From:	Paul Maritz
To:	Bill Gates; Mike Maples; Steve Ballmer
Cc:	Brad Chase; Charles Stevens; Executive Staff; Hank Vigil; Richard Tong
Subject:	FW: Windows 95
Date:	Wednesday, May 04, 1994 8:56AM

Attached is a document written by Bradc, recommending that we name Chicago: "Windows'95" - there are several important implications of this (eg. it doesn't make sense to do this unless we move to a similar scheme on all our major products), and several significant risks. In spite of the risks, Bradc, Bradsi, I are recommending that we go ahead. We ask that the BOOP add this to their agenda and ratify it.

< <File Attachment: 95REC.DOC> >

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Windows Naming Strategy Recommendation

I. Recommendation

We should adopt the 95 version numbering/naming strategy. To make it most effective we should deliver annual releases of Windows and our other key products (like Office) on a predictable schedule with simship for all the key languages.

- If we make this commitment, the 95 naming strategy is the right choice because it communicates to customers whether the "model year" they own is current. This helps us increase our Upgrade rates.
- This naming strategy is very compelling for the company if we can do it across all our products. Customers could understand and know what to buy if we had Windows 95, Office 95, VB 95 etc.
- This naming strategy is compelling for Chicago because it signifies that Chicago is not just another upgrade (such as from 3.1 to 4.0)
- If we do not adopt an annual release schedule with simship, there are risks with the change.

II. Rationale

Why is Windows 95 the *right* choice particularly if we deliver annual releases of Windows and other key products on a predictable schedule with simship for all the key languages?

- While a predictable ship schedule would help them plan, I believe MIS (and early adopters) will not be materially influenced by a new version numbering system. But, over time, the "fringe IEU" and some general users are likely to upgrade more often.
- The "fringe IEU" is a important and large set of customers for all our products, about 16M people in the US alone

Focus Group research conducted in the US and Europe supports this recommendation:
1. In the context of annual updates, Windows 95 generates marginally (but significantly) stronger purchase interest than Windows 4.0.
2. In the context of an annual updates, Windows 95 more effectively communicates key attributes such as ease, speed and compatibility.
3. While familiarity encourages customers to prefer Windows 4.0, there is no evidence of consumer backlash if the 95 naming strategy is adopted.
4. The research indicates that the idea of annual updates is widely accepted by customers.

Furthermore, other research data indicates that 40% of people who knew they had Windows on their PC do not know what version they have. I am sure that many apps customers also do not know what version of their app they have and whether that version is current. Over time, Windows followed by a year will help (1) trigger people to think that the product they currently use is old and (2) notify them that there may be a newer version on the market. We will have to educate the market that 95 refers to the year (and is an upgrade to Windows 3.1).

Why is Windows 95 more risky if we can *not* commit to delivering annual releases of Windows on a predictable schedule with simship for all the key languages?

1. If we do not ship a product in 1996, we risk our product looking out of date and a reduction of Upgrade sales selling a Windows '95 in 1996. Customers may be confused or disappointed expecting a Windows 96.
2. If we can not commit to a predictable schedule with simship languages we risk having product out of synch around the world. Windows 96 in the US when we have Windows 95 in Japan.
3. Without the concept of annual releases, the 95 naming strategy may not make it easier for customers to understand whether they have the most current version of Windows

III. Key Issues

Product Planning
- While a Windows 96 need not be as significant an Upgrade as a Windows 95 or 97, it will have to have some reasonable improvements. Otherwise, you don't build equity in the benefit of upgrading.
- For OEMs to ship the next year's version in Q4—their big quarter—we will need to RTM in August.
- Making the dates is important for other reasons. What do we name Chicago if it slips to 3/95? Do we still call it Windows 95? Or if the next release ships in 6/96? Do we still name it Windows 96?

Sales/Marketing
- Traditional version numbers reflect how significantly the content of a product has changed. Under the 95 scheme, there is no way for a user to distinguish a major release from a minor one. We would need to discuss whether we need a way to communicate this to users.
- Under the 95 naming strategy, we also need a way to handle maintenance releases. This is easy to figure out. For example, we can use Windows 95a. For trademark reasons we cannot say "Windows 95 version A"
- Because it is a new, fresh metaphor, the Windows 95 name could help sales of Chicago. There could be an even larger impact in 1996 or 1997 when we try to upgrade the huge Windows installed base.
- Annual updates with the year in the name will make it more difficult to manage down and stock up inventory on an annual basis. There will be extra costs here. You have to assume that these costs will not outweigh the incremental profit opportunity of an annual update.

Windows NT/Office
- It is hard to synchronize new app and new system software releases. Will customers buy Office 95 for their new Windows 96 PC?
- Doing Chicago as Windows '95 impies a similar naming strategy for Windows NT. It's target audience is not the fringe IEU but it will be strange to have a different naming convention for the two products.

PR
- There is a risk that the press will criticize the Windows 95 naming strategy as "marketing hype," and "one more example of Microsoft trying to suck money out of customers." It is also likely that they will question our ability to deliver a quality product on an annual/scheduled basis. On the other hand, a lot of people a decoming furstrated by the "random" collection of version numbers that they have to deal with - Win3.1, Excel 5, Word 6, PPT 4, etc. and will welcome the simplicity.

Windows Logo
- Many I*Vs may chose not to use a logo that includes the 95 version number if it means their product will look out of date either after we ship Windows 96 or in 1996.
- Changing the logo on yearly basis will mean that we may never be able to gain a critical mass of products carrying any single version of the logo.

International/Localization
- Will Windows 95 make sense in countries that do not use our calendar? For example, the Middle East. If not, does this mean that we have to localize the version number?
- Is there a risk that it would be considered negatively in certain regions?

Competitors
- How will they react? Will they follow? Does starting the race offer us a competitive advantage?
- Do we care if IBM ships OS/2 '96 while we're still selling Windows 95? SmartSuite vs. Office is another example
- By going to an annual release schedule we eliminate any element of surprise we might have had as to when our product will ship.