

General Manager, Personal Software  
Products Division  
August 2, 1995



Memorandum To: CEC Members

Subject: OS/2 Warp Update

Since the July 14th report, we have shipped approximately 81K OS/2 Warp shrink-wrapped packages. Of this total, 67K were shipped in EMEA and 13K were shipped in the U.S. Shipments of shrink-wrapped products are continuing at this modest level, however much of the recent sales of OS/2 Warp have been distributed as either preload or right-to-copy licenses through the Advantage program (promotional program announced 6/20), both of which will be included in the month-end totals.

The broad coverage of the Windows 95 launch continues to generate interest in OS/2 Warp as an alternative. The "we are committed to OS/2" messages expressed in the earnings conference call, the Lotus conference call, and the Lou Gerstner letter to OS/2 World attendees were reflected last week in both the business and trade press. The coverage also notes IBM's intent to hold Microsoft accountable for the promises it has made to customers. The Associated Press ran an entire story on the commitment issue headlined "IBM committed to product", which quoted Jerome York and Lou Gerstner. It also included quotes from PSP Media Relations' "15 Questions to Ask Microsoft About Windows 95" document. The New York Times ran a report from OS/2 World which quoted J.M. Thompson on IBM's "unambiguous and unwavering" commitment to OS/2, and described a demo comparing Warp to Windows 95. The story noted that "OS/2 has always been considered the technologically superior of the two. Even its fiercest critics admit that it has an edge on Windows 95."

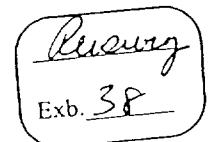
Advertising is being prepared to launch August 21, which will reinforce the significant role of OS/2 in enterprise computing in the face of the Windows 95 release activities. Campaigning through print and television, the message will remind the viewer that many companies couldn't wait until 1995 to migrate their mission-critical applications to a 32-bit operating system and will demonstrate how prevalent OS/2 is in businesses around the world.

OS/2 Warp scored highest in overall satisfaction among all operating systems in an annual survey of readers conducted by PC Magazine for its July 1995 Special Edition. The survey results were tabulated from responses by almost 50% of subscribers, and rated OS/2 Warp a full rating point higher than Microsoft Windows (8.8 vs. 7.8 on scale of 10).

Over the last two weeks, the hold times on our customer and support lines continue to average one minute or less which is below our target.

ORIGINAL SIGNED BY  
L. R. Reiswig, Jr.

Attachments



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Personal Software Products  
OS/2 Product Analysis

	1H94 Actual	FY94 Actual	2Q95 Actual	1H95 Actual	B/(W) YTD Budg	% of YTD Budg
Licenses Sold (K)						
OS/2 non-Warp	958	1868	93	269		
OS/2 Warp	0	1019	877	1950		
Total OS/2	958	2887	970	2219	187	109%

Revenue per Unit (\$)

OS/2 non-Warp	\$56	\$51	\$103	\$75		
OS/2 Warp	N/A	\$36	\$ 39	\$40		
Average OS/2	\$56	\$46	\$ 45	\$45	\$ 5	113%

Total Revenue (\$M)

OS/2 non-Warp	\$53.4	\$ 95.4	\$ 9.6	\$20.2		
OS/2 Warp	N/A	\$ 37.0	\$34.3	\$78.9		
Total OS/2	\$53.4	\$132.4	\$43.9	\$99.1	\$19.1	124%

	2Q95 Actual	1H95 Actual	B/(W) YTD Budg	% of YTD Budg
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Retail

OS/2 Volume (K)	367	1099	241	128%
OS/2 Revenue (\$M)	\$32.1	\$83.1	\$31.6	162%
Avg U/Rev	\$87	\$76	\$16	126%

Preload

OS/2 Volume (K)	602	1120	-55	95%
OS/2 Revenue (\$M)	\$11.9	\$16.1	(\$12.4)	56%
Avg U/Rev	\$20	\$14	(\$10)	60%

