took Pat to a crude no-name "fish restaurant" on the bank of the Tigris that specialized in Masgouf (river carp). These rather large fish were cooked by placing them on forked sticks that were situated around an open fire. Customers would sit on benches further back from the fire pit. As the fire was the only source of light the surrounding area was pitch black. When Pat had finished eating (with his fingers) he began feeding some of the leftovers to the feral cats that were hiding in the reeds behind him in the darkness. When Ali suggested that Pat not do that Pat asked why. Ali replied, "Because those are not cats, they are river rats that weigh about 20 pounds and could easily bite off your fingers".

IRAN.....Westinghouse And The Founding Of Iranian Electronic Industries (I.E.I.)

Following up on a sales lead we had received from David Shortt, Doug and I returned from Iraq via Iran where we met up with Geoff Bonham, our area Electronic Instrumentation Sales Manager and Mel Zegel, who held the same position for HPSA's South-Eastern Sales Region. Geoff's wife, Ann, had also come along to do some site seeing. The main purpose of our visit was to meet with Westinghouse management to discuss a potential order for a very large quantity of electronic instrumentation products with which to equip their new manufacturing facility in Shiraz, in south-central Iran.

Our first stop was Teheran where we spent the next two days at MCI meeting with David Shortt (who had somehow manage to stay out of jail) and Albert Hakim regarding the progress of the transition of MCI to HP. I was particularly interested in checking the delivery status of the equipment and other service materials that I had ordered for the start up. My first two recruits for the Iran operation, Francis Picard and Bill Scott, had just been there on their "orientation" visit and we had missed overlapping with them by just a day. Shortt was pleased with the selections I had made and commented that Picard and Scott were happy with what they had seen in Tehran. That was encouraging news.....I did not want to spend any more time recruiting service engineers if I could avoid it. There were just too many other things on my plate that needed attention.

Our stay at the Intercontinental Hotel became uncomfortable when we were told that we would have to share rooms to free up space for several hundred guests arriving in Teheran for Princess Farah's (the Shah's wife) school reunion. As a result Doug and I had to share a room. Mel Zegel had to share with a complete stranger. Even in Iran sharing a room was a fairly common practice during the years immediately following the oil crisis when there was a shortage of hotel accommodations due to the influx of western businessmen.

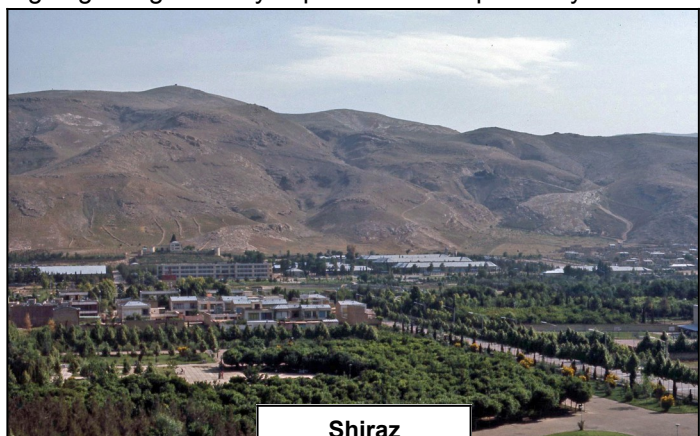
Doug spent his last evening in town with Hakim and I spent mine with David, who invited me to dinner, which I thought was unusual because we had, to put it mildly, a rather strained relationship. His apparent purpose was to show off his beautiful new Iranian girl friend, who happened to be the daughter of Hakim's partner, Anthony Musladin. The fact that David had a wife back in the U.K. didn't seem to bother either of them, but their future together didn't look bright. I learned that a blood disorder requiring her to travel to Geneva twice a year for blood transfusions was going to significantly impact her life expectancy.

After two days in Teheran we were all off to Shiraz.

THE WESTINGHOUSE MEETING



In preparation for the eventual depletion of Iran's oil reserves the Shah had decided to diversify the Iranian economy through the development of non-oil related industries.



Shiraz

To that end Westinghouse had signed an agreement with the government to set up a new organization, Iranian Electronic Industries (aka, I.E.I.), which would be dedicated to developing electronic manufacturing in Iran. In the early stages of development I.E.I. would manufacture Westinghouse products, but hoped to eventually sign agreements with other companies, including HP. Shiraz was chosen as the location for this new organization in an effort to provide jobs for the growing and well-educated local population.

