

Developer BPR Presentation

Date 7-25-02 Exhibit # 9
Case Sun vs. Microsoft
Deponent Wallen T.
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Plaintiff's Exhibit
8769
Comes V. Microsoft

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Michael Wallent:
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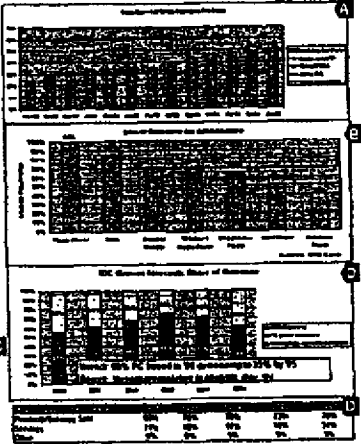
Overview

- Situation Analysis (TomOp)
 - Competitors (StelCher)
- Taxonomy/Customer Segments (DarrynD)
- Short Term Implications – What are we doing between now and Longhorn
 - What are we doing at retail/consumer? (Brian Luke)
 - What are we doing to enable corp deployment of LOB apps? (Brian Luke)
 - What is our message around VS.NET and client? WinForms, etc. (LennP)
 - Tablet PC (IraS)
 - eHome (DarrynD)
 - DHTML/Browser (DarrynD)
- Longhorn Developer Plan
 - Messages and value proposition by segment (MWallent)
 - Core investments and owners/strategic bets (MWallent)
 - Business Opportunities (TomOp)
 - Risks (StelCher)
 - ISV Evangelism Goals (LennP)
 - Open issues (e.g. SDK) and owners to resolve (MWallent)

Situation Analysis

App alternatives to increasing technology client spend:

- Heavy investment in server
 - App Migration
 - Content delivery
 - SOA and SaaS Web services
- Explosive growth of access on the network
 - PDA, mobile phone, net top, camera, watch, MP3, TV?
 - Not all of them run Windows
- ISPs want to leverage investments into all web spaces
 - Push to manage down content/content with delivering across multiple platforms
 - Platform specific tools being used to create Web apps to get access to content & services
- A Multivendor vendors like Microsoft are positioning themselves as a platform specific app provider
- B Potential for radical technical optimization of any single platform. Will the lowest common denominator default/restrict the designs of apps being developed?
- C Partner Business Models increasingly extend beyond Windows
- D Growth is slowing and margin shifting on the client
- E Partners are leveraging their position on the Windows PC into other higher margin businesses.



Category	Value 1	Value 2	Value 3
Category 1	100	150	200
Category 2	120	180	220
Category 3	140	200	240
Category 4	160	220	260
Category 5	180	240	280
Category 6	200	260	300
Category 7	220	280	320
Category 8	240	300	340
Category 9	260	320	360
Category 10	280	340	380
Category 11	300	360	400
Category 12	320	380	420
Category 13	340	400	440
Category 14	360	420	460
Category 15	380	440	480
Category 16	400	460	500
Category 17	420	480	520
Category 18	440	500	540
Category 19	460	520	560
Category 20	480	540	580

Customer Segments

	Pass OS	Corp	Web	Desktop	Utility	Enterprise
	<ul style="list-style-type: none"> *MSI *Corel *Adobe *Sun *MS Money 	<ul style="list-style-type: none"> *Schwab *Barney & Noble 	<ul style="list-style-type: none"> *Amazon *i-Shop *Blogger & community sites 	<ul style="list-style-type: none"> *Sales *Secure *CRM *McAfee 	<ul style="list-style-type: none"> *Tools -PS -Sparkle *Components *AntiVirus 	<ul style="list-style-type: none"> *MSN.com *Ea *MS games *Disney *News
	<ul style="list-style-type: none"> *Sabal *SAP *Research *ABB 	<ul style="list-style-type: none"> *Corp IT depts: MS/ARREST, Avast!, etc *Marvill Lynch Journal 	<ul style="list-style-type: none"> *WorldID *ComcastOne 	<ul style="list-style-type: none"> *Beating *Garner 	<ul style="list-style-type: none"> *AntiVirus *McOffice *Symantec *Accessibility *Aids *Panda *Sunbelt *Etc. 	

