

Open, Select & Enterprise Agreement versions 5.0

Presenter:

November 15, 2000

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Agenda

- Session introduction and overview
 - > 5.0 Program Goals
 - > Sales positioning and transitioning for 4.x customers
- Introduction of Microsoft Business Agreement
 - > Definition
 - > Key sales messages and positioning
- Select 5.0: Enhancements
 - > Key sales messages and positioning
- Enterprise Agreements 5.0: Enhancements
 - > Key sales messages and positioning
 - ➤ Pricing
- Open License 5.0: Enhancements
 - > Key sales messages and positioning
- **Launch details**
 - > Safe dates for channel and customers
 - > Resources: sales collateral and training materials

April 3, 2000

Enterprise

■ Microsoft Business Agreement

- Umbrella terms and conditions
- · Covers Select, EA, Services and Beta



■ Select License 5.0

- · Microsoft Business Agreement
- · Annual Price Level Adjustment
- · Agreement Extension
- · Product Use Rights Addendum

■ Enterprise Agreement 5.0

- Microsoft Business Agreement
- Full platform or choice of Enterprise products
- · Additional products
- Enrollment structure for adding affiliates
- Product Use Rights Addendum

April 3, 2000



■ Open License 5.0-

- Business: Simplicity targeted at small/medium business customers and the broad non-managed VAP channel
 - > no points, no pools, single price
 - > Upfront order requirement of 5 licenses
 - > No reorder minimum
 - > Customer types: Corporate, Academic
- Volume: Continue to offer compelling value proposition for medium/large customers based on a volume commitment
 - > Points, Product Pools and entry minimums
 - 150 minimum upfront order*
 - 500 minimum upfront order
 - ➤ No reorders minimum
 - > Customer type: Corporate

*Outside of EMEA, comparable pricing can be achieved through Open License Business.

Program Enhancements Goals

- The 5.0 program enhancements designed to provide simplicity, fairness, flexibility and fair value over existing programs
 - > Based upon customer and channel feedback
 - > Incorporated common exceptions handled by Business Desk

Improve customer satisfaction

- Attractive, fair pricing
- 'Shorter, easier contracts
- Easier license management

Increase Market Penetration

- Increase breadth penetration
 - Increase coverage of the breadth market (Select and EA) and SME (by attracting new resellers like VAPs etc.)

Increase Revenue per PC

- Facilitate compliance monitoring
- Increase loyalty & recurring business

Increase Sales Efficiency

- Built in flexibility = fewer exceptions
- Decrease frequency of negotiations

Sales Positioning for Program Enhancements

■ Existing 4.x Select & EA Customers

- Incremental enhancements that do not substantially change the customers' licensing experience with Microsoft
- For 4.x and prior agreement version customers with agreements about to expire
 - > Educate customers on benefits of enhancements: flexibility, simplicity
 - > Explain how the enhancements can improve their licensing experience

■ New 5.0 Select and/or EA Customers

- Educate customers on benefits of the enhancements: flexibility, simplicity
- · Tie customer needs to program features
- Use program comparisons to compare to previous versions

Sales Positioning for Open License 5.0

■ Existing Open License Customers

- For customers interested in ease of administration, lower initial minimum purchase requirements, transition to Open Business
- For medium to large customer interested in volume discounts and able to continue to invest in initial minimum purchase requirements, maintain customer on current Open License program
 - > Upon end of agreement, explore possible transition to Open Business or maintain in Open Volume

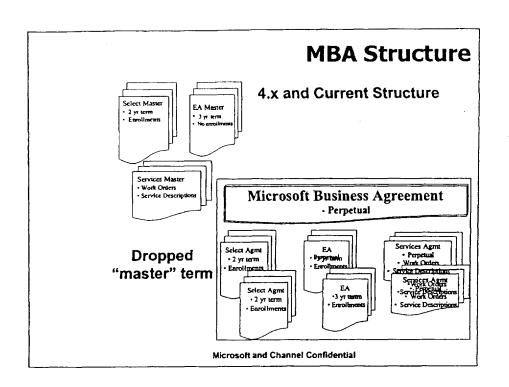
■ New Open License 5.0

- Educate customers on ease of administration and benefits of simplicity, lower initial minimum purchase requirement of Open Business
 - > Sell Volume only when there is clear customer need
- · Tie customer needs to program features
- Use program comparisons to compare to previous versions

