

Pre-Reading for Desktop 95 Campaign

FY'95 Mid-Year Update

Campaign Principles

1. "Desktop 95" is an internal term to define all of the activities for gaining share of the desktop. It is focused on Win95 and Ofc95, but includes BackOffice and consumer products.
2. Launch principles: The Win95 and Ofc95 product launch should be viewed as a tightly integrated effort with several components:
 - Integrated planning for a unified channel push. The goal is sim-street availability where ever practical. Plan to maximize leverage from Microsoft's channel funds to link channel marketing and sales of Desktop 95.
 - Aggressive integrated messaging across all communications vehicles, with a disciplined focus on synergistic PR.
 - Aggressive joint effort to speed Corporate adoptions of "Desktop 95" across all segments (LORG, MORG, SORG)
 - Integrated resource planning for manufacturing, distribution, sales training, PSS and customer service logistics.

We are not saying that every Win95 effort and every Ofc95 effort must be joint. We are saying efforts should be focused on maximizing synergy and leverage. For example, while we will have significant joint PR activities, there will continue to be very important specific PR activities for each product group.

2. Budget planning for "Desktop 95" should not be distorted by the overlap of FY95 and FY96. Plan "Desktop 95" as a coherent effort, with the component budgets of Win95 and Ofc95 internally consistent as an integrated effort. For the remainder of FY95 planning you should:
 - Consider additional plans for sustaining marketing activity in Q4FY95 to sustain sales (particularly for Office products) leading up to the launch.
 - Budget in FY95 for pre-launch marketing activities for Win95 and Ofc95 to prepare the market for this new product.

Microsoft Opportunity at Retail:

Desktop 95 will be the largest single revenue opportunity the reseller channel has ever experienced. Windows 95 will be a catalyst for upgrading the Windows installed base and for broadening market penetration with new users. To take full advantage of the interest in and awareness of Windows 95, resellers will want to proactively cross sell other products. It is imperative that Microsoft leverage this opportunity to cross sell other Microsoft products. Desktop 95 is therefore designed to give resellers a business incentive and a promotional vehicle to cross sell Microsoft products effectively.

Desktop 95 will be highlighted by the joint shipment and availability of Windows 95 and Office for Windows 95. The joint shipment of these two best-selling software products necessitates coordinated planning and resource allocation. Every aspect of account planning - setting up order systems, forecasting, financing, training, market planning, scheduling initial orders, etc. - should factor this in. The Desktop 95 initiative will include a set of integrated tools and support programs that assist you in account planning.

Plaintiff's Exhibit

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Microsoft Opportunity with Organizations:

Upgrading to Windows 95 represents change of an unprecedented magnitude for organizations who have standardized on Windows. They have made a huge investment in their infrastructure of clients, servers, peripheral devices, applications, management procedures, expertise of the technical staff, and training of end-users. With Windows 95 we are asking customers to change all that. Windows 95 is a complete operating system with major implications for the application and networking infrastructure of any organization. The migration to Windows 95 must be implemented in a carefully planned and controlled manner to minimize disruption and take full advantage of its capabilities. Moreover, because organizations must deploy Windows 95 before they can deploy applications which exploit Windows 95, the success of Office 95 is dependent on the success of the Windows 95 deployment.

The natural tendency of IS management will be to wait to start deploying Windows 95 until well after launch, and to phase the rollout gradually over several years. Because of the magnitude of the changes being made to Windows 95, and because past products (MS-DOS 6, Windows for Workgroups 3.1, Windows NT 3.1) have been perceived as not ready for widescale deployment in their initial release, Windows 95 will be viewed as unstable until proven solid. Migration will also be slow because most IS managers lack the required skills to move an entire organization to Windows 95 quickly and effectively. To make the rollout a success will require internal consensus building, project planning, and implementation expertise and resources. From pilot tests of the rollout planning process with large customers we have learned that at least 6 months of planning is typically required to prepare for rollout. And at any step in the process the customer can encounter a barrier which prevents them from moving to the next step.

To reap revenue from Windows 95 and Office 95 in FY96, Microsoft must conduct a massive mobilization of our partners and customers toward the Windows 95 migration NOW. Without focus and radical new tactics, Microsoft will not quickly or fully exploit the opportunity presented by a paradigm shift in the PC desktop. That is why we need the Desktop 95 Campaign.

Customer Messaging

What is Office for Windows '95?

First and best Windows 95 office suite

- "Win32 only"
- Consistency and integration with OS
- Tuned for performance, multitasking

Builds on successful Office 4.x themes

- Ease of use w/new and improved *IntelliSense*
- Integration w/new and improved *OfficeLinks*
- Programmability w/enhanced support for *VisualBasic* and *OLE technology*

Allows users to *find, view, and share* info more easily

- Exchange, Sched+ in Office 95
- Custom OLE properties

Office '95 Message

"The best tools for getting your job done in a changing world"

- Makes getting work done faster and easier
- Enables better business decisions and processes
- Helps you navigate the changing world

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What Is WindowsTM 95?

