

Message 47:

From celesteb Tue Apr 23 16:46:04 1991

To: cams dms reps rgms

Subject: Response to IBM meetings: Q & A - IBM OS.2 2.0 announcements

Cc: alexs alisonc arnej bernardv billmi bobmc bobmu bobo bradc bradsi  
brendabm calb cameronm celiap charlotg chrissm craigl dangar danste  
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teresaka theresa tinam tinapo winxteam

Date: Tue Apr 23 16:36:06 1991

Response to IBM meetings:

The following Q and A is the first of two pieces designed to assist you in addressing questions and concerns from your accounts regarding the recent IBM announcements.

Note that this document is for internal use only and should not be distributed to non-Microsoft employees. As noted in yesterday's email, a second piece will be distributed later this week which will be suitable for distribution to your customers.

This document can be found as IBMOS2QA.DOC on \\smartpages\user in \PROD\SYS\MKTINFO\OS2\COMPE

Celeste Boyer  
Corporate Account Marketing

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Q and A: IBM's OS/2 2.0 Announcements

Last week IBM made a series of announcements regarding the future of OS/2. The following questions are intended to provide you with Microsoft's perspective on the announcement.

What does Microsoft think of IBM's announcement?

Microsoft welcomes IBM's renewed expression of commitment to OS/2. OS/2 is an important part of the Microsoft systems strategy. IBM's commitment to support Windows applications under OS/2 2.0 confirms the growing momentum of Windows applications on the desktop.

Will Microsoft ship and support OS/2 2.0?

Microsoft is fully licensed to market OS/2. It is a fundamental part of our systems strategy. Microsoft will support it and make it available as soon as it is functionally complete and stable.

Is Microsoft still co-developing with IBM?

Yes, as Microsoft and IBM stated last September, we have a joint development agreement with IBM for OS/2. IBM has

Plaintiff's Exhibit

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primary development responsibility for OS/2 1.x and 2.0.  
Microsoft has primary responsibility for OS/2 3.0.  
Microsoft is the sole developer of MS-DOS and Windows.  
Both companies are fully licensed to each others work.

Does Microsoft compete with IBM?

IBM has a view that most desktops should run OS/2.  
Microsoft has the view that some customers will choose to run OS/2 on highend desktops or where Systems Application Architecture (SAA) compliance is required, but believes Windows and DOS will be the choice for most desktops and to that extent, this is a different view of the world from IBM. We both agree that OS/2 is the optimum choice for network servers.

Will the market be split between Windows and OS/2?

It has become very clear to Microsoft that it cannot dictate what the market wants. Customers are free to choose the operating system that best meets their requirements. Windows 3.0 has been a tremendous success with over three million copies purchased in the nine months since its May 1990 introduction. Additionally, over 1200 applications are already shipping for Windows 3.0.

IBM seems to be embarking on a very competitive thrust to position OS/2 as the primary desktop environment. How does this effect Microsoft's strategy with Windows?

Microsoft will continue to pursue a strategy that makes sense for our customers -- focusing on OS/2 for the server and high-end clients and Windows for most desktops.

Did Microsoft give up on OS/2 too early? IBM's plans for OS/2 2.0 seem to make a lot of sense for customers?

Microsoft has not "given up" on OS/2. OS/2 has a critical role on the server and on the desktop where the customer has a requirement for an SAA platform or its other advanced features.

Our agreement with IBM provided for their completion of its development. OS/2 2.0 is important to our high-end desktop and our server plans. Most of the OS/2 2.0 functionality available today was developed by Microsoft. Additionally, there is still much work for IBM to complete.

Is Microsoft involved in the development of OS/2 2.0?

Microsoft did a lot of the work on OS/2 2.0 before IBM took primary development responsibility and much of that work was evident in the demonstrations IBM conducted last week. Microsoft has a continuing investment in supporting the availability of OS/2 on a wide variety of manufacturers hardware.

It appears that OS/2 2.0 does a better job of running DOS applications than Windows 3.0. Is this true?

Microsoft recognizes the importance of providing the most

compatible DOS applications support possible. The support for multiple windowed DOS sessions is a feature supported in the current shipping version of Windows. The DOS support that IBM demonstrated was developed by Microsoft and was part of the work completed before IBM assumed the primary development responsibility for OS/2 2.0. This technology is available for incorporation in future versions of Windows and OS/2 3.0

What about the claim that OS/2 2.0 will be a better Windows than Windows?

