

**MS-DOS 6
Draft Marketing Plan**

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1385
Comes v. Microsoft

MS-DOS 6 Marketing Plan 8/6/92

Objectives

Mission

Maximize the number of Microsoft-influenced Windows sockets while increasing the existing profit stream

Marketing Objectives

- Expand the MS-DOS Upgrade Market
- Increase naked OEM system penetration
- Keep Novell/DR from gaining momentum

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Business Objectives

- Increase 12-month Upgrade revenues 50%
- Increase US revenues 45% and International 70%
- Increase US units 15% and International 35% 40%
- Sell at least as many single Upgrades as last time

	B	C	D	E	F	G
	US 12 mo. shipments	Ttl US \$	Intl. 12 mo. shipments	Ttl Intl. \$	Total \$	
2						
3						
4	MS-DOS 5	2,296,085	\$115,445,520	1,195,553	\$72,278,069	\$187,723,589
5	MS-DOS 6					
6	Upgrade	2,000,000	\$137,931,000	1,345,000	\$104,667,900	\$242,598,900
7	MLP	50,000	\$3,103,275	28,000	\$1,743,280	\$4,846,555
8	3-pak	100,000	\$17,246,550	40,000	\$7,784,400	\$25,030,950
9	10-pak	10,000	\$5,175,000	6,300	\$3,433,500	\$8,608,500
10	100-pak	1,500	\$6,727,500	800	\$4,046,400	\$10,773,900
11	Total	2,600,000	\$170,183,325	1,636,000	\$121,675,480	\$291,858,805

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Business Objectives (cont.)

Increase 12-month US Upgrade profits 45%

- Increase gross/unit
- Shift product mix towards higher margin products

	I	J	K	L	M	N	O	P	Q
	MS-DOS 5	Shipments	\$/Unit	Total US \$	Cogs	FSS	Gross/Unit	Gross	Margin
2	MS-DOS 5 Upgrade	2,019,461	\$52.29	\$105,597,616	(\$8.78)	(\$2.50)	\$41.01	\$82,818,096	78%
3	MLP	110,106	\$44.69	\$4,920,637	(\$2.00)	(\$0.10)	\$42.59	\$4,689,415	93%
4	VPP	166,518	\$29.59	\$4,927,268	\$0.00	(\$0.02)	\$29.57	\$4,923,937	100%
5	Total	2,296,085	\$50.28	\$115,445,520				\$92,431,447	80%
7	MS-DOS 6								
8	MS-DOS 6 Upgrade	2,000,000	\$68.97	\$137,931,000	(\$9.97)	(\$6.40)	\$52.60	\$105,191,000	76%
9	MLP	50,000	\$62.07	\$3,103,275	(\$2.00)	(\$0.26)	\$59.81	\$2,950,275	96%
10	3-pak	100,000	\$172.47	\$17,246,550	(\$16.46)	(\$6.92)	\$149.09	\$14,908,550	86%
11	10-pak	10,000	\$517.50	\$5,175,000	(\$17.00)	(\$7.70)	\$492.80	\$4,928,000	95%
12	100-pak	1,500	\$4,485.00	\$6,727,500	(\$22.00)	(\$8.22)	\$4,454.78	\$6,682,170	99%
13	Total	2,600,000	\$65.46	\$170,183,325				\$134,699,995	79%

Increase OEM royalties

- Maintain existing per-system royalties
- Capture additional naked systems

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Keys to Success

- **Solid product**
- **Pre-launch excitement and DR pre-emption in press**
- **Explosion at launch of PR, pull, push and OEM support**

Challenges

- **Getting people who thought they were getting Cougar excited about Astro**
- **Convincing the broader market they need Astro**
- **Communicating a clear future for MS-DOS**
- **Pre-empting Novell/DR**
- **Not being labelled DR followers or a utilities pack**
- **Getting International to increase revenues 70%**

