

From: Sam Jadallah
Sent: Tuesday, June 16, 1998 10:38 AM
To: Kevin Johnson (ECU); Lori Moore Ross; Jeff Raikes; Steve Ballmer; Rich Tong; Brad Chase
Cc: Bryan Watson; Paul Bazley; Wendy Barokas; Ann Redmond; Jake Lansche; Bill Henningsgaard; Deborah Willingham
Subject: Channel Champions Analysis

Below is a high-level analysis and year to year comparison of the 1998 CRN Channel Champions Survey. The research was conducted in February and March; 6,000 resellers were polled. Results are on a 7-point scale, where 1 equals "very dissatisfied" and 7 equals "very satisfied". Unlike the VARBusiness Annual Report Card where we supply our resellers, this is a random survey with CRN's readership. The fact that we won only one category (desktop suites) is a problem. I do not believe this study to be very influential with the channel (product reviews are more important), but this is an indicator of overall channel attitude and perceptions of us. The detailed numbers (along with the gaps) are on the spreadsheet at the bottom of this email.

Take-Away from 1998 Channel Champions:

- Our extremely low ratings in technical support and response time appear to have had the largest impact on our drop this year in all categories (started from a very low base below 5.0 - no other vendor is that low!)
- Product quality ratings are down in 7 of 8 categories, Microsoft averages 5.5 while other vendors hover between 5.7 and 6.1
- Verbatims reflect increased reseller frustration with product quality and technical support, no other significant trends
- The Internet/web categories were particularly bad. we lost on every single item of the 3 categories (web design tools, internet server, web browser) including items like product return. This is strange and this is probably a good deal of general negative perception/dislike in those categories.

Key Actions:

- We'll schedule time with CRN to walk thru and understand who they surveyed and their methodology.
- Kevinjo/Lorim to schedule a meeting with my team/me to do a drill down on the tech support issue. How does this compare with our internal views on support quality? Is support pricing a factor in this?
- Product quality and reliability is well discussed already. We'll supply any drill down data we have to wpg on this.

Satisfaction for Microsoft fell in the following categories:

Product Quality: Down everywhere except DBMS, which was flat

- competitors are hovering in the high 5.7-6.1 range, we are averaging 5.5, with only one 5.8 in software suites

Price Performance: Down everywhere but Software Suites and Internet Server, which were flat

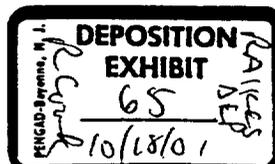
- no significant trend here, tenth of a point difference in multiple categories, won 2 of 8 categories

Technical Support: Down everywhere but DBMS

- drop was not dramatic from last year, but we started from a very low base (no other vendor has below a 5.0 in support)
- competitors are at least a 1/2 point to full point higher in many categories

Vendor Return: Down all

- Most significant drop of all vendors across the board, .25 decrease in most categories



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Vendor co-op: Down all but DBMS and SMS

- tight race in most categories, scores all over the board for all vendors

Vendor Response time: Down all, except GroupWare

- very low base from last year, all MS scores below a 5.0 this year, competitors all hover between 5.1 - 5.3

Upgradability: Variable

- no significant trend for MS, we are competitive in this area

Microsoft gained satisfaction across the board in:

Product Availability: Upward trend

- competition strong, gap averaged 2/10s point

The detailed ratings for this year and last year are attached:



Channel Champions
results1.xls...

the published survey is at: <http://www.cm.com/sections/supplement/794/794ccindex.asp>

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CRN's Channel Champions Report

