DRI Company Confidential

To: Steve Tucker, John Bromhead
From: Frank Bailinson
Subject: DR DOS 6.0 Business/Product Strategy: Rev 6.0
Date: November 8, 1990

Steve and John,

The attached pages contain the latest version of a draft business/product strategy for DR DOS. I wrote this document to:

1) Serve as guide for management of DR DOS business
2) Articulate driving strategies to promote consistency of programs over time
3) Identify core programs and priorities to avoid fragmenting scarce resources
4) Detail the interrelationship and synergy of various objectives, strategies and programs to justify key decisions that must be made, and maintained, in the coming months

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DR DOS Business Strategy
Version 6.0

DR DOS Objectives

DR DOS must become the revenue, profit and credibility foundation for DRI in the short to intermediate term. No other current DRI products can fill this need.

A) Achieve significant and stable revenue/profit as base for DRI

B) Capture leading OEM business (name brand or reference account)

C) Attain mainstream end-user visibility/credibility

D) Own industry position as DOS technical leader

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DR DOS Business Strategy
Version 6.0

DR DOS Core Strategies

Recent history has shown that leading OEMs will not abandon MS-DOS to obtain needed technology (i.e. BatteryMAX, ROMability) only available in DR DOS. The long term solution to achieving DR DOS objectives is based on DR DOS becoming sufficiently credible with the customers of OEMs so that they will be willing to incur the wrath of Microsoft.

A) Focus limited resources on most important opportunities
   1) Product: develop only for selected target markets
   2) Product: focus on limited number of focal features
   3) Market: devote marketing programs and sales resources only on priority markets

B) Mainstream visibility/credibility:
   1) Focus on corporate desktops in U.S./Europe
   2) Good dealer/reseller acceptance in U.S./Europe
   3) Ongoing aggressive end-user marketing activity

C) DOS leadership:
   1) All products to include focal feature (i.e. MemoryMAX for desktops, ROMming and BatteryMAX for portables)
   2) Maintain DOS as viable desktop OS through 90's in environments which include Windows, OS/2, Unix

D) Strong/unambiguous strategic alliances:
   1) Novell: product development (see section #4A), additional co-marketing and joint sales support
   2) Lotus: marketing/sales support, objectives:
      A) Public endorsement of DRI by senior Lotus management (Manzi, King)
      B) Retail joint promotion (end-user retail bundle)
      C) Joint corporate sales calls and upgrade programs
   3) Intel (or Chips and Technologies): product development through Genesis (or C & T alternative to Genesis) in support of BatteryMAX. Strategy to lock in relationship through joint development, goal is to become portable DOS standard for Intel.
   4) OSF: leverage product development in support of client-server architectures to obtain strategic alliances with OSF members
   5) GeoWorks: joint product development, retail and OEM channel support

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DR DOS Business Strategy
Version 6.0

DR DOS Priority Target Markets

The best way to achieve the credibility that will open reference OEMs will come from capturing a major presence on corporate desktops in the U.S. and Europe. This market must be the primary development target for DR DOS.

A) Primary Market: Corporate desktop PCs (386 and 286)

1) For retail: offer single product with core features (i.e. MemoryMAX) which automatically configure to specific CPUs transparent to users

2) For OEM: continue to offer modular features, bundled into CPU-specific groups

3) Windows: critical to offer viable alternative to Windows to maintain 386 and above appeal
   - Short term: features which improve performance of Windows
   - Long term: Cutlass

Lite/portable systems should also be prioritized because they represent the best current and future markets in Asia and Japan, and also because they utilize the strongest differentiated features (ROMming and BatteryMAX) of DR DOS.

B) Secondary Market: Lite/portable PCs

1) Consider Asian/Japanese PWPs as a portion of this market

2) Develop hardware-specific alliances that force use of DR DOS (i.e. Intel or Chips & Technologies)

3) Develop and exploit proprietary features (i.e. BatteryMAX)

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DR DOS Business Strategy
Version 6.0

DR DOS Low Priority Target Markets

Select markets should have no active development or marketing without the full support/synergy of major third parties.

A) Department PCs: pursue as Networked Systems opportunity only with active support of Novell in both development and marketing.

1) Rationale: Microsoft has recently prioritized an aggressive expansion into the network market, focusing directly on Novell

2) Core idea: DRI forms a product and marketing alliance with Novell to defend against their common adversary

3) Benefit to Novell:
   A) OS features to enhance network performance
   B) Access to a willing DOS partner for future problems and solutions
   C) Independence from Microsoft

4) Specific feature options (partial listing):
   A) NetWare ready (bundle drivers)
   B) Implement through Interrupt 2F
   C) Customize/integrate MemoryMAX
   D) Security improvements
   E) Peer-to-peer networking within NetWare

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DR DOS Business Strategy
Version 6.0

DR DOS Low Priority Target Markets
(Continued)

B) Special systems (embedded): no additional development except to support/as funded by current embedded customers. Explore potential synergy of joint marketing/development with FlexOS.

