

**DISTRIBUTION LIST FOR SYSTEMS PLANS MEMORANDUM
May 24, 1991**

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EXH 107 DATE 2/14/02
WITNESS Silverberg
MARY W. MILLER

MICROSOFT MEMORANDUM

TO: Executive Staff, Apps Staff, Pam Edstrom, Aaron Getz, Rob Glaser, Gordon Letwin, Peter Neupert, Charles Simonyi, Patty Stonesifer, Greg Tibbetts, Marty Taucher, Russ Werner, Greg Whitten

FROM: Steve Ballmer

DATE: May 24, 1991

cc: Systems Staff

SUBJECT: SYSTEMS PLANS

We live in turbulent times. IBM's repositioning of OS/2 and reselling of Netware will challenge us. Attached please find four things — a terse summary of Systems Division plans, a statement of our plans for OS/2, a presentation for customers of our systems (=Windows) strategy, (on the net under \\syamkt2\scratch\ballmer\524pitch) and a one page release summary.

Please share with your people and customers as appropriate. We are not trying to do PR on systems strategy now — we are trying to do here-and-now PR for Windows so please avoid the press with this stuff. I have indicated where appropriate who owns a given set of actions. Do not hesitate to ask if you have questions.

We must focus on a few things (Windows and LM are fundamental) and really provide our customers what they want and need in the product and support. We must also deliver on our exciting vision of LAYF.

We are in the most competitive environment ever for us. Let's execute on these plans incredibly well. It is vital!

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SYSTEMS ACTION PLAN

1. **POSITION WINDOWS AS OUR STRATEGIC THRUST/"ARCHITECTURE"** [Steveb]
 - Windows standard, enhanced and "NT" modes
 - OS/2 and Posix subsystems in "NT" mode to preserve those invested
2. **ATTACK OS/2 2.0 CIRCUMSPECTLY** [Steveb/Billg]
 - We know what is there now/we wrote that
 - IBM Record (Topview, 1.2, Audit, LS, DOS 4. CSD's, contradictory third party relationships/strategy
 - Position as not customer driven (SAA, IBM apps, IBM hardware)
 - Affirm IBM's commitments and the challenges therein (great Windows compatibility this year)
3. **OS/2 2** (see attached plans)
4. **GET /PCLP/MS-NET/3+/3+ OPEN LM, LAN SERVER CUSTOMERS** [Mikemur]
 - Deliver OS/2 1.3 + LM 2.0c (2.1)
 - Gosling (3Com compatibility) support very important
 - Mac
 - TCP/IP
 - Dial-in
 - DLC
 - EMI
 - Attack LS as appropriate [offer LS to LM upgrade?]
 - No OS/2 2 Tiger
 - Decide on LM for OS/2 2 after 2.1 and OS/2 2 quality assessment
 - Get RNXC's focused on mail as well as LM, SQL
5. **SELL WINDOWS & DOS AGGRESSIVELY**
 - Great 3.1 product [Bradsj]
 - MSDP [Jonl]
 - Initiate open process [Jonl]
 - 3.5 Evangelism [Jonl]
 - Integration Center [Jonl]
 - Resource Kit [Bradsj]
 - Position as great for connecting (Novell, SAA, SQL, ...) [Steveb/Jonl]
 - Ship DOS 5 [Bradsj]
 - RUP/Windows [Bradsj]
 - DOS/Win combined install [Bradsj]
 - Per System DOS RUP pricing [Bradsj]
 - Sign Compaq deal [Steveb/Joachimk]
 - Be prepared to compare to OS/2 2.0 [Bradsj]
 - Ship Win 32 developer's kit [Paulma] [send free to OS/2 2 development kit customers]
 - Complete Windows/NT release [Paulma/Davec]
 - Do Windows peer near term
 - Do Windows Press Tour; no strategy press tour [Pamed]

