

Bruce Neiminen

From: Richard Floodman
 To: Colleen LACTER (WGMR); Martin MIDDLEWOOD (WGMR)
 Cc: Brad Chase; Richard Floodman
 Subject: Business Week story thoughts
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positioning it as "How to keep and revitalize a franchise" is the way to go. summarizing our conversation and having thought some more, here are some random thoughts:

Keeping the franchise:

- * first DR DOS (version 3.3; that was the current MS-DOS version at the time) was may 1988. since then, they've had 3 more major releases: 3.4 (5/89), 5.0 (7/90) and 6.0 (9/91)
- * i have very recent DR DOS revenue estimates, and put them at 5-8 % market share.
- * obviously we have to reverse the spin from "look at the courageous underdog" to "after 4 years and 4 versions, why is DR still only at 5%?" here are some reasons:
 - we could insult their product (consistently unstable) and marketing (awful). some DR digs would be nice, but the point of the story is not to make them look dumb but make us look smart
 - OEM: they've lost the few major OEMs they had back to MS because we had a better product
 - retail: we exploded the MS-DOS market by going retail and captured all the growth. as a result, DR's total share dropped, and we nearly killed them. note that they sold to Novell July 91, one month after we announced MS-DOS 5. they were drowning and novell was the lifeboat.
- * franchise-keepers: ibm has had plug-compatible clone competitors like amdahl and hitachi in the mainframe market since the 60s (i think). but they still have 70%(?) market share 25 years later. i also read an article somewhere about brands that have been dominant for 50+ years because of great product development and marketing: oros, ivory soap, coke and some others.
- * franchise-losers: after about 12 months, AMD had taken 30% of the 386 market, the other great PC franchise. 4 years ago lotus had 80%(?) of the spreadsheet market. today they have 50%.

Revitalizing the franchise:

- * great products, i.e ms-dos 5. it's a hot topic that american companies have lost franchises by making lousy products: cars, cameras, vcr's, memory chips, etc. look how much press the new Chryslers have gotten - "an american company finally makes a good product."
- * more great products, i.e windows. people want windows, and consequently want ms-dos because it's the best platform for windows.
- * innovate: we not only protected our business, but dramatically expanded it. not easy when you already have 95% share. we innovated by line extending and using new distribution channels. some measures:
 - in june 91 the Upgrade business was 0. in june 1992 it was nearly \$200mm. wow.
 - before win 3.1, wordperfect was the biggest unit volume product. i have some old dataquest numbers that put it at 2mm/year. we sold 3.5mm in our first 12 months, or a record by almost a factor of 2.
 - the Upgrade business is larger than all but the rest of MS, Novell, Borland, Lotus, WP, symantec and Autodesk. did i forget anyone?

Fears, etc.

- * "MS sat on their ass for 3 years while DR cloned their OS. the only reason MS kept their franchise was because DR was undercapitalized. MS didn't wake up until 1991 with MS-DOS 5"
- * "it's impressive that a little company like DR captured 5% against big bad MS who had all its OEMs locked in on



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long term contracts"

- "DR took DOS retail first. MS was just copying them."
- "any dope could see there was an MS-DOS Upgrade business. it only took MS 10 years to see it."
- a "to be continued" story. i don't want this to be the last line: "DR, the scrappy underdog, is now owned by big Novell and has a lots of new products in the works. stay tuned." or "DR DOS 6 was DR's most successful product, and now they're owned by Novell. stay tuned."
- i want this to be a "the game is up" story. this ending would make me happy: "DR missed their window of opportunity. although still big, the ms-dos market is on the wane as evidenced by sales of Windows and Windows apps. and once the inevitable fusion of MS-DOS and Windows happens, DR will be competing with MS in a dramatically smaller market. but as evidenced by its aggressive MS-DOS product plans, MS intends to maintain its 95% share in that market as well."
- we have to weave ms-dos 6 and our seriousness about the future of ms-dos into the story. the "ms intends to keep its franchise as shown by its aggressive product plans" angle is an obvious one

whew. thanks!

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