

**PLAINTIFF'S  
EXHIBIT**  
1357  
Comes v. Microsoft

MICROSOFT MEMO

To: Hanky, Pete, Kathleen, Jonre, Robbieb, Ronso, Leslie, Reneew, Billj, Chrisp, Lewis  
Fr: Markk  
Re: Word processed version of Office campaign, draft 1  
Dt: 6/23/92  
Cc:

---

Please review this draft and comment in next 24 hours. I'd like to collect comments and add the tactical section in the next couple of days so we can distribute this widely. Thanks.

MS-PCA 1314021

CONFIDENTIAL

MX3051894

CONFIDENTIAL

DEPOSITION  
EXHIBIT  
28  
10/26/01  
Lev  
Kee

FY'93 WINDOWS OFFICE CAMPAIGN

MS-PCA 1314022

CONFIDENTIAL

MX3051895

CONFIDENTIAL

## OVERVIEW

The purpose of this document is to communicate the objectives, strategies and tactics for the FY93 Windows Office campaign. The key products that are supported by this campaign are Word and Excel for Windows; however, products such as the Office (sku), PowerPoint, and Project are also supported in many of the line marketing efforts. The Macintosh Office campaign plan is a separate document.

## SITUATION ANALYSIS

As the sales of Windows 3.1 accelerate, so do the sales of Windows applications. In FY93, the Windows portion of the word processing and spreadsheet categories will be bigger than the DOS portions of the respective categories; we estimate 60-65% for word processors and 55-60% for spreadsheets. Much of this will be fueled by competitive Windows applications, namely WordPerfect for Windows and 1-2-3 for Windows. Both products have gotten off to a slow start, but are expected to improve and be "good enough", especially for the low involvement "GUI naive" DOS WordPerfect and Lotus users.

Assuming the credible competitive products and continued Windows momentum, FY93 could be the year of the big transition to Windows applications—or at least the first of several transitional years. This makes the market share gains Word and Excel have achieved very vulnerable. In the worst case scenario, the market moves to Windows very slowly, WordPerfect and Lotus close the current feature gap and succeed in migrating their installed bases to their Windows products. In the best case scenario, Windows momentum accelerates, competitive products continue to be uninspired ports of DOS predecessors, and users appreciate and demand the superior quality of our Windows applications, and Word and Excel become the word processor and spreadsheet for Windows. The worst case scenario being the more likely of the two, most of our FY93 marketing efforts are aimed at *winning the upgrade battle* and fighting for the WordPerfect and Lotus 1-2-3 users that *choose to work in the Windows environment*.

Since there will be no major new versions of Word and Excel in FY93, we will need to rely on our existing (and currently superior) technology and innovative sustaining marketing. As we contemplate this challenge, there are many assets that we can draw on.

- ◆ Product superiority. Word and Excel are clearly "best of breed" in the eyes of industry influencers. Project and PowerPoint are also second generation, leading products.
- ◆ Broadest range of Windows applications. Microsoft has more Windows products, more code and development technology to leverage, and more development experience to draw upon.
- ◆ More Windows applications owners. Microsoft has more customer feedback to learn from and more cross selling opportunities.
- ◆ The creators of Windows. Microsoft's Windows applications benefit from the association with the creator of the Windows operating system.
- ◆ International leadership. Microsoft has benefited from the early investment in international markets. Our share of the word processing and spreadsheet markets exceeds 50% in some countries.

We'll need to be very creative and resourceful about how we leverage our assets, because there are some significant threats in the market that can stall our progress.

- ◆ Not the natural upgrade. WordPerfect for Windows and 1-2-3 for Windows are seen as the natural upgrades from their DOS counterparts by the respective installed bases.
- ◆ Low awareness. There is low awareness of Word and Excel for Windows among WordPerfect and Lotus 1-2-3 users. Most of these users only know about what they use.
- ◆ Lotus is selling the "Working Together" concept aggressively. While we're not sure it's the correct message for the market, they have done a remarkable job scaling the message to both end users and MIS.

For end users, Working Together means Smart Icons and "look alike/act alike"; for MIS it means a solution that revolves around Notes.

- ◆ Borland selling a data-centric solution. While Lotus is attempting to become the "groupware" company, Borland is selling a strategic solution that revolves around data access and data management. Because the heart of most companies is their data, we believe that customers find this compelling.
- ◆ Borland an insurgent marketer too. Microsoft is not alone in our attempt to "raid" the installed bases of WordPerfect and Lotus. Borland's strategy is based being a better upgrade in virtually all categories that it competes in; and they are challenging us for the best of breed position in several of them.
- ◆ Only 4 in 10 customers secure. Last year, Microsoft's MRMA group in SMSD conducted a survey of customer satisfaction that highlighted that only 4 in 10 of our customers can be considered "secure". Customer security is based on a number of brand and product attributes.

#### TARGET CUSTOMERS

Traditionally, Microsoft's marketing efforts have focused on influentials--MIS (for top down selling efforts) and IEUs (to drive change in workgroups). While we continue to believe in the idea of winning with the influentials, we have refined and expanded our model of who has influence. We've relied on a pretty hard-core definition of influence in the past. If you were influential you mattered; if you were not influential you did not matter--so went our logic. Based on the results of several pieces of primary research, we no longer think the concept of influence is that binary.