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6. **FINISH SERVER APPS ON OS/2 1.3; FOLLOWING RELEASES ON WIN32** *[Mikemur]*
 - SQL Server 4.2 on 1.3
 - Spitfire 1.0 on 1.3 with MS Mac Mail Directory
 - Comm Server 1.1 on 1.3
7. **REFOCUS PRINTER PEOPLE FROM TRUEIMAGE TO WINDOWS** *[Stevesh]*
 - Explain to OEM's
8. **START ON POST WIN 3.5/NT PRODUCT CUSTOMER ENHANCEMENTS** *[Jimall]*
 - Assume 386, Win32, file and print sharing, VXD/NT driver models
 - Data access
 - Systems administration
 - Mail
 - Address Book
 - Content Indexing/Text Search
 - New user oriented file system
 - Macro Language
 - FAX
 - Compound document handling
 - Log-in
 - Communication
 - Think through UI, API, SPI (or Gateway Interface) Admin, and distribution issues
 - Change current Windows UI for filing, printing, admin (control panel) and program starting as appropriate
9. **STRENGTHEN OEM TIES**
 - New alliances (DEC, Sun, HP, AT&T) Windows/SMB's *[Steveb/Perttir]*
 - Restructure UPB's for CSA, LM, OS/2 appropriately *[Joachimk]*
 - Start OEM Council *[Mikemur/Jodys]*
10. **IBM** *[Steveb]*
 - No help beyond current contractual commitments

OS/2 PLANS
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0. In Japan, work with IBM on OS/2 2 as we discussed at the KK R&D retreat. *[Patern]*

Outside Japan:

1. Complete OS/2 1.3 OAKs and Tiger as planned. Do not take new IBM 1.3 CSD's arbitrarily. Plan our own course driven off LM needs for 1.3. Do localization of 1.3. Continue #900 support and developer support for 1.3. Do LADDR as needed for LM only. *[Mikemur]*
2. Do not do OS/2 2 packaged product. *[Mikemur]*
3. For OEM's be a pass through distributor for OS/2 2. Do not do technical work. Let IBM anticipate problems. Just report OEM problems. *[Mikemur]*
4. Do not do OS/2 2 apps. That means let IBM test compatibility of our current OS/2 apps. For new apps, remind customers of IBM's promise to run Windows apps. Do not expend effort on OS/2 support for languages. Position our support for OS/2 like our support of Unix or the Mac we will support it as appropriate. *[All]*
5. Do not do OLE for OS/2. Rely on IBM's Windows compatibility promises. *[Mikemap]*
6. Stop evangelizing ISV's on OS/2 for the server. Evangelize Win 32. Explain to corporate accounts that we support OS/2 on the server, Unix on the server, and will support Windows. *[Jon]*
7. Do no OS/2 2 localization. Pass through the IBM pubs for OS/2 2 to OEM's. *[Gregti]*
8. Meet our customer commitments to OS/2 2 developer support. Stop selling new OS/2 2 SDK's. Do not plan to offer #900 support for OS/2 2. We will not be geared up for this support. *[Parys]*
9. Do not help IBM with LS beyond our contractual commitment to support. Compete with this product and win. I do not think we will converge. Evaluate what to say when IBM releases their Lan Server 2 product. I think we will want to position it as still behind. They do not want to converge today. They want to claim equivalent function.
[Mikemur]
10. Assign two people to receive from IBM, monitor, and track OS/2 2 quality. *[Mikemur]*

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Microsoft OS Evolution

| | Established Technology | New Technology | Support Requirement |
|--------------------------------|------------------------|----------------|---------------------|
| First Generation 1975-1982 | | | |
| Second Generation 1982-1990 | | | |
| Third Generation 1990-19xx | | | |

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Windows Market Perspective

| 12/31/90 | Forecast | Retail | 1990 |
|-----------|------------|--------------|-------------|
| Installed | Annual Run | Graphical | Application |
| Base | Rate | Applications | Volume |

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Sources Software Publishing
Assoc, 1991 & IDC, 1991.

