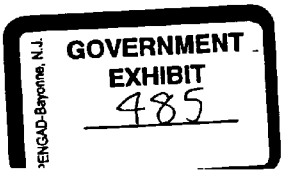
Brad Chase
online Doc's



MS6 5005193
CONFIDENTIAL

INTERNAL COMMUNICATION
CONFIDENTIAL
MICROSOFT INTERNET PLATFORM AND TOOLS DIVISION

Communication Overview: Topline Goals - All Senior Staff

- Ensure all key communicators can clearly articulate the business factors motivating the change.
    - Together we are building the internet platform and the related critically needed tools
    - Internet is the real deal and we need a focused, integrated effort to win
    - We will provide an open platform for developing, managing, and viewing active, rich content and apps for the internet and for multimedia titles
- Create a vision of what the business will look like in the future and what success will look like in the new business model.
- Be prepared to answer the "what happens to me" questions from employees. Guaranteed employees will not hear a word of the business justification until they feel their individual questions are addressed.
- Create a sense of urgency (without compromising current objectives). What does the business have to gain by the strategy shift? What do we risk losing if we don't move in this direction? What are the motivating factors in the market driving this change?
- Identify key supporters and detractors. Leverage supporters/address detractors.
- Recognize the accomplishments of the individuals and the groups that have gotten the business where it is today. Acknowledging accompaniments allows employees to get closure and begin to look at the new opportunities in front of them.

Internet Platform and Tools Division (IPD) Mission

The mission of the Internet Platform and Tools Division is:

- Deliver a complete set of products to provide a rich, extensible, open platform for developing, running, and managing the best Internet and multimedia applications, content, services, and sites.

- Embrace and extend Internet standards, and work in an open, cross platform way.

- IPD has overall strategy, development, and marketing responsibility for Microsoft's Internet platform.

Script: Basis for Platforms Announce, Emails, Discussions

1. What is going on in the business, what trends are we seeing that are affecting how we think we should be organized and conducting business?

- We are now fighting a three front battle: Windows, Internet, and non-PC products, and need to organize ourselves along those lines.

- The four current platforms divisions are dead as of today. Three new divisions are formed: Desktop and Business Systems Division under Jim Allchin, Internet Platform & Tools under Brad Silverberg,

and Consumer Platform under Craig Mundie. Roger Heinen will retire from MS. We believe these organizational changes will position MS in a better position long term to win in the market.

2. Why now?

- Never perfect time for cnange. Windows is the leading operating system today. We still have a lot to do in the desktop business, both client and server, while at the same time new platforms such as the Internet and non-PC form factors present great opportunity and challenges. One of Microsoft's greatest strengths is our adaptability and recognition of new opportunities.

- Customer demands are changing. We must put priority on building Windows family of products and capture new market opportunities. We must make it easier for customers to do business with Microsoft and not get confused by us. Internet, internet, internet. The Internet challenge is critical as Netscape, Sun and others try to build a non-Microsoft platform alternative. OEM customers are increasingly interested in form factors other than the traditional PC.

3. Why not "business as usual"?

- Our competitors expect us to play by the "old playbook rules". It's important that we take them by surprise. Need to be predictable to our principles but not to the competition. For example, our competitors had counted that we would not build products for other platforms, such as the Mac, and thought they use that to out-position us. We surprised them, though, by building a world-class Mac Internet Explorer.

- Speed to market is critical in this changing market. We must be able to move quickly and execute. We can't afford to lose time; others have a headstart and there is no time to lose.

- Our competition is external. Need to reduce our internal interdepencies and where they are critical to the business - make them complementary not competitive.

- And in all this we still have the continuing challenge that faces everyone at Microsoft. Focus, focus, focus on what's important for our Internet challenge.

Internet Platforms and Tools Division: Why We are Here

Here is a (mostly complete) list of the areas we own.

- Responsible for coordinating MS's Internet Marketing and Evangelism activities

- Responsible for key client components, such as Shell, Browser, Run Times (including software component model), Multimedia, simple Mail client, and Conferencing/Collaboration.

