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## Microfiche: Tough new kid on the data block

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# microfiche

## TOUGH NEW KID ON THE DATA BLOCK

M-I-C-R-O-F-I-C-H-E. Microfiche. Quite a word. On the first hearing it might evoke an image of sub-miniature French guppies cavorting in biological research tanks, but in reality microfiche is the name of an exciting new data gathering system now in use in the research department of the Executive Office. Specifically, this new communications aid is intended to give practice offices much broader coverage of the financial activities of corporations as revealed in annual reports and similar filings with the Securities and Exchange Commission.

This aid is one of the latest developments in microphotography, the technique of photographing and reproducing documents at a fraction of their original size. It permits relatively easy retrieval of information from a much greater range of source materials than the research department had been able to accumulate in the past. And the information, of course, is in space-saving, scaled-down form. It is much smaller, in fact, than the older microfilm methods of storing records on 35mm reels or code-indexed cards holding only a single frame of film.

Microfiche (fiche means page in French) is a means of transposing a multi-page document—such as an annual report to shareholders—onto one small strip of film. The microfiche itself is a four-by-six inch sheet of acetate that can hold the negative images of up to sixty pages of printed material—twelve images across and up to five rows deep on the sheet.

For ready identification, the microfiches are neatly index tabbed, with the name of the particular corporation and the type of report printed clearly against a background that is color keyed as follows: orange—annual report to shareholders; green—final prospectus; red—registration statement; white—Form 10K.

Principal Wally Wilson, working

with partners Cy Youngdahl and Jack Crawford, was responsible for the research that resulted in the Firm's decision to adopt the microfiche system. As Wally puts it, "With microfiche, we've got the potential capability for greatly improved information services for clients who turn to the Firm for insight into new or unusual corporate accounting practices."

H&S offices often call on the Executive Office research department for information on current accounting practices of corporations in the same industry as their clients. It is then the research department's job to sift through annual reports or other SEC filings to screen out such things as, to cite a typical example, how plastics companies amortize research costs.

Previously research department staffers had to hunt for such information by going through a vast amount of cumbersome printed material stashed away in long rows of file cabinets. And in spite of the huge amount of space needed to store the source materials, there was still a relatively limited range of material on publicly owned companies available to the research department's files.

This picture began to change dramatically when the Firm subscribed to a corporate microfiche service offered by Leasco Data Processing Equipment Corporation. Leasco, through an agreement with the Securities and Exchange Commission, photographs all SEC filings, prints them in microfiche form, indexes and distributes them.

Through Leasco, our Firm now has access to detailed information on as many as 8,000 corporations. In addition to annual reports, Leasco furnishes the Firm with final prospectuses, registration statements and copies of Form 10K for every company that is registered with the SEC. As a result, the research department can now provide the practice offices with a much

