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**From:** Chris Jones  
**Sent:** Wednesday, May 30, 2001 9:25 PM  
**To:** Windows Client Planning Team - Extended; Chris Jones Staff; Windows Client Division - Full time; PC Experience - Team  
**Cc:** Brian Valentine's Direct Reports; Chris Jones Direct Reports; John Frederiksen  
**Subject:** Notes and Next Steps from Windows Client Business Plan Review

**Categories:** Planning  
**Attachments:** Windows Client Business Plan Review.ppt

As you may be aware, last Monday we presented our client Business Plan Review (BPR) to Steve, Bill and the Senior Leadership Team (SLT). Our BPR presentation was the output of hard work from a number of different teams. I would like to first thank all the people who contributed, especially Shanen Boettcher for driving the presentation, and the Windows & MSN design teams for hard work pulling together the prototype & demo we showed.

This mail will not cover all the details but it will give you a high level of our presentation and the feedback we received from Bill and Steve. As additional follow up, I am going to meet with my staff and the planning team to cover the presentation in detail, and I expect members of the planning team and my directs to cover specifics for their teams in separate mail.

#### **What is the BPR?**

SteveB started BPR's last year for the product teams -- they have replaced the traditional 3 year plan or 3 year outlook. The goal of BPR's is to spend 4-5 hours with the SLT discussing the state of the business and plans for the future. As part of this, each division presents:

- Overview of the state of the business
- Goals and dreams for next 3 years
- Product roadmap
- Organizational goals and metrics

JohnFre and I presented for the Windows Client Business, while other VP's covered Embedded, Server, Management, Storage, Digital Media, and Network Infrastructure.

#### **What We Presented**

We came in proposing four main investments for the business:

- **Drive Windows 2000/XP Sales.** Over the next 3 years, move the installed base of PC's onto the Windows 2000 platform.
- **Start Next Wave of the Windows PC.** Create a new Windows PC inflection point designed to drive new PC sales.
- **Establish Member Relationships.** Build services to the core of Windows and move to a member relationship with our customers.
- **Fix the PC Ecosystem.** Create a community of partners supporting the Windows PC, from developers to OEM's to hardware manufacturers to service providers.

To support these objectives, we proposed the following release roadmap:

- **Windows XP** this year
- **Windows XP Client SP1** next year aligned w/ Server RTM. No new features, focus on customer satisfaction and bug-fixes to enable Tablet PC.
- **Express 1.0** next year. A new deliverable, which integrates the work in IE, OE, & MSN Explorer. Goal is to drive membership and member relationships.
- **Longhorn** (formerly Whistler + 1) in 2003, 18-24 months post-Windows XP. Major inflection point, drop some compability as required to move the industry forward.
- **Blackcomb** in 2004/2005, 18-24 months post-Longhorn.

Plaintiff's Exhibit

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We also gave a demo to show some concepts of how both Express and Longhorn could look. Thanks to the design teams from Windows and MSN for pulling this together. I've attached a small sub-set of our deck that illustrates some of this in more detail. I want to stress that the release roadmap is a proposal -- we still have a number of open issues to work through to balance goals across the releases.



Windows Client  
Business Plan R...

### What We Heard

In total, we spent 4-5 hours going over the deck and getting feedback. While there were a number of detailed issues, the topline feedback was:

- **Shipping Products.** 18 months ago we set out to deliver on a new exciting version of Windows, and to deliver an integrated network experience for MSN. We as a team have done a super job executing on these objectives, culminating in MSN Explorer and the MSN Network Experience, and Windows XP. One thing that we need to work harder at is predictability -- for the sales force, for customers, and for partners.
- **Prototype/Demo.** Even though this was a ton of work, it was a great way to convey and communicate ideas. We should make sure that every scenario we think about has a prototype. This is an action I expect JoePe/JoeB to drive as we define the user experience.
- **Quality and Customer Satisfaction.** This is something we cannot lose sight of -- every release we do must raise the quality bar, and supporting our existing customers must come first. Our customers demand quality, they expect supportability, we need to deliver. With Windows XP we are moving towards an ongoing feedback loop with customers -- we need to build on that feedback loop to providing continuous improvements to our products.
- **Linux.** We are missing the threat of commoditization by Linux -- this is our # 1 threat for the business. We do not have enough focus or metrics around Linux and the progress being made there. Every team needs to think about Linux and what we are doing to win.
- **New Exciting Windows Versions.** This is related to Linux competitive. Our revenue comes largely from Windows royalties on new PC shipments.
- **Membership.** Overall Bill and Steve are excited about the opportunities we outlined around membership, but we need to get clearer on what we are delivering, how we measure success, and how it relates to Personal.NET and Office.NET. We also need to have good ways to track our progress against AOL. Finally, we need to have a solution for parental controls sooner rather than later.
- **Pro Mix.** The biggest profit opportunity we have as a company is to drive the mix of Professional higher, not just to business customers but to all Windows customers. We need to have a strategy for how we get to 50% share of Professional, this should be our goal.
- **Win Developers.** Critical to the success of Windows is a vibrant developer community. This deserves it's own separate bullet point, it should not be folded into PC Ecosystem. We need to understand our roadmap for developers, and how that unfolds over 3 years.
- **PC Ecosystem.** One of the biggest challenges we face is the health of the Windows PC ecosystem, from device quality to PC evolution to partner success. Our thinking is not yet baked enough here. We need to have a roadmap for how we are going to drive up quality in the ecosystem, and also promote innovation.
- **Release Roadmap.** The big feedback was that we can't afford to churn users and developers twice -- once at Longhorn and once at Blackcomb. Blackcomb will be the big revolution, and Longhorn needs to be an upgrade that users can move to without significant retraining, and that is compatible with most applications and devices. We need to get clear on our release roadmap, specifically goals, vision, and feature set for SP1, Express, and Longhorn -- and how all of this culminates in Blackcomb.

### Next Steps

This BPR was only a step on the way to our Windows Client business plan, and our overall Windows business plan. I and the planning team are now going to take the input and the work done to date, and work to turn that into a business plan and release roadmap. This means:

#### 1) Ship Windows XP and XP-Time Frame Releases (all)

Clearly the most important thing we can contribute to. The drive to XP RC 1 is on!! XP and the work

in progress on IE 6, DX 8.1, and MI:3, and MSN Explorer updates continues to be top priority for everyone.

## **2) Update Business Objectives and Scorecard (shanenb, chrisjo)**

We have a draft of updated business objectives above. Over the coming month, we will work to establish a scorecard that identifies metrics associated with each of these objectives, and provides yearly goals for each. This scorecard will also include cross-company missions and deliverables, as well as our goals for our organization and people. Specifically:

- **Update Scorecard and Vision Doc (chrisjo, shanenb).** Write the one page client business vision document and scorecard template.
- **Get Clear Linux Metrics (briansto).** Start gathering information from the field, customers, and partners about Linux progress. Develop metrics to track how we are doing vs. Linux.
- **Get Membership Goals/Metrics (joepe, msharma).** Establish clear metrics for membership, how we track and measure it, and how it relates to our other subscription offerings. Include in this how we measure success against AOL.
- **Develop Pro Business Plan (davidci).** Get clear on how we are going to drive the mix of Pro.
- **Drive Developer Roadmap and Metrics (mwallent).** Get a 3 year view on how we are going to win developers and how we will measure success. Include in this metrics for the size of the Windows developer market.
- **Drive PC Hardware Platform Roadmap and Metrics (davewill/bradca/stevekan).** Deliver a 3 year PC platform roadmap, specific focus on how we fix the ecosystem and drive new innovation in the PC.

While it will take us a couple of months to get it right, and it will require ongoing work to keep it updated, we will deliver a draft of this on Friday, 6/15.

