

From: Joseph Krawczak
Sent: Tuesday, February 13, 2001 9:19 AM
To: John Vail
Subject: Mathews CMO -Feb10 Mich editPC2.ppt

PPT for today-



Mathews CMO
Feb10 Mich editPC..

Plaintiff's Exhibit

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Comes v. Microsoft

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Office XP Launch & FY02 Planning

Peter Cray
Director, Business Productivity Group
Central Marketing Organization

Joseph Krawczak
Director, Office Product Marketing
Solutions Group



Agenda

- ◆ **Office XP Quick Demo & Messaging**
- ◆ **Launch Strategies**
- ◆ **SORG/Home Penetration**
- ◆ **Discussion & Feedback**
- ◆ **Appendix**
 - ❖ **Messaging**
 - ❖ **Global Imperatives**
 - ❖ **Budget**
 - ❖ **Pricing**

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Office XP The Smarter Work Experience

◆ **Working Smarter Just Got Easier**

- ◆ Immediate access to the power of Office and the information you need with new Task Panes and Smart Tags
- ◆ New Document Recovery means you don't lose work
- ◆ New integrated Web Services deliver a wealth of content and services

◆ **Enabling Collaboration for Everyone**

- ◆ Now get all your messages in Outlook
- ◆ Radically streamline document collaboration with new Send for Review
- ◆ New SharePoint Team Services delivers the information hub to keep your team on the same page

◆ **Enabling New Business Solutions**

- ◆ Pervasive access to business information with custom Smart Tags
- ◆ Transparently move information between your business systems and Excel with new XML Spreadsheets
- ◆ Solve your reporting backlog with improved Office Web Components

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WW SG Content Deliverables

- ◆ See <http://officemarketing> home page for the link to a complete list of 200+ content deliverables and schedule
- ◆ End User: Customer-ready PPT, Demos, Top why-to-buy, Mktg positioning/messaging, KW positioning research, Packaging, CD Trial Kit, Demo Videos, Autodemo, MS.COM web product tours, Consumer Smart Tags
- ◆ SORG: SORG Launch Action Plan, Top why-to-buy, Mktg positioning, FAQ, *Customer-ready PPTs, Case studies, SORG Smart Tags*
- ◆ Enterprise/Developer: Customer-ready PPT, Demos, Top why-to-buy, Mktg positioning/messaging, Tech Readiness Field Training, *Case Studies, Solutions and Product White Papers, Solutions Demos and Sample Code, TS Airlift, Developer and Deployment Conference, Corporate Smart Tags*
- ◆ Cross-Audience: In-depth Product Guide, *Customer/channel-ready Sales Guide*

Italics shows work-in-progress items

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Office XP Launch Strategies (1)

- ◆ **Create end user excitement and demand**
 - ❖ Create end user "buzz" and relevance. Win IKW/IEUs early!
 - ❖ Drive "Seeing is Believing" through all communications.
 - ❖ Bottom up pressure on IT/BDM.
 - ❖ Leverage Whistler excitement - as appropriate. (e.g Events)
- ◆ **Focus on new and compelling solutions & scenarios to demonstrate quantifiable business value (e.g. SmartTags, XML)**
 - ❖ Develop Partner service opportunity, MCS Practice Development, focused TS Engagement
- ◆ **Internal Excitement, Readiness and Focus!**
 - ❖ Every Microsoft employee is an Office evangelist. All employees running Office 10 by RTM + 4weeks.
 - ❖ Training for TS and sales reps. Demo competitions etc.
 - ❖ Showcase Office 10 based ITG solutions.
 - ❖ Field Communication – Ensure easy navigation & timely access to product information and selling tools

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Context

We didn't budget revenue or launch spend in FY01

We stayed focused on Office 2000 through mid-November

When you see the timeline, you'll see some scary stuff

Challenges/Comments:

1. Not set up as a company to do this easily. What will it take to do a great job? Product won't create spontaneous end user demand. We'll have to work hard for it!! Attach systematically in a focused way. Difficult problem, especially how the field is goaled and in the current budget environment. If we fail with End Users we'll have another Office 2000. Need to really engage end users.