Note: The specific developers listed above are for illustrative purposes only, some developers will fit into multiple segments

	Pro ISV	Corp	Web	Content
Enterprise	<p>Sample Problem</p> <p>2001 Content, 2000, 2000</p> <p>Content: Electronic Journal is at 2000</p> <ul style="list-style-type: none"> • Difficulties by Feature • Lack of Content Online for reporting system • Cost of developing and testing, marketing and supporting are lower or high • The Web Platform doesn't support PC <p>Need to increase market penetration</p> <ul style="list-style-type: none"> • Web services a possible solution <p>Content: Content, publisher content for this business, but</p> <ul style="list-style-type: none"> • Specifically want about marketing 	<p>Content: 2000, 2000, 2000</p> <p>Enterprise to increase business - customers are available online</p> <ul style="list-style-type: none"> • Building Content: Legacy • Cost of developing content and marketing efforts increase online sales are high <p>Need to extend the current revenue model after new products and services</p> <ul style="list-style-type: none"> • Customers provide online interaction to "content" 	<p>Content: 2000</p> <p>Problem: A profitable online revenue model</p> <ul style="list-style-type: none"> • Content Web presence completely, content the application do on "Web" from the challenge • Cost of developing content and marketing efforts increase online sales are high • Content/publisher online interaction to "content" 	<p>Content: 2000, 2000, 2000, 2000</p> <p>Building a profitable content online revenue model for online digital content</p> <ul style="list-style-type: none"> • Leveraging the technology to create a content publisher don't be required to fully digital interaction model • Quality of online reading is poor • Content copy protection
Enterprise	<p>Sample Problem</p> <p>2001, 2000, 2000</p> <p>Content: The content is too high for the current market</p> <ul style="list-style-type: none"> • Content of the product is expensive • Cost of developing content, testing, marketing and supporting are lower or high <p>Need to increase the current content model after new products and services</p> <p>Content: Content, publisher content for this business, but</p> <ul style="list-style-type: none"> • Specifically want about marketing 	<p>Content: 2000, 2000, 2000</p> <p>Enterprise: The content is too high for the current market</p> <ul style="list-style-type: none"> • Cost of building content (DEV and TEST) and the TCO over the content lifecycle is too high • Need to increase market in information content offering more superior and enable business/ collaboration • Need to keep multiple users profitable 	<p>Content: 2000</p> <p>Building a profitable content model after new products and services</p> <ul style="list-style-type: none"> • Need to extend the data flow • Building better interaction • Building content flow data delivery, marketing and collaboration solution for multiple customers • Cost of producing content online revenue sales are high • Need to support online penetration 	<p>Content: 2000, 2000, 2000, 2000</p> <p>Building a more content model after new products and services</p> <ul style="list-style-type: none"> • Leveraging the technology to create a content publisher don't be required to fully digital interaction model • Quality of online reading is poor • Content copy protection

Michael Wallent:
Need to collapse
onto one slide

Short Term Plan

- Retail/Consumer
- ...
- Corp/LOB
- ...
- eHome
- ...
- Tablet
- ...
- DHTML
- ...
- Evangelism
- ...

