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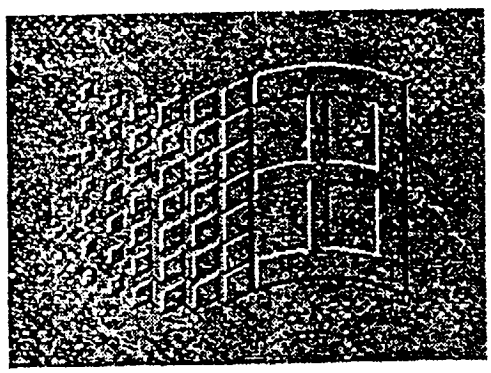
FY93 BUSINESS PLAN
DESKTOP AND WORKGROUP

Version 1.2
July 1992



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FY93 BUSINESS PLAN
DESKTOP AND WORKGROUP
MARK EDWARDS

Version 1.2
July 1992

1. Management Summary

The Windows market matured through FY92 from the early adopter to the early majority stadge of the product life cycle. The recent launch of Windows 3.1 at the beginning of April looks to have increased the penetration rates as indicated by the connect rates that OEMs such as Dell are experiencing (65% prior to Windows 3.1 to 90% after).

The goal for FY93 is to drive for faster, wider deeper adoption of Windows. (same as for FY92)

This involves a continued focus to expand the Windows market by taking the benefits to new users and encouraging them to trial. We also need to continue to focus on providing Transition assistance and Services to help convert many of the Corporates that are ripe for the picking.

A main priority will be to establish a new category for computing on our terms, Workgroup Computing. Many of the activities will therefore revolve around training, satisfaction programmes and trial.

Our key objective is to further increase Windows penetration from the 66% exit for Q4, FY92 (61% for FY92) to 75% by the end of FY93. The complete set of objectives are as follows:

- Increase Windows penetration of new PC's (25% of 286 and 100% of 386>) to 75% by end of FY93.
- Expand the Windows market by explaining the benefits of graphical computing to CUI users.
- Establish Microsoft as the Workgroup Vendor of choice as defined by 30% peer-to peer market share by end of FY93.
- Take leadership role in Multimedia market place away from Apple (Quicktime).
- Maximize the upgrade sales of Windows 3.1. Target for end FY93 = 100,000.
- Continued focus on Windows satisfaction programmes.
- Contain OS/2 to <10% market share.
- Maximize the efficiency of delivering Desktop and Workgroup products together with Windows enhancers (Font pack, Windows Printing System, Mice) to market using 'TRAINS'.

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- Establish Windows for Pens as the defacto operating system end FY93.
- Maintain MS-DOS leadership at 90% market share end FY93 by.

Issues:

The main issues in achieving our plan for FY93 are:

1. Attaining 100,000 Windows 3.1 upgrades in FY93.

A high percentage of Windows users upgraded in FY92 and it will therefore be difficult to attain this target particularly since we do not have any budget to promote the upgrade. We will aim to exceed the budgetted Sparta upgrades from Windows 3.1 to meet the numbers.

2. Shift in supply of Windows license in favour of OEM.

The two biggest PC manufactures have recently started bundling Windows with their systems (Compaq, IBM(Ambra)). This will have a big impact on the Retail business. The ability to accurately measure OEM sales will thus become increasingly important as will the provision of an OEM satisfaction programme so that we can adequately service these customers.

3. Increasing numbers of Systems products to deliver to market.

In order to promote important products from a revenue point of view the notion of 'Trains' will be used to deliver our Systems Products on three occasions through FY93. The 'Train' will feature a key driving product like Sparta and will passenger secondary products such as Font Packs, Windows Printing System etc. The 'Train' will include direct mail offers to upgrade to existing users, information to delaers to help them sell our products and combinned collateral materials to stretch our budgets.

2. Situation Analysis

In FY92 Windows transitioned from the early adopter stage in its life cycle to the early majority. It also has moved from being a user lead phenomenon to something that is being embraced or considered by many Corporates. There is however much work to be done to build on the success of FY92 and drive Windows into the late majority phase of the life cycle. Microsoft is seen as being a leading supplier in the fast moving Desktop arena but is perceived as being less able of servicing the Corporate environment. This is where our competitors such as IBM are strong and can make a mark with OS/2 2.0 since their mini/mainframe strengths address the 'trouble free, high service' elements that Corporates MIS departments are looking for.

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We must therefore continue to focus on Transition and Support Services that directly address the needs of this group.

The retail Windows unit sales in FY92 showed about a 100% increase over the previous year despite an increasing shift on a % basis to the OEM channel. The upgrade business was significantly higher with 122K upgrades sold in FY92 including 100,000 Windows 3.1 upgrades versus 20K Windows upgrades for FY91. This trend will continue and thus driving for increased registration is key to the future success of our upgrade business.

Windows unit sales by channel

Channel	FY91	FY92	Growth	Penetration /% for FY92	FY93	Growth
Retail	146,500	290,000	+98%	29%	381,000	+31%
OEM	200,000	320,000	+60%	32%	537,000	+68%
New Licenses	346,500	610,000	+76%	61%	918,000	+50%
Upgrades	20,000	122,000	+510%	18%**	100,000	-17%*

* - NB No major upgrade product opportunities in FY93.
** - Penetration of Windows 3.1 against Windows 3.0 base.