Microsoft Business Agreement (MBA)

Defining the MBA

- Umbrella agreement defines customer business relationship with Microsoft
- Provides "umbrella" terms and conditions
 - · Select 5.0
 - Enterprise Agreement 5.0
 - · Services
- Perpetual in term
- Supports multiple agreements
- Common terms and conditions covered
 - · Definitions
 - · Eligibility to order and participate
 - · Product use restrictions
 - · Use and ownership
 - Copyright
 - Warranties
 - · Limitations of Liability
 - Audit Clause
 - · Confidentiality
- For corporate customers only Microsoft and Channel Confidential



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Customer Value of MBA

- The MBA developed in response to customer requirements to reduce multiple negotiations for common terms and conditions
- **■** Customer value of the MBA
 - Single negotiation point for common terms and conditions
 - · Simplified agreement maintenance
 - · Flexibility for extension of agreements
 - License tracking by unique customer ID number across programs
 - > Centralized organizations
 - > De-centralized, desiring tracking by region or defined area

Select Agreement 5.0

Select 5.0 Enhancements

Select 4.x

- Agreement Structure
 - Master
 - Enrollment
- Term: 24 calendar months
- Pools
 - Applications, Systems, Servers
- Upgrade Advantage
- Points
- Forecast by Price Levels

 Level A: 1000°
 Level B: 8000
 Level C: 20,000
 Level D: 50,000
- Upfront Discount (Levels A, B)
- Compliance checks
 - 6 months: 25%
 - 12 months: 50%

Select 5.0

- Agreement Structure

 - MBA Select Agreement
 - Enrollment
- Term: 24 calendar months, agreement extension for 24 additional months
- - Applications, Systems, Servers
- Upgrade Advantage
- **Points**
 - Forecast by Price Levels
- Level A: 1000°
 Level B: 8000
 Level C: 20,000
 Level D: 50,000
 Upfront Discount (Levels A, B)
- Annual Level Adjustments

 Meet 100% of forecast minimum
 to maintain level or be re-leveled down (based upon 24 month purchase history) If purchase history meets 100%
- Microsoft and Channel Confidential of higher forecast level minimum,

*Select Level A reduced October 4, 1999

Key Sales Messages

- Enhancements to Select 5.0 are designed to provide customers with simplicity and flexibility
 - · Simplified level adjustment
 - ➤ Reduce amount of time previously spent on compliance checking
 - ➤ Reward customers by recognizing 24 month purchase history to adjust levels
 - Based upon actual purchasing, reduces impact of cyclical purchasing
 - Reward customers who purchase beyond the forecast by automatically re-leveling to a more beneficial price level
 - · Simple method to extend agreement
 - > Reduce sales cycle on re-negotiations
 - > Provide uninterrupted purchasing
 - > Maintain business relationship

Positioning to New/Existing Customers

■ Existing 4.x or prior version customers

- Incremental enhancements to improve the customer experience while maintaining the desired features of the program
- For 4.x and prior agreement version customers with agreements about to expire
 - > Educate customers on benefits of enhancements: flexibility, simplicity
 - > Explain how the enhancements can improve their licensing experience

■ New 5.0 Select Customers

- Emphasize incremental enhancements made to the program, while maintaining the more popular features
- Educate customers on benefits of the enhancements: flexibility, simplicity
- · Tie customer needs to program features
- Use program comparisons to compare to previous versions

Academic Select

■ Program description

- · Select Level A
 - > 1,000 point forecast minimum per product pool
- Academic Select Agreement
- ➤ Stand alone agreement
 Program consistencies:
 - · Academic definition remains the same
 - Channel continues to be Authorized Educational Resellers
- **■** Differences from Select 5.0 (corporate)
 - Microsoft Business Agreement does not apply
 - · Annual level adjustment does not apply

