



Depo. Ex. 82

Depo. Ex. 348

MS-DOS 6 MARKETING PLAN

I OBJECTIVES

MS-DOS Group Mission
Make every PC running MS-DOS a great platform for Windows while continuing to increase the MS-DOS profit stream

Marketing Objectives

- 1. Expand the MS-DOS Upgrade market
- Sell to a broader audience than the MS-DOS 5 Upgrade
- Sell multiple MS-DOS 6 Upgrades to certain customers
2. Increase naked OEM system penetration
- Estimated at 5 million naked units annually
3. Keep Novell/DR from gaining momentum
- Pre-empt DR DOS 7 FR
- Position DR DOS 7 as a proprietary operating system
- Freeze DR DOS 7 out of the channel
- Keep DR from signing any major OEMs

- Help sell other MS product

Business Objectives

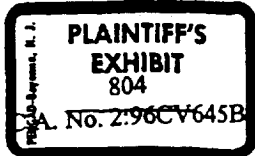
- 1. Increase 12-month Upgrade revenues by 50% over MS-DOS 5 Upgrade
- Increase US revenues 45% and International 70%
- Increase US units 15% and International 35%
- Sell at least as many single Upgrades as last time

Table with 6 columns: Category, US 12 mo. shipments, Tot. US \$, Intl. 12 mo. shipments, Tot. Intl. \$, Total \$

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2. Increase MS-DOS 6 Upgrade profits over MS-DOS 5 Upgrade profits
  - Increase gross/unit
  - Shift product mix away from Upgrades to higher margin 3-paks (see previous table)

MS-DOS 5	Shipments	\$/Unit	Total US \$	Cogs	PSS	Gross/Unit	Gross	Margin
Upgrade	2,019,461	\$52.29	\$105,597,616	(\$8.78)	(\$2.50)	\$41.01	\$82,818,096	78%
MLP	110,106	\$44.69	\$4,920,637	(\$2.00)	(\$0.10)	\$42.59	\$4,689,415	95%
VPP	166,518	\$29.59	\$4,927,268	\$0.00	(\$0.02)	\$29.57	\$4,923,937	100%
<b>Total</b>	<b>2,296,085</b>	<b>\$50.28</b>	<b>\$115,445,520</b>				<b>\$92,431,447</b>	<b>80%</b>
<b>MS-DOS 6</b>								
Upgrade	2,000,000	\$68.97	\$137,931,000	(\$9.97)	(\$6.40)	\$52.60	\$105,191,000	76%
MLP	50,000	\$62.07	\$3,103,275	(\$2.00)	(\$0.26)	\$59.81	\$2,990,275	96%
3-pak	100,000	\$172.47	\$17,246,550	(\$16.46)	(\$6.92)	\$149.09	\$14,908,550	86%
10-pak	10,000	\$517.50	\$5,175,000	(\$17.00)	(\$7.70)	\$492.80	\$4,928,000	95%
100-pak	1,500	\$4,485.00	\$6,727,500	(\$22.00)	(\$8.22)	\$4,454.78	\$6,682,170	99%
<b>Total</b>	<b>2,600,000</b>	<b>\$65.46</b>	<b>\$170,183,325</b>				<b>\$134,699,995</b>	<b>79%</b>

3. Increase per-system OEM royalties
  - Base product
  - Utilities pak

#### Keys to success

1. Great, solid product
2. Pre-launch excitement and DR pre-emption in press
3. Explosion at launch of PR, pull, push and OEM support

#### Challenges

1. Getting people who thought they were getting Cougar excited about Astro
2. Communicating to the broader market why they need Astro
3. Communicating a clear future for MS-DOS
4. Pre-empting Novell/DR
5. Avoiding being labelled DR followers or a collection of utilities
6. Increasing International Upgrade revenues by 70%

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## II. PRODUCT OVERVIEW

### Vision

"The expert in the box" for both MS-DOS and Windows users

*Easy Safe*

### Positioning

MS-DOS 6 makes managing your computer easier

*<corpcomm sell line>*

### Hook

MS-DOS 6 doubles the size of your hard disk

The hook is the attention-grabber in ads and direct mail. The MS-DOS 5 hook was memory management

### Support points

*<need to be finalized>*

1. Integrated compression doubles the size of your hard disk
2. Complete memory management painlessly frees more memory
3. Windows integration
4. Built-in networking and mail
5. Data security
6. PC management tools