## **3) Get Clear on Releases, Goals, and Features**

As you can see from the release roadmap, we will have a lot going on. Not everyone will work on each release, and all are important. We need to get clear on what is in each release, and which teams will contribute. Specific actions:

- **Close our SP 1 Plan (chrisvau).** Top priority for this release is to ship Whistler Server. This release is date driven. Respond to QFE requests from corporate customers, crash reports from Windows Update, and compatibility improvements in applications, devices, and upgrade. Deliver "trainyard" hardware enhancements (USB 2.0), and bug fixes to support release of Tablet PC.
- **Close on Express 1.0 Plan (joepe/msharma).** This needs to incorporate thinking from the MSN Explorer, IE, OE, Media Player, and MSN teams.
- **Get Draft of Windows Longhorn Plan (chrisjo/joeb/joepe/shanenb/dpcore).** Continue ongoing scenario planning and get it incorporated into a vision document and specification. As part of this, also drive to plans for Windows Express 2.0 (sim-ship w/ Longhorn). Biggest action is to assign a single owner to drive this from the product side.
- **Sync With Other Windows Releases (chrisjo/bvdirect).** Last, but equally important, we need to sync to a roadmap with other Windows releases, including Server and Embedded.

We will have clear owners for these plans by Friday, 6/8, and follow that on with vision documents and specifications in the next 1-2 months. The goals for SP1 will be completed sooner, Longhorn will take more time.

## **4) Map Investments to Releases**

Lastly, we need to map the investments the division is making for the client into these releases, and ensure that we are allocating resources to the most important work. Specific steps are:

- **Start Feature Team Planning (deskplan).** Most teams are thinking about what to do for post-Windows XP features. Individual feature teams should continue to plan and we will then work to match the feature requirements to our release priorities.
- **Complete Release Timeline (chrisjo, johnfre, deskplan).** We need to complete our client release timeline with priorities so that everyone has a framework to target their features.
- **Set Cross Windows Priorities (bvdirect).** Because many teams deliver to many releases, we need to have clear priorities between client, server, embedded, and other Windows businesses. Brian and his

directs have been meeting over the last 3 months, these discussions will continue as we have more work to do than we can do with our current staffing. We will provide an update on our progress by 6/22.

We are targeting July/August to be done with planning around Longhorn. More details to come.

#### **What Can You Do To Help?**

It will take us a couple of months to figure out the details around Longhorn and our release roadmap. We will update you as we go along on our progress, and as always, you can see the latest thinking on <http://windowsclient/planning>. In the interim, here is what you can do:

- 1) Ship Windows XP.** This includes client, server, and embedded.
- 2) Support Our Customers.** From MSN Explorer to IE to Windows to DX, customer support and satisfaction must come first. This includes responding to feedback from our betas and released products.
- 3) Start Planning for Beyond Windows XP.** Either on your feature team, or as part of figuring out our release timeline.
- 4) Start Approved Work on SP 1, Express 1.0.** We are working hard to define goals and feature set for these two releases, but as I expect people to roll off and start work -- particularly the MSN Explorer team for Express 1.0, and the Cicero team to enable Tablet for SP 1.
- 5) Ask Questions.** If you have questions, comments, or suggestions, please send them to me or your manager.

Thanks -- Chris

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# **Windows Client**

**FY02 Business Plan Review**

**John Frederiksen & Chris Jones  
May 21, 2001**

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# BUSINESS OVERVIEW

## 1 What we could have done better

- Windows XP schedule
- MSN Explorer v2 schedule
- Continued progress of AOL, Linux
- Seams still exist in many end-to-end experiences
- OHI scores (biz strategy, x-group collaboration)
- Windows ME
- Earlier start on post-Windows XP planning
- Progress on PC eco-system
  - ISV, IHV, OEM, services, devices
- Clearly defining and measuring metrics

## 2 What went well

- Windows XP Excitement/Anticipation
- Shipped technology (Windows ME, IE 5.5, DX 8, MSN Explorer)
- Win 2K Pro mix increased to 22% of new PC OS
- Delivered to partners (Office 10, X-Box, Visual Studio)
- Improved development mgmt OHI scores
- Windows XP on track to be a great release
- Organization and team focus
- Engineering Improvements (Prefix, bugbug, source depot)
- Partnership with marketing, business teams
- Many end-to-end experiences went well
- Great synergy around integrated "MSN experience"

