

Let me know if you have questions or would like more information.  
Darcy

**PLAINTIFF'S  
EXHIBIT**  
1704  
Comes v. Microsoft

From bobwy Mon Nov 11 12:16:51 1991  
To: mikemap  
Cc: chasst leno tomb  
Subject: RE: Embedded Basic isn't dead yet! Just hibernating...  
Date: Mon Nov 11 12:15:50 PDT 1991  
Mail-Flags: 0000

Mike,

There are no games being played here. The motivation for the mail was a report that folk on the systems side were telling SoftBridge and others that we were out of the embedded language business for a very long time. Tomb and I were concerned that it could look bad for Microsoft if either potential customers or competitors were to make plans based on potentially inaccurate and changing information. If we do productize Embedded Basic prior to Object Basic, some of external people could claim that they were misled by Microsoft.

We are not asking Ballmer and Co. to do anything. Rather, we are asking them to appear "neutral" on this subject and not prematurely encourage people to establish or accept competitive solutions.

My primary concern here is to ensure that our options are open. As agreed, we will resubmit our proposal in January once we've got OLE V2.0 settled out. I'm making no assumptions about what the result of the review will be.

My apologies for not having realized that I should copy you on the mail.

bob wyman

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>From mikemap Sat Nov 9 10:10:17 1991  
To: bobwy  
Cc: chasst leno  
Subject: Embedded Basic isn't dead yet! Just hibernating...  
  
Date: Sat, 09 Nov 91 11:10:55 PST

I think it would be appropriate if I got copy on mail like this...

I am not sure what you are asking them to do. Looks like you are saying that set in the edge of your seats, we may have something to say in the future.

A decision point in January does not mean to me that systems should do anything now.

Is there some game going on here I dont know about?

From bobwy Tue Nov 5 18:51:02 1991

**DEPOSITION  
EXHIBIT**  
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Ayala 10/5/01

MS 5047553  
CONFIDENTIAL

From mikemap Thu Nov 21 11:42:10 1991  
To: hankv  
Subject: Re: Incremental spending for Excel \*\*\*Confidential\*\*\*  
Date: Thu, 21 Nov 91 11:41:56 PST

>From chrissm Mon Nov 11 11:55:37 1991  
To: mikemap  
Subject: Re: Incremental spending for Excel \*\*\*Confidential\*\*\*  
Cc: bernardv bryann chrissm orlandoa petern steveve  
Date: Mon Nov 11 11:53:59 1991

Mike,  
attached is the response from each of the subs  
wishing to participate in the program.

The grand total comes to close to \$ 1 million

A summary by sub is as follows;

ARGENTINA..... \$30 K PLUS 20 SAMPLES  
VENEZUELA..... \$32K  
BRAZIL.....\$130K  
MEXICO.....\$85 K PLUS 150 SAMPLE COPIES OF EXCEL  
JAPAN.....NO ADDITIONAL NEEDED. BUDGET SUFFICIENT  
TAIWAN.....\$75K  
KOREA.....NO ADDITIONAL NEEDED... BUDGET SUFFICIENT  
HONG KONG.....\$40K  
FAR EAST OVERALL..... NEED REDMOND TO MAKE EXCEL 4 DBCS WORK  
A HIGH PRIORITY.NEED MORE MATERIALS FOR TRAINING  
CENTERS AND CONSULTANTS...EST \$100K  
AFRICA/ MIDDLE EAST.....\$175K  
SINGAPORE.....\$50K  
AUSTRALIA.....\$250K  
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GRAND TOTAL= \$967k

Per our emails below, we are assuming this excess funding does not hit the  
subs p/l's.

The detailed inputs from each region are attached below.

let me know what the next steps are.

