I NT'L

International Systems Marketing

Draft

To: Bill Miller, Cameron Myhrvold, Jonathan Lazarus, Steve Ballmer

From: Raghav Kher

Cc: See Distribution List

Mission: Dominate the operating systems arena in international markets.

Objectives

I. Windows on Every Machine

Develop and implement programs to accomplish Windows on Every Machine sold in international markets.

need

→

to expand

II. ISV Programs
Develop and implement programs to proactively support ISVs in reaching to international customers.

III. Coordination, communication and integration

- Understand needs of, and provide support to our international subsidiaries in achieving their marketing

  goals and implementing strategies to gain market share, increase revenue and profitability of our

  systems products.
- Get Systems Marketing to think and act internationally.
- Communicate systems strategy to the international.
- Host international systems marketing managers meeting, ISV summit and other events.
- Evaluate and recommend what else systems marketing should be doing internationally.

IV. Microsoft installed base in emerging markets

Develop and implement programs to proactively create Microsoft installed base in emerging markets.

I. Windows on Every Machine (60%-200% of time)

As we know the industry dynamics have changed considerably in last few months. IBM has formed alliances with Apple, Borland, Patriot Partners and Novel to challenge our position in the PC Industry. Novel acquired DR DOS. Without the dominance in the operating systems, we will not be able to drive and dominate the PC industry. In order to win this war we must get our OEMs to love us and evangelize them to preinstall Windows and DOS on every 386+ machine. Windows has to become an integral part of the hardware in order to reposition it to be a complete operating system.

AUGPLAN.DOC   8/20/91 5:49 AM

Working with OEM management account managers in the subsidiaries and Windows program management team, we will aggressively drive and roll out this program into international markets. We will actively participate in OEM decision making process, planning meetings, briefings (Redmond, European and FE). Our goal is to develop very close working relationship with OEM management both in Redmond and in subsidiaries.

According to Dataquest, out of 13 million 386+ PCs sold in 1991, portables (lap-top and notebooks) constituted over 2 million (15%). By 1995, the total 386+ shipments will double (26 million units) with portables constituting over 12 million units (47%) and, notebook PC (some with pen input) will become the primary PC. Today, few Japanese players dominate this segment and Windows is sold as an OEM product in Japan. Hence, we will aggressively leverage our relationship with Japanese OEMs in pursuing this exploding market segment. Since this is a global issue, our active participation is required to drive this.

Our immediate goal is to understand and resolve preinstall issues with selected OEMs, develop a preinstall kit and commit at least one international OEM to preinstall by Win 3.1 launch. We will target one or two OEMs in each major markets of Europe, Japan and SE Asia to get the necessary breadth of knowledge to develop our OEM preinstall kit. This kit will have a set of presentations our OEM account managers can deliver to the OEMs, a demo of the preinstall program and technical specs.

We will target Vobis and Schmitt in Germany to launch our preinstall crusade Europe. Jeff Lum and Manfred Schindler (GmbH group manager) have committed to making this a top priority. With our experience so far with Compaq, this process is time consuming and a lot of efforts will be required to make it happen.

Action items and time line

Obtain European OEM sales buy off on making preinstall a priority	Done
Develop the European OEM profiles and prioritize the target OEMs	Done
Start the process in FE including Japan	August
Develop the list of action items with IPG and Windows program management to resolve the preinstall issues	August 20
Develop a preinstall demo	August 25
Jeffl will present the demo to GmbH OEMs	August 30
Drive the making of preinstall utility (version 0.9)	September 15
Drive the working session/demo with subsidiary account managers, Windows program management and IPG in Redmond	September 18
Visit FE OEMs on preinstall crusade and developing emerging market business case	Sept/October
Feedback from Manfred	September 30
Resolve the remaining issues	October 10
Visit GmbH accounts and stay in Germany until all issues are resolved	October 15
Visit other major European OEM accounts	October
Resolve the remaining preinstall issues	November
Develop a prerelease OEM preinstall kit	November
Develop joint marketing campaign with Vobis and sign the deal	December
Assess the progress and develop a plan of action to roll out in other markets	December

Critical success factors

GmbH team and Windows program management keep their promises.
• OEMs resolve the issue at their end including installation during assembly.
• Systems marketing allocates funds ($5-$10K) for developing the utility (we may have to hire a consultant due to shortage of development resources in Windows group).

II. ISV Programs (30-100%)   ← *Need to expand.*

We will develop and implement programs to help ISVs in reaching to international customers. For next two months, we will focus on evaluating some of the following programs.

- Program for supplying localized versions of Windows to US and international ISVs.
- Programs for helping ISVs in localizing their applications for international markets (single and double byte) including a workshop, technical guides/notes and other support.
- Program for distributing Win 32 to the international.
- Conferences and workshops in international markets.

