

Microsoft Memo

TO: Russ Werner
FROM: Mark Chestnut
DATE: 6/22/90
SUBJECT: May 1990 Monthly Report
CC: List

List:

Joachim Kempin
Richard Fade
Ron Hosogi
Bob O'Rear
John Jenkins
Jeff Lum
Melvin Henderson-Rubio
Rich Abel
Phil Barrett
Mike Dryfoos
Tom Lannon
Eric Straub
Sergio Pineda
Kathryn Hinsch
Dean Holmes
Tom Shigeta (MSKK)
Marianne Allison (TWG)
Russ Stockdale

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Plaintiff's Exhibit

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Comes V. Microsoft

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Summary

- May was a record breaking month for Int'l packaged DOS sales - 55K units, \$3.3 million.
- U.S. Packaged DOS sales were 114% of budget - 20K units, \$1 million.
- DOS 5 beta shipped to 289 beta sites week of 6/11.
- Held very successful DOS 5 OEM seminar in Taiwan on 6/13 (2 days prior to DRP's Taiwan announcement of DR DOS 5) - 15 OEMs attended.
- Successful DOS 5 seminar in Korea held on 6/15 - 12 OEMs attended.
- DOS 5 schedule is now changed to 9/30 final release; addition of significant new features (task switcher, EMM386 and shell enhancements) is cause of delay.
- Contract with Systemsoft for DOS 5 power management work finalized.
- DOS 5 OEM Early Ship Program finalized - good work here by Russ Stockdale.

Business

May Revenue

	Actual Units	Budget Units	Actual \$	Budget \$	%
US Pkg Prod	20,653	16,808	\$ 1,054,705	\$ 924,453	114%
Int'l Pkg Prod	55,360	29,272	\$ 3,305,615	\$ 1,934,846	171%

FYTD Revenue (through the end of Q3 - does not include April or May results)

	Actual Units	Budget Units	Actual \$	Budget \$	%
US Royalty	2,968,611	2,799,800	\$48,965,089	\$45,646,137	107%
Int'l Royalty	4,564,325	4,141,293	\$73,819,940	\$66,702,761	111%
US Pkg Prod	207,916	121,378	\$10,699,054	\$ 6,675,869	160%
Int'l Pkg Prod	360,027	231,193	\$23,294,817	\$17,500,428	133%
Phoenix ¹	106,139	126,000	\$ 3,777,381	\$ 4,095,000	92%

Profitability

DOS burdened operating income year to date is \$155 million, \$9.7 million over budget.

Strategy and Planning

- DOS 5. Several meetings held this past month with Traveling Software to finalize plans for including their file transfer technology in DOS 5. Final agreement expected within 2 weeks.
- DOS 6. Am continuing to work with Tomie in negotiating acquisition of "4 DOS" utility for DOS 6. Currently, their asking price is way too high. Russ Stockdale has begun market analysis of third party DOS utilities, to identify additional utilities we can potentially acquire for DOS 6.

¹ Phoenix is a U.S. OEM royalty customer that resells packaged product (and is a second source for DOS Packaged Product in the U.S.). Phoenix shipments are broken out separately from U.S. Royalty numbers in this report.

Product Development

- **DOS 5.** We are now planning to include a task switcher, loadhigh capability for EMM386, and further improvements to the shell. All of these will be incorporated in the second beta release planned for late July.
- **DOS 5 ROM Version.** Contract with SystemSoft for DOS power management development finalized, initial code delivery set for next week.
- **DOS 5 OAK.** Schedule has slipped 30 days due to new feature additions. Final release scheduled for 9/30.
- **DOS 5 RUP.** On track for 9/30 release to manufacturing.

Product Marketing

- Taiwan and Korean seminars successful in gaining OEM enthusiasm for DOS 5 and diffusing threat from DR's new release.
- Met with several key Taiwan/Korean OEMs individually (Acer, Sampo, Goldstar, Hyundai) and got very positive response to DOS 5.
- Had several discussions with Intel Genesis marketing group. Intel wants MS and DOS 5 power management to play major role in Genesis announcement scheduled for October. This is a great PR opportunity and gives us a chance to significantly differentiate our product from DR's.
- RUP communications plan nearly finished, expected to be published next week.

Staffing and Organization

DOS Product Marketing (4923)

- Richard Freedman starts 8/13 as DOS Associate Product Manager. He will take over product marketing responsibility for the RUP.

