

From scotto Mon Feb 18 10:38:58 1991
To: billg mikehal
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Subject: Strategic Objectives
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Per your request, here are the ten (actually 12) prioritized strategic objectives that I think Microsoft should focus on for FY92 through FY94.

1. Maintain control of the desktop systems platform. DOS is still the gold mine. It is the cash cow that allows us to invest in other potential cash cow businesses.

Metric: Maintain at least an 85% share of the desktop systems platform. Ensure that at least 95% of all OEMs license DOS (royalty or packaged product). (NB. The percentages may be off a little. The overall systems platform mix was derived as follows: DOS @85%, Apple @ 10%, Other (OS/2, UNIX) @ 5%).

2. Significantly increase the penetration of Windows onto new Windows capable PC's. This is the depth component of the Windows strategic objective. Although Windows 3.0 is doing reasonably well, we are no where close to getting the penetration rates we need. We are fooling ourselves if we think the product is a great product. Users still have difficulty using it. It still is not as intuitive to use at it should be. Let's not forget about basic blocking and tackling.

Metric: Increase the penetration of Windows to at least 50% of all Windows capable pc's by end FY92. Increase this to 70% by end FY93 and to 80% by end FY94. We should aim to have Windows hook rate onto DOS machines (286+ variety) to virtually 100% in five years.

3. Significantly increase our Windows applications market shares.

Metric: Increase Excel's and Word for Window's share of the spreadsheet and word processing markets to at least 30% by end FY92. Increase this by 10 share points for FY93 and FY94. (NB: These metrics need to be refined. I do not know what our worldwide shares are. Therefore, I have pulled these numbers out of my hat).

4. Own the rights to key pieces of information (images and text; business and consumer) so we establish a franchise for "Information At Your Fingertips". The business of providing information will ultimately be bigger than the business of

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providing tools to access information. These information rights do not have to be exclusive. However, we must control content as well as the tools to access that content. It is analogous to our current applications/systems business. You typically can only sell one operating system per pc and multiple applications per operating system. We will package information in a multitude of ways.

Metric: Invest at least \$100 million in each of the next three years to obtain the rights to the reference information category.

5. Neutralize IBM. There are too many dependencies on key parts of our future. IBM is a double edged sword. For the key parts of our business, we must establish other coalitions that we can control and influence to offset whatever IBM ultimately decides to do. Areas where we should establish coalitions: multimedia, RISC pc's, client server, etc. We are doing this currently. We should thoroughly investigate all of the potential areas of conflict with IBM. We should

Metric: Eliminate all of the confusion surrounding our systems strategy. Establish a consortium of key OEMs (like Tandy, Compaq, other clones) that we can partner with.

6. Considerably expand awareness for brand Microsoft. Define our corporate identification and communicate it broadly.

Metric: Invest at least \$30 million (world wide) for each of the next three years behind a brand Microsoft campaign. Measure increase in awareness through AAU and other primary sources of research.

7. Establish customer satisfaction as a comparative and essential advantage. Customer satisfaction is not the frosting on the cake...it is the cake.

Metric: Win the Malcom Baldrige Award by FY94.

8. Exploit the use of our own technology in our respective businesses. We evangelize client server computing and yet there are few client server applications within Microsoft. We talk of downsizing mission critical applications from a mainframe or mini computer environment to the pc and yet our own mission critical applications reside on DEC VAX's or IBM R6000's.

Metric: Have each division identify at least one mission critical application that will

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be converted over to a client server model using our own technology.

9. Elevate the level of management skills among fast track individuals. Care and feeding of MS employees (maintain energy, enthusiasm, commitment).

Metric: Investigate specific venues for "executive management skill development". Identify at least 3 individuals per 100 employees to attend at least one skill development course annually.

10. Windows everywhere. This is the breadth component of the Windows strategic objective. For the next couple of years, strategic objective #2 (Windows depth) is critical. However, once we have depth, we should focus on breadth and propogate Windows everywhere there is free intelligence (microprocessor).

Metric: Identify the various markets and assign resources to start exploiting these opportunities. We have done this with Pen Windows and in the area of multimedia. We should also do this with all of the "appliances". We should provide a lot more support services for any developer creating Windows applications of any ilk.

11. Get serious about the low end of the pc market.

Metric: Acquire a "low end" software company that will complement what we are doing in EBU. Form a strategic partnership with Nintendo.

12. Invest in better tools to accelerate the Information At Your Fingertips age of computing. If tools are the limitation to create more multimedia titles, then we should elimiate the bottleneck.

Metric: Develop (internally or externaly) or acquire the tools that will allow us to introduce at least 20 multimedia titles per year in FY92, 50 titles per year in FY93, 100 titles per year in FY94.

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