

Excel Push Results

Excel Push Objective

Grow PC Excel market share from 10% to 30%
by June 1990

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Memo #2

Corporate Salesforce Growth

- Move from account penetration to account development
- 12 applications specialists, 6 SE's
- Corporate Development Program
 - 12 target accounts
 - 1 dedicated specialist, 1/2 an SE
 - Goal: 1,000 units over 12 months
 - Microsoft Executive involvement

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Pricing Action

- Price cut to resellers through 6/30/89
 - Expected street price \$229-\$249
 - Egghead retail price from \$329 -> \$259
 - Egghead corp. price from \$290 -> \$229

- Sell-through rebate

- Lotus Exchange Offer
 - \$75 or free copy of Windows

Marketing Expenditures

- Product improvements--up to \$700K
- Working copies of Excel--\$2 million
 - Ad response vehicle
 - In Windows box
 - Proactive mailings
 - Telemarketing follow-up
- Incremental advertising and public relations expenditures

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Marketing Expenditures

- CUI/GUI Study--up to \$350K
- 6 heads in ABU marketing
- Seminars
 - 5 people
 - \$300K in FY89, \$1 mm in FY90

CONCLUSIONS

- Market share has increased to 13-15%. 30% unlikely by June 1990. Sell-through is up 75% Q489 vs. Q488.
- Primary obstacle remains product/environment
- End-user trial is key to success
- Many individual programs did not deliver
- Execution is very important; It takes time to implement high-quality programs

*including 8-9 to 14% incl. from
11/11/89 - 11/16-17/89
10/11/89*

Additional Considerations

- Windows 3.0 and WinWord delays have delayed results
- No new version of PC Excel for 2 1/2 years
- Lotus marketing investment and "wait-and-see" attitude toward 2.2/3.0 froze market

*14.1 M \$\$ ads
8.2 CY87*

PUSH PROGRAM RESULTS

	<u>Effective</u>	<u>Cost</u>	<u>Budget</u>	<u>Variance</u>	<u>ROI</u>
• Product/Environ.	No	\$150K	\$700K	\$550K	
• Pricing/Price Protect	No	\$5.5M	\$4.5M	(\$1.0M)	
• Sell-through rebate	Ltd.	\$600K	\$700K	(\$100K)	
• Lotus Exchange	No	\$150K	\$500K	\$350K	
• Advertising	Yes/No	\$2.4M	\$2.4M	\$0K	
• Working model	Yes	\$1.6M	\$2.0M	\$400K	81%
• Telesales	Yes	\$408K	\$800K	\$392K	168%
• Corp. Sales Growth	Yes	\$1.98M	2.87M	\$.9M	
• Seminar Team	Yes	\$720K	\$1.3M	\$580K	
• Push Team	Yes	\$400K	\$600K	\$200K	
• GUI Study	Delayed	\$200K	\$350K	\$150K	
• <u>PR</u>	<u>No</u>	<u><\$50K</u>	<u>\$300K</u>	<u>\$250K</u>	
		\$14M	\$17		

Qualitative Program Assessment

- **Product**
 - Win 3.0 solution to most problems
 - Q+E a major win
 - Underestimated importance of 123-ness
 - Macro conversion efforts didn't produce big wins
 - Have been waiting for WinApps
- **Pricing**
 - Not effective relative to cost
 - Increased channel inventory with no little change in sell-through growth rate
 - Cost=\$5.5M
- **Sell-through rebate**
 - Effective for limited promotional spike
 - Sell-through increase not sustained

Qualitative Program Assessment

- **Distribution**
 - Limited change in breadth of distribution *wasn't an explicit goal, but maybe it should have been*
- **Lotus Exchange**
 - Not effective
 - Not part of Trimester; Limited ASR attention
 - Better corporate account tool than through storefronts
 - Launched too early

Qualitative Program Assessment

- **Advertising**
 - Good awareness tool. *→ content effect → data is sketchy → not measured*
 - Effective tool for Working Model response
 - Enthusiast press more cost effective than business press, although WSJ was very good
 - Exchange offer ads not effective
- **Working model**
 - Effective *→ 3-4 months*
 - Good fulfillment conversion-8% (esp. with Telesales-19%) *→ have these*
 - Good corporate selling and seminar tool
 - Windows package conversion study TBD
- **Telesales**
 - Effective with working model follow-up
 - Effective with Seminar follow-up

Qualitative Program Assessment

- **Corporate Sales Growth**
 - Met goals in 5 accounts; 4 more possible
 - Long sales cycle
 - No PR Results
 - Win 3 ship will be test of investment
 - Insufficient training; 25% turnover
- **Push Team**
 - Effective in support of Push Programs
 - Effective in support of sales, sales training
 - ISV/Developer program gaining momentum
- **Seminar Team/Accounting Seminars**
 - Late start for Permanent Seminar Team
 - PST attendance improving; conversion rate good
 - Accounting seminars effective

Qualitative Program Assessment

- **Public Relations**
 - Limitation was ideas, not resources
 - Good spring '89 (2.2/3.0, Q+E)
 - Losing to /G, winning vs. R3 and 2.2
 - Lotus has much higher volume of press
 - Lotus better at communicating overall strategy
 - Limited corporate account win publicity
 - Didn't spend much money
- **CUI/GUI Study**
 - Not done yet
 - Looks good overall; less benefit for spreadsheets

*Some of our
best work
was done
in the
spring of '89*

Product Issues

- **Product obstacles mostly unchanged since Jan 89**
 - Windows (Memory, networks, 3270, setup)
 - Is Windows "strategic"?--changing rapidly
 - WinWord just shipped; other apps coming
- **123-ness still largely unaddressed. This is an important goal for Excel 3.0.** *UI is up*
- **Q+E a major win** → *PR survey* *Revenue? bundling* *Subo? through our 3000 → 2700 old 2M*
- **Macro conversion efforts not leveraged**
 - Few leveraged macros *Acme, D.M., 1183, Library manual, msp, linked*
 - We can't do many conversions

Product Fixes

kind of (small) hand out (small) hand out

- **Windows 2.10/2.11--setup, add'l memory**
- **386Max promo/bundle abandoned due to Win 3.0**
- **Q+E shipped Feb. 1989 (\$75K expenditure for 2.0)**
- **Excel prog. mgmt. helped with Win 3.0 3270 support**
- **PUSH team response to individual customers**
- **Switching Guide for Lotus 123 book**
- **123 Keyboard/Macro interpreter for Excel 3.0**
- **Still trying to solve Lotus One Source compatibility**

