

Excel Push Results

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## Excel Push Objective

Grow PC Excel market share from 10% to 30%  
by June 1990

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## Corporate Salesforce Growth

- Move from account penetration to account development
- 12 applications specialists, 6 SE's
- Corporate Development Program
  - 12 target accounts
  - 1 dedicated specialist, 1/2 an SE
  - Goal: 1,000 units over 12 months
  - Microsoft Executive involvement

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## Pricing Action

- Price cut to resellers through 6/30/89
  - Expected street price \$229-\$249
  - Egghead retail price from \$329 -> \$259
  - Egghead corp. price from \$290 -> \$229
- Sell-through rebate
- Lotus Exchange Offer
  - \$75 or free copy of Windows

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## Marketing Expenditures

- Product improvements--up to \$700K
- Working copies of Excel--\$2 million
  - Ad response vehicle
  - In Windows box
  - Proactive mailings
  - Telemarketing follow-up
- Incremental advertising and public relations expenditures

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## Marketing Expenditures

- CUI/GUI Study--up to \$350K
- 6 heads in ABU marketing
- Seminars
  - 5 people
  - \$300K in FY89, \$1 mm in FY90

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## CONCLUSIONS

- Market share has increased to 13-15%. 30% unlikely by June 1990. Sell-through is up 75% Q489 vs. Q488.
- Primary obstacle remains product/environment
- End-user trial is key to success
- Many individual programs did not deliver
- Execution is very important; It takes time to implement high-quality programs

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## Additional Considerations

- Windows 3.0 and WinWord delays have delayed results
- No new version of PC Excel for 2 1/2 years
- Lotus marketing investment and "wait-and-see" attitude toward 2.2/3.0 froze market

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## PUSH PROGRAM RESULTS

	<u>Effective</u>	<u>Cost</u>	<u>Budget</u>	<u>Variance</u>	<u>ROI</u>
• Product/Environ.	No	\$150K	\$700K	\$550K	
• Pricing/Price Protect	No	\$5.5M	\$4.5M	(\$1.0M)	
• Sell-through rebate	Ltd.	\$600K	\$700K	(\$100K)	
• Lotus Exchange	No	\$150K	\$500K	\$350K	
• Advertising	Yes/No	\$2.4M	\$2.4M	\$0K	
• Working model	Yes	\$1.6M	\$2.0M	\$400K	81% ✓
• Telesales	Yes	\$408K	\$800K	\$392K	168% ✓
• Corp. Sales Growth	Yes	\$1.98M	2.87M	\$.9M	
• Seminar Team	Yes	\$720K	\$1.3M	\$580K	
• Push Team	Yes	\$400K	\$600K	\$200K	
• GUI Study	Delayed	\$200K	\$350K	\$150K	
• <u>PR</u>	<u>No</u>	<u>&lt;\$50K</u>	<u>\$300K</u>	<u>\$250K</u>	

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## Qualitative Program Assessment

- **Product**
  - Win 3.0 solution to most problems
  - Q+E a major win
  - Underestimated importance of 123-ness
  - Macro conversion efforts didn't produce big wins
  - Have been waiting for WinApps
- **Pricing**
  - Not effective relative to cost
  - Increased channel inventory with no little change in sell-through growth rate
  - Cost=\$5.5M
- **Sell-through rebate**
  - Effective for limited promotional spike
  - Sell-through increase not sustained

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## Qualitative Program Assessment

- **Distribution**
  - Limited change in breadth of distribution
  
- **Lotus Exchange**
  - Not effective
  - Not part of Trimester; Limited ASR attention
  - Better corporate account tool than through storefronts
  - Launched too early

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## Qualitative Program Assessment

- **Advertising**
  - Good awareness tool
  - Effective tool for Working Model response
  - Enthusiast press more cost effective than business press, although WSJ was very good
  - Exchange offer ads not effective
- **Working model**
  - Effective
  - Good fulfillment conversion-8% (esp. with Telesales-19%)
  - Good corporate selling and seminar tool
  - Windows package conversion study TBD
- **Telesales**
  - Effective with working model follow-up
  - Effective with Seminar follow-up

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## Qualitative Program Assessment

- **Corporate Sales Growth**
  - Met goals in 5 accounts; 4 more possible
  - Long sales cycle
  - No PR Results
  - Win 3 ship will be test of investment
  - Insufficient training; 25% turnover
- **Push Team**
  - Effective in support of Push Programs
  - Effective in support of sales, sales training
  - ISV/Developer program gaining momentum
- **Seminar Team/Accounting Seminars**
  - Late start for Permanent Seminar Team
  - PST attendance improving; conversion rate good
  - Accounting seminars effective

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## Qualitative Program Assessment

- **Public Relations**
  - Limitation was ideas, not resources
  - Good spring '89 (2.2/3.0, Q+E)
  - Losing to /G, winning vs. R3 and 2.2
  - Lotus has much higher volume of press
  - Lotus better at communicating overall strategy
  - Limited corporate account win publicity
  - Didn't spend much money
- **CUI/GUI Study**
  - Not done yet
  - Looks good overall; less benefit for spreadsheets

