

Desktop Applications Division Marketing

FY95 Year to Date Review

12/06/94

FL AG 0063849
CONFIDENTIAL

MX 6046472
CONFIDENTIAL

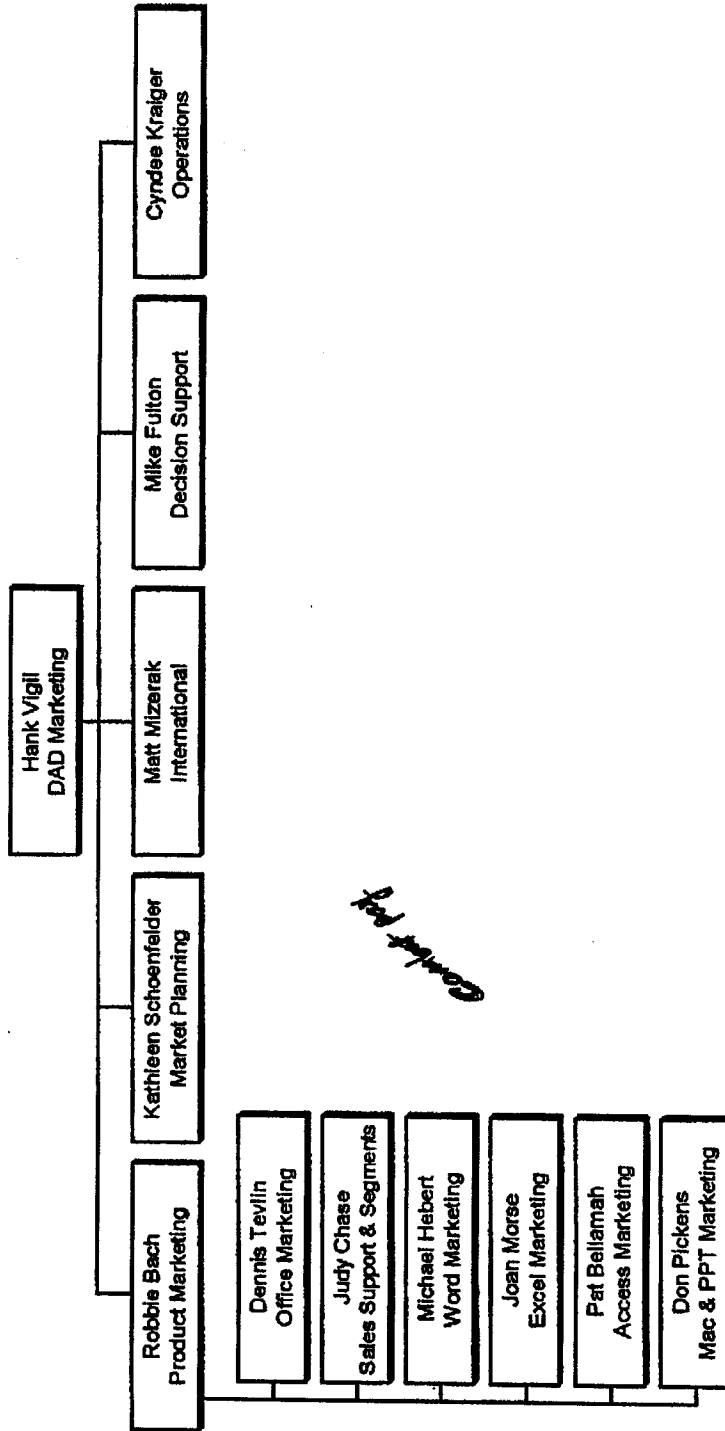
Plaintiff's Exhibit

9589

Comes V. Microsoft

HIGHLY CONFIDENTIAL

DAD Marketing Organization



Confidential

FL AG 0063850
CONFIDENTIAL

MX 6046473
CONFIDENTIAL

DAD Product Release Summary

Office C Release	■	September '94
Mac Office/XL/Word/PPT (68k)	■	September '94
NT XL/Word	■	October '94
Mac XL/Word/PPT (PowerMac)	■	October '94
Office Pro/Bkshif & Word/Bkshif	■	October '94
NT Office	■	November '94
PowerMac Office	■	December '94
SGML & Internet Assistant	■	January '95
Office '95	■	April '95 (+/- 8 wks)
Word/XL/PPT/Sched+	■	April '95 (+/- 8 wks)
Access	■	June '95 (+/- 8 wks)

