

- DISTRIBUTION
- DM

Meeting Goals

- ❖ Review first half activity and performance
- ❖ Discuss marketing activities for second half
- ❖ Decide key marketing issues
 - Pricing and SKUs
 - Incremental funding
 - Office Friendly scope
 - Broadening Office brand

Mid-Year Performance Review

- ❖ Revenue and unit summary (SARS table)
 - Domestic
 - Worldwide

Mid-Year Market Share Review

Category July Aug Sept Cal YTD

Word

- Units
- Revenue

Excel

- Units
- Revenue

Office

- Units
- Revenue

Desktop

- Units
- Revenue

Mid-Year Marketing Analysis

❖ Opportunities

- Build from leadership position
 - Define the category and the playing field
 - Capitalize on PR momentum and reviews
- Leverage EMS, Access 2.0, and Chicago
- Penetrate small organization market
- Develop Office solutions platform message

❖ Threats

- Product slips, including International impact
- Lotus messaging and product activity
- SKU complexity and transitions
- Channel relationship issues

Plaintiff's Exhibit
8796
Comes V. Microsoft

MS7059114
CONFIDENTIAL



Lotus Update

- ❖ **123 v4 upgrade volumes lower than expected**
- ❖ **Communications**
 - 5 best of breed apps in SmartSuite -- shipping now
 - Workgroup (with Notes)
 - MS and Office as explicit target
 - Investment in channel efforts
 - Will outspend us 3 to 1 in advertising over next 6 months
- ❖ **Product expectations**
 - Major AmiPro release in 2nd quarter
 - Corresponding SmartSuite release with .x releases of other apps
 - 123 DOS upgrade in 2nd quarter
 - Possible high-end SmartSuite with Notes/cc:Mail
 - "Cheap" version of common macro language



Second Half Objectives

- ❖ **Reinforce Office as the leadership brand**
 - Successfully roll-out Excel, PPT, and Office 4.2
 - Launch Access 2.0, OfficePro 4.3, Mac Office
 - Achieve 80%/60% share targets
- ❖ **Move installed base up to Office**
 - 50% of upgrades should be to Office
 - Increase mix of Office Pro to 30% of Office sales
- ❖ **Switch 500+K competitive users to Office apps**
- ❖ **Increase awareness and share in SMORG market**
- ❖ **Identify and train Office developer community**

Office and App Pricing (SRP/Street)

<u>Current Pricing</u>	<u>FPP</u>	<u>Comp</u>	<u>Version</u>
❖ Individual App	\$495/320	\$129/119	\$99/89
❖ Office Std	\$750/469	\$299/269	\$259/239
❖ Office Pro	\$899/569	--	--

<u>Revised Pricing</u>	<u>FPP</u>	<u>Upgrade*</u>
❖ Individual App	\$495/320	\$129/119
❖ Office Std	\$750/469	\$299/269
❖ Office Pro	\$899/569	\$399/369

● Note: upgrades will include \$30/44 rebate for MS customers for first 90 days --

Additional SKU Issues

- ❖ CD Office plans
 - Office Std 4.2
 - Office Pro 4.3
 - COGs+ pricing on print docs and disks
- ❖ 32 bit (NT) pricing
 - No FPP or upgrade price differential versus 16 bit
 - Platform independent licensing
 - ◆ WinWord 2.0 to 32 bit Word 6.0 = \$129
 - ◆ WinWord 6.0 to 32 bit Word 6.0 = No cost
 - COGs+ pricing to fulfill new docs and disks for platform switch
- ❖ 32 bit (NT) packaging
 - Word and Excel skus with disks, docs, CD, and Intel, Alpha, Mips
 - No Office SKUs until 32 bit PPT



Messaging Update

- ❖ **Declare victory in "office suites"**
 - Momentum ad efforts
 - Publicize review wins
- ❖ **Define category with key messages**
 - Beyond Ease of Use – IntelliSense technology
 - Beyond Cut and Paste – OfficeLinks
 - Beyond Macros – VBA
- ❖ **Incorporate "new" messaging opportunities**
 - PSS leadership
 - Access 2.0/Word 6.0 in "beyond macros"
 - EMS and workgroup
 - Chicago apps
- ❖ **FUD new versions of SmartSuite/apps**



Advertising Plan

- ❖ **Office positioning (PC press)**
 - Continue to build awareness of Office as category standard
 - "Works together like one"
- ❖ **Launch ads (PC press)**
 - Reinforce apps as BOB
 - XL 5.0, PowerPoint 4.0, Access 2.0, Mac Office
- ❖ **Momentum/leadership ads (PC weeklies)**
 - Word/XL/Office "rolling thunder"
 - Build product momentum and neutralize competition
 - Customer acceptance and critical acclaim
- ❖ **Issues**
 - No business press presence
 - No sustaining ads for Word/XL

Advertising Timeline

Category	Fiscal Year											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
PC Press												
123 switcher												
Office Pro launch												
Full promo support												
Office 4, Word, XL launch												
Microsoft/leadership												
Office positioning												
PPT/Access launch												
Word/OL positioning												
Bizness/Customer Press												
Office positioning												
123 switcher												
Full promo support												

Conceal/Unconceal =

Marketing Spending Summary

Category	Budget	YTD	FY2H	Unf	Total	Var
Advertising						
- PC Press						
- Biz Press						
Direct marketing						
Events						
Research						
Mkt materials						
Public relations						
Samples						
Marketing programs						
PeteH allocation						
Lotus response						
Funds required						

