

Bill is correct: Win 386 3.0 runs on 1M, but the performance is not acceptable. On a 2M 386 (today's minimum configuration) we're fine. Win 286 3.0 runs very well on a 1M system.

It is this situation that drove us to recommend the consideration of the combined Window SKU (both 286 and 386 in a single package). There are a lot of reasons to seriously consider this. I will be running the numbers (revenue and cogs). Russ and I will try to get with you and Scotto by the end of the week on this.

A single Windows product (2 single media skus) is attractive from a distribution standpoint, shelfspace, simplicity, etc., in addition to giving us a good solution for 386sx buyers who start out with just 1M.

rich

From russw Tue May 30 13:06:43 1989
To: steveb
Subject: pricing of windows for oem
Cc: bobo jeremybu mikemap paulma petern richab richardf
Date: Tue May 30 13:04:39 1989
Mail-Flags: 0000

we have been trying to be hardcore about the run-time remaining real mode only, since we finally have a way to give away a free run-time, but still provide tremendous reason for run-time users to buy the full retail product (i.e. you get pMode).

All the market research suggests people have a very fuzzy idea of why they should buy the full product. This clear message about lots of memory is great.

If we absolutely have to we could re-entertain the idea of a pMode run-time. and bank on end users being attracted to being able to run multiple apps using the full product.

In general we want to get rid of the run time after a transition period of 6 months or so, post 3.0.

Bill supported this strategy. Our largest isv is balking however, since they are concerned about the performance of their large apps in the real mode environment.

From billg Sat Aug 26 13:30:30 1989
To: richab russw steveb
Subject: Windows 3 pricing
Cc: johnsa jonl jons mikemap paulma petern scotto
Date: Sat Aug 26 13:30:29 1989
Mail-Flags: 0000

Ever since we decided to get rid of the runtime I have been thinking hard about anything we can do to promote Win 3 more heavily - not just for win 3's sake business wise but because of its strategic importance for apps and our systems software strategy. I thought a lot about having us price it super aggressively - \$50 - on order to get it to take off really fast. I was enthused about this except for its impact on our oem

strategy. Of course the product we are offering oems is mostly win386 which is priced a lot higher but even so I think it might slow the oem strategy which is our key strategy.

I have decided I want us to leave the price at \$99 instead of raising it to \$129. I know this hurts the profit a LOT of the 286 product and I am open minded about changing it after 6 months. It is the elimination of the runtime and further thinking that made me change my mind on this.

There is one case we will need a runtime - a very limited one. For companies - including microsoft - who want to offer "demo disks" of their windows apps we will need a very limited win 3 runtime at least during 1990. MS will want this for its products (I am not willing to have us use win2 for demo disks for products that require win 3) - so we need to make it available to others. It would not include the full set of drivers and fonts and it will be for demo disks (price <\$20, promotional, limited versions) only.

I am also thinking of other ways we can promote win3. SOMehow I dont think we are going to push it as much as we should. I am thinking about clever PR ideas.

We need to push the compaq deal ahead so it happens in March. Maybe we should price it to them low for a year so they dont have to raise the price of DOS so much. People are making a lot on DOS and they should see this as a way of selling hardware. Ideally we would get around \$8 for a year from compaq and they wouldnt push DOS above \$199 or \$225. We should warn IBM in some way that their slowness is meaning they will be behind others in adopting windows.

From sherryr Fri Oct 20 17:14:40 1989
To: billg cameronm mikemap russw scotto steveb v-wmaria
Cc: richab sherryr suzanne
Subject: ISV Reactions to Win3 Runtime policy
Date: Fri Oct 20 17:12:47 1989
Mail-Flags: 0000

Summary: Of the strategic vendors we have spoken to thus far, all of them are in favor of the new Runtime policy. Calls are still in to other strategic accounts that we had planned to call during this first phase: Aldus, Softview, Spinnaker. Of those called, all of them would make appropriate press referrals. Any of these we have spoken to would be appropriate referrals for press contact.

Next Steps: Continue to call strategic accounts. Prepare letter for mailing Monday.

Micrografx: Paul Grayson (CEO). Paul responded positively towards the new policy. They had just completed a reg. base survey that indicated that 90% of their reg. base uses full Windows. As a result, they have decided to drop the runtime from their next releases of Graph and Design. He would be willing to be a press contact.

Adobe: Called Brian Heuckroth (mktg) 10/19. Brian said that this was "Good news, this will make life easier". He was very

X 180904
CONFIDENTIAL