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—Original Message—
From: Laura Jennings
Sent: Monday, February 16, 1998 4:20 PM
To: Jim Allchin (Exchange); Bill Gates; Moshe Dunie; Steve Ballmer; Paul Maritz; Joachim Kempin
Cc: Brad Chase; Bill Veghte; Pete Higgins; Mike Delman
Subject: RE: Win98 Scheddule Update

Our current plan does a good job of leveraging new internet sign-ups from Win98 to establish portal/hotmail relationships. It doesn't do a good job of this for existing internet users and netscape users. We agreed, however, that this plan establishes the right balance of advantaging hotmail/start while not compromisng user experience for win98.

In a nutshell, we capture new users by changing the requirements for ISP participation in the Win98 referral servers. The new requirements are:

- ISP must maintain >75% overall penetration of IE in their entire customer base
- ISP must use Start as their home page for all ISP customers obtained through Win98 (we will sell them on extending this to other customers as well). This means that we will co-brand Start with the ISP and also do some revenue sharing with them.
- ISP must use either OE or Hotmail as their email solution for >75% of their entire installed base

(AOL will be the notable exception–they'll be in the referral server but will not have to meet these requirements)

Although we don't force Hotmail, we will sell it very hard to ISPs as the best solution for both them and their customers. And if we can't convince the ISP to use Hotmail, we at least have established our start page as the default and can actively sell Hotmail to these customers. We thought a lot about just forcing a hotmail account during the new internet account sign-up process, but in addition to pitting us even more directly against ISPs, it created a confusing experience for these new internet users, since we'd have established two email accounts for them at the same time. Also, without owning the home page, the likelihood of the customer finding and using the Hotmail account was low.

We also put a quicklink to Hotmail in IE.

Where you can find fault in this plan is that we have not agreed to offer Win98 customers who already have internet access a hotmail account during the process of configuring their internet access in the setup process. This decision was made for two primary reasons: 1) required ICW changes which would jeapardize the ship date and 2) concerns about user confusion mentioned above. Since hotmail is currently signing up an order of magnitude more customers every month than the various Windows internet access methods do(we're on a current run rate of ~1.5 million new Hotmail accounts/month), I supported this decision.

One potential concern: Brad mentioned to me late friday that there may be new concerns about our plan to make Start a requirement for being in the IE referral server, or at least there may be timing issues related to your appearance at Sen. Hatch's hearings? He said there would be a meeting early this week to discuss it, but since I am in Japan this week, Mike Delman will need to sit in on this for me. Obviously, if we take the Start/Hotmail requirements out of our referral server plans, then we'll have to rethink forcing a Hotmail account into the Win98 reg process or risk missing this opportunity altogether.

Other problems not solved by these specific changes:
Simplifying the user experience–current POR is that there will still be 3 icons on the desktop which sign

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Win98 customers up for internet access, in addition to whatever the OEM puts there
Demand creation – adding the ICW to the welcome experience should help drive up the % of new internet sign-ups which originate from Windows. This is good but may not be enough. Right now it looks like roughly 25% of all new sign-ups originate from Windows (vs. diskettes and other ISP sign-up vehicles) and we may need to put additional marketing force behind this to dramatically increase our pulling power here. We don't have enough data to tell yet.
OEM strategy – there's a lot of thinking going on right now about how we can best work with OEMs. A SWAT team is going to go out and talk with key OEMs this week and next, but the working group didn't have a firm plan before I left last week.

—Original Message—
From: Jim Allchin (Exchange)
Sent: Sunday, February 15, 1998 9:03 PM
To: Bill Gates; Moshe Dunie; Steve Ballmer; Paul Maritz; Joachim Kempin
Cc: Brad Chase; Bill Veghte; Pete Higgins; Laura Jennings
Subject: RE: Win98 Scheddule Update

It is my understanding that everyone has agreed on our current path. If this isn't the case, then I need to know immediately.

thanks,
jim

—Original Message—
From: Bill Gates
Sent: Saturday, February 14, 1998 6:22 PM
To: Moshe Dunie; Steve Ballmer; Paul Maritz; Joachim Kempin
Cc: Jim Allchin (Exchange); Brad Chase; Bill Veghte; Pete Higgins; Laura Jennings
Subject: RE: Win98 Scheddule Update

I hope everyone is agreed on the registration/signup/hotmail/MSN issues - these are the areas I know where we would hold up the product unless we have a clear plan that supports our objectives.

—Original Message—
From: Moshe Dunie
Sent: Saturday, February 14, 1998 4:36 PM
To: Bill Gates; Steve Ballmer; Paul Maritz; Joachim Kempin
Cc: Jim Allchin (Exchange); Brad Chase; Bill Veghte
Subject: Win98 Scheddule Update

The team continues to drive to RC0 by end of next week, RC1 in March and final bits at the end of April. I am allowing a 2 weeks buffer beyond April 30 for extra testing of the final bits and associated bug fixes if needed. So Win98 RTM should be on or before May 15. This is in sync with the marketing plan to have Win98 available OEM and retail on June 26 per Jim's directive.

Moshe

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