

Kelly Johnson

From: Hank Vigil
To: Kelly Johnson
Subject: FW: BillG Summary Email
Date: Wednesday, July 28, 1993 8:23AM
Priority: High

*BillG mkt
OFFICE / Fall Plan
connect*

Kelly, pls print slide (2 to pg) and the long email msg.

thx

From: Robbie Bach
To: Hank Vigil; Mark Kroesa; Pete Higgins
Subject: BillG Summary Email
Date: Wednesday, July 28, 1993 8:06AM
Priority: High

Attached below is the email I'd like to send out by noon today to summarize the BillG meeting and define next steps. I think its a bit long but there was a lot of ground to cover and I want to get people a feeling for the feedback. Since this will go out to pretty broad distribution, I thought I would get your feedback before sending it.

Comments before noon would be great.

Thanks

Robbie

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I have attached below the slides we used to present to BillG last week. A summary of the meeting along with issues and action items is also provided below. As a whole it was a very productive meeting that moved us forward in terms of preparing for the launch. We got good reactions to many of our plans and specific feedback on areas that need more work. PeteH/HankV/MarkK: please add your comments and thoughts.

<< File Attachment: YOOSUM3.PPT >>

Messaging

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1) We discussed our long-term and fall messaging approaches. BillG found the individual components interesting and useful (things like "the beyonds", Intellisight/Intellisense, a brand tagline, theme) so we will continue to pursue these. At the same time, he and others felt there were too many levels in the communication and it was confusing trying to distinguish/understand the roles for the various components. We are simplifying the elements we will use and will publish a short update to the positioning document so that everyone is on the same page of the playbook and understands how various elements should be used. Action item: JohnSage/RobbieB to get this out ASAP (Note that we will decide on Intellisight versus Intellisense as the name for our intelligence technology this week based on feedback from legal on some trademark issues).

2) At one point we raised the AAU data that shows we lose to 123 and WP in both awareness and category leadership perception in almost any way you slice the data. We argued that in addition to continuing to focus on PC press, we need to move beyond to reach people who don't read the PC press to fix this problem. BillG strongly believes that even amongst the PC press readership, we lose the awareness and perception battle and therefore we still have tons of work to do in this area. We agreed that we still need focus on the PC press readers, but we need to review the AAU data in more detail to see if we are really behind with this audience. Action item: HankV/MarleeAn to follow up with the MikeF's to re-cut the AAU data and understand this better.

3) We discussed "leadership" at some length given that this is a topic BillG has been very focused on in his

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evaluations of our recent advertising. He reacted positively to our concept of combining technology leadership with an understanding of what users need. He stressed that we don't need to be as "competitive" in our way of saying this as Lotus has been recently BUT we should provide all of the evidence we can to solidify our leadership position relative to Lotus.

4) We presented some preliminary ad concepts to explore his concerns about our spring advertising. Overall, his comments confirmed that we are moving in the right direction. We must be declarative with clear evidence to show why our products are better and why people should buy from the leader. "Cuteness" or creativity is OK if it adds to the ads impact and is supported by hard hitting evidence with a very clear message. He feels (and we agree) that ads like "Gumby and Pokey" don't cross this bar so we will correct for this in the fall. He also wants to make sure that all ads have specific product features and messages in them (e.g. talk about pivot tables in Excel). His comments about calling out the competition apply in advertising as well...be clear about being better but we don't have to directly respond to Lotus' ads. Action item: RobbieB/JohnSage to drive ad process accordingly.

Branding

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We discussed this in the context of leadership and long-term positioning and showed some initial ideas on how we could make the branding idea come through in packaging, collateral, etc. While BillG thought the idea of branding the apps was interesting, he had a couple of major concerns:

1) We showed the Office brand including Works, Profit, and Publisher. He raised the issue of whether this lowered our premium brand positioning by including lower priced products in the brand. He had some specific comments about the "small business" approach as well (see below).

2) He (and SteveB) expressed lots of concern about how we use the "Office name" as part of this. If we use it to describe the brand (which is our current plan), they did not understand how we would refer to the Office SKUs. To paraphrase: "you mean we are going to take the most important SKU we have and call it 'standard edition' or 'professional edition' ?? This got tied into the "too many messaging layers" point mentioned above and left the impression that we were trying to accomplish too much this fall and were not being clear enough.