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The rate of increasing price performance for PC has never been more marked than in FY92 as hardware manufactures struggle for growth in a recessionary environment. This has lead to a rapid decline in 286 sales which will virtually die completely in FY93. The benefit of this trend to Windows is that it extends the potential market to include home users and small businesses that were perhaps buying 286s previously. We need to harness this opportunity by creating awareness and trial in these sectors by continuing the Windows Expansion campaign and addressing new channel requirements that this market requires.

The Systems business is becoming more complex in terms of the number of products and structure and thus it has become necessary to find more efficient processes for delivering products to market. To this end we will adopt an approach of delivering products to market on three occassion during the year using what we will term 'TRAINs'. The TRAINs will be geared to launch key products or programmes and also will be used as the vehicle to launch secondary products i.e. Font Packs.

New Windows licenses will increasingly be supplied directly by PC manufacturers who will pre-install on the hard disk. The two biggest PC manufacturers who have previously resisted taking Windows (Compaq and IBM (Ambra)) will further impact the Retail business as a result of their recent license agreements.

The goal for FY93 is to drive for faster, wider deeper adoption of Windows. (same as for FY92)

The MS-DOS 5.0 business has come under heavy fire during FY92 from Digital Research but despite this we have sustained a market share >90%. There are however many challenges in maintaining this business since DR are directing signifficantly more resource at it than MS.

DR have been unsuccessful at penetrating OEM business even though they have practically offered their product for nothing. The one royalty OEM that DR wooed (Opus) was short lived. The packaged product business is also largely unpenetrated by DR. The move by many OEMs to procure MS-DOS through brokers who are importing grey market product or selling unbundled OEM product does not help. An effective OEM satisfaction programme will be key to maintaining loyality here.

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2.1 Competitive Analysis

The 5 major competitors for our System Business are as follows:

1. IBM OS/2 2.0
2. Novell/ Digital Research DR-DOS 6.0/7.0.
3. Lotus (Notes + cc: Mail)
4. Banyan Vines - Lantastic
5. Apple

The changing nature of our business and products has resulted in an increase in the number of competitors that we must face as well as new alliances that have formed to combat our advances.

Competitor 3/5 are discussed in the Windows 3.1 for Workgroups Marketing Plan.

2.2.1 IBM OS/2 2.0

Estimated UK sales of OS/2 2.0 April, 92 - June, 92 inclusive = 10,000 New licenses, 20,000 upgrades. This represents 10% share of the New License operating system business for PCs.

IBM have positioned OS/2 2.0 as a desktop operating system. They have and are investing a huge amount of money (estimate £750K) on an ad campaign (elephants) to position themselves in this way. They have also started to pre-install OS/2 2.0 on some of their key models (models 57,58) which constitute about 75% of their sales.

Feedback from distys and IBM Dealers suggests that IBM were fairly successful in the first month of shipments since many of the existing OS/2 users chose to upgrade to version 2.0. The areas of the market where IBM have been most successful with OS/2 are in the Finance and Pharmasutical sectors. Since this time OS/2 2.0 has moved very slowly indicating that IBM have been unsuccessful at converting DOS and Windows users across. We should not be complacent however since IBM are a formidable company. Excellent PR coverage has also helped to curtail their success. The very techy choosy PC Magazine UK edition has just recently awarded Windows 3.1 with editors choice. OS/2 2.0 is not recommended.

Windows is the only practical grapgical operating system for the PC Desktop. We are and will fight this proposition tooth and nail. Our strategy will continue to be one of positioning them to a small niche of the market. High profile PR for Windows will continue to solidify

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2.2.2 Digital Research DR-DOS/Novell

Digital Reseach based in the UK have been very effective at targeting the retail channel with DR-DOS in the UK. They have been clever at exploiting the utilities that they currently have and that we don't in our respective versions of DOS (i.e. Software data compression). The DR ad campaigns have been extensive and clever. An estimated budget of £400K has been spent by DR on advertising DR-DOS 6.0 through FY92.

It is estimated that DR sell approximately 12,000 per month which represents 10% of the total market.

DR is also a threat from Novell since they will include DR-DOS in their Networking products as standard.

2.2.3 Key Obstacles:

The lack of key applications for Windows which was sited as an obstacle to Windows adoption for FY92 has now been removed. The continued development of Windows applications in more vertical and horizontal segments will continue to be important however (i.e. finance, multimedia, Windows for Pen computing).

Applicability:

The awareness of Windows has increased dramatically over the last year as illustrated by the Romtec awareness tracking study. Many non users of Windows do not however understand what the key benefits of Windows are and must therefore be encourage to investigate and trial.

Transition

Many Corporates are ripe for conversion to the Windows environment but are finding the move from MS-DOS difficult. MIS departments are also in many cases dubious that MS is able to support them adequately given their experiences of queuing for PSS assistance.

3. Mission

To drive for faster, wider deeper adoption of Windows.

3.1 Objectives

- Increase Windows penetration of new PC's (25% of 286 and 100% of 386>) to 75% by end of FY93.
  - Develop penetration analysis chart by end of November 1992.

