# TechEd Developers and TechEd IT Forum 2007 12 November 2007

## Opening Remarks

Good morning ladies and gentlemen. Thank you very much for joining us at the TechEd IT Forum event 2007. Thank you very much for coming to join Microsoft and our partners in Barcelona. We are going to give you a sneak peak at the keynote news that is going to be announced this afternoon. In front of you, you have a news agenda. Following the keynote this afternoon we will obviously distribute to you full press packs, press releases, and background information, but what I wanted to do now is to give you sneak peak into that news that you are going to hear during the keynote this afternoon. The person to do that is Brad Anderson, he is a General Manager for the Windows and Enterprise Management division. He is going to give you a brief run through the news for the keynote event that is going to happen this afternoon, and give you the opportunity to ask some questions. With that, I am going to hand over to Brad.

## Brad Anderson

### General Manager

#### Windows and Enterprise Management

##### Preamble

I am going to walk through the document you have on your seat and highlight some of the key announcements that are going to be made, and then you will get the press release that has a little bit more detailed information a bit later this afternoon.

Broadly speaking, if you think about the things that we are going to be announcing today, first of all, there are a lot of announcements. There is a set of announcements that we are going to make around Windows Server 2008 and the virtualisation efforts. There is a set of announcements around Systems Centre, and some of the things that we are doing from a management perspective. There is a series of announcements around some of the community efforts that we are doing, and then a set of announcements around Windows Vista, and some of the additional manageability components that we are putting in there as well. Then there are a series of what I would term smaller announcements.

##### Windows Server 2008 and Virtualisation Efforts

First of all, if you think of the announcements that are being with respect to Windows Server 2008 and the virtualisation efforts. Today we are going to be announcing what the official name is going to be of the Windows hypervisor, which has been codenamed “Viridian” for a couple of years now, and we will be announcing today that the official name will be the Hyper-V. That will be the official name of the hypervisor that is going to be released next year as part of Windows Server 2008.

We are also making the announcement that we are going to be making available a stand-alone server that is just focused on having a very small and thin virtualisation server that will be called the Microsoft Hyper-V Server. We are going to be making a set of announcements around how we are going to generate and do the [inaudible] for Windows Server 2008. There will actually be eight versions of the [inaudible] available. Three of those will have the hypervisor or Hyper-V built into it, and five of those will be versions of the server available that do not have the hypervisor or Hyper-V in it. So that gives customers a great deal of choice in how they actually want to purchase, and then take advantage of the new capability that is coming in Windows Server 2008.

We are making a series of announcements around a new programme that we have in place, that we have called the Server Virtualisation Validation Programme. This is going to put some structure around working with the industry to make sure that our applications and services run on virtualisation infrastructures that are not from Microsoft. If you think about some of the other virtualisation efforts that are underway within the market, this is a certification programme where we can make sure that the technology and products that we deliver, are supported on those platforms and on those virtualisation efforts.

That is, at a high level, the announcements that we are making around Windows Server 2008 and the virtualisation efforts that are associated with that.

##### System Centre

There is a series of announcements around System Centre. For those of you who are not familiar with System Centre, this is our management suite, and it is a full suite that allows us to do everything from planning, to deployment, to management, to optimising of your Windows environment. Arguably this is the most significant set of releases we have ever done in history for Microsoft, with respect to management. We are announcing three new products today, and the general availability of them. The first product we are announcing is named System Centre Configuration Manager 2007. This is the latest version of our configuration management tool that historically has been known as SMS, the System Management Server. We have now aligned that with the Systems Centre brand, and far and away this is the most significant release of SMS that we have done in history.

We are also making available today the virtualisation management capabilities that we call the System Centre Virtual Machine Manager. This is our centralised tool for managing all your virtual machines across the enterprise. So physical to virtual migrations, virtual to virtual migrations, centralised management of the configuration of the settings of all your VM.

We are also making available today our backup and protection solutions for your data, for your server, and that is called System Centre Data Protection Manager 2007. If you think about the key points of Data Protection Manager, it is all about having a continuous backup, but more importantly, it gives you the ability that any time you can actually fully restore your servers. In a transaction model we can even take it back to the last transaction. So this is a complete ground up rebuild of the data protection manager solution, and it is very easy to use it, you no longer have to have a PhD, this does bring that idea of a complete protective solution for your servers to the masses.

