Memo

Date: April 7, 1994

To: WWSMM Attendees

From: Doug Henrich

Re: **DRG Business Plan -- ISVs**

Much of Windows' success can be credited to the broad range of available third party applications and hardware products. Our Windows strategy requires that we continue to extend and evolve Windows APIs, SPIs and DDIs which will require the continued support of ISVs (includes IHV efforts, too). Over the next 12 months the main focus of DRG will be to migrate today's Windows applications to Chicago, as well as target new applications for Chicago.

We are challenged by the movement to component software, providing a real paradigm shift for our competitors to exploit. Our initial ISV support for OLE 2 shows positive signs for our continued control of the next generation of APIs for software applications. This will be our 2nd priority.

Beyond the classic desktop productivity applications, it will be critical for DRG to build a strong set of applications supporting the "Enterprise" space. This will include historic mainframe/mid-range ISVs, vertical solution providers, "Solution Providers," and to some extent corporate developers. The platform for these applications will be much broader than the historical operating systems capabilities. Applications will be built with a variety of technology from low-level functionality based on Win32 and OLE 2 technology all the way up to Office-based applications utilizing tools like VBA.

Currently most of the ISVs DRG deals with are based in the US. A few key European companies (like SAP, SAG, Microfocus) also have contacts within DRG. Japan is a special situation where we have the opportunity to build acceptance of Windows applications. We can use the momentum of Windows 3.1J, Chicago and Windows NT-J to establish a dominant market share through localization of major Windows applications by top DRG ISVs.

ISV Taxonomy

When talking about ISVs it is helpful to use the following segmentation. We have adopted these groupings for the purposes of account management.

- **Chicago ISVs (Productivity and Desktop focus)** - Includes key applications in each major application category.
    - Tier "A" ISVs - These "key" ISVs represent the majority of application software sales. As developers of general interest (productivity) software they also receive the most attention from the trade press and corporate accounts. Their support of Windows is critical to the general perceptions of its success:
        Adobe Systems, Aldus, America Online, Arabesque Software, Attachmate, Banyan, Berkeley, Borland Int'l, Brightworks, Broderbund, Central Point Software, Claris, Comptons, CompuServe, Computer Associates, Corel, D&B, Datastorm, Delrina, Electronic Arts, Frye, Intuit, Lotus Development, Microcomm, Micrografx, Inc, Novell, Polaris, Prodigy, Quark, Saber, Software Publishing, Sony Publishing, Spinnaker Software, Symantec/Norton, Wall Data, Word Perfect
    - Tier "B" ISVs - These 'second tier' ISVs represent significant volume sales of software but often in less general areas of interest:
        Altamira, Artisoft, Autodesk, Inc, CMS, Cognos, Conner, DCA, DEC, Deneba Software, Eicon, Envrlopr Manager Software, Farallon, Folio, Frame Technology, Franklin Quest, FTP Software, FutureSoft, Great Plains, Grolier Electronic Publishing, Gupta, Helix Software, Hilgraeve, Inc., IBI, Information Resources, Inset Systems, Mathsoft, Meca Software, Netsoft, Ocean Isle, Pilot Software, Quest, SAS Institute, Shapeware, Shiva, SPSS, Sybase, The Periscope Co., Traveling Software, U-Lead Systems, Virtus Corp, Wolfram
    - Tier "C" ISVs - A universe of 1500 ISVs that bubble up and down from "A" or "B" status.

- **Development Tools** - Getting support for our new APIs requires the support of key development tools. The leading tools vendors include Borland Int'l, Digitalk, Powersoft, Symantec, and Blue Sky. Beyond these key ISVs there are additional players and categories that can not be ignored. The taxonomy broadly includes: low-level compilers & debuggers for many languages (C, C++, Fortran, Cobol, etc.), GUI layout tools, scripting languages, case tools, and high-level, application-builder products.

- **Enterprise ISVs** - A new category for DRG, with the potential of taking us into the corporate development arena, supports re-engineering and client/server projects. Including the following:

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- **Vertical Applications** -- DRG will align with the vertical markets targeted by SP marketing organization. These verticals will include segments like healthcare, financial services, banking, engineering, manufacturing, insurance, and several others.
- **Mainframe & Mid-range ISVs** -- This segment includes many of the largest software vendors in the world. Historically, they have not done much work for the Windows platform, and what they have done is usually not innovative. Companies like SAG, SAP, CA, D&B, Lawson, and MSA will be targeted.
- **AS/400** -- Compared to other platforms, the AS/400 market is a widely distributed software market. DRG has started working with a number of vendors who provide Mid-range and Mainframe business applications including: JD Edwards, SSA, Lawson, D&B, SAP, System 2000, Emphysis, etc.
- **IBM** -- Though it has required time consuming efforts DRG has commitments for Windows NT versions of CICS and DB2.
- **OLTP** -- Getting credibility for Windows NT in transaction processing requires that we get support from the OLTP community. In addition to working with IBM on CICS, DRG is working with Transarc and Unisys for a version of Tuxedo and with NCR on an implementation of TopEnd for Windows NT.
- **Systems Management** -- Building our Hermes story involves working 50-60 players across the whole spectrum of systems management companies (including IBM, DEC, SNI, CA, Legent, Tivoli, SUN, HP, Brightworks).

