From: Brad Chase
Sent: Thursday, April 24, 1997 8:53 AM
To: Brad Chase's Direct Reports
Subject: FW: Windows Challenges & Org Changes

—Original Message—
From: Moshe Dunie
Sent: Wednesday, April 23, 1997 11:00 PM
To: Windows Operating Systems Division
Cc: Bill Gates; Paul Maritz; Jim Allchin (Exchange); Brad Silverberg; David Cole; Brad Chase; Jon DeVaan; John Ludwig; Jim Allchin's Staff (Exchange); Windows Marketing Leads; Todd Needham
Subject: Windows Challenges & Org Changes

The Windows business is showing incredible momentum. Windows 95 and Windows NT were key contributors to the "blowout" financial quarter reported last week. However, we face some of the strongest platform threats we have ever had to the Windows business; "NC," "Java," and the "browser wars." As a result, we need to be extremely focused on delivering on our long term Windows strategy:

- Simplicity, simplicity, simplicity..... Windows and the PC platform are still incredibly complex and we need to make huge strides in this area from the user interface to our architectures to the hardware platforms. We need to redefine the PC and Windows to create a simpler platform.
- Broaden the range of Windows HW platforms from a $799 consumer PC to a new generation of high end-servers.
- Deliver the best managed and most cost effective platform for businesses (ZAW).
- Be the leading platform for distributed computing.
- Increase the value of Windows. Create the best platform for developers. Establish a compelling and comprehensive new API SDK. Make Windows the best platform for the Internet/Intranet with the richest set of services and the most opportunities for the ISV community

Together, Memphis and NT 5 are advancing us on the path toward meeting this vision. I cannot stress enough the importance of Memphis and NT 5 and our ability to deliver them on the timelines we have agreed on. Achieving each milestone is paramount to this success.

Significant progress has been made in most NT 5 areas. However, code completion of a few Beta 1 components is one month behind schedule resulting in a revised Beta 1 schedule of August 15. We will be scheduling a PDC around mid September (pending space availability). We will release Beta 1 no later than the PDC. This means that we only have one month contingency in the Beta schedule. Those of you who were involved in releasing a Beta or Technology Preview by a PDC deadline know that this is a very small contingency and the team needs to be totally focused on driving to the 8/15 Beta. A key milestone on the path to Beta 1 is the DS self hosting milestone on May 30. The world is waiting for NT 5 (see Byte magazine). Our customers are eager to take advantage of ZAW, the simplicity work, the distributed infrastructure. Features like PnP, Power management, Win95 upgrade, enhanced graphics and multimedia, enhanced compatibility are key to moving NT to the mainstream. Innovative communication enhancements will fuel the growth of the industry. Integrated IE4 is key to winning the browser war. The eyes of our share holders, our customers and the industry analysts are on the NT 5 team. I know that I can count on you to deliver.

Over the last couple of weeks the Memphis and IE teams have been working in close cooperation to establish a synched schedule that lets us deliver on the quality, performance and HW advancements in time for the spring line of OEM machines while integrating IE4. Including seamless integration of IE4 will add significant appeal to Memphis and will continue our advances in the browser war. The progress that the Memphis team has been making with their developer releases is very impressive. Now the focus switches to the release of a high quality Beta on June 11th. This Beta will have an integrated IE4 based on a ClubIE release and will be 100% feature complete including drivers and external components. Once this Beta 1 milestone is achieved the team must release a Beta 2 in late July, a RC in late August/early September, and RTM on Oct. 15th. The IE team is signed up to ensure they make these aligned dates and are making

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Memphis a top priority. There are 70 million+ Windows 95 machines that need the speed, the HW advancements and the Internet capabilities that Memphis offers. I know that I can count on you to deliver.

To achieve our Windows platform goals of simplicity and value, we are going to need to redefine the PC as we know it. This is going to require tremendous focus and commitment from a strong team and senior management. At the same time, the Memphis team must be completely focused on a 10/15 RTM to continue the advancement of the Windows platform and meet the OEMs deadline. This too is going to demand incredible focus and commitment from a strong team and strong management. In order to ensure the appropriate focus on both areas, Carl Stork is assuming the leadership role of General Manager of PC HW Strategy and Hardware Evangelism, reporting to me and leading the Simpler PC effort. Marshall Brumer, Lynn Fulks, David Williams will report to Carl. Carl has successfully led his team to deliver multiple Win95 OSR releases and multiple Memphis developer's releases. Carl is the best person to lead the drive to redefine the Windows HW platforms as we know them. His expertise in this arena, his passion and his relationships with the hardware community are second to none. To ensure continued focus on Memphis, Bill Veghte is promoted to General Manager, Windows 9x platform and is now responsible for Memphis, reporting to me. Bill Veghte has been a leading contributor to Memphis, our hardware evangelism efforts, and together with SteveM has driven our thinking in the consumer space subsequent to Memphis & NT5. Please join me in congratulating both Carl and Bill in their new responsibilities.

Moshe