Enterprise Agreement 5.0

EA 5.0 Enhancements

EA 4.x

- Agreement Structure

 - Enterprise Agreement Non-standard process to add affiliates
- Term: 36 months, 12 month extension
- Get current, stay current
- Standard Microsoft Platform
 - Desktop OS upgrade Office Professional

 - BackOffice CALs
- Published price points
 - 500- 999 1000-4999
- Select Ad-Hoc Purchases

EA 5.0

- Agreement Structure

 - MBA Enterprise agreement (perpetual) Enterprise Enrollment
- Term: 36 months, 12 month extension
- **Get Current Stay Current**
- Standard Microsoft Platform or individual Enterprise Products

 Desktop OS upgrade

 Office Professional

 BackOffice CALs

 Published price points

 500-999

 1000-4999

- Additional Products
 Level A: 0-99
 Level B: 100-499
 Level C: 500-1999
 Level D: 2000-4999
 Level E: 5000+

Key Sales Messages

- The Enterprise Agreement 5.0 program enhancements provide added flexibility to meet customer needs
 - · Based upon common Business Desk requests
- The full Microsoft platform of Enterprise products continues to remain the best value proposition for the customer as far as:
 - · Lower Total Cost of Ownership
 - Access to the Most Recent Versions of the Microsoft Enterprise and Additional products
 - · Simplified License Tracking
 - Reduced Risks of License Noncompliance and Associated Potential Costs
 - · Simplified Budgetary Planning
 - · Streamlined Ordering Process
 - · Facilitation of a Long-term Relationship with Microsoft

Programmatic Consistencies

■ Pricing Levels

- · Breadth levels offered by LARs
 - > 500-999
 - > 1000-4999
- 5000+ requires Microsoft Account Manager involvement

■ True Up Process

- Multipliers
 - ➤ Year 1: 2.5
 - > Year 2: 2.0
 - ➤ Year 3: 1.5

■ Language Groups

- Listed Languages
- All Languages
- Calculating Annual Payments

Enterprise Product Pricing

 Sum of individual Enterprise Products always greater than choice of full platform (15%)

Platform	Office	BO CAL	os
\$320	\$200	\$112	\$64
\$305	\$190	\$108	\$61

■ Enterprise products priced at 3 year price, regardless when added during the term of the Enterprise

eemem	1st Year	2nd Year	3rd Year	Total
Platform	\$320	\$320	\$320	\$1060
Office	\$200	\$200	\$200	\$600
1		\$300	\$300	\$600
			\$600	\$600
BO CAL	\$112	\$112	\$112	\$336
		\$168	\$168	\$336
			\$336	\$336
os	\$64	\$64	\$64	\$192
		\$96	\$96	\$192
I			\$192	\$192
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Additional Products

- Additional products available as part of Enterprise enrollment
 - · Not based upon commitment across all desktops
 - Purchase through initial order or add during any year of the enrollment

Level	Qualified Desktops		
Α	0-99		
В	100-499		
С	500-1,999		
D	2,000-4,999		
E	5,000+		

- · NOTE: Additional products are not cumulative across years
- Key Sales Message: Encourage customers to determine upfront on the initial order the number of additional products they can forecast during the term of the entire agreement in order to offer the best pricing and annual payments

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List of Additional Products

- Project
- FrontPage
- Visio
- Visual Studio Enterprise Edition
- Visual Studio Professional Edition
- BackOffice server
- SQL Server
- SQL Server Enterprise Edition
- Exchange Server
- Exchange Server Enterprise Edition
- Office Developer Tools
- Proxy Server
- Site Server Commerce Edition

- SNA Server
- Systems Management Server
- Windows Server
- Windows Advanced Server
- Windows Terminal Services CAL
- Windows Terminal Services Work at Home CAL
- Office Premium Upgrade
- Office Work at Home
- Office Pro Work at Home
- Office Premium Upgrade
 Work at Home
- Project Work at Home
- FrontPage Work at Home
- MS Press Learning Library Desktop
- MS Press Learning Library-Certified Plus

