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From paulma Mon Mar 11 17:42:20 1991
To: billg mikehal steveb
Subject: "Peace" Proposal
Cc: bobmu jonl stevewe
Date: Mon Mar 11 17:38:01 1991

This is a "lengthy" response to Mikehal's email re OS/2 and IBM. I will distribute it in paper mail as well for that reason. However the first section is a summary, the rest is background. What it is an attempt to figure out what we can offer IBM in return for a "cease-fire" in the current war of confusion. This proposal is not exhaustive, not should we present it as is. Maybe we should as a means of negotiating ask for more, offer less.

PROPOSAL FOR CONSIDERATION:

Recognizing that IBM is on a "PM-centric" strategy, we should offer to IBM the following:

1. That IBM does port of PM to NT, and MS does a "WABCC-32" (with IBM supply needed support in PM) - a "WABBC-32" is some form on Windows-32 running under PM on NT in an integrated fashion. MS will then pro-activley assert to customers that OS/2 3.0 will be upward compatible with OS/2 2.0 (run 16 and 32 applications, with "reasonable" restrictions which we will help IBM define).

In addition we could offer to do WABCC-32 first on "OS/2 2.1" - although we can point out that for timing reasons (could not deliver until '93) we recommend doing it on the PM on NT.

2. That MS will show its support for OS/2 and OS/2 2.x in particular, as follows:
 - (i) provide a "finished goods" release,
 - (ii) help them implement "DPMI windows" WABCC-16 on OS/2 2.0,
 - (iii) support it with at least one 32bit PM application - we will announce this at their OS/2 2.0 bash in May (??).

In return, IBM will commit to:

1. Affirm that OS/2 3.0 will be:
 - based on NT,
 - will run Windows and OS/2 applications
2. Provide us the timely and willing support we need to do packaged goods versions of OS/2 1.x and 2.x.
3. Pay us the \$9 per copy on OS/2 2.0, and amend current deal to apply the \$15M / year to WABCC-32.

Notes and Caveats:

1. We should not delude ourselves that this is a lasting peace - this is a ~~cease-fire~~. We are on different strategies - IBM wants a PM-centric strategy that "accommodates Windows". This would be the same as allowing Sun to do a "Windows" layer on top of X-Windows. It would be buying some peace with a competitor - the competitor would not go away or cease to enhance his "native" environment.

However, just as we would not allow Sun to constrain our ability to "natively" implement Win32 products on NT and ship as we see fit, neither could we accept a similar constraint from IBM.

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2. I also would recommend that we continue to build "POW/NT" (ie. PM layered on NT/Win32) - ie. ultimately we have to be able to say that customers can migrate to Win32 as the native environment - even if it means that "POW/NT" will inevitably have some restrictions (PM will be a moving target).

BTW: The "SUN" parallel still holds - if we allow SUN to implement a "WABCC" for X-Windows, I would definitely also advocate that we find a way to run XWin applications in the "native" Win32 environment.

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BACKGROUND: WHAT ARE THE ISSUES BETWEEN MS AND IBM OVER OS/2:

1. How do we get IBM to endorse "OS/2 3.0" as the successor to OS/2 2.0 ("neutrality" as defined by Mikehal).

Right now IBM is against OS/2 3.0 as:

- they want attention focussed on OS/2 2.0, not something further off in the future. The view us as continuing to use OS/2 as a stalking horse for Windows.
- they do not trust us to deliver on OS/2 3.0 in such a way that it will do justice to PM.

Let me discuss the "technical aspects" supporting Windows and PM on NT first. Technically, one can build three types of system:

- (i) One which runs only Windows or only PM.
- (ii) One in which there are essentially two graphical environments, both operating on the same box (this is the "separate screen groups" approach). This is easier to do (Windows and PM can "ignore" each other), but is not integrated from a user's point of view - the applications live in different worlds.
- (iii) The "integrated" approach in which Windows and PM applications run in the same screen group, DDE & clipboard works between Win and PM apps, there is one Shell, etc.

However, this approach is harder to do. The following has to be true:

- one set of device drivers has to own the devices (the display, the keyboard, the mouse),
- one Window Manager has to ration and manage the display amongst applications, and marshall input to the appropriate application.

Simplifying things somewhat, this means that one has to decide which of the GUI "environments", Windows or PM, is primary, and then graft the other environment on top of it. This grafting is not impossible (we did it with WLO), but is "non-trivial".

NOTE: Sometimes people say "can't we build a PM only system (or a Windows only system), and then put "WLO" layer (or a "PMLW" layer) on it. This is in fact almost

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identical to this option (iii). The work is basically the same.

Given the above, are there possible area's of compromise? Lets look at it two ways: (a) if IBM is doing the work, and (b) if MS is doing the work.

IBM doing the work:

If we say to IBM "you take the NT executive layer and build OS/2 3.0 out of it", then what they will do is to basically port PM to NT and then allow us to a "WLO". WLO-32 will be harder than WLO-16, as we have more functionality that we have added in WLO-32 (de-sync'd input, graphics enhancements, Unicode, etc.) At a minimum IBM would have to give us hooks to support WLO-32.

