

**MICROSOFT MEMO**

TO: Apps Staff Retreat Attendees  
 FROM: Jeff Raikes *JR Raikes*  
 DATE: 3/10/88  
 RE: Summary and Action Items from the Apps Staff Retreat  
 CC: Russ Werner, Pam Edstrom, Valerie Houtchens

**Thanks**

Thanks very much for your cooperation and participation in the apps staff retreat this past weekend. It was a great success. Please feel free to pass along any feedback for planning future retreats.

This memo summarizes the closing session and lists issues and action items I noted during all parts of the retreat. This is not meant to be a complete summary; I'm sure other people noted additional things. (Suggestion: save this memo in the summary section of your binder.)

**Summary and conclusions:**

This is a summary of my notes based on BillG's closing presentation:

- The "Office" opportunity is a very large, challenging, and exciting one.
- Great products are key to our success, and for the most part, we agree we are doing the right products.
- We have bet on the right product platforms (Macs and PCs).

**Key Challenges**

- We are not spending enough time on architecture or innovation:

Action: Within the next 4 to 6 weeks, we will have a technical retreat. I have tentatively booked BillG's time for the weekend of 4/16-17.

Action: I suggest having the assigned program managers do bi-weekly status reports on cross-apps design goals, with discussion of our progress at the resource planning meeting.

- More development recruiting and increase pace.

Action: Jeff Harbers and recruiting are already following up in new ways. (I'm offering a "dinner bounty" for any apps mktg referrals that lead to apps dev't hires.)

- We need to increase our focus on international in the areas of attention to bugs, development of drivers, and improved tools for localization.

Action: SusanB was already following up with Jeremy on her ideas for using courseware as the tutorial. She is also looking into better localization tools for CBT.

Action: Ida will be invited to all the resource planning meetings, and she will attend or send a representative when she's not available. I will have program managers target intl release dates to be the same as US release dates.

- We need to advance our working relationship with Systems on networking and Windows.

Action: I will set up a meeting for the network group to explain to program managers and apps developers how they would like us to take advantage of their APIs.

Action: Program managers and IdaC need to closely audit the Windows and Presentation Manager printer driver plan to make sure we are getting the needed device support, worldwide.

Action: JeffH and BillG will follow up on Windows performance (size and speed) and will talk to Phil Barrett about responsiveness to apps needs.

#### Other Issues

- We need to improve apps profitability.

Action: COGs review is already underway. I will look into the "scrap" problem, and ScottO and I should review the marketing expenditures.

- Windows popularity is key to our strategy during the next 18 months. (No defined action item although there was a general feeling that Systems=SteveB need to feel more responsibility for this.)
- We need to sell our architectural approach. We need to work with our larger customers on this.

Action: I am already working with RussW on the presentation, and the plan is for SteveSn to handle the selling.

#### Other Issues or Action Items I noted during the retreat:

##### Following the competitive reviews:

Action: ChasSt should follow up with CharlesS and others to nail down our understanding of why WordPerfect is viewed as more usable than PC Word. Perhaps the followup is a discussion meeting; if so, I'd like to attend.

Our competitors are doing a lot of products; some are buying products.

All the key competitive ISVs have a Mac strategy.

Tandy with Deskmate, Symantec on the Mac, and Cricket in presentations were noted as potential serious competitors.

Other competitors discussed included: Aldus, Ventura Publisher, Infomix/Innovative, Oracle, DEC, HP, indigenous international competitors, Open Access in Europe, Computer Associates, Enable in the Gov't market, IBM DisplayWrite as the key international competitor, MicroPro

We are slow in localization relative to WordPerfect. Also, customers like their "bilingual language support" feature(s).

We are losing European Word vs. IBM DW 4 evaluations because of DCA problems.

Action: ChasSt, you need to get the info out on our improved DCA conversions.

Action: PaulD is writing a memo on Mac Challenger, a Mac word processor (or DT Pub product?) from MicroPro.

A few notes from Saturday:

My estimate for PC WordPerfect during FY'88 is probably low because of expected update revenue on v5.0.

The tables below illustrate the differences in US vs. Intl split on Mac and PC apps:

FY'88 Plan	US	US %	Intl	Total
PC Apps	\$57.0M	45%	\$70.3M	\$127.4M
Mac Apps	41.1M	74%	19.3M	60.4M
Total	101.0M	53%	89.6M	190.6M

FYTD'88	US	US %	Intl	Total
PC Apps	\$41.6M	46%	\$48.1M	\$90.3M
Mac Apps	36.3M	74%	12.8M	49.2M
Total	79.2M	55%	64.0M	143.2M

Action: As per JonS's comments on profitability, I will have product managers do promo analyses with a 10% net, rather than breakeven. (JonS, I want to go over this with you to make sure we do it right.)

Given the pace of chip development, one possible threat to our strategy is "aiming too low"; ie. Not proactively planning for the next major advances in the platforms.

To update the platform competition overhead (BillG's PC & Systems Review), our Amiga forecast is 400K for FY'88, and 450K for FY'89. Through Q2FY'88, the installed base is at least 500K systems. I am checking with JonS, but I think the following PC and Mac numbers for the installed base are more reasonable:

Systems	End of FY'87 IB	FY'88	End of FY'88 IB
US PCs	9.00M	4.50M	13.5M
US Macs	.85M	.55M	1.4M
WW PCs	14.00M	8.90M	22.9M
WW Macs	1.25M	.75M	2.0M

Action: BillG, should 1 or 2 people in the division be assigned to learn about CDI?