Open License 5.0

Open License 5.0 Enhancements

Open License (10/98)

- No signed Agreement
- Term: 24 months
- Upgrade Advantage Available
- Product Pools
 - Applications, Systems and Servers
- Pricing levels based upon points in the pool
 - · A: 10 points
 - B: 150 points
 - C: 500 points
- eMOLP

Open License 5.0

- No signed Agreement
- Term: 24 months,
- Upgrade Advantage Available

Business

- · no points, no pools
- single price
- Upfront order requirement of 5 licenses
- · No reorder minimum
- Customer types: Corporate, Academic

■ Volume

- · Product pools and points
- 150 point minimum upfront order*
- · 500 point minimum upfront order
- No reorder minimum
- Customer type: Corporate

eMOLP

*Outside of EMEA, comparable pricing can be achieved through Open License Business.

Future Enhancements for Open 5.0

■ New customer types

- Simplified offerings: No pools, no points, single price level
 - ➤ Charity (US)
 - Charity Open is not a donation program
 - Qualifications (US): not-for-profit, non-healthcare organizations currently registered under the Internal Revenue Service (IRS) tax code as a 501(c)3 corporation
 ✓ excludes all private foundations
 - ➤ Government:
 - Differences in eligibility definition may vary by region

■ Currently targeted for release July 1, 2000

- · Channel definition
- · Verification processes definition

Open License Sales Messaging

■ Sell Open License - Business

- · Majority of sales will target customers
 - > 95% of customers today purchase in Levels A and B
- · Ease of entry (5 licenses)
 - > No counting
 - > No large upfront order required
- · Ease of reorder
 - Reorders of any product, not limited to products purchase on initial order
- · Ability to purchase across all products, no restrictions
- Upgrade Advantage purchase
 - > Purchase under new authorization number each time to maximize 24 month term

■ Sell Open License Volume to customers

- where volume discount is critical (transition of current Level C customers), and
- where ability to make upfront payment to achieve the discount is possible Microsoft and Channel Confidential

Academic Open

■ Program description

- · Open Business
- In EMEA, additionally Open Volume
 > 150 point minimum upfront order level
- · Academic Open Agreement

■ Program consistencies:

- · Academic definition remains the same
- Channel continues to be Authorized Educational Resellers

■ Differences from Open 5.0 (corporate)

• Open Volume, 500 point minimum not available

Launch Details

Launch Details

■ Safe dates:

- Channel received price lists and ongoing communication week of December 20, 1999
 - > Agreements and orders not accepted until April 3, 2000
- Reseller communication about Open can not occur until February 28, 2000
- Customer communication of new programs can not occur until March 20, 2000
- Select and Enterprise Agreement 4.x versions accepted until July 1, 2000
- Sales collateral available for localization and to support knowledge transfer
 - Sales Reference Guides
 - Quick Reference Guides
 - Data Sheets
 - Program Comparisons
 - FAQs
- Training and Train the Trainer materials available

Questions and Answers Issues

Online Evaluation of Session

Select 5.0 and Enterprise Agreement 5.0

??? Licensing Account Manger

Introduction of the programs and yourself	
·	

Agenda

- **■** Benefits
- **■** General Program Information
- Select 5.0 Program
- Annual Level Adjustment
- **■** Enterprise 5.0 Program
- **■**Fulfillment

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Identify the agenda for the training session.

We will be:

- Discussing the benefits of the Select and EA 5.0 programs
- Taking a look at the changes that have affected both programs, for example the MBA.
- Reviewing the Select 5.0 program changes as well as the checklist and agreements involved
- Discussing the change from Compliance checks to the annual level adjustment
- Reviewing the Enterprise 5.0 Program changes as well as the checklist and agreements involved
- Discussing how fulfillment will function under the new programs

Benefits

- Simplified negotiation process and standard business terms incorporated into one agreement (MBA)
- Easily extended agreement terms without re-negotiating and re-signing
- More products to choose from under Enterprise Agreement
- Affiliates can sign their own EA
- Simplified Annual level Adjustment (used to be called compliance checks)