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## Product Issues

- **Product obstacles mostly unchanged since Jan 89**
  - Windows (Memory, networks, 3270, setup)
  - Is Windows "strategic"?--changing rapidly
  - WinWord just shipped; other apps coming
- **123-ness still largely unaddressed. This is an important goal for Excel 3.0.**
- **Q+E a major win**
- **Macro conversion efforts not leveraged**
  - Few leveraged macros
  - We can't do many conversions

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## Product Fixes

- Windows 2.10/2.11--setup, add'l memory
- 386Max promo/bundle abandoned due to Win 3.0
- Q+E shipped Feb. 1989 (\$75K expenditure for 2.0)
- Excel prog. mgmt. helped with Win 3.0 3270 support
- PUSH team response to individual customers
- Switching Guide for Lotus 123 book
- 123 Keyboard/Macro interpreter for Excel 3.0
- Still trying to solve Lotus One Source compatibility

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## Pricing Action Conclusions

- Sell through rebate worked temporarily, but increase wasn't sustained
- Price cut increased channel inventories without increasing sell-through
- Increased depth, not breadth of distribution
- Considered a confusing marketing tactic by resellers

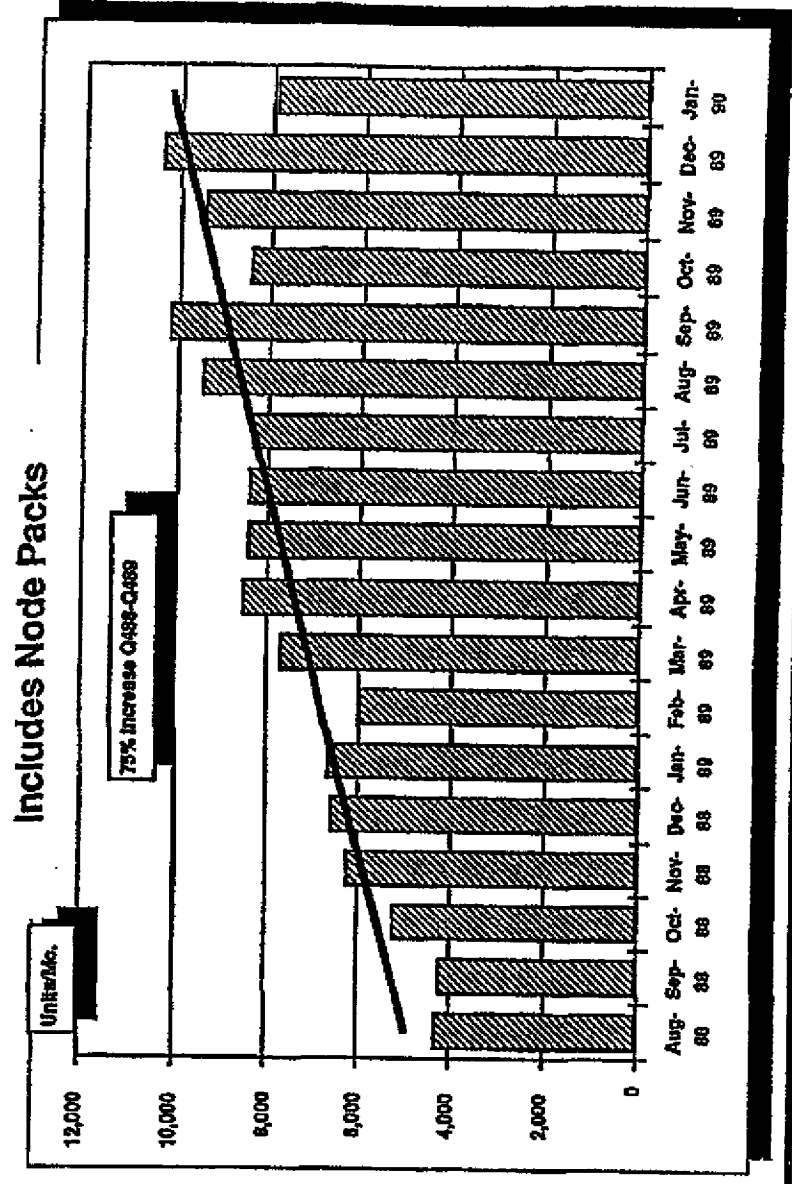
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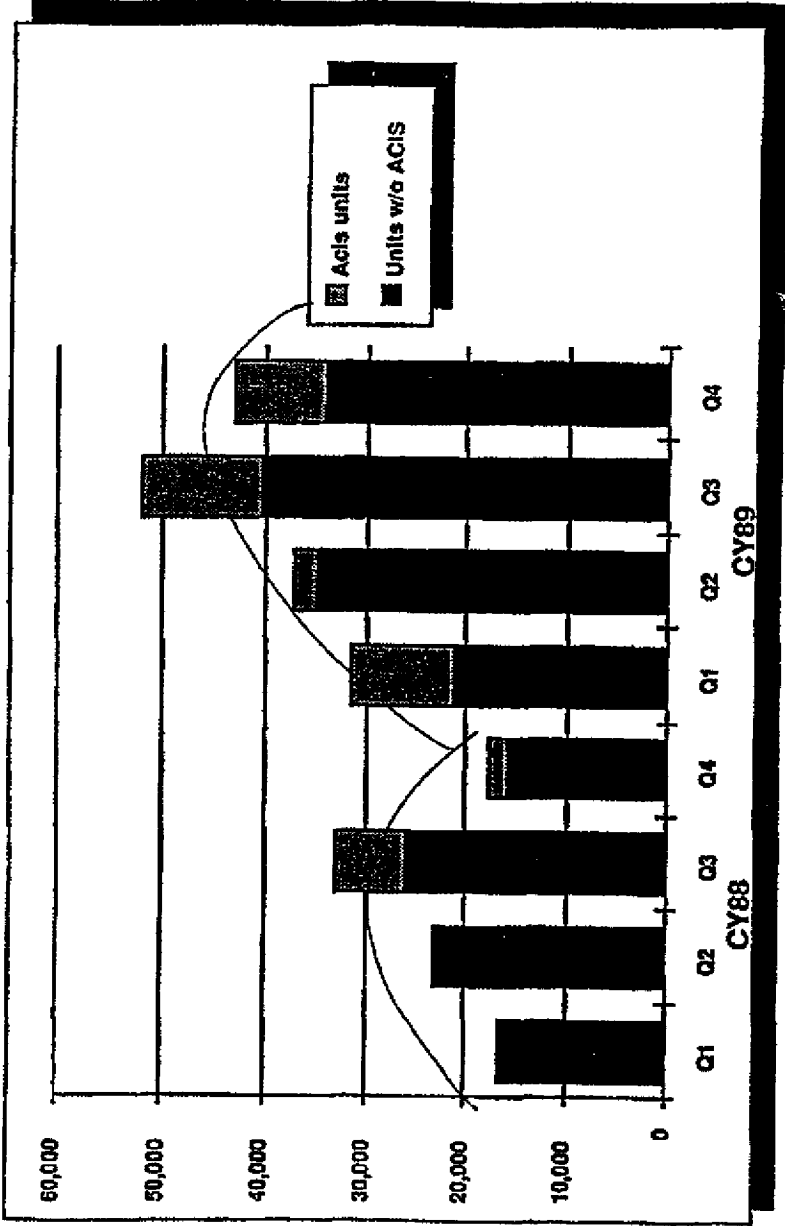
# U.S. PC Excel Retail Sell-Through