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- Φ Work with applications products marketing to leverage the transition kit in marketing activities.
- Expand the Windows market by explaining the benefits of graphical computing to CUI users.
  - Φ Conduct 4 Regional Windows Shows (Scotland, Ireland, Midlands, North England) during phase III.
  - Φ Target 1,500,000 GBU (passives) with the benefits of Windows computing.
  - Φ Develop a Retail windows marketing plan in conjunction with channel marketing and sales and action end September 1992.
  - Φ Develop busisness benefits/product strategy/product features presentation with notes for Desktop and Workgroup Systems by the end of August 1992.
- Take leadership role in Multimedia market place away from Apple (Quicktime).
  - Φ Separate entry for the Multimedia in the Windows Directory .
  - Φ Dedicated village for Multimedia at the Windows Show - 15 exhibitors.
  - Φ 3 AVI titles available by the end of FY93.
- Maximize the upgrade sales of Windows 3.1. Target for end FY93 = 100,000.
  - Φ Attain >10,000 upgrades through the Windows 3.1 VPP upgrade.
  - Φ Include Windows 3.1 upgrade in the Office promotions.
  - Φ Drive for registration - 30% by the end of FY93.
  - Φ Use the TRAINs to promote the Windows 3.1 upgrade.
- Continued focus on Windows satisfaction programmes as measured by:
  - Φ Train 10,000 IEUs through Windows Technical Seminars.
  - Φ Resolve the WUG issue and map an action plan by the end of August.
  - Φ Rollout 3rd party catalogue first edition by end July 1992, second edition by the Windows Show, February 1993.
  - Φ Windows NT section in the Windows Directory by the Windows Show.
- Contain OS/2 to <10% market share.
  - Φ Aggressively out PR OS/2. Volume of PR for Windows versus OS/2 should be 10:1 (positive PR).
  - Φ Aggressively market Blue Janus to IBM dealers.
  - Φ Use the CATM and SEs to pretect the Desktop Windows market in Corporates.
- Maximize the efficiency of delivering Desktop and Workgroup products together with Windows enhancers (Font pack, Windows Printing System, Mice) to market using 'TRAINS'.
  - Φ Implement 3 'TRAINs' Autumn Phase I (Oct), Winter Phase II (Jan), Spring Phase III (Apr) to deliver dealer briefings, dealer packs, direct mail (Focus on Windows). The 'TRAIN' drivers will be Sparta for Autumn, MS-DOS 6.0 and Windows NT for Winter and Upgrades/Satisfaction for Spring.
- Establish Windows for Pens as the defacto operating system end FY93.
  - Φ Incorporate a Windows for Pens section in the Windows Directory by the end of FY93.
  - Φ 6 Corporate site pilots by the end of FY93.
  - Φ Development of 10 UK based Pen applications by end of FY93.
- Maintain MS-DOS leadership at 90% market share end FY93 by:

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- Increase average sales of MS-DOS RUP from 8,000 units to 12,000 per month by end FY93.
- Increase OEM MS-DOS penetration into the screwdriver market to 75% end FY93.

- Establish Microsoft as the Workgroup Vendor of choice as defined by 30% peer-to peer market share by end of FY93.
  - Establish Sparta as the peer-to-peer network vendor of choice for Windows with a 15% connect rate to Windows retail sales by end FY93.
  - Complete business plan end of July.
  - Attain broadest distribution for Sparta as measured by existing distribution channels end September 1992.
  - Educate the Press on key SPARTA concepts and achieve 7 front covers at SPARA launch.

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4. Windows Expansion

Objective: Expand the Windows market by explaining the benefits of graphical computing to CUI users.

Tactics: Conduct 4 Regional Windows Shows (Scotland, Ireland, Midlands, North England) during phase III.

Target 1,500,000 GBU (passives) with the benefits of Windows computing.

Develop a Retail windows marketing plan in conjunction with channel marketing and sales and action end September 1992.
(Focus on 1. Mail Order 2. Shop-front - Dixons/ Superstores).

4.1 Windows Shows

Objectives:

1. Ensure that at least 50% of the exhibitors use Sparta.
2. Introduce 4000 people to the Sparta test drive at Olympia.
3. Generate demand for promotional system upgrades through the MUC at shows.
4. Attract 60,000 people to Windows Shows in FY93 (versus 31,000 in FY92).

The Windows Show (London, Edinburgh, Manchester) have been incredibly successful in FY92. The shows enable Microsoft to: drive the direction of the industry, position ourselves as the leader (as demonstrated by the Windows Show market research report), target new customers and non Windows users in a very cost effective manner. I therefore plan to undertake the following shows in FY93:

Date		Target Attendance	
Feb-	Windows Show - Olympia	45,000	£230K
Discovery Days:			
Mar-	Windows Show - Midland NEC	4,000	£17K
Apr-	Windows Show - Glasgow/Edinburgh	3,000	£17K
Apr-	Windows Show - Dublin	3,000	£20K
May-	Windows Show - Manchester	5,000	£17K
	Total	60,000	£301K

Cost per attendee = £5

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A key focus for the FY93 Windows Shows will be to strive to make them even more informative and entertaining and show an element of creativity unrivaled anywhere along the lines of our products.

