From: Paul Maritz
Sent: Wednesday, April 17, 1996 12:36 PM
To: Bill Gates; Jim Allchin (Exchange); Brad Silverberg; David Cole; Craig Mundie
Cc: Marshall Brumer
Subject: Intel

Marshalb & I spend last night at Intel where I got to present on our "Internet strategy" to their Exec Staff (about 25 people) at their invitation. They are in midst of their 3 day annual plan presentations.

I used a variant on the slides I used at WWWSM mtg earlier in the day, showed video of demo of Intranet demo that Stevengu did at same mtg, and then showed live demo of Tandyt's "Web Agent". A lot of folks afterwards said they found presentation useful, etc. (altho' they where pretty beat by 9pm, having been meeting since 8am that day).

Some observations:
- Intel views Sun/Java as much more of an issue than Netscape. In general they see Netscape as a "friend of the PC". It was summarized afterwards by Sally Fundakowski (who works for Dennis Carter and owns their corporate Website) who said (when I mentioned the fact they have "Best viewed with Netscape" logo on their site) innocently "We don't want to be seen to be favoring one or the other". This is a resonable response on its own, but it is symptomatic.
- In general they see Sun/Java as their big issue since Sun is not only trying to hijack the OS but the chip as well. I explained our strategy of "optimizing" Java for ActiveX and Windows, and how we should be working together on this, but I fear that McGeady will try to obviate this (unfortunately he has more IQ than most there).
- Steve McGeady remains an issue for us. He is a champion of Java, and a believer that the day of "Bloatware" (ie our apps) is over, and Intel needs to be supporting this new paradigm of "applets". He has been behind their work to optimize the Java VM and wrap DirectX as Java classes, etc. Gill told me in previous meeting that McGeady is be seconded to MIT and taken out of line management, but this doesn't seem to have have happened.
- I spent last section talking about the "Internet Terminals" since this along with Sun/Java is big concern for them. I don't think they have internal agreement on what to do about this. I did say (see attached slides) that we need to be treaing the underlying cause (cost-of-ownership) first-and-foremost, and secondarily encouraging those OEMs who have "spring fevor" and will do something no matter what, to build a configurable line of products based on x86 that scale from simple Citrix-style terminal to diskless PC (and encourage most corps to go diskless PC configuration). But it was late and unfortunately I did not get as much feedback from them on this front as I would have hoped. Andy Grove did say afterwards that they want to work with us on this front, and feel that we have not really engaged with them. They were somewhat surprised that we saw "Internet terminals" as primarily a corporate phenomenon. I explained why bandwidth issues and apps like Tandyt's Web Agents (which is why I demo'd it) will make Internet terminals in consumer/home space not that compelling. Intel is coming up to meet with davidcol and co. later this week.

I hope it was useful exercise since we need Intel to realize that ActiveX is best antidote to Sun/Java, and that if we respond to root issue and manage OEMs right way, we can obviate the Internet Terminal becoming threat to the PC.

I did say that we wanted to work with them on "Cost-of-ownership" jihad, and when we come public on it, have it positioned as a "Industry Initiative". I think this is right way to go, but it will mean that they will want to be joined at the hip on this (with the overhead associated).

Billg - you may want to drop Andy Grove an email thanking for opportunity to do this, and ask him where his head is at on Sun/Java/Internet Terminal issue. ??

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