Successor to MS-DOS[®], WindowsTM 3.x, WindowsTM for Workgroups

Windows 95 Message

"Easier to Access the Power of the PC"

End User Benefits:

- What you do today is easier and faster
- What you want to do is now possible
- Whatever you do, it will be more fun

Organization Benefits:

- Reduce your support burden
- Increase your control over the desktop
- Increase end-user productivity
- Smooth, safe migration

Campaign Description

Retail/Sorg Activities Plan

We will focus on a Desktop 95 channel promotion that uses three tools centered around the Win95 launch: (1) an end user offer, (2) a channel rebate, and (3) targeted marketing fund spending.

End User Offer

We are still working out the specifics for the basic end user offer. The goal is to provide a strong incentive for the customer who buys Win95 to also buy other Microsoft applications (Office or Consumer titles) at the same time. Past experience indicates the channel will use Win95 aggressively to draw consumers into the store and then sell them on other products once they are there. The primary task of the end user offer is to make sure they sell them Microsoft products at this time.

Channel Rebate

We will provide incremental rebates on "Win95 products" (Ofc95 apps and Consumer apps) revenues. The rebate will be based on the ratio of Win95 products-to-Win95 units. In general the higher the number of Win95 products purchased relative to the number of Win95 units purchased, the higher the rebate. The precise ratios to be used in the promotion are currently being defined and will be provided ASAP.

Marketing Funds

We will work with each major account to customize individual channel plans for this launch. This will enable the channel to offer a variety of differentiated offers that still map consistently to our overall goals. We will make the following funds will be available for this effort

- Funding plan
2% of Win95 & Win95 products revenues
\$7 million supplemental marketing funds to be allocated
- Funding plan priorities
Pre-launch channel RSP training, education, communication & events.
Launch events, EU offer advertising, secure shelf & page space (retail & mail order)

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Collateral, sales, seminars & training kits

Other Activities

Due to Win95's visibility, there are two channel-related activities that are planned just before launch. These two programs are outlined below; details are still being defined with OEM and ECU

- Win95 OEM coupon program—this program is designed to minimize the disruption to OEM sales due to customers waiting for Win95. It would allow OEMs to include a Win95 coupon pre-launch in return for an incremental royalty.
- "Coming Soon" period—Some resellers will start early and begin reserving units pre-street. We can turn this into positive sales momentum and provide more control and equity by making this into a program. The channel could start taking orders from customers 4 weeks before street, saying that the Microsoft products are 'coming soon' and providing a specific availability date. This could include Ofc95 apps as well.

Product Sku's

- Will have all base SKUs at the time of launch (Office Pro, Standard, Word, Xls, PPT, Access, Sched+ and Project)
- May have incremental SKUs for promotion (TBD)
- Will continue to sell 4.x SKUs
- SKU Management goals:
- Follow standard upgrade transition conventions
- Let market decide the time of SKU removal
- Focus marketing on incentives to upgrade to Office 95 not obstacles to buying 4.x

Morgs/Lorgs/SPs: Migration 95 Partnership

The Migration 95 Partnership is a comprehensive program to help organizations prepare for a successful migration to Windows 95 or Office 95. It is intended to be implemented directly through LORG teams and indirectly through Partners. There are three key components to this program:

1. A compelling offer for MORG and LORG customers (complements the retail Windows 95 promotion) which subsidizes the channel's provision of migration services
2. A helpful set of tools to plan and implement the deployment of Windows 95 and Office 95
3. Clear actionable milestones used to monitor progress against deployment goals

Migration 95 Partnership: Offer (details TBD)

Earn "migration credits" for every desktop you upgrade to Windows 95 or Office 95

- Must purchase via Select or MOLP

"Migration credits" applied toward:

- Services such as migration consulting, ATEC classes, Solution Server trials, installation, support, etc.
- Tools such as courseware, training books, SMS clients, NT Server clients

Migration 95 Partnership: Tools

(see below)

Migration 95 Partnership Milestones

Every important project must have milestones against which progress toward completion of the project can be measured. In field experience we have found that there are a set of six milestones leading up to deployment of product through the organization. Each of these milestones is marked by a discrete deliverable which can be measured. The key milestones and their associated deliverables are:

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<i>Milestone</i>	<i>Windows 95 Timing (approx.)</i>	<i>Windows 95 Deliverable</i>	<i>Office 95 Deliverable</i>	<i>SMS Deliverable</i>
Evaluation Kick Off	Feb	briefing report		
Eval Team formed	Feb	Team roster, Milestones list		SMS testing begins
First phase internal test	March	Test report; bug reports filed		
Pilot deployment plan and test complete	April/May	Pilot report	Briefing report, Pilot Plan	SMS used for pilot test
Deployment plan complete	June	Deployment plan	Deployment test	SMS used for pilot test
Final test	July	Test report	Deployment plan	Deployment plan
Deployment begins	August	Install!	Install!	Install!

