From: Bill Gates
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To: MS Corporate Employees: FTE Only; MS Domestic Employees: FTE Only; MS Intl Employees: FTE Only
Subject: Opportunities in the "Software Decade"

Importance: High

Microsoft was founded on the belief that software would be a key element in transforming the world. Although we have come a long way down this path, the coming decade is when the magic of software will change the way business is done, the way people communicate and even the way they are entertained. At the same time, the nature of software itself is changing. It will be delivered across the Internet as a service, it will run on a variety of devices and it will be far easier to use than today's software. The development platform will make it easy to build Internet applications. We have the foundation for all these advances in the company today - our natural language work, our advances in developer tools, and so many other elements including our research. I think of this as the "Software Decade."

Fifteen years ago, we made an incredible bet - that we could bring the graphical user interface to the PC with our new Windows platform. Ultimately, we were successful because we recognized the two things that it would take to make it popular: a revolutionary platform for both users and developers, and applications that leveraged and showcased its amazing abilities. Our success today is built on our single-minded commitment to the GUI in the platform and the applications.

Today, we must make a similar bet on using software to improve the way people experience the Internet - an even more important revolution than the GUI. The opportunity to positively change the world for developers, users and businesses is unprecedented. This will have positive impacts for every industry, not just the software industry. For example, if we and our partners successfully execute on our goals, a great Internet User Experience (IUE) will change the way everyone receives healthcare service. You'll be able to keep all of your information in a secure and private place out on the Web. You'll be able to give permissions to the appropriate doctors to view your medical history, easily pay your bills or address issues with your insurance company, receive notification when a medical appointment is needed, and incorporate those appointments into your calendar - automatically, wherever you are and whatever device you are using.

Another great example is how our IUE will change the way you think about traveling. You'll easily purchase a flight through Expedia or another partner and it will automatically be reflected on your schedule. Your friends in the area will be told that you're coming to town, you'll be notified if there's a delay in your flight's departure, and the people picking you up at your destination will also be informed. Again, all of this will work seamlessly and automatically.

A central set of hosted services that any device or service can leverage is crucial to realizing these and the many other amazing scenarios that will benefit every industry and consumer. These central services will enable a user to be recognized as a single identity, and ensure that every device and e-site can seamlessly cooperate. This cooperation will be guided by a user's single set of preferences, such as how important messages should be communicated, and permissions for services and access to their personal information. Many other services will have to be provided centrally to ensure the seamless coordination that defines the IUE. All this will also require a platform that enables devices and services to communicate and leverage Internet services.

Microsoft will lead the way in developing the platform and some of the key services. And we will evangelize the opportunities to literally thousands of customers and partners. Make no mistake, the opportunities for third parties are incredible.

Like our commitment to the GUI, our commitment to making the IUE a reality will consist of creating a revolutionary platform, the Next Generation Windows Services (NGWS) platform, as well as a set of key services for our customers that build on that platform. Only by succeeding in both of these tasks will we create the virtuous cycle necessary for both us and our partners to succeed.

To create the platform we must:

- First create the set of Internet-hosted NGWS services that any service or application running on the Internet can use. These will also provide crucial Internet services to Windows. We will offer storage, directory and identity, billing, publishing, communications, personalization and more for all customers, including consumers and businesses. What we have learned from running MSN, including Hotmail, will be key to quickly getting this service

up and running at scale.

- Release a breakthrough version of Windows that will allow the PC and server to seamlessly leverage and expose NGWS services to users. NGWS must be a part of Windows, so it is imperative that this breakthrough version includes the new NGWS programming model and our new schema, user interface, file system, and natural language engine.
- Ensure that non-PC devices can leverage NGWS services. Phones, pocket PCs, consumer Web devices, TV-attached devices, and home and small business servers all must be able to take advantage of and benefit from the NGWS platform whether they are running Windows or not. They will be a crucial way for people to get the IUE.
- Continue the rapid evolution of Windows to meet the very specific needs of our users and developers. Achieving excellence with Windows is a key challenge that we must execute on. For example, the client will become more reliable, manageable and secure for consumers and businesses while still providing the richest experience available. And the server will continue on our incredible path of scalability so that even the largest e-sites can run on Windows.

Building the NGWS platform isn't enough. We must also deliver key services that build upon and validate this platform, much as we did with Excel and Word for Windows and the GUI. We will offer services for a very specific set of user scenarios. These scenarios are focused on developers, specifically those that are creating e-sites, home and consumer users, mobile users, knowledge workers and small businesses.

Many companies will be trying to create the platform for the IUE, but we are in the best position to succeed. Our technology - Windows technologies and applications - is a key asset. Windows is the only platform that has taken the end-to-end, best-of-breed approach that is necessary to harness the power of the PC, new devices, servers and the Internet. No one else has made the R&D commitment to a platform that we have with Windows. Our Windows 2000 generation of products - including Office 2000, Exchange 2000, SQL Server 2000 and more - is the best foundation for all of our customers today. And the investments we've made in recent years in the new programming model, storage, natural language processing, our user interface environment and other technologies will take us a long way towards delivering the new platform - much further than many people would believe.

We don't have all the answers to all the difficult decisions that will arise on the way to this IUE revolution. But what is clear is that the driving force behind the revolution is software - and our goal must be to make sure that the driving force behind that software will be Microsoft. That is why I am so excited about my new job.