=chris=

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>From mikemap Sat Nov 9 13:19:45 1991  
To: bernardv chrissm  
Cc: hankv peteh  
Subject: Re: Incremental spending for Excel \*\*\*Confidential\*\*\*  
Date: Sat, 09 Nov 91 14:19:45 PST

It can be discussed with your senior managers. Billg has  
suggested that we should use some incremental funds to try to  
really go after lotus. They would come outside of the budget.  
I am not sure how they would be accounted for. The idea is to  
only spend where we can really hurt Lotus.

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Any ideas or places where I should seek incremental funding for your business areas would be welcome.

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>From chrissm Mon Nov 4 12:58:40 1991  
To: bernardv mikemap  
Subject: Incremental spending for Excel \*\*\*Confidential\*\*\*  
Cc: chrissm

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Date: Mon Nov 4 12:57:49 1991

Mike,  
I assumed this added funding would come out of your P/1,  
and would not hit the subs p/1.  
was this a correct assumption ?

and what level of justification do we need for the  
additional programs/funding ?

=chris=

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>From mikemap Thu Oct 31 15:43:56 1991  
To: bernardv chrissm

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Subject: Incremental spending for Excel \*\*\*Confidential\*\*\*  
Date: Thu, 31 Oct 91 16:43:51 PST

Bill has asked us to look at how we could attach Lotus in the  
next 6 months by having incremental marketing funds and  
programs. Do you have any ideas? Could you use some extra  
marketing fund to direct at excel and against 123?

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LATIN AMERICAN REGION

Message 91:

>From orlandoa Mon Nov 4 14:46:20 1991  
To: chrissm  
Cc: carlosf eugenio b gregdi orlandoa philw  
Subject: from: Orlandoa - EXCEL vs LOTUS promotion  
Date: Sun Jul 21 18:43:52 PDT 1991

Attached please find LA feedback on the promotion of excel vs Lotus 123.

ARGENTINA  
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Program: CROSS UPDATE (6 months)  
US\$ 220 update for any competitive spreadsheet (request of  
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123 original) --- 20 Excel PP Samples

Marketing Funds Requested: US30k

VENEZUELA  
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Program: Excel Tour 4 cities per country (COLOMBIA/VENEZUELA  
PUERTO RICO/CENTRAL AMERICA) - 30 Spanish Excel Samples

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(6 months)

Marketing Funds Requested: US32k

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BRAZIL

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Program: CROSS UPDATE(6 months)  
US\$ 150 lotus 123 replacement - Advertising and promotion  
Excel Roadshow + 500 Excel PP in Portuguese

Marketing Funds Requested: US130k

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MEXICO

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Program: THE GREAT OFFICE PUSH - Buy office and get one Excel free  
(distributors) mail campaign(dealers).(6 months)

Marketing Funds Requested Mexico : 85k as follows

30k Incremental marketing funds(Excel emphasis)  
30k Large account Seminar series(Excel emphasis)  
15k Distributor promotion (Buy 1 office and get 1 Excel free)  
5k Dealer mailing (Excel emphasis) + 150 Excel PP Spanish Samples  
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TOTAL LATIN AMERICA = US\$ 277

Orlando

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MORE DETAIL FROM MEXICO

>From philw Sat Nov 9 22:28:50 1991  
To: chrissm  
Cc: joelca orlandoa philw teripa  
Subject: EXCEL vs LOTUS promotion  
Date: Sun Nov 10 22:25:15 PDT 1991

Just in case you need more info on Mexico's plans relative to  
Excel emphasis.

After discussions with Mauricio and Felipe, and based on the success  
we are having and lotus and quattro's problems in the region, we  
did not feel that we needed to cut the price of Excel alone as  
deeply as they are with the swaps in the US. We felt this would

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not only cause us to lose revenue, but cause problems with large customers (Bancomer and Bancomext) that just bought large quantities of Excel.

Instead, we decided some time back to promote Win Office very aggressively, at a very aggressive price (\$750, same as US, where spanish Excel is \$570.) If additional funds are approved, here is how we would spend them:

\$30K (more money behind an Office oriented campaign we are already planning that would stress price).

