Donna Poreda

From: Brad Silverberg
To: paulma
Cc: billg; Steve Ballmer (steveb)
Subject: FW: Os/2 status
Date: Monday, May 03, 1993 4:55PM

what i see is that our competitors will try to turn windows into the new unix -- in a bad way. the unix that frankenberg called the "bosnia herzegovina of operating systems".

that is, they will "adopt" windows and then split the windows standard. they will take the win 3.1 level of api as the standard and then build their own middleware layers on top -- for networking, for object-oriented frameworks and system object models, for distributed computing, for compound documents, for messaging, for directory services, for administration, for database access, for document management, etc etc etc.

they hope to create mass confusion about exactly what the windows api's are, and take them out of microsoft's ownership. every time we announce some intention for a new wosa api or other extension to windows api's, our competitors will propose some alternative.

we are starting to see this from ibm, novell, lotus, borland, and i'm sure soon sun.

if they can freeze "windows" at 3.1 (or nt) level api, then they can be the provider of value added services. it gives them more freedom to clone windows -- the definition of "windows" is static. for novell, it makes it easier for them to slip dr dos underneath. it lets them position themselves as the supplier of connectivity services for windows to servers -- the "middleware" which builds on windows and thus takes ownership away from us.

this effort to balkanize windows is a clear threat and requires that we:

- reduce the microsoft confusion caused by our various win32 api sets.

- keep integrating our key api extensions directly into the os. we need to ensure that these extensions -- such as mapi and ole2 -- are really of world class quality.

- our evangelization efforts are critical.

- execute on building the best form of windows for the base set which everyone agrees is "standard". if we don't we will be challenged much harder in our ability to advance the standard.

- continue to support the pc company so that they sell Microsoft Windows. in general we have to be much more focused than we have in terms of being responsive to our oems.

From: Bill Gates
To: jonl; paulma
Cc: bradsi; jeffr; joachimk; johnni; mikemap; richta; steveb
Subject: Os/2 status
Date: Friday, April 30, 1993 3:54PM

Who really tries to track what is going on with Os/2?

I am a little bit out of touch with what is going on. I do run into a measurable number of large accounts with measurable amount of Os/2 - banking and financial being most common but many other types of companies as well. However, I dont get a sense they are adding companies as well. I also don't know if we can get people to switch.

I also dont get a sense they are picking up many random power end users either but this could be wrong.

Some data points to look at:
1. OEMS. We can ask OEMs how much they are selling. Dell, Compaq and others. I doubt it is much.
2. We can analyze the SPA data. I think if you take tools out they are still super small and not growing. This is interesting.
3. We can look at retail seller lists and talk to dealers and distributors.
4. We can talk to ISVs and get their attitude and experience.
5. We can analyze the IBM bundling situation - how many machines is OS/2 going out on nowadays.
6. We can try and get a sense whether they still give the product away.
7. We can get ones of these "workplace Os" presentations they give and try and analyze what they are really saying.
8. Someone should look over the survey that CAMP (chicago business user group) did that shows amazing numbers of Os/2 in lots of their accounts. Does this show accounts we didnt know about and if so how deep is that phenomena?
9. Is the situation for Os/2 different outside the US than inside the US?
10. What revenue is PSP getting from DOS or other products that allows them to fund their future plans? Could we be more agressive at avoiding this.

To give them credit - they are still not humiliated - they do win awards - their ads are very direct which ours are not. Os/2 2.1 will ship very soon and is a solid product. Amazingly all the improvements focus on running Windows applications and it is somewhat better than Windows NT at this in certain respects.

However we should be able to communicate the following points clearly:

API: This is a KEY KEY point. Os/2 started out as SAA and the plan was to attract lots of PM applications. People thought PM might be more popular than Windows and we would not be able to have the best applications. Today no one believes this will happen - virtually nothing is done on Os/2 first and less than 10% do their applications in a special version and even those who do often do inferior versions that cost more money (Lotus as an example). The repositioning of Os/2 as a form of Windows puts it in a very different position - it no longer is an issue for ISVs or corporate developers - they know to develop to the Windows API. It does mean that Microsoft has to deliver the BEST form of Windows and this is healthy - we feel we will be able to do this very well so this is a great situation - clarity for developers about the high volume API they should focus on (windows) - a clear challenge to MS to keep Windows moving ahead so that people buy Windows itself rather than clones. I make this point vividly when I talk about WABI - I say this just shows than even in SUNS markets the developers want to focus on the Windows API and they have been forced to come up with some support for it but we will announce a better way to run Windows API on UNIX. I wish a few slides could make this point clearly.

Grand strategy: When IBM had a grand strategy rather than independent businesses they could have their big sales force spend time explaining and supporting OS/2. Now they have moved into a new era and this wont work. We see this with their software groups providing increasing support for Windows. I wish I had a complete list of these things on a slide for everyone to use.(I also wish I knew which internal software is still Os/2 only and what we should be doing to fight this - we are still super naive about IBM as an ISV. Mike Maples - do you know someone who could help us figure out who is who in software development at IBM nowadays so at least we have a chance to do good evangelization?)

Bundling trojan horse: IBM PC hardware will deliver based on customer demand.

No future - I often dont make this point because so far I am not very good at it because I am confused about what they are promising and it

comes across as rude which is in sharp contract to the other points I make which seem very rational and business oriented. When I am pushed I do remind people it will be harder for them to keep up with us because they get no code and no user interface license from us and they lose a lot of money.

Action items:
1. Paul Maritz to pick someone to gather some of the recent data about what is going on with OS/2 and have special report sent to Windows focus squad. This is not urgent but I would like to see something in the next 45 days if possible. I would love to see included in there information about our transition plan for Os/2 customers. My basic attitude is to get some visible accounts to move over by helping them in any way that we can.
2. Jon Lazarus to make sure some group tries to capture our besst Os/2 messages including the ones I give about into some slides that can be used in presentations or in material to brief the sales force.