

From jonl Wed Jul 24 23:42:44 1991
To: cameronm
Subject: Seybold report on Office computing
Date: Wed Apr 29 19:11:02 PDT 1992

Date: Wed Jul 24 23:42:16 1991

>From billg Wed Jul 24 10:51:31 1991
To: jonl steveb
Subject: Seybold report on Office computing
Cc: carls jeffr martyta mikehal paulma russw w-pamed
Date: Wed Jul 24 10:51:16 1991

This report highlights our failure to get our message out.

It praises Os/2 2.0 endlessly using the charts from the IBM white papers. For example the chart showing windows giving you only 506k of memory and Os/2 giving you 620k.

It praises the better windows than windows capability - including "one of the best attributes of windows applications run within Os/2 is the superior system integrity. Should an application crash you can just close the session and continue. No need to close down and restart. Performance is helped by Os/2 preemptive multitasking and the ability to share I/o. At the roll out bash in New York IBM demonstrated the same windows application running on a Windows machine and on an Os/2 machine. Certainly there is no performance trade off for the greater stability offered by Os/2 2.0".

In a section called Os/2 does it better he goes on to say:

As an integrating environment Os/2 provides some nice enhancements over plain windows. First Os/2 2 can run both windows 2 and windows 3 applications at the same time.

Later we read:

Os/2 2 is undoubtedly a splendid integration environment. Even with the early code we see it does indeed run dos better than doas, windows better than windows and so on. With the new pricing it is difficult to think of a reason for not using Os/2 at the integrating environment. If you can get a better environment for the same amount of money as windows wouldnt you make the switch other factors such as hardware cost being equal?

He reviews our strategy in a fairly negative way.

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I am sure I will get back some message about how steve will see these people and it will all be better. It wont be better. No one is taking responsibility for getting our message out broadly. Yes someone should call mike and sicuss this exact points but the customers will read what he has written. We should recognize we are losing this battle and we need a lot mor creativity to get on top of it.

From w-clairl Thu Jul 25 19:46:22 1991

To: billg bradsi jimall jonl mikehal paulma richab russw scotto steveb

Cc: billmi camerom carls garygi julieg martyta mikemap rogersw w-clairl
w-pamed

Subject: SteveB press tour trip report (long mail)

Date: Wed Apr 29 19:11:09 PDT 1992

Date: Thu Jul 25 19:33:28 1991

SteveB went on the road to see the top weeklies, industry analysts and business press this week to give our systems strategy. The meetings included demos of Windows 3.1 (pen and multimedia included), Windows NT, OS/2 2.0 including a performance comparison to Windows and a "bad app" that corrupted other applications and crashed the system. It was a very valuable trip and needs to be repeated by other MS executives throughout the next month so we hit all the publications and analysts.

Summary:

1. The feedback from the editors and analysts is that the Microsoft Windows-centric strategy is clear. Steve cleared away the cobwebs spun by IBM and our own formerly more convoluted messages on the roles of Windows vs OS/2.
2. There is healthy skepticism about IBM's ability to deliver what they promised in OS/2 2.0 and in IBM's overall future strategy. Steve did a great job of explaining how IBM will have a very hard time delivering on the promise.
3. However, many take a "wait and see" attitude toward the possibility of IBM success with OS/2 2.0. Common wisdom seems to be that some corporate accounts will go with OS/2 regardless since it's "blue" and that if they deliver a good product customers will be forced to chose it or Windows.
4. The demos of OS/2 were excellent. Crashing the system had the intended effect--to FUD OS/2 2.0. People paid attention to this demo and were often surprised to our favor. Steve positioned it as --OS/2 is not "bad" but that from a

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performance and "robustness" standpoint, it is NOT better than Windows. We know the design point, we know what's in it. Forrester Research is publishing a bulletin tomorrow that says "Ballmer exploded some "myths" about OS/2: It doesn't run Windows applications presently, it's not bullet proof and dependable--MS was able to demonstrate several instances of OS/2 crashing!

5. Everyone asked us how Microsoft feels about the general "geopolitical" situation. We were questioned on how we viewed the Apple/IBM deal (Steve: I wouldn't want the job as development manager for the mother of all operating systems), the Novell/DRI deal (Steve: there are several scenarios there--not clear what they can do with this), the BillG memo (Steve: We did not leak it and it really caused me to spend time cleaning up fires). Several people told us Microsoft is more isolated now. Steve made the point that we have a good technical relationships with most of the companies that might be combative on a marketing front. Generally, the view is that the PC world is undergoing major shifts (albeit longer term) and whatever the resolution, Microsoft's role will be in some way, major or minor, changed.