- Once in place, the MBA will allow for less time spent on the negotiating of standard business terms and conditions.
- Both the Select and EA will be able to be extended without any additional negotiations or contracts.
- · There has been more products listed under the EA to choose from.
- An affiliate (> 50% owned) can now sign their own EA
- Compliance checks have changed to an annual level adjustment only

General Program Changes

■ Microsoft Business Agreement

- Contains similar business terms across the current Microsoft EA, Select and Services agreements.
- Does not obligate Microsoft or customer to enter into a license or service agreement and has no end date, unless terminated by either party with a 30-day written notice.
- EA pricing levels will be based off the enrollment instead of the agreement

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The Microsoft Business Agreement has been developed in order to cut back on the renegotiation time of overall program terms and conditions.

Enterprise pricing levels will be based off the enrollment, rather then the agreement

General Program Changes

- Standard Select purchases under an EA will require the signing of a separate Select agreement
- Standard enrollment has a 2-year extension option
- Compliance has changed to Annual level Adjustment.

Microsoft Business Agreement REVIEW

Time to go through the MBA

MBA Key Requirements

■ Page 1 Only

- · Company Name and Information
- Customer Notices if different from Company information
- Company Representative must Sign and Date

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These are the key areas that must be completed in order for Microsoft to process it.



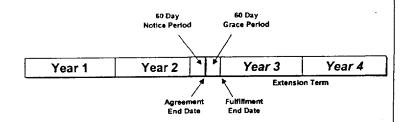
The following slides define Select 5.0

Select 5.0 Program Changes

- Corporate, Academic and Government Customers (State and Local Only)
- New Select 5.0 Program and Price List (CPL)
- New Select Agreements
- New Program Features:
 - Changed Agreement term to 2-year initial with 2 year extension option
 - Changed Compliance check to Annual Level Adjustment.

Select 5 price list is currently published	
; 	

Select Agreement Terms



Extension option - Microsoft may elect to extend the agreement for another 2 years, and if the customer who is signing does not wish to extend all of it's enrollments, then the customer must notify Microsoft in writing that they do not wish to extend for another 2 years.

Note: The initial CD subscription must be renewed by placing another order within 60 days.

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60 day notice gives LARs and customers the ability to implement a new agreement/enrollment or extend prior to the end of the term.

60 day grace period allows the customer to continue their fulfillment subscription if negotiations continue past the end date.

The customer has to contact Microsoft if they choose not to extend all of their enrollments

Select 5.0 Agreement & Enrollment REVIEW

Time to go through the Select Agreement and Enrollment

Select 5.0 Agreement Key Requirements

■ Page 1

- · Microsoft Business Agreement number
- Company Name and Information
- · Customer Notices if different from Company information

■ Page 2

· Company Representative must Sign and Date

■ Page 3 & 4

- · Check the Appropriate Price Level Option
- · Enterprise Agreement number if applicable
- List the Enterprise Product choices and indicate the Qualified Desktop count for Price Level A.
- Section 3: Circle the appropriate price level for each pool for which you do not have licensed enterprise products

These are the key areas that are required to be completed, in order for Microsoft to Process them

This data matches the checklist that you are provided

Select 5.0 Enrollment Key Requirements

■ Page 1

- Microsoft Business Agreement number
- · Select Agreement number
- Company Name and Information
- · Customer Notices if different from Company information

■ Page 2

· Company Representative must Sign and Date

■ Page 3

- · Shipping Information if different from address on Page 1
- · Microsoft Account Manager and contact information