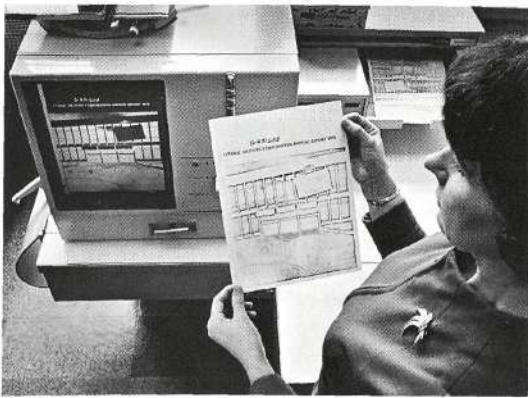
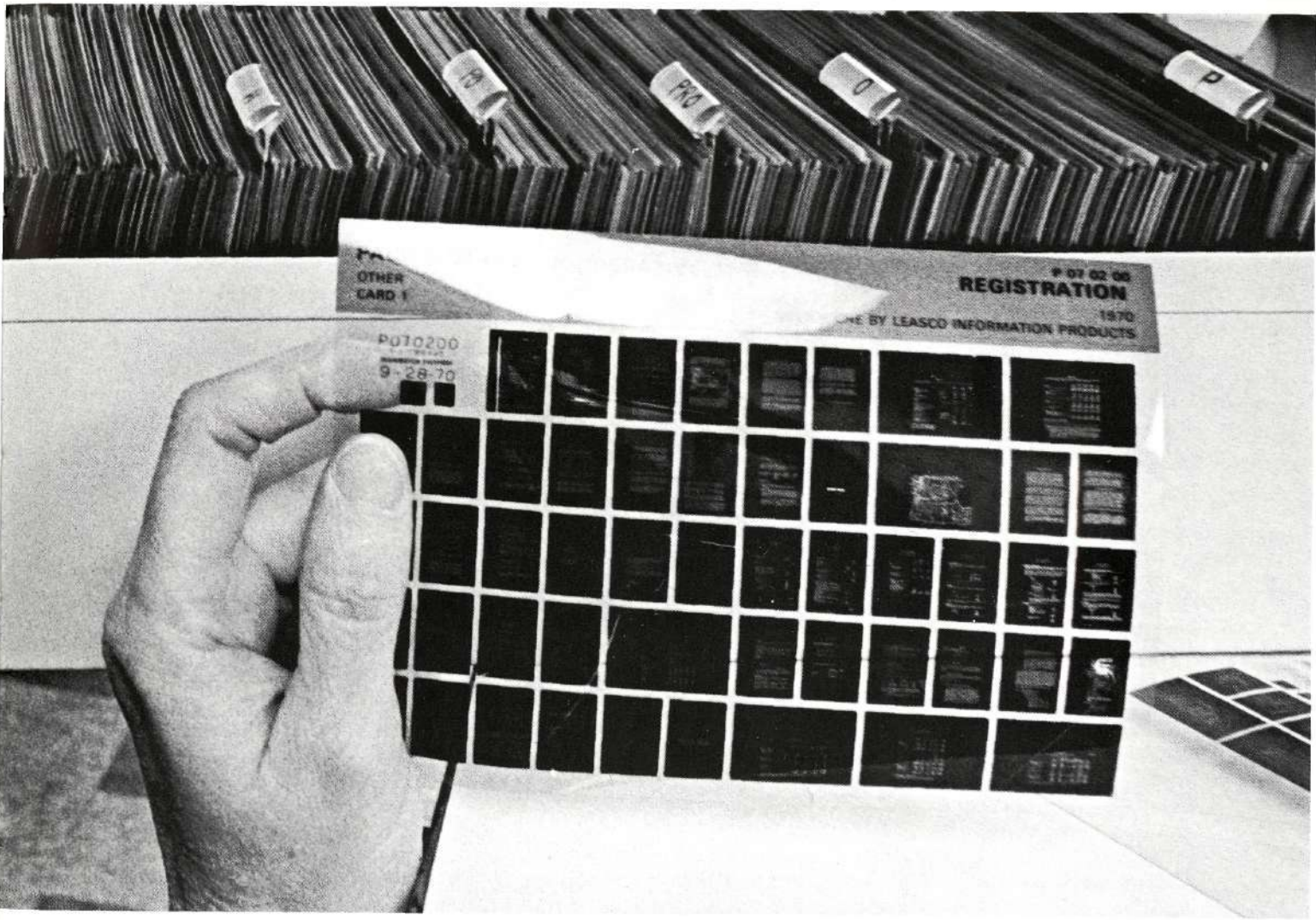
broader compilation of information than was possible before.

To see how it all comes about, let's look at the previously cited example—the query for information on how plastics manufacturers are amortizing research costs. Unfortunately, Leasco only recently began to code microfiches by industry classification, so the research department's alphabetical filing system still requires a degree of time-consuming personal selection of microfiches. (Wally Wilson says that automatic selection equipment is now available and can be incorporated into the system at some future date if the work load warrants it.)

On a microfiche index supplied by Leasco, a research department staffer will find a list of perhaps eighty plastics manufacturers, by company name. He will then pull out each of the eighty acetate fiches from the file of annual reports—with each containing, page by page, the full annual report for one company—and run them through a reader. The microfiche of the annual report for XYZ Plastics Corporation, for example, is inserted in the machine as if it were a negative being placed below the light of a photo enlarger. An arrow-like indicator is moved to a square on a grid that corresponds to the page containing the desired information and the page is projected onto the back of a vertical, etched-plastic screen. Right now the research department has two such readers—a model manufactured by a client, Micro-Design, Inc., plus a reader-printer that will produce xerographic copies.

By pulling data from the annual reports of the eighty key corporations, the research department staff can compile information to be included in one report sent to the inquiring office.

It is also possible to make copies of the pertinent pages of an annual report—or, of course, a final prospectus, registration statement or Form 10K—of any



A typical registration statement, color coded on microfiche. Only two microfiche cards are needed to hold the complete eighty-three page document.

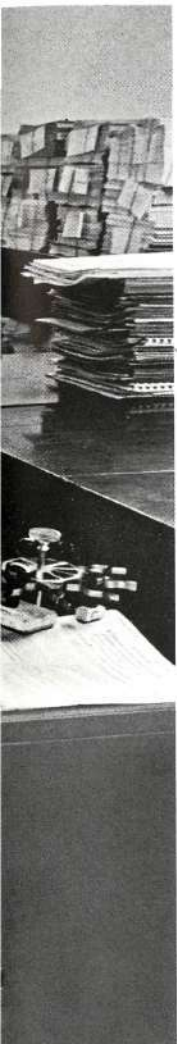
Senior accountant Ron Jones uses a microfiche reader while compiling data from selected pages of a report. The reader-printer is used to produce xerographic copies of individual pages of a report, as shown in the hands of Virginia Gully.



