

**February Status Report**  
 Downing Account Team  
 March 22, 1991

**Revenue**

Revenue for the month was \$5.3 M versus budget of \$3.7M or 142%. This is due to some significant continued business for Gateway 2000. I am forecasting to finish the quarter at \$10.8M versus \$7.8 M or 138%. We will finish the year at \$34M versus \$31M budget or 109%. These numbers reflect the account transfers that look place at the beginning of February.

**New Business Signed**

Account	Product	Comments
Creative Solutions	PP DOS	
Disco Print	PP DOS	
Disco Print	Combo	
Disco Print	Mouse 50-pack	
Evergreen Systems	PP DOS	
Quadrant	PP DOS	Renewal
Western Microtech	PP DOS	
Lanier Amend	MS-NET	Amended exhibit M
Cumulus	DOS 5 amendment	Adds DOS 5.0
Opus	FG MS-DOS 4.01	Renewal
Locus	FG MS-DOS 4.01 (\$55-\$125)	Renewal
Meridian Dat	CD-ROM Ext. Ver. 2.2	Amendment
Siemens	MS Mouse 50 pack (\$2,250)	New Business
Datapoint	MS-DOS	Extended 1 year
Reference Technology	CD-ROM Extensions	New Business
Powerhouse	MS-DOS	Renewal PP license
Helena Labs	MS-DOS	Renewal PP license
Club AT	FG MS-DOS 4.01	Renewal
Club AT	MS Mouse 50 pack	New Business

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**New Business Pending**

Account	Product	Royalty	Commit	Close	Chance
Creative Labs	MM Windows	\$24	\$1.2 million	3/91	90%
Headland	MM Windows	\$30	\$750K	3/91	90%
Kicksoft	DOS/Win/Works	\$40	\$1.75 million	3/91	50%
Swan	Combo	\$99/unit		3/91	100%
Tempest Tech.	PP DOS	\$55/60		3/91	100%
PC Expanders	PP DOS	\$55/60		3/91	100%
Iverson	Mouse	\$47.50/unit		3/91	100%
Sysorex	DOS	\$33	20K		
	WIN	\$33	10K		
	OS/2	\$135	500	4/91	60%
WinLabs	DOS 3.3, 4.01, 5.0	\$28			

	ROM DOS 3.2, 5.0	\$28	30K	4/91	75%
	OS/2	\$210	100		
Bloomberg	FG Works	\$55		3/91	99%
Complete PC	Works	\$17	\$68K	3/91	90%
Insignia	DOS 3.3, 5.0	\$10-\$28	\$1.7M	3/91	90%
McIntosh High	FG DOS 4.01	\$55		3/91	99%
Promise	FG DOS	\$60		3/91	99%
Reply Corp.	FG DOS	\$55		3/91	99%
Reply Corp.	FG Win3	\$85		3/91	99%
Reply Corp.	FG DOS/Win Com.	\$99		3/91	99%
Source One	FG DOS	\$50		3/91	99%
Towercom	FG DOS/Win Com.	\$99		3/91	99%
TI	MS-DOS	\$26	\$1.3M	3/91	100%
TI	CD Rom Ex	\$2.50	\$12.5k	3/91	80%
TI	MS-DOS 5.0	\$26	n/a	4/91	90%
Austin Comp.	MS-DOS 5.0	\$32	n/a	3/91	80%
Unisys	DOS 5.0/Misc	Same		3/8	90%
Elitech	DOS + Win	\$54.00	\$3.24 million	03/91	99%
SpaceLabs	DOS	\$65.00	\$35,000.00	03/91	99%
Photon Kinetics	DOS	\$70.00	\$14,000.00	03/91	60%

#### News

Gateway hired new Director of Marketing, proved to be high hurdle in custom mouse issues. Working to better the relationship but not easy.

TI is considering True Image in their new printer line rather than Adobe; Pen Windows as their interface for a new stylus input device that can retrofit existing TravelMate laptops to allow handwriting recognition; and they will ship system during CY91 that includes Windows. Meeting in March should bring all issues closer to resolution.

