

Microsoft Memorandum

To: Hank Vigil
From: Susanna Foels
Date: May 18, 1990
Re: Microsoft Excel Product Marketing Challenges in Next 6 months

A. Regain Technology Leadership

We need to identify and market our competitive advantages by communicating aggressively with the press and directly with influencers corporate accounts via MSTC.

- Take advantage of being a true Windows app
- Leverage MS Windows family of Apps
- For Mac Excel, leverage the ease of use, design & reliability advantages
- Comarket with 3rd parties that provide tools we are lacking in our current product

B. Leverage MS Sales Force and Windows Emphasis

We need to empower our Microsoft sales force. They need our help - tools and communication to combat the current Lotus momentum. All of us need to be in closer contact with this group to get them knowledgeable and excited to sell against Lotus.

Take advantage of Windows 3.0 - specifically, produce a WinExcel, Windows 3.0 and Winword bundle at a very reasonable price.

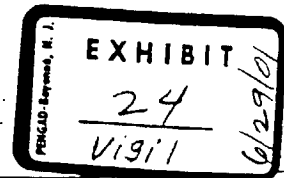
C. Remain active in Excel 3.0 Product Development

The way to win in the long run is to deliver the product our customers need. We need to work more closely with program management and development to make sure that we are satisfied with the tradeoffs which are being made for Excel 3.0 in terms of implementation of features. Specifically, some decisions will need to be made regarding System 7.0 support and we need to make sure the right tradeoffs are made, since System 7 and Apple support are critical to Excel's success.

D. Plan for Excel 3.0 Launch

Develop a plan and execute with strength and momentum. We should create hype and anticipation for our product - and leverage the fact that on the Windows platform we will have 2nd generation GUI. Let's take full advantage of this competitive advantage and thereby regain technology leadership. To the extent we are able, we should stall the sales of Lotus because people are waiting for/evaluating Excel and Microsoft's Windows products as a strategic choice. This is not advocating preannouncing, but I do advocate building anticipation where possible.

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Retail Channel

Our objective is to sustain Excel's leadership position through the slow period after DataAccess (CL/1 support) is old news and before Excel 3.0 is launched. With the introduction of Excel 3.0 our emphasis will change to educating Microsoft reps and RSPs on new features, promoting our new positioning vis a vis the competition, and assuring our continuing status as the Macintosh spreadsheet leader. A strong effort in the retail channel early in FY '91 will help to create a barrier to prospective entrants (such as Lotus) expected later in the fiscal year.

While Excel dominates the existing Macintosh market, the retail channel is changing, and we must take advantage of these changes in order to maintain and solidify our market dominance. We will strive to achieve our objective by addressing three major changes:

- (1) Resellers have targeted small and medium businesses because margins are better than those in the corporate account market. By providing resellers with solutions-oriented programs and materials we can convince resellers to recommend Excel to their small and medium business customers.
- (2) Resellers are focusing increasingly on outbound sales. According to our ASR Advisory Council, "80% of our resellers prioritize outbound selling as a selling practice and only 20% engage in 'pushing boxes'". To take advantage of this we must deliver reseller materials that are tailored for resellers' outbound focus.
- (3) Wingz seems to be gaining momentum and credibility, particularly in retail storefronts. RSPs steer customers to Excel and Wingz, but recommend Wingz if the customer will be charting and/or giving presentations; this costs Excel many sales. We need to succinctly communicate the advantages of Excel to RSPs.

Specific programs planned to address these areas are:

- Develop and promote vertical market reseller seminars (e. "Excel in a real estate firm") to take advantage of reseller focus on small and medium businesses. (Trial program first; full-scale if successful.)
- Include in Excel 3.0 Intro Kit materials relevant to outbound and solutions selling.
- Develop and distribute "Why Excel?" piece outlining advantages of selling and supporting Excel rather than Wingz.
- Seed top channel accounts with free or nearly-free software.

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Apple Computer Relationship

Our objective is to increase Excel sales by increasing our involvement in Apple's marketing promotions. The key issue is that while Microsoft is the largest and most-experienced Macintosh software developer, we receive little marketing cooperation from Apple.

Our plan to improve the relationship is straightforward: we will spend lots of time at Apple, develop contacts with key marketing people, and attempt to fit into some of Apple's promotions. This will require trips to Apple corporate in Cupertino approximately twice a month. The first step is to meet with the Product Marketing, Large Business/Government Marketing, Small Business/Productivity Marketing, and Channel Marketing groups. Then we will attempt to fit into Apple's marketing promotions by focusing on areas where we can add real value to Apple (i.e. save them time, differentiate the Mac, sell to businesses, etc.) and where we already have plans to do something. Preliminary research suggests such opportunities may exist with: Apple's Market Development Program (providing training and materials to resellers on vertical-market solutions); Apple's General Productivity Competitive Advantage forums (reseller seminars to take place in the calendar third and fourth quarters of 1990); and Apple's renewed emphasis on small and medium businesses (under the guidance of Tom Virden).

We will also explore the feasibility of working directly with Apple's five regional field organizations. It is possible that a working relationship can be more easily established with the regional organizations than with Apple corporate.

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