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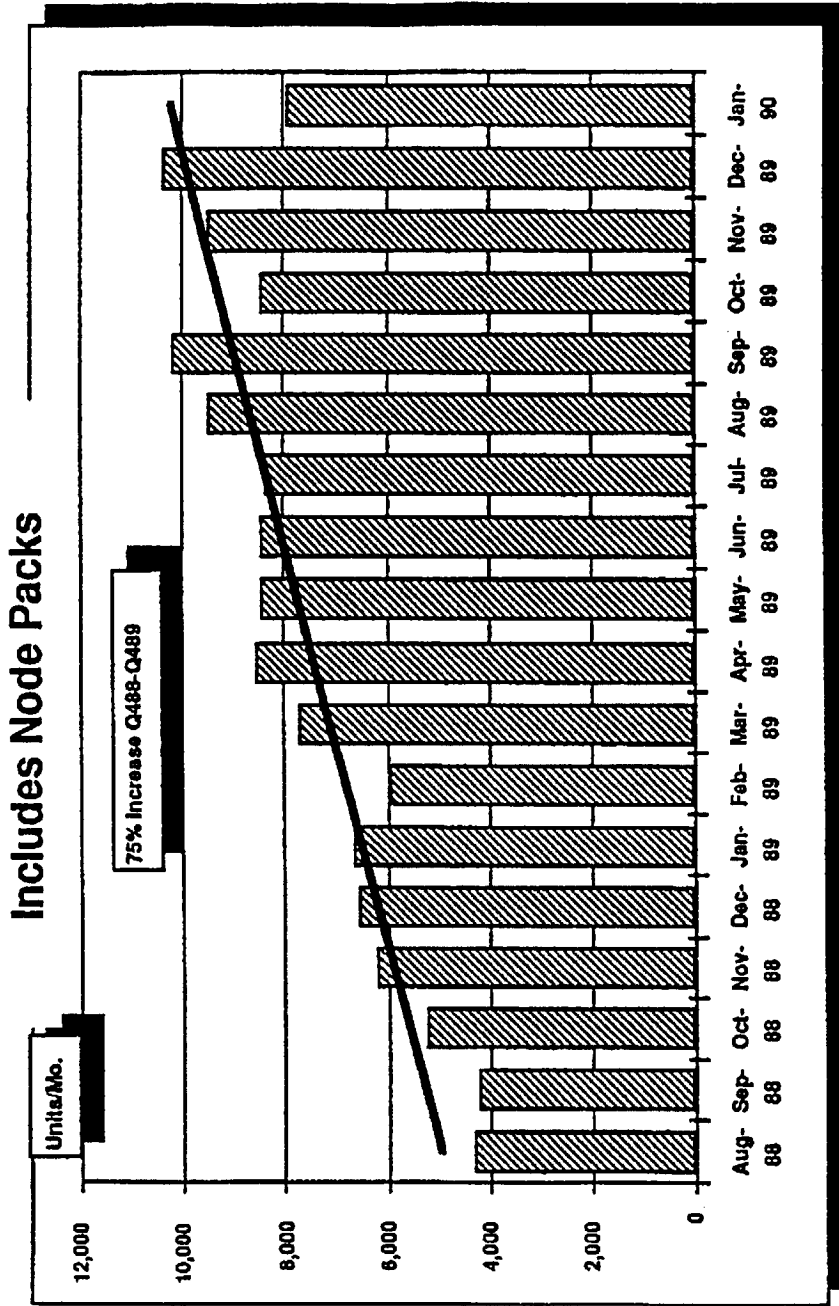
Pricing Action Conclusions

- Sell through rebate worked temporarily, but increase wasn't sustained
- Price cut increased channel inventories without increasing sell-through
- Increased depth, not breadth of distribution
- Considered a confusing marketing tactic by resellers

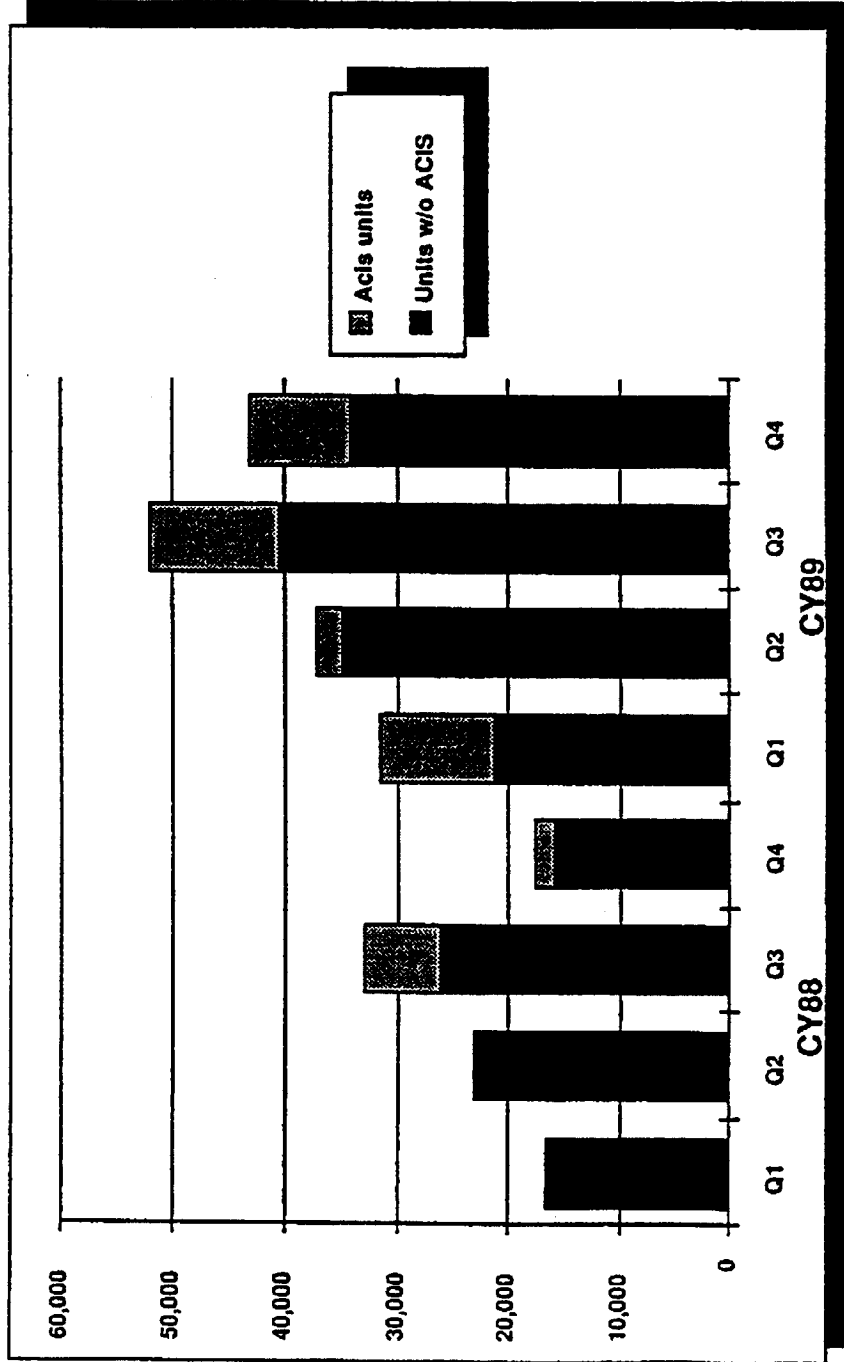
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U.S. PC Excel Retail Sell-Through