Those three products are generally available in the market today, the Configuration Manager, the Virtual Machine Manager, and Data Protection Manager 2007. Again, this is a comprehensive suite that then aligns with the new version of the Operations Manager that we released in April, to provide that suite to do that comprehensive management capability, deployment planning, deployment management and optimising. The key thing you will hear us talk about throughout the conference, and I am sure we will have some questions on this, is capability we have just announced spans both the physical and the virtual environment. More and more we are hearing from all of our customers that they want a single set of tools, and a single set of management capabilities to manage the physical and the virtual world. They are not too separate things. Customers want one simple and comprehensive way to do that, and with the System Centre suite you have that.

##### System Centre Server Management Suites

The other thing that we are going to be announcing with respect to System Centre is a new pricing stew. This is what we call the System Centre Server Management Suites. This gives you all four of the products that we have just talked about and a very easy way to license. So, when you purchase the Enterprise Management Suite you now have the ability to use all four of those products, and you purchase on a per physical server basis, but it also gives you the right to manage unlimited virtual guests on that physical PC or on that host PC. This is a pretty significant change in the industry. If you think about how virtualisation is becoming just the norm over time to the way that people deploy their servers, customers are saying they want a simple and easy way to license that technology, that gives them a predictable way to deploy virtualisation without having to have some of the headache and some of the complexities for tracking licenses.

Now with the System Centre Suite you buy one license, and independent of the number of guests you put on that physical host, it is one license. I will give you a bit of clarification on that, this is the license to manage that, you still may have to purchase additional licenses for the operating system or the applications, but from a management perspective, we will manage all your guests and the host for one price.

The third thing that we are announcing with respect to System Centre is what we call the System Centre Alliance Programme. Think about this as a way to work with the community, both from the IFDs and the hardware vendors, as well as with the community, so that our customers can understand what capabilities are out there, the partners interact with other partners as they build up this System Centre community, and there is a significant set of press releases and partner announcements. We are making, along with the partners, close to 30 announcements with respect to partnerships that are partners have made, on top of the System Centre announcements.

##### TechNet

Following that line of the community there is a series of announcements that we are making with respect to TechNet. If you look at the TechNet MSDN section there in the documents you have, there is a series of announcement that we are making that are entirely focused on the community, how we interact with the community, how we build that community out, and how we actually release richer and richer content into that community.

We will be announcing that the November CTP of Microsoft SQL Server 2008. Some of the new capabilities that are coming to market, there will be one more technology preview before the release, but we are making great progress with respect to Sequel, and you will see in the keynote that we will be talking about when that next version of Sequel will be releasing next year, and some wonderful new capabilities that we are going to demo to you that will be available on that.

##### Windows Vista

Then we are going to be making a series of announcements around Windows Vista, and some of the new capabilities that we are releasing into the market to help with the manageability. One of the first and biggest things that we are going to be announcing is that we have given a Microsoft name to the code that we acquired from this company 18 months ago, called Softricity. That will now be called the Microsoft Application Virtualisation. We are announcing the public availability of Beta 1, the version 4.5 of the Microsoft Application Virtualisation. This is the capability that we have that allows us to virtualise at the application level. If you think about that from a desktop type of implementation, I could have multiple applications running all independent of each other, because they are all virtualised, in a very, very efficient manner. It is actually very complimentary to the work that we are doing on hardware virtualisation.

As we think about virtualisation we think about it in a much more broad set of scenarios and a much more broad fashion than the industry does, and the way that our main competitors think about this. We think about virtualisation at the hardware level, we think about virtualisation at the application level, and we think about virtualisation at the presentation level with the work that we have with Microsoft Terminal Server and our partnership with Citrix. The combination of all of that, you will see in the keynote today, is really what the world is asking about, and needs, in order to dramatically decrease those costs and make them more agile. It is not just about one of the areas of virtualisation, it is about all of them with the associated management. So we are announcing Microsoft Application Virtualisation 4.5, and it is the Beta 1 is generally available.