\$30K (more money behind large account seminars we are already planning that would feature Windows and Win Office (and would

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communicate the low Office price)

\$15K A distie promotion. We would encourage dealers to buy Office, perhaps by offering them a free Excel (or something similar)

\$ 5K A mailing direct to dealers, offering them a free sample of Excel and stressing Excel vs. 1-2-3 and the special Office price. (We'd need about 150 samples in addition to the \$5K.)

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\$80K plus 150 sample copies of Excel

Hope this helps. Please let us know if you have further questions. We are tightening our plans for Windows promotion for Q3&4 now. Phil

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FAR EAST REGION

TO: Chris Smith  
>From: Peter Neupert in Hong Kong  
Subject: Additional Excel Marketing Dollars in FE  
Date: Nov 10, 1991  
cc: Esther Dekker

Per your request, I've reviewed the Excel budgets (rev's, units, and marketing dollars) throughout my region. Given the immature infrastructure

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in my region (Windows just getting established, limited marketing staff in the subs, and immature channel structure,) I have given a lot of thought as to whether throwing more marketing dollars for Excel (alone) would be a good or at the best incremental investment. I propose the following:

Overall:

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1) Make sure Excel 4 DBCS work a priority in Redmond: Target DBCS release 90 days after U.S. Release. Includes Data Access/SQLC considerations.

2) Provide more materials for training centers and consultants. Either make them modular and easy to localize or provide assistance getting them localized. (I will use additional Marketing \$ to do this locally if

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necessary) - can't estimate costs from here - guess ~\$100k  
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Japan:

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1) I gave them 11.5% Marketing guideline in FY92 budget. I don't think they can wisely spend more \$ at this time on Excel alone. They should spend more \$ on marketing Windows to help Excel.

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- 2) We should consider a mini-Office package of Excel & JWP at a good price.  
-No extra \$ required.  
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Taiwan:  
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- 1) Can effectively use extra money - propose \$75k for:  
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- more ads
  - more seminars
  - localized ATC materials

Korea:  
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- 1) Is not planning to ship 3.1 - shipping to 4.0 No incremental FY92  
\$ needed \$0k.  
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Hong Kong:  
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- 1) Propose extra \$40k for:  
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- more ads to gain awareness
- development of materials for ATC's to transition Lotus customers to Excel

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AFRICA/ INDIA/ MIDDLE EAST

>From bryann Thu Nov 7 20:13:43 1991  
To: chrissm  
Subject: excel marketing push  
Date: Thu Nov 7 20:12:59 1991

are requesting additional marketing money to push excel into 3 primary markets: South Africa, Middle East & Israel.

Focus of the program in each market is as follows:

ProgrExcel cross-grade

- \* swap LAs from 123 to excel before they move to 123w.

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- \* seminar days within targeted accounts
  - \* direct mail to large accounts
  - \* Road show seminars
    - South Africa - Joburg, Capetown, Durban, Pretoria
    - Israel - Tel Aviv
    - Middle East - UAE, Saudi, Kuwait

Pricing: 150 dollar upgrade (channel participation)

Funds Requested:

- \* South Africa - 80,000
- \* Israel - 35,000
- \* M.E. - 60,000

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Total requested for Aime = 175K

let me know if further detail is needed. thanks,....

bryan

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SINGAPORE

>From stevewe Thu Nov 7 08:50:57 1991
To: chrissm
Subject: Singapore Excel Funds
Date: Thu Nov 07 08:49:57 1991

They would like two things:

(1) more US initiated worldwide placed Corporate testimonial advertising. They feel this would add to the momentum of large historical Lotus 123 users feeling comfortable with the move to Excel.

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(2) more \$\$\$ for seeding program. They have to pay a high transfer price for their marketing units and they could use more. I assume \$50,000 would enable them to fund a small seeding/follow up program.

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AUSTRALIA

>From stevewe Thu Nov 7 08:24:11 1991
To: chrissm
Subject: Excel extra funds
Date: Thu Nov 07 08:24:03 1991

Effectively what PTY would like to do is have a white box or lower margins combined with a swat team of telemarketers and direct mail.