- **Server ISVs** - Establishing Windows NT as a credible server platform will require convincing the leading server applications to port from UNIX and OS/2.

  Lotus Notes, Oracle, Ingres, Informix, IBM w/DB2, Btrieve Technologies, FileNet, Keyfile, Viewstar, Wang Labs, Borland International (InterBase), Coromandel Industries, Cracchiolo & Feder, Desktop Data, Kofax Image Products, Lucas Management Systems, Micro Decisionware, Inc., Saros Corporation, Imara Research. Plus 20 other interesting applications, comm, text, image, telephony, object dbms.

- **UNIX & Technical Workstation ISVs** - Windows NT has the capabilities (and we have the tools support) to make it a credible alternative to UNIX for workstation applications. While nearly all of these ISVs are new to the PC marketplace, DRG has had success with a wide range of nearly 200 ISVs including:

  Paramteric, Intergraph, Autodesk, Bentley Systems, Cadence Design Systems, Computervision, Intergraph, Ithaca Software, Mentor Graphics, National Instruments, PAN Data, Parametric Technologies Corporation, Viewlogic, Visual Numerics, Accel Technologies, Adra Systems, Ansoft, Cadzooks, CNC Software, Consensys, Erdas, GrayTech Software, Massteck, Ltd., Orcad, PADS Software, Racal-Redac, Rasna, SDRC, Spatial Technology, Swanson Analysis Systems

- **Multimedia** - Over the past few years Apple has established the perception of a significant lead in multimedia applications. DRG is supporting a select group of home, entertainment, games, and in particular, content related ISVs for development of titles for Windows.

- **Personal Devices** - DRG is evangelizing over 60 ISVs developing applications for WinPAD.

- **IHVs** - DRG has targeted the key players in each device area (such as display, net cards, SCSI, CD-ROMs,..). More than 2,000 hardware vendors are being evangelized in one-to-many fashion to build PnP hardware.

In addition to the groups listed above there are roughly 3,000+ ISVs being tracked that have identified themselves as developing Windows applications or supporting hardware. They are largely supported by one-to-many programs like broadcast email, fax, mailings and call-downs.

Objectives

The goal of DRG's ISV programs is to maximize support of our systems products and technologies. The following are the goals for the next year.

⇒ **Products**

- **Chicago**
  - Move 16-bit windows applications to 32-bit and exploit Chicago opportunities (shell extensibility, viewers, PnP events, LFNs, OLE 2, new UI, MAPI, TAPI). 100 key productivity and desktop applications are targeted.
  - Have major Windows application available at Chicago ship (Lotus, Word Perfect, Borland...)
  - Get new exciting applications for Chicago. Multimedia titles, content, and games will be a huge opportunity.
  - Focus on exploiting the *Information Highway* hype. Work with CIS, America Online, Prodigy, and the many apps, utilities, info services, and communication products to own this emerging marketplace. This is a could be a huge win for our platforms.
  - Work to insure full compatibility of existing 16-bit and 32-bit shipping applications.

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- **Windows NT (Daytona)** - Continued focus on server applications (~10 major applications) and technical workstation applications (>200 ISVs). DRG will use Windows NT as the foundation for moving enterprise applications (including verticals) from high-end platforms to Windows NT.

- **EMS** - ISVs identified in 7 major categories of workgroup computing. WGA is driving business arrangements with top tier ISVs in each category, 2nd tier ISVs are being evangelized by DRG to exploit Capone, MAPI, and EMS.

- **Cairo** - Get early adopters to demonstrate potential Cairo solutions. Various new features and interfaces "open processed" with the ISV community. Interfaces like DNA & OCX, plus many other new capabilities introduced will have wide spread ISV adoption by the time Cairo ships.

- **RISC** - Leverage OEMs of Windows NT. Utilize VC++ targeted for MIPS, Alpha, and PowerPC to motivate ISVs to build applications for all the Windows NT platforms and ship on a single CD. Leverage the RISC OEMs (IBM, DEC, MIPS) to do the majority of the work.