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# USSMD Excel Unit Sales



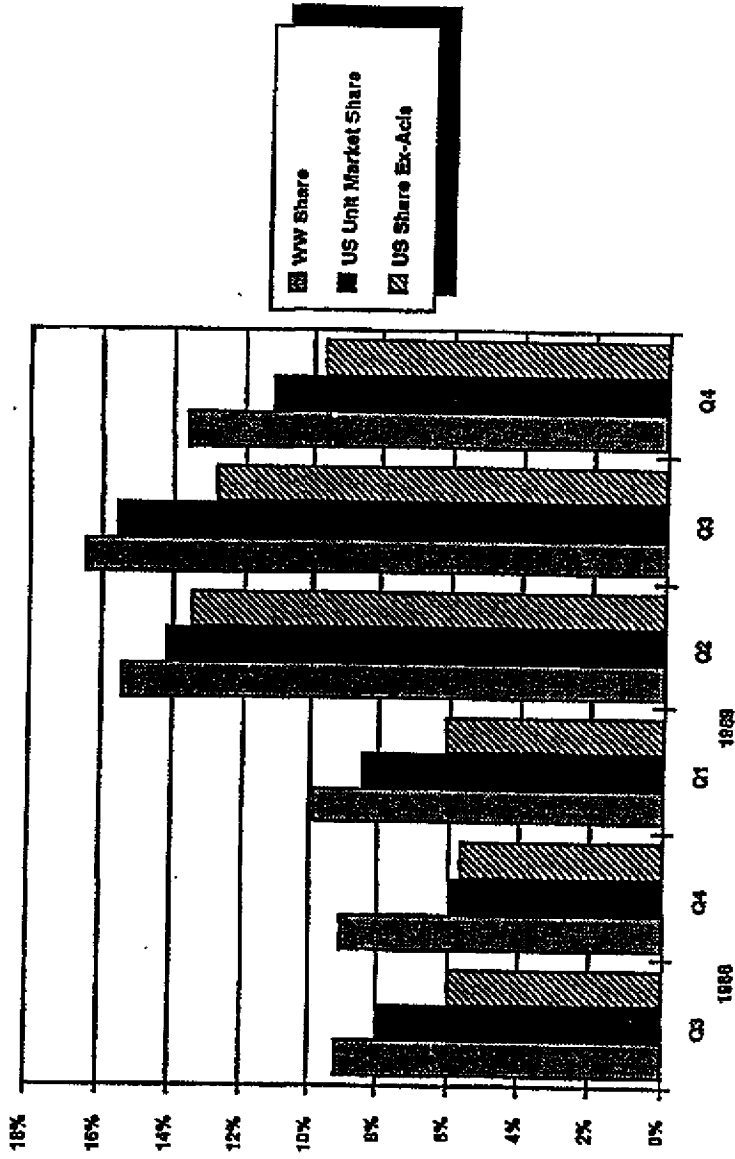
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# PC Excel Unit Market Share Trend