The main Windows Show in Olympia will be the showcase for Windows computing of FY93. In order to virtually double the size of the show whilst preserving and improving the quality the show will be segmented into villages. i.e. Multimedia, education, Windows NT applications. This will provide the critical mass for many emerging categories to showcase themselves to the market. A greater emphasis will be placed on the use of colours and visual imagery to make the show more interesting.

The Windows Show Midlands might be integrated into the Which Show. A meeting has already been held with Which to discuss our possible involvement in the Show. The bottom line is that Which is a good Show for Windows to reach 50K+ people. 25K of the people who attended in FY92 were interested in Windows versus 7K for OS/2. IBM however dominated the Show in 1992 and made good progress. The audience profile at Which is about 50% IT + Managers making it a worthwhile show. Which would VERY much like us to attend since MS will be a big crowd and vendor puller. A Reed board meeting is being held to determine a deal that might make it possible for us to attend within the budget constraints of a regional Windows Show.

4.2 Windows Direct Campaign

The Windows Expansion campaign will build off the strength of the previous Windows 3.1 expansion programme to encourage non Windows users to trial and then convert them to sale. The FY93 campaign will combine with applications in order to promote our complete solution.

Experience shows that a call to action to trial the product is the most effective way of creating a good response. The Windows 3.1 demo disk will therefore continue to be used with the fulfilment pieces that were created specifically for the Windows 3.1 expansion campaign. By using the existing materials which were effective we will maximise the money we have for media placements!! although we will wait for the results of the follow research before making final plans.

100,000 Windows 3.1 rolling demos on the front of Computer Buyer (£20K special deal) will also be performed (Target October edition). Name capture will be obtained if possible.

A follow-up to the FY92 Windows Expansion campaign will be undertaken to convert the awareness + trail to sale. The Specialist Centre dealers have already been given all the leads from the Expansion campaign and the name of the dealers have

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been supplied to the user. To sweep up the remain I plan to offer a Mail Order company like Action Computer Supplies the opportunity to mail the list in exchange for 2/3 front covers of their catalogue.

Windows Retail Push

Windows has seen good early success through retail including Dixons (sold 3,000 copies in the first month) and mail order. Some of this is down to luck since we have done little to address the specific needs of this channel. Primary research in the UK together with experience of the US Retail Channel indicates that some simple steps would make a big difference for us.

Retail success is largely about PLACING, PLACING and PLACING. A high profile in store presence or prominance in a direct mail order catalogue will go a long way to positioning MS where we want to be and achieving the market share goals that we desire. In order to command PLACE, tools such as; demand generation activities, point of sale, promotions and just the relationship we have with the vendor will make the difference. The needs between different types of retailers are very different however and we therefore need to segment and target the ones that best meet our business objectives.

A plan will be developed with channel marketing and sales to address this business.

Short-term tactics:

- Implement Trains through mail order.
- Equip all store retailers with the Windows 3.1 rolling demo.
- Demo Windows 3.1 to all retail staff using the ASR by the end of October.
- Pursued Dixons to distribute the TrueType Font Pack by end September.

Longer term we need to influence the channel to evolve in manner that best meets our business requirements. It would be a great advantage for MS ltd to have a pseudo Egghead high street retailer in the UK. This would increase our ability to create awareness in the small business/home market and to sell upgrade on mass for new products.

4.3 TV Ad Campaign

In order to really break through to the mass market of computer users a TV ad campaign designed to tell potential users a single benefit of Windows computing is desired. The Ad campaign for Microsoft in the US has been very successful in raising the awareness of Microsoft and Windows.

Budget: To be funded from the general Ad budget.

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4.4 Windows 3.1 Upgrade Campaign

Objective: Maximize the upgrade sales of Windows 3.1. Target for end FY93 = 100,000.

Tactics:
1. Attain >10,000 upgrades through the Windows 3.1 VPP upgrade.
2. Include Windows 3.1 upgrade in the Office promotions.
3. Drive for registration - 30% by the end of FY93.
4. Use the TRAINs to promote the Windows 3.1 upgrade.
5. 90% of named Large Accounts upgraded to Windows 3.1 by end FY93.

The upgrade target for Windows 3.1 for FY93 is 100,000 units which I consider to be very aggressive given the high early take up of the upgrade in FY92 of >100,000 units. This will be particularly difficult since we have no budget to promote the upgrade. All activities must therefore be highly leveraged from other programmes.

The VPP upgrade for Windows 3.1 was set up with a special SKUs in response to requests from Corporates who wished to upgrade their whole Windows user base in a single more straight forward fashion than by upgrading individual users. There will therefore be a 'Sweep up' effort to ensure all LAs have converted to Windows 3.1.

There also needs to be a breakthrough effort to drive Windows registration up and better serve registered users. Activities for improving registration and service include: More colourful & more prominently placed registration card, reg card in MLPs', insentive to register, bi-monthly/quarterly newsletter, encourage existing users to register.

The September Office trade up promotion will also promote the Windows 3.1 upgrade since users will need it for Powerpoint 3.0. It is paramount that we get every Windows user using Windows 3.1 to enhance their satisfaction levels with MS application products.

4.5 Distribution

Objective: Create/promote bundles of Desktop products to maximize the competitiveness and interest by dealers and end-users.

Bundles include (MS-DOS & Stacker, Windows 3.1 & MS-DOS, Windows & MS-DOS & Mouse, WinDOS Upgrade, WinDOS for PS/2s, Windows 3.1 upgrade & ?(Font Pack).