Total OS/2

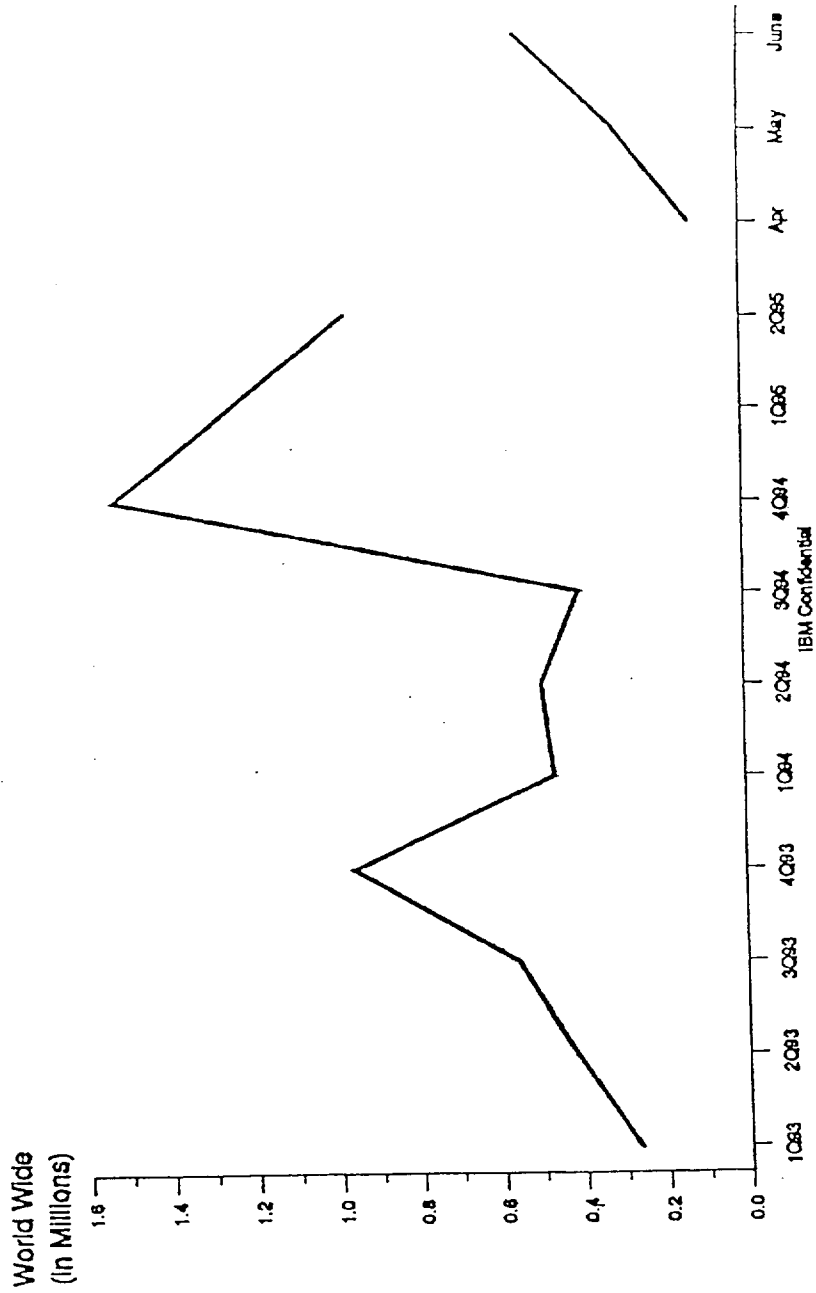
OS/2 Volume (K)	970	2219	187	109%
OS/2 Revenue (\$M)	\$43.9	\$99.1	\$19.1	124%
Avg U/Rev	\$45	\$45	\$5	113%

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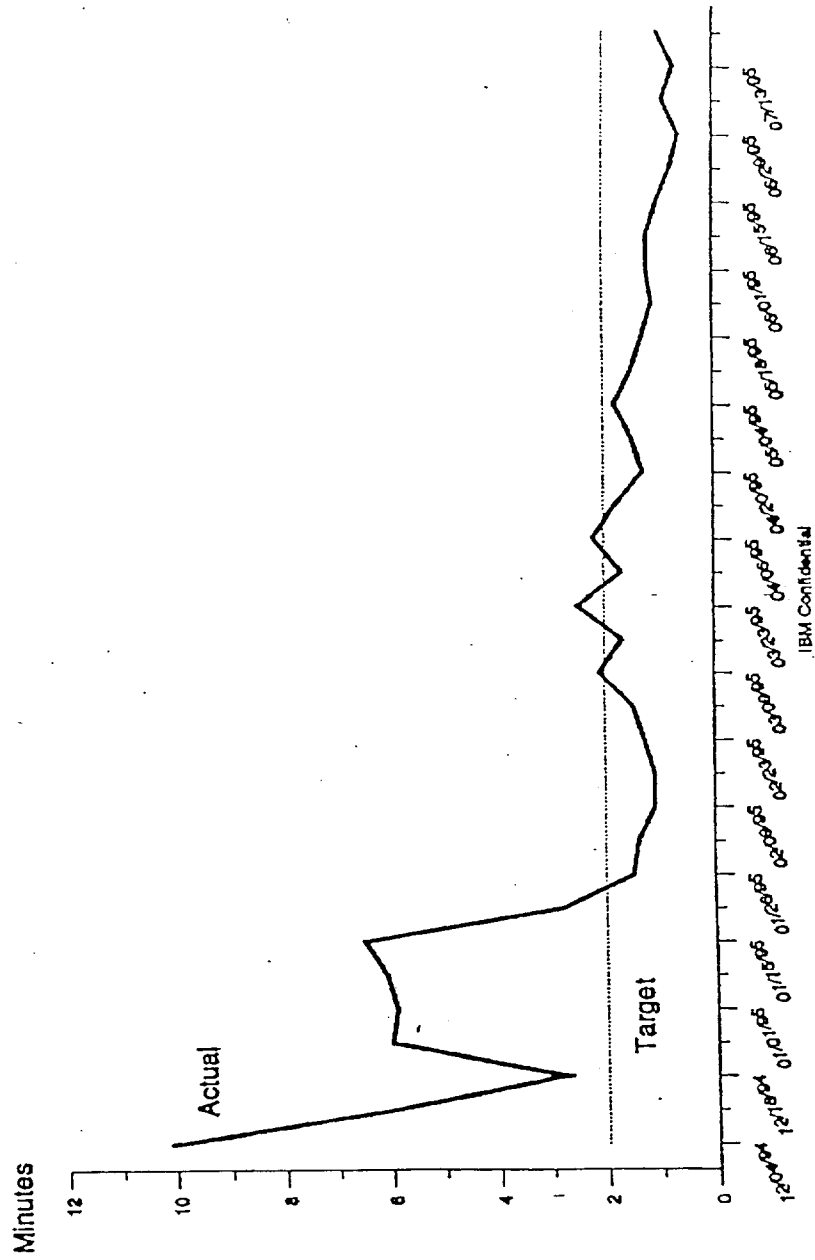
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# PSP OS/2 Volumes



# PSP Service and Support Customer Hold Times (US)



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