What Jen would really like to have is her personal favorite, white box for office, then go after individual lotus or workperfect users with an offer they can't refuse.

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>From jenz Thu Nov 7 03:11:37 1991
To: stevewe
Subject: Excel extra funds
Cc: davidmil jenz neilbu stevewe
Date: Thu Nov 7 06:09:28 1991

OK the key programs we would embark on would be

- a) heavy evaluation programme - white box + telemarketing team
b) SWAT team - to demonstrate, demonstrate, demonstrate

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- assist in migration issues from Lotus.
- c) working models to anyone who moves or seed product
  - d) SWAP out programme - run by SWAT team of telemarketers
  - e) fund a couple of Beach Head accounts macro conversion from Lotus and watch the rest of them come with us.
  - f) Direct Mail to 30K in Institute of Chartered Accountants a Lotus bastion
  - g) Advertise the SWAP and working models

All of this would cost more than \$250K

\033BWe are currently at 35% marketshare, I would guarantee you 50%+ in 6 months.

For \$450K-\$500 I will give you number 1 spreadsheet + 50%  
For \$300 neck and neck and 45%

I think we have a fantastic opportunity with Excel 4.0 to really drive the nails in the coffin of Lotus.

We are on a real roll here and if we could get extra support I KNOW we can make it number 1 within 6 months.

We have Lotus' mailing list for their end user magazine I could have a "wow" of a time with this.

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Mail-Flags: 0001  
From mikemap Thu Nov 21 11:50:38 1991  
To: frankga  
Cc: billg buckf steveb  
Subject: Re: Landry repalces King at Lotus!!  
Date: Thu, 21 Nov 91 11:50:37 PST

looks like Frank is taking the fall for where they are. I have heard rumors that Frank and development have become more remote from Manzy and his guys.

I know Landry pretty well. Is is a good solid guy. I believe he and the new SR VP of marketing worked together in the past (Bob Weil - came most recently from Interleaf) - probably at Cullinet.

>From frankga Thu Nov 21 10:32:38 1991  
To: mikemap  
Subject: Landry repalces King at Lotus!!  
Cc: billg buckf steveb  
Date: Thu Nov 21 10:31:47 1991

what is you take on this. i am going to ask my analyst friendsas well..  
>From roxannaf Thu Nov 21 10:05:13 1991  
To: execnews  
Subject: Lotus: to hold press conference via telephone...  
Date: Thu Nov 21 09:54:23 1991

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on each product, instead of a different newsletter per product.

Mail-Flags: 0001  
From mikemap Thu Nov 21 19:22:13 1991  
To: peteh  
Subject: Marketing synergy  
Date: Thu, 21 Nov 91 19:22:12 PST

please dont pass on.

>From billg Thu Nov 21 17:49:29 1991  
Subject: Marketing synergy  
To: steveb, jonl, brads1  
Date: Thu, 21 Nov 91 17:49:22 PST  
Cc: mikehal, mikemap, scotto

A number of product groups - particularly EXCEL are presenting marketing plans for the January 92 to June 92 period. A number of this activities assume being able to do thing together with the Windows group. Specifically things like joint seminars, mailing to everyone who got the windows resource kit and mailing immediately to any registered windows owners. Everything I have seen in this area makes sense to me - Microsoft can give a seminar that mixes systems and applications products as long as we make it clear in advance to the attendees. Since Excel 4 is a new product it will do its snare to draw and since seminars cost \$50 per attendee (I dont understand why it is so high) it is really the only way to justify the \$2m budget for these 168 seminars. There is nothing worse in making jobs hereno fun than hearing some problem with an overall plan at the last minute. I want to make sure you are all ok with these joint marketing plans and that you stick to it.