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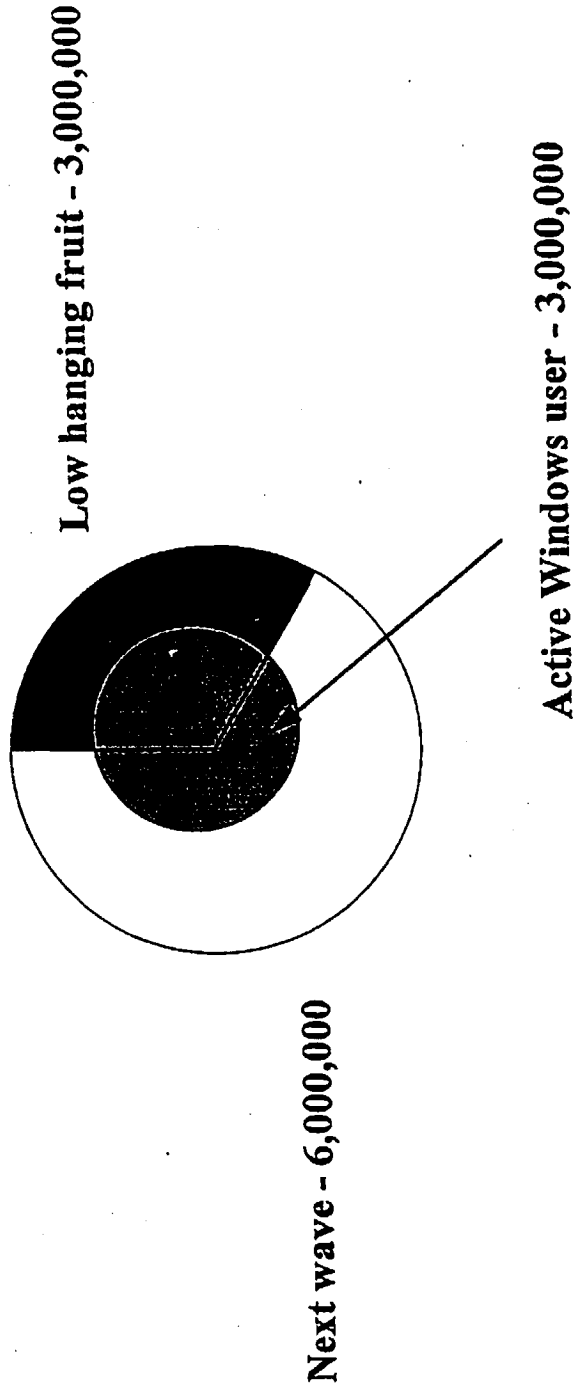
Product Overview

- **Vision:** Empower people to do what they've always needed to do
- **Positioning:** MS-DOS 6 makes managing your computer easier
- **Hook:** MS-DOS 6 doubles the size of your hard disk
- **Support Points**
 - Integrated compression
 - Complete memory management
 - Great tools for Windows and MS-DOS
 - Speeds up your hard disk — Smarter in Win 3.1₂
 - Makes managing your PC easier

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Target Markets



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Product Offerings and Pricing

	S	T	U	V	W	X	Y	Z
	MS-DOS 6 (U.S.)	SRP	Disc. %	MS \$	Low Street	Markup	High Street	Markup
2	MS-DOS 6 (U.S.)	\$99.95	31%	\$68.97	\$79	15%	\$89	29%
3	Upgrade	\$89.95	31%	\$62.07	\$76	22%	\$83	34%
4	MLP	\$249.95	31%	\$172.47	\$199	15%	\$222	29%
5	3-pak	\$750.00	31%	\$517.50	\$599	16%	\$649	25%
6	10-pak	\$6,500.00	31%	\$4,485.00	\$5,000	11%	\$5,500	23%
7	100-pak	\$229.95	46%	\$124.17	\$149	20%	\$169	36%
8	Jastro MLP	\$189.95	46%	\$102.57	\$129	26%	\$149	45%
9	Blue Jastro	\$229.95	46%	\$124.17	\$149	20%	\$169	36%
10	Blue Jastro MLP	\$189.95	46%	\$102.57	\$129	26%	\$149	45%

- Low street of \$79 or \$89?
- Raise SRP or lower discount?
- Why is the MLP only 10% the off full product?
- Why a 3-pak?
- Why a 3-pak instead of 2 or 5?
- Why a 10-pak?
- Why a 100-pak? Where's the VPP?

