

Date: Tue Oct 01 10:31:48 PDT 1991

us  
>From: bradsi Tue Oct 1 10:25:35 1991  
To: tomya  
Subject: Re: FW: 10/01 (WJ) IBM, Microsoft Deadlocked Over Royalties

Date: Tue, 01 Oct 91 10:23:39 PDT

who leaked this, us or them?

##### 21  
From: bradsi Tue Oct 1 10:34:43 1991  
To: bradsi  
Cc: bradsi  
Subject: IBM/DRI Summary 9/30 - Long  
Date: Tue Oct 01 10:35:27 PDT 1991

The following mail summarizes our current situation and options to combat IBM taking on DR DOS. Because the Evil IBM Empire is Striking Back at the good MS-DOS, the email alias for the team of marketing folks working on all these issues is starwars.

Please send feedback to bradsi. This is a first draft only. Meeting with staveb is tomorrow.

I. Situation

IBM is rumored to be endorsing DR DOS. One rumor has them endorsing DR DOS at Comdex and a second has them endorsing DR DOS on all their "low-end" 386s and 286s when they can ship OS/2 on the rest of their machines as of January. We are planning towards the former as tradeshow announcements is the IBM tradition. We do not have any data on their international plans

Our expectation is that they will not bundle/pre-install, but that they will offer DR DOS 6 (perhaps to be called PC-DOS 6) as an option in addition to PC-DOS 5. In that case, it is likely they will price PC-DOS 5 at its current \$165 and DR DOS at \$99.

II. The Plan - Overview

Microsoft would announce a MS-DOS 5 for IBM PCs. This product would only work on IBM PCs and would have a SRP of \$99.

III. The Strategy

Provide additional margin to IBM resellers to encourage them to push and sell the MS-DOS 5 for IBM PCs product. Provide a product incentive to make the MS-DOS 5 for IBM PCs more attractive.

Aggressively test DR DOS 6 to find and exploit its weaknesses.

IV. Product Issues

The current plan is to build MS-DOS 5 for IBM PCs based on MS-DOS 5.0a. We would also incorporate the fixes IBM made to PC-DOS 5 so we could tell IBM accounts that the products are identical.

Note: Docs and product could not be built until the week of 11/11.

Recommended product incentive - Include a coupon for the upcoming new version of BlueMax (to be announced and shipping at Comdex) in the package. This coupon would entitle the user to purchase BlueMax 6 for \$19.95 plus shipping and handling. BlueMax lists for \$124.95 and should have a street price around \$80-\$90.

Cost to Microsoft - cogs for the coupon and inserting it the box (approximately .20 per unit). This deal has already been verbally agreed to by Qualitas and would be an exclusive deal

A. Product Options (tomle/eriest/marion/bradsi/richf)

There are a couple of other options that are worthy of consideration:

- 1) Add our Interlink File Transfer Pros
  - IBM will not have this is their product for awhile
  - DR DOS 6 sports file transfer

B. Chase  
EXHIBIT NO. 29  
10-9-01  
J.R. HEAD

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MSC 00707707

MX 6165484  
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Plaintiff's Exhibit

9436

Comes V. Microsoft

#### Cons

- Most OEMs will not incorporate Interlink until next year. This means we are making IBM PCs more competitive than our OEM's product
- Not currently planned for the Upgrade. If we add it to the Upgrade we have a weak 5.1 instead of a 5.0a. Given that customers do not like frequent updates to MS-DOS, this would limit our flexibility to do a more robust 5.1 later (example, new cache, on-line docs).
- Nice feature but less of benefit for desktop pc users (we don't get asked for it) and dr dos already has so it is not a unique
- Would have to delete some other stuff (probably Qbasic games) to make room

#### 2) Add MSD

##### Pros:

- a nice useful utility

##### Cons:

- would need to give to OEMs
- not a "big idea"
- may require deleting other stuff

#### 3) Add a useful and interesting Qbasic game

This is a wild idea that has the advantage of keeping IBM from easily dropping Qbasic altogether and adding value to Qbasic, a feature dr dos lacks.

