DOJ - Legal

From: Mike Appe
To: VP of Sales Field and RG Managers Commun
Subject: FW: FYI: Lotus 123 v4 Response Plans
Date: Sunday, May 09, 1993 9:09AM

FYI.........mikeap

From: Jeff Raikes
To: Jeff Raikes Direct Reports
Subject: FYI: Lotus 123 v4 Response Plans
Date: Friday, May 07, 1993 10:05PM

FYI. Jeff

From: Robbie Bach
To: Bill Gates; Jeff Raikes; Mike Maples; Pete Higgins; Steve Ballmer
Cc: Lewis Levin; Marianne Allison; Pam Edstrom
Subject: RE: Lotus 123 v4 Response Plans
Date: Friday, May 07, 1993 2:09PM

Agreed. In addition to the OLE 2 part, we think VBA is another (closely related) technology that we should push heavily to differentiate ourselves and show that we are leading. We want to push them into "response mode" to us on these playing fields rather than the workgroup field where they want to fight. Note that one key challenge is turning the OLE/VBA technology message into something that a broad audience can relate to and understand. This is certainly doable and we are working on the messaging for that now.

Vis a vis OLE2 support, we have had pretty conflicting data on what 123 v4 will support. We've heard "OLE 1 + Tools" and we've heard "OLE2". This will be clear in the next few days.

Thanks

Robbie

From: Steve Ballmer
To: Bill Gates; Jeff Raikes; Mike Maples; Pete Higgins; Robbie Bach
Cc: Marianne Allison; Pam Edstrom
Subject: RE: Lotus 123 v4 Response Plans
Date: Friday, May 07, 1993 11:03AM

I think we need to heavy a heavy heavy message that says it is just not competitive to ship apops in 93 that do not offer the usabilyt and programmability opened up by ole 2   you have that message in here but it is somehting we can talk about a lot and really pound on this of course only workd if we think they are not close on ole 2   just athought

From: Robbie Bach
To: Bill Gates; Jeff Raikes; Mike Maples; Pete Higgins; Steve Ballmer
Cc: lotus; Robbie Bach; Excel Business Unit Managers; Excel Marketing Group Communications; MS Excel PR Issues; yoo
Subject: Lotus 123 v4 Response Plans
Date: Wednesday, May 05, 1993 11:12PM

Lotus will announce 123 v4 on May 11th in San Francisco. Initial comments (both public and private) on the product have been favorable and we believe this will be a solid, credible Windows product that will challenge XL4. We think it will actually ship at the end of May or sometime in the first half of June but this is a bit difficult to gauge. We have been doing lots of preparation work for this launch and the email below summarizes what we are doing to respond/thwart Lotus' efforts. Note that this only provides a very topline look at what we are doing so please contact myself or LeslieK for further details on any particular area or to add ideas/suggestions.

Overall Response Objectives:

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1) Demonstrate that XL is the leader; position 123v4 as catch up release
2) Prevent Lotus from gaining on Win desktops; capture switchers from DOS as they move to Windows
3) Get people to wait for XL5; special emphasis on reviewers and influencials

Our Response/Positioning of 123 v4:
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1) Excel is now the "standard" against which all spreadsheets should be evaluated
   * Most of what is in 123 v4 is "catch-up" items relative to XL4
   * This is the product Lotus should have shipped 18 months ago; they are late to Windows
   * They will still be behind because we will ship a new version soon; we will raise the bar again
2) Lotus will say they are the innovator; don't believe it
   * Excel has been the clear innovator across a broad range of areas in SS (and other apps)
   * Lotus stumbled in the Windows market and really dropped the ball in SS as a whole
   * As we said above, 123 v4 is mostly a "catch up" release; other "innovations" will be in XL5
3) Version Manager is interesting but its unclear how relevant it will be for users
   * Version Manager will sound good and demo well; big question is will people use it
   * Their approach to workgroups is very structured and linked to Notes
   * We will build in horizontal workgroup capabilities and provide good tools for custom solutions
   * We will work well with VIM and Notes for accounts who want it
4) Lotus has focused on workgroups; we think other areas are more important
   * We are focused on creating an integrated, customizable desktop
   * 123 v4 does not support OLE 2 or enhance the integration of Lotus' apps
   * 123 v4 doesn't advance spreadsheets as a platform for custom systems/solutions
   * 123 v4 doesn't integrate well with Improv; data analysis/viewing requires two different products
5) Microsoft has best applications
   * Word/XL/PPT are the leaders in their categories
   * With Access and Fox, MS has added great database solutions for our users
   * Office is out-selling SmartSuite by a big margin; we are the apps of choice on Win and Mac

