

# Microsoft Office 68K & PowerPC Plan

## Strategic Objectives

- 1 Maintaining Leadership
  - Establish Msoft's PowerPC Office as the leading application for the PowerPC.
- 2 Upselling and Upgrading Installed Base
  - Leverage the excitement generated by the PPC to increase upgrade and new purchase rates.
- 3 Stopping the Growth of Claris Works
  - Prevent Claris Works from establishing share on the PPC platform by repositioning them as low-end.
- 4 Reaching New Mac Buyers in SMORG Segments
- 5 Improving Operating Efficiencies
  - Leverage Apple's marketing where ever possible to ensure most efficient marketing.

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## Business Objectives

4/94-4/95wwRev	Word	XL	PPT	OFC
Upgrades	\$23.7	18.7	6.8	44.1
FPP	<u>14.2</u>	<u>11.2</u>	<u>4.1</u>	<u>35.1</u>
Total PPC	\$37.9	\$29.9	\$10.9	\$79.2

- How much of the PPC business is incremental - we estimate between 1/3 to 1/2 of it
- On average, the total of \$157.9MM PPC revenue should be about 50% of Office Apps revenue worldwide from CQ2'94-CQ1 '95
- By the beginning of FY'96, this % will increase to about 75% of revenue.

## Target Audiences (68K & PPC)

- **Installed base**
  - Mac app owners Yes
  - ClarisWorks users No
- **New buyers**
  - Corp Accounts Yes
  - SMORGs Yes
  - Higher Education Yes
  - K-12 Education No
  - Consumers No
- **Influentials**
  - Press/Analysts Yes
  - Resellers Yes
  - Solution Providers Yes

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## Office Positioning

*"The Microsoft Office is the family of full featured applications that work together as one for Macintosh, Power PC and Windows."*

- Beyond Ease of Use
- Beyond Cut and Paste
- Custom Solutions
- Cross Platform

## Messaging Office for 68K & PowerPC

- Influentials and Press
  - Office for 68K is a revolution.
  - Office for PowerPC is a double revolution.
- Installed Base
  - Office 4.0 for 68K is a whole new way to work.
  - On PowerPC it's more fluid(?), natural(?), seamless(?)\*.
- New buyers
  - Works for K-12 and home.
  - Mac Office for SMORG, large business use and higher ed.

(\*O&M to wordsmith.)

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## Pricing & SKU Recommendation

- Objectives
  - Packaging/Pricing maps to "Office as the defining app" strategy (for both 68K and PPC)
  - Incent customers to upgrade to Office 4
  - Efficiency in production, fulfillment and SKU management
  - Customer satisfaction
  - Makes sense for real world scenarios

## Pricing & SKU Recommendation

- For Office:
  - SKUs: Have separate PPC & 68k SKUs for FPP and upgrade. Create a single CD SKU that will include both 68K and PPC code.
  - Pricing: FPP SRP \$750. VUP SRP \$259/\$299
  - Until PPC version ships:
    - » Include a coupon for free PPC disks in the box
    - » Snipe box to mark free PPC disks
  - When PPC apps ship:
    - » Introduce Office PPC SKUs
- For individual applications:
  - SKUs: Create a single sku for 68K and PPC.
  - Pricing: FPP SRP: \$485. VUP SRP \$399/\$129
  - Until PPC version ships:
    - » Include a coupon for free PPC disks in the box
    - » Snipe box to mark free PPC disks
  - When PPC apps ship:
    - » Scenario stays the same until September when we will go to dual media in box (This should co-incide with roughly 17% PPC fulfillment rate.)

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## Other SKU details

- **Packaging standards:**
  - We will snipe all boxes with a message like: "Upgrade to PowerPC free".
  - All packages will prominently carry Apple's "PowerPC Ready" logo
- **Fulfillment:** Msft will cover the cost of disks, but not shipping & handling. This will allow us to advertize free disks, without taking a large revenue hit. (We will re-evaluate this.)
- **Licensing:** Licenses will cover all platforms (on a per user basis). There will be no additional cost to transfer licenses across platforms (eg Excel 5/68k to Excel 5/ppc). We will charge S&H and media to Office ppc sku buyers who also want 68K disks.