PR Plan

- ❖ Take control of editorial calendar
 - Develop and execute monthly messaging strategy
 - Launch Access 2.0, Office 4.3 and Mac Office
 - Cultivate customer acceptance testimonials
- ❖ Win and capitalize on reviews
- ❖ Prepare key messages for major MS activities
 - EMS activities
 - Chicago apps; 32-bit Office
 - On-line, At Work, etc.
- ❖ Broaden PR reach to new audiences
 - Small orgs, Developers, VARs, etc.
- ❖ FUD SmartSuite 3.x launch

PR Timeline

January	February	March	April	May	June
Key Message Software Product	Key Message Workgroup Computing	Key Message Office Pro	Key Message Small Org Pack	Key Message Office 71 family	Key Message Chicago
ODR/MSF press tour	Workgroup/Office press tour	Talk 84 and Access 2.0/Office 4.3 launch event	Small org pub press tour	Office 71 family press tour	Office 94 long lead
PCW, CNN, and PC Mag Reviews/Press Log		Dynis Review	NYSL and Computer Shopper Reviews	PCWorld Review	
Event 94 shoot out		CEBIT	City Group	Spring Convent	
Event/PR/Office press tour				Event/Word NT releases	
Mac/Win Office 81	Mac/Office long lead	PowerPC launch event		Mac Office launch event	
Mac/Win Office Release Conf CD					

Need to add user groups, Word/XL items

Channel Plan

- ❖ **Broaden distribution of Office (and indiv. apps)**
 - Target distributors/franchisors as well as local outlets
 - Use Mouse 5-Pack, WFW and/or DOS 6.2 as stocking incentive
 - Provide funds for "Junior partners"
 - Co-fund reseller direct marketing activities
- ❖ **Build retail presence and in-store recommendation**
 - Increase instore merchandising programs
 - Focus month on Office Pro, including temp rep tour
 - City Sweep roll-out with training
- ❖ **Target small/medium business**
 - Set of offers that channel can customize (no national premium)
 - Create telemarketing tools and trial vehicles
 - MOLP

Small Organization Campaign

- ❖ **Why small org focus?**
 - Big market: 23% of all CPUs in US; 26% by 1995
 - Fastest growing segment (3MM run rate)
 - Fastest moving segment to Win (31%-->44% in last yr)
 - Biggest identifiable pool of switchers:
 - ◆ WP share of small orgs
 - 60% Win (vs 34% MS) 75% Total (vs 23% MS)
 - ◆ 123 share of small orgs
 - 47% Win (vs 45% MS) 67% Total (vs 25% MS)
- ❖ **Goal**
 - Generate \$75 million incr. revenue from small orgs in FY95
 - Raise small org share to parity levels by end of FY95
 - Raise Office awareness & displace Lotus and WP as default choice



What We Need To Do To Win

- ❖ **Build awareness of Office and single apps among targeted verticals and general endusers within small organizations**
 - accounting, legal, real estate, retail and insurance
- ❖ **Expand availability/visibility of Office products where these accounts buy product**
 - superstores, MORs, business-telemarketing resellers, inbound directs
- ❖ **Partner with SPs/VARs to develop/push Office solutions**
- ❖ **Build functionality and "hooks" into Office to accomodate 3rd party development for targeted verticals**



Incremental Funding

- ❖ **PeteH opportunity fund allocation**
 - Trade press advertising - \$500K
 - ◆ Support individual apps, especially Excel
 - ◆ Attack competition in core businesses
 - Programs - \$300K
 - ◆ Small organization
 - ◆ City Sweep
 - ◆ Office Friendly
- ❖ **Business press advertising - \$5M required**
 - Address awareness issue
 - ◆ 70% of IEU/Fringe don't read PC press
 - ◆ Raise awareness among small orgs
 - MS presence in biz press
 - Counter Lotus share of voice

Program Objectives and Target

❖ **Objective:**

- Provide ease of use/consistency benefit to Office customers by proliferating Office "look and feel" to leading, complimentary applications

❖ **Target**

- ISVs
- Corporate Accounts
- Solution Providers

Microsoft Office Friendly: Status

❖ **Meetings with 20+ ISVs**

Yes:	Considering:	Still Planning to talk to:	No
Calera, MSI, Peachtree Software, Shapaware, DataPoint, Jandel Scientific, MapInfo, Wall Data, Walker Richey Quinn	AutoDesk, Teleware, Macromedia, Persoft, Micrografx, Metz, Timberline, Futuresoft, Spinnaker, Chipsoft, Parsons Technology, SPI	Intuit, Software Toolworks, Power Up Software, DataEase Corp, MECA, State of the Art, Mathsoft, Contact Software, SBT Accounting, Individual Software, Coami Corp	Caere

❖ **Extend to corporate accounts**

❖ **Investigate extending to Solution Providers**



Critical Issues:

- ❖ **Breadth of program, recommend option #2**
 - 1. Only non-MS competitive apps (Limits program impact)
 - 2. All apps except those that compete with Office component apps (Obligates Money, Publisher, Works, etc, to be Office Friendly before their competitors)
 - 3. All apps, (Cloning problem)
- ❖ **Implications to Office brand**
 - Need "3rd party visual" strategy, includes logo
- ❖ **Program name**
- ❖ **Marketing support strategy**
 - Launch event timing
 - One time only marketing programs (Focus, PR event, trade shows, etc.)
 - Optional, self funding opportunities



Branding Issues

- ❖ **Current status**
 - Implemented Office "stripe" in packaging, collateral, ads
 - Office family defined as products in the SKU(s)
- ❖ **New data points**
 - Role for branding in Office Friendly
 - Work with International to resolve issues
 - Follow-up brand research underway
- ❖ **Need resolution on several issues**
 - Need for sub-brands
 - Brand/sku naming issues
 - Include other products in Office family