PLAINTIFF'S EXHIBIT
tabbies
864
Comes v. Microsoft

Novell

File : c:\brad\novlbus.txt
Message 1 .

[illegible]

From richd Thu Jul 25 19:26:30 1991
To brad brad@ [illegible] richd richd rusu tasks
Cc richd
Subject: Novell/MS summary
Date: Thu Jul 25 19:26:25 PDT 1991

Here's my out at a summary of our discussions (assume from brad). Pls email me any changes. thanks

Over the last several days I've been meeting with MS/Mile product management, program management and development to discuss the Novell takeover of NBI, and this will summarize our current thinking. We will meet later this week to brainstorm on strategy and tactics going forward.

SUMMARY

There are two basic scenarios to explain Novell's takeover of NBI: it has either fundamentally a defensive move, or an offensive move. The defensive scenario is less interesting: it supposes Novell took over NBI to squash Lantastic, and to pre-empt some slideshare from the Pear and the IT. The offensive scenario presumes Novell is actively developing products to compete with the Pear and IT, and ultimately plans to enter the standalone [illegible] business. It is this worst-case scenario we're focusing on.

OFFENSIVE SCENARIO

This scenario assumes Novell aims to own the desktop, both server and workstation, and assumes they'll attempt to do this first by integrating Netware and [illegible], and then, having legitimized [illegible], by going after standalone [illegible] business. [illegible] licensing [illegible] is a major X factor in this scenario.

Objectives

* Tighten grip on our OS market with pre-emptive strike at the Pear and the IT
* Establish standalone [illegible] business

Basic Strategy

* Rapidly legitimize and increase functionality by integrating client and server [illegible]
* Legitimize [illegible] by widening its installed base
* Pursue [illegible] business as MS-DOS contracts expire

Possible Tactics

* Bundle [illegible] free with Netware so customer can buy added PCs
* Site license [illegible] for free to provide Netware contacts
* Give [illegible] to [illegible] to legitimize and provide Netware contacts
* Give [illegible] to [illegible] to provide Netware contacts (assumes [illegible] business not an objective)

Possible Combined Product Features

* Next Netware shell release offer option to install [illegible] over MS-DOS
* Integrate Novell high-speed file system into [illegible] 6
* Following Netware shell release: high-end version that requires [illegible], and stripped version that runs on MS-DOS
* Installation over the net similar to the MS-DOS 5 upgrade
* Remote installations: allow DOS + Netware shell upgrade from the server
* Remote distributions: support installation of applications from the server
* Use password features in [illegible] file system to provide extension security

[illegible] VULNERABILITIES

Product

* [illegible] 6 due in the fall at least a year ahead of MS-DOS 6
* Novell could withhold redirector so the IT can't talk to Netware servers
* DOS a fixed standards allow Novell to make compatibility a non-issue over time

Distribution

* [illegible] licenses [illegible]
* Novell MBs provide turnkey solutions at grassroots level. They could install Netware + [illegible] without the customer ever knowing the difference from MS-DOS, and make product differentiation nearly impossible

Customer Perceptions

* Novell perceived as a very strategic partner in large corporate accounts
* MS perceived as a marketing failure on server and as account hostile on client (Windows, MS-DOS 5)

HIGHLY CONFIDENTIAL

[illegible] Fri Jul 26 [illegible] 1991

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