Goals & Objectives

Retail/Sorg Activities Plan

Objectives

Overall, we have four objectives in the retail (inbound) channel where we will emphasize Sorg customers:

- Maximize Win95 & MS complementary product revenues
- Launch Ofc95, establish MS as Win95 platform leader
- Achieve an attach rate of 40% of Ofc95 on new Win95 purchases
- Sustain high post-launch run-rates; prepare for Holiday 95 promotion

Morg/Lorg Plan

Objectives:

- Prepare 75% of customers to begin deployment of Win95 and Ofc95 within 30 days of launch
- Accelerate adoption of Win95/Ofc95 by upgrading 30% of current Windows and Office desktops to Win95 and Ofc95 within six months.
- Stimulate use of SMS as deployment tool. We will be successful if 50% of LORG's, and 25% of MORG's, use System Management Server to deploy Windows 95 and Office 95, at least on a pilot basis. Additionally, we must ensure that 80% of LORG's and MORG's who are evaluating Netware 4.1 also evaluate NT Server at the same time.
- Identify & capitalize on other BackOffice sales opportunities
- Build a strong channel infrastructure to offer Windows 95 and Office 95 migration services and assist with trial of SMS and NT Server, and increase sales of Maintenance contracts. The Desktop 95 campaign is designed to be implemented by Microsoft in concert with channel partners or by channel partners independently.

Target Audience

Retail/SORG Activities Plan

Retail channel, SORG, SOHO, MORG as appropriate

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MORG/LORG/SP Activities Plan

LORGs, MORGs, BDMs, Senior level MIS, Corporate Developers, SPs

Strategy/Field Action

Retail/SORG Activities Plan

Five Steps to a Successful Desktop 95 Launch for You and Your Accounts

1. Develop Demand Creation Plan
 - Choose product portfolio
 - Define cross product promotion activities
 - Consider "coming soon" activities
2. Develop Tools
 - Determine promo materials (pallets, floorstands, incremental catalog pages, seminars etc.)
 - Sell in POP ; secure in-store PCs and MS info center
 - Sell in Migration 95 Tool set
3. Secure Product Orders
 - Determine appropriate SKU and media mix
 - Set up MS Desktop 95 skus in order systems

Place initial 45 day orders before MS cutoff date - May

1. Train Technical/Support & Sales Personnel
 - Design training program
 - Broaden introduction to product - World Tour, MS-TV broadcasts

Develop Windows 95 "experts"

1. Implement at Launch
 - Set "coming soon" activities in motion four weeks pre-street (July)
 - Desktop 95 products promoted everywhere!
 - Desktop 95 products prominently displayed in high traffic areas; Win95 interactive demo on in-store pcs
 - Close sales with Migration 95 partners

MORG/LORG/SP Activities Plan

There are two models for implementing the Migration 95 Partnership with customers. In the *direct* model, the Microsoft LORG account team will spearhead the implementation of the Migration 95 Partnership with specific customers. In the *indirect* model, the Microsoft SP/MORG account team will empower Microsoft Solution Providers and other channel partners to deliver the Migration 95 Partnership program with their accounts.

Under the direct model, individual accounts will be identified for participation in the Migration 95 partnership program and migration goals will be established for each account. These goals will form the basis of the landed revenue targets for FY 96. *To help implement the program efficiently, the account teams will be supported at corporate by a special telesales team that will collect status of the account against milestones and report that status back to the account teams and sales and product management. When barriers are encountered at a step in the process the account team and product team will be notified and expected to break through the barrier. Monthly reports will be made to district and general managers with status for each account in the program. Account teams can involve Partners as appropriate to achieve the milestones for the account.*

Under the indirect model, Microsoft account teams will be expected to prepare Solution Providers and Outbound Resellers to implement the program on behalf of Microsoft, and support them with customer events as appropriate.

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The following table outlines what activities should be occurring with recommended timing.