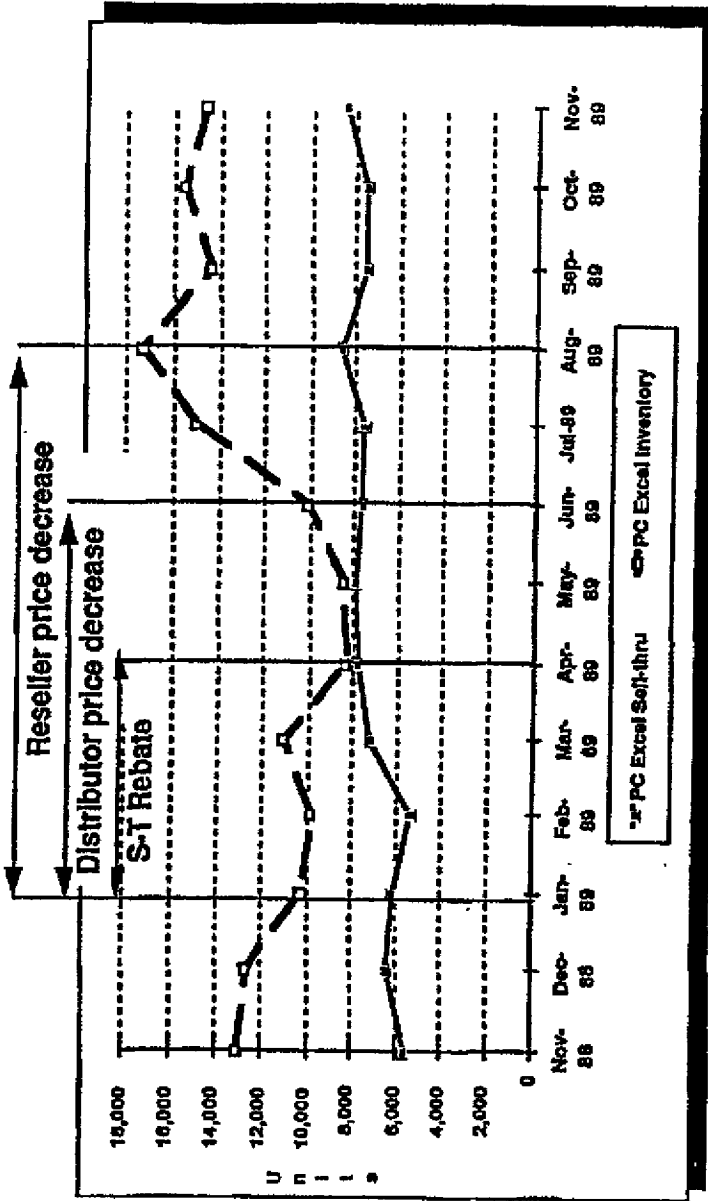
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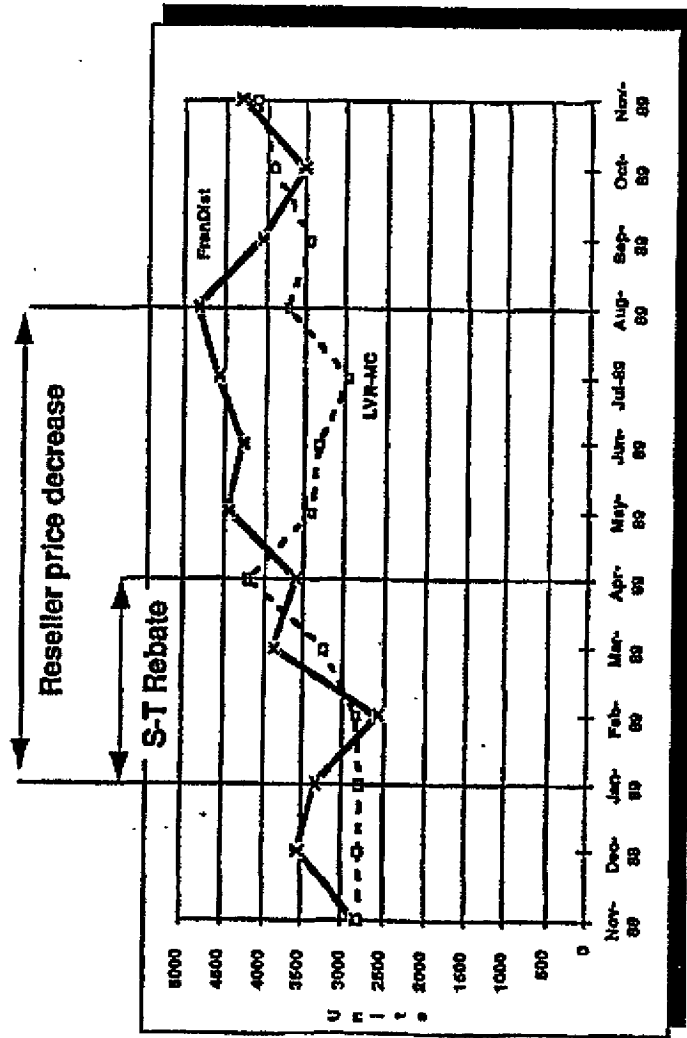
# Pricing Action



