From: John Yuh-Chung Wang
Sent: Friday, December 06, 1996 4:31 PM
To: Dave Wright (OEM)
Cc: Kathleen Graves; Moshe Dunie, Pat Fox
Subject: RE: Microsoft: (WSJ) Moves to Control the PC Screen

Dave, Pat had response and glad to know some of the stuff is here As Pat mentioned, we might not market the tutorial well. I also think if this tool is not part of the boot sequence or in a very prominent position, it won't attract end users' or OEMs' attention. I don't think a full tutorial will work either. Following is the sequence I think it will work (this wizard can also be part of the Welcome Screen).

<Boot>
<Welcome Screen>
<Tutorial or new Wizard>

- Introduce what Windows desktop is.
- {let end users experience couple utilities, introduce more for main icons, what is active desktop, etc.}
- buttons for end users to go to the full tutorial (like we have) or OEMs can insert their own tutorial
- buttons for end users to do customization - we can decide what we allow end user to change
  - In each change tag, we introduce what originally supplied, like IE 3.0, and its benefit and leave room for OEMs to insert what they want to change to and their description.
  - Others - for stuff we don't have
- Button for restoring original desktop
- Button for end users to get out and/or turned off this feature

The goal of this design is to give end users the Windows experience, and also to provide OEMs some adaptation ability. It is focused on end users and intends to make PC be an even friendlier environment. It is also designed to leave end users ability to choose.

We need to call a meeting to brainstorming whether there is pit fall in this approach. And we also need to discuss how we can make this to benefit end users (not an extra burden), to benefit MS and to benefit OEMs. How we can make it the way that OEMs have no objection to be part of this tool

Tks ! JW

-----Original Message-----
From: **Dave Wright (OEM)**
Sent: Thursday, December 05, 1996 2:53 PM
To: John Yuh-Chung Wang; Pat Fox
Cc: Kathleen Graves
Subject: RE: Microsoft: (WSJ) Moves to Control the PC Screen

John,
We need to integrate this into a mail to get to Moshed When JK and I met with him a couple of weeks ago, this was the agreed upon process. Pat and others will definitely be cc:ed on it.

-----Original Message-----
From: **John Yuh-Chung Wang**
Sent: Thursday, December 05, 1996 12:45 PM
To: Pat Fox
Cc: Dave Wright (OEM); Kathleen Graves
Subject: FW: Microsoft: (WSJ) Moves to Control the PC Screen

To whom in your group we can discuss regarding implementing the following. I'd (and Dave) like to check whether it is possible technically and how costly to us; to brainstorming how MS can maximize the benefit in implementing it; also to set the position statement for this, etc.

Tks ! JW

PENGAD-Bayonne, N.J.
GOVERNMENT EXHIBIT
742

-----Original Message-----
From: **Joachim Kempin**
Sent: Thursday, December 05, 1996 12:01 PM
To: John Yuh-Chung Wang; Dave Wright (OEM)
Subject: RE: Microsoft: (WSJ) Moves to Control the PC Screen

good idea

-----Original Message----
From: John Yuh-Chung Wang
Sent: Thursday, December 05, 1996 10 52 AM
To: Joachim Kempin, Dave Wright (OEM)
Subject: FW Microsoft (WSJ) Moves to Control the PC Screen
Importance: High

I have a suggestion to minimum the legal impact for Windows experience and provide OEMs a better than today's "click-to-active", which most OEMs claim their end users won't do it This can also apply to the future active desktop.

My suggestion is to create a tool to introduce and experience Windows desktop (like 3-minute tutorial) and then allow end users to customerize the desktop, if they choose, with our guildance, using similar metaphor MSN is using. This tools (like a wizard) is brought up after the welcome screen (certainly it can be turned off by end users), and it introduces what is Windows desktop (in the future what is Active Desktop) and allows end users to click and experience desktop a bit. The end users can either keep it, or can further be introduced OEMs' tutorial and/or be guided through what can be changed. In each change section, there are two parts - the first part is to explain what original Windows desktop has and benefits, and then the second part is what the end user can change to (e.g. OEMs stuff) In all cases, the tool should provide an easy one-click to restore the original desktop screen

This tool can be set to come up few times automatically (e.g. 5 times default) after the PC first turned on, or can be turned off by the end users. The focus of this tool is for the end user's experiences and choices. For all OEMs want to insert their own stuff, can be insert at the customerization part, after end users through our tutorial. Since this will pop-up after the welcome screen, the chances end users go through it will be higher. This gives us better opportunity to introduce our stuff, but also gives OEMs better impression than "to ask end user clicking an icon to active something " Also it focuses on end user experience, and gives "almost-equal" opportunities for everyone (OEMs, ISPs, and content providers), it should not against DOJ's principle as well.