## Technology Guarantee

- **Objectives:**
  - Prevent competitors from getting first mover advantage on PPC
  - Capture early PPC adopters, and new app purchasers
  - Prevent sales from stalling pre-launch
  - Deliver on promise of "Being the defining app on the PowerPC."
- **Recommendation:**
  - Provide free PPC & version upgrades to all MSFT app buyers from 3/14 until PPC apps ship.
  - Free Date becomes 3/14 for all (mac) platforms and all products.
  - Fulfillment vehicle will be in-box coupon & proof of purchase

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## Technology Guarantee, Cont.

- Costs: (based on 100K PPC units sold from 3/14 - 4/30)
  - PPC Tech guarantee Only: \$825K (ie, no upgrades)
  - Single Free date program: \$1.3MM (ie PPC & upgrades)
  - Expected fulfillment rates much lower on version upgrades (Estimate is for 15% fulfillment of upgrades, 60% fulfillment of new products.)
- Pros:
  - Meets objectives
  - Incorporates learning from Windows launch which dictates single free date. (A combination "PPC-only tech guarantee" and separate free date is too confusing.)
  - Provides an opportunity for good PR
- Cons:
  - High cost to prevent competitive ownership of market
  - The offer may not be compelling enough to really compete with tangible PPC product offerings

## 68K & PPC "Launch" Event

- Objectives:
  - Announce availability for 68k and PowerPC native applications
  - Create excitement/generate demand in the channel
  - Prove leadership
  - Outshine competition with full, best of breed applications

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## Launch Recommendation

- For PowerPC products:
  - Participate in Apple's 3/14 event with an on-stage demo. Potential BIIIG involvement. Deliver positioning messages and Mac commitment message.
  - Announce "technology guarantee" to start 3/14.
- For 68K & PowerPC products:
  - Announce new versions of word, xl, ppt, works and Office in a "user" forum on 6/13. This will most likely be on User Group TV.
  - Announce promo pricing
  - Announce availability

## Advertising

- Overarching objectives:
  - Build leadership image for PPC early
  - Become defining application for 68K & PPC
- PowerPC Teaser Ads
  - Objective:
    - Extend Leadership to PowerPC
    - Preview - "Revolution - Double Revolution"
  - Mac Press - (May-June issues)
- MacOffice Launch Ads
  - Objective:
    - Communicate Office as defining application
    - Support for 68K and PPC
  - Mac Press - (August-Oct issues)
- Joint MS-Apple PowerPC Ads
  - Investment: requested \$1m by MS and Apple
  - Objective:
    - Communicate Office as defining application
    - Apple endorses MS leadership on PowerPC
  - Mac and Business Press - (Oct-Dec?)

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## Public Relations

- Objective
  - Extend leadership to PowerPC through influentials
  - FUD other competitors to minimize switching
- DATE                      ACTIVITY
  - 1/28                      MSFT PPC strategy LL press  
( Monthly - PPC messaging, screen shots, no demos)
  - 3/7                        MSFT PPC strategy SL press  
( Weekly - PPC messaging, demo, availability, SKU)
  - 3/14                      Apple PowerPC Launch (NYC)  
( MSFT speaker - PPC messaging, commitment, demo)
  - 3/21                      MSFT Office launch LL press  
( Monthly - 68K & PPC messaging, availability, betas)
  - 5/1                        MSFT Office launch SL press  
( Weekly - 68K & PPC messaging, availability, betas)
  - 5/10                      MacOffice Launch (User Group TV)
- Delta PR strategy between PPC and MacOffice launch
  - "PowerPC Technology guarantee"
  - Seed customer stories around PPC betas
  - Foxpro for PPC shipping
  - Stories on PPC technical issues

## Direct Mail

- Objectives:
  - 1) Increase upgrade and new purchase rates (for 68K and PPC)
  - 2) Leverage Apple's marketing efforts
- MS Direct Mail efforts:
  - 1st wave upgrade mailing:
    - Planned drop is 6/1
    - Universe is 1MM users
    - Offers upgrades and FPP to Word, XL, PPT, Works and Office users
  - 1-1 newsletter mailing:
    - Planned drop is 6/10
    - Universe is 1mm users (there is overlap with upgrade mailing)
    - Ships with a "wrapper" around it to offer direct purchases.
  - Note: All Msft mailings will offer both 68K and PowerPC versions. No separate Msft/PPC mailings are recommended at this time.