4.6 Dealers

Situation:

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The support and commitment of the channel to promote our products is key to our success. We have pro-actively involved dealers, particularly Specialist & Excellence Centres in the Windows 3.1 launch and developed programmes specifically to meet their needs such as; volume proof of purchase and the VPP upgrade for Windows 3.1.

The MS Specialist Centres have also been actively invloved in the Windows 3.1 Expansion campaign in that 1. The customer has been given the name, address and tele. no. of their nearest Specialist Centre and 2. The leads (~14,000) have been passed to the Specialist Centres for them to pursue.

The thrust of FY93 will be to actively invlove the dealers with the Trains in presenting demoing, positioning the products to them. The timing will be a few weeks before the Train direct mail drops. A 'Train' Dealer marketing pack will be sent out/given out at these events to arm the dealers to make a big push effort for the 'Train riders'.

Budget:

Phase I	£25,000
Phase II	£25,000
Phase III	£25,000

The Dealer marketing Kit for the Trains will be funded pending agreement by the channel Co-op funds.

4.7 Education

The adoption of Windows 3.1 into education got off to a good start with the deal that we made with Akther computers in which we sold >20,000 upgrades. For September 1st we will roll-out some new SKUs which will make it even easier for the academic community to purchase Windows licenses by offering competitively priced MLPs.

I would like to make a special effort to target Schools with Windows in FY93 since this market is very strategic for us in that it heavily influence the home and small business markets.

Pending the finalisation of the details of this deal it will be launched in January 1993 through March to coincide with the peak buying season for Schools. The offer will be similar to the Akhter deal (i.e. 25 pounds a copy for Windows 3.1) but will also include Windows 3.1 for Workgoups and MS-DOS 6.0 RUP. A third party will again be used to deliver the programme such as Research Machines. The roll-out will be at BET in January together with a mailing to the 32,000 schools. The offer

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will allow both the Schools and Students who can provide appropriate proof (ISEC card, Student Union Card, Letter from School) to purchase at the special price.

Budget:

Assumes a minimum of 5,000 units sold:

Product	RRP	Selling Price	COGS	Margin
Windows 3.1	£25			
Windows 3.1 for Workgroups	£			
WFW upgrade	£			
WFW Starter Kit	£			
MS-DOS 6.0 RUP	£			

A budget of £10,000 will be required for the campaign to produce and distribute a mailer with the offer. Part of this (~£2,000) is to be funded by the channel co-op funds to be agreed. A play for some of the contingency monies or sub-review monies will be made for the balence.

4.8 Large Accounts

The strategy for Windows adoption into Large Accounts builds off the FY92 activities and is focussed to address the needs of 3 target audiences.

Objective: Loose NO named accounts to OS/2 2.0 on the desktop.

Increase LA Windows penetration of installed base capable PCs to 45% by the end of FY93.

90% LA conversion to Windows 3.1 by the end of FY93.

The strategy for Windows 3.1 in these accounts is broken into 3 levels:

Users/User Departments

The IEUs in this group are targeted by Windows Expansion.

MIS Management/ User Department

The transition kit is the focus for this group.

Board/ MIS Management

1) Attend a MS Systems briefing through Corprate dealers.

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2) If they are still planning to move to OS/2 2.0 then they are added to the OS/2 swat team list and aggressively targeted.

4.9 OEMS

Objective: Maintain MS-DOS leadership at 90% market share end FY93 by:

Tactics: Increase OEM MS-DOS penetration into the screwdriver market to 75% end FY93.

Convert 35% of Packaged customers to Easy License.

Situation: Their is a lot of price pressure currently in the OEM channel particularly from the screwdriver manufacturers who are surviving on very low margins. The advent of low cost IBM PCs (Ambra) together with Compaqs new low-end range will compound the already difficult situation for the low volume suppliers. Many of the Screwdriver manufacturers are buying copies of MS-DOS which have been illegally unbundled from hardware or grey market imports.

The apparent lack of loyality by the OEMs in terms of where they procure their packaged product refelects that they do not perceive that we are adding value. This will be addressed through an OEM satisfaction programme which will aim to provide the OEMs with the following benefits:

1. Regular information and updates.
2. Use of 'Microsoft Authorised OEM' reseller on their products.
3. Convert as many OEMs as possible to Easy license to address the pricing issue.
4. Determine a more cost effective way of supplying the low volume customers. Possibly use a disty but with the license agreement still between MS and the OEM.

4.10 Training

Objective: Leverage the ATCs to deliver training for end-users and support professionals

Tactics: Offer an end-user training promotion for Windows for Workgroups for a fixed fee 1/2 day training for £45.

License the Windows Technical Seminars out to ATCs.

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4.11 ISV

Situation: Applications in all of the main catogeries and by the key systems suppliers are now available for Windows. The continued development of more wide reaching and better Applications for Windows is key to the continued success. Key efforts will thus be orientated arounf the following:

Objective:

Tactics:

3 Multimedia AVI applications available by the end of FY93.

10 UK Windows for Pens applications available by the end of FY93.

See Brian Iddons Developer Plan for more detail.

4.12 MUC

The MUC will be the main delivery vehicle through which the trains will be launched. The MUC will pay for the associated direct mail cost of the upgrade mailer to the registered user base.