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# Sell-through by Reseller class



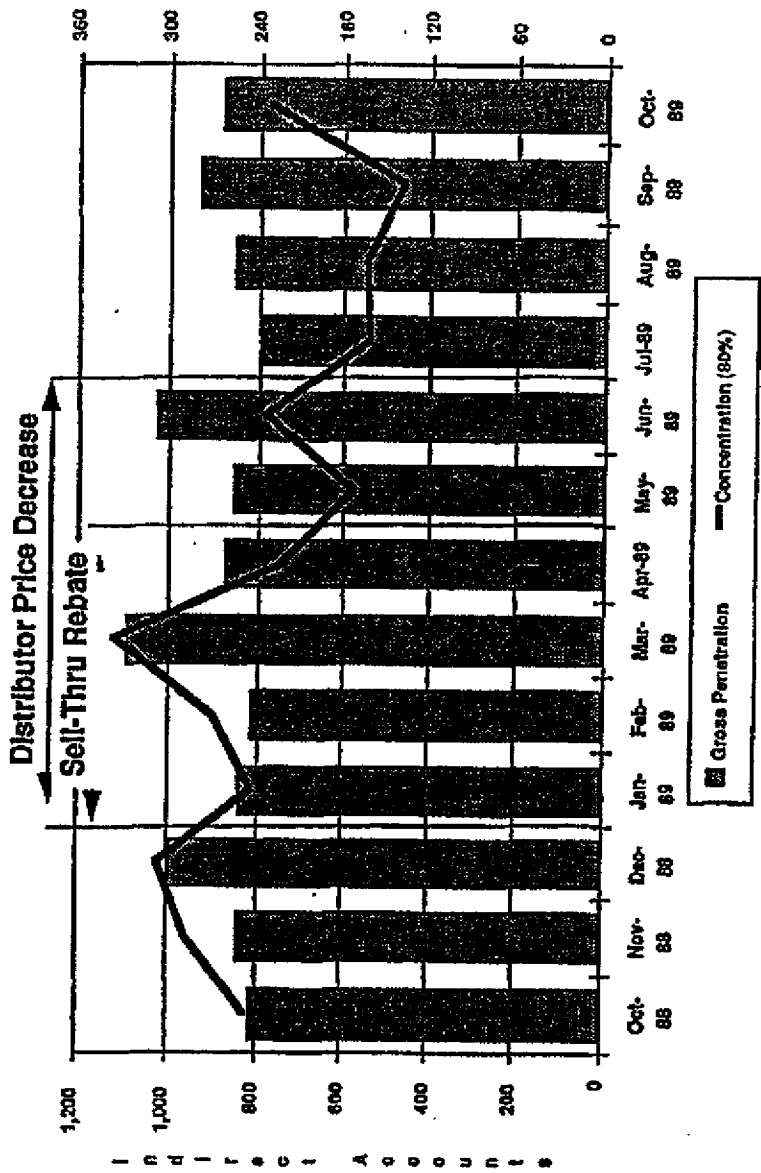
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# Penetration Down, Concentration Up



