What to do about Microsoft

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Agenda

1. Introductions
2. Objectives & Desired Results
3. Microsoft Relationship Overview
4. Some of What Apple Wants
5. Some of What Microsoft Wants
6. What Apple Has to Leverage
8. What Microsoft Has to Leverage
9. Discussion

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Goal of Today's Meeting

- To understand the current relationship, and the issues/opportunities that exist
- To begin to craft a strategy and plan for working with Microsoft to maximize Apple's benefit

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Objectives:

- Identify the various opportunities and issues that exist between Apple and Microsoft
- Analyze these and determine a desired relationship map
- Create a plan of execution
- Designate Apple Executives' reponsibilities

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Desired Results

- A consistent, clear, unified vision across all of Apple with our wants/needs from Microsoft
- Senior Executive Staff drive the same agreed upon agenda throughout and across our respective organizations

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Apple Wants

- Immediate revenue and profit
- Leverage our resources...

  ... to deliver distinctively superior user value through products that are elegantly simple, feature rich, and delightful to own - for people who learn, create and communicate
- Leverage industry standards

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Relationship Overview

- Relationship Broken
- Relationship, mirrored by MS driven by IP legal issues
- Though improving, continued animosity and disrespect
- Current relationship hurting Apple's developers, customers
- Apple not the enemy
  - Netscape, Sun, Oracle, Lotus, Novell, IBM
- Fixing the relationship critical.

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Why Microsoft needs us

- Apple leadership in the internet
- mutual customers
- MS Mac products highly profitible
- Apples share in internet access, authoring and server market
- DOJ
- Technology // Intellectual property

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Why Apple needs Microsoft:

- Mutual customers
- Restore faith in and development for enterprise computing
  (VB Mac, Exchange, Access, feature parity...)
- MFC // WLM
- Apple is too resource constrained - tools, testing, standards...
- Support of/for MacOS platform
- MS dominance of the PC world

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Mission Critical to Apple

- Business/enterprise and productivity space markets
  - source for current short-term revenue and market share
- Protect and grow mode with business/enterprise
- Apple requires cooperative presence in enterprise space
- To work with MS on all levels against a strategic

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Some of what Apple wants from MS

- VB for Macintosh
- WLM, MFC (available for all systems, shipping and installed)
- Parity Exchange client
- Simultaneous releases
- Parity & performance across all apps & titles
- NT server on Apple hardware
- Parity Macintosh client for NT
- Font types / cooperation

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Some of what Apple wants from MS

- Adoption of our MM technologies like QT, QD3D, etc.
- Som enabled in every product
- MS to adopt our MCF (meta content format)
- Press and Advertising
- Adopt MS network security
- MS to join CI labs//convergence of Active X
- Investigate MS ISL (Internet Services Layer) for possible licensing
- Newton Apps
- Mac Nashville / competitive response

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Some of what Microsoft wants

- Mac PPP (done)
- Access to Apple's internet dialer (??)
- Office on every 16MB+ machine (distribution)
  (major Europe deal just signed)
- Internet Explorer bundled (with AICK, etc.)
- Bundle Internet Explorer (distribution)
- Support and enable ActiveX
- NT NOS on Apple hardware
- Ship the UAM code that MS has developed

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Some of what Microsoft wants

- Apple to engage around NT SFM (services for Macintosh)
- Smart Buffering Specs (possible licence)
- AFP over IP
- Apple to adopt/ship MS ISL
- Collaborate around Apple/MS Java VM that supports ActiveX
- Market data

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What Apple has to leverage

- Bundling Opportunities (distribution 6M+)
- Disproportionate share of internet access, authoring, and server markets compared to our cpu marketshare
- Internet Dialer (AICK) for Macintosh (?)
- Mutual customers VERY loyal to Macintosh
- PPC platform
- Technology such as QT, QT3D, Games Sprockets
- Intellectual property and patents

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What Microsoft has to leverage

- Domination of the business/enterprise market
- Excel owns 100% of the Mac productivity spreadsheet market
- Word has 92% of the word processing productivity market
- Apple related revenues to MS > $425M per year
- Mindshare
- As the largest Macintosh developer, abandonment of the platform would have serious ramifications
- Huge resource base

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Current Agendas/projects/issues

- NT on Mac hardware
- NT Mac Client
  Build, buy, rent...
- Small Office Bundle
- ISL conversations
- MCF conversations
- PPP license (done)
- Dialer license (?)
- MS Education Initiatives
- Empowerment pack

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Next Steps

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