Office XP Launch Strategies (2)

- ◆ Drive "connected" Sales & Marketing Planning & Execution
 - ◆ District Launch events; ongoing 1:Many Engagement Engine; Closed loop process.
 - ◆ Great execution on Volume Licensing Changes (L/SC)
- ◆ Target SMORG upgrade opportunity
 - ◆ Leverage new product technologies (OAW & ESL) to drive revenue
 - ◆ OEM attach, DMR, VAP, MCSP engagement, "Big Day" events
- ◆ Visio 2002 and SharePoint Portal Server to leverage Office XP launch

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Context

We didn't budget revenue or launch spend in FY01

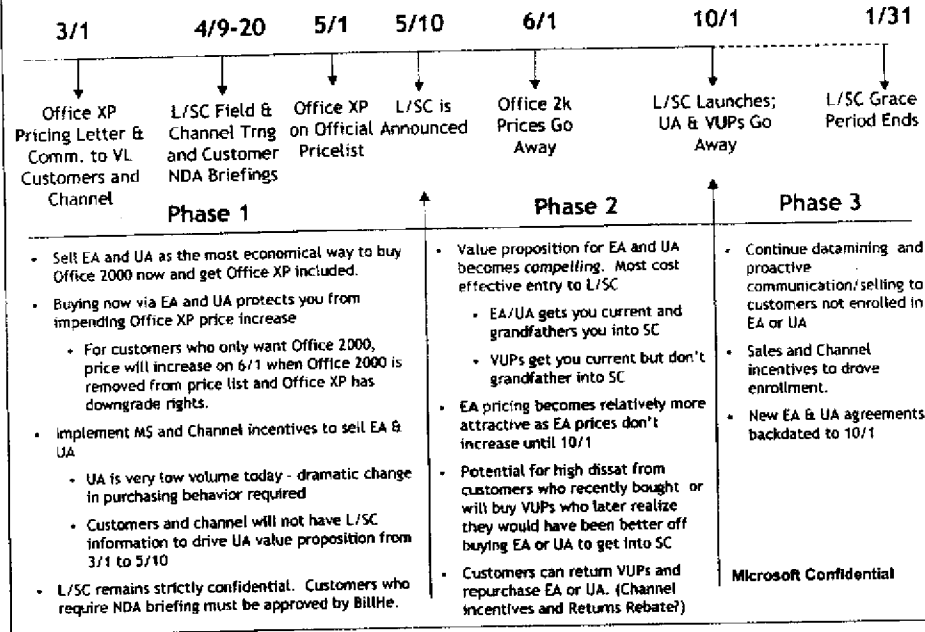
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Office XP & L/SC Sales Timeline



Office XP Marketing Focus

FY01 H2

- ◆ Office 2000 Sustaining Campaigns & Promotions
- ◆ Execute price inc. & new product to promote EA & UA (Feb - May)
- ◆ Office 10 Launch

FY02 H1

- ◆ Use L/SC to drive EAs & UA through 10/1 and 1/31
- ◆ End User Advertising cover
- ◆ Second wave End User Trial
- ◆ Systematic programs to drive organization Evaluations, Pilots and Deployment
 - ◇ Solutions & Partner focus
 - ◇ "Connected" revenue events
 - ◇ "MEEN Machine" to drive MORG revenue
- ◆ Leverage Windows XP launch
- ◆ Ongoing IKW and SORG events
- ◆ Continue Partner Solutions Development. Drive case studies.
- ◆ Complete ESL Pilot
- ◆ "Back to School" (Aug) Retail Promotions to drive FPP sales

FY02 H2

- ◆ Continue Advertising cover
- ◆ Continue systematic programs to drive organization Evaluations, Pilots and Deployment
 - ◇ Solutions & Partner focus
 - ◇ "Connected" revenue driving events
 - ◇ "MEEN Machine" to drive MORG revenue
- ◆ Ongoing IKW and SORG events
- ◆ "Desktop XP" campaigns
 - ◇ Drive SOE decisions
- ◆ Organization Promo to drive revenue post L/SC push (Feb-May)
- ◆ Continue Partner Solutions Development.
- ◆ Launch "Home" Office promo sku (?)
- ◆ Full ESL Rollout to drive SORG/SOHO PC Attach

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Home/SORG Penetration Discussion Student License

- ◆ **EMEA experience shows good increase in Home sales, with limited cannibalization to FPP/OPEN. Estimate that 90+% goes to households with students.**
- ◆ **Options:**
 - ❖ **Expand the current model WW.**
 - ❖ **Keep Student License, but use ESL technology for low-priced student annuity. Pro for \$50/year?**
 - ❖ **Maximizing launch revenue: Should Office XP Student License be introduced at launch, or keep Office 2000 Student License and introduce Office XP Student License 60-90 days after XP launch?**
 - ❖ **Do we need any further product differentiation -- Consumer only content?**