The word processing and spreadsheet segmentation studies have shown there to be two key behaviors that define influence among end users:

- ◆ They have input into the purchase decision for new software
- ◆ They give more advice than they receive on the usage of computer software

15% of the users in the word processing and spreadsheet market have both of these attributes (IEUs). However, an additional 40% of the users in both markets have one or the other attribute. These users are less influential, but still influential. We are calling these Fringe IEUs. The balance of the market (45%) have no influence over what software they use. We continue to call these GBUs.

We also believe that an understanding and/or usage of Windows is fundamental to our target audience. We call this "Windows predisposition", and define it as follows:

- ◆ Currently own/use Windows
- ◆ Understand the concept of Windows and plan to buy in next six months

We've done a significant amount of marketing to "cold" (non Windows predisposed) audiences and have met with little success. The concept of Windows is not simple or natural for a hard core CUI user who has not been exposed to the GUI. Selling applications that rely on an understanding of Windows is not cost effective. As a result, we are narrowing our target audience to those that are Windows predisposed. This begs an obvious question: Who is responsible for getting people to buy Windows? While the Office campaign will contribute to this cause, we still believe in the need for a "Windows franchise" campaign that drives demand for, and understanding of, Windows.

In summary, our ideal target for the Office campaign has *all* of the following characteristics:

- ◆ IEU or Fringe IEU, some level of influence
- ◆ Use a DOS version of WordPerfect or Lotus 1-2-3
- ◆ Windows predisposed

MS-PCA 1314024

CONFIDENTIAL

MX3051897

CONFIDENTIAL

### PROBLEM DEFINITION AND CAMPAIGN MISSION

Given what is described in the situation analysis, we summarize the marketing problem as follows:

- ◆ The natural upgrade to Windows word processing and spreadsheets is seen as coming from the current vendors, WordPerfect and Lotus. This is the *perception* part of the problem.
- ◆ Because of their market presence, mailing lists and communications infrastructure, WordPerfect and Lotus can more efficiently market to their installed bases. This is the *reach* part of the problem.
- ◆ The competition for these customers is stiff, as Borland is challenging us as an insurgent marketer with a best of breed/low cost message. This is the *competitive noise* part of the problem.

Therefore, the mission for the Windows Office campaign is to:

Be the natural choice in word processing and spreadsheets as the market moves to Windows.

There are three major components to this mission:

- ◆ Win the upgrade battle among DOS WordPerfect and Lotus 1-2-3 users. This includes software upgraders who keep their hardware and users who upgrade their software when they get a Windows capable machine.
- ◆ Be the recommended Windows word processor and spreadsheet among influentials. We believe that most new users/purchasers are heavily influenced by installed base. We also believe that you can't get the installed base to switch unless you first win with the press, IEUs, and analysts. Hence, retaining our best of breed status is of paramount importance and we will invest heavily against this objective.
- ◆ Capture new users sales. An increasing amount of OEMs are pre-installing software on their machines to add value to the machine and differentiate themselves. Since, in most cases, the purchasers of these machines do not get to make a choice about applications software, we must participate in this emerging applications software channel. Otherwise, we believe that Lotus, WordPerfect and Borland will adopt the "razorize" strategy of virtually giving away the software with the machine, getting the names from the OEM, and making money from future upgrade sales.

What does it mean to be the natural choice?

The concept of natural choice (or preference) deserves discussion. This is a market position that we want to own which has both short and long term marketing implications. In the short term, the concept of natural choice will be executed *tactically* via programs that are rooted in getting DOS WordPerfect and Lotus 1-2-3 customers to *compare* Word or Excel for Windows to WordPerfect and 1-2-3 for Windows. The best example of a marketing program that supports this strategy is the Word Challenge.

However, the concept of natural choice goes beyond tactical product comparisons among high involvement users. Word and Excel for Windows should be perceived as the preferred word processor and spreadsheet for Windows because *they come from Microsoft*—the creator of Windows, the company that is making it easier. To succeed at creating this perception, we must brand our products with a set of emotional and aspirational values that personify the Windows platform and the Microsoft brand. An example of success: A year from now end users say "I know that WordPerfect and Word have similar feature sets, but I want Word because it comes from Microsoft".

### OFFICE CAMPAIGN STRATEGY

There are five key strategies that help us accomplish our mission of being the natural choice in word processing and spreadsheets as the market moves to Windows. Each is discussed briefly below and then in more detail in the tactical plan.

- ◆ Connect with Windows. There are two parts to this strategy. The first is to *encourage simultaneous purchase* of Windows and Microsoft Windows applications. We must create the perception that they simply go together. This strategy has tactical implications with OEMs and the retail channel. The second strategy is to *capture the names* of Windows purchasers for future marketing efforts. If a

customer uses Windows, or is predisposed to use/buy Windows, we want to be in front of them with our products and message. This effort will fuel many direct marketing efforts.

