

From: John Vail
Sent: Monday, February 12, 2001 10:49 AM
To: Joseph Krawczak
Subject: RE: Draft PRISM memo



BS PRISM Memo - Top 10 Questions
Office XP.doc... for IT Pro & ...

Joe, here are my comments. Also, I am attaching a document that will be posted to the Office Enterprise site later today with the top 10 questions to ask IT Pros and BDMs based on our messaging research. Let me know if you have any questions. Thanks.

John

I've reviewed the attached document.

Plaintiff's Exhibit

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PBS PRISM Memo

Office XP

Overview

Office XP will be an important step toward the Microsoft .NET vision of empowering customers to move beyond disconnected applications, services and devices to complete, connected computing experiences that redefine the relationship between people, software and the Internet. Office XP, will deliver the most important knowledge worker experiences – personal, collaborative, and organizational. Couple this with exciting new branding and we have an incredible opportunity with this release.

Here are the areas of focus for Office XP at PRSM:

- What is New and Exciting in Office XP
- Launch Highlights for GMs
- Our Go-To-Market Strategy

What is New and Exciting in Office XP

As seen in BillG's "Experiences" memo, we need to convey that this release embodies a fundamental shift from applications to experiences. Office XP will deliver rich, end-to-end user experiences, allowing partners to add to them. Office XP propels us forward toward Microsoft's .NET vision to provide complete, connected computing experiences by providing user experiences & scenarios that .NET can enable. We need to be clear to the market with this positioning, so that our customers and partners appreciate Office XP as leading edge and the start of a new generation.

There are 3 essential areas in which Office XP delivers innovations that enable new experiences:

- Simplifyng Personal Productivity
- Enabling Collaboration for Everyone
- Enabling Business Solutions

Simplifying Personal Productivity

Customers still value ease of use and simplicity innovations as a top priority. With Office XP, we deliver tangible answers to top personal productivity issues:

- **Would you like to be able to get more out your software without a lot of training, searching through help, and trail and error?** New Task Panes let people easily find common and advanced features in one place.
- **Would you like your software to alert to the most relevant options you need right in the context of your work?** New Smart Tags give you immediate access to the capabilities you need to work faster.
- **Would you like to access the right information you need to get directly from inside Office documents?** Smart Tags make it possible to integrate information services and content directly into Office from different locations – including third-party applications, the

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Internet and other Office applications – through seamless links within the product. Using the extensibility of this approach, many partners will create custom Smart Tags.

- **Would like software that is more reliable so that you don't lose work and waste time?** Document recovery saves your work automatically in the background and at the time of an error, so you don't lose work and time.
- **Do you increasingly get business information through your Intranet or the Internet? Would you like to have information in your Excel spreadsheets that is linked to the web source and always up to date?** New Refreshable Web Queries let you link information from the web directly into Excel for live, real time updated data.
- **Are you ever frustrated by manually searching for information?** Improved Search lets search for information across your files, your email, and your network places servers all at once right from inside of Office.
- **Do you spend time looking for example documents or graphics to enhance your documents?** New Tools on the Web give you thousands of professionally authored templates, images, photos, and animations available from the Web right from inside Office.
- **Do you ever feel like Microsoft Word is out of control when it automatically makes changes to your documents that you didn't ask for? Now Office XP puts you back in control over these auto-features so you get the results you want the first time.**

Many end users will answer Yes to these questions, and once they do, we start to get them hooked on why they need to get Office XP.

Enabling Collaboration for Everyone

People spend a large amount of their day finding information, communicating, and collaborating. Other than browsing web sites and email, technology is not having a big impact on the way most people work in these areas. Office XP delivers new innovations that will streamline how people communicate and collaborate.

- **Would you like to streamline the tedious process of getting comments on a document?** New Send for Review allows you to automate document review workflow and combine comments from many people in a single document.
- **You have many email accounts plus instant messages. Would you like to get all your messages in one place?** New Integrated Mail in Outlook lets you access all of your Exchange and Internet mail, plus MSN Messenger, right from inside of Outlook.
- **Is it ever difficult keeping everyone on the same page and easily sharing information? Would you like to have a single place for all the essential information your team needs?** New SharePoint Team Services deliver a pre-built Web team web site that is easy enough for all team members to use to manage team projects, documents, and activities.
- **Do you waste time today trying to find people and set up meetings?** New Group Schedules let you easily see the availability of the people you work with and set up meetings. When you receive a meeting request you can't make, New Suggest Meeting Time lets you reply back with a meeting request for another time.