Austin Computers has agreed in principle to the amendment that will extend their mins (although not reduce). Working with Austin legal to finalize working. Also agreed to license Dos. 5.0 in same amendment.

Tricord currently has working model of Multi Processor server in beta sites around country (using Lan Man MP Server Pak).

Unisys Cyril Yansouni resigned as techno head of NCG (and Unisys). Went to Read Rite of Mipkas as CEO, preferring a small company atmosphere (and one that makes money). Major save on the C business for development of Unisys next Finesse version (transaction processing, financial division, big business for them and they own most of the market.). Executive Review for NCG set for March 29, SteveB is godfather. our new Support Engineer, Tim Case, is a real team player. Unisys was awarded a \$21.4 million contract for Navy aircraft computers.

Unisys names Reto Braun (Memorex stock) as Board Director--reputed to be a good fit for broad duties.

#### Issues

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Positive Scuttlebutt is that Positive is having trouble procuring and paying for systems. Orders are strong, they just can't fill them. We are monitoring.

WinLabs slim version DOS is also showing up in California in large quantities. Working with Debrav to follow up on these leads.

Sysgen, Inc.'s license has terminated, and MS Legal is pursuing the balance due.

Gateway mouse business is at a head. Meeting with Rickthorn and Davewr provided some alternatives that may keep business. Risking over \$3M annually.

Unisys has yet to announce their OS/2 1.21 ship date. No news yet on DTIII proposal—gov't pitch set for 3/5. Overdue royalty report and payment which Michele is bird-dogging.

MediaVision leaked the MM-Council dates/details. Damage control in process.

#### Laptop Watch

Gateway still looking for OEM to license high quality Laptop product from.

TI has stated that they will be coming out with 3 new laptops this calendar year. Strong presence in this market with breadth and depth of products. Looking to OEM SX for low-end.

Austin Computers also looking for OEM to license laptop from. 11th hour pull out from original OEM has left them looking.

WinLabs to release Laptop in June—working on Ball Point design-in.

#### RISC Watch

No activity to report.

#### DOS 5.0 Watch

Status: P—Proposed N—Negotiation S—Signed N/A—Not Applicable  
Ship date is OAK + n days... i.e. 60, 30, etc  
DBI Threat is Y or N

Account	Status	Close Date	Ship Date	DBI Threat?
Win Labs	N	4/91		N
Sysorex	N	4/91		Y
Insignia	N	3/91	+60	N
TI	N	3/91	+60	N
Austin Comp.	N	3/91	+60	N
Tricord	N	4/91	+90	N
Unisys	N	3/8	TBD	N
SpaceLabs	N	3/91		N

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#### Product Marketing Feedback

MS-DOS 5.0 OEM's need more firm plans on announcement QUICK, need documentation with Shell information removed.

C 6.0 "Out of heap space" and functional pointers in overlays difficulties reported to languages.

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Multi-media support is difficult to obtain from Product Marketing in terms of information exchange and discussion with OEMs.

**Account Summaries**  
(As reported by Account Managers)

**Creative Labs (Wolfgang Struss)**  
\$1.2 million/year Multimedia Windows license agreement in negotiation. Will be signed this month.

**Headland Technology (Wolfgang Struss)**  
\$380K/year Multimedia Windows license agreement in negotiation. Will be signed this month.

**Kicksoft (Wolfgang Struss)**  
\$1.75 million/year license agreement in negotiation. This is a doubling of their minimum commitment based on orders they have for their add-on board. Interested in licensing the Flash File System. An evaluation copy has been sent to them.

**Media Vision (Wolfgang Struss)**  
The Media Vision license was not signed by MS. The agreement was returned by MS management pending clarification of issues relating to the "PC Marketing Fund Exhibit". This Exhibit has subsequently been deleted from the body of the license agreement and turned into a separate stand-alone agreement. Will close this month.