Longhorn

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	Pro ISV	Corp	Web	Content
End-user	High Impact FOL, CHG, SHG, JST	High Impact P-FOL, JST, S, JST, JST	High Impact JST, JST	High Impact JST, JST, JST, JST
	Long-term Technologies SECURITY & ISOLATION - Full support for end user DATA - Data access and control - Data security SECURITY & ISOLATION - Security control for app for users and applications - Full control over users	Long-term Technologies SECURITY & ISOLATION - Security control for app for users and applications - Full control over users DATA - Data access and control - Data security SECURITY - Security control for app for users and applications - Full control over users	Long-term Technologies SECURITY & ISOLATION - Security control for app for users and applications - Full control over users DATA - Data access and control - Data security SECURITY - Security control for app for users and applications - Full control over users	Long-term Technologies SECURITY & ISOLATION - Security control for app for users and applications - Full control over users DATA - Data access and control - Data security SECURITY - Security control for app for users and applications - Full control over users
	Access - Data is distributed to end user - Data is distributed to end user - Data is distributed to end user	Access - Data is distributed to end user - Data is distributed to end user - Data is distributed to end user	Access - Data is distributed to end user - Data is distributed to end user - Data is distributed to end user	Access - Data is distributed to end user - Data is distributed to end user - Data is distributed to end user
High Impact JST, JST, JST, JST	High Impact JST, JST, JST, JST	High Impact JST, JST, JST, JST	High Impact JST, JST, JST, JST	
Enterprise	Long-term Technologies SECURITY & ISOLATION - Security control for app for users and applications - Full control over users DATA - Data access and control - Data security SECURITY - Security control for app for users and applications - Full control over users	Long-term Technologies SECURITY & ISOLATION - Security control for app for users and applications - Full control over users DATA - Data access and control - Data security SECURITY - Security control for app for users and applications - Full control over users	Long-term Technologies SECURITY & ISOLATION - Security control for app for users and applications - Full control over users DATA - Data access and control - Data security SECURITY - Security control for app for users and applications - Full control over users	Long-term Technologies SECURITY & ISOLATION - Security control for app for users and applications - Full control over users DATA - Data access and control - Data security SECURITY - Security control for app for users and applications - Full control over users
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	High Impact JST, JST, JST, JST	High Impact JST, JST, JST, JST	High Impact JST, JST, JST, JST	High Impact JST, JST, JST, JST

Microsoft Assets that may provide great ISV Value

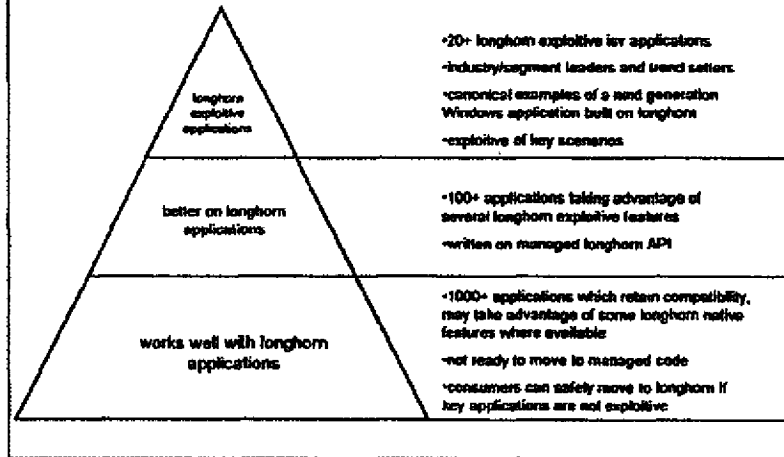
MS Company-Wide Business Initiatives	Better Windows Integration	Business Value of the Integrated Longhorn platform
<p>Product Activation Licensing - ISV: How do you manage unique value to ISV or category? (unique design/protection program) - Action: [unclear] - Support to MS/Process, already available for some</p> <p>Improved Customer Experience - Check how existing MS/Process is used - Developing some review to how users interact with system from accessing - Read Customer Feedback</p> <p>MS/Process - How MS/Process can integrate with the Microsoft - How MS/Process supported to support/develop services</p> <p>Microsoft Focus on Security and Trustworthiness - Improved Platform Security and Data Protection - Improved the CLR patch: MS/Process - System software vulnerabilities</p> <p>Microsoft Partner Marketing Programs - How MS/Process - Advertisements, banners, and social elements for partners - MS/Process, services, and social elements for partners - Launch/Support, Partner Programs, Campaigns - Integrate with partners, create demand - MS/Process for MS/Process, MS/Process - MS/Process, MS/Process, MS/Process</p> <p>Microsoft Developer Community - MS/Process - Support - Other community building activities planned for MS/Process</p>	<p>Activity Center and Start-Bar Integration</p> <ul style="list-style-type: none"> Logo'd apps can be listed in each AC, making it easy for consumers to find and purchase (eg photo apps are listed in the My Photos AC) Logo'd apps can integrate into the StartBar Action: engage with Shell to determine if AC and SB should only support Avalon apps. <p>Branding and Differentiation</p> <ul style="list-style-type: none"> Enable Customization of Desktop Themes Build your very own Take advantage of MS/Process and use theme 2nd opportunity to build pre-packaged collections Enable Application Theming/branding, including: <ul style="list-style-type: none"> Themes Backgrounds Icons Desktop/Start Bar Other UI elements Action Items <ul style="list-style-type: none"> Work with Shell team and Win Catalog team to modify requirements 	<p>Avalon, UI Changes, and ISV's</p> <p>1) How can Avalon provide unique value to these ISV's?</p> <ul style="list-style-type: none"> Performance Stability Customization Reliability <p>2) How do we enable ISV opportunity to build solutions to enable/enhance these ISV's?</p> <p>Action: Skills to work with these ISV's to identify opportunities</p> <p>Improved developer productivity by leveraging the CLR (managed code) and having deep Windows integration</p> <p>Avalon value adds for Longhorn Tools (migration and support)</p> <ul style="list-style-type: none"> MS Tools Supporting 2nd Party Content <p>Improved Accessibility</p> <ul style="list-style-type: none"> Pre-packaged accessibility tool kit for ISV's Leveraging other accessibility features built into Windows <p>ISV Integration into complete solution</p>

