

Operation Napalm

- Goal: achieve critical mass
 - 10% Word/Excel NA share increase
 - > 65% sustained
- Capitalize on moment
 - Novell/WP transition
 - Lotus apps desperation
 - Chicago build-up
 - Increased MS channel influence

Operation Napalm Strategy

- 6 month coordinated, aggressive strike
 - Target low share opportunities
- 3 components
 - OEM SMORG bundles
 - Channel push programs
 - Demand generation program

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OEM S/MORG Push

- Goals
 - >100,000 units Word, >25% Office upsell
 - Target >5k unit s/morg OEMs
 - Ship in 60 - 90 days
 - Get OEM regbase names
- Terms
 - Pre-install, current version only, min commits, OEM supports
 - Office upsell coupon in box
 - \$1 off for reg cards, \$2 for 100% names

OEM S/MORG Push

- Terms:

<u>Product</u>	<u>≥5k</u>	<u>≥10k</u>	<u>≥20k</u>	<u>Marketing Program</u>
Word/Bkshlf	\$65	\$60	\$55	Focused S/MORG
Excel/Money	\$65	\$60	\$55	Focused S/MORG
Office	n/a	n/a	\$175	None
Office Pro	n/a	n/a	\$200	None

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OEM S/MORG push

- Potential - 145K units, \$8,125,000

<u>Account</u>	<u>Volumes</u>	<u>Royalty</u>	<u>License Value</u>
Zoss	50k	\$33	\$2.5M
Comark	15k	\$60	\$825k
Winlabs	15k	\$60	\$825k
ICT	10k	\$60	\$600k
Intel	10k	\$60	\$600k
Data Storage	10k	\$60	\$600k
Scanix	10k	\$60	\$600k
ALR	10k	\$60	\$600k
DG	5k	\$65	\$325k
Wyse	5k	\$65	\$325k
Sides	5k	\$65	\$325k

Channel Push

- Goals
 - Gain 10 Word/Excel share points (65%)
 - Capture reseller mindshare
 - Test "indirect rebates"
- Targets
 - Directs, Sr. Partners, Mass Merch Sr. Partners
 - Distis
 - Aggregators

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Channel Push

- Disti S2 rebates
 - Sales, out goals: Office 2, Word 1, Excel 1
 - Not including sr. partners
- Direct Reseller rebates
 - Sales out goals: Office 3, Word 2, Excel 2
- SWAT team for <50% accounts
- Quickstart
 - Swat and Bonanza start asap

Channel Push

- Bonanza fund
 - rebate based on Jan - June “blended” IMS
 - pay for performance
 - higher gain, higher payout
 - no rewards for <50%

Starting share	<50%	50-60%	60-65%	>65%
<50%	n/a	2% rebate on share above 50%	1.5% rebate on share over 50%	5% rebate on share over 50%
50-60%	n/a	2% rebate on share over current	1.5% rebate on share over current	5% rebate on share over current
60-65%	n/a	nothing	1.5% rebate on share over current	5% rebate on share over current
>65%	n.a	nothing	nothing	5% rebate on share over current

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Channel Push

- Bonanza cont'd
 - IMS based on incremental units
 - Bonus paid on incremental revenues
 - Select revenues included
 - Seed 25% marketing funds up front
- Risks
 - Gain share, market stays flat or shrinks
 - Share shifts

Demand Generation Strategy

- Provide business value message to SMORGs
- Leverage existing infrastructure (PSS East Sign, ISS, ART)
- Basis for Spring promo
- Coordinate with MS communications plan (e.g. W&K)
- Two phased rollout to address:
 - Switchers: pre Office 95
 - Upgraders & Switchers: post Office 95

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"Risk Free" Trade Up Program

- Address key customer obstacles
 - inertia
 - transition costs
 - awareness
- Key Themes: move up to the leader, MS has best products, partners and support to help you, everyone is moving to Microsoft
- Tone: Optimism, customer-focus, safety, leadership, momentum

Phase I Strategy

- Focus on key switcher objection & concerns
- Keep it simple, build infrastructure
- Basis of Spring promo
- Aggressive communication strategy
- Program runs Jan - June

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Phase I - Risk Free TradeUp Program

- Three components:
 - 1-800 access to peer testimonials, case studies, TradeUp tools and information
 - No charge (206#) TradeUp support from MS
 - Referrals to partners in your area

Phase I: Testimonials and tools

- Individual app TradeUp case studies
 - Word, XL, Access, PPT, Office
 - Personalized audio TradeUp "abstract" by customers
 - Detailed case study through fax-back
- Tell us how you moved
 - Opportunity to be in an MS ad, PR
- TradeUp Kit
 - Migration tools (whitepapers, tips, etc)
 - Conversion planning template

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Phase I: No charge TradeUp Support

- Access to specially trained TradeUp SEs
 - current switcher line (and regular support)
- TradeUp FastTips
- CompuServe TradeUp forum

Phase I: Access to Partners

- TradeUp Factory
 - Referral to small army of conversion expert SPs
 - Microsoft trained and endorsed
- Local SPs via ART
- Local resellers
- Information on Microsoft products

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Phase II Strategy

- Program starts post Office 95 launch
- Focus on-key upgrader objection & concerns
 - maintain support for switcher services
- Build on Phase I infrastructure

Phase II: Additional Components

- Testimonials & cases
 - Version upgrades
 - SMORG/MORG/LORG
 - Key verticals
- Switcher Kit
 - Chicago app upgrade tools (whitepapers, tips, etc)
 - Conversion template with Chicago specifics
- Authorized Office Switcher SP (JeffR idea)
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Napalm Mktg

- PR
 - Intro press release
 - Switcher story series (from Hotline)
 - Momentum release
 - S/MORG press tour
- Ads
 - Loud introduction, promo ads
 - Include text in all PC press ads
 - Include in testimonial campaign
 - Weiden & Kennedy phase 2?

Napalm Marketing

- Field
 - FMM training
 - Sales tools
 - datasheet, conversion kits
 - reseller kits
- Channel Marketing
 - Spring promo
 - Need a hook (eg. Free Trial)

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Issues

- Ops cost exposure
- Lots of messages
- Managing Chicago launch exposure

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