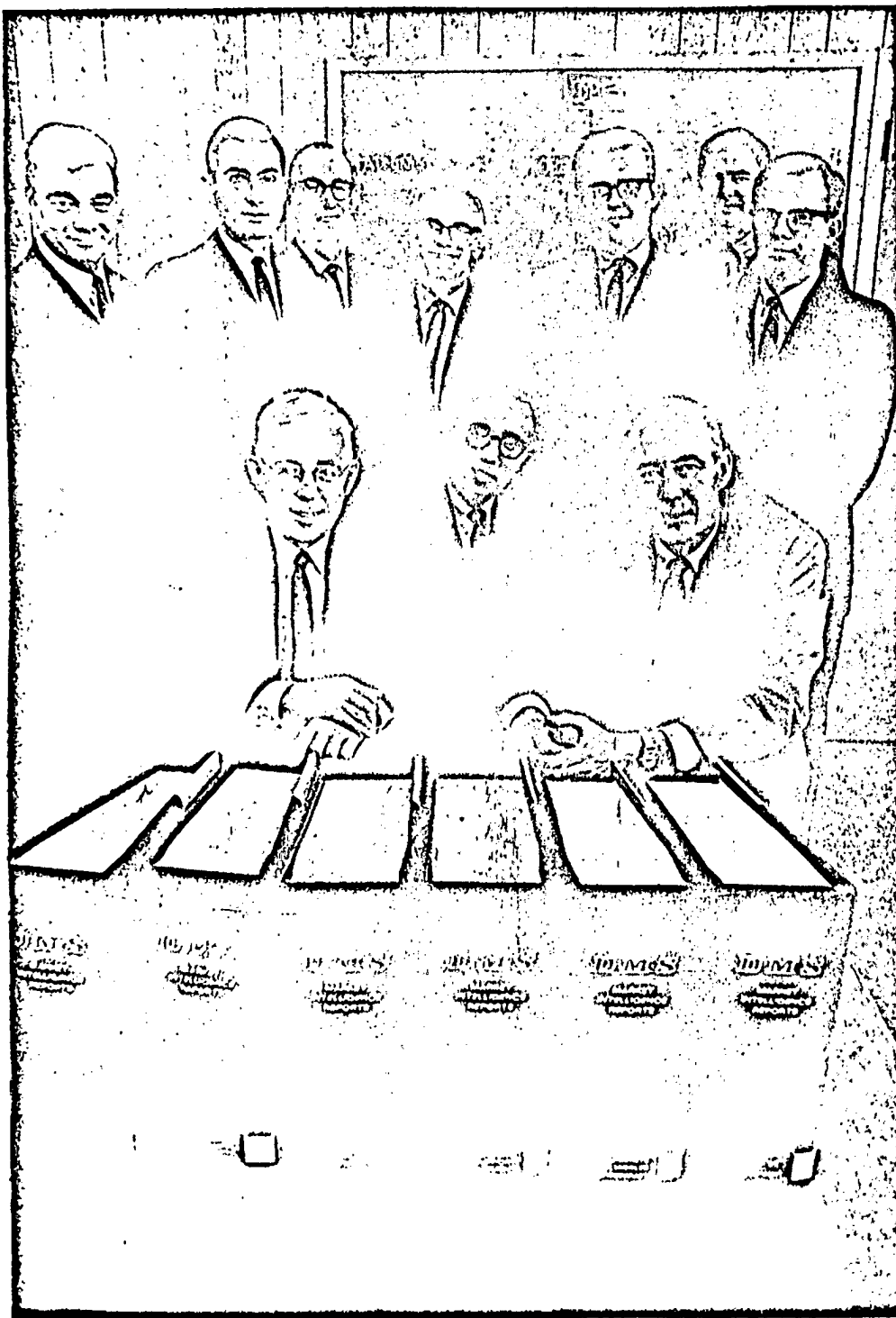


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DEFENSE

Where's the money going next?

A small company called DMS, Inc. is one of a number that thrive by ferreting out and publishing information that helps industry to answer this question about Defense Dept. spending



DMS probers James Ratliff, Richard Marshall, and William Larned (seated) head staff that collects, sifts, and collates information from throughout the world.

Researching the defense market is harder than it looks. There is only one customer, but its needs are so complex and varied that keeping up with the advent of new programs and the death or slowdown of others is difficult.

You may know all about Minute-man III, the F-111, or C-5A, but what's the latest on Taurus, Lash, VAX, or the ADO-12? Many companies that monitor contract awards and issue newsletters or market-information services are trying to supply such data. Among the most successful of these is DMS, Inc., of Greenwich, Conn.

