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MICROSOFT MEMORANDUM

TO: Tony Andino, Steve Ballmer, Jeremy Butler, Dave Cutler, Richard Fade, Bill Gates, Rob Glaser, Fred Gray, Mike Hallman, Joachim Kempin, Jon Lazarus, Mike Maples, Mike Murray, Nathan Myhrvold, Peter Neupert, Bob O'Rear, Steve Shatman, Brad Silverberg, Chris Smith, Russ Werner

From: Paul Maritz and Pat Bellamah

DATE: August 14, 1990

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- Do not forward or copy
- We do not want press speculation on the contents of this memo
- Send all questions to PaulMa and PatBe

Directives to systems marketing: our strategy for Windows and OS/2.

We have decided to use Windows, instead of PM, as the native WIN API on NT OS/2. To that end, we have begun to spec a 32-bit Windows API.

This change raises questions about what our strategy is for Windows, OS/2 and NT OS/2. Moreover, there may be some confusion about what the implications of the strategy are, both within the product groups and in terms of what we say publicly about our objectives.

In light of our ongoing discussions with IBM, many factors are subject to change. The following points are not public, and all of our comments to ISVs, OEMs, the press, etc., should not communicate any change in strategy for Windows or OS/2. In other words, we should avoid comment on these issues except where we have already made public commitments, such as the Binary Compatibility Layer (BCL).

On the other hand, we cannot be immobilized for the duration of our discussions with IBM and we are resolved to move ahead on the following points:

1. Our long-term product strategy is Windows on DOS and Windows on OS/2. OS/2 2.0 with the BCL is the first manifestation of this strategy. (The BCL allows Win 3.0 applications to run natively on OS/2 2.0.)
- Our goal is to simplify our message to ISVs and focus all of our development and marketing energy behind the Windows API. We are evolving our OS/2, Windows and NT OS/2 development efforts away from the redundant process we have today towards a single-API, scalable desktop operating system. Future Windows will span user requirements from low-end DOS systems to high-end OS/2 systems.

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2. Our portable NT OS/2 work has been refocused on Windows. Note that this is the only development project that has been changed. Since our greatest strength on the desktop is the large and growing base of Windows applications, we want to leverage that asset going forward by providing a clean migration path to 32-bit for Windows apps.
3. Without announcing a change in strategy, we are telling ISVs to write for Windows. With the exception of non-graphical server applications, all developers will continue to be encouraged to support OS/2 via the SMK.

We will sustain 16-bit PM compatibility over selected future generations of our desktop product to protect the corporate investment in OS/2. But our goal is to simplify our message to ISVs and corporate customers by focusing on the Windows APIs as the key platform moving forward.

Q & A On Changes to MS NT OS/2 Development Strategy

A decision has been made to redirect our energies toward a truly "Windows-centric" strategy for the desktop. As a first step in this direction, NT development has been switched from 32-bit PM to 32-bit Windows APIs effective now.

The model we want to present to customers and ISVs is a single, consistent Windows interface running on DOS, on the 32-bit OS/2 base, and eventually on NT. As radical as this may sound, very little has changed near term and we want to avoid giving the appearance to customers or ISVs that we are abandoning OS/2.

OS/2 2.0 with hydroplane will ship as spec'd, but our strategy re-emphasizes the importance of the BCL, as 2.0 is the first manifestation of our Windows-on-everything game plan.

Q. Does this mean that PM is dead?

A. No, it is "dead-ended," i.e. MS PM development will not continue beyond Cruiser and we will discourage or stop 32-bit PM applications development as we will migrate that API forward. 16-bit OS/2 PM compatibility will be maintained over selected future generations of our workstation products to protect the corporate development investment in OS/2.

Q. Does this mean we are getting divorced from IBM?

A. No, we continue to work with IBM with the goal of getting them to get behind both Windows and OS/2. Short of re-entering joint development, we anticipate having an ongoing business relationship with IBM.

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- Q. Does IBM buy into "dead-ending" PM?
- A. No, that is why we should be careful what we say in public, to ISVs and OEMs.
- Q. Should we tell OEM customers to forget about OS/2?
- A. No, we are positioning OS/2 to run Windows applications in the 2.0 timeframe. What we are doing with NT is not something we need or should disclose to OEMs. NT's role as a RISC or multiprocessor server is unchanged.
- Q. What does this mean for LAN Manager?
- A. For LAN Man 2.0 nothing is changed. As the OS/2 32-bit 2.0 base APIs will be maintained beyond OS/2 2.0, we will continue to encourage server applications development for those APIs. Our goal is to get LAN Manager as quickly as possible to the NT base.
- Q. Does this mean we are killing OS/2?
- A. No. We are starting down a path toward merging Windows and OS/2 functionality and applications compatibility. OS/2 2.0 with the BCL is the first manifestation of that strategy. DOS, Windows 3.x and OS/2 2.0 will be our desktop operating systems offerings for a long time.
- OS/2, the base 32-bit APIs, and in some form probably the name, will be maintained in our future "merged" Windows-OS/2 products.
- Q. What should we tell corporate accounts?
- A. For the time being, nothing different. Corporate developers initiating projects should continue to be encouraged to use the SMK for their OS/2 applications. The only developers with a lot to lose are developers doing 32-bit PM applications; there are few and they do not have a requirement for 32-bit.
- Q. What does this mean for customers who are and installing OS/2?
- A. OS/2 2.0 will be delivered H1'91. Upgrades from 2.0 will offer better Windows applications support. As most 2.0 applications will be Win 3 applications anyway, the eventual transition for these customers should be no more difficult than from DOS/Windows to the next generation product. 16-bit PM applications will continue to run.
- Q. What does this mean for the 2.0 SDK?
- A. We will not change the SDK program until we have reached an agreement with IBM. We should continue to encourage development of 32-bit server (non-PM) applications.

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Q. What should be tell ISVs?

A. Absolutely nothing. We should continue to strongly encourage all ISVs who want to write for PM to use the SMK. We must be extremely careful that our change in strategy not be leaked to the press, particularly prior to reaching agreement with IBM. ISVs are the primary source of leaks.

Virtually all major ISVs are developing for Windows; most are already doing their PM development through the SMK.

Q. Will Microsoft bring out PM Word and other Windows applications for OS/2?

A. Yes. We will continue our strategy to deliver those applications using the SMK.

Q. What will IBM do?

A. Our goal is to ship OS/2 2.0 with IBM. We are also optimistic about licensing Windows to IBM so that they can benefit from the success of Windows.

Q. What do we plan to tell the press?

A. Nothing. We have a lot to lose and nothing to gain by communicating that we are changing our strategy before we know what the implementation will be.

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