## 3 What's changed

- Slipped Whistler to CYQ3 from CYQ1
- Combined Windows Client and MSN User Experience Teams
- Windows XP SP in '02, Longhorn (formally Whistler+1) in '03
- Blackcomb in FY04 or FY05





## 4 Key Business Issues

- Hitting a home run w/ Whistler
  - Date, excitement, launch
- Windows PC eco-system stagnation
  - Linux commoditization
  - PC CAGR down
  - Software – winning developers
  - Hardware – redefining the PC
  - Customers – creating value
  - Internal – Windows team process
- Windows & Services
  - Strategy, business, product
  - Competing with AOL and others
  - Cross company dependencies
- Delivering "end to end," empowering people
  - Developer (VS, .NET, Windows)
  - Individuals (MSN, Windows)
  - Devices (TV, Mobile, WinCE, Windows)
  - Services (3<sup>rd</sup> Party, OEM, MSN)
- Parental Controls
  - Top MSN-IA adoption blocker for AOL customers, press, partners

## 5 Competition

- AOL: Shipping AOL 7, continued momentum
- Linux: Presence at retail, continuing to gain ground, feature parity, high-end workstation, education and foreign governments
- Apple: Shipped OS X March '01, still viewed as "the media PC", education
- Appliances: Early efforts by Netpliance, 3Com, MS stalled/cancelled, gadgets and consoles still a threat

# DREAMS: How We Can Change The World

Opportunities	Details	Market potential (FY04)
	<b>Rapidly convert installed base to Windows 2000 and XP</b>	<b>Target Market:</b> <ul style="list-style-type: none"> <li>• Home &amp; Biz End Users</li> <li>• IT Professionals</li> <li>• SORG</li> </ul> <b>Market size:</b> <ul style="list-style-type: none"> <li>• 146M PC Ships</li> </ul>
	<b>Start the next wave of the Windows PC</b>	<b>Target Market:</b> <ul style="list-style-type: none"> <li>• Tech-savvy KWs</li> <li>• Homes w/ Kids</li> </ul>
	<b>Establish a member relationship with every Windows customer</b>	<b>Target Market:</b> <ul style="list-style-type: none"> <li>• Windows PC IB</li> </ul> <b>Market size:</b> <ul style="list-style-type: none"> <li>• 630M PC users</li> </ul>
	<b>Revitalize the Windows PC Ecosystem</b>	<b>Target Market:</b> <ul style="list-style-type: none"> <li>• OEMs, ISVs, IHVs</li> <li>• Developers</li> <li>• Partner BDMs</li> <li>• End Users</li> </ul>

# PRODUCT ROADMAP FY01-04

Fiscal Year	FY 01		FY02				FY03				FY04				FY05	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Calendar Year	CY01				CY02				CY03				CY04			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Windows XP			▲ Windows XP Win2K reliability New UI Digital media RTC		▲ SP 1 Tablet PC USB 2.0 OEM refresh retail slipstream		▲ SP 2 In definition		▲ SP 3 In definition		▲ SP 4 In definition					
Down Level			▲ MSN Explorer 2.0 ▲ IE 6.0 DXB 1		▲ Express 1.0 Integrated Experience Communications Digital Media AOL Competitive Hailstorm				▲ Express 2.0 Sub-set of Longhorn Sim-ship w/ Longhorn				▲ Express 3.0 In definition			
Longhorn/Blackcomb									▲ Longhorn Mars/Shell integration In definition				▲ Blackcomb In definition Yukon			
Hardware Platform					▲ WinHEC Tablet PC Homestabon?				▲ WinHEC Longhorn Platform In definition							
Developer Platform					▲ Hailstorm PDC In definition			▲ Longhorn PDC In definition								
Services			▲ Member v1		▲ Member v2				▲ DX10				▲ Member v4		▲ DX11	
								▲ Member v3								

- Windows XP SP 1 linked to Server RTM
- Express, Longhorn still in specification phase