

Systems Retreat Distribution List

Ballmer, Steve	1/2137
Cole, David	6/1146
Fade, Richard	9S/1128
Gates, Bill	8S/2110
Gray, Fred	3/2137
Kempin, Joachim	9S/1130
King, Adrian	1/2047
Lazarus, Jon	2/2136
Maritz, Paul	2/2045
Murray, Mike	1/2046
Myhrvold, Cameron	2/1076
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Neupert, Peter	1/1094
Rubin, Darryl	1/2154
Sabol, John	2/2047
Shaiman, Steve	ET14/1012
Shirley, Jon	8S/2108
Taucher, Marty	9N/1296
TWG	
Werner, Russ	3/1066

Draft for Steve's review please.

Corr. Feb 1990

MS

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Send to
Jeremy
for*

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Plaintiff's Exhibit

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Comes V. Microsoft

Microsoft Memo

TO: Steve Ballmer
FROM: Peter Neupert
SUBJECT: Systems Retreat Summary
DATE: February 21, 1990
CC: List

The goal of the retreat was to clarify/develop our operating systems product strategy for the desktop. We clarified a number of issues with regard to the relative positioning of Windows and OS/2. We also determined that our JDA relationship with IBM is at a necessary crossroads. Below is a summary of our major conclusions:

Refocus around Windows:

Windows is a major opportunity to increase near term revenues and is a key strategic link in maintaining our dominance on the desktop. Some of the issues to be addressed are:

- getting Windows penetration quickly

- OEM strategy; mainly Compaq and IBM. Profitability of OEM per system deals vs. per copy through USSMD.

- future technical plan:

 - 32 bit exploitation--not urgent (e.g. 1990) but valuable later on. Key is to allow large memory applications.

OS/2 Positioning:

Two key items evolved;

- OS/2 should leverage Windows success by positioning as either Corporate Windows or Power Windows (or derivatives). One key to success of this is a clean upgrade from Windows to OS/2.

- OS/2 (+LM) should provide 'value add' to end user via additional services (e.g. peer services) over DOS/Win. We should not rely on the OS/2 specific applications to be the only motivator for users to migrate, but provide value add with OS/2 itself.

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OS/2 Quality:

This was a thread through a variety of our summary conclusions, e.g.:

- 2.0 Quality over schedule... even if it means not shipping in 1990. 2.0 must be a complete, well tested end user release which is at least equal to Windows in key end user categories. Key items are drivers, performance, capacity and installation.
- Change JDA process now!: The only means to get quality in reasonable time frame is to change JDA process immediately.
- Beef up OS/2 program management: more and better focus on polishing the product and getting results.

IBM relationship:

We recognized that our relationship with IBM had to change in order for us to be successful long term in the systems business. IBM as a development partner inhibits our ability to create quality, market center products. Furthermore their 'value add' as a marketing partner becomes extremely limited as a result of having non-competitive products. They must recognize their weaknesses and our strengths or divorce is inevitable.

Future OS/2 product plans:

While there was limited discussion about specific features, it was determined that getting a quality RISC version to market quickly is the number one priority, over an MP x86 version for example.

Business:

- get both Windows and OS/2 bundle deals with key OEMs like Compaq and IBM if possible. If they won't do both, OS/2 bundle deal is the priority, since we believe we can (and have to) make Windows successful in the retail channel.
- OS/2 needs to have a packaged product model, like retail Windows, in order to get bootstrapped. Channel conflict issues with OEMs and IBM still need more work.

These were are tentative summary conclusions. Attached are copies of the foils from the four workgroup sessions, which were:

- Distribution
- Product Plan
- Positioning
- ISV message

Including Milkemur's 10 great advertising ideas!

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Microsoft Memo

To: Rich Abel, Russ Werner, Steve Ballmer, Bill Gates, Jon Shirley
From: Marty Taucher
Date: February 6, 1990
Subject: Windows 3.0 Announcement Plan
CC: Scott Oki, Pam Edstrom, Barry Briggs, Ida Cole, John Jenkins, Mimi Getchell, Marianne Allison, Christy Thronton, Jon Roberts, Kathryn Hirsch, Pete Higgins, Jeremy Butler, Bernard Vergnes, Rich Macintosh, Andy Berman, John Mutch, Phil Lavery, Lorna Storck, Glen Agritelly, Susan Stark, Elaine Cameron

Windows 3.0 Event Plan Draft # 1
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Purpose

The purpose of this document is to outline the specific objectives and strategies for the Windows 3.0 announcement event and the key messages that we need to communicate. This program also details the timeline and production schedules. This plan will be revised as final details of ISV and OEM participation become known. I invite your feedback on this plan. Please send comments to me via email "martyta."

Objectives

Create awareness that Windows 3.0 instantly transforms ordinary PCs into something much more powerful and easy to use.

We will use this event to create instant awareness of the benefits of Windows 3.0 in the media, top corporate accounts and resellers. Windows 3.0 will be the subject of much press coverage and speculation prior to the event. This is the formal unveiling of the product and the point where we stand up and say it's real, it's here and it's very exciting.

Reinforce Microsoft's role as a catalyst for positive change in the PC industry and reposition Microsoft as the champion of "Personal Computing."

This event has to be more than a press conference to announce a new product. We need to use this event to conceptually unite the industry behind the move to graphical Windows computing. We need to use the announcement as a way of softening the image of Microsoft and putting an end to much of

Have Steve
Let's discuss
Deborah pls
get up time
for Marty
we Rich
Russ and
Jon to
chat
AEB