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Home/SORG Penetration Discussion Subscription (ESL)

- ◆ Originally designed for large-scale PC attach penetration, targeting HOME/SORG. Includes upgrade rights to new versions.
- ◆ 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 approximately \$25M over 3 years.
- ◆ Decision made at MYR for no broad rollout of 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 \$100-125 for first year and \$159/year for renewal.
- ◆ Consider timing of ESL FPP introduction to maximize 90 day revenues

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Discussion Points

- ◆ **Big Bets (Activities, campaigns that will drive revenue!)**
 - ◆ What are we missing?
 - ◆ Do we have the infrastructure for excellent "closed loop" events (TDM, IT Pro, BDM, IKW)
 - ◆ End User demand/usage to create bottom-up pressure. How we can achieve this phenomenon inside MORG/LORG accounts?
 - ◆ Are we doing enough to arm and focus MS and Channel Sales?
 - ◆ Office Solutions focus (SmartTags, XML). How do re-engage partners around Office solutions opportunities?
 - ◆ How can we leverage MORG engagement engine to extend 1:Many engagement into "low Breadth"?
- ◆ **"Desktop XP" Campaign.**
 - ◆ How much focus should we give to "Desktop XP" campaigns vs focusing on individual products (i.e. Office XP and Windows XP)?
- ◆ **Other**
 - ◆ How can other products leverage Office XP launch train
 - ◆ Visio 2002
 - ◆ Mobile Information Server
 - ◆ SharePoint Portal Server

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Appendix

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Office XP Messaging

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Working Smarter - Simplifying Personal Productivity

- ◆ 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 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 loose work and waste time?
 - ❖ *Document recovery saves your work automatically in the background and at the time of an error, so you don't loose work and time.*

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Working Smarter - Simplifying Personal Productivity

- ◆ 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.*

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Enabling Collaboration for Everyone

- ◆ 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.*

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Enterprise Ready Software that Enables Business Solutions (1)

- ◆ **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 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 have 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.*

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Enterprise Ready Software that Enables Business Solutions (2)

- ◆ 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.*

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Enterprise Ready Software that Enables Business Solutions (3)

- ◆ **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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Global Imperatives Great Execution on Pricing & Lic Changes

◆ Objectives

- ❖ **Sustain Office revenue with three phased approach.**
 - ❖ *Phase 1: Now – 5/10. Clear reasons to buy Office 2000 / Office XP via UA and EA now*
 - ❖ *Phase 2: 5/10 – 10/1. Avoid purchase “stall” as result of confusion over L/SC*
 - ❖ *Phase 3: 10/1 – 1/31. Pick up customers not enrolled in L/SC or covered by EA/UA.*
- ❖ **Get customers to L/SC**
- ❖ **Customer satisfaction**
- ◆ **Approach: Data mining to drive targeted communication and close business based on pricing and licensing changes**
 - ❖ **(EA vs. no EA, UA vs. no UA, Version specific - 95, 97, 2000)**

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Global Imperatives End Users

- ◆ Generate PR buzz and excitement
- ◆ Advertising – focus on end users
- ◆ Office XP Launch Events (and Windows XP Preview)
 - ◇ Use launch momentum to reach both IKWs and TSKWs.
 - ◇ Deliver on “Seeing is believing”
 - ◇ Special offers to drive attendance and purchase
- ◆ Retail launch to drive excitement & increase FPP spike
 - ◇ Focus on top retailers; Displays/POP, promotions, training
 - ◇ Leverage Windows XP Retail launch in Oct to drive Office XP attach
- ◆ Broad End User Trial & “virtual demo” reach
 - ◇ Drive end users to ms.com/office for online demo and deliver on “seeing is believing”
 - ◇ Use 30 Day trial (where avail); RTM code; includes “flash” autodemo
 - ◇ Seeding to key org contacts (including Senior IT)

As Appropriate

- ◆ Web
 - ◇ Leverage/localize ms.com/office for event registration and trial CD orders
 - ◇ Office News Service (ONS) – move from text to HTML and drive subscription

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Global Imperatives Organizations – IT Pro/TDM/BDM