- ◆ **Expand awareness and trial to Fringe IEUs.** The strategy here is to go beyond the core 1-2 million IEUs that we "recycle" through many of our marketing programs. In many ways, our current marketing efforts are constrained by the breadth of our mailing lists and the reach of the enthusiast and trade press. As a result of list saturation, we've over marketed to our "core IEUs" and under marketed to the balance of the market—many of whom have influence. We will work closely with Corpcom, O&M, and PR to develop far reaching awareness and trial programs.
- ◆ **Foster recommendation by users within workgroups.** Our IEU marketing model of the past two years has been based on the notion that IEUs drive change in workgroups. Many of our marketing efforts have focused on activating these IEUs and arming them with tools that will help them sell their management on the need for change and migrate the workgroup once that need has been realized. We will continue to nurture this adoption process by developing good sales tools (Migration Kits, Challenge Kits) and customer satisfaction programs (VIEW), and supporting large scale trial/adoption programs such as seeding and Trial +.
- ◆ **Own best of breed position.** We continue to believe that the most leverage thing we can do is to win the hearts and minds of the industry influentials and opinion leaders that represent the core of the market. Therefore, we will tirelessly market Word and Excel (often individually) to industry influentials. The "trickle down" effect is still enormous. We think of this strategy as a continuation of the grass roots marketing efforts that we've been successful with for past several years. A key challenge for us will be to translate the best of breed position into something meaningful to users who are not motivated by a product being "best", but need to be convinced a product is "best for their needs".
- ◆ **Make IAYF real for Office customers.** The Microsoft applications product line is impressive and our applications product strategy pitch is comprehensive and far reaching. However, we currently don't have a crisp message that drives it home for the customer. Lotus has Working Together. Since they have Notes and are driven to diversify, it makes sense for them. We (Microsoft Corp.) have Information At Your Fingertips. But IAYF is currently a very systems oriented, somewhat futures oriented strategy pitch that does not provide an identity for our line of Windows applications. We need to translate IAYF into a benefit that can be instantly realized by a Word or Excel customer.

#### OFFICE CAMPAIGN TACTICS

[to come later this week after working with individual teams]

#### OFFICE CAMPAIGN METRICS

[See attached list for overall metrics. Detailed metrics for each assignment will also be developed]

MX3051899  
CONFIDENTIAL

TEAM ASSIGNMENTS FOR OFFICE CAMPAIGN DELIVERABLES

ASSIGNMENT AND DESCRIPTION	PERSONS RESPONSIBLE
<b>I. MEDIA AND MESSAGING</b> This team will deal with global communication issues, including advertising and public relations. There are four specific assignments:	Robbich, Markk, Hanky Leslick, Ronso, Billj, Reneew
a. Short term advertising needs (Sept. - Oct.) Assignment: develop advertising for Sept./Oct. since the core campaign won't start until November.	Robbich, Markk + team leads as appropriate
b. Messaging research Assignment: conduct focus group research among IEU and Fringe IEU Lotus and WP users to determine key messages.	Leslick, Ronso + GPMs as appropriate
c. Line message Assignment: develop a line message to compliment our applications strategy.	Hanky, others with interest/ideas
d. Reach analysis (media) Assignment: determine how to cost effectively reach 5 million IEUs and Fringe IEUs.	Robbich, Markk, Hanky + team leads as appropriate
e. Core campaign (creative) Assignment: CC/O&M to develop new creative based on the preference message.	Robbich, Markk, Hanky + team leads as appropriate
f. Infomercials Assignment: Develop in-depth demo (like a seminar) on video for viewing by prospects.	Markk, Robbich, Joanno, Julicbi
<b>II. PUBLIC RELATIONS AND EVENTS</b>	
a. Apps press briefing Assignment: work with PRCE to deliver apps press briefing.	Kathleen, Hanky
b. Apps user conference Assignment: work with appropriate apps and SMSD resources to deliver user conference.	Kathleen, Pinckney, Blasga
c. Strategy Briefing Tour Assignment: work with SMSD to package our apps strategy message for delivery to senior MIS/management.	Kathleen, Hanky
<b>III. DIRECT MARKETING</b>	
a. Name acquisition/development of infrastructure Assignment: work with Paulsho's group to develop and execute a plan for better name capture and database management.	Markk, Donn, Susanwc, Cjliu
b. Customer satisfaction/affinity program Assignment: 1) merge View and Focus into one program. 2) evolve program to include membership perks (like Communiqué). 3) develop business case for all of above	Kathleen, davema, susanwc, cjliu
c. Add-on products/business development Assignment: develop new product/packaging ideas that enable us to sell add-on products to installed base when in contact with customers. Example: the Font Pack for Windows as added offer for Win 3.1 upgrade mailing.	Ronso, Stevebi, Samh
<b>IV. RESELLER CHANNEL</b>	
a. Windows partnership program Assignment: Work with mikenc's group to help this program meet campaign objectives and strategy.	Leslick, Alcca, Reneew, Elizac

MX3051900  
 CONFIDENTIAL