Michael Wallent
 Move to backup?

Longhorn API Investments

Networking	Storage	UI & Docs	Graphics	App Lifecycle	Tools
<ul style="list-style-type: none"> •Shell •Indigo/NetC lasses •Peer Net •RTC •Passport •STS 	<ul style="list-style-type: none"> •WinDB/SQL •Cheapc •System.Data •Hailstorm 	<ul style="list-style-type: none"> •eDocs •Shell •TabletPC •WMP •Home 	<ul style="list-style-type: none"> •DX •Windows Media Foundation •Windows Media Framework 	<ul style="list-style-type: none"> •Fusion •Avalon •Shell •Watson •DRM •Billing Services •CAS/ Encryption •Windows Services •Privacy 	<ul style="list-style-type: none"> •Sparkle •VS

ISV Evangelism Goals (LennP)



Open Issues

- Downlevel
- Device Strategy
- Evangelism Staffing
- Functional Overlap (working w/BradA – offsite)
- SDK (working w/BradA)
- (should we have “Games Developer” as part of the taxonomy)

Backup

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Competition

Competition					
Web		<ul style="list-style-type: none"> Establish technology (if of app) Large Dev team numbers Rich of reference/ documentation (optional) 	<ul style="list-style-type: none"> Desktop client for Functionally complete/ rich Scalability/ Performance 	<ul style="list-style-type: none"> Deployment No easy use of content and application functionality Layout Customization 	<ul style="list-style-type: none"> System Client of Web & Windows
HTML/ Web		<ul style="list-style-type: none"> Establish technology (if of app) Large Dev team numbers Rich of reference/ documentation (optional) 	<ul style="list-style-type: none"> Client specific - important work Developer A Test Support Developer deployment 	<ul style="list-style-type: none"> Verying implementation by vendor Programmed logic offering a web app Client's browser PC 	<ul style="list-style-type: none"> System Client of Web & Windows
Macromedia	Flash	<ul style="list-style-type: none"> Present in 90% of all sites PC 100% Flash player downloads in site Uniqueness Web navigation tool Flash gaining http bandwidth (over market - 1.5MB Data according to Dev leader) Client focus 	<ul style="list-style-type: none"> Platform specific Integration of vector fonts Integrated video support Pre-programmed UI components OCSP support 	<ul style="list-style-type: none"> Platform based Accessibility Shielding of text Best for "browser" navigation Client's browser PC Targeted to browser 	<ul style="list-style-type: none"> Specific: Targeted to traditional developer's navigation tool System: Applying client for Value of the browser platform
Sun	JAVA, J2EE/ J2SE	<ul style="list-style-type: none"> Large Dev team (good number) 4% of the Java Web app + total number) Big Companies looking at Java (Browsers) 	<ul style="list-style-type: none"> Platform specific Standard in "open" standard 	<ul style="list-style-type: none"> Performance Security Proprietary platform 	<ul style="list-style-type: none"> System: Security Applying client for Value of the browser platform
Adobe	Acrobat; eFinger product line	<ul style="list-style-type: none"> 100% downloads of the Acrobat reader 7% of the all Web content in pdf De facto standard in professional publishing 	<ul style="list-style-type: none"> Document display/ print is essential Does not fit standard application/ Platform independent 	<ul style="list-style-type: none"> No file to support Client Customization Accessibility 	<ul style="list-style-type: none"> Client specific No bright line between open and doc Doc servers in Windows