■ Page 4

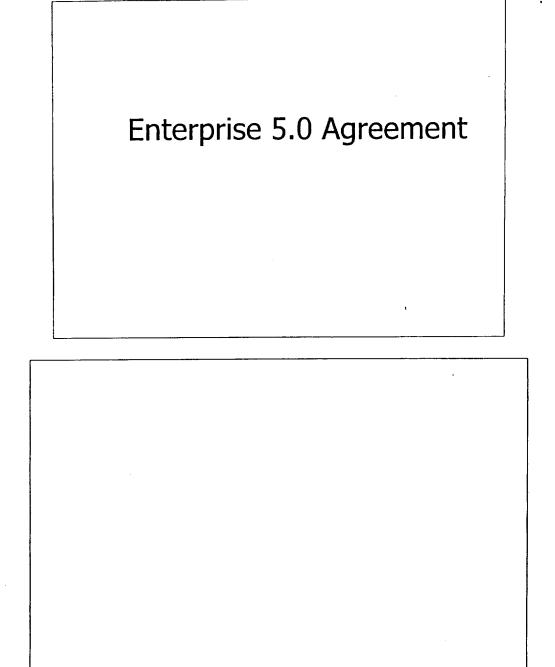
- Mark a language for each pool you have chosen on the Select Agreement
- Fill in Initial Fulfillment Kit/CD-ROM Shipment Contact if different from license confirmation contact

■ Page 5

· Reseller information and Representatives Signature and Date

These are the key areas that are required to be completed, in order for Microsoft to Process them

This data matches the checklist that you are provided



Enterprise Program Changes

- Corporate customers only. Academic will use Campus agreement and School agreement Programs
- New EA 5.0 Program and price list (CPL)
- New EA 5.0 Agreements
 - · The Enterprise Agreement will be perpetual
 - The Bill on dates will be based on the anniversary of the Enrollment, not the Enterprise Agreement
 - The coverage period will be based on 36 full calendar months of the Enrollment with a 1-yr extension option

EA 5 price list is currently published.		
•		

Enterprise Program Changes

■ New Program Features:

- · Additional Product Choices
 - > The Manual PO form has been modified to allow a LAR to submit a subsequent order for additional products to MS after the initial order provided on the Enterprise Enrollment. (This is not a True-Up Order)
- Affiliates (>50% owned) may sign their own Enrollments
- Removal of Select ad-hoc purchases from FA

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Affiliates:

Affiliates may sign separate enrollments or can participate under a large enrollment.

Removal of Select:

Select agreements should be done separately but will be based on number of enterprise enrollment desktops.

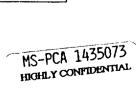
Enterprise Agreements

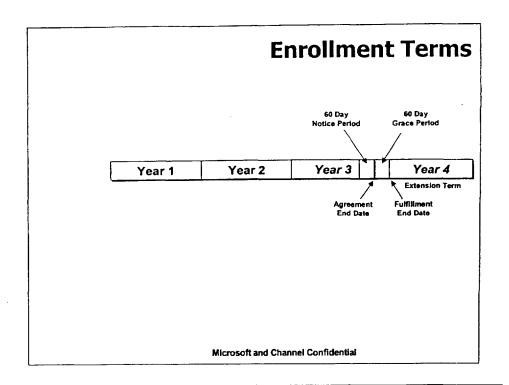
■ Enterprise Agreement

- Contains terms for the Enterprise agreement
- No End Date

■Enrollment

• 3-year term with a 1-year extension option



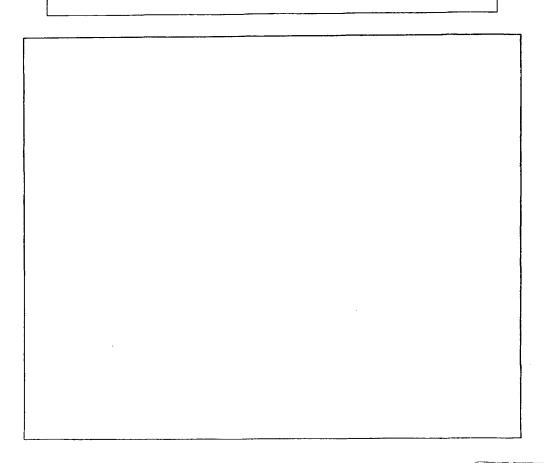


60 day notice gives LARs and customers the ability to implement a new agreement or and extension prior to the end of the Enterprise enrolment.

60 day grace period allows the customer to continue their fulfillment subscription if negotiations continue past the end date.

