

From: RHDAFOE --AUSVM1
To: REISWIG --RHQVMO8 Lee Reiswig
GUARINO --RHQVMO8 Dick Guarino
CORTHELL--BCRVMI Jon Corthell

Date and time 03/16/90 12:44:53
RSEYMOUR--PURVM Dick Seymour
LINEEN --WEST1VM Ed Lineen

From: R. H. DaFoe
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Subject: NOTES FROM 3/14 IBM-MICROSOFT MEETING

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Below are my notes from this meeting.

ATTENDEES:

Lee Reiswig
Dick Guarino
Dick Seymour
Ed Lineen
Ralph DaFoe
Tommy Steele
Ed Lassettre

Steve Ballmer
Tony Audino
John Sabol
Bill Pope
Paul Maritz
Bob Muglia
Darryl Rubin

ED LASSETTIRE/DARRYL RUBIN: OS/2 ASSESSMENT

EL As much as 1/3 of the OS/2 code is redundant, i.e. same function implemented several times in different places. As much as 1/2 of it has a low value, i.e. limited usage, limited life, targeted for a limited market segment. Significant debate about what constitutes "low value" and which functions are low value.

In terms of quality, e.g. technology, design, coding techniques, the IBM code is generally unacceptable to marginal while the Microsoft code is generally acceptable to good.

LRR We should critically look at CRUISER for opportunities to redress these problems; and stringently screen CRUISER code being ported to NT to prevent this happening again.

PAUL MARITZ: OS/2 1.2 PLAN ISSUES

PM Microsoft has not yet released OS/2 1.2 to OEMs because it is not believed to be ready. The problems are particularly in the Print Manager, Print Spooler and Printer Device Drivers. The target to fix the device driver problems, replace the spooler with the LAN Manager Spooler, adapt the Print Manager to the new spooler and provide a Printer Installation application is 5/90.

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SB Microsoft would recommend that IBM hold EE 1.2 to match this 5/90 Golden Diskette date.

PM Barring major customer complaints, Microsoft believes this should be the last 16-bit release of OS/2.

Does not believe that we will ever get a 16-bit version of OS/2 that runs applications well in 2MB of memory.

The CUTTER memory and DASD reduction schemes are significant changes that require major ISV test cycles; at this point, the ISVs desperately want a year of stability...more than they want platform cost reductions.

LRR Summary of OS/2 1.2 rollout alternatives:

Date	Microsoft	IBM
3/90		EE 1.2 ship LS 1.2 ship SE 1.2 CSD ship
5/90	Release to OEMs: OS/2 1.2 with... New Postscript Dvr New HP PCL Dvr LAN MAN Spooler Print Install App	Regression test & Electronic distribution of new drivers only.
	Joint marketing positioning required.	
6/90+	OEM shipments of OS/2 1.2 begin.	
9/90		OS/2 1.3 ship with... LAN MAN Spooler Print Install App - Memory & DASD Reductions

Does Microsoft every provide OS/2 1.3 to OEMs?
Joint marketing positioning required in any case.

LRR*/SB* Need to get recommendations on these alternatives to Cannavino and Gates for a decision in a conference call targeted for Wednesday PM after the MC in Boca.

RHD* I need to have a conversation with Lee about the problem of uncontrolled IBM value-add to OS/2 leading to the same problem we currently have with LAN Server vs. LAN Manager.

TOMMY STEELE/PAUL MARITZ: OS/2 2.0 PLAN PROPOSALS

LRR The kinds of requirements and inhibitors being discussed here should in the future come to Steve and Lee as a joint piece of work through the Joint Requirements Planning (now Design) Board.

SB/PM Microsoft no longer believes that CRUISER is "a better DOS than DOS"; this is a significant change in view of the

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product's positioning in the market.

PM Key Focus Areas of OS/2 2.0

- Performance and Capacity (in 4MB...compared to Win 3.0)
- Install/Config (compared to Win 3.0)
- Network Integration/Leverage (compared to Unix)
- Local Security (value add compared to Win 3.0)
- Printing
- Hardware Support (Packaged Product ready)
- Shell/End User Appeal
- DOS/Windows Compatibility
- NLS
- ISV Support

KHD Target for OS/2 2.0 Golden Diskette is 2/91.

KHD To get to GA:

- + 2 months for adaptation & testing for IBM hardware
- + 3 months normal buffer & manufacturing cycle

Yields a 7/91 GA...10 months beyond the current CRUISER plan...we would probably insert more than 3 months buffer.

SB Microsoft would not recommend that IBM nor anyone else ship CRUISER as currently defined. It is not satisfactory for the intended use.

SB This proposed 2.0 plan still allows a late '91 ship of the Portable O/S.

PM The fundamental motivation for this proposal is two fold:

1. OS/2 2.0 has to be better than Windows at GA.
2. OS/2 2.0 needs to be shipped enabled for networking.

RHD We need to know what our course of action would be if OS/2 sells in the 100's of thousands per year while Windows sells in the millions per year.

Who would write what kind of applications on each platform? How would network dependent applications evolve? What would happen IBM's and Microsoft's revenue streams?

LRR OS/2 2.0 Plan summary:

IBM Plan		Microsoft Plan	
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9/90	CRUISER		
6/91?	YAWL	4-5/91	HYDROPLANE
6/92?	x86 Portable	12/91	RISC Portable
			x86 Server Portable
1993	RISC Portable	12/92	x86 Wkstn Portable

LRR Why isn't it viable to ship CRUISER in 9/90 then go directly to the 12/91 Portable? Or alternatively, do Paul's plan but ship CRUISER in 9/90 on a Limited Availability basis (around 20 accounts, but thousands of units (ESP?))?

SB How about shipping CRUISER as a "User SDK" without the C Compiler at a lower price?

LRR We need to look at these alternatives with respect to 1)

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support implications; 2) function and schedule capabilities;
3) market positioning.

LRR*/SB* To discuss this further by phone before next Wednesday's
Cannavino/Gates conference call.

STEVE BALLMER: JOINT MANAGEMENT PROCESS

SB Our view and use of management processes are colored by our
view of the businesses we're in. Microsoft thinks it's in
the consumer products business; IBM thinks it's in the
industrial products business. (So Microsoft is trying to
build sports cars, while IBM is trying to build trucks.)

This means that IBM is much more tied to schedule
commitments, service & support, and has identifiable
customers.

SB Microsoft manages dependencies by a theory of concentric
circles: The Business Unit Manager at the core of the
system has to do what's right; those in the next circle have
to live with the results of that and then do what's right;
and so on out through the circles. What's right includes
consideration of the effects on dependent products.

LRR We need to think about our differences in point of view:

1. How we manage and change product schedules.
2. Our definition and requirements for product service and support.
3. How we interlock the DLA management process with the IBM management process.
4. DLA development vs. each company's business-as-usual process; what has to be compromised?
5. Different requirements constituencies: ISV's, OEM's, large customers,
6. Assurance, quality and tools.
7. Marketing(?)

SB/LRR Schedule outlook:

3/21	Wed PM	Cannavino/Gates conference call
3/26-27	Mon/Tue	Next face to face meeting
4/16-19	Mon-Thu	Intense session on DOS/WIN/OS2
4/30?		Cannavino/Gates closure meeting

Regards, Ralph

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