Mail-Flags: 0001  
From mikemap Thu Nov 21 19:27:00 1991  
To: jonre  
Cc: chrisp jeffr judych lesliek  
Subject: Re: Urgent Mac Word Issues  
Date: Thu, 21 Nov 91 19:26:59 PST

How about using an 800 number for say 10% and see waht the difference in acceptance is. How is an 800# billed?

>From jonre Thu Nov 21 13:01:52 1991  
To: mikemap  
Subject: Urgent Mac Word Issues  
Cc: chrisp jeffr judych lesliek  
Date: Thu Nov 21 13:01:09 1991

Mike, I would like to use an 800# to boost upgrade rates for Mac Word 5. According to Paulsho, our direct mail expert in SMSD, this will boost our response rates by 33%. This will cost more \$'s than we had budgeted, but is a virtually guaranteed moneymaker. For \$300k approximately (this # will vary depending on the actual response rates) we will get expected over \$3mm margin net of incremental costs. Even with a 15% boost in response rates, we end up with \$1mm incremental margin. We need to make this decision ASAP as the mailing mechanicals

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are about to be finalized.

The other issue is how to minimize the brouhaha over "I'm a loyal user, I should get a lower price than any competitive upgrader" issue. We have planned a competitive upgrade to Mac Word 5. We recommend delaying this program until after most of the upgrades have occurred as a way of deflecting the controversy. Word 5 users will have had product for several months and will be happy campers before they have to worry about MacWrite users getting the same price. Also, this will be easier to position as a response to MacWrite Pro shipping.

I'm attaching more detailed explanation of these recommendations with more alternatives below. Please let me know what you think. Can you let us know Friday?

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>From judych Thu Nov 21 12:20:03 1991  
To: jonre  
Cc: judych lesliek  
Subject: Incremental \$, Mac Word Upgrade  
Date: Thu Nov 21 13:21:29 PDT 1991

Jon, We would like to get approval to two issues:

- A. Incremental \$ for phone response on our reg base upgrade
- B. Delaying the competitive upgrade sku and offering a version upgrade only.

A. We would like to request \$300K in incremental marketing dollars to allow us to take upgrade orders over the phone hotline. Assuming a 21% response rate, this money would generate the following:

Assumes Incremental Phone response of:	Inc Revenue	Inc Margin
33%	3,771K	2,600K
15%	1,714K	1,061K

According to Paul Shoemaker our Direct Marketing expert, the industry standard incremental impact of phone response is 33%.

We have also looked at doing two mailings, the first without phone response (to get the easy upgraders) and the second with phone response. In this scenario we have a total response rate of 28%. Resulting in 3596K in inc revenue and 2,690k in inc margin. This scenario is essentially equivalent to the first.

For perspective, Paul Shoemaker recommends doing two mailings, using phone response each time.

Risks:

- 1) If the upgrade penetration is higher (30% vs. 21% assumed above), the phone costs increase to \$420K. Net margin also increases to 3,714K.
- 2) we are assuming 50% will still mail their response. If this is not the case, phone costs go up.

B. Given the negative response to W4W upgrade pricing policy, we want to proactively prevent the same

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occurance with Word users. This is especially important given the heightened sensitivity to pricing in the Mac Market.

We see three options and recommend option c.

- a) charge more for the competitive upgrade (separate skus)  
\$149 competitive, \$129 if you are a current user.  
negatives, delay in channel availability  
distribution of both skus unlikely  
\$149 prices most comp. users out of the mkt
- b) provide the registered user with a supplemental gift  
such as After Dark screen Saver free. We would put  
this gift in the direct response sku only, since there  
would be no way to manage it in the channel  
negatives, highly likely it wont solve customer concern  
inc. marketing expense of \$300-\$500k
- c) delay the competitive upgrade sku for several months  
and only offer a registered user upgrade. Get a version  
upgrade to channel asap (maybe Feb).  
negatives, delay in channel availability  
lost window of opportunity before MacWritePro  
confusing, since we announced competitive  
with the press....we will be "changing our  
minds alot"

Non-responsive material redacted

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