

# HP/MS Cultural Differences (1997-2002, Nov 2007 HBR article)

in the midst

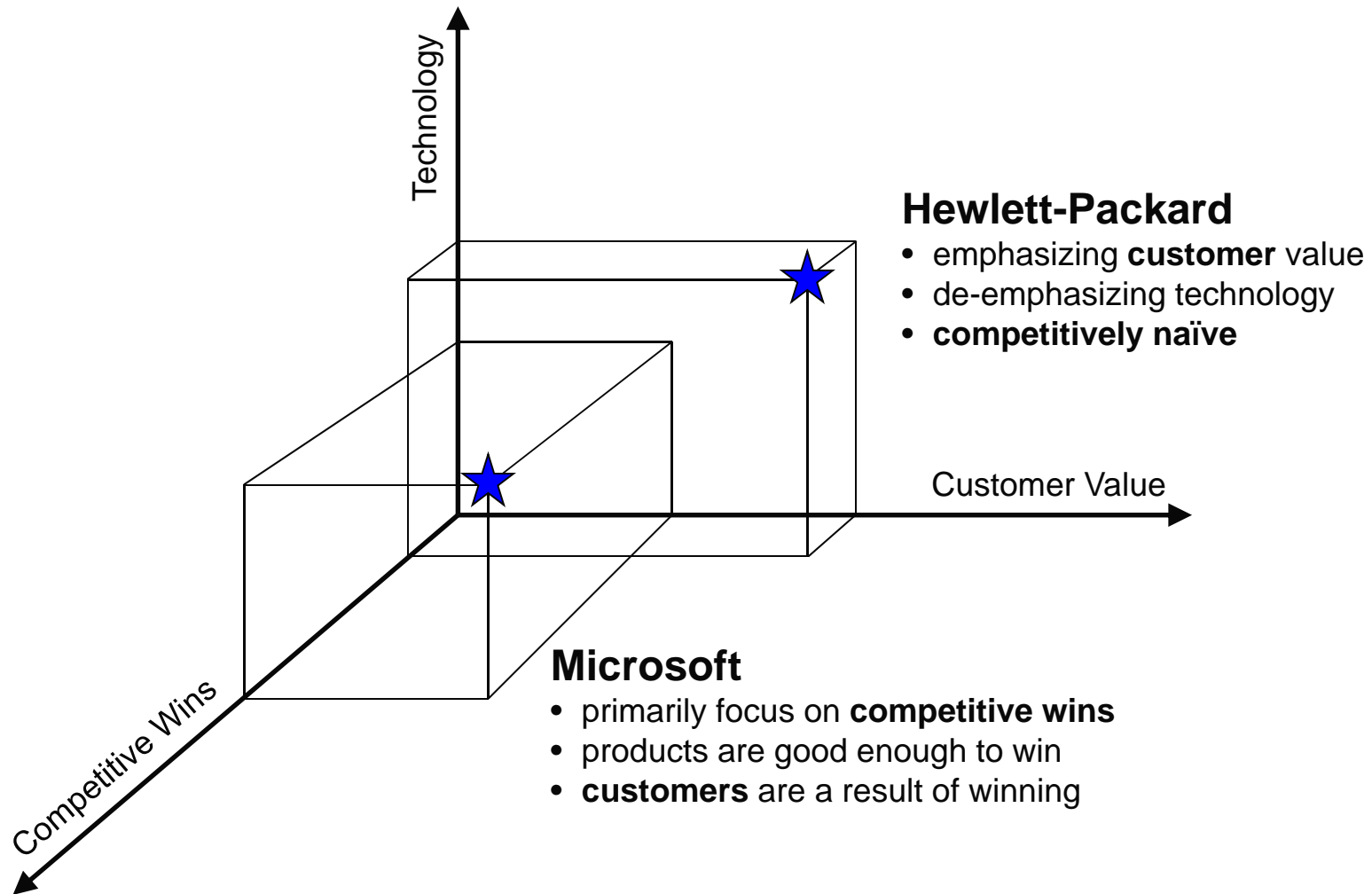
## Cultural Differences

<p><b>HP's View of Microsoft</b></p> <ul style="list-style-type: none"> <li>▪ Excessively competitive and confrontational</li> <li>▪ Controlling, paranoid and greedy (MS's unstated values)</li> <li>▪ "Win / don't care" partnering mindset</li> <li>▪ Focused only on the deal</li> <li>▪ Packaged software mentality – commoditizes everything, including partnering</li> </ul>	<p><b>Microsoft's View of HP</b></p> <ul style="list-style-type: none"> <li>▪ A non-player in professional services</li> <li>▪ Falling behind its competitors</li> <li>▪ Slow, bureaucratic – a laggard</li> <li>▪ Unable to execute consistently and predictably</li> <li>▪ Conflicted sales strategies in the field (UNIX vs. NT in late '90s)</li> </ul>
<p><b>HP's View of HP</b></p> <ul style="list-style-type: none"> <li>▪ Collaborative partnering mind-set – looks for common good</li> <li>▪ Reinventing – trying to get more focused under new CEO's leadership (Fiorina)</li> <li>▪ Disciplined – takes a long-term, mature approach to evaluation market opportunities</li> <li>▪ Win/win partnering – actively seeks the other company's wins</li> <li>▪ Flexible – looks for creative deals</li> </ul>	<p><b>Microsoft's View of Microsoft</b></p> <ul style="list-style-type: none"> <li>▪ Competitive, fast-moving and entrepreneurial</li> <li>▪ "Our products are changing the world in profoundly positive ways"</li> <li>▪ Center of the new economy</li> <li>▪ Focuses on objectives and assumes others do the same</li> <li>▪ Misunderstood: the world doesn't realize what positive things the company does for everyone</li> <li>▪ Brings partners into deals, expecting they will be grateful and go get the business without continued hand-holding</li> </ul>