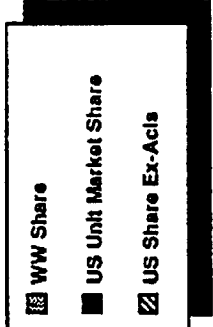
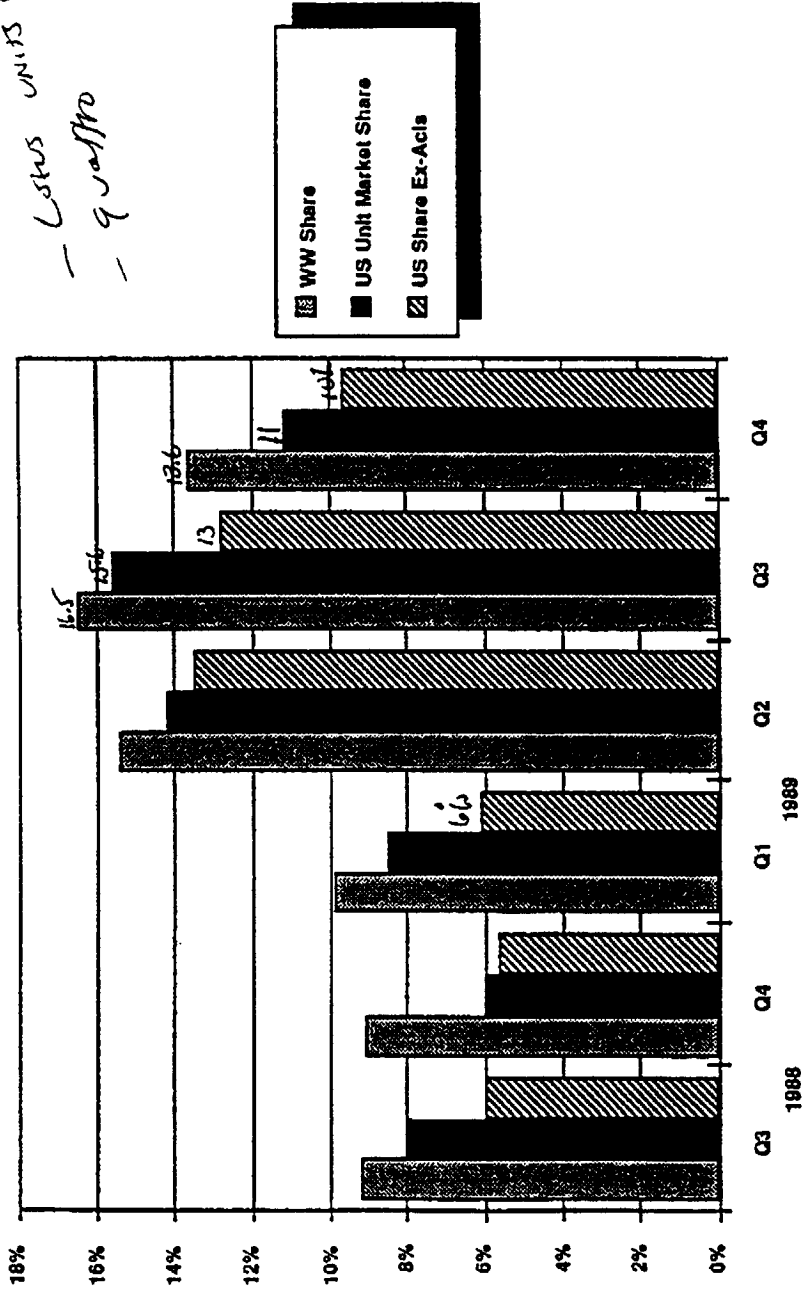
USSMD Excel Unit Sales



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PC Excel Unit Market Share Trend