##### Microsoft Desktop Optimisation Pack

We are also making some announcements with respect to a couple of other pieces of the project we call the Microsoft Desktop Optimisation Pack, which is actually how you acquire this application virtualisation capability. The Microsoft Desktop Optimisation Pack, to give you an idea, we put this on to our price list in January of this year, it is the fastest-selling V1 product in the history of Microsoft Volume Licensing Programme. To just repeat, that is s dramatic statement to make, MDOP is the fastest selling V1 product in the history of Microsoft Volume Licensing Programme. We have sold more than three million licenses to date, and customers are seeing dramatic cost savings, and they are seeing dramatic capabilities coming through this Microsoft Desktop Optimisation Pack.

Then there are a couple of other announcements that you can see on the second page there, with respect to the work that we are doing in IIS 6.0, and some themes with respect to the information worker in Office.

##### Conclusion

Those announcements are at a high level, a set of announcements on Windows Server 2008 and the associated virtualisation efforts, the naming, the Hyper-V, as well as the programme to certify our applications for servers running on other virtualisation platforms. There is a series of announcements, again, around System Centre, the release of three new products, the Enterprise Management Suite and how we are licensing that for simplicity on managing the guests on your hypervisor, as well as on Microsoft Virtual Server today. There is a series of announcements around the Microsoft Desktop Optimisation Pack, with the release of Microsoft Application Virtualisation 4.5 Beta 1, and a couple of other technologies, and then a series of announcements around the community. Let us go ahead and see what kind of questions you have, I am more than happy to answer any questions that you could ask of us, and I have got a series of individuals with me that can help answer questions if I do not happen to have any answers.

## Questions and Answers

I suggest that we run though in the order of the news announcements. I will start with Windows Server 2008 virtualisation applications.

[Jibbe van Oost 14.11], IT Professional, Belgium

You mentioned there were five stews for Server 2008 with the hypervisor, does that mean that Server 2008 will be released with hypervisor from the beginning, instead of 180 days after the original release?

Brad Anderson

Our plans for release of the hypervisor are still in line with what we have been telling the community for a year, that the hypervisor will be released within 180 days after Windows Server 2008. So that is still the plan, but customers will have that five stew strategy with the hypervisor. So that when the hypervisor is released you will have the rights to use it, and then there will be the three FPUs, for which you will not have the license to use the hypervisor. Did I get it backwards?

Zane Adam, Senior Marketing Director, Windows Server

Let me give a little clarification on this? There are three editions that can have the hypervisor, five without. The Itanium-based system and web server editions will not have the hypervisor in addition to the three that you have on the list. Then when we ship the Windows Server 2008 it will have the beta bits of Hyper-V built in at ship, which will get automatically updated to our Windows update, which was what Brad was mentioning within 180 days. The customers have access to the code today, to our studio of Hyper-V technology, and that is going to stay the same going forward, and they will then get auto updates.

Brad Anderson

To build on what Zane was saying. In addition to that being available through windows update any customers who are using our enterprise path capabilities, System Centre Configuration Manager, that update to the Hyper-V will also automatically flow through that. So it will be very easy to consume the update.

[Steven Bink], Bink.nu Website

Is the standalone hypervisor server an OEM-based machine?

Brad Anderson

That is one way it will be consumed, but it will be the standalone hypervisor that is very thin and easy to deploy. There are many different uses, and one will be an OEM scenario.

[Thomas Lee], Freelance UK

Can you clarify which editions of the Windows Server 2008 will or will not shift?

Speaker

I assume you are asking which will shift with the hypervisor technology. Windows Server 2008 Standard Edition, Enterprise Edition and Datacenter Edition will all have the Hyper-V technology. We will reissue Windows Server 2008 Standard Edition, Enterprise Edition and Datacenter Edition without Hyper-V technology. Windows Server 2008 Web Edition and Itanium-based systems will not have the Hyper-V technology.

Brad Anderson

Those three stock-keeping units (SKUs) that the majority of the world consumes – Standard, Enterprise and Datacenter – will be available with and without the Hyper-V technology.

[Anicet Mbida], 01 Informatique

Will you have any update on the desktop?

Mike Neil, *General Manager, Virtualisation Strategy*

There is no specific update on the client, although we have our Virtual PC 2007 product on the market. We have had about 3.5 million downloads of that product since its release earlier this year.