Retail/Consumer Apps

Current Status/ Issues

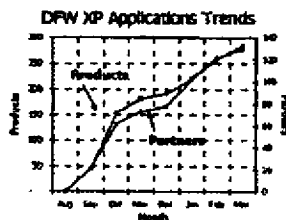
- App Compat
 - Testing done on xx Retail apps
 - App Experience rising at xx
- Designed for Windows Program
 - 10% of US Retail top 100 apps are DFW
 - 20% of IDC top 50 ISVs (for Win32 apps) are in the DFW program

App Experience Metrics

Category	Value
Application Compatibility	95%
Application Performance	85%
Application Security	90%
Application Usability	80%
Application Reliability	92%
Application Scalability	88%
Application Maintainability	82%
Application Portability	78%
Application Interoperability	84%
Application Integration	86%
Application Migration	81%
Application Deployment	79%
Application Support	83%
Application Updates	87%
Application Backups	89%
Application Recovery	91%
Application Monitoring	85%
Application Logging	82%
Application Auditing	80%
Application Configuration	84%
Application Patching	86%
Application Patching	88%
Application Patching	90%
Application Patching	92%
Application Patching	94%
Application Patching	96%
Application Patching	98%
Application Patching	100%

Plan going forward

- Fill out key scenarios: Amazing PC Campaign
 - Provide customers with a deeper understanding of specific usage scenarios that a Windows XP PC provides: Photography, Music, Wireless, Communications, Mobility, Deployment
 - Identify key partners/apps for each area, checking DFW status and working to fill the gaps.
 - We will build a story for customers around each scenario that includes these partners.
- Build out ISV Web portal
 - Single gathering point for Windows Client ISVs
 - Consolidated access to ISV related information: Business messaging, DFW specs, Catalog, Watson data, community, etc.



Line of Business & Enterprise Apps

Current Issues/Status

- Biggest problem with LOB apps is getting information that would allow us to establish a compatibility baseline that we can work against.
- Even if we had complete information the matrix is huge because of the diversity of the LOB market, so our ability to build a testing process that scales is limited.
- The environments that LOB apps are running in are also so diverse that we also could never simulate every environment for testing internally.
- Communications that we have are targeted more at helping people write apps, not testing or deployment issues.
- App compat testing has focused on apps we can get data on: Retail, OEM and certain enterprise apps.
- We still have no DFW app: for client server apps that ISVs can develop/test.
- We have no messaging targeted at the tools vendors or professional developers that would help us avoid compatibility issues to begin with or to define testing methodologies.
- Net Screen hasn't released yet and a number of enterprise ISVs may be waiting to test their app against this so that they can synchronize the work they do on both the client and server components of their solution.