Lotus units ↓
quattro

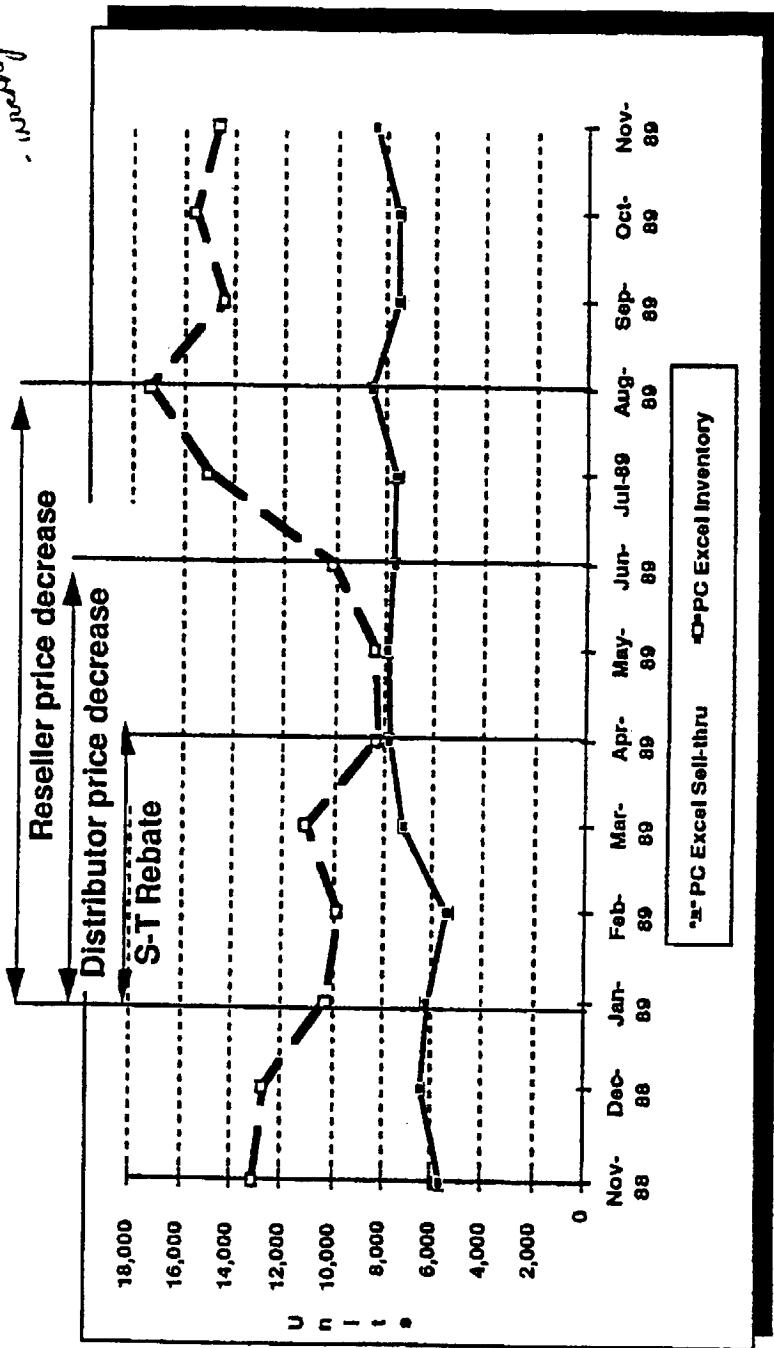


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Pricing Action

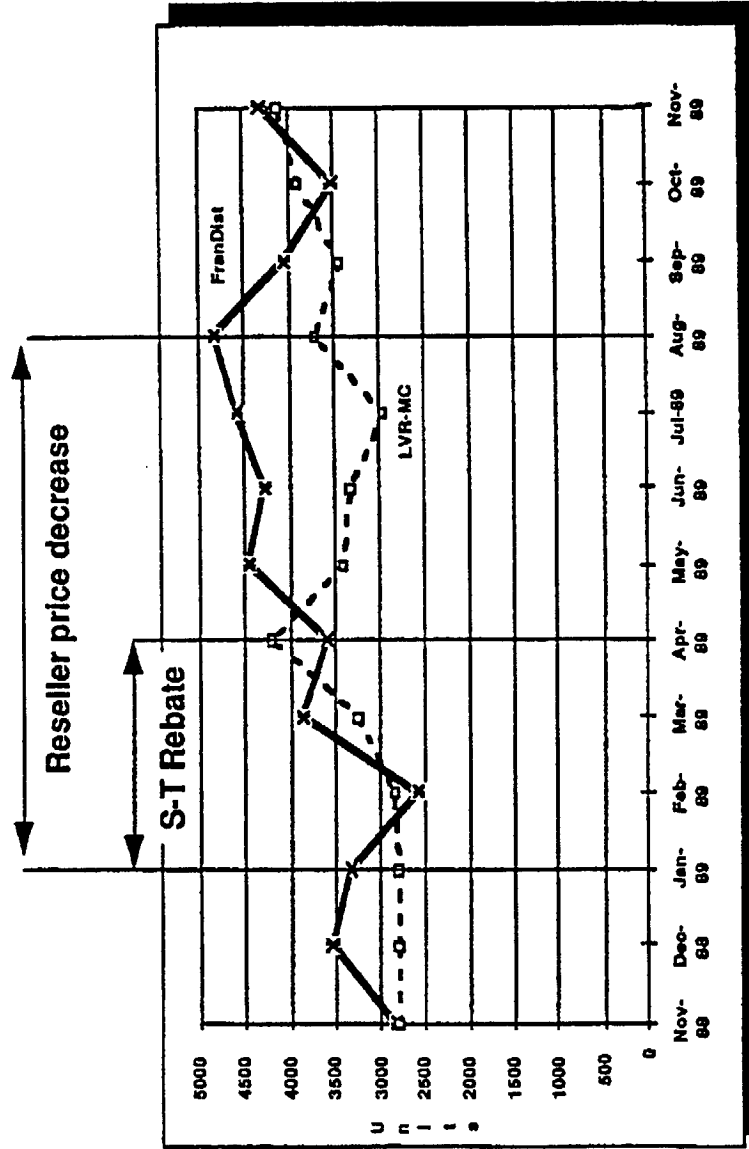
Inventory up 45 days



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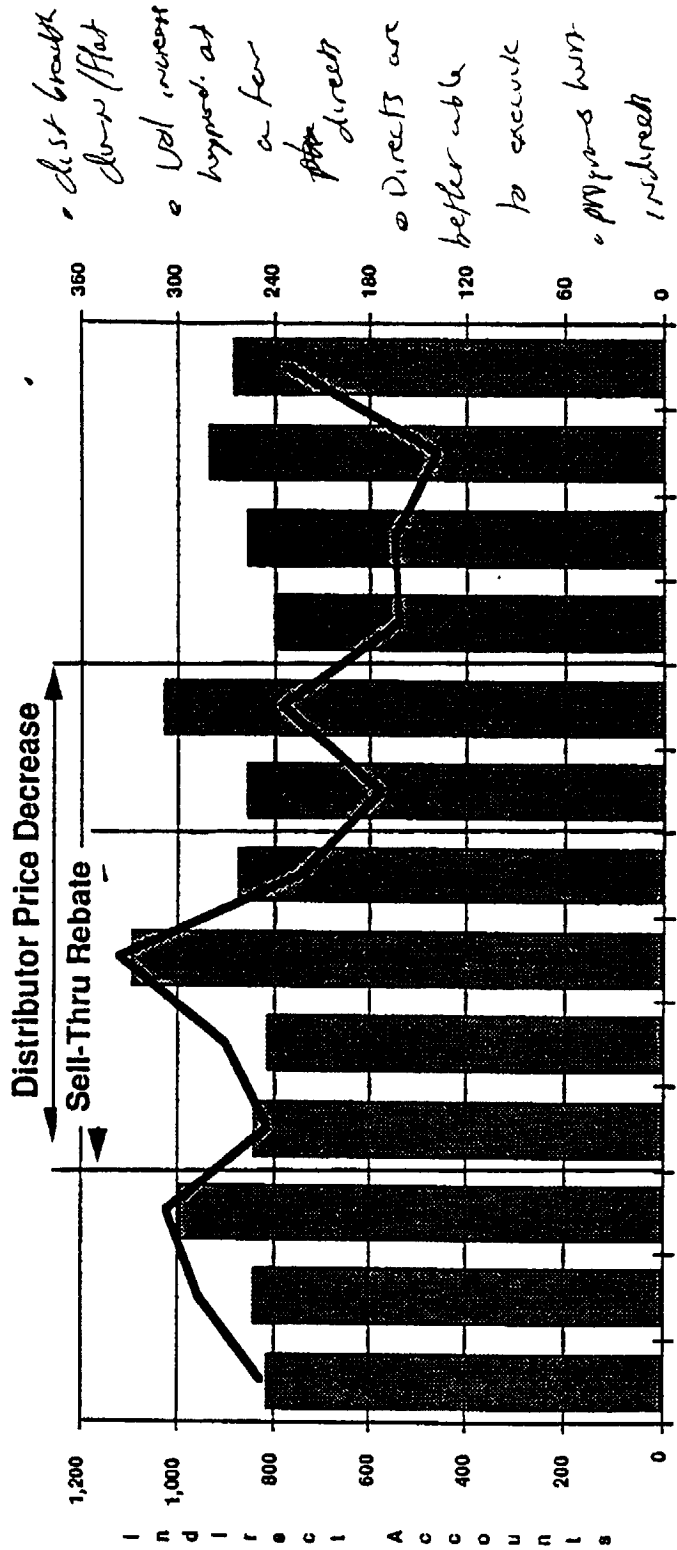
Sell-through by Reseller class

• S-T Rebate ↑
- then drop
- profit out ↑
- due to
price



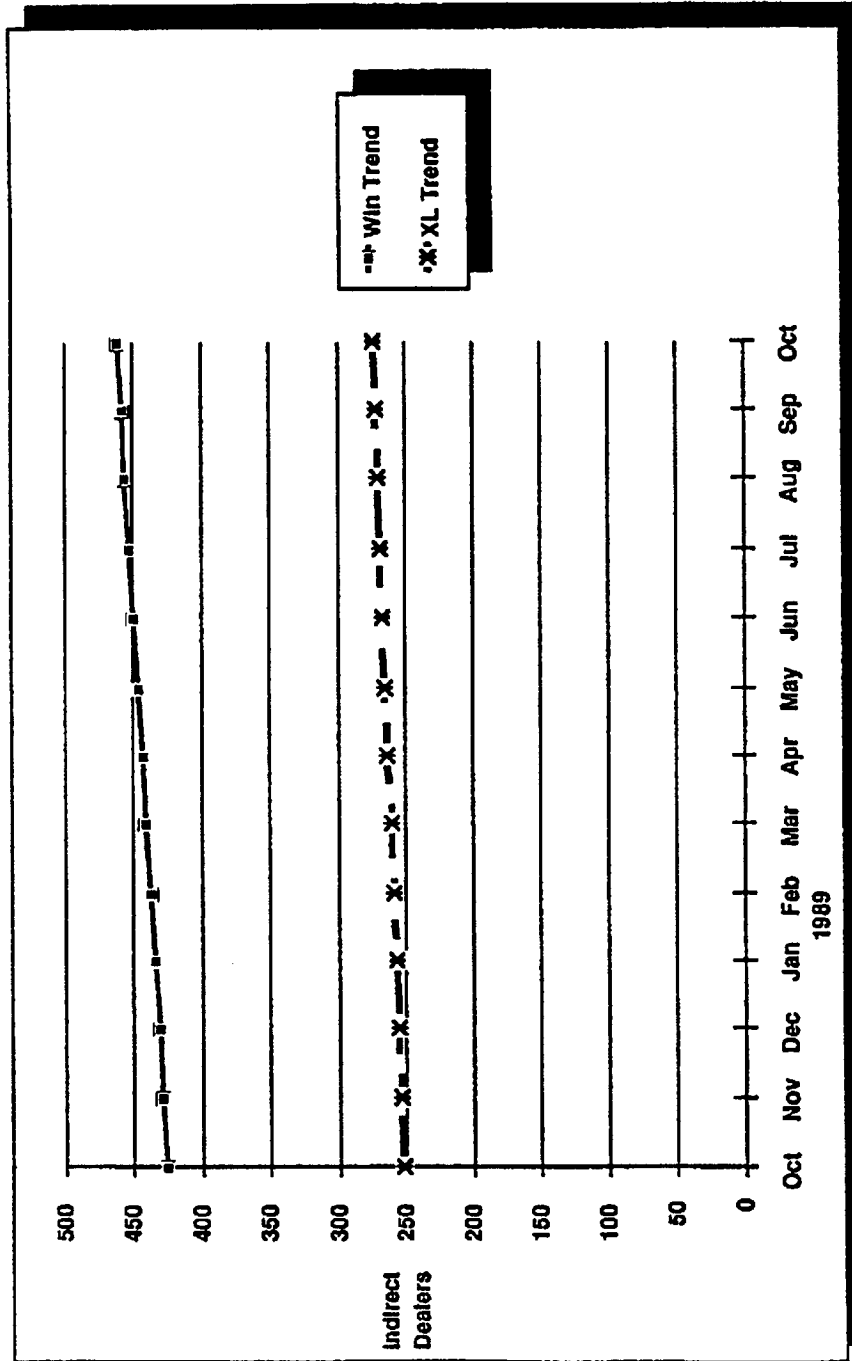
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Penetration Down, Concentration Up



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Distribution: Excel vs. Windows.