Speaker

You will receive press releases with full details of the products.

Participant

Are you announcing the availability of Windows Server 2008 itself? You are announcing the availability of Virtual Machine Manager, but is it meant to manage Hyper-V machines or a virtual server?

Brad Anderson

We are not announcing the availability of Windows Server 2008; we are announcing the naming of the hypervisor, the SKU strategy and the certification process around virtualisation. Our statement about releasing in Q1 on the hypervisor leasing within 180 days fills our commitment on tracking well. The feedback from the community and [inaudible] has been very strong.

With the Virtual Machine Manager, the question was whether the version available today supports both the Hyper-V and Virtual Server. Today’s version supports Virtual Server, and when the Hyper-V capabilities are made available, at that same time we will release an update to Virtual Machine Manager that will light up the additional capabilities of Windows Hyper-V. We also made a significant announcement with another set of capabilities that would be included with that update to Virtual Machine Manager, that we would also be managing VMware’s hypervisor capabilities through the Virtual Machine Manager.

With the virtual machine management capabilities from Microsoft, it fully supports Virtual Server and when the update comes out next year coinciding with the release of Hyper-V, we will extend that to support both the Windows hypervisor and VMware’s capabilities. If you think more broadly about the virtual machine management capabilities, the integration of that comes with the rest of System Centre, with configuration management, operations management, data protection management and the ability to do that across the physical and virtual world. That is a significant set of capabilities being released into the market, and we are going to have that consistent way to manage both the physical and virtual environment

Peter Devery, *Senior Public Relations Manager, Microsoft*

No further questions on virtualisation? No questions on System Center?

Brad Anderson

The question is, we talked about four products in the suite, there are three listed, so what we are announcing today is the general availability of Configuration Manager, Virtual Machine Manager and Data Protection Manager. The fourth product in this suite, Operations Manager was released in April of this year. With this, we have delivered on the road map that we have been telling the market about, there are significant updates to Configuration Manager and Operations Manager, Data Protection Manager, and then the release of our first virtualisation manager capability.

Participant

With Data Protection Manager, will the server be able to make a backup of VM or to snapshot servers, or be able to back up to a real machine?

Brad Anderson

With Data Protection Manager – I think there were two questions there, first, does it have the ability to back up physical and virtual machines, and the answer is absolutely yes; and then the second question is, do I have the ability that when I create a backup of a physical server, it can automatically be restored to a virtual server? The answer to that is we would actually do that through a combination of Virtual Machine Manager and Data Protection Manager. Virtual Machine Manager is a tool that allows you to very rapidly do that physical to virtual migration, as well as virtual to virtual, and it actually integrates well with Data Protection Manager, calls out to DPM to do those backups, so that once you have created the virtual machine and you need to restore back, you would actually use the capabilities from DPM to restore it.

As far as physical to virtual migration, that is what the VMM will do. Those are two different operations, so we actually do it in a way that has integrated, again, this message of being able to expand out virtual machine management to be more than just virtualisation management, and expanding out to both the physical and the virtual is a key part of what we are announcing.

[Inaudible question]

Mike Neil

The question was ‘can you do physical to virtual migration of both client environments as well the server environments…’ I believe the plan there is, with the upcoming release of VMM, we would support both client and server environments. A number of customers who are looking at VDI cell scenarios or they are doing a deployment of client operating systems on top of servers, consolidating those - We want to have those capabilities.

Brad Anderson

I would expand upon what Mike said, what I think you are referring to, and correct me if I am wrong, is that we see a number of customers who are looking at what I would call ‘new computer’ models to run their desktop, where they actually have the desktop running, for example, in the data centre and that could be on a virtual server, where you have multiple desktops running on a suitable server. That is a capability that we are looking into right now, we are looking at how we can partner with some of our great partners, like Citrix, we have got a very strong connection broker out there that can enable this type of scenario, and we are working to try and identify what we should build in to future versions of Windows as we think about its evolution. I think a key point on this is to try to understand, even in that type of environment where you have that centralised desktop and it is running in your data centre, the capabilities for Configuration Manager and Operation Manager to configure and monitor that, whether it is actually running on a desktop or running in the data centre, we are supporting both those types of scenarios, and one consistent way to do that across multiple models.