MX 6046474
CONFIDENTIAL

FL AG 0063851
CONFIDENTIAL

DAD Marketing Strategies

- | | |
|--|--|
| ■ H1 Objectives | ■ H1 Key Strategies |
| - Build/Sustain share prior to Win '95 launch | - Utilize individual apps to push "switcher campaigns"; occupy competitors cash cow business |
| - Upgrade 35% of installed base (Mac and Win) | - Blunt SmartSuite and Perfect Office launch efforts |
| - Capture 50% of DOS switchers; upgrade 1M competitive users | - Develop "Office/BackOffice" messaging |
| - Increase Smorg share | - Push Office solutions platform concept |
| - Office based solutions | - Launch Mac Office to rejuvenate Mac business |
| | - Build Office awareness |

MX 6046475
CONFIDENTIAL

FL AG 0063852
CONFIDENTIAL

DAD Marketing Strategies

- H2 Objectives
 - Increase/sustain category share gains (Office 85%, Standalone 65%)
 - Accelerate office suite category penetration to 65% of total desktop apps
 - Gain share by expanding into new markets (increase SMORG share to 50%)
- H2 Key Strategies
 - "Avalanche" Campaign
 - Overcome SORG switcher objections/TradeUp program
 - Use terms to increase reseller share
 - Drive store sales/compelling instore program
 - Execute a great launch
 - Win category BOB battles/build Office awareness and leadership
 - Exploit Win '95 launch and momentum

MX 6046476
CONFIDENTIAL

FL AG 0063853
CONFIDENTIAL

DAD Marketing Strategies

- H2 Objectives (cont.)
 - Build Office as a platform
- H2 Key Strategies (cont.)
 - Target key sources of business
 - "BackOffice" synergy
 - Entrench Office as a platform
 - Office Compatible version 2.0
 - Prep for Win '95

MX 6046477
CONFIDENTIAL

FL AG 0063854
CONFIDENTIAL

1st Quarter North American Results

	Sales (millions)		Units ('000's)		Revenue/License	
	Act	Var %	Act	Var %	Act	Var %
USA	\$299.8	31%	1,755	31%	\$171	0%
Canada	\$18.1	20%	122	47%	\$148	-18%
North America	\$317.9	30%	1,877	32%	\$169	-1%

■ Selected Drilldowns

- Strong units sales in all products but XL
- Unbudgeted special deals (78k units)
- OfcPro 29% of Ofc mix versus 12% plan
- But OfcPro AE mix drives rev/unit down
- High select / maintenance biz with lower rev/unit

MX 6046478
CONFIDENTIAL

FL AG 0063855
CONFIDENTIAL

1st Quarter North American Results

Fast Track Market Share

Office Allocated

Product Category	Licenses	Distributors			Resellers			Total					
		July	August	September	Q951 Total	July	August		September	Q951 Total			
Spreadsheets	Microsoft	75%	58%	67%	66%	84%	63%	91%	88%	80%	68%	84%	78%
	Competitive	25%	42%	33%	34%	16%	17%	9%	12%	20%	31%	16%	21%
Word Processors	Microsoft	63%	57%	62%	60%	80%	78%	88%	85%	72%	68%	78%	73%
	Competitive	37%	43%	38%	40%	20%	22%	14%	17%	28%	34%	22%	27%