**Positive (Wolfgang Struss)**  
Positive submitted their royalty report but has not paid the royalties (\$98K) they owe. Bob Dushane (President of Positive) indicated that he would send half of the money by the end of February and pay the other half by the middle of March. To date no monies have been received. We are pursuing this. Scuttle is that they have plenty of orders—just cash flow problems.

**WinLabs (Susan Carasco)**  
Met with WinLabs on 12 February to discuss a new royalty arrangement for DOS and potentially Windows. Should close this month. Also during my visit in February, I presented our Ball Point Mouse. WinLabs is considering building the Ball Point receptacle into their new laptop. The laptop is scheduled for release in June. Some slim version of WinLabs DOS is showing on the market—WinLabs insists this is showing up from Taiwan independent of their printers—we are working with Debrav to pursue.

**Cumulus (Susan Carasco)**  
License signed for DOS 5.0. General account management activities included arranging a 2-day Works training session for Cumulus' product support staff. Ballpoint still under consideration for their Laptop—expect final answer end of March—chance not good due to price.

**Sysorex (Susan Carasco)**  
License proposal made for moving to royalty for DOS, Windows and OS/2. Total annual commitment of \$1 m. This will be for in-house manufactured systems—expect to close end of April.

**Swan (Susan Carasco)**  
Swan Technologies has finally signed the combo agreement and submitted an initial order for 350 units. Swan's monthly run rates decreased in the January/February time frame. This has

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made Swan more hesitant about discussing a royalty deal. I will continue to monitor over the next few months.

**Bloomberg Financial Services (Don Hardwick)**

Negotiated with Bloomberg to bundle Works with their financial services software on TI portables. Bloomberg will sell these systems to their brokerage clients for use at home. The agreement is for 1000 copies of FG Works at \$55 each. Close in March.

**The Complete PC (Don Hardwick)**

Negotiated with The Complete PC to bundle 4000 copies of Works at \$17 royalty (\$68K, all due on signing) with their Complete Commander voice mail/fax/modem card for pc's (SRP \$895). Close in March.

**Insignia Solutions (Don Hardwick)**

Currently negotiating new royalty license agreement with Insignia that will add MS-DOS 5.0. Only remaining issue is patent indemnification. New agreement should begin in March 1991, and will increase their current minimum commitment of \$500K by 50% the first year (\$750K) and 100% the second year (\$1M). Insignia is also licensing their software emulation technology to MS for use with OS/2. Close in March.

**Locus Computing Corporation (Don Hardwick)**

Locus' new agreement to distribute packaged MS-DOS was executed. Locus sells a software product called Merge that runs MS-DOS under Xenix and non-Intel platforms. The MS-DOS price varies, from \$55 for single user systems to \$125 per processor for multiprocessor versions of Merge.

**Meridian Data (Don Hardwick)**

The license amendment was executed to allow Meridian to add CD-ROM Extensions Version 2.2 to their existing license for CD-ROM Extensions Version 2.1. The product is priced from \$2.50 for single users to \$200 for 101+ users. The minimum commitment is \$10K.

**Opus (Don Hardwick)**

Opus signed a new license to distribute FG MS-DOS (\$55) to bundle with their workstations.

**Reply Corporation (Don Hardwick)**

Reply signed package product licenses for MS-DOS (\$55), Windows (\$85), and the MS-DOS/Windows Combo product (\$99). Reply makes PS/2 clones, and is applying for net 30 terms.

**Siemens AG (Don Hardwick)**

Siemens signed a new license to purchase the MS Mouse 50-pack. The systems are purchased from and shipped to Siemens' California facility, to be bundled with a variety of medical and manufacturing computer systems.

**Source One International Corporation (Don Hardwick)**

Source One signed a license for FG MS-DOS (\$55). They manufacture and sell 386SX, 386 and 486 based general purpose systems from their retail store. Source One is a new OEM for MS.

**Sysgen, Inc. (Don Hardwick)**

Sysgen currently has a prepaid balance of \$92K, and has another \$72K outstanding. Sysgen is effectively out of the PC systems business. Sysgen's license expired 12/31/90, and MS Legal is filing a lawsuit to pursue the balance due.