4.13 PSS

Continued participation in WTS.

Write articles for Windows Technical Update.

4.14 PR

Objective: To positively influence the coverage of MS Desktop and Workgroup products in the press to educate customers on the complete application of graphical computing.

Tactics: Increased focus on vertical publications to deliver special features/editorials (& case studies) on Windows. (target 50 indepth article in FY93 i.e. Accountancy, Estate Agents, Industrial/Process Control, Pharmaceutical)

Aggressively out PR OS/2 in the Computer press. Volume of PR for Windows versus OS/2. Target = 10:1 (positive PR in favour of Windows).

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Educate BDMs/Corporates on the application of Windows Coputing through national and target pubications. (20 articles in FY93).

Make Windows mainstream in the press for home users as measured by feature columns in FY93.

Make Multimedia mainstream in the press as measured by feature columns end FY93.

See seperate PR plan for detail.

4.15 Collateral Strategy

The collateral budget for FY93 is very limited for the number of products that are in the Systems product line. It will therefore be necessary to merge many of the products together onto a single datasheet. We will move to a family datasheet approach which will include Windows + MS-DOS together. This will be set to coincide with the Trains.

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5. Windows Satisfaction Programs

Objective: Remove the corrolation between support call growth and sales volumes by proactively servicing the IEUs with technical information.

Tactics: Train 10,000 IEUs through Windows Technical Seminars.

Combine logistics of running Systems and Applications Technical Workshops.

Perform a super techy version of the Windows Technical Workshop.

Resolve the WUG issue and map an action plan by the end of August.

Rollout 3rd party catalogue first edition by end July 1992, second edition by the Windows Show, February 1993.

Rollout a sellection of Windows accessories (base-ball cap, mouse mat, mug, pen, teashirt etc.) to reg. users by October 1992.

5.1 Windows Technical ~~Workshops~~ Seminars

(Target 50 WTW sessions, 10,000 people versus 17 in FY92, 5500 people).

During FY92 we have successfully trained 5,500 people through Windows Technical Workshops on Windows 3.0 & 3.1. The purpose of the Workshops is to present technical under the hood information about Windows to PC support staff and advanced Windows users so that they can better support others. In this way we can help to curtail the growing volume of support calls as the sales sore ever higher.

In order to train the target number of Windows users through Workshops it will be necessary to undertake many more sessions and in more geographical locations. It is possible that we might encourage more people to attend the Workshops if the fee is removed or reduced. We will also encounter a situation where many people do not show on the day as was illustrated on the MS Conference Series which had a drop out rates of 40-50%. The WTW drop out rate is <1%. I therefore propose to continue with the charge at the current rate.

We will extend the WTWs in FY93 to include an Applications Workshop. The Applications Workshop will be run separately but provide a PC support professional (advanced users) with the opportunity to receive technical training on MS Systems and Applications in one day. We will therefore share facilities and marketing cost for

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the generation of the flyer. The WTW will include coverage for all new Desktop and Workgroup products.

The name of the sessions will be change in FY93 to Windows Technical Seminars to better reflect the nature of the training.

The staffing for the WTS will continue to rely on the System Engineering Group but the newly formed Technical Marketing function in Systems Marketing is expected to provide a significant level of resource in order to cope with the increased load.

Cost: Running events: Variable costs = £24.50 * 10,000 = £245,000
Fixed costs = £440,000
Total = £685,000

Charge for attendance = £59.00

Net budget required = £95,000

Windows Champions Program

Attendees of Windows Technical Workshops are extremely important to Microsoft. These are the IEUs, the evangelist, the early adopters of our products. People who support and influence future sales. We will therefore launch a program to attendees to further increase satisfaction levels. This will include a quarterly newsletter in the form factor of Focus on Windows which is aimed at providing technical information and help on Windows. It is intended that this piece will replace the technical update that is currently produced. It should also be distributed to the dealer support staff (printing and distribution to the dealers will be funded by the channel).

Budget:

Autumn	Creation = £1,500 Printing = £2,000 Distribution = £1,200	Total = £4,200
Winter		Total = £7,000
Spring		Total = £8,000
		Grand Total = £19,200

The budget for this will be derived from the existing budget for the Technical update. The channel funding will be in addition to what is shown here.

5.1.1 Licensing of Windows Technical Seminars

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The WTS will also be licensed to third parties (ATCs) who are deemed to offer a complimentary service and can target Corporates or geographical regions that we will not be covering.

This will include P&P. The terms of the licensing can be illustrated by the P&P example:

We license the course to P&P for 25 pounds per attendee:

What we do is:

- Give them the slides set and changes as appropriate on a floppy in ppt format.
- Give them a master notes set which they can use to reproduce their handouts.
- Give them a resource kit for every attendee worth 25 pounds!!!!!!! what a deal.
- Give them any demo files relating to the presentation.

What they have to do:

- Must inform us of who they plan to train in advance.
- Must supply a name/address and position for everybody that attends the training on a floppy in a format to be agreed by Richard Reynolds.
- Must not try to compete head to head nationwide with us.
- Should focus in at the Corporate level.

The MS training centre (Saras) will oversee the implimentation of this program and ensure it goes smoothly.