Standalone

Product Category	Licenses	Distributors			Resellers			Total					
		July	August	September	Q951 Total	July	August		September	Q951 Total			
Suites	Microsoft	91%	85%	89%	88%	94%	95%	96%	95%	93%	90%	94%	93%
	Competitive	9%	15%	12%	12%	6%	5%	4%	5%	7%	10%	6%	7%
Databases	Microsoft	78%	78%	66%	75%	88%	83%	78%	83%	70%	60%	69%	65%
	Competitive	22%	22%	44%	25%	12%	17%	22%	17%	30%	40%	31%	35%
Spreadsheets	Microsoft	48%	31%	34%	37%	60%	57%	65%	61%	54%	38%	50%	47%
	Competitive	52%	69%	66%	63%	40%	43%	35%	39%	46%	61%	50%	53%
Word Processors	Microsoft	36%	34%	37%	36%	56%	48%	52%	52%	45%	39%	44%	43%
	Competitive	64%	66%	63%	64%	44%	52%	48%	48%	55%	61%	56%	57%
DESKTOP	Microsoft	59%	50%	56%	55%	77%	74%	83%	79%	68%	59%	73%	67%
	Competitive	41%	50%	44%	45%	23%	26%	17%	21%	32%	41%	27%	33%

FL AG 0063856
CONFIDENTIAL

MX 6046479
CONFIDENTIAL

DAD Marketing Expenses

Total Division (\$000)	YTD Actuals (includes Preliminary Nov. data)		Forecast		Total HI YTD as % of FY
	HI Budget	Actuals	Remainder of HI	H2	
Public Relations	\$ 800.0	\$ 547.7	\$ 16.6	\$ 564.3	71%
Events	1,075.5	300.2	97.6	397.8	37%
Seminars	0.0	10.0	0.0	10.0	100%
Advertising	19,299.2	10,873.4	1,428.3	12,301.8	64%
Marketing Materials	1,681.0	486.3	260.5	746.8	44%
Samples	180.0	105.0	58.6	163.5	91%
Retailer Marketing	0.0	0.0	0.0	0.0	0.0
Market Research	1,694.0	451.2	472.9	924.1	55%
Marketing Revenues	0.0	(27.5)	4.6	(22.9)	100%
Direct Marketing	3,986.3	1,257.2	178.7	1,435.9	36%
Program Del. Costs	0.0	0.0	0.0	0.0	0.0
Other	115.0	169.5	38.3	207.8	181%
Total	\$ 28,831.0	\$ 14,172.9	\$ 2,556.2	\$ 16,729.0	58%
			\$ 12,218.8	\$ 19,052.2	\$ 48,000.0

Original FY '95 Budget: \$48,000.0

FL AG 0063857
CONFIDENTIAL

MX 6046480
CONFIDENTIAL

Win Office Products Marketing Expenses

Win Office Products (3000)	H1 Budget	YTD Actuals (includes Preliminary Nov. data)		Total H1 % of H1 Budget	Forecast		Total H1 YTD as % of FY	
		Actuals	Committed		Remainder of H1	H2		FY '95
Public Relations	\$ 560.0	\$ 299.5	\$ 11.1	\$ 310.5	\$ 249.5	\$ 1,325.0	23%	
Events	558.0	29.6	91.7	121.3	1,143.1	1,143.1	11%	
Seminars	0.0	9.9	0.0	9.9	9.9	9.9	100%	
Advertising	15,136.6	8,192.9	852.7	9,045.7	25,545.5	25,545.5	35%	
Marketing Materials	824.5	290.1	190.3	480.3	2,155.1	2,155.1	22%	
Samples	136.0	101.1	58.6	159.6	279.0	279.0	57%	
Reseller Marketing	0.0	0.0	0.0	0.0	0.0	0.0		
Market Research	1,504.0	445.2	441.7	886.9	2,091.0	2,091.0	42%	
Marketing Revenues	0.0	(27.5)	4.6	(22.9)	(22.9)	(22.9)	100%	
Direct Marketing	3,436.6	928.2	135.5	1,063.7	6,742.8	6,742.8	16%	
Program Del. Costs	0.0	0.0	0.0	0.0	0.0	0.0		
Other	105.0	127.5	0.0	127.5	210.0	210.0	61%	
Total	\$ 22,260.6	\$ 10,396.4	\$ 1,786.0	\$ 12,182.4	\$ 10,124.3	\$ 17,171.7	\$ 39,478.5	31%