06/15/1998

KEY: [Redacted] Same

| Category | 1998 | | 1997 | | 1998 Delta to Winner (bigger number is worse) |
|---------------------------------|-------------|-------------|-------------|-------------|--|
| | Microsoft | Novell | Microsoft | Novell | |
| Product quality and reliability | | | 5.70 | 5.90 | 0.70 |
| Price/Performance | | 5.30 | 5.80 | 5.30 | -0.10 |
| Upgradability and compatibility | 5.60 | | 5.60 | 5.00 | 0.10 |
| Product availability | | | 6.10 | 5.80 | -0.30 |
| Vendor technical support | | | 4.90 | 5.30 | 0.70 |
| Vendor return policies | | | 5.40 | 5.00 | 0.50 |
| Vendor co-op marketing programs | | | 5.40 | 5.00 | -0.20 |
| Vendor response time | | 5.10 | 4.80 | 5.10 | 0.50 |
| Overall satisfaction | 5.20 | 5.40 | 5.45 | 5.36 | 0.20 |

| Category | 1998 | | 1997 | | 1998 Delta to Winner (bigger number is worse) |
|---------------------------------|-------------|-------------|-------------|-------------|--|
| | Microsoft | Oracle | Microsoft | Lotus | |
| Product quality and reliability | | | 5.80 | 5.60 | 0.50 |
| Price/Performance | | 5.10 | 5.60 | 5.40 | -0.30 |
| Upgradability and compatibility | | | 5.40 | 5.30 | 0.40 |
| Product availability | | | 5.80 | 5.70 | -0.10 |
| Vendor technical support | | | 4.40 | 5.20 | 0.70 |
| Vendor return policies | | | 5.40 | 5.30 | 0.00 |
| Vendor co-op marketing programs | | 4.90 | 5.30 | 4.90 | -0.10 |
| Vendor response time | | | 5.00 | 5.10 | 0.20 |
| Overall satisfaction | 5.30 | 5.40 | 5.34 | 5.32 | 0.10 |

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| Groupware | 1998 | | 1997 | | 1998 Delta to Winner (bigger number is worse) | | | |
|---------------------------------|-----------|-------|--------|-----------|--|--------|----------|-------|
| | Microsoft | Lotus | Novell | Microsoft | Lotus | Novell | Netscape | |
| Product quality and reliability | | | 6.00 | 5.90 | 5.70 | 5.50 | 5.90 | 0.30 |
| Price/Performance | | | 5.80 | 5.40 | 5.40 | 4.90 | 5.80 | 0.30 |
| Upgradability and compatibility | | | 6.80 | 6.70 | 5.70 | 5.10 | 6.00 | -0.10 |
| Product availability | | | 6.10 | 5.70 | 5.80 | 5.50 | 6.20 | 0.00 |
| Vendor technical support | | | 5.40 | 4.80 | 5.50 | 5.00 | 5.50 | 0.70 |
| Vendor return policies | | | 5.20 | 5.10 | 6.30 | 4.60 | 5.40 | 0.30 |
| Vendor co-op marketing programs | | | 4.70 | 5.60 | 5.10 | 4.60 | 5.50 | 0.10 |
| Vendor response time | | | 5.10 | 4.90 | 5.20 | 4.80 | 5.50 | 0.40 |
| Overall satisfaction | 5.28 | 5.53 | 6.45 | 5.40 | 5.50 | 5.00 | 5.70 | 0.27 |

| Software Suites | 1998 | | 1997 | | | |
|---------------------------------|-----------|-------|-------|-----------|-------|-------|
| | Microsoft | Corel | Lotus | Microsoft | Corel | Lotus |
| Product quality and reliability | | | 5.70 | 6.10 | 5.80 | 5.70 |
| Price/Performance | | | 5.60 | 5.50 | 5.80 | 5.50 |
| Upgradability and compatibility | | | 5.50 | 6.90 | 5.60 | 6.40 |
| Product availability | | | 5.70 | 6.00 | 5.90 | 5.70 |
| Vendor technical support | | | 5.10 | 5.00 | 5.30 | 5.20 |
| Vendor return policies | | | 6.00 | 5.60 | 5.20 | 6.00 |
| Vendor co-op marketing programs | | | 4.70 | 5.50 | 5.10 | 4.90 |
| Vendor response time | | | 5.10 | 5.20 | 5.30 | 6.10 |
| Overall satisfaction | 5.39 | 5.38 | 5.30 | 5.60 | 5.60 | 5.30 |