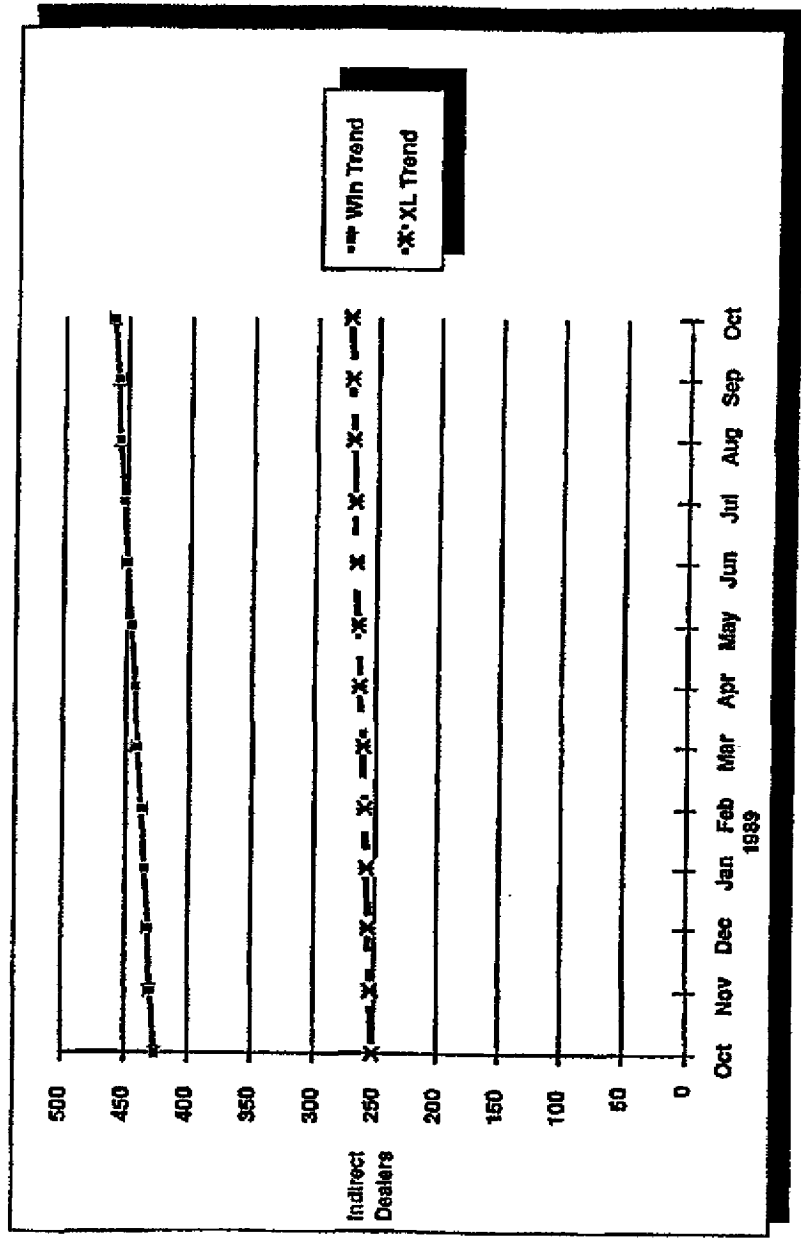
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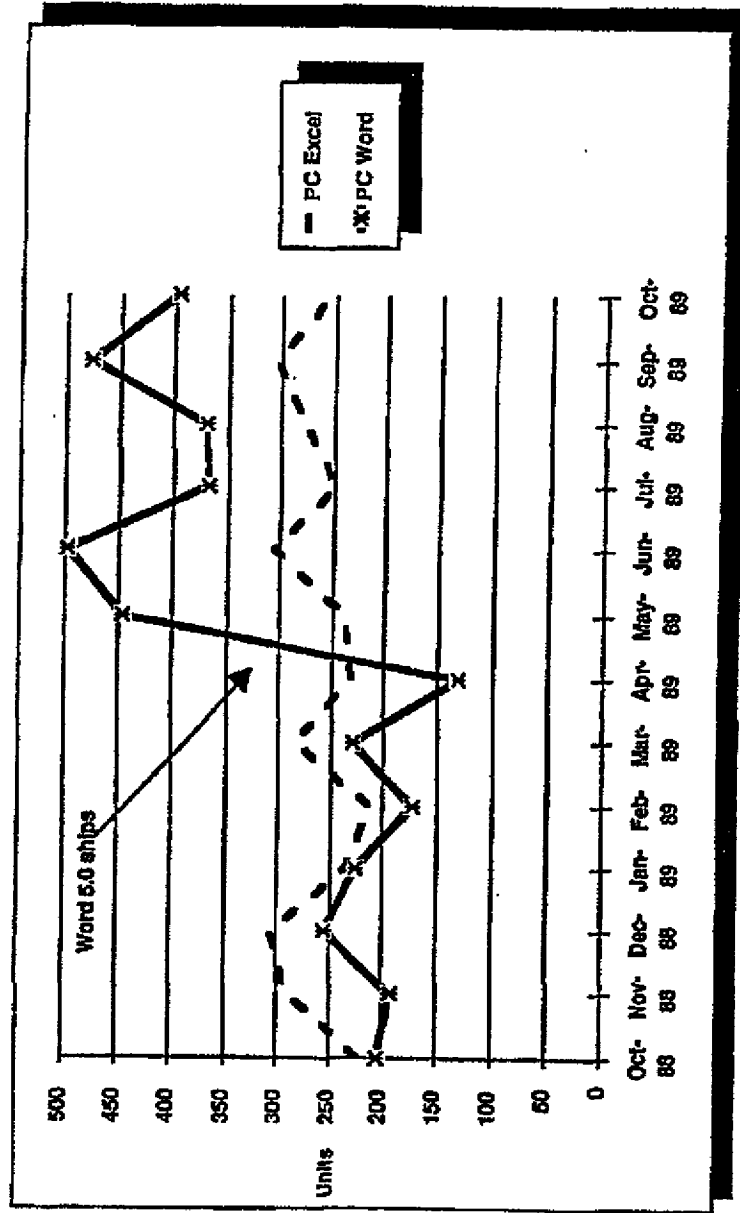
# Distribution: Excel vs. Windows.