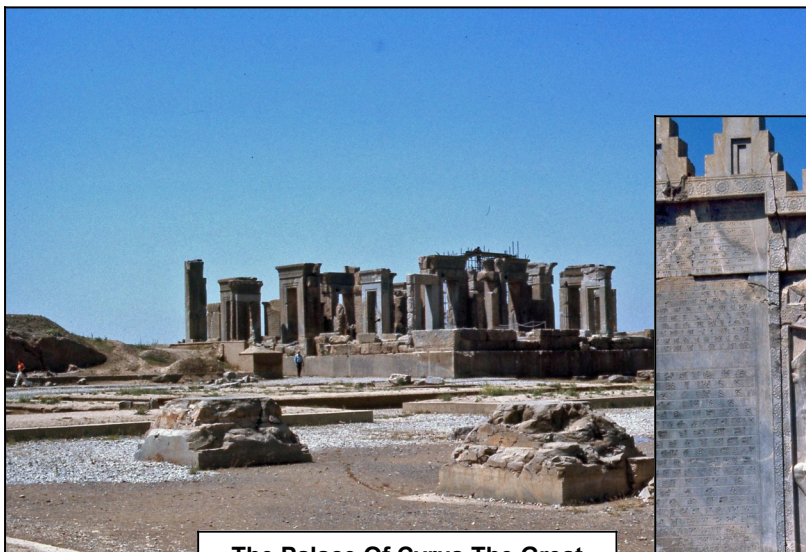
During the meeting the Westinghouse people provided us with an extensive list of the HP products they would need for the start up phase of I.E.I. After going through the list we spent considerable time discussing the future service capabilities of our new HP subsidiary in Tehran. At the close of the meeting Mel said that he would prepare a sales quotation for Westinghouse immediately upon his return to Geneva. Due to the sizable installed base of HP instrumentation in Iran my service plan for the country, which was already in the implementation phase, could be expanded to accommodate Westinghouse. When the Westinghouse sales quotation was delivered a few weeks later it did not include the cost of the service agreement that I had prepared. Upon learning this I made it clear that without a service agreement we would not be expanding our capability to support Westinghouse and that Mel should consider modifying the quotation to include equipment that would enable Westinghouse to set up their own maintenance department. Regardless of who would eventually become responsible for the maintenance, as many of the products quoted (such as time standards) would not be locally supportable they would have to be sent to the Geneva Repair Center or the Boeblingen Instrument Division in Germany for routine maintenance, calibration and/or repair. In the end it didn't matter. This deal turned into another of the many wild goose chases that I experienced while in the Middle East.

THE SHAH'S WATCHDOG WAS ON DUTYThe Ever-Present Savak

While our discussion with the Westinghouse management was taking place I noticed that one of the executives, an Iranian fellow, was very keen on documenting the conversation but had nothing to contribute. Later, when I asked Doug about my observation I was told that he was Westinghouse's "token Savak agent". Apparently the Shah's paranoia ran so deep that foreign companies doing business in Iran were required to have an Iranian intelligence officer on their board. His role was to keep tabs on the activities of the company management to make sure that nothing subversive was going on.

PERSEPOLIS.....Another Fabulous U.N. World Heritage Site

After the Westinghouse meeting we all extended our stay in Shiraz by a day to visit the nearby historical ruins at Persepolis, the capital of the ancient Persian Empire.



The Palace Of Cyrus The Great



THE WINDS OF CHANGE.....Bonham Would Move To Iran, Zegel To Athens****

At the time of our trip to Iraq and Iran Doug's move to Athens was already common knowledge. No other changes had yet been announced, but as a result of Doug's successful presentation to the HP Executive Committee the previous month there were plenty of rumors in the air about personnel changes in Athens. When Doug finally announced the management changes in June the new line up did not include Bonham, who would move to Iran as the Instrument Products Sales Manager. Geoff would be replaced in Athens by Mel Zegel, who would be so unhappy about being forced to transfer from Geneva that he would soon leave the company.

Unknown to me at the time was that this would be my last visit to Iran. ■