To do this, IBM will almost certainly want to use the portable PM code that they have been developing in Hursely - we have been hearing since 18 months ago, that Hursely never agreed to go out the PM business, and has been conducting a guerilla PM effort. This now looks like it is surfacing in the "PM on AIX" effort that Hursely is working on. It is interesting that IBM has never formally taken delivery (even though it is their right of the "Portable PM" work that we did), or even pushed to get it. It seems that when the original proposals were made to take Hursely out of the picture, they started building their path to get free of MS.

In the timeframe in which IBM could get this product done (1993 at earliest, more likely '94, as IBM will first want to bring EE across, etc.) - the User Interfaces of OS/2 and Windows will have diverged, the device driver models will be different, the print models will be different, Hursely will have added IDOCA support, etc. The point is that it will not be something that is directly aligned with our strategy of Windows 4, Windows 5, etc.

In addition, IBM may never give us the support that we need for a decent "WLO" on PM/NT. It will at a minimum be later than we would want (93/94). We would have to maintain our Win32 on NT effort in order to get it done when we need it, and to ensure that we are not hoisted on our our petard.

The bottomline on this is that we can encourage IBM pick up PM for NT, but getting them to do this before, or instead of, the PM port to AIX will be tough. I think the basic IBM stance right now is:

- (i) port PM to AIX - they have promised this to customers and in the press, and it plays into their need to get RS6000 into SAA,
- (ii) look at NT, and when it is appropriate, look at moving this PM/AIX code base to it.

In no scenario would they want to ship anything based on NT before H2'93, given the push they are making around OS/2 2.0 which is slated for late '91. So they are in no "panic" to get to NT. For now, they want to get OS/2 selling on the 386, and keeping pushing AIX on the RS6000.

In fact, I think IBM is (if they are smart) quite happy to have us have to go off and wrassle with merging Windows and PM on NT - it absorbs our resource and slows us down. I think the only leverage that we really have is if we threatened to abandon OS/2 and PM altogether, and in their current macho mood, I think this would just inflame them further.

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MS doing the work:

Given our current plan of doing Windows first, I don't think there is much that we can do to mollify IBM. They simply will not trust us. As Mikehal points out, they simply do not want to rely on a strategy that just "accommodates" PM in a Windows world. We would have to switch our strategy to being "PM first" - something we are cannot do. This is the root issue between us.

This does not look too promising. Is there no compromise then possible? Basically it means that both IBM and MS have to do work. However, lets look at some other issues between us and IBM first.

2. Support of existing versions of OS/2 1.x and 2.x for Packaged Goods and OEMs:

We are still adding value to OS/2 1.x and 2.x by ensuring that the right things are done in order to ensure that 1.x and 2.x are good "ready-to-run OS's". We have done LADDR, have a h/w certification process for approx 20 OEMs mapped out, get Compaq/Zenith the hooks they need, etc.

However, it is getting tougher and tougher for us to do this. IBM only responds with the greatest reluctance to our requests for fixes and the few features we ask for. They have still got no conception of what it means to give a product broad support.

We are viewed as the "enemy" and the Boca folk get no points for cooperating with us - even when we really are trying to work with them.

3. WABCC:

We are motivating WLO as meeting the WABCC requirement. IBM sees this as "inadequate", and is pursuing doing an enhanced DPMI Windows-in-a-VDM approach. Hence (I think) their contract with Micrographx to do a "Windows device driver to PM device driver" layer (if you want integration, someone has to "own" the glass and the other environment has to be layered on top).

4. OS/2 PM-32 Applications:

IBM wants us to develop OS/2 32bit specific applications. We are not planning to do this.

Thus if we are to try to find a compromise with IBM, we could offer:

- (i) To "let" them do PM on NT, and we would agree to do a "WABCC-32". This would mean either doing a "WLO-32", or a "DPMI" equivalent for Windows 4.0.

While we could agree to this, we could not rely on it for our NT strategy. We would have to continue working on the Win-32 subsystem for NT, and would have to retain the flexibility to ship it earlier than IBM could or would want to get PM on NT done. Otherwise they control us.

- (ii) To work with them on their conception of WABCC (make Windows a DPMI client, work with them on the integration),

Issue here is the cost to MS of doing this - it will mean diverting resource, and will help OS/2 2.0 as a competitor to Windows. We could however probably ensure that we get our \$9 per copy (?).

- (iii) Offer to do a 32bit PM Excel (for instance).

This is a cost/opportunity issue again. I don't think that it would have large strategic impact on us however. I wonder what Lotus is promising?

- (iv) Offer to ship a "Finished Goods OS/2" that has comparable h/w coverage to Windows.

This is not really an offer - it is just trying to merchandise and get some credit for what we are doing for them, and create some concern that we could chose not to do this.

WHAT IS THE COST OF COMPROMISE:

Basically we have to add to our plate at a time when we have lots on our plate already. We would have:

- (i) Work with IBM on WABCC-16

Windows 3.x group would have to agree to expend effort working with IBM. This could/would affect Win 3.1 dates which are already late.

- (ii) WABCC-32

We would have to roll over and maintain staffing this effort. We would have to jointly design the support in PM that we would need. We could leverage some of our existing WLO group, but it would mean more resource for longer than we had planned.

- (iii) Staff PM-Excel-32

- (iv) Staff POW/NT

As noted, I would still advocate doing this. This whole proposal is a deal with a competitor, and I would always want to have insurance. At some point we will want to present NT with the basic Windows GUI as the most complete, safest environment.

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