*In a scene reminiscent of pre-microfiche days in the Executive Office research department, a staff member culls corporate reports from banks of file drawers. Bundled annual reports await shipment to practice offices.*

*Each tray of the fifty in this microfiche cabinet contains about twelve hundred corporate documents—sixty thousand in all—as compared to only fifteen thousand reports in the files pictured above.*

# microfiche



or all of the plastics companies, and mail them to the inquiring office. The cost is about the same as making xerographic copies of the original material. Obviously, the research department now enjoys a flexibility that was impossible before the microfiche system was introduced.

The Leasco system eliminates much of the difficulty involved in collecting corporate documents. "Before we had the microfiche system," says Wally Wilson, "we received a certain number of annual reports by getting on the mailing list. And the majority of the annual reports and other materials we received were from H&S client companies." A number of corporations, however, were not making their annual reports readily available in the quantities needed, simply because an annual report is an expensive piece of printing.

"In the past we would eventually obtain approximately three thousand reports for a particular year and then go about reading them to look for unusual accounting procedures," Wally continued. "Occasionally a report might reveal some particularly interesting information that we thought every practice office should be aware of. We might have wanted sixty or more copies of an annual report to send out to the offices but in a lot of cases the corporation hadn't been able to furnish that many.

"Obtaining other types of corporate documents was also a big problem in the past," Wally went on. "The department would be constantly on the alert for public announcements. We'd look at *The Wall Street Journal* and whenever we saw a prospectus ad we would clip it out and send a messenger over to get a copy. Every day a messenger would be making the rounds."

The information gap is no longer a major problem for the research department. Several times a week now a couple of hundred reports come in on

microfiche. In fact, Leasco estimates that the total figure will be around 35,000 a year from now on. That's quite a difference from the previous year's total of about 3,000.

The most obvious difference in the research department, however, can be seen in terms of space. As a leftover from the pre-microfiche days, the department has around fifteen thousand annual reports to shareholders on hand, taking up fifty drawers of its standard metal filing cabinets.

With microfiche service retroactive to 1969, annual reports and other documentary materials from 1969 on are almost all contained in one special cabinet of card trays.

According to Wally Wilson there are a hundred annual reports to an inch of microfiche—a total of twelve hundred to a drawer. The department now has about a thousand inches of the cards.

**T**he state of the microfiche technique as it stands today in the offices of the research department is a far cry from the most extreme microform. There is also *ultramicrofiche*—used primarily for library storage purposes—wherein a single fiche can hold three thousand pages, or seven to ten complete books. How's that for thinking small?

The technology of microfilm dates back to the late nineteenth century, when a Frenchman, René Prudent-Dragon, developed a method of photographing information onto a strip of film two inches wide.

As history would have it, the inventor happened to be in Paris when it came under siege during the Franco-Prussian War in 1871. Contact with the outside world was all but lost until René Prudent-Dragon stepped to the fore with his microfilm and an obliging carrier pigeon. Soon dozens of pigeons, with message strips carefully inserted in their tail feathers, were carrying a

steady stream of information between Paris and Bordeaux—at least those pigeons that stayed out of the range of Prussian shotguns and the falcons that were later sent up to intercept them. It was a noble effort by all concerned and an interesting beginning in the evolution of microfilm.

The next milestone came in the World War I years, when a New York City bank clerk developed a rotary microfilm camera with a capability of photographing checks quickly on an assembly line basis. His invention was bought by Kodak. Now known as Recordak, it is used in hundreds of banks.

More recently, in World War II, microfilm made V-mail the morale-boosting message medium between GIs and the folks back home. By photographing letters from servicemen in the combat zones onto microfilm, the armed services could reduce 2,700 tons of paper and envelopes into 31 tons of V-mail—allowing a single transport plane to carry about ten million letters a trip.

The next significant breakthrough in microfilm and its use is a matter of speculation. For the people at H&S the microfiche story is obviously just beginning. Full utilization of the system lies somewhere ahead. Perhaps, as Wally Wilson speculates, the full benefit will be realized when a foolproof coding system is devised to isolate the microfiches by industry, so that the cards may be quickly and automatically selected. Or future years might see the installation of readers in each of the practice offices, with duplicate microfiche prints provided by the research department as the situation requires. Whatever the ultimate innovative wrinkle might be, one thing is certain. Microfiche is here, now, waiting to work for H&S people and H&S clients throughout the country. □