<p><b>Recommendations</b></p> <ul style="list-style-type: none"> <li>▪ Focus on <b>complementary strengths</b> – HP's: complex sol'n selling, long-term relations &amp; perspective, risk-mitigating, collaborative; MS's: product expertise, short-term wins, rapid decision-making, risk-taking, competitive orientation.</li> <li>▪ Align to <b>different perspectives</b> – MS is focused on competitive wins, HP is focused on delivering value to customers.</li> <li>▪ For HP: align into MS's perspective, assertively sell HP's strengths, under set &amp; over-deliver on expectations.</li> </ul>	

# Hewlett-Packard/Microsoft Alliance

*divergent factors impacting strategic decisions (1997-2002)*

in the midst



# HP and Microsoft Announce Joint Strategy to Simplify Enterprise Computing With Integrated Products and Services

## Joint TCO Strategy Delivers Windows NT-Based Solutions in Heterogeneous Environments

**PALO ALTO, Calif., March 19, 1997** — Hewlett-Packard Co. and Microsoft Corp. today announced a three-point strategy to help customers lower the total cost of ownership of large enterprise-computing environments and simplify their management. To support the strategy, the companies are introducing a series of products, services and programs to reduce enterprise-computing costs while greatly increasing the productivity customers can expect from their computing technology. Specifically, the companies agreed to offer the following:

- Products and services for addressing total cost of ownership (TCO)
- Microsoft® Windows NT® Server network operating system-based enterprise solutions
- Solutions for heterogeneous environments

Lewis E. Platt, HP chairman, president and chief executive officer, and Bill Gates, Microsoft chairman and chief executive officer, detailed the strategy during a press conference here at HP headquarters.

"Customers are deploying Windows NT Server in the enterprise and have told us they want these solutions integrated into their overall computing environment," Gates said. "We are excited to be working more closely with HP, a leader in integrating and supporting heterogeneous enterprise environments. We look forward to this enhanced collaboration to better serve our customers' needs."