PR Tactics:
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1) Conduct "briefing days" with all key spreadsheet reviewers in Redmond
   * Show them our development process (PSS work, IV, ABP, milestones, Usability lab, etc)
   * Meet with senior managers in BU to discuss issues, ideas, trends
   * Show them a "sneak preview" of XL5 (30-45 minute demo of alpha code)
   * Two visits done with John Walkenbach (InfoWorld freelancer)
   * Visits done with Stinson (PCMag), Llewellyn (PC Computing), Scoville (PCWorld)
   * Visits for Byte, NSTL, PC Computing, PCWeek in coming weeks
2) Conduct "strategy tours" on key aspects of the apps that will ship this fall
   * Interop tour completed in January; discussed OLE support, common menus, etc.
   * Data access tour completed in April; showed Query Tool and Access/Word/XL integration
   * Completed PeteH biz press tour; showed Starbucks with common menus, tab dialogs, OLE 2
   * Programmability tour planned for early June; show and discuss VBA
   * Workgroup tour to show templates and MAPI tools for apps customization
3) Conduct call down of all key analysts, reviewers, and news writers (monthlies and weeklies)
   * Part of follow up to strategy tours
   * This is in process now...will continue over next 2-4 weeks depending on how events unfold
   * Goal is to influence stories, get in comments/mentions for Excel, position XL as leader
4) XL5 long lead press tour planned for mid/late June
5) Ensure that all comparative reviews occur after XL5
   * Have contacted all major pubs; situation looks good overall
   * Only problem area may be PCMag; still working this issue aggressively

Early Showings of XL5:
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1) Show OLE 2, tab dialogs and consistent menus using new Starbucks demo; demo Query Tool
   * Already doing this at EBC briefings, PeteH biz press tour, etc.
   * BillG and other senior managers should be using Starbucks demo as well
2) "Announce" VB for apps and apps OLE 2 support at PC Expo in June

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* Make this a focus of BillG's keynote speech
* Show Word/XL doing In-place editing, etc.
* Show VBA working in Excel; hopefully show custom solution as part of this
* Position these as two key investments where the competition is way behind
* Shift focus from Workgroups (which is Lotus' ground) to our territory
* Encourage/help press to cover this (see programmability tour mentioned above)

3) Provide corporate NDA briefings
* Will have private briefing room at WinWorld and PCExpo for key accounts/influencers
* Use Starbucks demo and discuss key features in EBC briefings in April/May
* Begin showing all of XL5 in EBC in late May/early June
* Conduct broader corporate NDA meetings in field districts in July (with Word)
* Marketing beta to begin in late July or early August

Capture DOS Upgraders:
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1) 1 million + direct mail drop on 6/15 to "Windows ready" names
* Offer is Word/XL competitive upgrades
* Timed to coincide with Lotus upgrade efforts
2) Expand Direct Response program (currently in test); this is a joint Word/XL effort
* Goal is "live trial" experience to convince people to switch to Word/XL
* Concept is direct response TV and print ads with Video call to action
* Video is tape of switchers telling why they moved from 123 or WP to Excel and/or Word
* Roll-out plan includes cable and spot TV plus business and enthusiast press in June/July
* Early tests have been positive, but we are being aggressive in rolling this out so soon
* $2M of existing, budgeted marketing dollars being moved to fund this effort
3) Ship Office upgrade SKU through June timeframe; ensure that product in channel until XL5/Word 6

Office DB announcement:
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1) Announced yesterday at DB Expo
* SRP of 949 (street 599)
* Ship in early June
2) Not a direct response to 123 v4 but will help us fight SmartSuite
3) Generates MS apps news during 123 v4 launch

Advertising Tactics:
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1) Key ad focus is in direct response (see above); regular ads more focused on sustained marketing
2) Solid presence in biz and PC press; have increased media to reflect expected Lotus effort
3) Specific ads running with focus on "leadership":
* 8 million users ads in business and PC press (joint with Word) running in May/June
* Excel specific ad ("All spreadsheets are not alike) in June-August
* PC and business press ads for Office running through August

Special Notes:
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1) PCWeek ran a cover story this week outlining Borland's plans for QPro/W v2. Several sources have told us that this was NOT a planned leak (Borland not happy about it). Planned or not, this leak does give us some interesting information on what Borland is working on and its timing was not all bad since it appeared in the same issue as the 123 v4 first look. Borland has the most to lose this fall as both MS and Lotus come out with new spreadsheets AND have better Office/Suites of applications...

2) Note that several of the tactics outlined above are being done with Word and will help Word respond to WordPerfect's shipment of WP DOS 6 – which is getting a surprising amount of attention from the press.