Since the overall idea of branding was considered useful/interesting and certain parts of it (like packaging) can be done incrementally, we need to pursue follow-up on these two major issues quickly. Action item: JohnSage to drive this to resolution this week to determine exactly what we will do in the fall.

Public Relations

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We reviewed the current PR objectives/messages and also discussed the overall PR calendar. We agreed that we need to focus on building momentum over the summer/early fall leading up to and through the launch to Comdex. We discussed various ways to do this including discussing items like Intellisight/Intellisense well in advance. As a result, we plan to seed the idea of Intellisight/Intellisense at this week's analysts meeting. We are evaluating other speeches and venues for planting seeds on VBA and OLE2 support as well. We briefly discussed the concept of "softer software" as a concept for an apps vision speech but did not reach any conclusions on whether this was useful or just added another layer/phrase to our communications. Action item: MarkK/RobbieB to kick-off slide development and ideas for BillG apps vision talk.

Market Budget

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We discussed the marketing budget and considered both adding funds for more DR-TV and biz press ads AND cutting \$5M from the budget (most of which would have come from the business press advertising which would leave us with no biz press ads this year). The net result of this was as follows:

1) The budget goes forward as submitted...the \$5M was not cut but we also didn't get any incremental money.

2) As part of a separate conversation with MikeMap we are evaluating the tradeoffs between doing the three months of very heavy business press advertising and using the money more aggressively in DR-TV throughout the year. Action item: GregPa/RobbieB to work through the analysis and provide a POV.

Pricing, Promo, SKUs

We discussed pricing, the fall promotion, and Office SKUs and reached closure on the following issues:

1) Our pricing (at street) will be as indicated in the presentation. Note that the \$249/299 prices for the Office upgrade skus will be marketed as introductory promo prices which we will move back up to \$299/349 (which is today's price) after the launch. BillG's primary concern was over the \$119 version upgrade price and whether that was too high - we noted that both Lotus and WP had put their upgrade SRPs at \$129 but are dealing it to the channel so that the street is at \$99. We agreed to continue under the assumption that \$119 is the approved direction but we will evaluate what the competition is doing over the course of the summer to see if we need to "deal" our upgrade at the launch.

2) The fall promotion was also approved as outlined in the slides. This means we will rev the Office when Word ships and NOT when XL ships. The next rev of the Office will be in Dec/Jan with the new version of PPT and XL. Of course, we will monitor this based on PPT's ship date and re-evaluate if we think PPT will happen too late or there is some other reason to get XL in the Office earlier.

3) Office 4.0 SKUs were approved

- FPP for Office and Office Pro (Word 6, XL4, PPT3, plus free xl and ppt upgrades)
- FPP for Office Pro (Word 6, XL4, PPT3, Access 1.1, plus free xl and ppt upgrades)
- Office competitive trade-up (Word 6, XL4, PPT3, plus free xl and ppt upgrades)
- Office version upgrade (Word 6 plus free xl and ppt upgrades)

Note that the Office version upgrade does not have the old version of XL and PPT since most of our installed base has one or both of these products. Note also that for SKU mgmt reasons, we will not have an Office Pro comp or version upgrade SKU...users can buy the Office comp or version upgrade skus shown above plus the Access competitive upgrade to get to Office Pro.

If anyone has any questions about pricing, the promotion or the relevant SKUs, contact KelliW.

Small organizations

We talked about the need to push more aggressively into small business given our trailing share in both WP and SS (even on Windows only basis). BillG clarified that we should view this as "small organizations" since people within MS too often assume "small business" means "mom and pop". In fact we are talking about organizations that could have anything from 1 person to 100 or so. We also discussed the idea of a "Small Business Office" which would include Word/XL/Profit. BillG thought this was a bad idea. To paraphrase: "How many copies of Profit does a company with 20 employees need... 1, 2, 3...but not 20". We have more work to do in this area to define the target market more clearly, figure out which products they need (what about Access), and plan for a marketing push in the second half of the year. Action item: JohnWood to focus on developing the plan for this.