Financials:

The set up costs are very low just a few hundred pounds so break-even is immediate. Revenue per delegate of licensed WTS training will be £25.00 - £12.50 = £12.50. The target number of licensed WTS training participants for FY93 is 1,000 attendees.

Windows Technical Seminar Schedule for FY93:

Agencies identified	End July
Windows Satisfaction Plan Completed	End July
Agencies briefed	Beginning August
Agencies tender for business	Mid August
Collateral Developed	Beg September
Technical Seminar Series to commence	Mid October

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Tentative Venue Plan: 1st Pass

	Location	Target data	System sessions	Apps sessions	System attendees	Fixed costs
Round 1:	Bristol	Oct	2		400	
	Exeter	Oct	1		250	
	Reading	Nov	3		600	
	Southampton	Nov	3		500	
Round 2:	London Centre	Feb	4		1,200	
	London North	Jan	2		600	
	London South	Jan	2		400	
	Cambridge	Feb	2		200	
Round 3:	Newcastle	April	1		200	
	Edinburgh	April	2		400	
	Aberdeen	April	1		200	
Round 4:	Dublin	April	3		600	
	Belfast	May	2		300	
Round 5:	Birmingham	March	3		700	
Round 6:	Leeds	May	2		400	
	Liverpool	May	2		300	
	Manchester	May	3		800	
	Shefield	June	2		300	
	Leicester	June	1		200	
Round 7:	London Centre	June	4		1,500	
Total			45		10,050	

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5.2 Windows User Forum

The new Windows Forum Group which will take over the role of the previous (WUG, WF and WDA) will need some support to get them going. As a basic principle we believe that the Group has to stand on its own two feet financially or not at all. We will however provide support in terms of human resource, sharing of conference facilities and in providing special opportunities to resell products i.e. WDL, RKs. An initial fund to assist with the transition from the old Windows User Group to the Windows User Forum is required to sweeten the situation for members. The proposal is to give existing members a free catalogue. We will also be funding the printing of member cards which will advertise MS applications on the back (Excel and Word). The new sales brochure which previously features Lotus and Wordperfect will be re-vamped and will now feature Excel and Word.

Budget: £12.5K

5.3 Windows Directory

- Rollout 3rd party catalogue first edition by end July 1992, second edition by the Windows Show, February 1993.
- Include a specific Multimedia section in the Directory by end FY93.
- Include a Windows for Pens section in the catalogue by end FY93.
- Include a Windows NT section by the Windows Show.

The Windows Directory will be launched in August 92 and will be reprinted every 6 months. The Directory will contain over 1200 entries for Windows Applications and services and provide the ultimate reference for Corporates and small/medium sized businesses. A CD-ROM version of the directory will be produced for the second release. The second release is planned for December to hit the Christmas market.

The Directory is part funded by advertising and sales but will require an injection of money to promote the directory initially and to get the CD-ROM version underway.

Budget: £20K

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Windows Expansion Campaign			
Events			
Windows Show	£230,000		Marked/Joys
Windows Discovery Days	£70,000		Marked
Sparta/Office Roadshow	£230,000		Davebrl/Joys
Promotions			
Windows 3.1 Expansion + Apps	£130,000		Davesm
Windows Expansion PII + Apps	£140,000		Davesm
Promotion Response Handling		£130,000	Amandat
Registration		X	Amandat
PR			
Windows/Desktop/MM/Pen	£74,000		Marked
Sparta	£56,000		Davebrl
MS-DOS (incl MS-DOS 6.0 launch)	£20,000		Marked
MS-DOS 6.0			
OEM partnership	£50,000		Marked/Sandyd
MS-DOS 6.0 Rollout	£50,000		Marked/Chrislew
Promotion extension /Stacker	£30,000		Marked
Retail Channel Promotions			
Xmas Promotion			
Retail Channel Launch			
Windows 3.1 Upgrade Campaign		X	
TV Ad Campaign		X	Funded from brand ad budg
Sub Total	£1,080,000		
Windows Satisfaction Programmes			
Windows Technical Workshops	£95,000		
Windows Directory	£20,000		
Windows User Forum	£12,500		
Sub Total	£127,500		
Windows Mechanicals			
Literature/Collateral			
Windows + MS-DOS combo datasheet		£20,000	Madeinc
Desktop	£15,000		Marked
Sparta	£30,000		Davebrl
MS-DOS 6.0	£10,000		Marked
Samples			
Desktop = 500 units	£7,500		Marked
Sparta	£30,000		Davebrl
MS-DOS 6.0	£5,000		Marked
Beta			
Sparta	£10,000		Davebrl
MS-DOS 6.0	£5,000		Marked
Sub Total	£112,500		
Total	£1,320,000		

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Train Timetable

Phase I - July - October - Autumn Train (October)

Driver = Windows 3.1 for Workgroups

Passengers =	Font Pack I	
	Font Pack II	- Sep
	Windows Printing System	- Sep
	WinLogin	
	Bombay Windows 3.1 on CD + Multimedia	- Sep
	Windows 3.1 Upgrade	
	MS-DOS 5.0 Upgrade	
	Daily Views	- Oct?
	Windows Accessories	- Oct?
	Windows Directory	- Aug
	Windows 3.1 + Sparta Resource Kits	- Oct

Phase II - November - January - Winter Train (January)

Driver = Astro, Windows NT - Ja n

Passengers = Windows 3.1 for Workgroups
+ Everything else

Phase III - February - June - Spring Train (April)

Driver = Satisfaction/Upgrage

Passengers = Everything else.