Plan action forward

- **Gathering Information**
 - **Builds & Services Surveys:** Identify apps or classes of apps that we are experiencing issues with and whether issues are hardware or power/feature, support or process related.
 - **Network crawler:** Used by partners & customers to identify potential app release issues.
 - **Customer Surveys:**
 - **ISV 1000 Project:** Survey of 100 enterprise ISVs to drive DFW participation and document any compatibility issues.
- **Testing**
 - **LOB App Compat Index:** Identify a set of partners that are representative of the market that we account as a compatibility index for LOB apps.
 - **DFW Client/Server app:**
- **Tools and Technologies**
 - **App Compat Toolkit:** 23K distributed to developers and IT Pros through TechNet, deployment area, partner events, TechNet, MSDN, Windows, MS L, RMA, MCS, FSI, WW subsidiaries etc.
- **Community engagement**
 - **Deployment Portal:** being set up to consolidate content, messages and list of key partners.
 - **Deployment Team:** manage, process accountability.
 - **IAF addresses:** feedback on deployment issues from key customers to App Experience Team.
 - **Test reader & Key ISV engagement:** just testing using reader hot seats.

Michael Wallent:
LennP to own

Evangelizing the Present (LennP)

Smart client evangelism efforts today:

- .NET Framework Evangelism
 - Lead: Alain Genilhonne, .NET SG Evangelism Team
 - Resource: 18 heads
 - Target: Corp/IT wins within top accounts, limited ISV engagement
 - Goals: ??
- Smart Client Evangelism
 - Lead: AJ Bergstein, Platform Strategy and Evangelism
 - Resource: 3 heads
 - Target: Managed Enterprise ISVs
 - Goals: ??

Tablet PC (IraS)

eHome (DarrynD)

DHTML/Browser (DarrynD)

- We currently don't have anyone working on marketing or evangelizing the IE platform so by default the POR is to do nothing. It's debatable whether we have sufficient competitive risk from Mozilla or Java to warrant applying resources in this area.
- There is already some momentum behind DHTML so there are a couple of easy marketing options:
 - Create a marketing program to raise awareness for cool new dhtml applications. This could be as simple as a page on MSDN that highlights a cool new DHTML app each week and shows customers and developers the power of the IE platform.
 - WebControls - these shipped as part of .NET FX but we never really created any buzz around these wrt IE. Someone should do some research to determine if they are being used, and if so we should drive PR to raise awareness. If we find they aren't being used, then we could do some marketing to raise awareness that they exist.
- Both of these should be easy to implement and should generate awareness and continued excitement around the IE platform. If these aren't sufficient, then there are a couple of things that we can do on the dev side:
 - Web service behavior - It's currently fallen behind the SOAP standard, which according to dmassy and markus mielke, this makes it hard for IE to consume web services. No one currently owns this code and I'm not sure what's involved in bringing this behavior up to the current SOAP spec. Someone would need to do more research if this is interesting.
 - Expose Trident DOM in managed code. Much bigger dev/pm/test task but it could help move HTML developer toward using the CLR and it could also help to provide a smoother migration path from DHTML to Avalon

Managing Risks

Avalon Bet	Risk	Managing Risks
Power of PC	<p>PC becoming <u>more critical for consumers</u></p> <ul style="list-style-type: none"> - Growth of their desktop systems for motivation, work, hobby, even online purchasing (30 mins, day) - already a strong trend in Europe (also on usage of cell phones for text messages, purchasing) - multi-functional devices provide a viable threat for certain PC activities (digital photography, home entertainment) 	
Power of People	<p><u>Special, strategic talents</u> necessary <u>cost of the tools used</u> to drive personal deep commercial performance</p> <ul style="list-style-type: none"> - very small / short history analysis 	
It just works	<p><u>The complexity of the PC ecosystem</u> limits the ability to <u>Adapt</u> consumers' "it just works" solution</p>	

Other Risks

International adoption may be undermined by WWW Internet and BB connection rates

- Mass BB is largely a US phenomenon (20M 11% HH in US, XX in Europe, YY Worldwide)

Credibility with Developer community

- Developer Dissat is all time high (~27% very dissat)
- Java/ Linux gets ground in Academia (Linux -to ~20% of 4th YR CS Curriculum; Java- ~22%); MS has lowest perception rating of faculty - declined from 61 to 48%

Criticality of LH adoption to provide commercial value to developers

- The average length of PC use is increasing (Gartner data)

*** Slip Sheet ***

Document