It is technically possible to provide a translation layer for Windows applications but it is very difficult to provide full compatibility and performance approaching the native Windows environment.

When will Windows 3.1 ship? Is it late?

It will ship later this year. Microsoft is focusing on what is needed to make it the right product for Windows users.

How will Microsoft fully support the 32-bit features of the 386/486?

In Windows 3.0 today, the 386 enhanced mode is optimized for the 386 and allows multitasking, virtualization, etc. Windows will migrate to a 32-bit API using 386 virtual mode, paging, and large, linear addressing. Windows' 32-bit capability will be positioned toward the mid-range and high-end on both DOS and OS/2.

What will OS/2 3.0 offer that OS/2 2.0 does not?

In order to fully meet the requirements of the high-end segment of the market, OS/2 3.0 will provide for certified security, symmetric multiprocessing, fault tolerance, and portability. OS/2 3.0 will run 32-bit Windows, OS/2 and POSIX applications (in addition to 16-bit Windows and DOS applications).

Doesn't OS/2 2.0 offer programmers a superior API set compared to Windows?

Microsoft's strategy is to provide a single, extensible API spanning the mid-range to the high-end and this API will be Windows. There are a number of advanced features in the OS/2 APIs, therefore, Microsoft will incorporate the best features of OS/2 in the 32-bit versions of Windows

Why bother building a portable version of OS/2?

Reduced Instruction Set Computing (RISC) technology offers the potential for dramatically increased performance. The portable design features of OS/2 3.0 will permit exploitation of the most powerful RISC or conventional processors available.

Will IBM support OS/2 3.0 which you are developing?

IBM has a substantial investment in and has full rights to

it under the joint development agreement. Microsoft is firmly committed to OS/2 3.0.

How does IBM's announcement of Windows support in OS/2 2.0 affect the Windows Libraries for OS/2 (WLO)?

WLO provides the capability for a Windows application to run on OS/2. It is a quick and easy way for ISVs to move their applications to OS/2. This technology is being used by a growing number of ISVs including Microsoft's Applications Division in order to target both the Windows and OS/2 markets. When IBM delivers on its commitment to run Windows applications the WLO technology will become less important.

What is the impact of IBM's announcement on corporate customers who have made investments in PM applications?

OS/2 2.0's ability to run Windows applications will broaden the choice available to customers who have requirements for PM or IBM's SAA applications. OS/2 3.0 will offer the widest range of choices.

IBM claims that over 200 OS/2 graphical applications are shipping now? Is there an advantage to choosing Windows for customers who depend on shrink wrapped software?

There are over 1200 Windows applications shipping from over 700 ISVs. Windows development is the primary focus of every major ISV. Software Publishing Corporation's Windows based Harvard Graphics package was featured in the trade press this week and the beta release of Lotus123 for Windows was also discussed. WordPerfect has been showing early versions of their Windows product since last fall's Comdex. Windows will continue to be the leading environment upon which new graphical applications are built.

Should ISVs develop for Windows or OS/2?

Windows is the highest-volume graphical application platform with an installed base already exceeding 3 million units. ISVs wanting to target the broadest possible market should continue to develop for Windows. Now that IBM has committed to run Windows applications on OS/2 2.0 without requiring any changes, that is even more clear.

Should ISVs develop 32-bit applications for Windows or OS/2 2.0?

ISVs can take advantage of their investments (and those made by their customers) in the Windows Application Program Interfaces (APIs) and write to the 32-bit APIs provided in the next version of Windows. Microsoft has provided the initial specification for the 32-bit Windows API to key ISVs and plans to ship the 32-bit Windows Software Development Kit (SDK) this year. These Windows application will run on the next major Windows release for DOS and on OS/2 3.0.

What do ISVs think of the announcement?

Microsoft and other committed Windows ISVs have to feel that the IBM announcement that Windows application support is committed for OS/2 affirmed their decision to develop Windows applications.

IBM said that Novell will support OS/2 2.0. Will LAN Manager support OS/2 2.0?

Yes, LAN Man will support OS/2 2.0.

How does IBM's strategic relationship with Novell impact LAN Manager?