The Train will consist of a Direct Mail piece along the lines of the Windows 3.1 'Focus' Mailing. The complete registered user base will be mailed each time. The thrust of the mailer will be to promote the Train driver. The passengers will get a

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ree ride and benefit from the momentum of the train rather like the success of the TrueType Font pack which was included in the Windows 3.1 mailer.

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Product Structure and Pricing

Product	Part no	RRP/£	Dis/ %	Selling Price/£	COGS	Margin/%	St Price
WINDOWS							
Windows 3.1 Retail 3.5"	050-031AV310	£99	49%				
Windows 3.1 Retail 5.25"	050-030AV310	£99	49%				
Windows 3.1 MLP	0504030AV310	£79	49%				
Windows 3.1 MLP 20 Pack	0504630AV310	£70	49%				
Windows 3.1 MLP 100 Pack	0504730AV310	£65	49%				
Windows 3.1 Acad 3.5"	050-331AV300	£50	49%				
Windows 3.1 Acad 5.25"	050-331AV300	£50	49%				
Windows 3.1 Acad Special Upgrade		£25					
Windows 3.1 Retail Upgrade voucher	050-030-627A	£45	30%				
Windows 3.1 White Box 3.5"	050-031-450A	£35	na				
Windows 3.1 White Box 5.25"	050-030-450A	£35	na				
Windows 3.1 MLP Upgrade	0504030-310A	£35	30%				
Fulfilment disk 720K 3.5"	050-031-585	na	na				
Windows 3.1 VPP 999>x>100	0501630AV310	£35/x					
Windows 3.1 VPP 2499>x>1000	0501730AV310	£25/x					
Windows 3.1 VPP x>2500	0501830AV310	£20/x					
FontPack	209-150AV100	£49	49%				
Windows 3.1 Resource Kit 3.5"	050-031-630A	£25	30%				
Windows 3.1 Resource Kit 5.25"	050-030-630A	£25	30%				
MOUSE OPT 2							
Windows 3.1 & Mouse BUS 3.5"	135-195AV310						
Windows 3.1 & Mouse BUS 5.25"	135-199AV310						
Windows 3.1 & Mouse SER	135-499AV310						
Windows 3.1 & Ballpoint Mouse	156-699AV310						
MS-DOS							
Windows 3.1&MS-DOS 3.5" - OEM	143-031AV500	£82					
Windows 3.1&MS-DOS 5.25" - OEM	143-030AV500	£82					
Windows 3.1 &MS-DOS 3.5" - Retail	1475095AV500	£149					
Windows 3.1 &MS-DOS 5.25 - Retail	1475099AV500	£149					
Windows 3.1&MS-DOS&Mouse Bundle 3.5"	1475595AV500	£179					
Windows 3.1&MS-DOS&Mouse Bundle 5.25"	1475595AV500	£179					
WinDOS 3.5" for PS/2s	1471095AV100	£149					
WinDOS MLP for PS/2s	1471195AV100	£149					
WinDOS 3.5"	1471495AV100	£149					
WinDOS 5.25"	1471499AV100	£149					
WinDOS 3.5" + Mouse		£?					
WinDOS 5.25" + Mouse		£?					
MS-DOS 5.0 RUP 3.5"	147-095AV500	£69					
MS-DOS 5.0 RUP 5.25"	147-099AV500	£69					
MS-DOS 5.0 RUP Acad 10	147-799AV500	£35/x					
MS-DOS 5.0 RUP MLP	1474099AV500	£55					
MS-DOS 5.0 RUP MLP 20PK	1474699AV500	£48.30					
MS-DOS 5.0 RUP MLP 100PK	1474799AV500	£44.85					
MS-DOS 5.0 VPP 999>x>100	1471099AV500						
MS-DOS 5.0 VPP 2499>x>1000	1471109AV500	£32/x					
MS-DOS 5.0 VPP x>2500		£25/x					
MS-DOS 5.0 Packaged		£38					

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	Q1FY92	Q2FY92	Q3FY92	Q4FY92	Q1FY93	Q2FY93	Q3FY93	Q4FY9
386/486 Systems Sold	192,555	207,296	249,677	271,789	269,475	290,104	349,414	380,35
286/386/486 Systems Sold	264,669	281,127	324,939	336,749	329,529	351,587	412,089	434,45
286 Systems Sold	72,114	73,831	75,262	64,960	60,054	61,483	62,675	54,09
New Retail Licenses	43,473	75,547	74,731	96,078	79,304	94,926	107,321	100,01
OEM Windows Sold	56,899	70,000	95,907	95,937	106,984	110,000	145,000	175,35
Total Windows Sold	100,372	145,547	170,638	192,015	186,288	204,926	252,321	275,36
New Retail Penetration	21%	33%	28%	33%	28%	31%	29%	25%
OEM Penetration	27%	31%	36%	33%	38%	36%	40%	45%
Total Windows Penetration	48%	64%	64%	66%	66%	67%	69%	70%
Cumulative Penetration								

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