Peter Devery

With that we move on to questions regarding TechNet and MSDN… We will move on to SQL Server and Windows Vista.

Brad Anderson

Quiet group today!

Peter Devery

Please do make opportunity of this time; it is a sneak peek into what will be discussed in the keynote this afternoon.

Participant

You mentioned that the Microsoft Desktop Optimization Pack (MDOP) was the fastest-selling volume product in Microsoft’s history. When we talk to people, many of them think that if the software was sold outside this program, it would sell much more than it does today. So what is your take on that?

Brad Anderson

I will just give a little background on the question. The way that you acquire the Softricity capability is through a product called Microsoft Desktop Optimization Pack (MDOP), there is a prerequisite that you own Windows Client and software assurance on Windows Client, and the question is do we believe that the Softricity code would be selling more rapidly if it was sold outside of requiring software assurance. Honestly, as we work with customers, there have been very few customers who have come back and not aligned, or have had a disagreement with the way we are coming to market on this. The value that we are delivering through Windows Client software assurance and the way we have actually packaged and priced MDOP up is very, very cost-effective, even for a customer that does not own software assurance before looking at MDOP.

If you take a look at the all-in price that a customer would pay to get access to all the benefits of client software assurance and MDOP, customers do see that value and they do give a very quick return on investment because of the capabilities that are included inside of MDOP. So I believe the answer to your question is no, we are actually seeing significant uptake on this with customers coming back and telling us that they are seeing the advantages of client software assurance and MDOP combined. The fact that it is the fastest selling v1 in the history of Microsoft’s Volume Licensing, and customers are aligning and agreeing with the way that we are bringing it to market…

Participant

3,000,000 licenses is not that much compared to the overall Windows license base.

Brad Anderson

3,000,000 licenses in six months is a relatively small number in comparison to the overall Windows licenses, that is true. Yet if we project out the number of licenses that we will sell over the next several years, it gets into tens of millions of licenses very rapidly - so we are very pleased with where we are at, six to nine months into this product.

I will give you one data point about what is coming up that you might find interesting. You will hear Bob talk about what we call the Infrastructure Optimization Model (IOM). The IOM is a way of categorising maturity of the people, products and processes within an organisation. One of the interesting things that we have found is that as customers adopt this Application Virtualisation technology, this is one the prime things that moves them, their maturity upfits into what we call a rationalised case. I think a pretty interesting data point that many of your readers may be interested to hear is that a customer that is not using the Application Virtualisation capabilities, on average - the research has been done - when they want to put in a new application across the enterprise, it can take from six-eight weeks from the time they say ‘let’s go do this’, to do the packaging, to do the testing and get it deployed around their enterprise. Customers who are using the Microsoft Application Virtualization are telling us they are doing it in six to eight days. That gives you an idea of how dramatic the capabilities are and the value that the Microsoft Desktop Optimization Pack (MDOP) brings to customers.

Participant

What exactly is new between and MDOP and SoftGrid? How different is the use of the new MDOP?

Brad Anderson

I think there are two questions in there – what are all the kind of pieces inside of MDOP is one, and what are the incremental pieces that have come in to the new version of the application virtualisation that we are announcing today?

When we completed the acquisition of Softricity, it had just released version 4.0 of its product. A few months after the acquisition was completed, it released version 4.1, which we updated to version 4.2 when Windows Vista and Office 2007 were released. In terms of the big tillers of version 4.5, there are three or four that I would focus on.

* The first has to do with enterprise enabling the application virtualisation solution, so there are some specific things in there that helps the application virtualisation capability to scale up to hundreds of thousands of desktops in a single instance, in combination with System Centre.
* There is a set of investments we made around globalisation. Today, the code that we acquired from Softricity is available only in English, so we have done the work so that we can now support this on more than 80 language version of Windows.
* There is a set of capabilities that we added around security, so this will be the first release that will entirely go through the Microsoft end-to-end development process. We have taken it through what we call our trustworthy computing process to make sure that we have looked at from a 100% security model.

The big piece that most of your readers will be very interested in is the fact that they will now be able to take advantage of this in languages other than English, and that we have done a lot of work to make this really scale up to the largest enterprises.