Original FY '95 Budget:
\$ 39,478.5

MX 6046481
CONFIDENTIAL

FL AG 0063858
CONFIDENTIAL

Mac Office Products Marketing Expenses

Mac Office Products (\$000)	YTD Actuals (includes Preliminary Nov. data)		Forecast		Total HI YTD as % of FY
	HI Budget	Actuals	Remainder of HI	H2	
Public Relations	\$ 175.0	\$ 232.0	\$ 5.6	\$ 237.5	136%
Events	450.0	200.8	0.1	200.9	45%
Seminars	0.0	0.0	0.0	0.0	
Advertising	3,416.8	2,204.0	548.1	2,752.1	81%
Marketing Materials	724.0	192.6	57.4	250.0	35%
Samples	30.0	0.9	0.0	0.9	3%
Reseller Marketing	0.0	0.0	0.0	0.0	
Market Research	130.0	0.0	6.7	6.7	5%
Marketing Revenues	0.0	0.0	0.0	0.0	
Direct Marketing	419.8	307.7	0.0	307.7	73%
Program Del. Costs	0.0	0.0	0.0	0.0	
Other	0.0	9.9	38.0	47.9	100%
Total	\$ 5,345.5	\$ 3,147.9	\$ 655.8	\$ 3,803.7	71%
			\$ 1,604.4	\$ 990.2	\$ 6,398.3

Original FY '95 Budget: \$ 6,398.3

MX 6046482
CONFIDENTIAL

FL AG 0063859
CONFIDENTIAL

Project Marketing Expenses

Project (\$000)	YTD Actuals (includes Preliminary Nov. data)		Forecast		FY '95	Total H1 YTD as % of FY	
	H1 Budget	Actuals	Committed	Total H1			Remainder of H1
Public Relations	\$ 65.0	\$ 16.2	\$ -	\$ 16.2	\$ 140.0	12%	
Events	67.5	69.8	5.8	75.6	135.9	56%	
Seminars	0.0	0.1	0.0	0.1	0.1	100%	
Advertising	745.8	476.5	27.5	504.0	1,249.8	40%	
Marketing Materials	132.5	3.6	12.8	16.4	187.5	9%	
Samples	14.0	3.0	0.0	3.0	25.0	12%	
Retailer Marketing	0.0	0.0	0.0	0.0	0.0		
Market Research	60.0	6.0	24.6	30.6	80.0	38%	
Marketing Revenues	0.0	0.0	0.0	0.0	0.0		
Direct Marketing	130.0	21.2	43.2	64.5	262.5	25%	
Program Del. Costs	0.0	0.0	0.0	0.0	0.0		
Other	10.0	32.2	0.3	32.5	42.5	76%	
Total	\$ 1,224.8	\$ 628.6	\$ 114.3	\$ 742.9	\$ 490.1	\$ 890.2	\$ 2,123.3

Original FY '95 Budget: \$ 2,123.3

FL AG 0063860
CONFIDENTIAL

MX 6046483
CONFIDENTIAL

DAD PR Activities HI

- Launch rest of Office 4.x family
 - NT, PowerMac, 68k, Office "C" Releases
- Leverage PR from value-added products
 - Office Pro/Bookshelf CD, Word/Bookshelf CD, Word & Office Assistants, SGML & Internet Assistants
- Extend Office Momentum
 - Team Dennis Connor
 - Thwart Competitive Launches; launch Office/BackOffice; collect and distribute solutions
- Reviews
- Kick-off Office '95 PR Efforts

FL AG 0063861
CONFIDENTIAL

MX 6046484
CONFIDENTIAL

DAD PR Activities H2

- Sustain Office 4.x momentum
- Set review criteria for great Win '95 apps
- Minimize product negatives early
 - eg. VBA not in Word; no 16-bit; Access late; Mac apps
- Secure positive first looks & reviews of Office '95
- Expand press coverage of Office beyond traditional PC Press
- Address Mac PR issues
- Great launch!

FL AG 0063862
CONFIDENTIAL

MX 6046485
CONFIDENTIAL

DAD Advertising Activities H1

- Continue building awareness for Office.
 - Solutions in PC Press
 - Heavy Business Press
- Launch new Mac products
- Generate awareness for Office promo and drive reseller traffic.