"HP and Microsoft bring to the marketplace important qualities that no other vendors can match," Platt said. "Microsoft has industry-leading products, and HP leads the industry in meeting the needs of enterprise customers. This powerful combination will make HP the leader in Windows NT, HP-UX and heterogeneous enterprise solutions. Combining these attributes in a focused approach will create enormous value for our customers."

### **Products and Services for Addressing Total Cost of Ownership**

HP and Microsoft intend to adopt a common approach for defining, assessing and managing the TCO of enterprise information technology. This new approach is designed not only to reduce costs, but to extend the total value that information technology provides customers through simplified management of enterprise environments.

The joint TCO initiative will focus on products, services and technology that help customers build, implement and manage cost-effective enterprise environments. The first deliverables from this agreement are intended to include the following:

- Joint delivery of TCO assessment services to provide recommendations on how to improve an IT organization's ability to lower costs and increase productivity to its end users. Joint TCO assessment services are available immediately.
- Incorporation of Microsoft's Zero Administration for Windows® initiative into HP's overall enterprise-computing management efforts. HP plans to develop technology that allows end users access to the enterprise network from any smart-card-enabled Windows operating system-compatible PC. Combining Microsoft's Zero Administration for Windows initiative with HP's smart-card-enabled PCs will enhance security while providing more flexible utilization of Windows-based computers. These capabilities will lower costs by optimizing all available PC resources.
- HP's unveiling specific plans for the NetPC - the HP Net Vectra PC series - with an expected entry-level selling point of about \$1,000. HP is expected to ship the NetPC in the second half of this year.

- Combining HP OpenView System and Network Management software, along with Microsoft Windows technologies and management products, including Systems Management Server, to bring predictable, measurable cost controls to IT environments. Using HP's new Service Management Strategy's tools and services, including Systems Management Server, HP will enable predictable service levels based on explicit cost and service agreements between business end users and IT organizations.
- HP intends to deliver a new TCO capability based on HP's internally deployed PC-Common Operating Environment (PC-COE). PC-COE is a set of services and tools that has helped HP reduce its desktop computing costs by \$200 million per year. HP also establishes a new organization within the HP OpenView division to market TCO solutions.

### **Windows NT Server-Based Solutions for the Enterprise**

Responding to customers needs for Windows NT-based enterprise solutions, HP and Microsoft have agreed to collaborate on numerous Windows NT-compatible enterprise products, services and programs. Specifically, the companies said they intend to do the following:

- Promote Microsoft Exchange Server as a strategic Windows NT messaging solution for the enterprise. The companies are adopting a common messaging technology strategy and will recommend Microsoft Exchange Client and the Microsoft Outlook &#153; desktop information manager as a messaging client for both Windows NT-based Microsoft Exchange Server and HP-UX-based OpenMail Server environments. For Windows NT environments, HP plans to recommend Microsoft Exchange Server. HP therefore plans to discontinue further marketing and development efforts on OpenMail for Windows NT.
- Expand HP's messaging practice skill base to follow the market trend to Microsoft Exchange Server. HP consulting services for Microsoft Exchange Server will provide assessment, architectural design, implementation and management consulting to enable the delivery of an integrated, scalable and cost-effective messaging infrastructure for the enterprise. In addition, HP says it will offer transition services to Microsoft Exchange Server for customers of Windows NT Server. The services are available worldwide immediately.
- Open, and jointly staff, an Enterprise Solutions Center in Redmond, Wash., that optimizes Windows NT Server-based enterprise solutions running on HP NetServer systems. The center will provide performance optimization services and proof of concept testing for leading enterprise software vendors, integrators and customers.
- Expand HP's education services for Windows NT Server and the Microsoft BackOffice &#153; family environments to include skills analysis, custom education training plans, curricula and certification programs.
- Launch HP consulting services for customers that want to implement Windows NT Server-based enterprise environments. HP will offer a full range of planning, implementation, and operation consulting and integration services.
- Deliver high-availability Windows NT Server-based products and services. HP plans to adopt Microsoft Windows NT Server clustering technology (code-named "Wolfpack" ) as its strategic clustering technology for its Windows NT Server-based solutions. As one of Microsoft's core Wolfpack partners and a Microsoft Authorized Support Center (ASC), HP will introduce two services that will provide scalable levels of support to ensure maximum availability in enterprise-class environments. The new services - Critical Systems Support and Personalized Systems Support - will enhance the Microsoft Service Advantage family of services and join HP's existing high-availability services for HP-UX environments. Microsoft endorses HP as a strategic partner for high-availability Windows NT services.
- Endorse Microsoft Internet Information Server and HP NetServer systems as a comprehensive platform for Internet, intranet and extranet solutions. Microsoft and HP will jointly promote Web-based solutions that customers can easily integrate into their environments. The companies also will collaborate on a variety of Internet solutions, such as a Web-based project for Stanford University's Graduate School of Business based on Windows NT and HP desktops and servers.

