TO: Steve Ballmer, Bill Gates, Pete Higgins, Mike Maples/Microsoft Corporation

FROM: Marianne Allison, Sandra Pace/Waggener Edstrom
            Monica Harrington/Microsoft Corporation

DATE: August 25, 1992

SUBJECT: Microsoft Excel 4.0 WAR (Win All Reviews) Campaign Status

CC: Robbie Bach, Pam Edstrom, Gary Gigot, Lewis Levin, Jeff Raikes, Marty Taucher

---

After a relatively easy time dispensing of Lotus 1-2-3/W (thank you, Lotus) and a very successful standalone review process with Microsoft Excel 4.0, we have moved on to the next challenge: taking on and beating Borland's Quattro Pro for Windows. This memo covers how we approached the challenge from a PR perspective and the specific efforts to ensure that Microsoft's technology leadership in spreadsheets is preserved with the advent of this new (and much tougher) competitor.

INTRODUCTION

Because of the visibility of the spreadsheet category and the position of Microsoft Excel as a flagship Microsoft application, we have made the comparatives our key priority this summer. Although Lotus continues to be the key sales and marketing competitor, Borland is our target with editors who reflect the perspective of influential end-users, those who watch the spreadsheet wars intently and who focus on feature-level comparisons. We believe that it is an absolute Borland obsession to beat Microsoft Excel 4.0 right out of the gate with Quattro Pro 1.0.

Clearly, we are no longer faced with the challenge of influencing and persuading the editorial community and customers that Windows and GUI is the best operating environment. The Windows software market is hotter and more competitive than ever. Editors themselves are secretly hoping and in some way helping to ignite these head-to-head product comparisons. Competition makes for more exciting coverage.

The Microsoft Excel 4.0 comparative review process has probably been among the most comprehensive and aggressive campaigns on behalf of any Microsoft product to date. Borland is a strong, persuasive, and extremely aggressive competitor, the likes of which we have not seen in this category. We have not forgotten that we LOST to Borland in the spreadsheet demo-off at Stewart Alsop's Demo '92 (even with suspect "voting") and that Borland has continued to add features frantically to achieve parity at shipment. While this memo will get quite tactical, this has essentially been trench warfare and we hope the documentation will be helpful. Note also that this is an ongoing process and we are still involved in review influence.

Our expectation is that editors are approaching these reviews with the expectation that Microsoft Excel SHOULD NOT win in every evaluation category and that it will be a win-some, lose-some. *We expect the reviews to be very close and we believe we have a greater than 50 percent chance of winning them all, but we MAY NOT win every one.*

TRACKING BORLAND

We have focused heavily on proactively communicating the direct customer benefits of the new features of Microsoft Excel 4.0 rather than appearing reactive to or worried about Borland. However, we have spent a great deal of time thinking about Borland:

- What features or capabilities will they be pushing
- How and what will they use for FUD against us
- Where will the editors lean toward giving Borland "credit" (e.g., great first version; Notebooks; a leading database company -- therefore, the best spreadsheet database connectivity solution; Dialog Builder -- best spreadsheet development platform)
- How will they/can they exploit editors' belief that a competitive spreadsheet arena is crucial to the good of the industry, Microsoft somehow unfairly dominates in Windows applications, etc.

Tracking reviews has been made challenging since Quattro Pro is not shipping and Microsoft does not have a beta. So we glean and extrapolate information about the product from snatches of things we hear from editors, demos marketing seen at shows, etc. This has been a building process as we learn more and sense Borland's shifts in emphasis or even find out about new features they have added.

SPECIFIC TACTICS WE'VE USED TO INFLUENCE REVIEWS

1.   **One-on-One Contact.** We have taken every proactive opportunity to meet one-on-one with the press since the announcement and shipment of Microsoft Excel 4.0 in March. Our number one challenge has been the continual slipping of Quattro Pro for Windows. We have had to creatively invent new reasons to re-contact the press on behalf of Microsoft Excel and still offer perceived value to them. We have had to combat the issue of bandwidth -- the press have little and a lot of what they have is currently focused on Quattro Pro for Windows. We are also challenged with educating the press on a product they perceive they know very well (Microsoft Excel 4.0), but in fact, not all editors have an in-depth understanding of the functionality of a product as rich as Microsoft Excel. Our approach has been to "love" these editors, "helping" and providing input to them at every possible opportunity.

