

4. 1-2-3 Sales will be better this quarter than Rick had thought even though Lotus has destuffed the channel by some \$20 mil. rick thinks they may run 365K units. Crummy was bragging that they have signed over 90% of their key customers to upgrade contracts despite the efforts of Microsoft with EXCEL and Bill and Jon calling on big companies directly.

5. The Lotus field sales force consists of:  
100 retail sales people  
130 corp accounts sales people (he did not know the SE count)  
75 for the CD ROM info business  
12 selling Notes.

Lotus thinks we have about 100 corp and 100 retail.  
Scott what do we have now:  
Retail full time  
Corp sales full time  
SE's  
ASR's  
Other partimers??

Lotus was curious if we still use partimers, said they hope we do as they tried some and thought they were not the way to go.

6. 1-2-3 for Windows is well on the way but they would not give rick any idea of when it might ship. I doubt very much that they would preannounce it but they sure might tell some corp accounts where we are making progress so we should listen for it.

7. They are now compensating the channel for sell though. Rick think they are using a quota system for that.

From jons Thu Dec 21 10:03:20 1989  
To: billg mikemap peteh scotto  
Subject: EXCEL  
Date: Thu Dec 21 10:03:19 1989  
Mail-Flags: 0000

At the WIN meeting I talked about the Whimpy sales forecast for EXCEL. In view of all the effort we have put behind it I truly thought that the field could do better than it has done. The facts are these, looking at the latest sell through report. In Oct 88 we ran 5000 units sell through, In Nov it went to 6000 and stayed there until mar 89 when it went to 7000 and then in April to 8000. And it has stayed at 8000 ever since. On the 3 in 5 months rule we still have under 500 outlet penetration.

By comparison, WORD went form 5000 units last Oct to 12000 units the last 3 months with 700 outlets by the 3/5 basis.

Considering the money we have spent one has to reach the conclusion that some of the money did nothing for us. what is important is that we find out what did, and what did not work so we don't repeat the bad stuff.

One more point of comparison. Windows sell through over the

X 188467  
CONFIDENTIAL

last year went from 8000 a month to 14,500 a month.  
3/5 breadth of distribution held at some 800 to 900 outlets.

From hankv Wed Dec 27 13:19:03 1989  
To: trishm  
Cc: mikemap peteh  
Subject: Re: Lotus competitive survey  
Date: Wed Dec 27 14:18:04 1989  
Mail-Flags: 0000

Thanks trish

>From trishm Wed Dec 20 19:19:10 1989  
To: davidv hankv mstaff scotto  
Subject: Lotus competitive survey  
Date: Wed Dec 20 19:18:06 1989

Interesting information on Lotus doing a survey directly targeted  
at understanding our programs.

-----  
>From robinr Wed Dec 13 09:39:35 1989  
To: trishm  
Subject: lotus  
Cc: glenny robinr  
Date: Wed Dec 13 12:27:27 1989

In response to your inquiry regarding Lotus conducting dealer  
surveys:

The survey (to my knowledge) only occurred in the Atlanta  
metro area within the Southeast. Lotus enlisted the help  
of an independent market research firm to get the dealer's  
responses to the following questions:  
What types of support to you like from a vendor? Is having  
a face-to-face field rep from a s/w vendor important to you?  
Who is your most helpful/supportive vendor? How helpful to  
you is it to have a Microsoft ASR? How often do they visit  
you? What types of things do they provide you? What, in your  
opinion, are the strengths of Excel over Lotus 123? Vice Versa?

ETC.....  
They had a battery of questions that would last for hours. Basically  
they quit asking questions when the dealer ran out of patience!  
I tried to get my hands on the survey, but couldn't.

Robin

From peteh Tue Jan 2 11:29:18 1990  
To: mikemap  
Subject: FYI--Q+E Int'l  
Date: Tue Jan 2 11:29:18 1990  
Mail-Flags: 0000

X 188468  
CONFIDENTIAL

In one of Ida's recent monthly reports she referred to Q+E as a  
can of worms. This surprised me since I thought I was up to date  
on all the issues and there hadn't been anything elevated to me.  
FYI, here is lowell's summary of what she was referring to in case

someone brings to your attention.

I may be getting overly sensitive, but reports like this and Greg Tibbetts are getting on my nerves. Just once I'd like them to admit that they screwed us instead of "yeah we did great" and "We're going to need more cooperation from the US team". [Bitch is now complete...I feel better]

>From lowellt Thu Dec 28 12:05:43 1989  
To: peteh  
Subject: Q+E Int'l  
Date: Thu Dec 28 12:00:36 1989

The issues in the memo are as follows:

1. Ashton-Tate doesn't have a public spec for which sort tables they use in localized versions of dBase. We take our best guess, but there are sometimes incompatibilities. Also, changing language support for sorts in Q+E has been problematic. For 2.5 and 3.0 we will have installable sort tables that should make it a little easier.
2. There are problems if you have a localized version of excel, say in dutch, but there is no localized version of Q+E to correspond to it. You can sometimes limp along with the english one, but it's not optimal. Trying to use german Q+E with dutch excel is not a pretty sight. I'm not sure what the solution will be to this one. If any of the subs can make a case for localizing Q+E to their minor language we would do that, but it doesn't always make business sense to do it. We should probably talk about this as it affects the bundling situation outside of the U.S.
3. The 'can of worms' that anna alludes to is really the situation that we have where the subs say they want to sell Q+E but have no sales projections, can't articulate what the SRP might be, don't really know who they want to sell it to. This leaves us in the situation of not having anything to take to the pioneer guys to make them feel good about shutting down their own int'l efforts and giving us the dist rights. There are no contract issues with pioneer at the moment, so I'm not sure what anna means, but int'l still has the same rights as in the original contract.