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Keys to success

- ◆ **Commitment**
 - R&D and support
- ◆ **Open industry standard**
 - Broad OEM & ISV support
- ◆ **Rich Microsoft systems support**
- ◆ **Support by MS applications**

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Windows

Momentum

- ◆ **Almost four million users**
- ◆ **Over 50,000 developers**
- ◆ **Over 1,200 applications**
- ◆ **Top priority for developers**
 - Lotus, Borland, Microsoft, SPC, WordPerfect, Autodesk, Aldus...

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Windows User Perspective

**Windows is an intuitive,
graphical user interface which:**

- ◆ **Is compatible with MS-DOS**
- ◆ **Does setup and configures system**
- ◆ **Starts programs**
- ◆ **Finds & organizes information**
- ◆ **Prints documents**
- ◆ **Connects to other systems**
- ◆ **Transfers data between applications**
- ◆ **Has 1000's of applications**

Windows

Technical Perspective

- ◆ **An operating system**
- ◆ **Includes OS kernel, user interface, graphics & networking**
- ◆ **Builds from MS-DOS**
- ◆ **Will leverage MS-DOS improvements**
- ◆ **Not restricted by MS-DOS**

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Windows

Development Plans

- ◆ **Windows version 3.1**
- ◆ **Hardware support for Pen, Multimedia, ROM, RISC, SMP***
- ◆ **Further exploit 386/486 architecture***

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Windows

Development Plans

- ◆ **Enhanced Graphics, user interface & kernel services***
- ◆ **Highend NT (New Technology) mode***
- ◆ **Client & server network capabilities***
- ◆ **New system management capabilities**
- ◆ **Additional object oriented features**

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OS/2 1, 2 & 3

- ◆ Provide OEM versions for 1.x & 2.x
- ◆ Support with LAN Manager
- ◆ IBM has promised great Windows application support in OS/2 2.0
- ◆ OS/2 version 3.0
 - Based on Windows/NT mode
 - Supports OS/2 applications
 - Licensed to IBM

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Microsoft LAN Manager

Enabling Client-Server Computing

◆ Server

- Runs on important server application platforms--Windows planned, OS/2, & UNIX
- Over 60 server applications supported

◆ Client

- Supports DOS, Windows, Macintosh planned, & OS/2

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Microsoft LAN Manager

- ◆ **Upwardly compatible**
 - Lan Server, 3+Open,3+Share, MS-Net & PCLP
- ◆ **LAN Manager v 2.1**
 - NetWare Access
 - Remote dial-in
 - TCP/IP
 - Macintosh support
- ◆ **Focus on great Windows support**



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Microsoft Server Applications

- ◆ Distributed database (SQL Server)
- ◆ Communications gateways (Comm Server)
- ◆ Mail gateways
- ◆ Database Gateways

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Windows

Platform for Corporate Development

- ◆ **Wide selection of tools & connectivity options**
- ◆ **Robust system**
- ◆ **Support**
- ◆ **Windows applications**

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Corporate Investment

| | Client | Server | Development |
|---------------------|------------|------------|-------------|
| Dun & Bradstreet | [REDACTED] | [REDACTED] | [REDACTED] |
| Reuters | [REDACTED] | [REDACTED] | [REDACTED] |
| Manufacts. Hanover | [REDACTED] | [REDACTED] | [REDACTED] |
| Baxter Healthcare | [REDACTED] | [REDACTED] | [REDACTED] |
| McDonalds | [REDACTED] | [REDACTED] | [REDACTED] |
| American Airlines | [REDACTED] | [REDACTED] | [REDACTED] |
| Perkins Cole | [REDACTED] | [REDACTED] | [REDACTED] |
| Southern Ca. Edison | [REDACTED] | [REDACTED] | [REDACTED] |

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WINDOWS RELEASE SUMMARY

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| YEAR | VERSION | MODES | LM LEVEL | SERVERS SUPPORTED |
|------|---------|--------------------|----------|---------------------------------|
| 1991 | 3.1 | Standard, Enhanced | 2.1 | Unix, OS/2 1.3 |
| 1992 | 3.5 | NT | 2.2 | Unix, OS/2, Win Enhanced, NT |
| 1993 | 4.0 | Enhanced, NT | 3.0 | Win Unix, OS/2 downlevel |