FL AG 0063863
CONFIDENTIAL

MX 6046486
CONFIDENTIAL

DAD Advertising Activities H2

- "Broad Reach" component of Office brand campaign kicks off
- "Avalanche" tactical effort targeting SORGs to trade up to our Win apps (Jan-April)
- Sustain in PC Press up to the Office '95 launch
- Office '95 launch in May-June media

FL AG 0063864
CONFIDENTIAL

MX 6046487
CONFIDENTIAL

DAD Direct Marketing Activities H1

- Office Sustaining Activity
 - Access Version Upgrade Wave Three
 - Fall Office Promo
 - Project Version Upgrade Wave Two
 - Enable/Office Upgrade
- Competitive Upgrade Activity
 - Office Catalog
 - Hotline Catalog
- Mac Launch

FL AG 0063866
CONFIDENTIAL

MX 6046489
CONFIDENTIAL

DAD Direct Marketing Activities H2

- Office Sustaining Activity
 - Catalog (Feb)
- Competitive Upgrade Activity
 - Access (Jan)
 - "Avalanche"
 - Verticals (Accounting, Legal)
 - Hotline
- Exposition (Ali Baba)
- Office '95 Launch

FL AG 0063867
CONFIDENTIAL

MX 6046490
CONFIDENTIAL

DAD Channel Activities H1

- Rebates and special offers
 - Windows
 - \$30 rebates on Word/Excel upgrades
 - Free Office Assistant with Office Std/Pro
 - Macintosh
 - \$30 rebates on Word/Excel/PPT version upgrades
 - \$40 rebates on Office upgrades
 - Power Guarantee
- Fall Promo- "Consider the Possibilities"
 - Buy Office, get one of:
 - Office Assistant, 60 min long distance time, Visio, or Entertainment Pack 4

FL AG 0063868
CONFIDENTIAL

MX 6046491
CONFIDENTIAL

DAD Channel Activities H2

- "Avalanche" Promotion (Word/XL/Office/PPT/Access)
 - Disti S2 rebates
 - Direct Reseller rebates
 - Customer purchase incentive of ATC training rebate or a free training video
- Extend Win and Mac rebates
- Office '95 Launch

FL AG 0063869
CONFIDENTIAL

MX 6046492
CONFIDENTIAL

OEM Activities H2

- **Objectives**
 - Increase individual Word/Excel NA share in small business and work at home markets
- **Strategies**
 - Target top-tier OEMs that are considering competitive offerings or those that provide co-marketing opportunities
 - Target middle-tier OEMs with single application licenses (Word/Excel)
- **Other Tactics**
 - Capture NAMES
 - Provide Office up-sell in-box and on-screen for single application licensed OEMs

FL AG 0063870
CONFIDENTIAL

MX 6046493
CONFIDENTIAL

DAD Market Research Activities H1

- Office Tracking Study
- DAD Market Tracking Model (PC Saturation)
- Purchase Model/Purchase Process Research
- Segmentation Research
- Upgrading Research
- Standalone vs. Suites Study
- XLWD/Off/PPT/Proj/Ren Positioning Focus Groups
- Advertising Tracking for Lotus and WP
- Vertical Marketing Tracking Study (Acctg, Legal)
- Office Packaging Development

FL AG 0063871
CONFIDENTIAL

MX 6046494
CONFIDENTIAL

DAD Market Research Activities H2

- Office Configuration & Pricing Research
- Brand Development Research
- CD & Ali Baba Research
- Avalanche Tracking
- Timesavings Research follow-ups
- Fall Promotion/Sustaining Marketing Tactical Research
- Roll-Your-Own Office In-Market Testing

FL AG 0063872
CONFIDENTIAL

MX 6046495
CONFIDENTIAL

Segment Specific Marketing

- SORGS
 - Sponsor BIC (Business Info Center)
 - SORG Press Tour
 - Launch Office Pro/Bkshf CD as small business solution
 - Inc./Wharton Advertorial
 - Excel/Timeslips promo in Accounting vertical
 - "Avalanche" Campaign
- LORGS
 - Office MS TV
 - Office/BackOffice pricing in Select
 - Cohesive messaging across all divisions

FL AG 0063873
CONFIDENTIAL

MX 6046496
CONFIDENTIAL