From philw Wed Aug 30 12:18:53 1989  
To: jeffr jeffsa jonre lizw  
Subject: Raising Price for Mac Excel  
Cc: dawntr lisawe mikemap peteh susanna f t-todd1  
Date: Wed Aug 30 12:16:24 1989  
Mail-Flags: 0000

Below is the opinion of our group on the Mac Excel price hike. We do not recommend a price hike for Mac Excel until our version 3.0 ships. In our opinion this does not preclude a price hike for Mac Word.

Points:

- 1) We would like to raise price for Mac Excel to parity with PC Excel at some point. This would be easiest with Version 3.0, due in Q1 FY 91.
- 2) I heard some discussion (not in your mail) of preannouncing the a Mac Word price hike. We think this is a bad idea, since you get all of the negative publicity and none of the additional dollars.

X 188469  
CONFIDENTIAL

- 3) We do not have complete channel information, but it appears that Wings is selling reasonably well, and will be a sustained long-term competitor. We believe their current share to be +/- 20%, much higher with individual end users, lower with corporations.
- 4) I think that most Mac Excel users feel mildly disgruntled with the upgrade (due to \$100 upgrade price, lack of WingZ features, some minor bugs, and speed hits in some areas).
- 4) Informix, WingZ parent, is under severe financial pressure. (Rising sales, falling and disappointing earnings. However, they are also very aggressive re pricing and promo at present. I believe they would make noise about our price hike for 6 months, gain share, then follow suit by raising their price. We would take the bad PR for the price hike, they would get both share and revenue benefits.
- 5) We believe that a price hike will cost us approx 10% share. If we assume that we'll ship 60,000 units between Jan-June 90, that we'll ship 120,000 in FY91, and that COGS in FY90 are \$22 and FY91 are \$20, we can get the following probability distribution:

	Incr. Rev.	Cst of FY90	Share Loss FY91	Loss Total	Prob.	Weightd Total	
48K sold, 20% share drop		2.4M	(2.1M)	(5.52M)	(5.22M)	40%	(2.088)
54K sold, 10% share drop		2.7M	(1.05)	(2.76M)	(0.99M)	50%	(0.495)
60K sold, 0% share drop		3.0M	0	0	3.0	10%	.3
Total Expected Value							(\$2.283M)

Some notes are in order:

- 1) This analysis doesn't recognize incremental revenue of a Mac Word price hike.
- 2) Note that even if probabilities are shifted toward more units sold, with lower share loss, the weighted average won't change much. Thus, the driving assumption of this analysis is that share lost in FY90 will stay depressed in FY91, even with a new version. Further, that we'll ship the new version early in FY91, and raise price.

Maples believes that manufacturers can raise and lower prices at will based on market conditions, regardless of image issues. The car industry is an example, as is, frankly, the PC hardware industry (look at Apple).

It is therefore our recommendation that the MacWord group raise price in Jan91. We will not, due to competition with WingZ. When we ship Excel3.0, which we believe will put us in a strong position relative to WingZ, we will raise price to \$495.

From billg Fri Jan 12 23:26:43 1990  
 To: mikemap peteh  
 Subject: Lotus  
 Date: Fri Jan 12 23:26:42 1990  
 Mail-Flags: 0000

From jons Thu Dec 21 09:22:06 1989  
 To: billg mikemap scotto  
 Subject: Lotus  
 Cc: jons steveb  
 Date: Thu Dec 21 09:22:05 1989

X 188470  
 CONFIDENTIAL

More Sherland info.

1. Lotus DBMS, which rick had thought would be a 4str 90 product will not ship next year. King hopes to be in beta by end 90.

2. The UNIX product they are doing for Sun is not Open Look but Sun Views. So it is 1-2-3 3.0. They expect to ship that and the VAX and the Mainframe versions by 2nd qtr 90. They anticipate \$25mil in sales from the 3 next year, mostly VAX which they say will be very popular. The VAX and the Mainframe are in Beta now.

3. The 1-2-3 for the Next machine will be multidimensional with "unique ways of seeing the dimensional views". But it will be a long way off.

4. 1-2-3 Sales will be better this quarter than Rick had thought even though Lotus has destuffed the channel by some \$20 mil. rick thinks they may run 365K units. Crummy was bragging that they have signed over 90% of their key customers to upgrade contracts despite the efforts of Microsoft with EXCEL and Bill and Jon calling on big companies directly.

5. The Lotus field sales force consists of:  
100 retail sales people  
130 corp accounts sales people (he did not know the SE count)  
75 for the CD ROM info business  
12 selling Notes.

Lotus thinks we have about 100 corp and 100 retail.  
Scott what do we have now:  
Retail full time  
Corp sales full time  
SE's  
ASR's  
Other partimers??

Lotus was curious if we still use partimers, said they hope we do as they tried some and thought they were not the way to go.

6. 1-2-3 for Windows is well on the way but they would not give rick any idea of when it might ship. I doubt very much that they would preannounce it but they sure might tell some corp accounts where we are making progress so we should listen for it.

7. They are now compensating the channel for sell though. Rick think they are using a quota system for that.

From dawntr Wed Jan 10 17:35:52 1990  
To: hankv v-wconns  
Subject: Mac Week - John Batelle  
Cc: abumktg lowellt mikemap msftpr peteh ralfha  
Date: Wed Jan 10 17:33:42 1990  
Mail-Flags: 0000

X 188471  
CONFIDENTIAL

Apparently Informix announced today a proprietary data access