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Strategy Summary

- **Before Launch**
 - Use PR to build excitement and pre-empt DR
 - Stuff the channel with Upgrades and 3-paks
- **At launch**
 - Low-hanging fruit/Windows users: Up-sell
 - Next wave: Reach them on the cheap

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Tactics Summary

- **Big Idea 1: Catch the next wave**
 - Direct Mail: Upgrade promo offer to
 - » 4-5mm Citibank Visa cardholders
 - » 1.5mm United frequent fliers
 - » American? Delta?
 - » Other partners?
 - » No direct fulfill?
 - Ads: Local newspaper campaign
- **Big Idea 2: Up-sell the franchise**
 - Direct Mail: Upgrade thank-you and Jastro/3-pak promo offer to
 - » Focus on Windows, MS-DOS reg base
 - » No direct fulfill?
 - Ads: Enthusiast press 3-pak campaign

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Tactics Summary (cont.)

- **Packaging**
 - It will POP
 - Use existing logo but signal a change
- **Manufacturing and Anti-Counterfeiting**
 - Cut non-disk cogs \$2.80
 - Cut inventory costs
 - 6-8 week window from RTM to announce
 - Better but cheaper A/C devices
- **International - 85**
 - Handhold key subs (Canada, Australia, France, Germany, England)
 - Review transfer pricing model
 - Renew WW challenge

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Tactics Summary (cont.)

- **PR**
 - Future of MS-DOS press tour (August)
 - Talkers tour (August)
 - Astro press tour (October)
 - Business Week article (November/December)
 - Reviewer's Guide
 - Launch event and stunt
- **Channel**
 - MS-DOS 5 Upgrade fall forward-buying program
 - Use pull promotions to encourage stocking
 - Key account visits (Eggs - August; others - Sept/Oct)
 - Point-of-Sale

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Tactics Summary (cont.)

- **Competitive Analysis**
 - "Netware DOS" intelligence
 - Netware DOS product analysis
 - Monitor DR forum
 - On-going sales analysis
 - Compression and memory management analysis
- **OEM**
 - ESP & OEM Visits
 - Evangelize compression hardware
 - Get names via anti-virus
 - Naked systems - phase II

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Tactics Summary (cont.)

- **PSS**
 - Move back in-house
 - Plan for launch spike
 - Gather better information
- **Corporate Accounts**
 - Ease purchase process
- **IHV**
 - Evangelize compression hardware
- **Registration**
 - Redefine state-of-the-art

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Upgrade Jastro

- **Lead product for Windows winter marketing**
 - Position Jastro as a Windows product
 - Sell Jastro as a Windows up-sell
- **Leverage Astro Launch**
 - PR
 - Distribution
 - Targeted reg base direct mail
- **Open issue: discount structure**

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Blue/OEM Jastro

- **BJanus post-mortem 10/92**
- **BJanus contracts expire 1/31/93**
- **BJastro modified and rolled out**
- **OEM Jastro rolled into MED and FPP programs**

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Appendix A - Astro Launch Budget

Allocated	
PR - all	\$255,000
Launch event and downlink	\$490,000
Advertising - Upgrade	\$825,000
Advertising - MED	\$170,000
Collateral - Upgrade	\$82,500
Collateral - OEM	\$22,000
Collateral - Jastro	\$5,000
Point-of-Sale	\$105,000
Registration incentive	\$25,000
Focus on Windows mailing costs	\$300,000
Reg base mailing costs	\$200,000
Packaging and hologram design	\$81,000
Post-launch User Group tour	\$80,000
Ad copy test	\$15,000
Total	\$2,155,500
Unallocated	
Field source book	\$7,500
Resource Kit development	\$40,000
Anti-counterfeiting white paper	\$20,000
Total	\$67,500
Unfunded	
Promotional offers/Co-marketing	\$500,000
Incremental channel funds	???

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Appendix B - Work Assignments

Component	Owner
International	Christian
OEM	Jonk
Blue/Retail Jastro	Richba
IHV evangelizing	Richf
Launch Event	Richf & Bradc
PR	Richf & Bradc
Channel	Rust
Competitive analysis	Rust
PSS	Rust
Corp Com	Sergiop
Direct Mail	Sergiop
Registration	Sergiop
Advertising	Sergiop & Richf
Marketing Partnerships	Sergiop & Rust
Manufacturing	Sergiop -> TBH
Business analysis	TBH
Post-launch plans	TBH
Corporate accounts	TBH
Field communications	TBH

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