Enterprise Ready Software that Enables Business Solutions

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For IT Pros and BDMs, we also must demonstrate how Office XP can delivers flexible tools that help enable valuable business solutions. And, Office XP delivers new administrative capabilities that make it the most enterprise-ready productivity software available.

- **Would you like your users to have access to needed business information right from their documents as they work?** New Customizable Smart Tags let you deliver context-sensitive business information to users by highlighting information in their documents with relevant Smart Tag links.
- **Do you have a backlog of reports? Is IT constantly getting requests for help creating new ways to slice and dice business information?** Office XP delivers Improved Office Web Components that allow you to transform static web sites into interactive pages where users can access and manipulate data with powerful analytic tools, all in the browser.
- **Do you business information you would like to transparently move between your business systems and Excel?** New XML Spreadsheets make it easier than ever to use business information from many sources.
- Have you ever read a document that was full of invoice numbers, customer ID's or other business codes that you could not easily define? Now Microsoft Office XP applications allow you to access the context-sensitive information you need by clicking on a SmartTag icon that links you to the relevant back-end data.
- Do users in your company ever ask you for a tool they can use to identify & analyze business trends in their e-commerce transaction data but none of the tools you use today are flexible enough to use XML? Now Microsoft Excel and Access are fully fluent in Internet-standard XML, enabling users to easily access & analyze data from your e-commerce applications so they can make more informed business decisions.
- Have you ever thought about developing a solution that enables your company to optimize its business operations using real-time data like stock quotes, interest rates, exchange rates, or even commodity prices? Now your developers can create powerful solutions using real-time data in Microsoft Excel.
- Do your users ever create and distribute documents to customers & partners that haven't been through the proper review procedures? Now Office XP offers flexible tools for creating customized document routing solutions using Outlook and Exchange Workflow Designer so your documents go through the right processes before they are published.
- **Would you like a way to eliminate the spread of Office document and Outlook email viruses?** Improved security capabilities in Office XP give you enhanced ability to protect against viruses, including the ability to disable macros and potentially dangerous email-based attachments.
- **Would you like to automatically track Office errors that are experienced by your users and use that information to help track down solutions?** New Application and Corporate Error Reporting tools allow IT Professionals to automatically track all of their users' application system errors and provide an error report for the entire company. This allows you to quickly identify and solve the most common problems whether on their own or by working in conjunction with Microsoft Product Support Services.

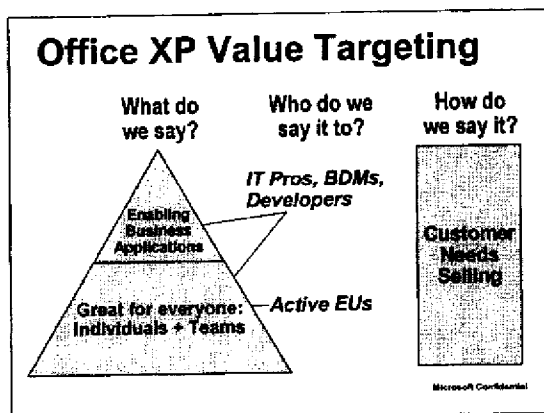
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- **Would you like easy to use tools that give you complete control over how Office is configured and deployed in your environment?** Improved Custom Installation Wizard and Custom Maintenance Wizard which allows IT Professionals to customize security settings and Outlook profiles, to eliminate features or applications that are not needed on the desktop and to control the way in which Office is rolled out and maintained over time.
- **Would you like to reduce the amount of time it takes to customize your Office desktop settings?** With Microsoft Office 10, you only have to set up your personal computer settings once, even if you change locations or machines. Microsoft Office 10 lets you save your settings to a file or on the Web and instantly apply them to any computer, anywhere.
- **Have you ever wanted to change the way your Office applications are installed or update their settings after they have been fully deployed?** Now Office XP gives IT Professionals the power to take greater control over the ongoing administration of their desktops using the Custom Maintenance Wizard.
- **Have you ever installed a piece of software only to find out that your other applications and custom solutions no longer work because it updated your system files?** Office XP doesn't require new system files¹, which means you don't have to test all your current software and you can roll out Office faster.

Launch Overview

With Office XP, we need to re-ignite grassroots end user excitement. We have a great release for individuals, as well as a compelling release for organizations. To fully succeed in achieving our potential with this product, we must communicate effectively to both audiences. Below is a visual way to think about this. The message that Office XP is great for end users is a relevant



message not just for end users themselves, but also for those IT Pros and BDMs who make decisions on behalf of their employees. In addition, to IT Pros and BDMs, we must demonstrate how Office XP helps enable valuable new solutions that can impact a company's performance, aligning with the overall Microsoft messages around enabling the agile business. Finally, the way we communicate, both to end-users and organizations, should be in terms of the customer need: what does it mean for me, how does this help solve a problem I care about, what are the concrete benefits that are relevant and compelling.