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## Promo Opportunities, PreLaunch

- Objectives
  - Prevent competitors from getting first mover advantage on PPC
  - Capture early PPC adopters, and new app purchasers
  - Prevent sales from stalling pre-launch
  - Deliver on promise of "Being the defining app on the PowerPC."
- Tech Guarantee - Channel plans
  - Build retail presence and in-store recommendation
    - » POS Materials
      - shelf wobblers
      - monitor hood/counter card for hwre/swre resellers
    - » Contest to heighten ASP awareness

## Promo Opportunities, Post Launch

- Objectives
  - Build awareness of & recommendation for new apps
  - Drive upgrade sales
  - Establish Office as the defining app for the PowerPC
- Intro reseller push - \$99.00 Intro Upgrade Pricing & \$259.00 Trade-up to Office
  - Stocking Incentives
  - P.O.S. Materials
  - Tie in with advertising and direct mail
- Other Promo ideas (details to follow)
  - Coupon Swap with Apple for upgrade boards
  - OEM soft-bundles (logic boards)

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## Field Roll-out

- **Field Training**
  - RSM overview of Mac launch strategy in January
  - Schedule district training for all MacApps in April - in conjunction w/beta (this will include MOR training as well). The forum for this may be City Sweep.
  - Establish a "Mac" SE contact for each field office who comes to Redmond for special training
- **PowerPC Strategy Communication**
  - A Mac update to the Office Sourcebook is planned. We will include a PowerPC component in that update
  - NDA Presentation needed by February for field use
  - White Paper needed by PowerPC announce on 3/14
- **Field Cooperation with Apple**
  - Joint Sales Seminars for Large Accounts in May-July
  - Any North America districts who want to participate
  - "Standard" seminar includes Apple & MS content, geared toward PPC
  - Apple invites their key accounts, MS field invites our key accounts.
- **Issue: Lack of Apple Equipment in Field**
  - Secure Apple sponsorship?

## International Roll-out

- **Objectives**
  - Roll-out PPC native applications to top 5 subs within 6 months of US ship
  - Support top 5 subs as appropriate
- **Top 5 countries include:**
  - English-speaking countries: UK, Australia, Canada
  - France
  - Germany
  - Japan
  - Sweden
- **Next Steps:**
  - Work with Int'l PMs to create native PPC plans
  - Brief Euromanagers in mid-Feb
  - Ensure that Msft has support at Cebit on 3/15

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## Expected Schedules (US&Intl)

• PowerPC RTMs

US	0	6/15	6/22	7/27	7/27?	4/15	7/20	
9/20	0	6/15	6/22	7/27	7/27	4/15	7/20	
Europe	-30	7/15	7/25	8/25	8/25	5/15	8/20	
Channel	-30	7/15	7/25	8/25	8/25	5/15	8/20	
Japan	Var	9/15	11/25	?	?	?	?	
India	-60	8/15	8/25	9/25	9/25	6/15	9/20	
Latin	-60	8/15	8/25	9/25	9/25	6/15	9/20	
Spain	-90	9/15	9/25	10/25	10/25	7/15	10/20	
France	-90	9/15	9/25	10/25	10/25	7/15	10/20	
UK	-120	10/15	10/25	11/25	11/25	8/15	11/20	
Italy	-120	10/15	10/25	11/25	11/25	8/15	11/20	
Canada	-45	8/1	8/10	9/10	9/10	6/1	9/5	

## Responsibilities Matrix

Area of Responsibility	Mac Owner	Win Owner
Advertising	Kirkmo/JoanMo/DonP	n/a
Direct Mail	DaveMar	DeniseR/JohnGab
Public Relations	Kirkmo/JoanMo/DonP	n/a
Channel Management & Tech	ReneeW	KelliW
Guarantee		
Launch Events	Mac Team	n/a
Sales Tools & Field Support	DaveMar	LanO
Research & Development	BridgetB	KevinBr, AmyH
International Rollout	BridgetB	EvaC, TaylorC, FranceB

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## Next Steps

- In order to be effective, the Mac team needs:
  - 1) Results of Spindler & BillG meeting - commitment to product dates is critical!
  - 2) Buy off on this plan from the Windows team both for content and for resources
  - 3) Buyoff from PeteH & ORC/PRC
  - 4) A "kick-off" offsite with all members of the launch team (win and mac) by end of January.

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