

Microsoft Internal Memorandum

To: O&M
 Fr: Hank Vigil, Dawn Trudeau, Rich Tong
 Re: FY91 Planning
 Dt: 3/13/90
 cc: Pete Higgins, Vijay Vashee

FY91 COMMUNICATIONS PLANNING -- PC EXCEL

Business Unit Name: Analysis Business Unit
 Product Name: Microsoft Excel for Windows

1. What are your overall business unit priorities, key problems, and opportunities? (Answer only once, not for each product. General manager to answer.)

Handwritten notes:

Priorities
 Mkt Share ↑ year
 successful future with app. x2
 start look 2 Windows Computi
 product leadership this

Problems win 2 problem opportunities

old product / broken → ← Windows 2 becomes mainstream
 entrenched competitors / momentum Windows environment become mainstream
 key differentiator eroding. Copier

Business objectives are:

- 20-25% share up from 10-15% currently (roughly doubling)
- 20-25,000 units per month
- 30% penetration of Windows sales (i.e., parallel Mac sales or even a little higher).

3. Please breakdown revenue by source (retail, OEM, update, etc.).

Named/CD Accounts 20% (up from 15% currently)
 LVA 30% (e.g., LVA)
 Retail 50% (may be corporate)

Total USSMD 100% (currently 8K/mo doubling next year)

Of that we would expect to get an additional, as a % of USSMD:
 Update 20% (a guess)
 ACIS 30% (academic revenue)
 OEM 0%

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4.

5. Objectives:

Expand beachheads in existing accounts
Open up new accounts by following Windows into accounts
Expand distribution to equal Windows

Strategy:

1) Move Excel down to next "10%" of installed base who are closest to accepting a GUI solution.

2) Cross sell with Win line and PM line

6. Competitive Products:

Lotus is the only real competitor.
Currently behind Lotus 1-2-3/G (to ship next week) in feature set with Excel 2.0. Will be a superset at Excel 3.0 launch in 2QFY91.
Lotus has completed R3 product family (Vax, Sun, Unix, MF versions).
Lotus mainly sells R2.2, but markets R3 and /G as flagships.
Quattro is distant third with low-end product that is a superset of R2.2

Competitive Positioning:

We are "un-1-2-3" position as the most powerful spreadsheet with great graphics

Lotus is positioning as the corporate spreadsheet that everyone loves (entrenchment)

Quattro is R2.2 done right. It is practical and affordable

7. Excel 3.0 ships 2QFY91

Excel 3.1 not currently scheduled, but expect some sort of bundle will be required in end of FY91. Would have some strategic features and act as midlife kicker.

Excel 4.0 to ship two years afterwards in FY92.

8. Product research to make Excel 3.0 an easier transition for Lotus users.
Product research on Excel 4.0 in H1FY91.

Market research on Excel 3.0 positioning

scope -> features
-> R2.2

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Market research to understand how to sell the initial Excel beachhead
AND how to expand the beachhead.

Determine if there are untapped markets in small/medium/^{vertical}business or
whether focus on large corporate is appropriate.

9. Collaterals and schedules holding...
10. Microsoft is the #1 PC Software Company
~~Microsoft~~ means great products in every category
Microsoft is an Applications Company

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