

From: Jon DeVaan
Sent: Sunday, September 07, 1997 11:34 AM
To: Richard Fade
Subject: RE: July PC Data - Blended WP Unit Retail Share Rises 6 Points to 73%

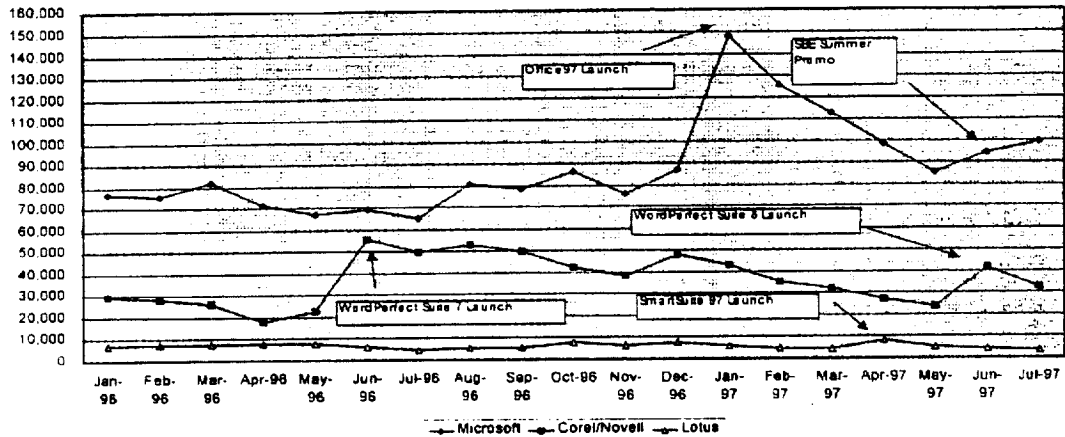
It would be cool to have the graph from WP6 on, expressed in terms of market share instead of units. I'm pretty sure we see WP8 as the worst spike of the three, with a clearly downward trend over almost 5 years

-----Original Message-----

From: Richard Fade
Sent: Friday, September 05, 1997 6:48 PM
To: Brad Silverberg; Paul Maritz; Steve Ballmer; Bill Gates; Jeff Raikes
Cc: Jon DeVaan; Jon Reingold; Norman Tonina; Pete Higgins
Subject: July PC Data - Blended WP Unit Retail Share Rises 6 Points to 73%

If you have not seen these, PC Data results for July are in.
Suites share at retail - Corel gave back 7 of the 8 share points it had gained in June as the result of WP 8 (and 16 bit WP7) launch. Relatively weak offering, 12 months since WP7 and our summer promotion all contributed.
Blended WP - includes Word, Home Essentials, Office bounced back to 73% unit share, 82% revenue share. The graph below tells the story

PC Data Unit Run Rate "Sell-Through" - Blended WP Retail Channel (Grossed-Up)



-----Original Message-----

From: Robert Doi
Sent: Thursday, September 04, 1997 7:44 PM
To: Jon Reingold; Richard Fade; Jon Anderson; John O'Rourke; Dennis Tevlin; Kirstin Larson (Office); Desktop Market Planning; Office Product Marketing Team; David Meltzer (DAD); John Zagula; Joseph Krawczak; Jonathan Schwarz; Bill Demas; Tom Bailey; Laura Garcia; Susan Wright
Cc: Desktop Applications Finance Group; Norman Tonina; Steve Schiro; Melinda Ellis (Erickson); Greg Maffei's Team; Bill Benack; Elizabeth Vacca
Subject: July PC Data - Blended WP Unit Retail Share Rises 6 Points to 73%

Corel units fell 22%, while Microsoft experienced a unit increase of 5%

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PC Data	Blended Word Processor Unit Market Share																	
Publisher	01/96	02/96	03/96	04/96	05/96	06/96	07/96	08/96	09/96	10/96	11/96	12/96	1/97	2/97	3/97	4/97	5/97	6/97
Corel/Novell	25.8%	25.1%	22.4%	18.2%	23.2%	42.3%	41.4%	37.8%	37.1%	31.0%	31.7%	33.6%	21.8%	21.3%	21.5%	20.2%	20.8%	29.6
Lotus	6.2%	6.8%	6.5%	8.0%	7.9%	4.8%	3.9%	3.9%	4.1%	5.6%	5.2%	5.2%	3.0%	2.8%	3.0%	6.0%	4.5%	2.9%
Microsoft	67.0%	67.2%	70.4%	73.0%	68.4%	52.8%	54.2%	58.0%	58.5%	63.1%	62.8%	60.9%	75.0%	73.7%	75.5%	73.6%	74.5%	67.3

