

tabbies  
**PLAINTIFF'S  
EXHIBIT**  
3922  
Comes v. Microsoft

FY 99 Outlook

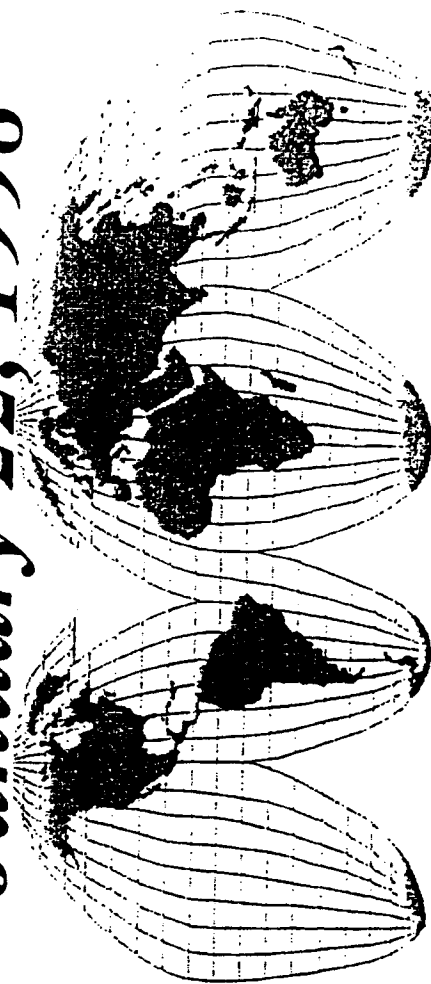
PERIOD-Exempt, N.J.  
**GOVERNMENT  
EXHIBIT**  
423

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MS-PCA 1093444

*Microsoft OEM Sales  
FY98 Midyear Review  
FY99 Outlook*

*Joachim Kempin  
January 22, 1998*



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# **FY99 Outlook**

- ◆ **Policy changes**
- ◆ **OCU “integration”**
- ◆ **Pricing directions**
- ◆ **Anti-piracy help**
- ◆ **Budget outlook**

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# Proposed Policy Changes

- ◆ Make it easier for manufacturers by relaxing OPK rules
- ◆ Relax Windows experience language to allow for better registration results
- ◆ Ease doc shipment requirements for commercial customers
- ◆ Allow for custom installation on commercial systems (relax latest version requirements)
- ◆ Allow for more brand identity during initial boot process

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# Already Implemented Policy Changes

- ◆ **Three-year terms; one-year license**
- ◆ **Active DT freedom**
- ◆ **OEM channel #1 spot and no restrictions for subchannels**
- ◆ **Sales force training: value selling**
- ◆ **Pre-licensing of future versions**

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# OCU “Integration”

- ◆ The SB programs should be part of direct access
  - Website
  - Events
  - Messages/mailings
  - Database sharing
  - Synchronize marketing spending
- ◆ Issue: NA feasible, WW?

# Pricing Directions

- ◆ Stable prices for next two years
- ◆ Resist \$1k segment price reductions
- ◆ Introduce NTW penetration pricing until NT 5.0 ships
- ◆ Review of OEM, Government, Academic, Select, and MOLP pricing needed
- ◆ No sales of BOS to customers outside OEM channel

# Anti-piracy Help

- ◆ Review internal policies on how we protect our IP in different channels, and take action where needed
- ◆ Add more investigators and legal personnel
- ◆ Protect retail product like OEM product



# Budget Outlook

- ◆ **FY99: \$6.1-6.5 B**
- ◆ **Challenges**
  - **NTW Penetration**
  - **NTW 5.0 ship date**
  - **Speed of recovery in Asia**
  - **Anti-counterfeit campaign execution**
  - **Health of the SB segment**

# Headcount Requests

◆ OEM 27 Total

> NA- Teresadu		0 subtotal
> ROW- Johnj		4 subtotal
• Turkey	1 AM	
• Saudi	1 AM	
• Puerto Rico	1 AM	
• South Africa	1 AM	
> M/N- Bengta		1 subtotal
• Compaq	1 AM	
> Europe- Granfd		3 subtotal
• CH	1 AM	
• Russia	1 AM	
• EE other	1 AM	
> Embedded-Ronh		17 subtotal
• As presented		
> Marketing- Carlg		2 subtotal
• Gateway 2000	1 MM	
• Dell	1 MM	