Other

1) On trademarks: we had gotten mixed feedback on how aggressive we should be on trademarking features and asked for a clarification. BillG's view is that product like Office, Word, and Excel are big enough businesses that we should look to TM 2-3 key features for each - and should focus on things that we will emphasize in our communications. In Office's case, this would be things like IntelliSense/IntelliSense and perhaps something related to the added bits such as MOM. For products beyond this core, we need to be somewhat more selective in terms of trademarking since the formal process is actually pretty expensive and we only want to trademark things that we are going to put LOTs of communications effort behind.

2) We agreed to meet with BillG quarterly to update him on various aspects of the Office marketing effort and provide new ideas. Next meeting will be in early September.

Agenda

- ◆ Office messaging
- ◆ Marketing spending
- ◆ Marketing plan review

Office Strategic Objectives

- ◆ Establish Office as the leadership brand
 - 80% share for Office
 - 60% share for individual apps
- ◆ Move 40% of installed base to Office
- ◆ Convert 1M Lotus and WP users
- ◆ Double share of small business market
- ◆ Target the solution developers

Keys to Success

- ◆ Create discontinuity; differentiate from SmartSuite
- ◆ Great launch of new apps
- ◆ Winning reviews and key PR battles
- ◆ Quality execution and across MS groups
- ◆ Leverage Microsoft assets
 - Execute on Microsoft's leadership
 - Develop Office brand

Market Situation

- ◆ Market characteristics
 - Many IEUs are not technically sophisticated
 - Feature differentiation more difficult
 - AAU data
 - Microsoft seen as the leading software company
 - 123/WordPerfect perceived as category leaders
 - Vendor characteristics important part of purchase criteria
- ◆ Implications
 - Expand reach in IEU audience
 - Tie benefits of Microsoft leadership to Office

Dimensions of Leadership

- ◆ **First with the most (best of breed)**
 - Platform, performance, and feature innovations
 - Awards, ratings, review quotes
- ◆ **The "standard"; safe choice**
 - Market leader, track record, heritage
 - Financial strength and stability
- ◆ **Customer focused**
 - Solve real end user problems
 - Build "partnership" with customers
- ◆ **Microsoft is uniquely credible to deliver these**

Long-term Office Brand Messaging

Positioning: "Because Microsoft is the leader in understanding technology and the way you work, the Microsoft Office applications provide new innovations freeing you to focus on your work, not your computer."

Key Message: "Leading technology that works for you"

Fall Messaging

The Microsoft Office with Intellisight™
"The New Way to Work"

- ◆ Beyond Ease of Use (AutoTools™, Wizards)
- ◆ Beyond Cut and Paste (Microsoft Links™)
- ◆ Beyond Macros (VBA)

Office Brand Goals

- ◆ Develop better messaging
 - Common, reinforcing messages across all products
 - Consistent packaging, signage, materials
 - Create long-term message that spans versions
- ◆ Generate marketing efficiencies
 - Marketing the brand supports each product
 - Reduced need to build individual product brands
- ◆ Provide competitive differentiation
 - Breadth of product line
 - Build equity with customers at brand level

PR Messaging

- ◆ Build momentum leading up to launch
- ◆ Market great leadership products
 - Office as strategic product
 - New versions of Word, XL, PPT, Project
- ◆ Launch new technologies
 - Intellisight
 - Microsoft Links
 - VBA
- ◆ Position Office as solutions platform
- ◆ Deliver apps long-term direction/vision

PR Calendar

June	July	August	September	October	November
VBA press tour	XL long term	Office long term	ESM, Beta analysis meeting	Launch event on strategy day	Chair/Commit
PC/Internet	Potential analyst meetings	Industry analyst briefings	Business press tour	Office Walk	Chair group Mkt
Word long term	Customer MDs	Assessment Develop Office	OLE/VBA briefings tour	SB in Europe	Office and press reviews
XL, multi-product	Database press tour	Office/VB announcement release	Beta testing, first look	Workshop press to first look	Dir Cat
Product look	Product look	NIM	IBC Mkt	Event launch tour	COMcast
			Agents briefing (1)	Executive retreat summit	
			CEO meet (1)	News about the launch	