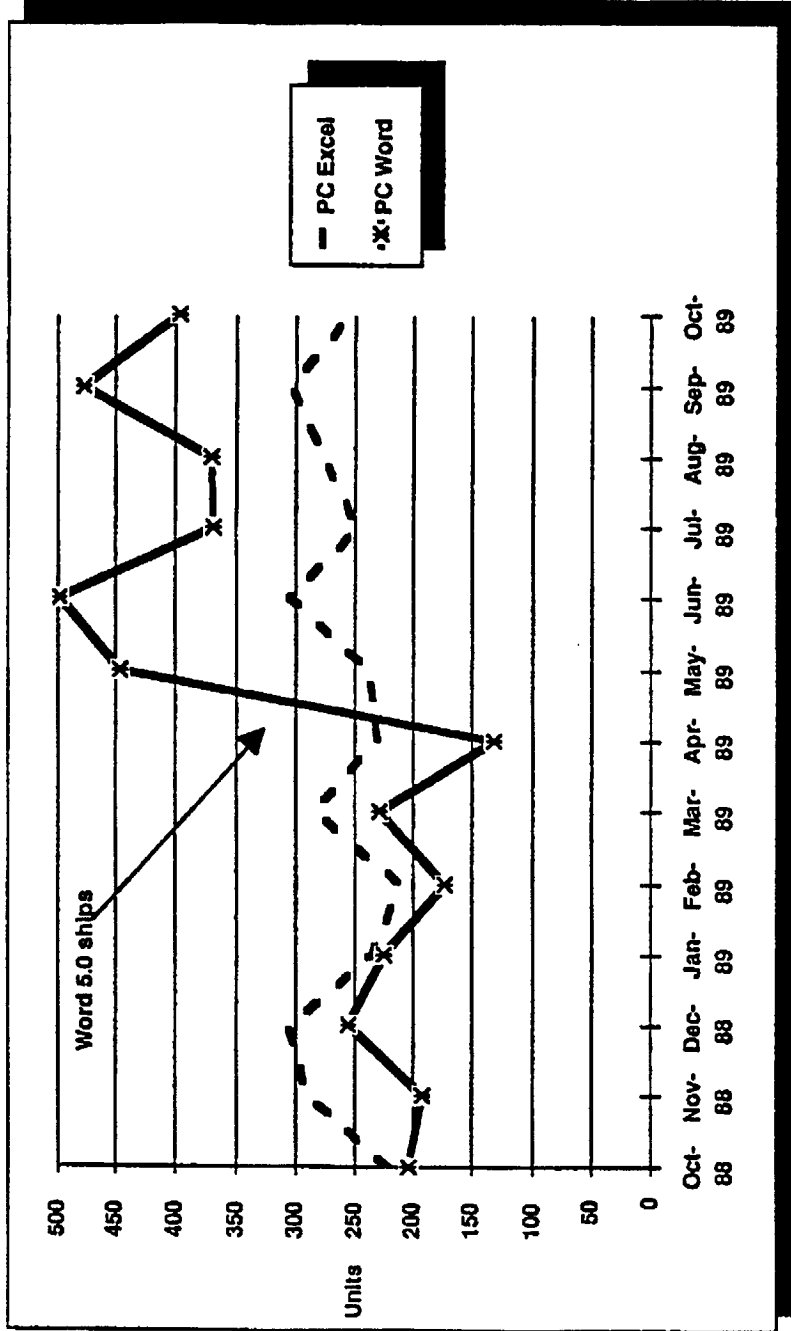


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Distribution: Excel vs. Word

*pent-up demand
vs. season
new season*

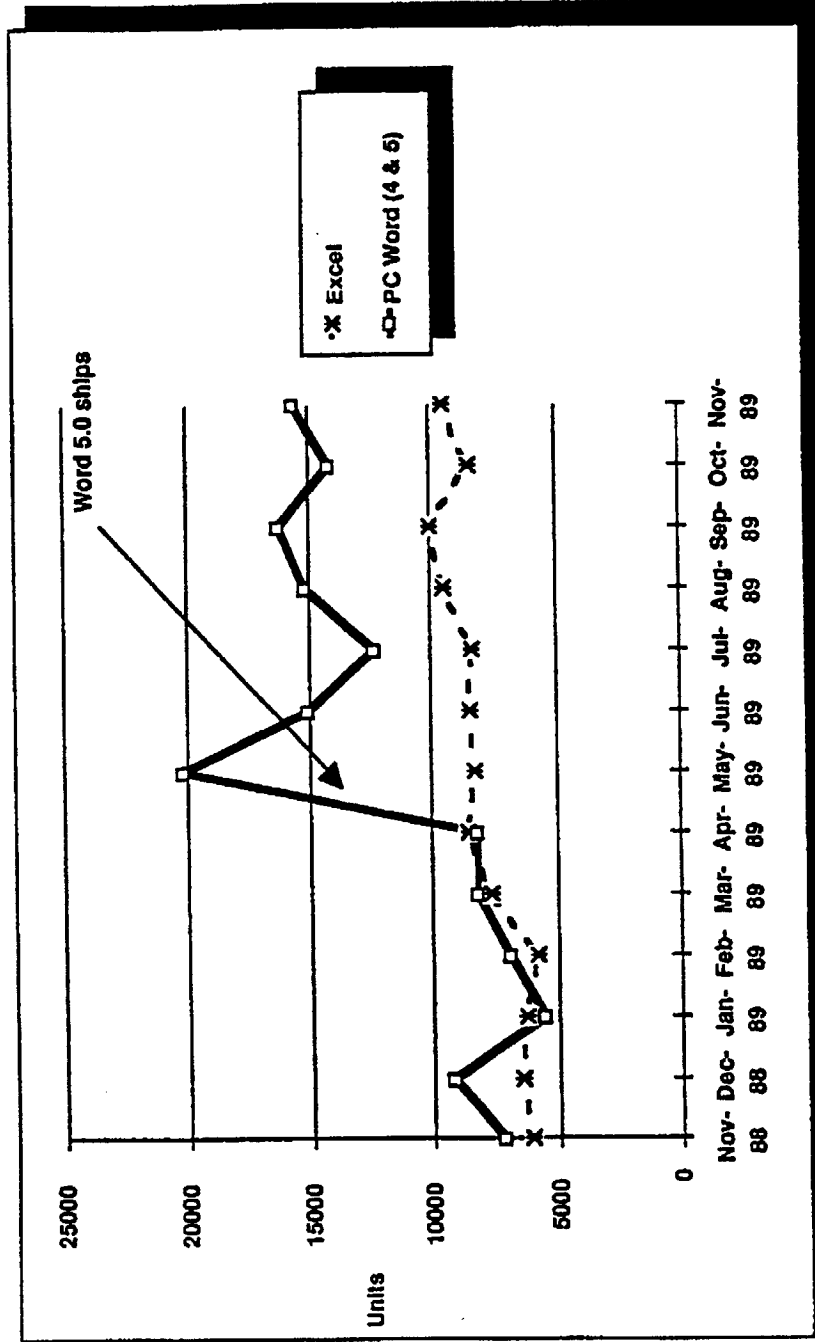
*but
has seen
to be
forecast*



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Excel Push Results

Sell Thru: Excel vs. Word



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Lotus Exchange Offer

- Limited use
 - 1,900 \$75 Rebates
 - 100 copies of Windows

NOT PART OF RENEWAL

- Most done by Corporate Software

*PRU package
you want order
5 more copies
little end user
\$15 per copy, through set
discovery done*

- Little end-user awareness. Too early?
- Should it remain in our corporate account toolkit?

