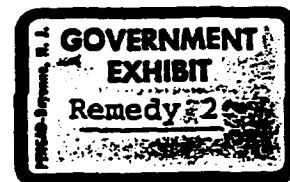| From:	Harel Kodesh
Sent:	Sunday, June 28, 1998 11:01 PM
To:	Craig Mundie
Cc:	Susan Klysa
Subject:	RE: Our smartphone strategy - responding to Symbian

yes, tomorrow, noon or 12:30. I don't remember when exactly. . I will tell you tomorrow.

From:	Craig Mundie
Sent:	Sunday, June 28, 1998 10:31 PM
To:	Harel Kodesh
Cc:	Susan Klysa
Subject:	FW: Our smartphone strategy - responding to Symbian
Importance:	High

Do you have a meeting with billg set up for this? I would like to attend if so...

——Original Message——
From:	Bill Gates
Sent:	Sunday, June 28, 1998 4:22 PM
To:	Bill Mitchell; Harel Kodesh; Craig Mundie; Paul Maritz
Cc:	Thomas Koll; Joachim Kempin; Eric Rudder; Jonathan Roberts
Subject:	Our smartphone strategy - responding to Symbian
Importance:	High

I talked with the CEO of Nokia for about 20 minutes on Friday.

He suggested we had said we didn't think OSes for cellular phones had to be different. He quoted some letter we sent and said we were the ones who didn't want to do the special OS under the JV.

I said our main concern was getting a group with critical mass together and if they had come to us with Ericsson/Motorola we would have loved to do a Symbian type deal. I said the notion we weren't willing to tailor the software was wrong and that the term "OS" is just part of what we were talking about doing together.

I made it clear we were very disappointed and upset they didn't ever talk to us about a group of companies coming together like this. I said it is a real set back and changes our thinking about Nokia as a partner. He wants to keep Phoenix going even though he admits the volume is a lot less than the Symbian plans for a pervasive GSM phone.

There is NO WAY we can ignore GSM. GSM owns Europe and will be strong in most of the world. CDMA is an interesting technology we want to be a part of but it was late after overpromising. The bandwidth that is being achieved is not the 30x AMPS that was once promised. TDMA has improved quite a bit so the differences are not that great.

Phones and P/PCs will not be divorced from each other in the future. I admit the form factor and the way they "work together" is unclear. There are a lot of choices - a) One device which you put to you ear to listen/talk and put in from of you to see. A lot of the products work this way today. As the sizes get better this gets less painful. b) One purchase but there are two pieces - the phone and the screen are seperate and there is a wire or wireless connection c) You buy them separarely but they use a standard to communicate so that data passes through and you don't have to duplicate all the phone stuff d) You just buy them seperately and they each have all the logic to send and receive.

I will try and get Motorola not to join but I would say that is unlikely to succeed.

Our strategy has to be a mix of:
a) Work as best we can with the Symbian partners in area like PBX connected phones or other areas
b) Work hardcore with the leaner guys which you call the seven Dwarves. They are the key to our success
c) Work with CDMA

I see (b) as being the most critical of these.

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Our posture depends on how this whole Symbian thing is positioned. Symbian is bad for us no matter what. However it is SUPER bad for us if one of two things are true:

a) Symbian is going to create proprietary protocols so that other devices have to pay them royalties if they want to interoperate. We have not done this on the PC (actually I think we should in a few areas but that is another discussion). Unwired Planet has been VERY CLEVER here. The Nokia CEO said that UNWIRED has become a standard. Their protocol is proprietary on the server side which is clever (a cleverness we need to consider for a lot of things). We have to be able to build phones that can receive the pages and objects that will be sent to other phones. If they are going to try and block this then they are sort of declaring war on our ever doing an intelligent phone and we will have to try and make them pay for working with the PC or other Microsoft driven devices which requires some IQ.

We will have to patent our schema and some of our key objects like people/schedules. I don't know who in the Office/Vaskevitch group we need to get working in this area. I am disappointed this problem with Unwired planet and a proposal for what to do about wasn't made clear to me earlier. We can't be asleep on key issues like this.

b) Symbian is going to promote JAVA apis or any SUN driven APIs or protocols. There is no reason for them to do this except to attack Microsoft. In any of these areas we can provide things as good as SUN and things that work with the PC. Using SUN is just declaring war on us. The Nokia CEO seemed to appreciate how hard core I was on this.

If either of these things are the case then these guys are really at way with us and we should do the most extreme things we can. This may mean not working with them in some of the other areas like set top, phoenix etc.. The one area Nokia could really help us in is the area they are screwing us in. This is largely true of Motorola as well. Ericsson is a bit broader and it would be a shame to be at war with them. It likely means doing some kind of JV with the seven dwarves and really helping them succeed. In the long run these products will be hyper competitive unless someone uses patents to block entry which it seems is what Symbian is all about. These three companies may have some base protocol patents to make things pretty messy in this area but if they are going to do the above we have to fight or else the whole wireless data PPC=Wallet PC category is blocked off to us. We can't let SUN win in this - SUN has no reeason they should be chosen here.

I made it very clear to their CEO that if this was blessing ANYTHING from SUN that that had no rational reasoning behind it and they were really just attacking us working with our most aggressive competitor. He said they did not pick anything from SUN and that he thought we could interoperate except perhaps for the Unwired Planet issue.

We agreed that our technical people should meet and understand - What is the relative position market wise and volume wise and price of Phoenix versus the Symbian stuff? Does the Symbian stuff violate any of the 2 conditions above.

Ideally we should have this meeting in the next 10 days even if it needs to be a video conference or even a phone conference. I am going to see the CEO of Nokia in about 11 days in Sun Valley - a week from Thursday most likely. It is important to me to understand these issues BEFORE that meeting.

I also have a call with Galvin for sometime this week. I think I see Harel tomorrow to discuss all of this.