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**Teresa Jennings**

**From:** Brad Chase  
**To:** Bill Gates; Mike Maples; Steve Ballmer  
**Cc:** Bernard Vergnes; Brad Chase; Brad Silverberg; Jeff Raikes; Joachim Kempin; Mike Appel; Paul Maritz; Richard Barton; Tony Audino  
**Subject:** Important MS-DOS Update  
**Date:** Friday, July 09, 1993 10:00AM

Paul and Bradal have approved moving forward with two key projects for this fall

**"Elroy" (likely to be called MS-DOS 6.1)**

The exact dates are to be determined but RTM around late Sept. in US, French and German with all the other key languages falling within a week or two of US, French and German

There are two objectives for this release

- A. Help restore people's confidence in MS-DOS
- B. Help our customers by reducing the very small number of people having data loss problems to an even smaller number

"A" is also achieved by aggressive marketing. I will send you separate mail on our "confidence crusade"

Elroy is a key tactic to help both "A" and "B". My premise is that the #1, #2, and #3 things this product should do is help restore confidence. There is a general perception among even many nonenthusiast users that that MS-DOS 6 is "buggy" and while the MS-DOS 6 Upgrade sell-thru is still good (we estimate sell-thru is around 45K per week in the US alone) we can do even better and will be helped by the opportunity to rerelease with a 6.1.

Even more important, this will help OEM b/c we need to prevent losing any major oem deal to ibm or novell and the two chief things that could make that happen are a) they have a good product at a good price & b) concern about MS-DOS 6 that can't be addressed without a new product that address the safety concerns.

The feature set is summarized in the doc below:

<<File Attachment: ELROY.DOC>>

We are focused primarily on a small number of safety features and focused on shipping this fall b/c

- \* Safety is the big concern to address as soon as possible to protect our OEM biz and help our Upgrade biz (as opposed to tons of new features)
- \* I want to move my team to MS-DOS 7
- \* We want to launch Elroy with the marketing idea discussed below

**"The Book Bundle"**

As most everyone knows I have told my marketing team to think big and develop plans to sell 10M Upgrades. As part of the launch of Elroy, they (specifically Richbe and Tonya) have developed an idea which will generate significant PR and expand distribution to a new channel:

License MS-DOS 6 Upgrade to IDG for distribution bundled with "DOS for Dummies," the consumer-oriented #1 best selling computer book under a royalty-based "OEM style" contract.

We spoke to and considered MSP for this opportunity but for many reasons decided IDG and specifically "DOS for Dummies" would be the best choice. This is covered in the attached doc. Ironically it might not be a bad thing for IDG to have an interest in MS-DOS 6 success.

The idea stems from 2 observations from our experience with the MS-DOS 6 Upgrade and its success in the first 3 months

1) Our broad PR and distribution strategy has worked. The MS-DOS 6 Upgrade is the first real consumer, mass-market product for MS.

- over 4M units sold WW in first 90 days
- 26% of US sales are thru mass-merchant channel vs. 9% for life of MS-DOS 5 Upgrade
- OVC sold 2,100 units of MS-DOS 6 Upgrade in less than 1 hour

2) Greater distribution breadth translates into greater penetration not cannibalization. As an example,

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**MS 0183012  
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**MS-PCA 1181633  
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Plaintiff's Exhibit

**5575**

Comes V. Microsoft

**PLAINTIFF'S  
EXHIBIT  
906  
No. 2:96CV645B**

Canada, which achieved 2.5x US penetration of the Upgrade in the first 60 days, has 4.5x the # of outlets "per person" as the US.

We have already talked with IDG and the DOS for Dummies author, Dan Gookin, about the idea. They are extremely excited. Dan has started preliminary plans for a rev of the book. IDG has talked with a few of its channel partners (Barnes & Noble) and received extremely positive feedback on the idea. (Barnes & Noble asked if they could have an exclusive.) We have presented the idea to Paulina and Brad, they gave approval to go ahead and want us to consider rolling it out for the Win 3.11 Upgrade as well. Rich and/or Tonya will be talking with you or members of your team about this new product soon. We plan to have it in the book channel in October. Thanks in advance for your help. The attached document has our analysis of the idea, I will cover the highlights below.

• General terms:

- License MS-DOS 6.x Upgrade to IDG Books for \$30/unit (slightly less than our incremental operating profit now).
- Set distributor-type depth and breadth rebata goals.
- Build integrated "DOS for Dummies"/MS-DOS 6 Upgrade product designed to appeal to bookstore consumer (browseable, attractive, friendly, funny)
- Provide mechanism to encourage IDG not to sell DOS Upgrade for Dummies for less than \$40.41 (our cost to s/w channel after avg. rebates) to avoid channel conflict. We are working with legal on this. We, of course, can not set price.
- MS has right to buy finished bundle to sell to our customers if desirable. We agree no to sell into book channel.

• Market potential and benefits

- Leverages infrastructure of book publisher/licensor to obtain access to new distribution channel. Gain 3-7K booksellers
- Goal is incremental 300-500K units over life of 6.x for \$9M-\$15M profit
- Raises overall consumer awareness of MS-DOS 6 Upgrade:
  - MS-DOS 6 Upgrade on book bestseller lists
  - More shelves = higher customer contact regardless of purchase
  - Tests a new consumer marketing concept. Learning and channel can be leveraged for other MS products (e.g., Chicago, Consumer products)

< File Attachment: BOOKBUND.DOC >

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Top level summary of Elroy feature set:

- \* a super chkdsk scan and repair tool (this will be executed by DoubleSpace so that we don't try to compress bad hard drives, it also provides more tools to repair problems more automatically)
- \* super robust doublespace checker that protects your data (we would get fancy marketing names for this and the new chkdsk).
- \* copy overwrite protection
- \* New Smartdrv:
  - Smartdrv /X to disable all write-behinds
  - Flush after each cmd
  - Smartdrv caching of CD-ROM drives
- \* automount (which we need for oems b/c of pcmcia, would work under win too)
- \* doublespace uninstall (since we need this to get oems to pre-install doublespace and for the value point business)
- \* Thousand separator support in DIR, MEM, CHKDSK, FORMAT
- \* interactive boot works with autoexec
- \* Move some of DS to the HMA.
- \* XMS Diskcopy
- \* Making memmaker more conservative by default
- \* Numerous bug fixes