We plan to host an international ISV managers meeting in Redmond in November to help subsidiaries plan and execute international events and programs. Our discussions would cover domestic ISV activities, success of Windows Discovery Days, Win 32/NT conferences, international distribution of Win 32, OS/2-to-Windows migration programs and MSDP.

III. Coordination, communication and integration (25% of the time)

Having studied this role for last four months, we have come to the conclusion this is an important part of this function, but that it is very fuzzy. We need somebody to constantly think about international and gain mind share in systems marketing. For example, we recently looked at issues of globalizing the MSDP program. This process included communicating the program to the subsidiaries and discussions with Patbe and Kimberd. The end result has been that few subsidiaries are leveraging the domestic program and tailoring it to their markets. We are going to have a working session with the subs in the up-coming ISV summit in November. The point is that although we did not accomplish anything concrete, this communication with the subs would not have been possible without someone thinking about international in systems marketing. Another example would be Lionel Job and I currently discussing the Win 32 distribution to the international. Although subs will do most of the work, somebody in systems marketing has to think about international and act as a link.

As we know, the international market dynamics are changing constantly. For example, Eastern Europe and USSR are moving towards free market economies. We need to evaluate on regular basis the need to develop new marketing programs including events, road shows and technical workshops to meet these challenges. For example, we are currently discussing with AIME about hosting a developers conference in India.

We will communicate the systems strategy to international. This could include strategy road shows in AIME, Latin America and ICONs and presentations at our OEM sales meetings and briefing.

We will host an international systems marketing manager's meeting in Feb 1992 to communicate domestic programs, understand the subsidiary needs and how we can help them in achieving their marketing goals.

The upper management needs to recognize that our contributions in this area are difficult to measure, but this is an important part of this function and of systems marketing.

IV. Microsoft installed base in emerging markets (10% - 50% of time)

In order to dominate the operating systems arena through out the 21st century and beyond, we need to proactively create MS base in the emerging markets by placing a MS DOS PC on every desk and every

home (refer to Raghavk's paper for details). We plan accomplish this by developing alliances with OEMs (low cost producers including FE) to market affordable PC solutions (8086/88 or 286 machines with pre-installed Works and DOS) to the emerging markets in U.S.S.R., Latin America, SE Asia and Eastern Europe. This will also reduce gray marketing and piracy losses. The basic customer need in these countries is word processing and spreadsheets (a PC solution cheaper than their labor costs). GUI is cool, but they really can't afford (hence don't need) it right now. We will focus on developing programs to proactively create a MS installed base that will serve as sockets for our next generation of products. Let's plant these MS seeds in homes and minds of consumers around the world which will grow into Microsoft trees in due course!

Our immediate challenge lies in building a business case by evangelizing a few OEMs to go after these markets, understand price/machine performance/demand issues in these markets and resolve the issues of building a localization independent product (same issues at Windows preinstall) with product groups and IPG. High custom duties and lack of hard currency makes this a complex business problem and the progress will be slow.

We will present and discuss this program with OEMs when we visit them with our Windows preinstall crusade. This will maximize the usage of our travel expenses.

We will provide consulting services to Jurgen Stranghoener (Director of MS Eastern Europe) and AIME/ICON/LA management. This could include evangelizing OEMs, communicate systems strategy to ISVs and large accounts during the major trade shows in these market. This will also help us understand these markets and build our business case.

Action items/time line

OEM Sales buy-off	Done
First round of discussion with Jurgen about Russian market	Done
Work with OEM in developing new pricing strategy for emerging markets	October
Start building the business case	
EBU/IPG discussions/buy-off	In progress
Further investigate the product issues	In progress
Jeff Lum to propose to GmbH OEMs	August
Discuss with Tandon computers for Indian market	In progress
Visit Tandon computers in LA	September
Discuss with subsidiary OEM account managers	September 18
Visit FE OEMs	Sept/October
Jeffmo to investigate Latin America	October
Reevaluate and plan the next phase of action	October

Resources

People

1	Manager	Raghav Kher

Supervise overall efforts in pursuit of our mission
Drive the Windows on Every Machine program
Develop and drive the programs for emerging markets
Manage events including international marketing managers meeting
Provide consulting services to subsidiaries, especially AIME/ICONS/LA
Assess the need for new programs

1	Associate or Assistant Marketing Manager	FY 92 head count

Assist in execution of events
Take over most of communication, coordination and integration responsibilities

This position will be filled in Q2

Budgeting needs

Revenue	$0.0	
COGS	$0.0	
Marketing expense		
Collateral		$40,000
Conferences		$50,000
Sample/Pre-releases		$30,000

Equipment needs

Compaq LTE (immediate, for carrying preinstall demo and presentations)
8 MB ram, 60-100 MB HD, ball point mouse

‖‖‖ ‖