- Launch programs to aggressively integrate Windows NT Server into existing enterprise environments. The programs will combine up-front consulting, migration tools and post-sales support as part of a low-risk approach for customers when migrating to HP NetServer systems from other competitors' hardware platforms. The first migration program is expected to focus on the financial-services market.
- HP intends to port HP's Virtual Vault technology to Windows NT, which will allow for secure transactions across the World Wide Web.
- HP announces the availability of HP OpenView IT/Operations on Windows NT Server by the end of 1997.

### **Solutions for Heterogeneous Environments**

HP and Microsoft intend to collaborate on joint products, services and technology that make it easier for customers to integrate and manage heterogeneous computing environments. Development would focus on the following areas:

- Tools and procedures taking advantage of industry standards that provide users with reliable messaging within mixed HP OpenMail and Microsoft Exchange Server environments. These tools and procedures will provide messaging services and common calendaring as well as directory synchronization.
- Complementary, scalable, enterprisewide network and systems management solutions. Specifically, HP will market Microsoft Systems Management Server as part of an OpenView IT/Administration package and Microsoft will distribute, with the next major release of Microsoft Systems Management Server, the HP OpenView IT/Administration and IT/Operations agents. HP plans to incorporate standardized Web-Based Enterprise Management (WBEM) technology, including the Common Information Model (CIM) into its management products. HP and Microsoft are supporting the standardization effort of WBEM.
- Microsoft supporting HP's development of single sign-on solutions to simplify user access and administration in heterogeneous environments. This will resolve the need for multiple passwords to access resources that exist in heterogeneous operating environments.
- Collaboration on the DirectX &#153; set of APIs as part of HP's and Microsoft's efforts to continue aggressively pursuing the technical computing market. Microsoft will license HP's soon-to-be-announced large model rendering technology and include it as an integrated component of Microsoft DirectX. HP will offer DirectX on all HP-UX technical workstations. This will enable independent software vendors to easily deploy 3-D technical engineering applications across HP-UX and Windows NT Workstation, based on a common set of APIs.
- Launch HP high-availability support services to complement HP's current consulting and education programs for heterogeneous environments. These services will address integration of a wide variety of environments, including Windows NT, HP-UX, mainframe and other UNIX environments.

### **About HP**

Hewlett-Packard Co. is a leading global manufacturer of computing, communications and measurement products and services recognized for excellence in quality and support. HP has 112,800 employees and had revenue of \$38.4 billion in its 1996 fiscal year.

### **About Microsoft**

Founded in 1975, Microsoft (NASDAQ "MSFT" ) is the worldwide leader in software for personal computers. The company offers a wide range of products and services for business and personal use, each designed with the mission of making it easier and more enjoyable for people to take advantage of the full power of personal computing every day.

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