Web Browsers

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| Category | 1998 Delta to Winner (bigger number is worse) | |
|---------------------------------|--|------------------|
| | 1998 Microsoft | 1997 Netscape |
| Product quality and reliability | 5.50 | 6.20 |
| Price/Performance | 6.00 | 6.10 |
| Upgradability and compatibility | 5.70 | 6.30 |
| Product availability | 6.20 | 6.40 |
| Vendor technical support | 4.90 | 5.70 |
| Vendor return policies | 5.40 | 5.90 |
| Vendor co-op marketing programs | 5.10 | 5.40 |
| Vendor response time | 5.00 | 5.70 |
| Overall satisfaction | 5.10 | 5.60 |

| Category | 1998 Delta to Winner (bigger number is worse) | |
|---------------------------------|--|------------------|
| | 1998 Microsoft | 1997 Netscape |
| Product quality and reliability | 5.60 | 6.00 |
| Price/Performance | 5.80 | 5.90 |
| Upgradability and compatibility | 5.60 | 6.10 |
| Product availability | 6.00 | 6.10 |
| Vendor technical support | 5.00 | 5.60 |
| Vendor return policies | 5.30 | 5.50 |
| Vendor co-op marketing programs | 5.20 | 5.30 |
| Vendor response time | 5.10 | 5.50 |
| Overall satisfaction | 5.20 | 5.60 |

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| Category | 1998 | | | 1997 | | | 1998 Delta to Winner (bigger number is worse) | | |
|---------------------------------|-----------|-------|--------|------|-----------|-------|--|--------|-------|
| | Microsoft | Intel | Novell | HP | Microsoft | Intel | | Novell | HP |
| Product quality and reliability | | | | | 5.90 | 6.00 | 6.10 | 6.20 | 0.10 |
| Price/Performance | | | | | 5.80 | 5.40 | 5.60 | 5.40 | -0.40 |
| Upgradability and compatibility | | | | | 5.90 | 5.80 | 5.90 | 5.80 | 0.00 |
| Product availability | | | | 5.60 | 5.90 | 5.80 | 5.90 | 5.60 | -0.10 |
| Vendor technical support | | | | | 5.30 | 5.40 | 5.40 | 5.70 | 0.10 |
| Vendor return policies | | | | | 5.50 | 5.30 | 5.30 | 5.50 | -0.20 |
| Vendor co-op marketing programs | | | | | 5.40 | 5.20 | 5.30 | 5.20 | -0.20 |
| Vendor response time | | | | | 5.40 | 5.50 | 5.50 | 5.60 | 0.10 |
| Overall satisfaction | 5.42 | 5.69 | 5.58 | 5.54 | 5.63 | 5.58 | 5.62 | 5.61 | -0.07 |

| Category | 1998 | | | 1997 | | | 1998 Delta to Winner (bigger number is worse) |
|---------------------------------|-----------|---------|-------|-----------|---------|-------|--|
| | Microsoft | Netcape | Adobe | Microsoft | Netcape | Adobe | |
| Product quality and reliability | | | 5.90 | 5.70 | 5.90 | 6.00 | 0.20 |
| Price/Performance | | | 5.30 | 5.60 | 5.80 | 5.40 | 0.40 |
| Upgradability and compatibility | | | 5.70 | 5.70 | 6.00 | 5.80 | 0.20 |
| Product availability | | | 5.80 | 5.80 | 6.10 | 6.00 | 0.40 |
| Vendor technical support | | | 5.60 | 4.80 | 5.40 | 5.60 | 0.80 |
| Vendor return policies | | | 5.20 | 5.20 | 5.40 | 5.50 | 0.80 |
| Vendor co-op marketing programs | | | 4.70 | 5.40 | 5.30 | 5.20 | 0.30 |
| Vendor response time | | | 5.50 | 5.00 | 5.30 | 5.50 | 0.40 |
| Overall satisfaction | 5.30 | 5.70 | 5.60 | 5.40 | 5.70 | 5.60 | 0.40 |