Enterprise Products

- Microsoft Platform Enterprise products
 - Windows Desktop Operating System Upgrade; and
 - Microsoft Office Professional (the current version of which consists of the following components: Microsoft Word, Microsoft Excel, Microsoft PowerPoint® presentation graphics program, the Microsoft Outlook® messaging and collaboration client and Microsoft Access); and
 - Microsoft BackOffice Client Access License (the current version of which consists of Client Access Licenses for the following components: Windows NT Server, SQL Server, Microsoft Exchange Server, Systems Management Server, and SNA Server).
 - Microsoft Press Enterprise Learning Library Desktop
- Enterprise customers may elect any individual or combination of individual Enterprise products with the exception of MS Press Products

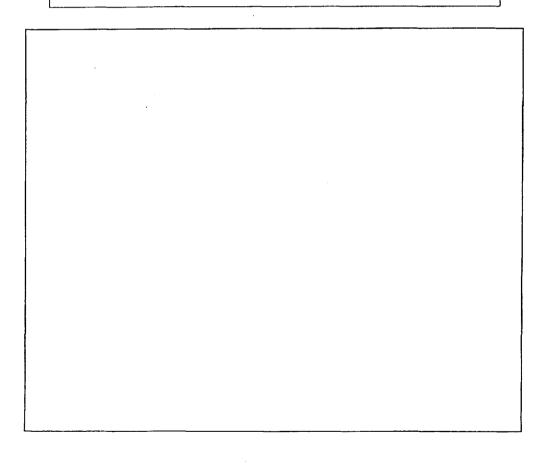


Additional Products

- Additional products available as part of Enterprise enrollment
 - Not based upon commitment across all desktops
 - Purchase through initial order or add during any year of the enrollment

Level	Qualified Desklops

- NOTE: Additional products are not cumulative across years
- <u>Key Sales Message:</u> Encourage customers to determine upfront on the initial order the number of additional products they will order to offer the best pricing



List of Additional Products

- Project
- FrontPage
- Visual Studio Enterprise Edition
- Visual Studio Professional Edition
- BackOffice server
- SQL Server
- SQL Server Enterprise Edition
- Exchange Server
- Exchange Server Enterprise Edition
- Office Developer Tools
- Proxy Server
- Site Server Commerce Edition
- Visio

- SNA Server
- Systems Management Server
- Windows Server
- Windows Advanced Server
- Windows Terminal Services CAL
- Windows Terminal Services Work at Home CAL
- Office Premium Upgrade
- Office Work at Home
- Office Pro Work at Home
- Office Premium Upgrade Work at Home
- Project Work at Home
- FrontPage Work at Home
- MS Press Learning Library-Certified Plus