Going against an entrenched competitor like Novell is very hard but Microsoft remains committed to its strategy. OS/2's capabilities (multiple threads, preemptive multitasking and memory protection critical to network servers for client-server computing) which together with the over 50 OS/2 based server applications from ISVs plus LAN Manager combine to provide client-server computing. Microsoft remains committed to LAN Manager and the OS/2 server strategy.

Will LAN Manager and LAN Server converge?

Microsoft has a continuing interest in providing interoperability of LAN Manager and LAN Server. We are continuing to work toward that goal.

Does Microsoft believe that IBM can execute on the plan that was described last week?

IBM has significant resources to apply to any project but it will be technically very challenging for IBM to do everything promised on a very aggressive schedule.

Has your relationship with IBM changed?

Our relationship with IBM has evolved continuously over the last eleven years. Microsoft and IBM now discuss differences in our views more openly than we did formerly.

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Message 37:

From hankv Mon Apr 22 07:27:58 1991  
To: bradsi lewisl mikemap richab richt  
Cc: peteh  
Subject: FW: IBM announcement  
Date: Mon Apr 22 06:21:23 1991

>From mmerker Fri Apr 19 08:38:52 1991  
To: cams  
Cc: camktg dms lloydw mmerker rgms  
Subject: FW: IBM announcement  
Date: Fri Apr 19 07:32:49 PDT 1991

>From billbrew Fri Apr 19 07:42:22 1991  
To: lloydw mmerker  
Subject: FW: IBM announcement

Date: Fri Apr 19 09:37:12 PDT 1991

Background info on the IBM announcement yesterday.

BB

>From jeffbo Fri Apr 19 09:41:07 1991  
To: detroit  
Subject: IBM announcement

Date: Fri Apr 19 09:41:02 1991

I was allowed to view the IBM OS/2 announcement yesterday. Talk about strange looks, but I'm used to it. Here's some notes to consider. The first comment I got from Ford was "Looks like war to me".

That is probably what you will be hearing.

Early on, they set the tone by not referring to Windows, instead talking about 'DOS Extenders'. This happened often. In fact, Lee Reiswig came right out and said that Windows is just a DOS extender, so they were anxious to push that. Everyone got the point. Their charts showed that today DOS is for entry level computing, Windows for intermediate and OS/2 for advanced. The chart showing their positioning for ver 2.0 showed graphically that it will replace Windows. I suppose this is not big news. They stated emphatically that ver 2.0 will release this fall, Q4, and late this year, all of those. They are showing it to customers now.

Demo

This is what they highlighted

Graphical installation where you pick the options you want to install (Powerpoint, Excel 3)

You can modify the settings in CONFIG.SYS graphically

It will take 10-15 Mb of space. "That's about the same size as some DOS extenders." Didn't know that 6Mb = 10-15MB, must be new math.

It can run using the interface that you like, DOS 4, Windows, OS/2 1.x or OS/2 2.0. They say you don't have to buy Windows as the interface is built in. It was a good feature to display judging by reaction.

It has an Object Oriented desktop. It showed icons freely floating, no groups. And you could click an icon to start

a document, just as we can  
They showed Drag and Drop printing (Windows 3.1??)  
They have a 'Preference Folder' that sounded interesting, but it turned out to be Control Panel.  
When you shutdown your computer, it restarts the next time with the same setup of icons as you had.  
As was always talked about with OS/2, you can reboot an app that crashes without rebooting your system  
They showed copy and paste between DOS apps  
You can boot DOS apps that are version specific without problem  
They showed 620 KB available memory, even after net drivers  
THEY REALLY pushed 123-G, twice saying "The most advanced graphical spreadsheet for OS/2" like they were on the 123 account team. As I hear, we have 80% of the OS/2 market.  
They also announced that it will run on all compatibles.  
The biggest issue was price, as you probably read.  
\$150 for new, \$99 to upgrade from DOS, \$690 for 1.3 EE, and free upgrades to 2.0 EE when it ships. The 2.0 target price is <\$200, with the EE target <\$600.  
All in all, they did not demo anything outstanding, and the crowd reaction seemed to indicate I was not alone on that. The only reaction at the Ford presentation was to the price of the OS, but you still have to have the hardware to run it, a fact not lost on knowledgeable users.  
The bottom line remains that we can run our apps either place, and will support accounts decisions as to what OS they choose, and will be there to support their apps after they make that decision. The Family marches on!!

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