<i>Approx. Timing</i>	<i>LORG activity</i>	<i>SP/Outbound Reseller activity</i>	<i>Internal Training Activity</i>	<i>HQ activity</i>
Jan	Planning	Planning	Regional Sales Mtg	TranCast
Feb	Migration 95 Partnership Kickoff with LORG's	Migration 95 Partnership Kickoff with SP's; Windows '95 Migration seminars with SP's and MORG's		TranCast
Mar	Track Migration Milestones	Windows 95 Migration seminars with SP's and MORG's	Install Windows 95 on all desktops Training for SEs on Office deploy. at Tech Ed/SE Forum	Windows Preview Program; MIS Ads; TranCast
Apr	(cont.)	(cont.) Office 95 development tour (joint SP team /Office HQ program)	District Tour; Install Office 95 on all desktops	MIS ads; TranCast Office 95 development tour (joint SP team /Office HQ program)
May	(cont.)	Office '95 Migration Seminars with SP's and MORG's		MIS ads; TranCast
June	(cont.)	Office '95 Migration Seminars with SP's and MORG's		MIS ads; TranCast
July	Windows 95/Office 95 Launch Event	Windows 95/Office 95 Launch Event		TranCast

Competitive Analysis

Lotus: Currently weak in WP, integ. and programmability; focused on Notes

- New 16 bit versions before Win95, 32 bit Port for Win95 by end of CY95
- Both Win 3.1 and Win95 versions in the market at same time (and perhaps OS/2)
- Will position as "not requiring" upgrade to Win95
- Includes LotusScript, OLE2, InfoBox across all products

Novell: New PerfectOffice will be competitive at feature level

- Cross-app scripting/automation; full OLE2 support
- Database is weak link; What will happen with Paradox in future?
- Developing "Select" (roll your own) and "Perfect Fit" ISV plans
- Win95 port within 30-60 days of Win95

Support Programs and Tools (if applicable)

1. Demand Creation Plan Tools
 - S1 96 planning template
 - Desktop 95 section in marketing binder
 - Long Lead kit
2. Develop Tools
 - Long lead kit Advertising/Sell-in kit
 - Interactive demo

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- Migration 95 kit
- 3. Secure Product Orders
 - ROQ guidelines
 - Attach rate goals
 - Long Lead Kit
- 4. Train Technical/Support & Sales Personnel
 - DT 95 training plan
 - Traincast
 - "Temp Rep" Tour
 - World tour
 - WinNews
 - ATEC training
 - Migration 95 kit
 - Training kits, outbound and retail
- 5. Implement at Launch
 - Merchandising kit - July
 - Launch Event
 - Launch advertising

MORG/LORG/SP Activities Plan

Migration Planning Kit

- Planning Worksheets
- Product presentation/demonstration
- Evaluation Guide
- Windows Resource Kit (includes Deployment Guide)
- Sample deployment plans and templates
- Support Resource Listing (including WinNEWS, TrainCast broadcasts)

<i>Tool name</i>	<i>Description</i>	<i>Part Number</i>
Migration 95 Partnership Kit	Comprehensive set of tools to plan the deployment of Windows 95 and Office 95	
Office 95 Evaluation Kit	Kit designed to assist corporate accounts evaluating which desktop software to standardize on.	
Migration 95 Planning Worksheet	For customer to identify number of desktops to be moved to Windows 95 or Office 95 and establish migration credits	
Migration 95 Milestones Worksheet	Listing of key milestones for successful rollout of products	
Windows 95, Office 95 Introduction Presentation/Demo	PPT w/notes, demo script, setup instructions for use in providing an introduction to the product	
CD/Disk set and license	Product and demo files	
Windows 95 Deployment Guide	Guidelines for how to create a deployment plan	part of WRK
Office 95 Deployment Guide	Guidelines for how to create a deployment plan	part of ORK
Windows 95 Resource Kit	Comprehensive technical documentation on how to plan and implement the deployment of Windows 95	
Office 95 Resource Kit	Comprehensive technical documentation on how to plan and implement the deployment of Office 95, including how to move from competitive products as well as upgrading from existing Microsoft apps.	
Windows 95 Business Case	Collateral summarizing key benefits of Windows 95 for organizations with evidence	
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	organizations with evidence	
Windows 95 Reviewers Guide	Comprehensive description of product features	
Office 95 Reviewers Guide	Comprehensive description of product features	
Deployment Plan Gantt Chart Template	Microsoft Project file for both Windows 95 and Office 95	
Sample Deployment Plan	A copy of a deployment plan created by an organization with assistance from the Microsoft product team	
Windows 95 and Office 95 Support Resources Listing	Comprehensive list of information and training sources, including WinNEWS and TrainCast	

Summary

This program outline is designed to make you aware of the scope of Desktop 95 marketing activities. It is important that you can begin your planning activities for Desktop 95 now. A lot more information will come out during the next few weeks as each part of the program becomes finalized. Desktop 95 is a winning combination of great products and great programs. But as importantly, it represents a strong commitment to coordinate Microsoft's marketing activity across product groups, customer units, and the field sales organization. 1995 is going to be big year for Microsoft and everyone involved with this program. Let's make it a great year for ourselves, our partners and our customers.

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