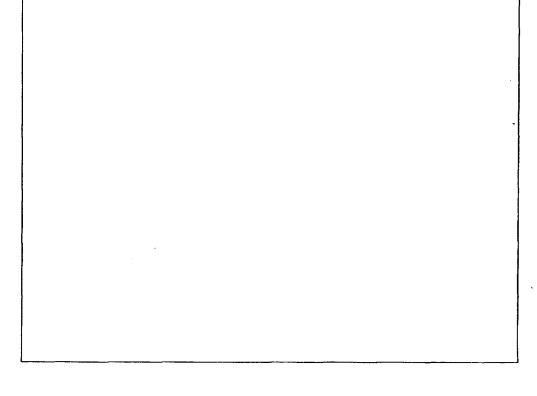
Adding Affiliates

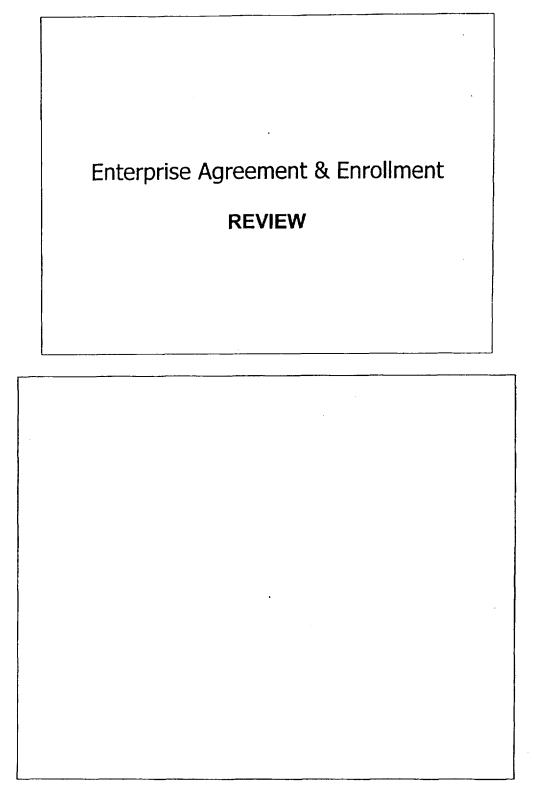
- Affiliates may be added through the Enterprise enrollment
 - Enterprise enrollments establish number of qualified desktops and pricing
 - Enterprise enrollments will not be coterminous (each may have a different end date)
 - Each Enterprise enrollment is able to select it's own Enterprise products



License Confirmations

- License confirmations for Enterprise Agreements 5.0 are streamlined
 - Full licenses, except for Operating Systems which will be upgrades
 - Issued in language category ordered: All or Listed languages
- Key Sales Message: By indicating full licenses (except for Operating Systems) on the license confirmations, Microsoft will provide customers with easier license tracking and asset management





Enterprise 5.0 Agreement Key Requirements

■Page 1

- Microsoft Business Agreement number
- · Company Name and Information
- Customer Notices if different from Company information

■Page 2

• Company Representative must Sign and Date

Enterprise 5.0 Enrollment Key Requirements

■ Page 1

- Customer Purchase Order number
- · Enterprise Agreement number
- Microsoft Business Agreement number
- · Company Name and Information
- Customer Notices if different from Company information

■ Page 2

· Company Representative must Sign and Date

■ Page 3

- Shipping Information if different from address on Page 1
- Microsoft Account Manager and contact information



Enterprise 5.0 Enrollment Key Requirements

■ Page 4

- Mark a language for each pool you have chosen on the Select agreement
- Fill in Initial Fulfillment Kit/CD-ROM Shipment Contact if different from License Confirmation contact

■ Page 5

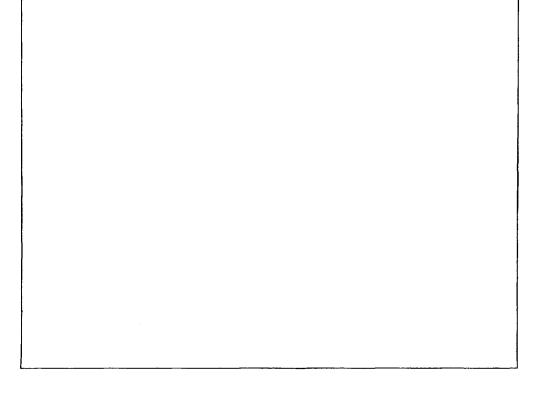
- Section 1: Complete the Enterprise order form
- Section 2: Check the appropriate language box
- Section 3: Complete the Language allocation

■ Page 6

· Section 4: Complete both sub-sections a & b

■ Page 7, 8 & 9

Section 5: Complete the Enterprise order form for additional products



Enterprise 5.0 Enrollment Key Requirements

■ Page 11

- Section 1: Complete the General Information
- Section 2: Complete the Billing information for enterprise and additional product coverage

■ Page 12

Complete the Reseller Information form

■ Page 13

Reseller representatives Signature and Date
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Fulfillment

■ Fulfillment Subscriptions

- Fulfillment subscriptions will end 60 days after the initial 2-year (Select) or 3-year (EA) term unless an order is received within the 60 day grace period.
- Receipt of an order after the 60 day grace period will automatically extend the agreement and reactivate the initial CD Subscription.
 - > Customers will not have access to prior CDs missed.
- Subsequent subscriptions of Select CD will need to be renewed after the initial end date of the agreement term.