2.   **Benchmark/evaluation criteria (Lock in the Win Press Tour.)** We took data gathered from the recent segmentation study and condensed it into a comprehensive outline showing customer needs/wants and tied that back to the development focus for Microsoft Excel 4.0. The goal was to provide credible data to editors to rationalize our input on evaluation criteria.

3.   **Task List.** Marketing developed an objective "task list" to be used as a tool by reviewers/freelancers. The "task list" gave editors suggestions for actual real-life tasks they could use as templates for structuring their comparative reviews. This was a deliverable we had discussed with editors during our benchmark tour, and the editorial response was very positive. Accompanying the in-depth data was a cover letter that reiterated the findings of the study and the need to focus on the most commonly executed tasks of end-users.

We followed up by having a marketing representative contact each publication to talk with them about the task list. This gave us an opportunity to again position the task list, the logic behind it and gauge their level of interest and understanding.

4.   **Microsoft Excel development solutions tools press tour.** We showcased the new development tools available now or soon with Microsoft Excel (XLAPI, Query Tool, EIS Pak) and explained how each piece fits into the overall strategy and positioning of Microsoft Excel as it continues to move forward. The tour was used not only as an opportunity to demonstrate new features/capabilities, but also as a vehicle to FUD Borland Quattro Pro for Windows messages. Borland, having witnessed the unprecedented usability/basic usage success of Microsoft Excel 4.0, has chosen to push Quattro Pro for Windows as the number one solution as a spreadsheet development platform and database connectivity. The timing was excellent for us to go out and demonstrate our counter-strategies and cite clear dates for deliverables. In addition, it also gave us another opportunity to reiterate our product positioning, key features and messages once again. In reviews, repetition and focus are crucial and imperative elements to success.

5.   **Tone and Approach.** It's key to note that we don't have complete information on Quattro Pro for Windows and have been extrapolating Borland's focus and revising our approach as we gain more information in informal and creative ways. Based on competitive information we gained during our last press tour, we have taken a more aggressive approach to our key positioning points (focusing on just three key areas). We went through a process of objectively discussing where we will be perceived as weak and what our responses and/or positioning should be. We also discussed where we perceive our competitors to be weak and how we can focus on these areas and get editors/writers to ask the right questions during the review process. Because Borland is our number one competitor and is known for dubious tactics (i.e., overstatement and FUD), we are taking a more aggressive, straightforward approach to FUDing the competition. We are more explicit in calling out Quattro Pro for Windows' shortcomings than we have been in, say, our Lotus 1-2-3 for Windows competitive efforts, so that we are sure we have done all we can to create a balance. In our final follow-ups to reviewers we are focused on our three main points and in encouraging editors to ask Borland hard questions about things like their data access strategy (gee, have you seen a SPEC for ODAPI? Has Borland mentioned WHY they're not supporting ODBC? What is their solution for accessing SQL data today?)

SPECIFICS ON KEY REVIEWS

Editors are being close to the vest about actual outcomes. Based on our educated knowledge, we have been able to gather an objective look and feel for the marketplace and editorial community as well as our own instincts. We believe Microsoft Excel will win the majority of the comparative reviews. The margin of the win however will be very small. We predict that Quattro Pro will win in database connectivity, development platform, Notebooks and overall "coolness" of interface. Microsoft Excel will be portrayed as the tried and true with powerful features such as crosstabs, scenario manager, and outlining. Microsoft Excel will win as a powerful analytical tool with great functionality and fit and finish.