#### 4) Add PC Works or some portion of it

This is a wild option for our back-pocket. We could make this a part of a super MS-DOS so we were not required to give it to IBM. Munktg is getting on the financials of their business in case we want to consider

### V. Distribution and Packaging (mikana/dosmktg)

Recommendation - Create a "Thin MS-DOS for IBM PCs". Sell this Thin DOS to IBM dealers. The IBM dealers would be given the right to pre-install MS-DOS on the IBM PCs they sell (almost all these dealers have configuration centers and pre-install PC-DOS now for their corporate accounts) and could give "Thin DOS" to the user as their back-up disks and docs. Cost per "Thin DOS" would include the royalty for pre-installation. The package would include a reg card with a super incentive for registering (probably the notebook sweepstakes we are running as of november) and the manual would have a serial number printed on the inside so we can give the user 90 days of support

We have already identified the key IBM dealers and could target them aggressively.

#### Open issues:

- Discount structure/royalty - would be ideal to set this after understanding the cost to the IBM dealer for dr dos 6. this way we can take into account the IBM pricing and OEM royalties to set the ideal price
- Full docs option: there may be a need to offer full docs instead of or in addition to the concise docs in the thin dos model

### VI. OEMs (sergiop/johnj)

Propose that we give the MS-DOS 5 for IBM PCs product (code) to any OEM that wants it. We really don't have anything to lose and who knows some OEMs may put some effort behind this.

We will fight aggressively the perception some OEMs may have that they must carry DR DOS to have a check off item.

Note that some OEMs will think this is a further move to take MS-DOS retail and be upset and others may want out of their contract and even tell us they prefer we take it retail.

Action item is to create a white paper/Q&A for OEMs to answer their questions and demonstrate our strengths

### VII. PR (brado)

Final draft of press release is done. Goal is to reaffirm MS-DOS 5 as the standard, solid and polished leader. IBM is the bad guy who is using customers as a pawn to get revenge with MS.

### VIII. Adv & Other (brado/dosmktg)

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In addition to other activities we need to continue to think about how to build the ms-dos 5 brand name and get the word out on dr dos 5.

Brainstorm meeting to start this thinking is today.

Other fall and beyond activities include:

- \* Enthusiast Press Adv
- \* Reseller Adv
- \* Instore Displays
- \* User Groups
- \* Easy Distribution Program for smaller OEMs
- \* Improved Volume Purchase Program
- \* Incremental funding for key resellers
- \* Program to use merchandising funds accumulated from adv.
- \* Expanded distribution for the Upgrade into mass merchants
- \* PR effort including -Tips & Tricks articles, Corporate wins release, non-enthusiast effort, & more
- \* Biz Press Adv
- \* Reseller visits
- \* Technical Seminars
- \* FastTips PSS Program

IX. Testing DR DOS 6 (richf)

Some internal testing already done. Test plan for outside vendor (likely NSTL) to be done today. Goal is to have data by Comdex and to distribute a white paper for distribution if necessary

X. DR/Novell/IBM reaction

We should be prepared for a reaction to our MS-DOS 5 for IBM PCs. The range of possibilities and implications:

A. IBM Bundles DR DOS on 286& some 386s

This would be nasty. We would hope for user revolt and continue to incent resellers and customers to override the ibm pre-install.

B. IBM Bundles Netware Lite on 286 & some 386s

We should expect this. We are exploring a relationship with a dos peer to peer vendor to have an answer (or to move b4 them)

C. IBM lowers the price of PC DOS 5 to \$99

Unlikely but if it happens this would be positive and remove the price differences between DR and PC-DOS. We would continue to sell out MS-DOS 5 for IBM Pcs

XI. International (adamt)

Adamt to fill international in on the details of our plans and get their input while stressing the confidentiality of the situation

##### 22  
 From davidcol Tue Oct 1 10:35:04 1991  
 To: bradsi  
 Subject: Re: judgement call  
 Date: Tue Oct 1 10:34:43 1991

One example is this app called WINCOMM. Version 1.3 has a bug where if you run one of it's scripts, you get stuck in a modal dialog box. The problem doesn't occur with version 1.5 of the app and both versions work fine on Win 3.1.

##### 23  
 From w-carrin Tue Oct 1 10:36:10 1991  
 To: bradsi  
 Subject: zachmann  
 Cc: bradc buckf lizsi w-clairl  
 Date: Tue Oct 1 10:07:03 1991

Unless your concern is that the inflated number will encourage other companies to want to compete for the DOS OS market, there's probably not much value. Will could have verified (at least asked if they were in the right ballpark) and we could have helped him. He hurts

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