**Towercom (Don Hardwick)**

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Towercom (dba PC House) was granted a \$100K credit line with MS. They also signed a license for the MS-DOS/Windows 3.0 package product. Towercom will be turned over to account manager David Bennett in March.

**Gateway 2000 (Dave Wright)**

Davewr, Rickthom and Melvnh visited Gateway to discuss many subjects as well as the custom mouse business. Prior to meeting 50% chance of keeping the mouse business for fiscal year 92. This meeting presented alternatives that would keep business at MS. After meeting 80% chance of keeping business (Davewr estimate). Currently worth over \$900,000/qr. Gateway hired new Director of Marketing—proving to be high hurdel in Mouse issues. Ted Waitt (Pres) is beginning to relinquish some responsibility for decisions—not necessarily best for MS.

**Texas Instruments (Dave Wright)**

Received serializaton acceptance letter from TI for Dos 5.0 (last major step before final approval). Expect TI signed amendment by end of March. Currently three licenes in the signature process. TI will be here on March 7 and 8 to see Windows 3.1, Pen Windows, MS-Works, True Image and Online presentations that could result in licenses. Closed master NDA for beta software. Received a royalty payment of \$308K against a min of \$162K.

**Austin Computers (Dave Wright)**

Negotiating final details on Amendment to reduce their min commit payments during year 1 and make them up in a 5th quarter of year 2. Should close by March 31.

**Tricord (Dave Wright)**

Currently Tricord has a working model of Multi-Processor server in beta sites around the country (using LM MP Server PAK). They will be the first to ship a licensed version of Lan Man MP. Should see revenue in May June time-frame—we will see next quarter.

**Unisys (Michele Pearson)**

Continuing to learn the Unisys account, mostly through putting out various fires. Saved the C business in Applications Development Group; visited and met most key people. Finalized negs on DOS 5.0 amendment. Set up dates for Technology Briefing on various systems products and Executive Review for NCG. Major headway made on printer drivers license. Education Day at NCG proved extremely worthwhile for Tim and me; also worked on Exec. Rev. plans during that trip. DTIII negotiations continued during the month with Precision database as the focus. Introduced Tim Case to account.

**AMAX Engineering Corp (Ben Hsu)**

Negotiated with AMAX for a \$10.00 (\$3.00 + \$7.00) rebate on DOS/Windows combo package. AMAX has trouble selling the existing inventory due to a local MS customer sells the combo product at cost. We received several newspaper ad from AMAX. They used to be very interested in returning their remaining inventory of combo product to MS, but we worked a deal with them. AMAX is working on getting a government contract which is about an order for 60,000 machines in a four year period.

**Arche Technologies (Ben Hsu)**

Arche is participating in the Windows World at Spring COMDEX.

**Club AT (Ben Hsu)**

Met with Donna Impal/MS finance and Carol Liu/Club AT, Club AT now has a credit limit - \$75,000.00. Club AT's agreement to distribute packaged MS-DOS was renewed. Club AT also signed a new Mouse agreement. Club AT is currently shipping Logitech mouse with their systems but we plan on changing that .

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**Elitech Research (Ben Hsu)**

Negotiated with Elitech to bundle 20,000 copies of DOS and Windows per-year at \$54.00 royalty for 3 years (\$3.24M). Elitech's new plan is to sell their machines through mass merchant, Montgomery Ward. Signed by customer and expect to begin shipping in late March.

**Microstar/Infiniti Systems (Ben Hsu)**

Negotiated with Microstar/Infiniti to buy 7,500 copies of the DOS/Windows combo package at a better price. Microstar is very interested in buying all the DOS/Windows combo packages. Also, tried to qualify Microstar/Infiniti to bundle DOS and Windows on per systems royalty base.  
Potential royalty customer

**Supercom (Ben Hsu)**

Still working with Donna to raise Supercom's credit limit. Have been working on improving customer service and relationship by calling owner twice a week. Negotiated with Supercom to place an order of 2,000 copies of DOS/Windows combo at a one time only promotional price - \$89.00.

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