Performance Against Past Month's Objectives

1. Ship DOS 5 beta
Done
2. Meet with key OEMs in Taiwan and Korea the week of 6/4, provide DOS 5 presentation and demo
Done
3. Get commitment from Chips & Technologies to license ROM DOS
Progress
4. Finalize RUP communications plan
Progress
5. Finalize file transfer utility license agreement with Traveling Software
Progress
6. Finalize contract with Systemsoft for DOS 5 power management
Done
7. Finalize and begin implementation of OEM DOS 5 Early Ship Program
Done

Next Month's Objectives:

1. Finalize file transfer utility license agreement with Traveling Software
2. Finalize RUP communications plan
3. Get commitment from Chips & Technologies to license ROM DOS
4. Revise RUP Marketing Plan
5. Finalize DOS 5 / RUP PR plans
6. Reach agreement with Intel on MS' role in Intel Genesis announcement

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MICROSOFT MEMO

TO : Mark Chestnut
FROM: Sergio A. Pineda
DATE: 15 June 1990
RE : May 1990 Monthly Report

Summary

- o Presented an update on the embedded control market to Bill Gates and Steve Ballmer. *- as result will focus on domestic major customers*
- o Finalized plans for participation with Intel to announce the 80C186EB and Flash Memory in Europe, US and Japan.
- o Control Engineering will publish an article on MS-DOS ROM later this year.

*He might
refer or
problems
here is
appropriate*

Business

- o In the final stages of negotiation with Kanematsu to act as our VAD in Japan.
- o Negotiations with Chips and Technologies to re-sell MS-DOS ROM to the embedded control market are continuing. *- status
- expected outcome
- timeframe*
- o Norand Data is another candidate for MS-DOS ROM for a portable data terminal. *- OEM sales following up - agreement expected by*
- o National Security Agency is evaluating MS-DOS ROM and the Flash File for a portable instrument. *- opportunity = 4 units?
- decision expected by ..*

Strategy and Planning

- o To meet with Intel on 13 July to understand where Intel's x86 processors are used heavily in the embedded control market.
- o To evaluate the opportunities that exist in the real time market for MS-DOS ROM with Ready Systems and Intel.

Product Marketing

- o To participate in a technical seminar in Japan on 17 July to present MS-DOS ROM to customers designing embedded systems.
- o Completed draft of MS-DOS ROM technical note.
- o MS-DOS ROM will be featured in AMD's Fusion286 Catalog targeted for manufacturers of embedded systems.
- o Planned customer visits with Ready Systems to understand the opportunities that exist for a real-time MS DOS.

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Next Two Months Objectives

- o To identify high opportunity markets for MS-DOS ROM from the meetings and customer visits with both Intel and Ready Systems.
- o To finalize plans for the MS-DOS ROM technical seminar in Japan.
- o To meet with Chips and Technologies on 22 June to work out details regarding the VAD agreement.
- o To continue revising the MS-DOS ROM Marketing Plan.
- o To deliver to Corporate Communications the technical note on MS-DOS ROM for printing and distribution.

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MICROSOFT MEMO

TO: Mark Chestnut
FROM: Russ Stockdale
DATE: 6/15/90
SUBJECT: May 1990 Monthly Report

Summary

- Analyzed functionality of DOS utilities products relative to MS-DOS. Compared products in a matrix.
- Attended Comdex. Researched utilities for creative new products.
- Drafted utilities survey. Input from DOS group required.
- Defined Early Ship Program. Identified participants with domestic OEM sales group.
- In process of defining ESP support requirements.

Business

- Set of OEMs to include in ESP defined. Participants selected based on ability to ship DOS early and/or strategic nature or relationship. Domestic participants include:

Compaq	CompuAdd	Gateway 2000
IBM	Tandy	Unisys
Zenith		
- First phase of beta test begun. Contacted ISVs and enrolled them in the program.

Strategy and Planning

- Comdex did not display any particularly novel or creative new utilities. No products present that MS would benefit from licensing.
- Several MS resources have been identified that can support future MS-DOS studies:
 - Registration data base administrator (provides survey participant lists)
 - Research telemarketers (collect data and tabulate for surveys designed by product marketers)
 - Market research group (conducts industry research and serves as liaison to external market research firms for larger product marketing studies)

Product Marketing

- Reviewed DOS Audit study conducted by the Waggener Group.
- Reviewed extensive set of surveys for design considerations.
- Defined preliminary set of utilities for which market reaction will be obtained. Drafted utilities survey.

Next Two Months Objectives

- Complete DOS utilities survey
- Conduct survey and analyze results. Make recommendations on most useful/valuable utilities to add based on user perspective.
- Complete definition of ESP support requirements. Obtain agreement from PSS on resources and timing.
- Determine logistics for pre-release of OEM Adaptation Kit to ESP participants.
- Conduct ESP.

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