How much ad spend - \$1916

Advertising Effectiveness

- \$2.4M program (\$1.8M incremental)
- Qualitative starch results positive
- Successful at fulfilling Working Models
 - Fulfilled 85K from ad response ^{125K total}
 - Cost/Response was \$35 ^{ad t/mpr}
- Product awareness and trial is increasing relative to Lotus 123

\$1.5M video ^(advertising)
16K fulfilled
38% buyer vs. (26%)?

① Show ad reprints

Response Cost by Media Type

	<u>Trade</u>	<u>Business</u>	<u>Total</u>
Level 1 (Issues)	\$50	\$386	\$185
Level 2 (Product)	\$49	\$109	\$60
Level 3 (Promo)	\$11	\$29	\$16

AS would be expected

Overall \$21 \$64 \$35

SBK total response 27k \$ 1.2m 41.7M

Business Press costs skewed up by BusinessWeek.

Cost generate for number
WS5 better name
Business PressWeek



Media Conclusions

- Best Media
 - Business: WSJ
 - Enthusiast: PC Magazine, Lotus
- BusinessWeek starch results show ads above average. Starched #1 in one issue.
- WSJ consistently pulled well and was less expensive than PC Week for level 2,3 ads.
- In Business Press, Level II Ads pulled 4 times better than Level I

SS?

Ad Message Conclusions

- Pull directly related to message
 - Issue messages pull least
 - Product messages pull well
 - Promotional messages pull best
- Issue messages probably NOT good for Business Press
- Issue messages pulled better than product messages in Enthusiast Press
- Conversion was similar for Level I, II, III ads

detail next

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Conversion Rate by Media Type

- Install rate is 20 points higher (77% vs. 57%) for enthusiast vs. business press
- Purchase rate after 9 months is similar (13% enthusiast vs. 16% business). N=100
not significant
- Enthusiast and business press recipients both bought about 4 units
we are 80 unit purchase

We are studying Win Package

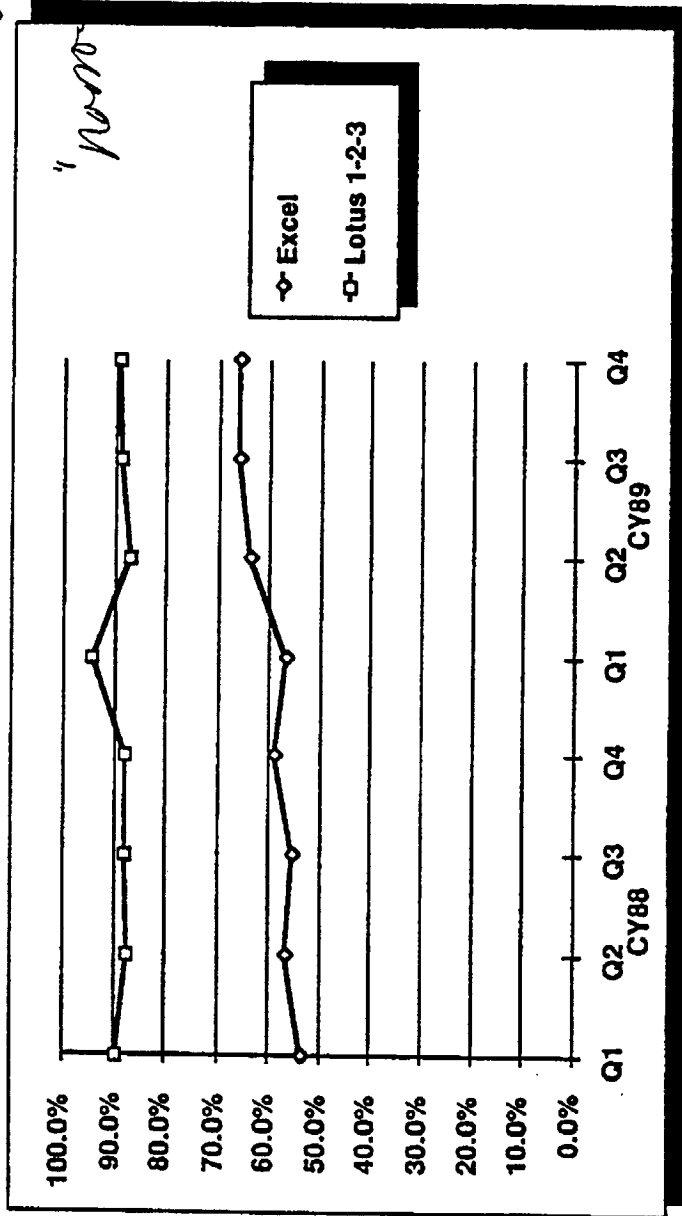
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Prodigy ⇒ low install rate. Can't call 'em either

Techtel % "Heard of"

*AAU Study
will tell
something*

"narrowed gap"



Working Model

20k Full fill

- 125K total fulfillment; 85K ad response
- 95K bundled into Win 2.11

Ad Response Results:

- Install rate is 50%
- Purchase rate is 6% after 3-4 months
- Purchase rate doubles after 9 months
- Total units is 1.5 per after 3-4 months
- Total units is 4-6 per after 9 months
- ROI of 81% (@ 3-4 months, 1.5 units)

ROI's response (20k) - content name

Working Model

2/5

"other interesting facts"

- *Take breaking: New Steady Reg Survey*
- 1/2 mailed to business address; 1/2 home
- Most uncommitteds have made a decision after 9 months
- Improve program execution and qualification process
- Other uses of working model are worthwhile

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Telesales Effectiveness

	<u>Install rate</u>	<u>Purchase rate</u>
No Follow-up	50%	6%
With Follow-up	85%	19%

*→ Single-unit purchase
→ Sales Army
→ BNB*

- Working Model follow-up ROI of 168%
- 7 people, Starting in April
- Seminar Follow-up
- Sales of Excel and Word to IBM



Corporate Development Program

- Met goals (ex-PR) in 5 accounts
- Might meet volume goals in 4 more
- 3M is a recent standardization
- Investment period longer than anticipated: *was 3.0*
Start-up slow, Sales cycle long. *only been at 1st points*
- Role of Apps specialist
 - Insufficient training; 25% turnover to date
 - Role and job focus unclear
- Executive involvement *helpful* *Jim's point - points*
 - Obscure effectiveness of specialist
 - Different levels of involvement - *high*
- 2/12 accounts were poor choices

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Excel Push Results

Actual Corporate Headcount Growth

ID	Name	Quarter			1st Quarter			2nd Quarter			3rd Quarter			4th Quarter			1st Qua	
		Nov	Dec		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
1	CD PROGRAM STARTS																	
2	3M																	
3	Mary Paradise starts																	
4	Joyce Peters starts																	
5	The Aetna																	
6	Ian Wahalling Starts																	
7	American Airlines																	
8	Bill Flemming starts																	
9	Nick Miskog starts																	
10	Bank of America																	
11	Mark Wong starts																	
12	Dupont																	
13	Joann Leonard starts																	
14	FORD																	
15	Bill Brewis starts																	
16	HIP																	
17	Darcy Rusclgro starts																	
18	Hughes																	
19	Susan Flice starts																	
20	Kodak																	
21	Kelth Partington starts																	
22	Monsanto																	
23	Janet Gresco starts																	
24	RJR/Northern Telecom																	
25	Rick Cobaugh starts																	
26	Transition RJR to NT																	
27	Rockwell																	
28	Rick Taylor starts																	
29	Rick Taylor leaves TBH																	