In MDOP, there are five key capabilities that make up that product.

* The first is the application virtualisation capability.
* The second is something else that we are announcing the general availability of this week, if you are looking at documents, which is an asset and inventory service. This comes from an acquisition that we did almost two years ago of a company called Asset Metrics, and allows customers to do a complete software scan of their device, have it reported up to a service in the clouds, and generate a rich set of reports of the software and licences that they are using across their enterprise. We are announcing that that will be available later this week to customers who purchase MDOP.
* The third piece is the assets that we acquired from Winternals, which is a well-known organisation to IT professionals around the world. There are some capabilities there that allow it to do things like restore systems when you have a problem on your Windows operating system (OS).
* The fourth piece is a set of capabilities around group policy, which allows you to put in some additional capabilities around change management. That came from an acquisition of a company called DesktopStandard.
* The fifth piece is around capabilities that are built into the System Centre Operations Manager 2007 (SCOM), which give you desktop error monitoring and reporting across your enterprise and recommend steps to take to address those issues.

All five of those capabilities are available in the MDOP at quite a bargain basement price.

Participant

Could you elaborate on what you mean by ‘dynamic virtualisation’?

Brad Anderson

This is part of what I categorise broadly as making it saleable to the [inaudible 4.33] enterprises. When we do application virtualisation, every application runs in its own virtualised space. Think of a bubble around that application that isolates it from everything else running on the desktop. When we talk about the dynamic capability, what we mean is that you can now go in with version 4.5 and say, ‘This application has integration with or dependencies on applications *A*, *B* and *C*’. When the user clicks on the application, they dynamically bring those applications together in one virtualised space to allow them to interoperate with each other. Again, at the high level, we virtualise every application, so that each one runs independent of each other, but there are a number of cases where two applications interact with each other and you need to have the ability to allow them to interoperate. This dynamic capability is what allows the administrator to define the integration and dependency qualities, so that they can be dynamically brought together and can run together.

Alan Stevens, *Personal Computer World*

Will the FB1 for Office include anything to address the printing issues in Outlook 2007?

Brad Anderson

I do not know – does anyone else? We will follow up on that question for you.

Participant

In terms of the hypervisor capabilities, can you monitor them with SCOM 2007?

Brad Anderson

The answer is yes and you will hear more about that in the keynote presentation. What Microsoft is doing that is unique compared to our competitors in the virtualised space is that our management capabilities are far richer and span the combination of the physical and the virtual. The operation and configuration manager have both been virtualisation-aware for several years now. I want to raise the conversation a little and talk about the strategy and vision that the company has.

As you look at what is happening in the virtualisation space, the underlying virtualisation capabilities are commoditising. If you purchase a distribution of Linux, it comes with hypervisor capabilities built into it. When you purchase Windows in the future, you will have the ability to purchase it with the hypervisor built into it. In the long term, we believe that virtualisation will be the standard way in which all workloads are deployed on the industry server.

As that happens, what you have to have is great management capability to really take full advantage of the virtualisation benefits. What Microsoft has is a set of capabilities in this suite called System Centre that allows one consistent, easy-to-use, optimised way to manage the physical and the virtual. As we look at where the industry is heading and what capabilities are going to be required to really take advantage of virtualisation, the conversation changes from virtualisation to management, which plays to a number of our strengths. We believe that we are very well‑positioned, with the technology coming out such as Hyper-V and our longstanding System Centre suite, which [inaudible 8.24] now adding on the virtual machine management capability.

Participant

Will MDOP be placed on MSDN? If not, why not?

Brad Anderson

I think the answer is yes. I thought that we decided that it would, but we will follow up with you on that. I thought that the answer was yes, but do not quote me on that until we have a chance to get back to you on it.

Peter Galli, *eWEEK*

You talked about the products that are being made available today, but can you talk about pricing and licensing for them?

Brad Anderson

What detail are you looking for?

Peter Galli

What the pricing and licensing is for each product.

Zane Adam

Pricing details for Windows Server 2008 are in the press release. The standalone Microsoft Hyper-V Server retails for $28.

Brad Anderson

The pricing for Windows Server 2008 is very similar to that of Windows Server 2003.

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