- **WinPAD** - Establish WinPAD as the premier PDA-like device through supplying an interesting assortment of ISV applications at product ship. More than 60 ISVs currently building WinPAD targeted applications.

⇒ **Technologies**

- **Win32** - Transition all application development to the 32-bit world of Win32 and OLE 2 (32-bit). Chicago will drive the major players to move to Win32. Leverage MS applications shipping for Windows NT to drive more widespread adoption of desktop productivity applications. More than 300 Win32-based application now shipping.

- **OLE** - Continue the momentum established by the initial wave of ISVs shipping OLE 2 enabled applications. Move OLE 2 support to be a required feature of all Windows applications. Motivate ISVs to exploit new interfaces defined by OLE 2, including DNA and the new control architecture (OCX). Work with DEC, and other platform vendors to establish COM as cross platform.

- **WOSA** - establish each service API (ODBC, MAPI, TAPI...)

- **PnP** - establish PnP as the defacto standard for next generation hardware for all major devices (networking, display, SCSI, storage...)

- **Multimedia** - Establish Windows as the leading platform for multimedia applications and titles. More than 30 development tools, and several hundred titles.

Strategy

- Continue DRG's efforts to migrate today's base of applications to exploit Chicago. Get new exciting applications for the platform (networking and communications products, multimedia, games, PnP, etc...). Focus the DRG Porting Lab on moving existing Windows applications to Chicago. Create demand for new "Chicago" applications through tradeshow exhibits of applications, roadshow displays, and various press-related activities. Ensure that Windows NT applications continue to be developed. Make sure Chicago applications are tested and compatible with Windows NT.

- Expand the universe of ISVs we target. Our motto is "a new ISV everyday." Target new ISVs on all ends of the spectrum - high-end enterprise ISVs, info highway players, new, low-end solutions centered around WinPAD, etc... Target the new community of content providers to create more exciting multimedia titles. Own the content industry for our platforms.

- Establish an evangelism effort focused on the complete "enterprise" ISV applications needed. This effort will require significant product and platform investment to provide the foundation for successful deployment of new systems and compatibility with existing applications.

- Provide a broader set of services to the ISV community. This set of services should include:
  - leverage of non-systems products (primarily DDT products and other developer services like MSDN)
  - establishment of marketing services to help ISVs better establish their products in the new markets - component s/w world, the PDA space, and new hardware spaces (RISC, PnP, WinPAD). Some of these may require joint marketing from MS to establish the platform.

- Leverage RISC OEMs of Windows NT (DEC, MIPS, and IBM) each of who has an ISV program to support their implementations.

- Actively sell ISVs into the SP channel as appropriate. More ISVs should (and do) want to sign SP deals to ship and support MS products.

- Account Management - DRG evangelists have responsibility for direct contact with the top 300 ISVs

Competitive Strategies

Our major competitors (Novell, Lotus, and IBM) have all established DRG-like efforts. So far, most have been primarily one-to-many evangelism efforts.

- Lotus is focused on Notes add-in products. We are targeting these same people with EMS and MAPI.

- It is not clear what IBM is doing with their developer related programs. They seemed to be on a path to clone MSDN. Lately, this has been re-organized and massively downsized. The PowerPC group porting Windows NT is cloning DRG's strategy and targeting our Win32 ISVs to recompile their Windows NT applications for the PowerPC version of Windows NT.

- Novell does not have a coherent developer effort. They have a developer program, but not a DRG-like team. Brainshare is a annual PDC style event with no clear focus for developers. It is much more like TechEd focused on covering all developer issues (not just strategic issues). AppWare has been targeted at specific ISVs (mainly tools vendors) to provide components (ALM - AppWare Loadable Modules). It is not clear how effective this approach is, but we can not discount this effort.

- The OpenDoc initiative has its own evangelism effort. They are good at targeting key ISVs, but lack the coordination to do broad evangelism.

MS is constantly positioned as the closed Proprietary solution. This will encourage continued EBM (everybody but Microsoft) efforts in the future. Our best response is:

- Continue to consume all ISV bandwidth so they can not target other competitive platforms. OLE2, Chicago, Cairo, new technology design previews are all used to consume developer bandwidth.

- Continue to provide compelling platform and business opportunities.

- Open Process - collaborate with the software development community to define defacto standards. Design previews used to get buy in from ISVs. Workshops / Account management keep ISVs on our path.

- Carefully evaluate the tactical & strategic ABM efforts. Give ground on tactical, meaningless battles to bolster "Open" industry perception. Attack aggressively ABM initiatives that are strategic.

We should not be paranoid but recognize that our competitors will continue to band together in a variety of efforts directed against us. Unanticipated mergers or acquisitions may also create more powerful competitors.