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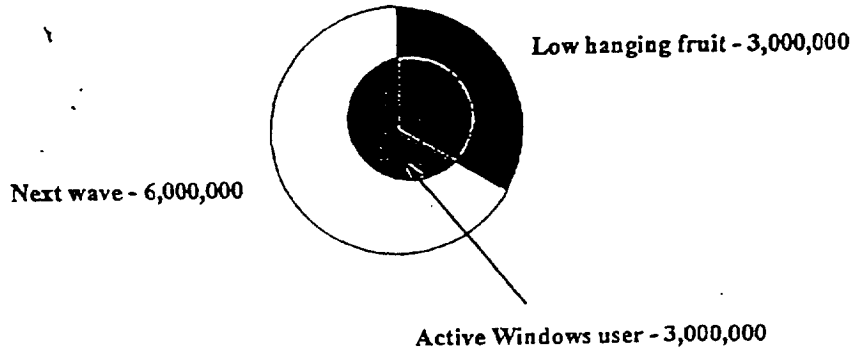
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### III. MARKETING STRATEGY

#### Target Markets

1. The low-hanging fruit
  - Description: MS-DOS 5 Upgrader or someone right on the fence
  - Research shows them to be quite sophisticated and very happy with MS-DOS 5
  - How many: 2,500,000-3,000,000<sup>1</sup>
  - Easy to reach: 52% read PC press, and approximately 50% are registered Microsoft customers
2. The next wave
  - Description: Software purchaser with disposable income who didn't purchase the MS-DOS 5 Upgrade
  - Research shows them to be less sophisticated and more inertial than the low-hanging fruit
  - How many: 4,000,000-6,000,000<sup>2</sup>
  - Hard to reach: 15% read PC press, and less than 10% are registered Microsoft customers
3. The active Windows user
  - Description: Windows user who is also a software purchaser
  - How many: 3,000,000<sup>3</sup>
  - Easy to reach: 50% are registered MS customers



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<sup>1</sup> 2,000,000 MS-DOS Upgraders (3,000,000 units \* 64% with purchase influence) + 500,000 cheap geeks (30,000,000 Non-MS-DOS 5 users \* 12% Advanced \* 32% Definitely would purchase MS-DOS 5 \* 56% directly involved in software purchase)

<sup>2</sup> 30,000,000 \* 88% Int./Novice \* 30% directly involved in purchase \* 40% with incomes over \$50,000

<sup>3</sup> 30,000,000 \* 28% active software purchasers \* 32% Windows users among active purchasers

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Product Offerings and Pricing

Recommended U.S. Pricing.

MS-DOS 6	SRP	Disc. %	MS \$	Low Street	Markup	High Street	Markup
Upgrade	\$99.95	31%	\$68.97	\$79	15%	\$89	29%
MLP	\$89.95	31%	\$62.07	\$76	22%	\$83	34%
3-pak	\$249.95	31%	\$172.47	\$199	15%	\$222	29%
10-pak	\$750.00	31%	\$517.50	\$599	16%	\$649	25%
100-pak	\$6,500.00	31%	\$4,485.00	\$5,000	11%	\$5,500	23%

Pricing and Product Open Issues

- What is the price of the Upgrade?
- Are we offering 10's or 20's?
- What is the MLP, 10/20 and 100 pricing?

Strategy Summary

Low Hanging Fruit

Communication Method	Communication Vehicle	Reach & frequency	Offer
PR	PC trade press	3,000,000 X 1	Not Applicable
Advertising	PC trade press	2,000,000 X 3	Buy a 3-pak, get X
Direct Mail	Windows and Win apps reg base (Focus list)	2,000,000 X 1	Buy MS-DOS 6 Upgrade for X Buy 3-pak get Y Buy upsell for Z
Direct Mail	Non-Windows, 386/486 MS-DOS 5 Upgrade reg base	200,000 X 1	Buy MS-DOS 6 Upgrade for X Buy 3-pak get Y Buy upsell for Z
Direct Mail	Non-Windows, XT/286 MS-DOS 5 Upgrade reg base + MS-DOS apps reg base	800,000 X 1	Buy MS-DOS 6 Upgrade for X Buy 3-pak get Y Buy upsell for Z

Next Wave

PR	Local newspaper PC columns	1,000,000 X 1	Not applicable
PR	Business and general reader press (Business Week, Family Circle, Time, Newsweek)	2,000,000 X 1	Not applicable
Advertising	Local newspapers	2,000,000 X 3	Offer?
Marketing Partner	United Airlines	1,500,000 X 1	Buy MS-DOS 6 Upgrade for Y, get 500 FFM
Marketing Partner	Citibank Visa Advantage cardholders	1,000,000 X 1	Buy MS-DOS 6 Upgrade for Y, get 500 FFM
Marketing Partner	Citibank Visa targeted cardholders	3,000,000 X 1	Buy MS-DOS 6 Upgrade for Y, get Q

