

From: Bill Henningsgaard
Sent: Wednesday, February 07, 2001 1:03 PM
To: Josh Kriesberg
Cc: Joseph Krawczak; John Vait; Rick Olague
Subject: FW: Office ESL Update and Final Decisions Needed

Can you a) review the pricing impact of the 159 and 109 pricing on our proposed OSL and NP EA pricing? I think we're OK, but want to make sure given our pricing changes. Make sure you're clear on whether these prices are ERP or net.

Also, Joe - can you confirm that renewal pricing for OEM deals will be at these prices? Renewal obviously affects NP pricing the same as retail pricing.

thanks

-----Original Message-----

From: Joseph Krawczak
Sent: Tuesday, February 06, 2001 9:25 AM
To: Orlando Ayala's Direct Reports; GMs of Subsidiaries
Cc: Global Desktop Applications Product Mgrs; Global Marketing Leads; All SPMs supporting DAD products; Home & Retail Subsidiary Managers; Office Marketing Extended; Andrew Lees; Steve Schiro; Mitch Koch; Mich Mathews; Gerrit Bergsma; Bill Landefeld; Richard Fade; Steven Sinofsky; Jeff Raikes; Parri Munsell
Subject: Office ESL Update and Final Decisions Needed

LATAM, EMEA, and SPAR (outside of US) Regions/subs need to decide how you want to proceed with ESL. We think there is opportunity with this offering, but it is not mandated from corporate. Regional VPs/Sub GMs: If you do not want to introduce ESL in your sub, or wish to delay the introduction, please let Parri Munsell know by Feb 20 so that operations may be managed accordingly.

Below is further information on ESL.

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1) What are the current plans for Subscription product?

The intent behind ESL is to attach Office to many more new PC's than we do today at a price point that has acceptable impact on the overall cost of the new PC to the customer, but with a business model that has an attractive revenue stream for Microsoft. Last week it was decided not to pursue ESL in the OEM area at this time, in order to best maximize existing preinstall business model for Office Small Business and upsell to Professional. FPP ESL may still be used for PC attach programs in FPP channels however.

The US plans for ESL have just been finalized. The US will pursue large-scale channel attach programs with large PC resellers, and do small market tests to determine demand for standalone FPP ESL assorted at retail.

For full information on ESL, please see <<http://officemarketing/BIZDEV/Shared%20Documents/Subscription%20Overview%20Presentation%20.ppt>> Please contact Parri Munsell if you have further questions not covered in this plan.

2) What are the next steps each sub needs to make?

Each region/sub should decide if and how to best make use of Office ESL FPP. The plan of record has been to build ESL FPP product for all Office languages except Japan.

These are your options:

- 1 You may decide that you do not wish to have ESL FPP product. That needs to be communicated back to the product group and we will stop builds for those skus.
- 2 If you wish to have ESL FPP product, you may decide when you want to introduce ESL FPP product into your market. It could be as soon as FPP product is available, or you may choose to introduce at a later date. If you wish to delay the introduction in your market, that needs to be communicated back to us and we will slip out the build for those skus as appropriate.

Sub GM's: If you wish to introduce FPP as soon as possible in your market (except Japan), that is the current plan of record, so you no further action is needed. If you wish to cancel or delay ESL in your market, please inform Parri Munsell by Feb 20 so that we can efficiently manage the operational process.

3) When will FPP ESL be available?

Tier 1 languages Office XP Pro Subscription will be available on May 31. Tier 1 Office XP Small Business Subscription will be available on June 29.

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Regards,

Joe Krawczak
Director of Product Management, Microsoft Office
425-936-3295

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From: Bill Henningsgaard
Sent: Friday, February 09, 2001 10:53 AM
To: Josh Kriesberg; Joseph Krawczak
Cc: John Vail; Rick Olague
Subject: RE: Office ESL Update and Final Decisions Needed

Joe - this indicates that unit 1 pricing for office pro is cheaper in ESL than in a 4500 seat non-perpetual EA office component.

Is there a requirement to ship the office pro ESL offering? I'd like to propose we test simply with the lower value offering. What's your thinking?

-----Original Message-----

From: Josh Kriesberg
Sent: Friday, February 09, 2001 9:38 AM
To: Bill Henningsgaard; Joseph Krawczak
Cc: John Vail; Rick Olague
Subject: RE: Office ESL Update and Final Decisions Needed

Here's the latest non-perp waterfall from Rick showing ERP prices. The ESL price of \$159 and \$109 are ERP prices, based on the ppt link below. The \$109 price is for Small Business, and since it is branded differently and has a different feature set, I don't think this will be used as a basis for comparison by most orgs, except for some very small orgs who find it an attractive price point relative to OSL. The \$159 for ESL Pro is lower than the \$180 Open price point (\$186 with the PSS support included in OSL EMEA), and the \$170 EA Level A price point, and we would need to try to rationalize this delta based on the differentiated and more constrained features within the ESL product.

<< OLE Object: Picture (Metafile) >>

-----Original Message-----

From: Bill Henningsgaard
Sent: Wednesday, February 07, 2001 5:37 PM
To: Joseph Krawczak; Josh Kriesberg
Cc: John Vail; Rick Olague
Subject: RE: Office ESL Update and Final Decisions Needed

Yeah, but WW is pretty different than Italy.

I share your concern about this pricing on an undifferentiated product. I'm still planning on sending a response.

-----Original Message-----

From: Joseph Krawczak
Sent: Wednesday, February 07, 2001 1:10 PM
To: Bill Henningsgaard; Josh Kriesberg
Cc: John Vail; Rick Olague
Subject: RE: Office ESL Update and Final Decisions Needed

These are the ERP prices, and yes, renewal online from MS will be at full ERP.

Have you guys heard of what Italy is doing for pricing for an offering of Office for the home? They are going to sell Office PRO FPP at 199,000 lira, or around \$99, perpetual license. I think things like that are going to cause you much more pain in defending the waterfall than ESL pricing of \$149 per year.....

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