- ◆ **Corporate Preview Program (CPP)**
 - ✦ Programmatic approach to drive and track evaluations and pilots
- ◆ **Launch Events**
 - ✦ TechNet Sessions: March onwards
 - ✦ Top account briefings in April
 - ✦ IT/TDM Launch Events ~ May 31. Closed loop, “connected” sales/mktg planning & execution
- ◆ **Ongoing “Revenue” Events**
 - ✦ Regular, systematic “Why to” and “How to” events. Focus on KW productivity, solutions and deployment; closed loop selling to drive purchase, evals & pilots
- ◆ **Sell Office via Sable Solutions Focus**
- ◆ **SORG**
 - ✦ Focus on PC attach opportunities
 - ✦ VAP engagement; Partner with 3rd parties (DMR, Telco, ISP etc)

As Appropriate

- ◆ **Solutions Focus – SmartTags, XML (*Large sub mandatory*)**
- ◆ **Local Case studies**

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Global Imperatives Internal

- ◆ **100% Internal Usage by RTM +4wks**
 - ◆ **Field Training Tours**
 - ✦ Product and licensing training required.
 - ✦ US District Tour: 2/26 – 3/9; Content avail for international 2/23
 - ◆ **All sales people able to deliver “why to buy” presentation & deliver Office XP demo with confidence**
 - ✦ Competitions in each Region/Subsidiary. MGB reward for winners?
 - ◆ **Designated Office Technical Specialist(s) to support 1:1, 1:Few and 1:Many engagement**
 - ◆ **PSS & Operations Readiness**
 - ◆ **Make launch day exciting & memorable for internal staff**
- As Appropriate**
- ◆ **MCS Solutions and Deployment skills**

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Global Imperatives Partners

◆ MCSP

- ❖ **Solutions Development**
- ❖ **Train go-to-market Office solutions partners in each sales district**

◆ LAR/DMR

- ❖ **Deepen engagement with top LARs/DMRs**
 - ❖ **Leverage LAR/DMR outbound and telesales to extend focus & reach**
- ❖ **Blocking & Tackling (Sales readiness training, licensing training, promotions, incentives etc)**

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Go-To-Market Summary

	Home/Consumer	SORG	MORG	LORG
Product Strategy	Retail FPP at Launch: -Office Pro SE - \$459 -Office Pro - \$329 -Office Stnd - \$219	Retail FPP at Launch: -Office Pro SE - \$459 -Office Pro - \$329 -Office Stnd - \$219	Open and Select: -Office Pro+FPPage -Office Pro -Office Stnd	EA and Select: -Office Pro+FPPage -Office Pro -Office Stnd
	<i>Retail FPP</i> -Office Stnd Student Lic- \$99 -Or, Office ESL Student Lic - \$50/year	OEM MNA: -Office SB Preinstalled -Office Pro Upsell - \$200 OEM SB/DSP: -Office SB - \$195 -Office Pro - \$310 Retail/DMR/SB PC Attach -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 Channel PC Attach with ESL	Local LARs	Direct Selling

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FPP Prices shown are US street prices

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Goals (Draft)

US Revenue Goals FY02 Draft

Office (in 000's)	FY01	FY02	Mix %	Gwth %
Depth	1,027,994	1,089,674	43%	6%
Breadth	461,700	494,019	19%	7%
Medium Ent.	289,008	315,019	12%	9%
Small Business	230,584	265,172	10%	15%
Academic	211,714	222,300	9%	5%
Consumer	146,839	157,118	6%	7%
Total Commercial	2,147,838	2,543,300	100%	7%
Mktg Budget	FY01 Q1-3	FY01 Q4	FY01	FY02
Marketing Spend				

OEM

- ◆ Revenue:
 - ❖ COEM x% growth ; MNA x% growth
- ◆ Office attach rate:
 - ❖ MNA from 8% to y%;
 - ❖ Named from 4% to y%;
 - ❖ SB from x% to y%;
- ◆ ESL Agreements by H1...TBA.
Focus on Retail?

Retail

- ◆ FY02 Sell Through growth: x%
- ◆ 90 Day Sell Through growth: 265k units
- ◆ Attach rate to Retail PC Shipments: from x% to y%
- ◆ Attach rate to Windows XP 90 day sales: x%

MCSP

- ◆ Every sales district has 5 (TBA) certified go-to-market partners for Office XP solutions and deployment by H1
- ◆ Top 15 ISVs support SmartTags by H1; 30 by H2
- ◆ Internal Use Standard in MCSP & LARs - 50% by H1; 80% by H2
- ◆ Custom SmartTag/XML Solution in MCSPs: 20% by H1; 50% by H2

LAR/DMR

- ◆ Increase revenue from x% to y%

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Office Global Price Waterfall

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Retail & US FPP Pricing

Global Waterfall FPP Prices

US FPP Prices

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