

>From nathanm Sun Sep 2 23:40:50 1990
To: billg bobmu bradsi carls jbal jeremybu joachimk karenh mikemur
paulma peterbra ralfha richardf russiw steveb
Subject: Competeing with Sun

Date: Sun Sep 02 23:39:11 1990

By now you all should have recieved a memo entitled "A tale of two markets - workstations vs PCs".

A point which is raised in there, but perhaps not emphasized enough is that we are confusing the difference between Sun's long term strategy and their short term business. There are lots of statements going around in email and discussions to the effect that:

"The problem really is Sun, and that is more than just RISC."

"We face a workstation threat, not a RISC threat."

"We need to compete with Sun"

Although there are some elements of truth in these statements, in general I think that these are very wrong and very confused.

Even if the original authors of those comments understand completely (I'm not suggesting otherwise), there is a huge trap that we, and our OEMs like Compaq can fall into if we are not careful. Sun's current and near future business is NOT the problem, and competeing with them for this business is a complete red herring.

- We do NOT have to compete with Sun on their turf, or even anything close to it.

- We DO have to prevent them from being effective at competeing with us on our turf - the broad mainstream office computing market.

These are very different. Although a good offense can sometimes be the best defense, that isn't always so - just ask the bull in a bullfight.

The confusion usually occurs after the following chain of reasoning:

1. RISC is important because it have 2X or more performance lead over x86. SPARC is the RISC chip we have to worry about because of its open business model for semiconductor companies and the existence of a cloning model for OEMs complete with system software supplier (which isn't us).
2. The people pushing SPARC, and the clones, and the system software, and the whole ball of wax is one company - Sun.
3. Sun sells a particular way to a particular set of customers

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today, and is doing pretty well. In particular this means direct sales and selling the whole system - desktop and server. Sun's success is growing to interesting levels (175K units/year at present), and this momentum adds credibility to the SPARC battle cry.

4. Ergo, we should figure out how to attack Sun's present TACTICS, and compete directly with them. This means we have to have our product be competitive with theirs (real os, networking ...). we have to make sure that the machines our OEM customers sell are competitive today (the 486 business workstation...), and finally that we have to encourage OEMs to compete directly with Sun by adopting the same tactics (direct sales, whole system, maybe sell UNIX...).

None of the things in point 4 are bad - it would be nice to have all of them. Nevertheless, point 4 does not logically follow from the other points, and to a very large extent 4 is irrelevant to the real issue.

The scary thing about Sun is NOT that they will, all by themselves, beat the PC industry by just growing from where they are now. The direct sales approach that they are taking is just the standard minicomputer approach. In many ways they are just repeating what DEC did - start in science & engineering and branch out into commercial stuff.

The tactic of using a direct sales force and selling solutions to the customer is nice, but it hardly threatens the PC industry. It might even be mandatory that we learn from this approach in order to get networking well established, but it is NOT the real SPARC threat. In order to do us serious damage and still keep the same approach, they would have to grow the size of their sales force by 100X.

This may sound ridiculous, but when people say "Sun is the problem", or "we need to compete with Sun", or "we must have all the pieces Sun has" this is in essence what is being said - that we have to worry about the present Sun marketing strategy, sales force, product features they offer etc. and try to beat this combination.

Nothing could be further from the truth. Yes, we should look at this stuff as an opportunity to do marginally better than we are doing today, but it is NOT the real threat. The threat is that they can use their guff to take away OUR customers - the millions who buy PCs today. Stopping their present tactics does NOT keep them from coming after our customers - unless we starve them to the point of bankruptcy. I don't mind giving them a little grief, but it should not be confused with making us any safer.

The scary thing is not the small number of customers they sell to right now, it is the fact that they have a fundamental technology edge over us that will grow over time, and which will appeal to our present customers. To make matters worse, they are organizing

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others to use this against us. As long as Sun can pay their rent they are going to be in a position to hurt us. They can bide their time and send expendible proxies in to fight with us (such as the mail order machines, experiments with the retail channel etc.) until the SPARC performance advantage is overwhelming and some killer apps get written.

When they do come after our customers directly, it won't just be through a hugely expanded direct sales force - they will be in all of the important channels used in our market, and they will have an army of clones with them. Competeing with Sun in their present market is irrelevant to stopping this. We have to harden our market in preparation and deny Sun any key points of differentiation that they could us to unseat us.

Nathan

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From tomle Tue Sep 4 08:29:04 1990
To: bradsi
Subject: dos rup for international
Date: Tue Sep 04 08:27:59 1990

Please talk to Russ about this. Everyone seems to be assuming that magic happens and an International RUP just appears. There is much work to be done and nobody knows when the International Upgrade will be ready.

Thanks,
Tom

|>From russw Tue Sep 4 07:35:38 1990
| To: bradsi markche tomle
| Subject: dos rup for international
| Date: Tue Sep 4 07:34:40 1990

| I am leaving for the international sales meeting tomorrow and
| am unclear what to say about the dos 5 rup for international.

| we made a big deal out of it at the national sales meeting since
| we had a specific date etc.

| can u tell me what you want me to say at the isn. if you think
| it hits this fiscal year that's great.

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From philba Tue Sep 4 08:33:15 1990
To: bradsi davidcol
Subject: Rc: Genesis Introduction Plans

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