April 18, 1997

TO: Dave Wright, Business Manager, Microsoft
CC: Candace Grisdale, HP OEM Acct. Mngr., Microsoft
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Dave,

As a follow-up to yesterday's phone conference, we met to decide what could be done at this late phase in our product development lifecycle. To re-cap, below is a summary of the added flexibility that Microsoft has granted us permission to:

- replace the Microsoft Mouse Tutorial with HP Mouse Tutorial
- install an HP Splash screen on the desktop
- do a "silent" system check and report problems
- do a customer interactive sound check

Given the timing we cannot get the work done now to install the mouse tutorial. We are going to execute on the other three items.

We appreciate these added concessions on Microsoft's part, but the timing is terrible. There are still significant problems that we need to address, as outlined in the previous memo and discussions since August of last year.

A pattern that I have observed is that Microsoft has consistently been unable to make policy decisions in enough time for any significant impact in product plans. This remains a significant issue. We have lost the opportunity to impact two full product cycles, in terms of improving the customer out-of-box experience.

You are going to have to make some significant change in managing product development and OEM feedback processes in order to change this "broken process".

I am aware that Candace is initiating a quarterly review process with our team. This will improve the regularity of communication. There also must be some new plan instituted in order for us to impact product release changes. The next opportunity is for the Memphis release. I am very anxious for us to work together to be successful in positively impacting our customer's out-of-box experience and overall product satisfaction. What process would you suggest for us to accomplish this?

On a separate, but related topic, my European team has done an audit on the Compaq 2100 product. In the course of that analysis, it was discovered that there is no check performed that prevents the "recovery CD" from being used on another computer. We used the Compaq CD to install Windows-95 successfully on a Pavilion product. This seems to be in clear violation of the rules that we are required to operate under. This is the second time that we have seen Compaq taking advantage of more flexibility that we have in executing our product plans. The work we put into our recovery process to assure that Windows-95 is installed only on Pavilion hardware costs us development resources, time and added risk. What are we to conclude from this?

Regards,

John Romano
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