1) Rationale: the embedded market is too small (<300K units/year), too fragmented and very support-intensive to justify a stand-alone sales/marketing activity

2) Core Idea: explore final development of NABE (DR DOS/FlexOS 186 hybrid) as core FlexOS terminal offering

3) Benefits to DRI:
   A) Improved sales marketing focus: DR DOS on PC markets, FlexOS on non-PC markets (EPOS, FA, IA, etc)
   B) Flexible product offering targeted to customer need:
      1) Pure PC: DR DOS
      2) Pure real time OS: FlexOS
      3) Real time OS matching existing standards: NABE
   C) Improved FlexOS competitive positioning: for customers considering current standards (OS/2, Unix), FlexOS is now positioned as a fully DOS-compatible real time OS

4) NABE benefits VS current FlexOS DOS implementation:
   A) Application compatibility
   B) API compatibility
   C) Network (Novell) compatibility

5) Consider implementing through DRJ, using on site development staff

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DR DOS Business Strategy
Version 6.0

DR DOS Core Product Strategy

The key to increased DR DOS success is to continue to exploit our development advantage to always offer products clearly superior to MS-DOS.

A) Maintain aggressive introduction schedule to stay a full generation ahead of latest MS-DOS release at all times
   1) Consider 3rd party development as means to accelerate release schedule

B) Select features based primarily on end-user appeal and/or demonstrable end-user benefit

C) Select focal features or related feature groups which support
   1) Integrated product concept created for each specific target market
   2) Overall positioning as leading technology DOS (in meaningful ways)

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DR DOS Business Strategy
Version 6.0

DR DOS Target Market Feature Selection
Desktop PCs

Select focal features for Version 6.0 from following candidates, ranked by end-user appeal. The following are starting points for feature development, not ending points:

A) ViewMAX: create a state of the art user interface which offers a serious alternative to Windows 3.0 (functionality, ease of use, look and feel slickness) by merging DR DOS and GeoDOS features.
   1) Version 6.0: core DR DOS features are integrated into GeoDOS, extended when running GeoDOS
   2) Version 7.0: PCGeos replaces ViewMAX as DR DOS UI, create expert system shell (scored #3 in ranking)
   3) Version 8.0: Cutlass

B) Multi-tasking/task switching: integrate with ViewMAX
   1) High-end: #1 ranked feature
   2) Low-end: priority for Buxton

C) Installable file system: need further description of functionality available to user, user benefit. Perhaps best implemented underneath PCGeos to allow new UI functionality.
   1) High-end: #3 ranked feature
   2) Low-end: not ranked

D) MemoryMAX: offer functionality better (not equal) to competing utilities: goal >640K. Consider bundling advanced 3rd party technology (i.e. from QuarterDeck).
   1) High-end: MemoryMAX improved to exceed current offerings from QEMM and Qualitas (scored #2 in ranking)
   2) Low-end: LIM emulation (scored #7 in ranking)

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DR DOS Business Strategy
Version 6.0

DR DOS Target Market Feature Selection
Lite PCs

Select focal features from following candidates, ranked first on OEM appeal, second on end-user appeal.

A) Improved BatteryMAX
   1) Identify software means of reducing power consumption from sources other than CPU (drives, memory, screen) (#1 ranked), add power management "dashboard"
   2) Work with chip vendor (Intel: Genesis) to extend functionality (i.e. overcome current Windows incompatibility with typical portable PC power management features)

B) Lite device support: OEM-appeal features, as many as development resource or OEM requests permit
   1) IC card support: #2 ranked feature ✓
   2) Flash file system: #4 ranked feature ✓
   3) Support 2" drive: #6 ranked feature ✓
   4) XIP: #8 ranked feature ✓
   5) Flash ROM support: #4 ranked feature in Special category

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DR DOS Business Strategy
Version 6.0

DR DOS Core Marketing Programs

Contingency programs must be developed to defense against the planned introduction of MS-DOS 5.0 in late 1990 or early 1991.

A) DR DOS end-user pricing of $199 is vulnerable to planned MS-DOS pricing at $79

B) Ongoing Microsoft publicity has created a severe "vaporware" issue

Ongoing U.S.-based marketing programs are targeted at power users and PC specifiers. All current or planned programs will be adjusted on the fly to take advantage of support offered by alliance partners such as Lotus or Novell.

A) Direct mail: main appeal to corporate accounts

B) Advertising: use highly visible publications and placements (i.e. Infoworld back cover), with core messages on credibility based on industry endorsements, and technical leadership

C) Public relations: pre-announce DR DOS 6.0 under non-disclosure, disclose strategic alliances, name OEM or corporate customers, DRI senior management (Tucker) to meet quarterly with industry infrastructure in U.S. and Europe.

D) Corporate upgrade program: identify a dedicated corporate sales and technical support team to achieve standardization on DR DOS in targeted priority sites

E) Reference OEM program: identify a dedicated OEM sales and technical support team to capture reference OEMs in FY1991.

F) Retail/reseller channel programs:
1) Form strong partnerships with leading accounts (Ingram Micro D, Merisel, SoftWareHouse...)
2) Offer flexible MDF program
3) Offer flexible corporate Volume Purchase Program

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DR DOS Business Strategy
Version 6.0

Key Actions/Next Steps

The following summarizes the most important areas for short term attention and activity. Individual responsibility must be assigned.

A) Strategic Alliances

1) Lotus: gain access and support of senior Lotus management (Manzi and/or King)

2) Novell: initiate discussions leading to joint development projects

3) GeoWorks: finalize joint development and OEM relationship

4) Intel/Chips and Technology:

5) OSF:

B) Product Development: finalize 6.0 spec

C) Implement U.S. Marketing Programs:

D) Dedicated Sales/Support Team
1) OEM: assign team
2) U.S. Corporate: assign team

E) FlexOS/DR DOS Embedded Program: work out with Phil/Mas in DRK

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