- Responsible for integrated application and content development environment and tools, with site managment services.

- Responsible for multimedia development tools.

- Responsible for our online commerce and merchant server efforts, include secure payment, public key infrastructure, and smart cards.

MS6 5005195
CONFIDENTIAL

- Responsible for building a platform for online service providers, and, in particular, the near-term development and system integration for MSN. Responsible for delivering an "Internet Passport" service to advantage Windows and MS Internet Products

Internet Platforms and Tools Division: What's the new Org look like?

The list of responsibilites above maps to the new org chart:

- Brad Silverberg
    - IPD Marketing, Brad Chase
    - Clients (including multimedia), John Ludwig
    - Development tools, Bob Muglia
    - Multimedia tools (Media Foundation), Tom Firman
    - Softimage, Moshe Lichtman and Daniel Langlois
    - Commerce services, Hank Vigil
    - MSN development and Windows Passport Service, Anthony Bay
    - Administrative support, Mary Hoisington

What are we rallying around - 1:1s or group meetings:

- Internet, Internet, Internet

- We have to define what success looks like. It used to be easy: revenue and income. Now, revenue goals, while still important, are subordinate to our strategic imperative of establishing a Microsoft Internet platform, which will keep our systems, applications, and content businesses healthy. Thus, the new metrics will include client share, content share, server share, tools share; standards leadership; mind share. Today when people think of the "hot" Internet companies, they are likely to answer, "Netscape and Sun". Success means people will say, "Microsoft". We need to put numbers behind these objectives.

- Address what happens to employee questions. No layoffs planned; manager could change; job could change as business evolves - all these details will be ironed out over time. This could create more opportunities, career challenges.

- Talk about the accomplishments of the groups. Opportunity to recognize all the hard work that has gotten groups were there are today.

- Set a vision of what success will look like with the groups together.

- Opportunity to set/reinforce the culture: How we get things done - through teamwork, sharing ideas, encouraging creativity, making the most of our incredible technology and people, focusing on top priorities.

Follow up: Timetable

Tuesday, 2-20
AM
- Platforms Meeting

MS6 5005196
CONFIDENTIAL

PM

- BradSi to send email to new Internet Platforms Division. Reinforce mission, welcome to new groups.
- VPs/BUMS follow-up as appropriate (quantity and consistency of information is critical)

Wednesday, 2-21 and following 9 days

- VPs/GMs/PUMs conduct 1:1s as needed with concerned employees. Team meetings, as appropriate.
- Keep open office hours.
- Keep key issues list - resolve issues as needed.
- Keep Mbmaines/BradSi informed on issues and trends.

Week of March 6th

- Issue resolution and short term plans (senior staff) meeting to iron out all issues (MHois).

Weeks 3/4

- Email/Q & A doc /closure on open issues to all employees (BradSi and his directs).
- Follow-up group meetings as appropriate.
- Morale/team-building events within groups as appropriate.

Q & A script: Not for distribution - Just for Messaging

Q: **What is the goal in reorg and why is it a good thing?**

A: Build Windows family of products. Capture internet opportunities and extend our MS assets so customers can use our technology and tools for the Internet. OEM customers increasingly interested in form factors other than traditional PC. We are doing well now as a company but we don't have luxury of time to respond to the speed of the internet and to our changing customer needs. We believe these organizational changes will put MS in a better position long term to win in these markets.

Q: **When is this all supposed to happen?**

A: Most of it takes effect immediately but some individual pieces are TBD. Jim, Brad, and Craig will be working on this together.

Q: **Why are we creating an Internet Division?**

A: All of the product groups are focused on internet opportunities. We made the business decision to form an internet platform and tools division to recognize the internet as another platform and to ensure that we are exploiting the opportunities for our customers. This also gives leverage for Internet Marketing and Evangelism.

Q: **When was this decision made and by whom?**

A: Over several weeks with the BOOP and the executive management team.

Q: **What are the positives to this group/to me?**

A: Depends on group.....Critical to MS future success. Aligns technology, market opportunities, eliminate overlap and unnecessary internal competition.

