

From: Joachim Kempin <joachimk@MICROSOFT.com>
Sent: Friday, May 3, 1996 9:02 AM
To: Paul Maritz <paulm@microsoft.com>; Candace Grisdale <candaceg@microsoft.com>; Mark Ryland (Exchange) <markry@microsoft.com>
Cc: J Allard <jallard@microsoft.com>; Dale Watanabe <dalewat@microsoft.com>; Jim Allchin (Exchange) <jimall@microsoft.com>; Steve Ballmer <steveb@microsoft.com>; Brad Silverberg <bradsi@microsoft.com>; John Ludwig <johnlu@microsoft.com>; Bill Gates <billg@microsoft.com>; Kay Barber-Eck <kayb@microsoft.com>
Subject: MSB 0010871: RE: IIS on UNIX, HP

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they are getting closer to DEC- at least conceptionally. This could be a break through.

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From: Mark Ryland (Exchange)
Sent: Thursday, May 02, 1996 11:43 PM
To: Paul Maritz; Candace Grisdale
Cc: J Allard; Dale Watanabe; Jim Allchin (Exchange); Joachim Kempin; Steve Ballmer; Brad Silverberg; John Ludwig; Bill Gates; Kay Barber-Eck

Subject: MSB 0010871: RE: IIS on UNIX, HP

To amplify one crucial point: the fellow we were talking to (Ted Wilson ? not sure of the last name) claimed (plausibly) that he was authorized by his senior management (Belluzzo and others) to propose the following:

1. MS and H-P agree that H-P will transition to an entirely NT-based strategy over the next 2-4 years. They won't announce the death of HP-UX but they will announce their commitment to take NT to the highest heights.
2. In the interim, MS and H-P will define an NT/UNIX coexistence strategy along the lines of the mail I sent earlier (some NT client and server features being ported to (or inteoperable with) UNIX, but not all features blindly moved over – it would be a case by case decision – he gave the example of no Web authoring or dev tools being ported, and also not all server features).
3. In the end game, and also in the interim, H-P will have sufficient rights and intimacy with our engineering process to tweak NT for their high-end needs on both client (high end engineering workstations in the \$25k to \$250k range) and server (high end servers – what we're calling NT\$ internally). Their tweaks and extensions would flow back into the base product that all their competitors would get, but they would have (a) 6-12 month lead times and/or (b) the ability to position themselves as having been a key partner in the high-end features, thus being the preferred enterprise partner for MS.

His underlying argument (which makes a lot of sense to me) fundamentally comes down to two related points:

1. No company by itself can satisfy the complete needs of the internet and enterprise. By combining our awesome respective resources, we will take business away from IBM, Sun, Netscape, et al. which leaves plenty of room for both companies to get stronger and stronger for a long time.

Plaintiff's Exhibit
9607
Comes V. Microsoft

2. In any given year, MS will have a more horizontal, mass-market focus on both client and server. Given our business and engineering model we can't afford to go after the high end, niche opportunities, despite the fact that people pay huge premiums for solutions in those niches. H-P would fill those niches, transitioning rapidly from filling them with UNIX to filling them with NT, but for the foreseeable future filling them nonetheless, while the mainstream shrinkwrapped products will get those same features on a normal downward technology flow of 6-24 months. In other words, what was last year's high-price H-P niche is today's mainstream MS/Intel software/hardware, but by then H-P has moved on.

Interestingly, he alluded to the fact that this is exactly their strategy in their Intel partnership – Intel devotes 95% of its resources to CPUs/chipsets that sell for \$1500 or less. H-P plans to ship compatible but much lower volume, much higher priced CPUs/chipsets, and thus continually dance lucratively in front of the marching elephant (my metaphor). They want to do the same with us.

– Mark

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From: Candace Grisdale
Sent: Thursday, May 02, 1996 4:13 PM
To: Paul Maritz; Jim Allchin (Exchange); Joachim Kempin; Steve Ballmer; Brad Silverberg; John Ludwig; Bill Gates
Cc: J Allard; Mark Ryland (Exchange); Dale Watanabe; Candace Grisdale
Subject: MSB 0010871: FW: IIS on UNIX, HP

The cc line met with HP today to further discuss this issue. We decided not to offer the port during this meeting but rather to explore the possibilities and get feedback first.

HP said the following:

1. They confirmed that the NS deal is to establish an HP internet strategy message across platforms.
2. When asked if the NS announcement could be pushed out, they said it could not....but could be "tuned down" if we had a solid long-term strategy agreed to. It's definitely the Unix side that is working this NS deal.
3. Paul, in order to identify a longer term strategy "agreement" with us, it makes sense for a call (friday?) between you and Dick Watts. I will work with Kay to arrange this after I get confirmation from you to proceed. Steve, in the call with Belluzzo tomorrow, we can do the same.
4. They liked the "compatibility approach" outlined by J but see that making sense if there is a bigger objective together.

We asked for:

1. The ability to review the NS PR in advance and to provide feedback.
2. The oppty to do a PR on the same day if the Paul/Dick conversation netted a long term strategy.
3. HP mention of our solutions at the analyst briefing.

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From: Paul Maritz
Sent: Thursday, May 02, 1996 9:01 AM
To: Jim Allchin (Exchange); Brad Silverberg; John Ludwig; Bill Gates; Joachim Kempin; Candace Grisdale
Cc: Steve Ballmer; Greg Maffei
Subject: MSB 0010871: IIS on UNIX, HP

Altho' I am afraid that the best we can do at this point is to try mute HP's endorsement of Netscape next week, I do think we have to entice/fund/bribe someone to be doing more than just supporting DCOM on UNX. We have to get someone signed up to put our server scripting mechanism and possibly DTC/Viper compatible infrastructure on UNIX.

In thinking about it, Software AG should want to do this. Today they look at DCOM as means to help re-structure their legacy apps on UNIX. But they are going to have to do more re-structuring than just wrapping them as COM objects. They are going to have to tie them into the Web paradigms as well to allow them to be fronted by a browser. Hence they should want the infrastructure to do this. We need to engage with them asap. It may require a little education of them by us as to why they should take broader view of the infrastructure and it may require us to write some checks (but lets educate first), since we may want them to give away version for BSD/Linux. In fact if we don't do this, there is danger that Software AG will get seduced into supporting what Netscape/Sun/IBM offer as infrastructure.

There is a lesser motivation in that Cam is saying that he needs a "UNIX story" to help with certain RBOCs. But we have to be careful not to get wrapped up in contracts on this front.

We need to move quickly. To get us off the ground, I would like to ask that Jallard hook up with whoever owns the Software AG connection. They should meet, then meet asap with Software AG, and then report back to jimall/bradsi/l.

Wrt HP, we should let them know that we will be doing UNIX port of IIS, and try to use this to get announcement next week to go away (unlikely) or be muted (unfortunately Netscape will not agree to be muted) at a minimum to point of stressing that their relationship is not exclusive.