Though DMS' private intelligence service covers aerospace and defense electronics so well that the Central Intelligence Agency subscribes to it, William E. Larned, its president, says, "This is not a snoop and spy operation."

What Larned means is that DMS men do not tap telephones or peer through keyholes in their search for information on defense programs. Aside from that, though, their methods closely resemble those of any intelligence organization: patient collection, sifting, and collation of facts from open sources all over the world.

A natural. The method of operation is no accident. Before Larned, a fourth-generation West Pointer, resigned from the Army in 1955, he had been assigned to the office of the assistant chief of staff for intelligence. He met James H. Ratliff, now executive vice-president of DMS, when both were involved with counterintelligence work in Germany.

DMS—for Defense Marketing Services—began when Larned joined Servomechanisms, Inc., in 1955 as assistant director of marketing. He soon discovered the haphazard nature of market research in the aerospace industry.

Servomechanisms made electronic devices for military jet planes. Larned began to analyze every future jet program he could identify and tried to project how big it might

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be. He kept the information in a loose-leaf book, which he intended as a simple tool for sales forecasting. However, the reaction of one Air Force planner in the Pentagon started him thinking differently.

Asked to help fill in some of the blanks in Larned's program sheets, the Pentagon man commented that they contained more useful information in one place than he had seen anywhere else. "I ended by giving him half a dozen copies of the book," Larned recalls.

Take-off. By 1959, he was working for what is now TRW, Inc., in Los Angeles, and was ready to launch DMS as an independent venture. The first book covered rockets, missiles, and spacecraft. It was sold as a loose-leaf service that would be updated each month. The price: \$175 a year. DMS, which now has a staff of 47, was then a family business: Larned wrote the material, his wife collated the printed sheets in their garage, and their three children stuffed envelopes. "Our first sale was Texas Instruments," says Larned, "and they're still with us."

Since then, DMS has moved to Greenwich and added five more aerospace information services. The new books cover military and civil aircraft, ground support equipment, military electronic systems, reports on companies, and reports on agencies. The price is now \$300 a year for each service, six for \$1,400. The books are updated monthly with 300 or more pages of new material.

Subscribers have the right to call DMS with specific questions as often as they like. Some recent queries in the log include: What is the unit cost of the BLU-29/B bomb? What does the code name Dancing Doll mean? What will the total requirement for Titan II be? Is Nike-X going to be deployed in fiscal 1968?

Everything counts. Richard C. Marshall, vice-president for operations, points out that some companies subscribe mainly for the query privilege. The questions asked become part of the DMS information collection process. The existence of a new defense program may be tipped off by customer calls.

Obviously, military security can present problems in such cases. DMS has stayed out of trouble, says Larned, by putting reports together only from publicly known information. When rumors of a new system are going around, DMS' Washington field office will ask about it officially. If the subject is classified, it will not press the matter.

Useful in keeping DMS above suspicion, Larned thinks, is the fact that Pentagon people and congress-

men concerned with defense are used to seeing the service around. Not only are there a number of Pentagon subscribers, but DMS has seen to it that volumes concerned with military hardware are available to the staffs of Congressional committees.

Also, DMS limits subscriptions. Says Larned: "We don't sell to anyone we don't know." In practice this means that there are no individual subscriptions, only corporate and government ones. And to clear up another gray area, DMS recently got a letter from the Defense Dept. authorizing it to sell its services abroad only to countries and companies associated with the North Atlantic Treaty Organization.

Branching out. More and more companies in the financial community are DMS subscribers. Some 60 brokerage and investment houses take all or part of the service, and research-oriented mutual funds are beginning to notice it, too. DMS' book on companies, first issued last spring, is of particular interest to analysts. It covers 75 companies in great detail ("from Aerojet to Westinghouse"), and these, Larned points out, account for \$18-billion, or nearly 95%, of aerospace procurement dollars.

With a huge and constantly growing bank of data on punch cards and computer tape, Larned is looking beyond the aerospace business for ways to use DMS information and talents. First on the list is a series of special reports on technological areas of interest to business: oceanography, infrared technology, desalination, pollution, transportation, and a dozen more. The first one will be on lasers.

DMS has already done several such studies for specific clients. One covered the future of medical electronics; another was a huge projection of the world demand for civil and military aircraft, country by country, through 1975.

Raring to go. Farther in the future, Larned plans a programmed business information service covering the European Common Market. He admits that the problems of gathering data in Europe are formidable and might call for "clandestine effort."

With DMS operating at the annual rate of \$750,000, up from just under \$500,000 last year, Larned is thinking of ways to expand the operation more rapidly. Public financing is in the cards to help pay for more sophisticated data processing equipment. Beyond that, acquisition possibilities would open up if DMS had stock to offer. **End**

MAY 7 1966