¹ Note that any PC running Windows ME, Windows 2000, or Office 2000 SP1 will not require a system file update for Office XP.

Key Launch Highlights for GMs

- A key subsidiary focus area must be clean execution of the rollout of Office XP pricing and later MS-wide updates to our volume licensing programs. Customer and channel education must be top priorities to avoid market confusion which could stall sales.
- Office XP global price waterfall and tech guarantee information is available on: [http://officemarketing/office 10 Pricing Tech Guarantee/Office 10 Pricing & Tech Guarantee Conf Call \(DRAFT\).ppt](http://officemarketing/office%20Pricing%20Tech%20Guarantee/Office%20Pricing%20&%20Tech%20Guarantee%20Conf%20Call%20(DRAFT).ppt)
- All Office XP sales and marketing information being created by the product group is available on: <http://officemarketing> and will also be populated into Infoweb. The site is organized with information on End-User/SORG, Enterprise, Developer, PR, Pricing and Licensing, OEM, SharePoint, FrontPage, and International.
- Here is a link to a master list of over 100 sales tools and deliverables being created by the product group for WW launch readiness: <http://officemarketing/Lists/Deliverables/AllItems.htm>
- The FPP launch date for Office XP is May 31 with Office XP Pro and Standard available in English, French, German, Spanish, Arabic, Italian, Swedish, Danish, Norwegian, Dutch, and Brazilian.
- Plans for US launch activities the week of May 31 are being worked on. Focus areas are on PR reach including broadcast, EU and IT events. Subs are encouraged to leverage their own activities around this week for applicable countries. Based on sub input, we will not be doing live satellite links. However, our goal is to make launch content and videos available before this date so that you have material for your local events.
- Regions and Subs need to plan if and how you will use ESL FPP product. If you wish to delay or not ship FPP product, the product group requests you notify them.
- The Office team has executed training and readiness planning with our worldwide subsidiaries. Upcoming events include an Office XP Technical Readiness event for MCS and TS's, a visit to the top 20 worldwide subsidiaries to drive sales readiness and deployment conferences in both Europe and Asia. Ken Myer and others from Office Product Management just completed the first wave of sub tours in Western Europe Sub tour to help kick off subsidiary excitement and launch readiness. Tours in other geos to follow.

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Go-To-Market Strategy

Business Results

Here is an overview of our WW business for H1, showing YOY changes: <Finance to complete tables>

	Revenue	H1 YOY Growth	Licenses	H1 YOY Growth	\$/Lic	H1 YOY Growth	\$/PC	H1 YOY Growth
Depth								
Breadth								
High MORG								
Core MORG								
SORG								
Home								
Academic								
Total								

	FPP Rev	H1 YOY Growth	OEM Rev	H1 YOY Growth	Open Rev	H1 YOY Growth	Select Rev	H1 YOY Growth	EA/Mnt Rev	H1 YOY Growth
Depth										
Breadth										
High MORG										
Core MORG										
SORG										
Home										
Academic										
Total										

<ADD Highlight key areas to focus on>

Go-To-Market Overview

Here is a summary of our strategy. Items in *italics* are for PRISM discussion. Prices are approximate US street prices.

	Home/Consumer	SORG	MORG	LORG
Product Strategy	Retail FPP at Launch: - Office Pro SE - \$469 - Office Pro - \$329 - Office Stnd - \$219	Retail FPP at Launch: - Office Pro SE - \$469 - Office Pro - \$329 - Office Stnd - \$219	Open and Select: - Office Pro+FPAGE - Office Pro - Office Stnd	EA and Select: - Office Pro+FPAGE - Office Pro - Office Stnd
	<i>Retail FPP after Launch</i> - <i>Office Stnd Student Lic- \$99</i>	OEM MNA: - Office SB Preinstalled - Office Pro Upsell - \$199 OEM SB/DSP: - Office SB - \$200 - Office Pro - \$320		

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		<i>Retail/DMR/SB PC Attach</i> - Office SB ESL \$99/yr - Office PRO ESL \$149/yr		
Sales Model	End User Demand Driven	End User Demand Driven for Retail/DMR OEM MNA preinstall attach and upsell at point of sale COEM point of sale attach <hr/> <i>Channel PC Attach with ESL</i>	Local LARs	Direct Selling

Discussion Items – Home/SORG Strategy

Student License

- Is Student License gaining good incremental revenue once any FPP and Open cannabalization are factored out?
- Has Europe done research to understand where Student License is going- what % ends up in SORG?
- Differentiating the product is desirable to help control cannabilization. Should we differentiate the Student License by adding consumer content?