Support of SGML is important for both government and CD-ROM word processing work. Should the word processing group be working on support of SGML?

Categorization of apps opportunities in the OEM channel:

- Figure out Tandy, especially for low-end and PC Works. Work with them on user interface consistency and Deskmate.
- Opportunities with Compaq are limited to short-term promos.
- Dell is begging to add applications to their sales list, but our primary interest with them is bundles.
- Zenith is an opportunity for Gov't bids. The Justice Dept bid is the model for how to work on these gov't bids.
- Other OEMs with direct sales forces? HP, DEC, .... It's hard to have our products be strategic with them unless we support their proprietary architectures.

Action: VijayV, there is some international demand for OS/2 Chart. You should follow up on this and recommend resolution at one of the resource planning meetings in the next 4 weeks.

There was a lot of discussion about the "paths" Microsoft and key competitors are taking, and whether we had the appropriate investment in presentation manager releases. Relative to competitive PM releases, BillG said we would be out first in word processing, tied (with Lotus) in spreadsheet, and behind (Lotus) in database. Scary....

Action: MikeS should follow up on the Mac Works=>Word/Excel update programs Brad Chase proposed last fall.

BillG and JonS feel 100% certain Apple will offer the Mac SQL server because of their investment in Sybase. Given my discussions with Battat, I am less confident; I'll follow up.

Action: MikeS pointed out the need for more "groupthink" between Mac and Win apps program managers. Mike, you should propose some concrete action items at one of my staff meetings. Another opportunity is the monthly program management staff meeting that Tandy and Jabe will be setting up.

There was discussion of delaying PC Works v2.0 to January to increase the features in the spec. Follow up is already occurring.

Notes from Sunday, Group #1:

- There was a long (and somewhat heated) discussion about our goals with PC Word vs. WordPerfect. This is especially interesting because of the investment we are putting into Word War. My thoughts:

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1. PC Word + Opus should beat WordPerfect; ie. our combined share is greater than their share (or their combined share when they have a PM product). I believe this view was unanimous.
  2. PC Word by itself will not beat PC WordPerfect, but I do think we can pick up some share vs. them. Others thought we would increase overall share but not impact the ratio between PC Word and PC WordPerfect.
  3. While I don't think PC Word will win, or maybe even gain share, I do think the Word War investment is worth it as a foundation for the PC Word + Opus combination.
- New World factors included electronic distribution of software. Should someone be assigned to developing a strategy or plan for this?
  - Interface consistency between environments was also included in New World factors. I think we are much more focused on cross-apps within the environment, as opposed to between environments. I assume TandyT will set the appropriate guidelines for the latter goal.
  - Areas of potential underinvestment (certain items have already been mentioned, eg. in the summary, and are not repeated here):

Random strategy for acquisitions?? No conclusion or action item on this one.

BillG and SteveB need to get in synch on the systems/apps strategy. Specifically, more emphasis on PM support in apps, and more emphasis on Windows support in Systems.

There was some discussion of better Windows tools for external developers to encourage their support.

- Areas of potential overinvestment:

CBT.

Unanimously viewed as important to PC Works.

Maybe also valuable to Mac Works and there is a hypercard tutorial under development.

General agreement on value to PC depth apps but need to avoid delaying international releases.

Big open issue on whether any Mac apps besides Works should have CBT.

A big related issue is the effect no Mac CBT has on core engine documentation.

Marketing

Based on the P&L analysis by JonS, clearly need to review whether the dollars are being well-spent.

Open question about what marketing resources should be on minor products.

**Notes from Sunday, Group #2:**

- Are we or should we be investing in superior support? Can we afford it? (We knew 800 support had to come up sometime....)
- Do we have a strategy? Do we have the wrong strategy? Or just lack the resources to pull off the plan? There was also some discussion about transmitting the strategy and plans to others and field sales. There wasn't much conclusion at the meeting on most of these points. But based on my thinking after the retreat, and a conversation with Jeremy, I believe people understand our current strategy (superior solutions) and that what people are looking for is the "office strategy"; the strategy that embodies BillG's office vision presentation.
- Maybe people understand the strategy, but there is definitely a feeling we lack the resources to pull it off. Key question: in how many categories do we need to have superior solutions?

**Notes from Sunday, Group #4:**

Short term:

Action: TandyT, patch up the windows apps user interface consistency before shipments.

Action: Bill Bliss, converge EL (Opus embedded language) and EB (Omega embedded BASIC).

Action: JabeB and Bill Bliss define the common language.

✓ Action: An Excel developer and program manager should work together as experts on the dialog editors. Being an expert means bringing the documentation up to date, circulating it, responding to feedback, and acting as a resource for other developers and program managers using the editors.

✓ Action: Similar to the above, need Excel developer and program manager as experts on BIFF, and Word developer and program manager as experts on RTF. (I realize some experts are already assigned, but I'm not sure of the names.)

Action: JeffH needs to hire an architect (or 2).

✓ Action: Programs and methodology for supporting outside ISVs will continue to be led by the Excel group.

Action: Shift the Draw technology acquisition project from Vijay to the word processing group.

✓ Action: Is asynch or bi-synch communications supporting DDE a hole in our strategy? If the programs are done by someone, we can reference sell. Lowell Tuttmann should verify which and when Windows comm products/releases will have DDE support.

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Longer term:

Get developers, project managers, evangelists – apart from product groups. Their goal is to get ahead, provide tools, and sell results to the product people.

- Other

Action: TandyT needs a summer person for desktop apps. Tandy, let karenFr and me know what kind of person you'll need.

We need to paint LEAF as a very proprietary technology.

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