WELCOME TO SYSTEMS PRODUCT ADVISORY COMMITTEE
"SysPAC"

THANKS FOR COMING!

GOALS OF SysPAC

Provide customer oriented feedback into our product planning process by:

o   having a standing body of "field" persons (persons with high customer contact) who,

o   represent the major aspects of customer interactions,

o   meet 3-4 times/year with key System Division Personnel to discuss product strategies,

o   form a "trusted" group with strong personal relationships to Systems Division personnel,

o   have the continuity to get educated on technical and product issues,

o   have the continuity to provide considered feedback and perspective on strategy, product features, and marketing programs.

We ask of you:

o   Try to see things both in the particular (eg. a specific customer) and in the general (eg. how would this affect all customers)

o   This is not a "marketing rally" - use good judgement on all information you receive - we trust you.

o   Please exercise consideration for others in discussion - we need to hear all perspectives.

o   Don't Panic - some things are confused, that's why you are here to help.

Goals of this Meeting:

o   Bond our group.

o   Try to bring everyone up to same level of familiarity on issues.

o   Present basic issues and strategy.

o   Have detailed session on LM tactical issues.

o   Set up for the next meeting (June/July).

Agenda:

Monday:

8:00-8:15   Intro

8:15-9:30   MS Systems Division: Basic Issues and Strategy -
Paulma

9:45-11:45   MS Platform Strategy - Bobmu:
- DOS & Windows
- NT & Windows
- OS/2 support

12:45-2:45   MS Networking Strategy - Jimall

3:15-5:00   MS Development Tools Strategy - Stewc

5:00-6:00   Field People summarize what they see as key issues
and turn into Paulma.

Tuesday:

8:00-10:00   Field Presentations

10:00-12:00   Key Issues discussion - summary of previous day

1:00-3:00   NBU - LAN Man Focus Session

MICROSOFT SYSTEMS DIVISION - BACKGROUND

Corporate Goals:

1. Continue to own the desktop:
   - MS systems s/w > 80% of PC's
   - Get Windows on > 50% of new PC's in 1993
   - Keep the ISVs writing "exclusively" for Windows
   - Make Windows credible as a corporate development environment

2. Grow Applications Market Share:
   - become undisputed leader in the "Integrated Office"
   - be #1 or #2 in every important category

3. People/Process Development:
   - attract/keep best/brightest
   - development management depth
   - fight bureaucracy
   - Make MS a Showcase for IAYF

4. Focus on the Customer:
   - Improve Product Definition
   - Deliver highest Quality of Products
   - Turn service into a strength

5. Grow our revenues at 20% per annum, maintain profitability

BASIC GOALS WE HAVE TO ACHIEVE:

To remain/become long-term player, we have to:

1. Have operating systems that meet broad set of customer needs

2. Have connectivity solutions that complement the operating systems

3. Have a capable development environment

4. Respond to new hardware advances:
    eg. Multimedia, RISC, etc

5. Deliver new functionality
    -   IAYF

6. Respond to competition:
    -   UNIX, Go, DR, Novell, etc.

ENVIRONMENTAL/COMPETITORS:

1. IBM:

    IBM is both a partner and a competitor.

    Our approach is:

    a. ensure that we are building the right products for the broad
        market
    b. avoid unnecessary friction, seek to get IBM to adopt/endorse
        the products we are building as part of a.
    c. understand that we may be on divergent paths long term -
        understand what this means for our account relationships.

2. UNIX:

UNIX is not a product or company.
Products/Companies under the UNIX umbrella (eg. Sun) are our present
and long term competitors.

SUN: long term competitor - may consider doing deals with them if
they divorce s/w from h/w, and endorse Windows API's.
Apps group is under pressure to do Sun applications.

SCO: Near-term symbiotic relationship (eg. help us manage Compaq),
Long-term relationship ?

"STANDARDS":
- be pragmatic, use where appropriate
- but do not wait for consensus - set standards that
are needed for our goals
- try to soften image (eg. join OMG)

3.   Apple:

A competitor of Systems Division, profitable business for Apps
division.
Not a major threat unless they unbundle.

4. Novell:

Major entrenched competitor of NBU.
We have to go around them.
Major danger if they decide to become a desktop player, either
directly (DOS clone) or through alliances (eg. NewWave).

5.   "Environments"

Patriot Partners, NewWave, etc.

Dangerous if we allow them to pull ahead in functionality, as they cannot remain "OS independent" - they will come to favour one environment.

6. Go

   Sophisticated OS, using "pen" as a hook. Could be dangerous if we do
   not secure ISV loyalty.

7. Distribution Channels:

Basic software - we will try to maintain our DOS per system model for basic software.

More Complex Software - eg. LAN, or high-end OS will have to be sold either thru an integrator of direct. Implications:
- on MS sales/support structure - we have to keep investing,
- on products - we have to build to have lower support costs.

STRATEGY SUMMARY:

1. "Windows Centric":

   - Windows is our major asset

   - We need to get Windows penetration to > 50%, and

   - Provide family of Windows based products that:
     - build directly off today's Windows
       (leverage ISV/End User investment)
     - offer same UI
     - offer a common API set
     - are good network citizens
     - cover the spectrum of H/W (notebook to server)
     - meet all technical needs

2. "Funded by DOS":

- DOS provides the cash

- We have to protect DOS from the cloners by keeping it
  - competitive
  - building end-user, brand-loyalty

- DOS is not a focus for major new functionality, other than as needed for above.

3.   OS/2 Support - MS position

-   1991/92:
    -   the operating system that runs LAN Manager,
    -   for corporations that have committed to it,
    -   rather have persons use OS/2, than UNIX.

-   1993+:
    -   one of the supported environments on "NT"

4. Networking:

In the long term the market segments into:

- low-end file/print sharing market ("LANTastic")

- distributed operating systems (integrated security, etc.)

We have to be in networking, we are in it for the long-haul.
We need to change our strategy to reflect above - see Jimall.

5.   Development Tools:

Provide competitive development tools for the professional
programmer
        (C/C + +)

Provide development tools for the sophisticated end-user that work
well with the MS applications line, and which eliminate need for
multiple "macro-languages" and which allow the applications to
become
        "building blocks".

Make it dramatically easier to program for the GUI environment for
both professionals and end-users

Address the needs for the corporate/group developer.