CD Program Results

Based on LVA data

Accounts	T1-89	T2-89	T3-89	Total	# of 286/386	% Installed
Ford	936	908	2,100	5,172	28,000	18%
Hewlett Packard	653	1,312	1,048	3,869	25,000	15%
Dupont	306	234	236	1,581	20,000	8%
American Airlines	79	911	532	1,550	20,000	8%
Hughes	216	160	350	998	7,500	13%
Kodak	102	214	125	550	15,000	4%
Bank of America	14	226	267	531	10,500	5%
Rockwell	83	81	126	514	20,000	3%
Aetna Life	46	102	338	504	13,000	4%
Northern Telecom	23	40	95	279	3,500	8%
3M	7	124	89	245	12,000	2%
Monsanto	30	21	41	141	3,000	5%

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Permanent Seminar Team

Started late

- # Seminars, September-Present 150
- Average Attendance per seminar: 40 and rising
- % Purchased (as of 12/89) 24% } *no*
- Average purchase 1.5 units }
- Intend to purchase 52%
- Intend to purchase units 6.5 units

*- have added word
* will add rest
* wrap. demo days*

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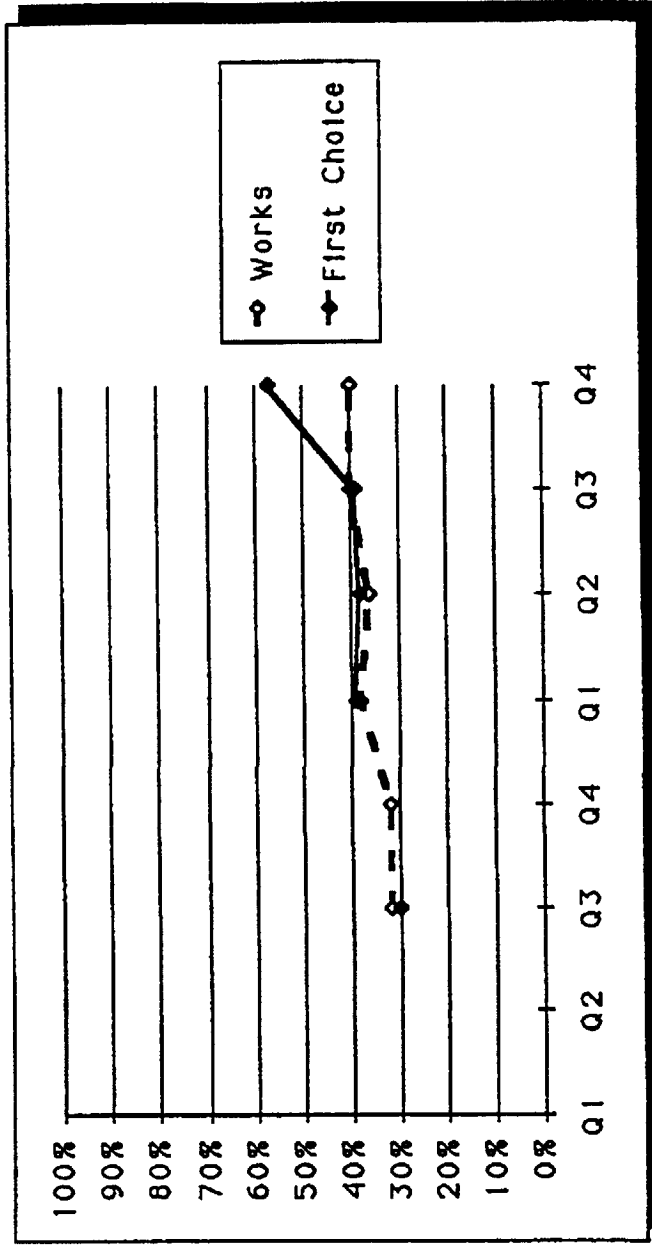
CUI/GUI Study

- Not delivered yet
- Testing completed end of December; White Paper due by March
- Positive overall message -- "GUI is great, big benefits to those who move now"
- Under GUI, people:
 - Work faster, better
 - Become less frustrated, less fatigued
 - Learn more
 - Have ability to self-teach/explore
- Results are less compelling for SS users than WP users

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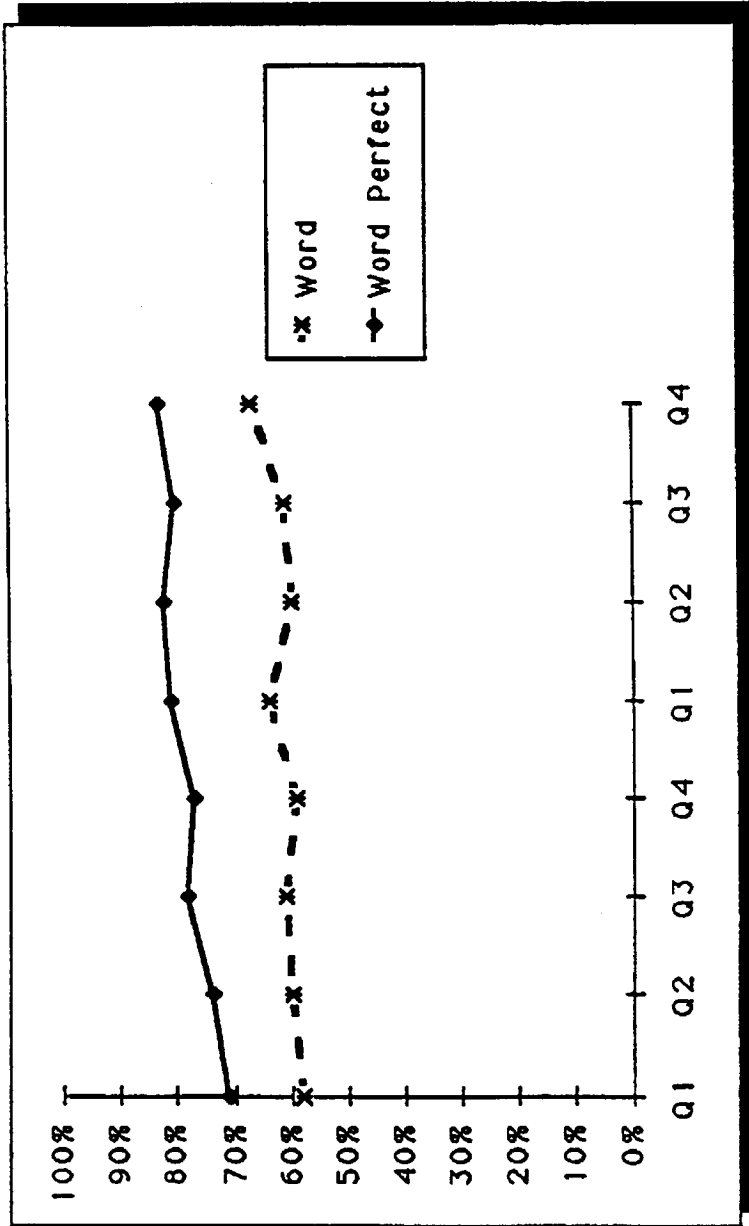
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Techtel % Heard of