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# Distribution: Excel vs. Word



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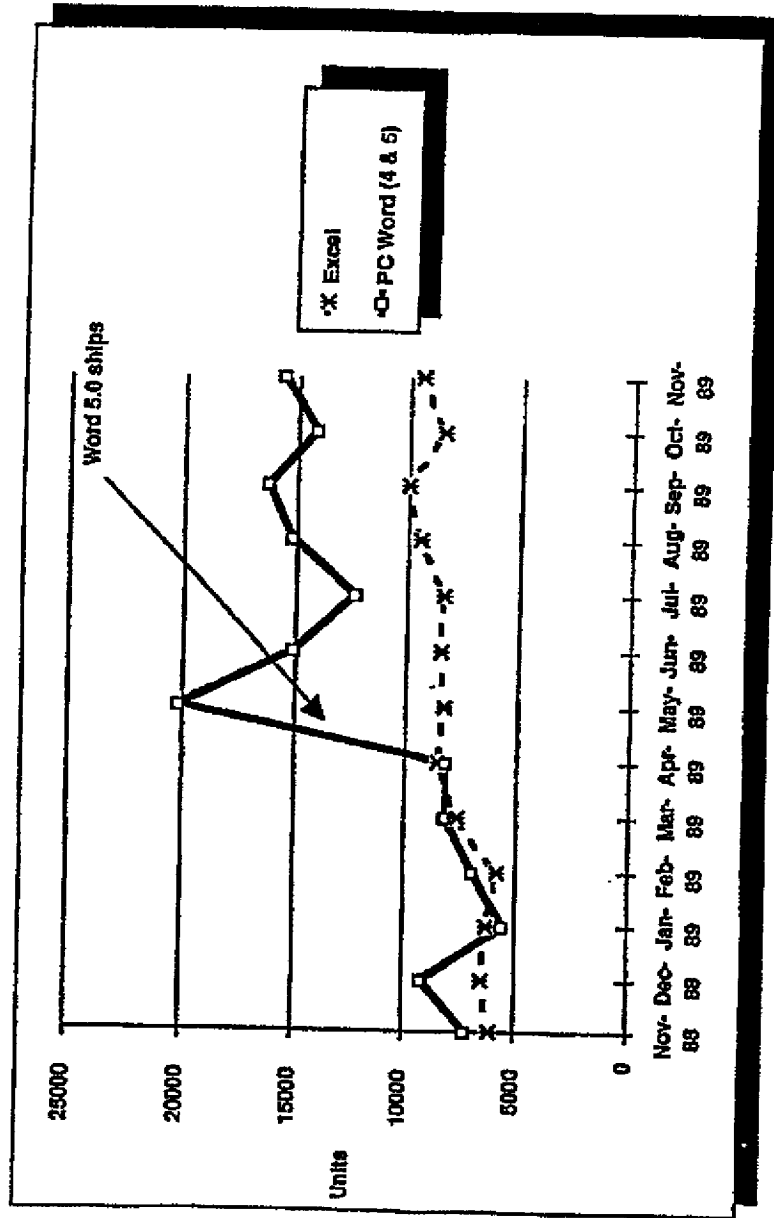
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# Sell Thru: Excel vs. Word



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## Lotus Exchange Offer

- Limited use
  - 1,900 \$75 Rebates
  - 100 copies of Windows
- Most done by Corporate Software
- Little end-user awareness. Too early?
- Should it remain in our corporate account toolkit?

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## Advertising Effectiveness

- \$2.4M program (\$1.8M incremental)
- Qualitative starch results positive — ?
- Successful at fulfilling Working Models
  - Fulfilled 85K from ad response
  - Cost/Response was \$35 — includes cost of wmm?
- Product awareness and trial is increasing relative to Lotus 123

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## Response Cost by Media Type

	<u>Trade</u>	<u>Business</u>	<u>Total</u>
Level 1 (Issues)	\$50	\$386	\$185
Level 2 (Product)	\$49	\$109	\$60
Level 3 (Promo)	\$11	\$29	\$16
<u>Overall</u>	<u>\$21</u>	<u>\$64</u>	<u>\$35</u>

Business Press costs skewed up by  
BusinessWeek.

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## Media Conclusions

- Best Media
  - Business: WSJ
  - Enthusiast: PC Magazine, Lotus
- BusinessWeek starch results show ads above average. Starched #1 in one issue.
- WSJ consistently pulled well and was less expensive than PC Week for level 2,3 ads.
- In Business Press, Level II Ads pulled 4 times better than Level I

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## Ad Message Conclusions

- Pull directly related to message
  - Issue messages pull least
  - Product messages pull well
  - Promotional messages pull best
- Issue messages probably NOT good for Business Press
- Issue messages pulled better than product messages in Enthusiast Press
- Conversion was similar for Level I, II, III ads

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## Conversion Rate by Media Type