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Launch Event

- ◆ 10/19 in New York 1/2 day event
- ◆ Content
 - Product launch presentation and demos
 - Strategy directions (BillG/PeterH/RogerH)
 - Product demo sessions
- ◆ Third party involvement
 - Customers and developers in launch itself
 - 25-50 VBA and solutions vendors with demos
- ◆ Downlink to districts and Int'l
- ◆ IEB and international tours

Direct Marketing Calendar

	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD Total
Product Sales																	0.00
Product Demo																	0.00
Product Training																	0.00
Product Support																	0.00
Product Marketing																	0.00
Product Development																	0.00
Product Sales																	0.00
Product Demo																	0.00
Product Training																	0.00
Product Support																	0.00
Product Marketing																	0.00
Product Development																	0.00
Product Sales																	0.00
Product Demo																	0.00
Product Training																	0.00
Product Support																	0.00
Product Marketing																	0.00
Product Development																	0.00

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Live Trial Activities

- ◆ **Two step seeding program**
 - DE media (TV, print, mail)
 - Video response and follow-up
- ◆ **Results**
 - Reach 90MM people: 10 spot markets, 9 cable stations
 - 114K videos shipped
 - 44K units sold (27% purchase rate, 39% unit rate)
- ◆ **Profile of video recipients**
 - 40% own WP, 35% own 123, 75% unfamiliar with Word/XL
 - 25-35% are "basic" users
 - 54% in small companies
- ◆ **Cost per response: \$35 cable, \$51 spot**

Channel Promotion Objectives

- ◆ **Establish Office concept in channel**
- ◆ **Generate high Office apps sales in fall period**
- ◆ **Move upgraders to Office**
- ◆ **Manage SKU and logistics complexities**

Fall Promotion Program

- ◆ Ship Office 4.0 when Word ships
- ◆ Offer: buy Office, get new XL, PPT, & Win utilities free
- ◆ Office SKUs
 - New user: Word 6, XL 4, PPT 3 + Offer
 - Competitive Trade-up: Word 6, XL 4, PPT 3 + Offer
 - Version Upgrade: Word 6 + Offer
- ◆ Pricing (street)

SKU	New	Comp	Version
Office	\$469/599	\$299	\$249
Indiv App	\$320	\$135	\$119
- ◆ Launch maintenance concept in Jan-Feb

Fall Promotion Cost Analysis

	COGs	Less GP	Total
Word			
Excel	\$4,300	\$2,000	\$6,300
PPT	\$4,900	\$480	\$4,420
Maintenance		\$1,000	\$1,000
Total	\$9,200	\$3,480	\$11,700

- ◆ Assumptions
 - Covers US sales only
 - 75% take advantage of free upgrade offer
 - 50% of Q2 maintenance cost
 - Free upgrade date of 9/1 (7/1 for Excel)
 - Excludes annual "free postcard" costs
 - IBM data
 - Word 98B
 - Excel 137
 - PPT 12/13

Small Business Programs

- ◆ Launch Small Business Office
- ◆ Leverage VARs, integrators and SPs
 - WFW and network integrators
 - VBA and Access SPs
- ◆ Focus on small biz in spring promo
- ◆ Target tradeshow and broaden PR

Field Marketing

- ◆ District marketing product manager
- ◆ District training activities
 - District training in July - Word hands on
 - YOC overview at NSM - Excel/Office hands on
 - Office district launch tour
- ◆ Seminars
 - Goal: 75,000 IEUs
 - October - February focus
 - 65% national (\$1.5m ea, \$40/person)
 - 35% district based
- ◆ OfficePUSH
 - Timely help with corporate account battles
 - Win/loss feedback to product groups

Large Account Programs

- ◆ District NDA session in July
- ◆ EBC focus event in September
- ◆ CATM blitz starts 10/18
- ◆ Select 2.0 rollout
- ◆ Office PSS
 - Designated support number
 - Product specific; cross product; applet support
 - October start date

Office Solutions Marketing

- ◆ Developer Office
- ◆ Marketing Support
 - Events
 - September launch event
 - Enterprise technical summit (October)
 - Office launch event: 5 compelling solutions
 - Comdex: 25-50 vertical solutions
 - Devcast (November)
 - \$750k ad budget (from Dwayne Walker)
 - Information, Certification, Education
 - MSDN, TechNet (I)
 - Certification Program (C)
 - Tech-ed (E)