PC Data	Blended Word Processor Revenue Market Share																	
Publisher	01/96	02/96	03/96	04/96	05/96	06/96	07/96	08/96	09/96	10/96	11/96	12/96	1/97	2/97	3/97	4/97	5/97	6/97
Corel/Novell	15.7%	15.1%	13.7%	11.2%	13.4%	25.6%	24.1%	22.6%	22.1%	18.8%	18.2%	19.9%	10.7%	11.9%	12.5%	11.0%	11.6%	19.1
Lotus	4.4%	4.6%	4.3%	5.0%	5.3%	3.6%	3.0%	3.1%	3.3%	4.2%	4.0%	3.9%	1.9%	1.7%	2.1%	4.1%	3.1%	2.2%
Microsoft	79.6%	80.0%	81.7%	83.8%	81.2%	70.6%	72.8%	74.2%	74.5%	77.0%	76.7%	78.1%	87.4%	86.3%	85.4%	84.8%	85.2%	78.6

The attached file charts the market share history for PC Data from 1/96 through 7/97 for the Retail channel. I have also attached a shortcut to the data pivot "DAD PC Data Mega Pivot" for those who are interested in viewing all of the output and results in other non WP categories. Note: Units in the data pivot have not been grossed-up to 100% of the channel. Gross-up factor:

- 1/96 - 7/97: Multiply by a factor of 1.43

Let me know if you need access to this server. Highlights for the month are discussed below.

<< File: PCData Market Share Report.xls >> << File: Shortcut to DAD PC Data Mega Pivot.xls.lnk >>

PC Data Results (July-over-June)

Suite

- **Unit share** increased 7 points to 69%. These are outstanding results. MS share prior to Corel's WordPerfect Suite 8 "WP Suite 8" launch was 70%. Corel couldn't sustain their June launch run rates (suite units fell by 22%) and MS experienced an improvement over June (suite units increased by 7%). I previously forecasted our share to be unchanged in July based off of Corel's WP Suite 7 launch results in Fy97 and the July release their 16-bit version of WP Suite 7. Note: We lost >20 share points after Corel's WP Suite 7 launch in June of '96 and were unsuccessful at regaining share until October of '96. Our small business summer advertising promotion was partially responsible for these favorable results (uplift on SBE and Office sales). We still have more work to do on measuring the success of this promotion. Corel lost 6 share points to 28% and Lotus was unchanged at 3%. I expect our unit share to remain unchanged in August due to Corel's anticipated pricing reaction (lower prices as a result of higher than expected inventory levels).

I have estimated that Corel's May "sell-in" of WP 8 US retail at 200 k FPP units. They reported WW all channel "sell-in" of 300 k FPP units in their Q97-2 (Mar-May) earnings release. Based off of my US retail PC Data results they have only "sold-through" 75 k units in June and July (125 k units of outstanding inventory). Their quarter just ended August. They will most likely include the "sell-in" of their recently released WP 8 Pro Suite.

Note: PC Data unit sales are consistent with MS-Sales retail "sell-through" results. April-July PC Data unit sales were 74% of MS-Sales (PC Data claims to cover 70% of the retail channel).

- **Revenue share** increased 4 points to 81%. Revenue increased from June by 2%, and reflects a continued mix shift from Office Pro to the lower priced Office and SBE (units increased by 7%). Corel lost 4 share points to 17%. Corel's revenue decreased by 23%. Lotus was unchanged at 2% and revenue decreased by 8% (units decreased by 13%).

