Computer pioneer Ken Olsen dies at age 84

February 8 2011, By JOELLE TESSLER , AP Technology Writer

In this 1992 file photo, Digital Equipment Corp. co-founder Ken Olsen is shown. Olsen, a computer industry pioneer, has died. He was 84. His death Sunday, Feb. 6, 2011, was announced by Gordon College in Wenham, Mass., where he was a trustee and benefactor. The college did not release a cause of death. (AP Photo/Stephan Savoia)

(AP) -- Kenneth Olsen, a computer industry pioneer and co-founder of Digital Equipment Corp., has died. He was 84.

His death Sunday was announced by Gordon College in Wenham, Mass., where he was a trustee and benefactor. The college did not release a cause of death.

DEC, which Olsen launched in 1957, is considered an icon in technology circles today. The company attracted top engineers and helped usher in a technology revolution that changed the way people interact with computers.

In the 1960s and 1970s, Digital played a central role in creating the market for "minicomputers," powerful, refrigerator-sized machines that appealed to scientists, engineers and other number crunchers who did not need the bigger, multimillion-dollar mainframes used by big corporations. At its peak in the 1980s, DEC was the second-largest computer maker behind International Business Machines Corp.

"In the heady days of Bill Gates and Steve Jobs, it's too easy to forget that it was Ken Olsen's vision of interactivity that took computing away from the centralized mainframe and into the hands of the people," said Gordon Bell, who joined DEC in 1960 and headed the company's engineering operations for more than 20 years.

Ultimately, DEC lost its way in the Internet-era transformations of the technology industry, which shrunk computers down to pocket-sized gadgets that people carry wherever they go. And Olsen is still remembered for his 1977 prediction that "there is no reason for any individual to have a computer in their home." He later insisted the quote was taken out of context and that he simply meant he could not envision a day when computers would run people's lives.

Born in Bridgeport, Conn., Olsen grew up in the neighboring town of Stratford. His father designed machine tools and Olsen and his brothers spent hours tinkering with gadgets in the family basement. After being drafted during World War II, Olsen attended the Navy's electronics school, where he learned how to maintain radars, sonars and navigation systems. He went on to earn undergraduate and masters degrees in engineering from the Massachusetts Institute of Technology.

At MIT, Olsen worked in the university's Lincoln Laboratory, a federally funded research center created in 1951 to develop technology to improve the nation's air defense system. That technology, powered by MIT's advanced Whirlwind computers, grew into the Air Force's Semi-Automatic Ground Environment defense system, which was used to track and intercept enemy aircraft. One of Olsen's roles at Lincoln Laboratory was to serve as a liaison with IBM, a major contractor on the project. Olsen also worked on Lincoln Lab's TX-2 computer, which helped break new ground in computer-aided drafting.

In 1957, Olsen teamed with MIT colleague Harlan Anderson to start Digital Equipment Corp. with $70,000 from American Research and Development, an early venture capital firm. The company was headquartered in an old wool mill in Maynard, Mass.

DEC named its first computer the PDP-1, for Programmed Data Processor. But it was the PDP-8, which was introduced in 1965 and became a building block for computer systems made by other companies, that really established minicomputers as a major new industry.

The PDP-11 - and later DEC's Virtual Address eXtension, or VAX, series - offered a serious alternative to IBM's central mainframe approach. By the mid-1980s, many other companies had tried to enter the business. Digital was also a pioneer in the use of networking technology to link its computers together and enable DEC engineers around the world to communicate electronically almost instantly.

DEC's innovative machines helped bring computers out from glass-enclosed rooms inside big corporations, where they were operated by men in white lab coats, and made them accessible to small and medium-sized operations and even individual users.

"The computers we built were of a cost and size that they brought computing down a level," said Bell, now a principal researcher in Microsoft Corp.'s Silicon Valley Research Group.

DEC computers also trained and influenced many key players in the technology industry. Microsoft co-founders Bill Gates and Paul Allen used the PDP-10 to create the first version of the BASIC programming language for a personal computer. And Dave Cutler, who developed several key operating systems for DEC, went on to develop the Windows NT and Azure operating systems for Microsoft.

For many years, the company's sophisticated technology drove rapid corporate growth and inspired deep loyalty. That growth came even as Olsen discouraged his salesmen from selling products that customers didn't need and shied away from traditional advertising, convinced that good products would sell themselves.

In 1986, Fortune Magazine called Olsen "America's most successful entrepreneur." By the late 1980s, DEC had more than 120,000 employees worldwide. Sales peaked at $14 billion in 1992.

According to Edgar Schein, an emeritus professor at the MIT Sloan School of Management and author of "DEC is Dead, Long Live DEC," Olsen had a distinctive management philosophy. His corporate culture valued creativity, ingenuity and open communication. And while he had a legendary temper and demanded top-notch work, Olsen empowered his employees with enormous freedom and responsibility.

"Ken Olsen built a company that encouraged innovation and rewarded people with good ideas," said Win Hindle, a former DEC senior vice president who spent 32 years at the company.

Olsen was also fiercely loyal to his employees and he abhorred the

prospect of layoffs.

Dan Tymann, executive vice president of Gordon College in Wenham, Mass., where Olsen was a trustee, said Olsen's management style reflected a devout Christian faith. Olsen constantly implored his employees to "do the right thing," Tymann said.

Digital's fortunes had begun to decline by the early 1990s. The company was late to recognize the growing popularity of smaller personal computers and desktop workstations for business use. DEC also resisted the market's shift away from proprietary technology to open systems, including PCs powered by Intel microprocessors and generic servers running UNIX software.

"Olsen continued to believe in innovation while the market became more of a commodity market," Schein said. "People wanted simpler, cheaper desktop computers, while DEC continued to produce sophisticated computers for the technical market."

Even as DEC tried to catch up with new products, including a line of personal computers, it never regained its footing. The company posted its first quarterly loss in 1990. Faced with struggling product lines, Olsen had no choice but to start cutting Digital's work force through buyouts, early retirements and eventually layoffs.

In 1992, Olsen left the company at the request of the board. Robert Palmer, a DEC vice president, took over and set about trying to turn things around. But the heyday of the minicomputer - and Digital Equipment Corp. - was over. In 1998, Compaq Computer Corp. bought what was left of DEC for $9.6 billion. Four years later, Compaq and the remnants of DEC were acquired by Hewlett-Packard Co.

A memorial service at Gordon College is set for May 14.