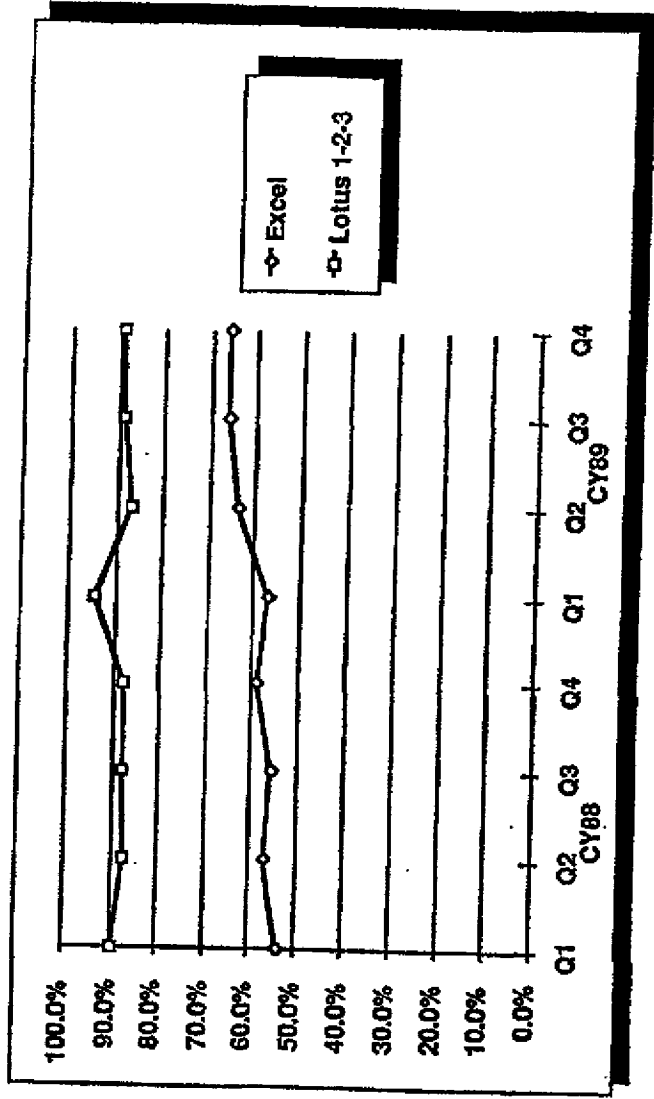
- Install rate is 20 points higher (77% vs. 57%) for enthusiast vs. business press
- Purchase rate after 9 months is similar (13% enthusiast vs. 16% business). N=100
- Enthusiast and business press recipients both bought about 4 units

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# Techtel % "Heard of"





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## Working Model

- 125K total fulfillment; 85K ad response
- 95K bundled into Win 2.11

### Ad Response Results:

- Install rate is 50%
- Purchase rate is 6% after 3-4 months
- Purchase rate doubles after 9 months
- Total units is 1.5 per after 3-4 months
- Total units is 4-6 per after 9 months
- ROI of 81% (@ 3-4 months, 1.5 units)

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## Working Model

- 1/2 mailed to business address; 1/2 home
- Most uncommitteds have made a decision after 9 months
- Improve program execution and qualification process
- Other uses of working model are worthwhile

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## Telesales Effectiveness

	<u>Install rate</u>	<u>Purchase rate</u>
No Follow-up	50%	6%
With Follow-up	85%	19%

- Working Model follow-up ROI of 168%
- 7 people, Starting In April
- Seminar Follow-up
- Sales of Excel and Word to IBM

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## Corporate Development Program

- Met goals (ex-PR) in 5 accounts
- Might meet volume goals in 4 more
- 3M is a recent standardization
- Investment period longer than anticipated:  
Start-up slow, Sales cycle long.
- Role of Apps specialist
  - Insufficient training; 25% turnover to date
  - Role and job focus unclear
- Executive involvement
  - Obscures effectiveness of specialist
  - Different levels of involvement
- 2/12 accounts were poor choices

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# Actual Corporate Headcount Growth

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# CD Program Results

Based on LVA data

Accounts	T1-89	T2-89	T3-89	Total	# of 286/386	% Installed
Ford	936	908	2,100	5,172	28,000	18%
Hewlett Packard	653	1,312	1,048	3,869	25,000	15%
Dupont	306	234	236	1,581	20,000	8%
American Airlines	79	911	532	1,550	20,000	8%
Hughes	216	160	350	998	7,500	13%
Kodak	102	214	125	550	15,000	4%
Bank of America	14	226	267	531	10,500	5%
Rockwell	83	81	126	514	20,000	3%
Aetna Life	46	102	338	504	13,000	4%
Northern Telecom	23	40	95	279	3,500	8%
3M	7	124	89	245	12,000	2%
Monsanto	30	21	41	141	3,000	5%

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## Permanent Seminar Team

- # Seminars, September-Present 150
- Average Attendance per seminar: 40 and rising
- % Purchased (as of 12/89) 24%
- Average purchase 1.5 units
- Intend to purchase 52%
- Intend to purchase units 6.5 units

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## Accounting Seminars

- 72 Seminars to CPA's and Corporate Financial types, Oct. 88-March 89
- Surveyed April 1989:
  - 34% bought at least 1 units
  - Average purchase 1.6 units
  - 36% intend to buy

Surveyed Feb. 1990:

- 47% of attendees bought at least 1 unit
- Average purchase was 6.31 units
- 9% still intend to buy

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## CUI/GUI Study

- Not delivered yet
- Testing completed end of December; White Paper due by March
- Positive overall message -- "GUI is great, big benefits to those who move now"
- Under GUI, people:
  - Work faster, better
  - Become less frustrated, less fatigued
  - Learn more
  - Have ability to self-teach/explore
- Results are less compelling for SS users than WP users

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