Subscription (ESL)

- Originally designed to gain PC attach penetration, targeting HOME/SORG.
- Revenue example: do a deal to put SB ESL on 500K PC's, at a channel cost of \$25 for first year, then end user cost of \$100/year to renew. Get 18% renewal. Yields incremental revenue of aproximately \$25M over 3 years.
- Decision made not to pursue ESL in OEM channel, due to existing MNA business
- Is there opportunity for ESL PC attach deals with PC Retailers/DMRs?
- Is there opportunity to offer ESL PRO to OEM SB's at channel price of \$100-135 for first year and \$149/year for renewal.

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Microsoft Office XP

Top 10 Questions for your Enterprise Accounts by Audience:

Audience – IT Professionals

Simplifying Personal Productivity

Work Smarter (Simplify the way you work. Get More out of Office)

- Have you ever forgotten where you saved an important document but you don't know where to look? With Microsoft Office XP's Search Task Pane, you can simultaneously search across multiple locations, including your inbox, and display the results in one central location. (4)
- Do you feel that Office is capable of doing more than you do today, but you don't know how and you don't have the time to get trained? Microsoft Office XP is easier and more intuitive, with tools that put the tools you need right at your fingertips so you can get more out of your desktop productivity software. (10)
- Have you ever felt like getting things done in Microsoft Office is too complicated? Now Microsoft Office XP Task Panes provide you with single-click access to the most common commands for a wide range of tasks making it easier for you to find the tools you need to work smarter. (9)

Tools You Can Rely On

- Have you ever lost some of your work because of an unexpected application error? Now, Office XP provides you with a safety net called Application Recovery. In the unlikely event of an error, Office XP automatically keeps a real-time backup of your work and gives you the control to save and recover your document so you can keep on working. (1)

Enabling Collaboration for Everyone

Communicate Clearly, Connect Effectively

- These days, a lot of people like to use multiple email accounts and they have to switch between multiple tools to read their mail. Microsoft Office XP enables users to view and manage multiple email accounts in a single integrated view. (2)

Making Document Collaboration Easier

- Just about everyone has to collaborate with their co-workers on documents today, but it can sometimes be a hassle. The new 'Send For Review' function in Microsoft Office 10 simplifies the collaboration process - you can send documents simultaneously to numerous people for review, and Office 10 automatically integrates their comments in one document clearly showing the changes made by each person. (6)

Sharing & Storing Information and Knowledge

- Do you wish there were an easier way for groups of users to work together on a project where they need to collaborate on documents, share contact lists, and have a central location to post announcements and events? With Microsoft Office XP and SharePoint Team Services, you can easily set up secure sites on your intranet where teams can

store and share information and documents, thus making it easier for people to work together and manage team projects.(7)

Enterprise Ready Software that Enables Business Solutions

Flexible Solutions Platform

- Do you want to improve the way your business systems talk to each other? Microsoft Office XP applications are fully fluent in XML, so it's easier than ever to exchange data between Office, your other business applications, and the Web. (8)

Improving Reliability & Security

- Do email viruses create problems for your IT staff as well as your end users? Now Office XP gives IT Professionals powerful new antivirus tools to take control over their users' desktop security settings to help prevent virus attacks and avoid costly end user downtime. (5)

Easy to Deploy & Control

- Would you like to reduce the amount of time it takes to customize your Office desktop settings? With Microsoft Office 10, you only have to set up your personal computer settings once, even if you change locations or machines. Microsoft Office 10 lets you save your settings to a file or on the Web and instantly apply them to any computer, anywhere. (3)

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Audience – Business Decision Makers

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- Do you feel that Office is capable of doing more than you do today, but you don't know how and you don't have the time to get trained? Microsoft Office XP is easier and more intuitive, with tools that put the tools you need right at your fingertips so you can get more out of your desktop productivity software. (8)
- Sometimes it's hard for people to figure out what features they might want to use, or where to find them. Microsoft Office XP has new "Task Panes" that provide one-click access to a wide range of frequently-used features, all displayed in a single integrated view – simplifying the way they work. (3)

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- Email viruses can create a lot of trouble for your end users. Office 10 employs new security measures that protect users from virus attacks so they can avoid costly downtime and remain productive. (6)

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