Tks ! JW

-----Original Message-----
From: **Library News Service**
Sent: Thursday, December 05, 1996 7:41 AM
To: Daily Newswire Subscribers
Subject: Microsoft: (WSJ) Moves to Control the PC Screen

Technology & Health:
Microsoft Moves to Control the PC Screen

By David Bank
Staff Reporter of The Wall Street Journal

Microsoft Corp. is taking steps to control what computer users see when they first turn on their machines, a move that has sparked renewed complaints from rivals about antitrust issues.

Microsoft has renegotiated licensing agreements with several major personal-computer makers, inserting language that blocks them from using Microsoft's dominant Windows operating system unless they ensure that Microsoft's screen comes on when users boot up.

That initial screen has traditionally been of secondary importance; in the past, some computer makers themselves have created their own introductory screens to walk first-time users through set-up procedures and simple tasks on their new computers. In the future, however, when more users will be on-line, the screen could become a valuable port of entry into cyberspace and be used to extract tolls or steer customers into particular areas.

With its hold on the computer desktop -- some 90% of the world's PCs run on Microsoft operating systems -- Microsoft, of Redmond, Wash., is in position to shape the port of entry for millions of users into a world of customized sports highlights, streams of movie previews and click-to-buy merchandising sites across global networks. Competitors like Netscape Communications Corp. and America Online Inc. have also been angling to control the portal.

Microsoft's new terms were inserted into licensing agreements with International Business Machines Corp and other PC makers as the contracts were renewed in the past several months. The new provision covers both the current

Windows desktop and the Internet-enabled "active desktop" that Microsoft has said it will deliver next year

"We have taken measures to try to make sure customers get what we think of as the Windows experience," said Steve Ballmer, Microsoft's senior vice president of sales and marketing.

Mr. Ballmer said at least one computer maker had objected to the new clause.

Ozzie Osborne, vice president of systems strategy for IBM's PC division, said talks with Microsoft were continuing "Do we have some issues that we have to get resolved? Yes," he said.

With Active Desktop, Microsoft is moving away from the familiar user-interface of icons and folders and toward a screen that will more resemble a television tuner. "Channels" will be used to receive news, sports, weather and entertainment programming, along with corporate information. Microsoft is in the unique position of providing both the desktop distribution platform and, through its MSNBC joint venture and its Microsoft Network, the programming to be delivered.

"I suspect the best channels will be reserved for Microsoft channels," said John Robb, senior analyst at Forrester Research Inc., in Cambridge Mass. "The premiere positions, the pole positions, will be reserved for their own content."

Further raising the stakes for Microsoft is an antitrust investigation by the Justice Department into Microsoft's practices in marketing its World Wide Web browser, Internet Explorer. Gary Reback, a Palo Alto, Calif., attorney representing Netscape and other Microsoft rivals, said several computer makers have provided U.S. investigators with copies of the new licensing agreements for review.

The Justice Department declined to comment. Mr. Ballmer said Microsoft foresees no legal problems with the new contract language.

But Mr. Reback said, "Here's a situation where somebody could make something better that's highly useful, but Microsoft by dint of its monopoly in the operating system is able to retard it. If Microsoft is going to have a shell on top of Windows, then why can't others have a better shell on top?"

Last month, Netscape demonstrated such a "shell," known as Constellation, that could compete with Active Desktop. Mr Ballmer said that under the new licensing agreement, users will have to click on a Windows desktop icon to gain access to programs such as Constellation.

"it would be presumptuous for any operating system manufacturer to tell a computer manufacturer what environment to present to their users," said Rosanne Siino, Netscape's corporate spokeswoman.

Mr. Ballmer said that Microsoft wasn't seeking to control how computer users used their machines and said he hadn't been involved in any discussions about how Microsoft might leverage its dominant position on the desktop into an advantage for its content offerings.

Some content providers are worried, however. Kathy Daly, director of new business development for The Weather Channel, an Atlanta-based cable television and Web-site service owned by Landmark Communications Inc. of Norfolk, Va., said Microsoft's alliance with NBC could prevent it from getting a prime spot on Microsoft's desktop. NBC gets its weather information from a rival information provider.

"That becomes quite an obstacle and it's kind of hard to get over that challenge," Ms. Daly said.

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