6. The general agreement is that ISVs are not confused about what to develop for--Windows--regardless of the outcome of the OS/2 2.0/Windows horse race. We were told that Frank King said--I don't have to worry about supporting OS/2 2.0 since IBM has promised Windows support. If they don't do good Windows support, I'm still in great shape.

7. The Windows NT demo went a long way toward proving that this technology is far along. Checking back, the feedback is that Windows NT was viewed as important for several reasons:

- o It's far along
- o It's Microsoft's forward path, not OS/2 3.0
- o LAN Man will be supported on it
- o It is the ACE platform, not "OS/2 3.0"
- o The OS/2 subsystem for Windows NT is only for a small subset of customers that will need it.

8. We discussed the state of the IBM relationship and made the point that in April, IBM made our path clear. Doug Cayne of Gartner said, Microsoft has taken off the kid gloves.

Here is high-level summary of the meetings. Action items, details to be sent separately.

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Business Press:

Good meetings with Paul Carroll, Wall Street Journal, Evan Schwartz, Business Week, and John Marcoff, New York Times. Paul had several misconceptions that IBM had planted. He said that he is getting back into daily writing and appreciated the update. Evan is interested in spinning out the scenarios for the next ten years of the PC industry for their big story. He asked about Novell, IBM, object technology--what does it mean really. Marcoff had been to Boca--he said that it was really "disorganized" down there. He asked about the meeting between Scully and BillG--Steve said it was of no consequence. Marcoff said the industry strategy seems to be to "get Microsoft." He said he buys the OS/2 scenario that Steve gave. He was curious if Microsoft and IBM are now "enemies." Steve said no, but we truly compete and we don't see much chance of change in current situation.

Magazines:

PC Week was lengthy. Paul Sherer asks very good questions about the strategy. Sam Whitmore was somewhat hostile. He demanded to know if he could talk to BillG about the Scully/BillG meeting and did not seem to believe Steve about the discussion the two had. PC Week is doing one story that will be inside the magazine. (The cover will have a scoop on Windows Word 2.0, a MS/Great Plains deal, the Microsoft analyst meeting). PC Week will continue to be skeptical of Microsoft.

Computerworld was a good meeting. Paul Gillan and Tish asked the expected questions. Paul reiterated that he needs to get out to Microsoft in the next year to get a complete update.

Infoworld. A good meeting, lots of editors were there. Questions were on our product strategy, geopolitical issues, how can Microsoft think it will beat IBM. They are doing a story for next week.

CRN. They were briefed over the phone and will do a story, focused on Windows NT, and LAN Manager for NT.

PC Computing. Good turnout from the editorial staff. Dale Lewallen will keep the staff straight on technical matters. The new executive editor, Ed Bott, was highly interested in our product plans and we can work with them for good coverage on Windows 3.1 and Windows NT.

Analysts:

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Gartner has been openly critical of IBM's strategy. They told us they are on the outs with IBM as a result. However, they think it will take time to prove out who wins the desktop.

Forrester said that Microsoft has not had such a clear strategy in 18 months and we impressed them with the data. They are putting out a bulletin tomorrow. This was productive.

Dataquest and IDC had misconceptions that we cleared up. Nancy McSharry had 3 sets of projections for OS/2 (low, medium, high) that in the best case scenario showed OS/2 with 25% market share only by 1995. On unrelated matter, she told us she could not get Windows to run on her 386--we need to do this for her.

Esther Dyson thinks MS is too big and slow to do good work; conversely she thinks that the Apple/IBM deal could result in good things. We should have her meet with Allchin to talk about objects etc.

Jeff Tarter had an excellent meeting with Steve. This is the first time they had met. Steve did a good job of relating to Jeff's focus. Jeff told us that for the first time he sees Windows offering things that the Mac cannot. He is highly skeptical of the Apple/IBM deal as well. We need to invite Jeff to the Windows strategy briefing in Boston--he likes to talk to small developers.

From martyta Fri Jul 26 09:38:12 1991
To: cameronm
Cc: w-clairl w-pamed
Subject: RE: Stewart Alsop
Date: Wed Apr 29 19:11:31 PDT 1992

Date: Fri Jul 26 09:36:00 PDT 1991

Sure do it.

Also he is planning to be at MS the week of August 19th. You might want to invite him to drop by.

Also, keep in mind that steveb has a conservative approach to this issue. HE is concerned that we not over-promise a great developer support program until we have proven that we can do a good job at it. So position your efforts as growing

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