Standalone WP

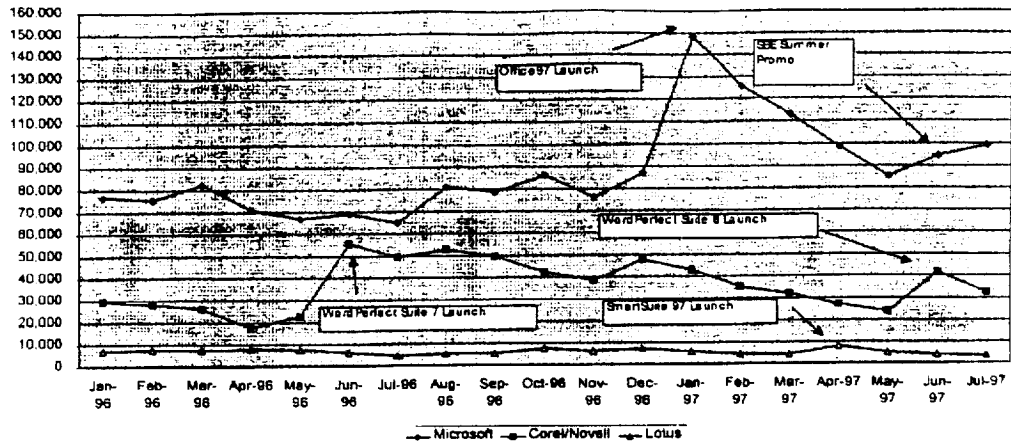
- **Unit and revenue share** was unchanged at 95% and 96% respectively. Unit and revenue sales decreased from June by 2% and 3%. It reflects lower Word (2%) and Home Essentials (1%) unit sales. Corel's and Lotus' unit share was unchanged at 3% and 1% respectively.

Blended WP (Suite and Standalone WP)

Please read: I'm confident in the Microsoft units out of PCData and it maps closely to our MS-Sales "sell-through" data. I'm less confident in Corel and Lotus units, but they map closely to the StoreBoard source. Note in the chart below that Corel's WP Suite 8 launch had little to zero impact on our run rate unit volume at retail. As noted earlier, the SBE summer promotion contributed to these favorable results. Our Office97 launch had a significant impact on Corel's unit run rate volume. July unit sales of 100 k remains higher than our pre launch Dec unit sales of 88 k (65 k in July of '96).

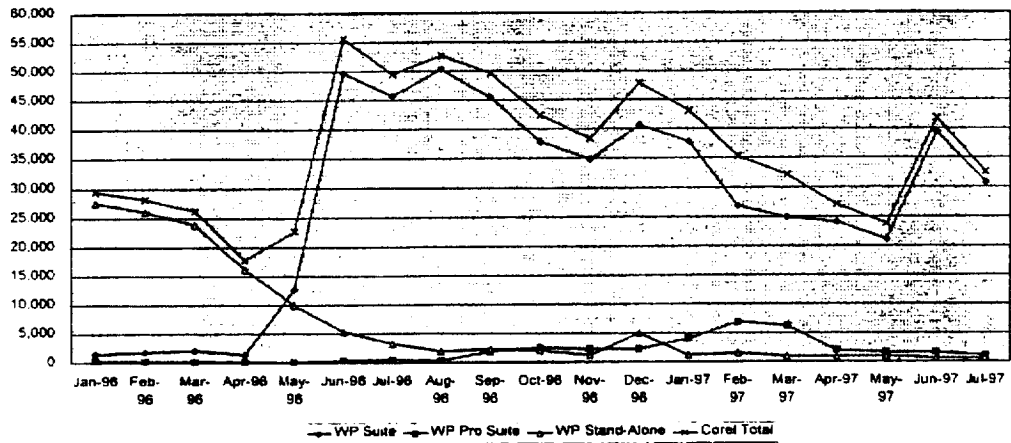
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PC Data Unit Run Rate "Sell-Through" - Blended WP Retail Channel (Grossed-Up)



The chart below breaks-out Corel's unit run rate by product and reflects their move from selling WordPerfect stand-alone to WordPerfect Suite. They are no longer offering a stand-alone WP sku.

PC Data Unit Run Rate "Sell-Through" - Corel Blended WP (Grossed-Up)



- **Unit share** increased 6 points to 73%. Corel lost 6 points to 24% and Lotus was unchanged at 3%.
- **Revenue share** increased 4 points to 83%. Corel lost 4 points to 15% and Lotus was unchanged at 2%

<< OLE Object: Microsoft Excel Worksheet >>

If you have any questions, please don't hesitate to ask.

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