

Microsoft Memo

To: Executive Staff, Paul Allen, Mike Murray, Jim Allchin
From: Bill Gates
Date: February 19, 1991
cc: Dave Marquardt, Jon Lazarus
Subject: Top 10 Priorities

1. Provide the system software for 80% of individual systems by promoting Windows. This can be measured by penetration (goals: 1991 30%, 1992 45%, 1993 60%, 1994 80% of all individual machines) or specific achievements (portability 1992, object oriented file system 1994, majority of universities and research groups building on it 1994) or most importantly (because it is a leading indicator) ISV and corporate applications (goals: ISV percent of new developments being done on Windows first 1991 60%, 1992 80%, 1993 90%, ISV percent of applications on other platforms available on Windows 1991 50%, 1992 70%, 1993 90%; corporate development percent being done on Windows first 1991 20%, 1992 40%, 1993 60%, 1994 80%). Competitors: CDI, GO, UNIX (SUN, SCO, USL, OSF, AIX, HP-UX, etc.), Patriot, DR-DOS, Mac. [Individual systems do not include video games or dedicated organizers - it includes all machines that provide productivity tools.]
2. Provide the best integrated family of office productivity applications achieving #1 share in sales of the family and in spreadsheet, mail and database. Achieve at least #2 in word processing and all other categories we participate in. Design these products to be tools of IAYF.
3. "Networking". Provide the best services and tools for building distributed applications as part of Windows. This can be measured by revenue share of networking software (1991 10%, 1992 18%, 1993 28%, 1994 35%, 1995 40%) or ISV following (distributed applications available on 'Windows' first) or specific achievements (best solution for security, software distribution, administration, IAYF searching by 1993).
4. Reputation: Have broad awareness of Microsoft as the most innovative, but also safe, choice for buying software. Articulate our vision as empowering individuals and companies with IAYF rather than just providing products. Have broad awareness of excellent support. Determine the percentage of revenue for each product to be "spent" on support and within that budget come up with the best offering of free and charge-for-support options. Avoid being positioned out of the "open systems" movement or being positioned as "everyone's enemy" or "dangerously powerful".

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5. Innovation. Have a strategy to track developments at the university and research level worldwide. Grow a group of people who work on research topics and have ongoing relationships with the research community. Seize on new opportunities such as speech, palmtops, information networks, artificial intelligence before our competition uses them. Improving our development efficiency every year with new tools is an example of this.
6. Talent. Identify a few job categories where Microsoft needs to advance the state of the art in recruiting, training, motivating and retaining and focus particular attention to these areas (development, development management, program management, managers with product knowledge, subsidiary general managers).
7. Home/entry/educational market. Offer a full family of products for first time users and achieve #1 or #2 positions for all of these products (#1 for Works). Invest in educational market share despite its lower profitability. Determine the demand and competitive factors for consumer information products (multimedia) and make long term investments in the development of this market. Over time the home will have a very powerful digital computer for video/audio/control and we want Windows to be part of it.
8. Geographic. Innovate in the processes to make worldwide products efficiently. Invest early in new regions in order to establish high market share in every market worldwide.
9. Profitability/revenue. Try to have some money left over after all of the above. This can be measured by margins (keep after tax profit above 15%), sales growth (continue to outgrow the software market as a whole), or per-product (revenue of \$150 for desktop system software, revenue of \$300 for our family of desktop applications).

The choice between market share and short term profitability should be discussed and stated more explicitly.
10. Future revenue. Once most desktops in the US have productivity software what will our future revenue stream be? Updates? Information? Services? Although this dilemma is more than five years away we should invest in answering this question and maximizing this future revenue stream.

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