

## RICHBA'S OEM & JANUS POST MORTEM CONTRIBUTION

### Naked PC Campaign

#### Premise

Penetrate the 20%+ of the new PC market that currently does not license MS-DOS. This market has been served by counterfeit product, underreporting, and piracy. Strategy for naked systems push centers on:

- controlling genuine MS-DOS supply through authorized replicators
- aggressively licensing smaller OEMs through MED
- instituting WW product packaging standards and anti-counterfeiting devices

#### Status

- WW MED sales have risen from the 50K units/month range to approximately 100K units/month. I expect this to rise to 200K over the next 2 quarters.
- Approximately 200 new OEMs have been licensed in the past 3 months
- All genuine MS-DOS now looks the same and is protected by a traceable certificate of authenticity

#### Lessons learned to date

Naked systems campaign is ongoing. Our basic assumptions going into the campaign have proved to be true: market size; OEM receptiveness to relinquishing replication rights; desire by most OEMs to be legal... Lessons learned to date center on operational:

- OEM product management has become more labor intensive because of MS' responsibility for delivering product to Authorized replicators. Systems and responsibilities need to be rethought and defined between PRS, OEM, and Product Marketing.
- Because many MED customers look like US Mktg customers, MED requires greater cooperation between OEM sales and US Mktg
- More granular and in-depth segmentation of the <25K OEM mkt needed so that we can better market to them going forward, and potentially leverage our relationship to increase overall sales of upgrades Apps, etc...
- A large segment of MED customers are very interested in WW

### Blue Janus

#### Premise

The release of OS/2 2.0 and its imminent pre-installation on IBM-brand PCs gave rise to Blue Janus. If IBM wasn't going to "OEM" PC-DOS & Windows then we'd OEM it to their channel. We signed deals with 5 of IBM's top 7 dealers, granting them a \$65 WinDOS for PS/2 price in exchange for minimum commitments.

#### Status

In its life, Blue Janus sold 35K units WW. Blue Janus is now obsolete as the ability to upgrade OS/2 has been built into the MS-DOS 6 Upgrade.

#### Lessons learned

- The h/w reseller channel responds to simplicity and price. Blue Janus had price, but it was an inherently complex product—very difficult to say much less explain.
- Integrated installation was slick, but not necessarily a significant end-user benefit. It served our strategic purpose of propagating Windows, but narrowed our market.

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Plaintiff's Exhibit

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Comes V. Microsoft

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**Would we do it again?**

I believe that the decision to release Blue Janus was a good one. At the time, we and the market were uncertain about OS/2. What Blue Janus did was to offer the IBM PC customer an easy and inexpensive way to de-install this unknown OS/2 and get MS-DOS and Windows. It turns out that Blue Janus was largely unnecessary as the market demanded an alternative to OS/2 and IBM responded. If similar competitive situations arise in the future, I would recommend we have a similar insurance policy.

Upgrade Janus

**Premise**

A spinoff of the Blue Janus development effort, Upgrade Janus was an attempt to up-sell MS-DOS 5 Upgrades to first-time purchasers of Windows 3.1.

**Status**

UJ sold 32K units WW in its life. It is now obsolete by the MS-DOS 6 Upgrade.

**Lessons learned**

Upgrade Janus was released into an environment that was very hostile. The channel was stuffed with too much Win31 and WFW was on the way to create Windows SKU proliferation and confusion. What we learned:

Too many SKUs breeds lack of understanding and hurts sales

An asynchronous release of an integrated MS-DOS upgrade/Windows product has a narrow market.

However, the concept of upgrading MS-DOS and Windows at the same time, I believe is very appealing if we can sych up their releases. Enter Chicago.

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