The remaining reviews which we can influence are: *InfoWorld, Windows Magazine, PC World* and NSTL. All reviews should hit print between October and December. We are continuing to monitor and track those reviews where we have influence and will update recipients of this memo if we have significant progress to report.

BYTE

BYTE used a freelance/consultant, Nick Delonas. Because we were unfamiliar with Nick, we flew to Boston to meet with him. We took him to dinner in order to build a relationship and spent an additional two hours demonstrating *Microsoft Excel 4.0, discussing key features, benefits, development approach, positioning and the findings of the segmentation study.*

Danw has been making weekly follow-up calls to Nick to ensure he is receiving all of the help he needs to complete his research and writing. Many of these calls have been extensive. Nick is very nervous about this review (aware it is high stakes) and has been generally receptive to our efforts. There is some potential for randomness as Nick seems to vacillate and doesn't have a tremendous amount of spreadsheet experience to draw on.

PC Magazine

PC Magazine continues to use Craig Stinson as their spreadsheet guru. In addition to several trips to the New York office to discuss benchmark/review criteria (segmentation study), we also flew to Eugene, Oregon, to meet directly with Craig. Lewisl made a series of final follow-up calls to close the marketing loop and ensure we did all we could to influence. We know Craig thinks Workbooks are hard to use but is also very enamored with high-end analytics, where we have the edge.

PC Computing

PC Computing wrote a preliminary comparative review that was weak in comprehensive factual data and packed with the writer's personal opinions. (Note: Sebastian Rupley, the writer, is a dyed in the wool Quattro Pro DOS user although the publication has standardized on Excel.) This review didn't call out a clear winner although there were many strong pro-Excel components. We will continue to persuade them to write a more complete review in the coming months.

Windows Magazine

Windows Magazine has assigned John Walkenbach to write the review. John is a longtime fan of Microsoft Excel. We recently made a trip to San Diego to share our development solution tools with him. We took him to dinner for an informal chat and to get his thoughts and opinions of our competitors, the review criteria, our product, etc. We continue to follow up with John weekly via telephone to influence and ensure correct positioning and coverage. (Note: Based on our recent Developers Solutions Tools tour, *Windows Magazine* is scheduled to write a preview of the EIS Pak in the November issue.)

InfoWorld

John Walkenbach is also the author of this review; therefore, our efforts will be leveraged. The primary concern of this review is that *InfoWorld* has decided to rescale the scoring of reviews in an effort to drop them lower than 9.0. They feel the scoring of latest test products reviews like Microsoft Excel 4.0 was too high (they received a lot of flack from our competitors).

PC World

Richard Scoville is the freelancer spreadsheet guru for *PC World*. In addition to two one-on-one meetings with the publication, we also made a special trip to North Carolina to have an informal dinner and demonstration with Richard. All of this was done in preparation for the *PC World* Win Spreadsheet shootout. *PC World* has decided to take a bold new approach to this year's review in an effort to stand out from the crows. The shoot out will unfold in a three-day process. Each vendor will have a specific day to demonstrate and train a hands-on specialist through a series of pre-defined tasks. Everything will be videotaped for further reviewing and evaluation when Richard begins to write his review. The shootout is taking place as this memo is being been written.

NSTL

We have made the trip to Conshohocken twice with a third trip scheduled to take place this week. We have completed a detailed set of questions set forth regarding review criteria, most appropriate tasks, elements that should be evaluated, etc. A great deal of time and thought went into the drafting of the answers. In addition to this third meeting, we will continue weekly calls to ensure an aggressive follow-up procedure.

This year closes the extreme gap Microsoft Excel once enjoyed, but it also opens up a lot of opportunity for increased coverage. The reasons are heightened interest in the spreadsheets wars, innovation, and a surge in the greatest game of all: competition. Editors love to cover hot products, but what they love most is competition -- especially when the mightiest of all, Microsoft, is one of the competitors. We expect the year to heat up even more with the announcement of Lotus 1-2-3 for Windows 2.0. Lotus is setting editorial expectations high and claiming a huge R&D investment.