Q: **What will success look like in the new org?**

A: This division represents both revenue and investment for Microsoft. In the next couple of weeks, we'll need to come up with a new set of business metrics for success. The amount of revenue or income generated alone is not the right metric for our success moving forward.

Q: **Will there be layoffs associated with our new divisional org?**

MS6 5005197
CONFIDENTIAL

A: No

Q: Will my job or role change?

A: For many of you, the answer is no. The purpose of this reorg is to align product teams to our business strategy - not to specifically change individual roles and responsibilities. Definitely some jobs may change and some projects may change. The focus on the internet means that we need to attack the market opportunities and quickly. As we reassess our priorities, we may decide to redeploy people and other resources on projects within our division that are more critical to Microsoft's success. What doesn't change is the fact we need people focused on their work. The people who work with today are the same people you will work with tomorrow. That doesn't change dramatically as a result of our new org.

Q: What happens to my project or my code?

A: In some cases, we may make the difficult decision to refocus teams to attack our new mission. This is painful for all of us as we may need to see projects end. As employees, we all want to see our good work through to completion and recognized but for the good of Microsoft - it's important that we embrace our new mission and challenge and turn our efforts toward the Internet. Several groups in our new division have already made these difficult decisions (including BlackBird, Sterling, MS-Test, etc)

Q: What if I wind up in a new job or in a new team and don't like it?

A: Talk to your manager . We want everyone to have a job they are excited about. But please - give it a couple of months of effort. Change is hard and give it a chance. We need you to support our new organization.

Q: What about the teams that we've found are hard to work with? Now they are part of "us".

A: One of the reasons behind this reorg was to reduce the amount of overlap and dependencies across groups that have led to friction and competition between teams and our old divisional structure. We will continue to have interdependencies and our goal is to make them complementary to our business and not competitive.

Q: Will there be growth in the business (headcount). If so, where? What about current heads in my group?

A: Much of this is still to be determined. Growth and business plans vary by business: see your management team.

Q: Will I have a new manager?

A: This depends on the group but that is a possibility.

Q: Will I have a job?

A: Yes

Q: What happens to current recruiting and open reqs?

A: BradSi will be reviewing existing open reqs with his reports to ensure that our projects are appropriately staffed. As mentioned above, some priorities will change and resources will be coorespondingly reflected.

Q: I'm currently interviewing for another position. Do these changes impact this?

A: Talk to your manager. In general, we prefer you stay where you're at until things settle down.

Q: What happens with Marketing?

A: Windows marketing will be handled by the Windows Division. Our division will handle internet marketing, tools marketing, and evangelism. Brad Chase and Jonathan Roberts are hammering out the issues regarding Windows marketing and will be finalizing a plan in the new two weeks.

MS6 5005198
CONFIDENTIAL

Brad Chase and his team members will be laying out a plan for our own efforts as well. We will be looking at how to better leverage our marketing and evangelism efforts toward the Internet.

Q: Will we be moving offices?

A: We will be working with the Real Estate groups to look at what moves will be necessary over the next several months. We hope to co-locate organizations as space permits. Moving is a way of life at Microsoft.

Q: Which specific groups will make up the Internet Platforms and Tools Division under BradSi?

A: Developer Tools, Developer Relations and MSDN, Developer Marketing, SoftImage, MSDN Development and Windows Passport Service, Merchant Server, Multimedia Tools, Shell and Browser

Q: Which groups which used to be part of PSD will not be in IPD?

A: David Cole's Win95 platform team will be part of CPD. Through OPK2, though, they will also report to BradSi. Harel Kodesh's PEG team will now work for David Cole in CPD. A number of PSD responsibilities (as well as people) will be moving to WPD, including TAPI, Unimodem, net clients, printing, WHQL, etc. We are still working through some of the specifics, please be patient as these issues get fully resolved.

Q: What's next? Will there be other changes?

A: Over the next few weeks, the division managers will be conducting group meetings, 1:1s to review their organizations and business strategies moving forward. There are no immediate changes expected in many groups.

MS6 5005199
CONFIDENTIAL