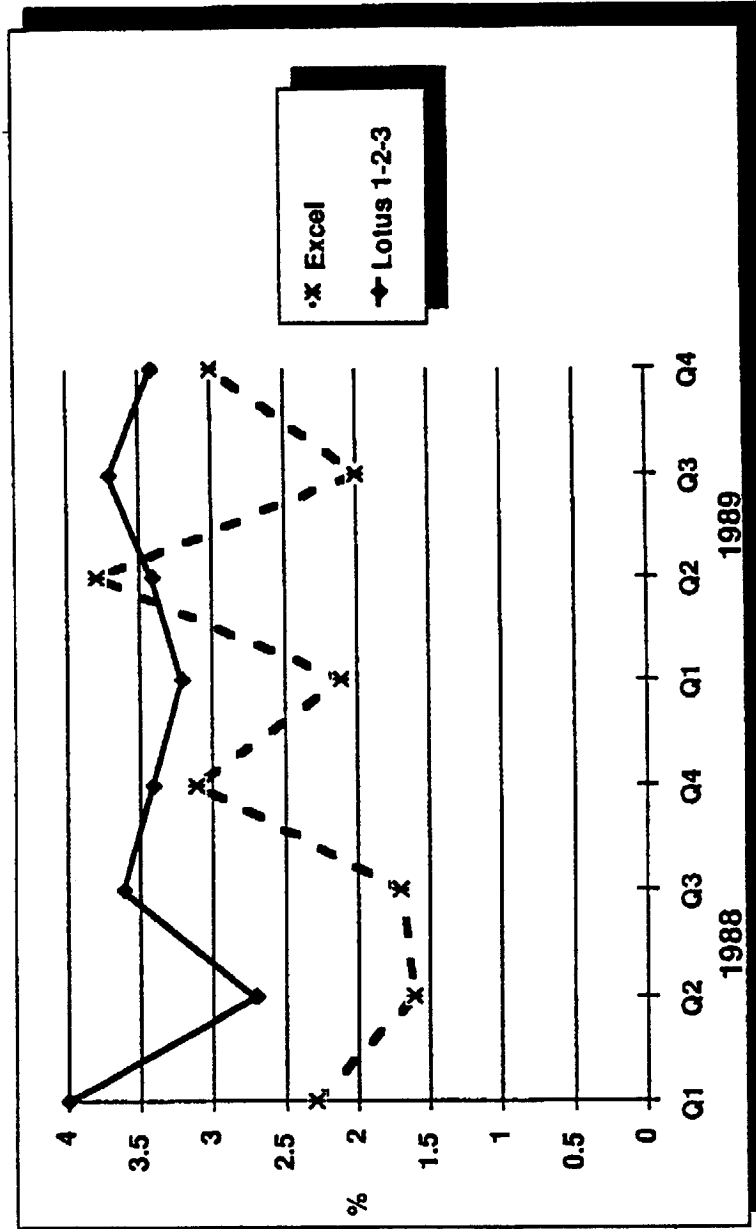
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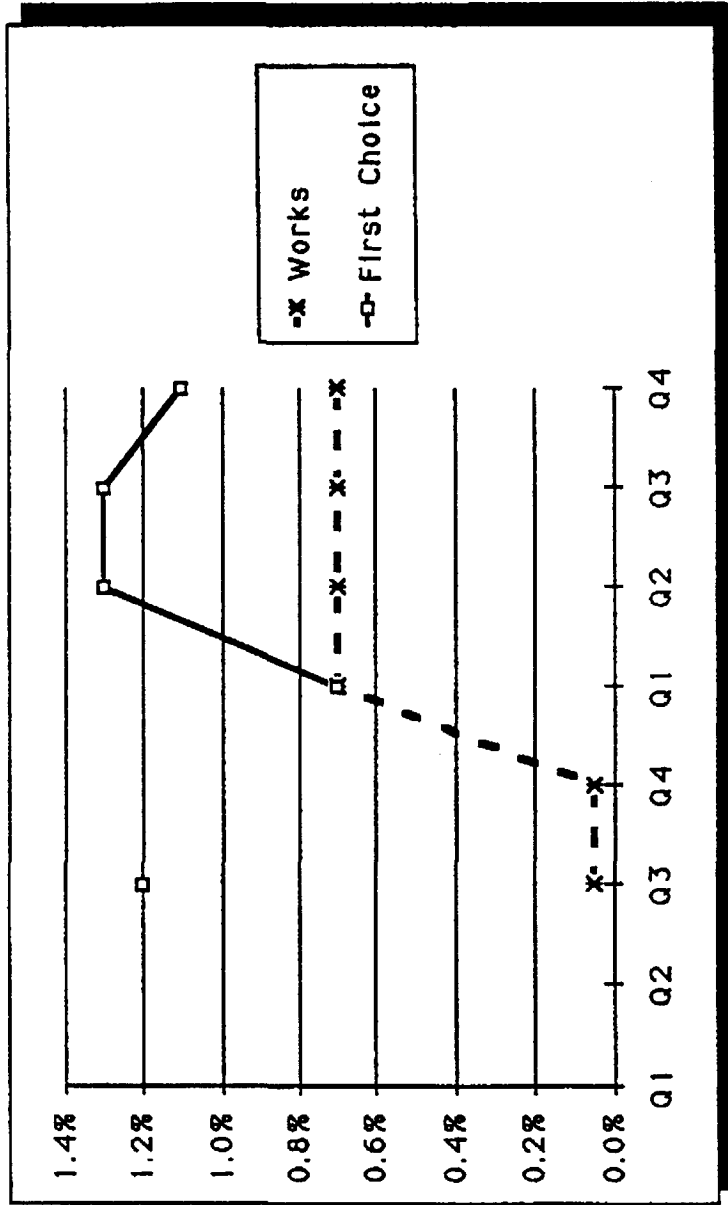
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Techtel % "Tried"



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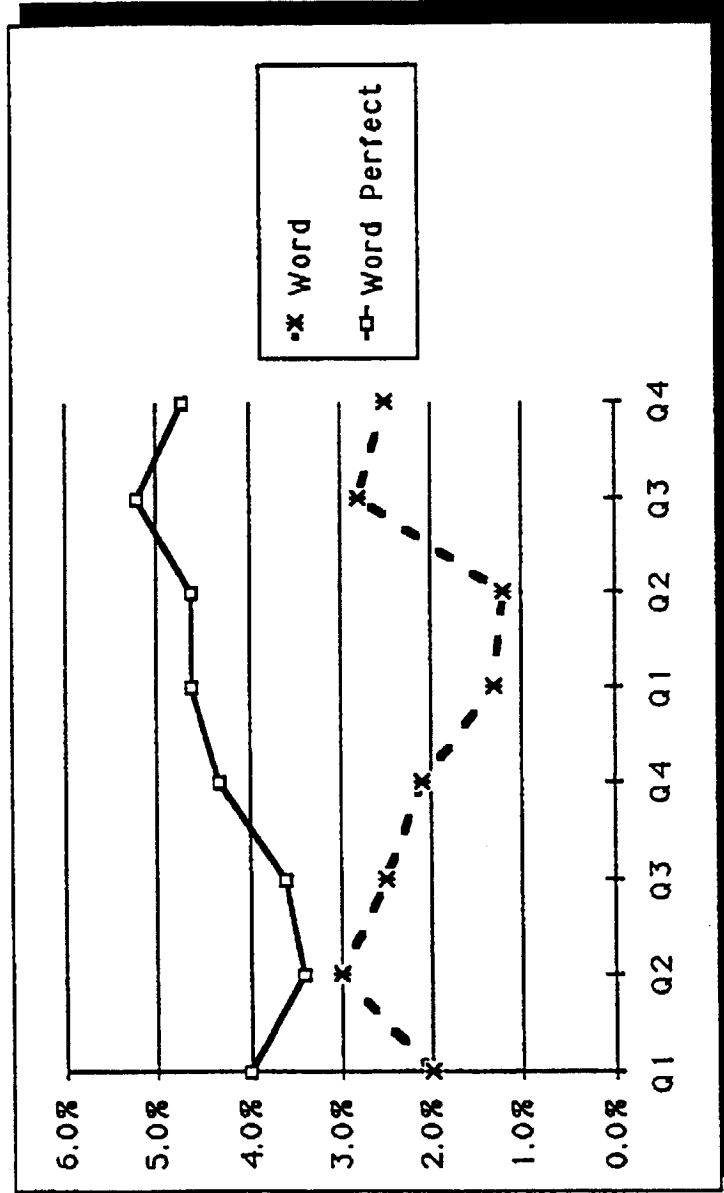
Techtel Tried



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Techtel Tried



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