

Microsoft

To: Jeff Lum, Microsoft Corp.
Rolf Skoglund, Microsoft AB

From: Bengt ékerlind

Date: March 8, 1991

CC: Management Team Microsoft AB

Microsoft AB
Systems Business Unit

February 1991
STATUS REPORT

HIGHLY
CONFIDENTIAL

MSC 008002282
CONFIDENTIAL

OEM Business

Revenue: (all figures in USD)

February Budget	February Actual	FYQ3 Budget	FYQ3 Forecast	FYQ3 Diff.	% of FYQ3	YTD Budget	YTD Actual	% YTD
0	28,721	1,866,570	1,720,291	(-146,279)	92%	4,594,217	4,164,047	91%

New Business Signed: OptiSys amendment, \$ 140k impact. The Amendment raises the commitment on Windows.

Nokia:

RED FLAGS:

YELLOW FLAGS:

Our FGP agreement ran out formally December 31 st. MS AB has extended it until March 31st, but time is running short. MS must provide a complete proposal as well as moving forward on the working models on WfW and Excel. The Letter of Understanding from Bernard must be completed.

Nokia has asked us to let them upgrade old 3Com Customers and not only giving the business to our Systems Partners

GREEN FLAGS:

Amendments need to be signed, but the work is done. DOS 5 will probably be signed and amended as well.

Nokias Royalty Reports have been difficult to dissolve for MS. Last report looked better but we need to check that with Redmond.

HIGHLY
CONFIDENTIAL

MSC 008002283
CONFIDENTIAL

Summary of major items:

The Mouse Issue. We still need to push Nokia forward and try to make them take our Mouse and behave according to our rules on the logistical side. We have been forced to put too much work in arranging extra mice for Nokia. We now know that the price for a customized mouse is around \$15. For Win 3.1 we will demand an extra \$5.00 for our driver (especially since version 8.00 of the driver in the pipe).

We have also proposed Nokia to bundle working models of WfW and Excel with all their machines. The response has been positive and an incentive for other MS and Nokia subs to build relations with one another. But still the work needs to be done. We will have to present something in March. The draft from Nokia was unacceptable. I will give this highest attention in March.

On the licensing issue on non Nokia Hardware, presently under the working name of the LAC agreement, I have managed to convince Nokia that this is it. *The Agreement is under signing.*

DOS 5. Nokia would like to use the installation program in the RUP product in order to save mission critical apps. and features at the customer base. We are not convinced if Nokia has a genuine need for these type of product or if they make arguments just for the sake of it.

Perti Rousaari has met with Carl Stork about Gibraltar and spoken with Steve about OS/2 on the phone. The issue about OS/2 and MS commitment is still not solved.

Victor:

Tage Gustafsson is asking for PAN European FGP-agreement. We will leverage the work that we do with Nokia. This eagerness has come from a large opportunity in Switzerland, where Victor has a very limited marketshare.

Victor's Mats Ekelund has been in Redmond and it now looks like all the technical problems with Woody are solved. We are now going further with the planning of the European launch of Woody/M88.

During this month Victor has signed the amendment and DouglasJ has also approved the non-standard parts in it. We will now enter the negotiations for a new Agreement.

The mouse business starts to take too much time. A lot of time is spent on discussions how we should be able to deliver since Victor - as well as Nokia - is ordering more than they forecast.

We are getting signals from Victor that they actually will productize LAN Manager. Training now seems to be the next step.

Other OEMs

OptiSys has signed an amendment for Windows and committed for USD 80,000/year.

**HIGHLY
CONFIDENTIAL**

**MSC 008002284
CONFIDENTIAL**

Packaged DOS

On the negative side: shipments were weak in February despite a very optimistic forecast. Our analysis was that after a record January many customers were in a overstock situation. We also believe that the DOS 5 rumors start to hurt. The small PackDOS customers are getting very anxious to carry an inventory.

Eva did a tour in Finland and managed to immediately get upside orders for immediate delivery.

Jet will from now on take 100 units/week from March month. Before they have taken 300 units/month before hand. That meant I was out of orders from them during February month.

Nordic	Feb	YTD	%Feb	% YTD
Bud U	1.840	14.607		
Bud Rev	948.501	7.529.708		
Bud GPM	55%	55%		
Act U	1.195	13.586	65%	93%
Act Rev	766.481	8.417.010	81%	112%
Act GPM	53%	59%		

LAN and SQL

LAN had a disappointing month after a record January. An initial analysis shows that three items were out of control: 1. The IBM/Novell announcement created turbulence and orders have been held back. 2. Our distributors have been spending lots of time worrying about each other and dealing subdistribution agreements rather than spending time in the market. 3. We still suffer a bit from the 3COM withdraw, all dealer don't understand the deal yet.

	Dec	Jan	Feb	Mar	Apr	May
Budget	1.058.280	1.393.224	1.833.432	2.110.632	2.166.648	2.033.448
Sales/Forecast	551.813	1.572.123	571.520	1.550.000	1.550.000	1.875.000
% of Budget	52%	73%	72%	81%	70%	

HIGHLY
CONFIDENTIAL

MSC 008002285
CONFIDENTIAL

ISV Relations

Magnus has had meetings with Hogia, Fyra Linjer and Ide Data. Hogia and Ide Data both belong to the top ISVs in the Nordic Area. Hogia are still working with CUI and they look for ways to migrate to Windows without paying a too high price. They are currently betasite for Thunder even though this product might not be powerful enough for them. After presenting the IAYF video and giving a presentation of our Systems Strategy Hogias development manager open questioned why they still are working with Btrieve instead of SQL Server. We have sent Hogia a SQL Server for evaluation. Hogia is one of the prioritized ISVs that I will work close with.

Ide Data are in the final phase for their Windows app. They showed great interest for OLE, which might be a key part of their Windowsapp.

Fyra linjer is one of the ISVs who are developing for the financial market. They have been working with OS/2 since 1977 and have released their product in this environment. Fyra Linjer are working with Novell today. We will work on having them to test LM and SQL Server.

**HIGHLY
CONFIDENTIAL**
MSC 008002286
CONFIDENTIAL