Open issues  
Direct/no-direct

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*What's the channel up-sell(s): strategic or profitable?  
What's the channel up-sell mechanism?  
What's the offer (cash, ff miles, WSJ subscriptions, etc.)?  
Do we go direct through marketing partner?  
Do we make our regbase an offer on a single Upgrade?*

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*We are  
behind on much of this*

Milestones

Component	Owner	Date	Milestone
Positioning	Russ	9/8	Positioning, sell-line and support points done
Pricing	Russ	9/11	10 vs. 20, 100s and MLP pricing set
		9/14	SRP vs. discount issue settled
Channel	Russ	9/18	First Egghead visit done
		9/21	Conceptual channel plan complete
		10/12	Direct account visits begin
			Second draft channel plan complete
		10/26	All direct account visits complete
		10/30	Order fliers from Egghead
PSS	Russ	11/9	Final channel plan complete
		9/9	Headcount estimates complete
		9/25	Astro call codes complete and implemented
		9/30	Headcount hiring numbers complete
		10/30	Service delivery mechanisms final
Direct Mail	Sergio	Open	Pre-launch KB Fest planning complete
		9/4	Initiate vendor selection
		9/11	Direct/no-direct decision made
		9/18	Offers set
		9/30	Vendor selection complete
Advertising	Sergio		Kickoff
		9/11	Ad strategy set: To whom, what offer
International	TBD	9/21	Kickoff
		9/4	Rude Q&A and presentation complete for subs
		Open	Solicit plans from key subs
		Open	Visit key subs
		Open	International press tour
Open	Revised sub plans complete		
Corp Com	Sergio	9/8	Draft communications plan complete
		9/21	Kickoff complete for packaging, 3-pak packaging, holograms, 5-minute workout and reg card
		11/21	Ad slicks and box film ready for resellers
Manufacturing	Sergio	10/30	First solid build forecast
Anti-Virus	Sergio	9/25	Worldwide fulfillment and corporate strategy set
ISV/IHV	Richf	9/4	Hardware license complete and mailed to IHVs
		9/13	Software license complete and mailed to ISVs
		9/18	Hardware licenses signed and algorithms sent to IHVs
Corporate accounts	TBH	10/2	Corporate presentation materials and notes complete for field
Education	TBH	11/6	Ed pricing set
Competitive analysis	Russ	9/11	Consultant yes/no and ex-DR yes/no decisions made
		9/18	Novell Q3 financial analysis complete
		10/19	PalrnDOS kit analysis complete

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Field and internal communications	TBH	Done 10/30 11/20 1/6 1/30 2/6	NSM Field office visits complete Channel plan rolled out to reseller field Field newsletter sent RKO RAX marketing plans due Customer service reps trained
PR	Richf	9/4 9/11 9/18 10/2 10/18 Open Open	Reviewer's guide outline complete PR plan complete Business Week yes/no decision made First draft reviewer's guide complete Second draft reviewer's guide complete Reviewer's guide complete Monthlies press tour complete East coast MS-DOS Lives press tour complete Weeklies launch press tour Local columnists and general press launch tour
Launch Event	Richf	9/18 10/9 10/23 11/23	Kickoff Creative team selected Draft concepts Concepts approved
Post-launch plans & FY94 budgeting	TBD	10/31 11/30 1/4	Post-launch scenarios complete Conceptual design complete Final draft and budget complete
Marketing Partnership	Sergio	Done 9/11 9/18	United Airlines verbal commit Co-marketing strategy set (direct/no-direct, offers, partners) Citibank verbal commit
OEM	Jonk		

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Launch Budget

<b>Allocated</b>	
PR - all	\$255,000
Launch event and downlink	\$490,000
Advertising - Upgrade	\$825,000
Advertising - MED	\$170,000
Collateral - Upgrade	\$82,500
Collateral - OEM	\$22,000
Collateral - Jastro	\$5,000
Point-of-Sale	\$105,000
Registration incentive	\$25,000
Focus on Windows mailing costs	\$300,000
Reg base mailing costs	\$200,000
Packaging and hologram design	\$81,000
Post-launch User Group tour	\$80,000
Ad copy test	\$15,000
<b>Total</b>	<b>\$2,155,500</b>
<b>Unallocated</b>	
Field source book	\$7,500
Resource Kit development	\$40,000
Anti-counterfeiting white paper	\$20,000
<b>Total</b>	<b>\$67,500</b>
<b>Unfunded</b>	
Promotional offers/Co-marketing	\$500,000
Incremental channel funds	???

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