

- SUPPORT
- Corp. acct. Shrokey 1/8/82
- Get News SmartSuite
Sales + IS
- Notes *Atkes*

JWL → 11-12

Defusing the Lotus Launch: Stopping 123/W v. 4.0 Before We Ship

- Lotus
 - The Product
 - The Opportunity
 - The Plan?
- Our Counterattack

Lotus and Users Today

- IEUs
 - Lost most reputation and users here
 - Improv helping, but skeptical
 - Prepared to spend heavily to get them back
- Installed Base
 - Customer Satisfaction declined sharply
 - No incentive yet to move to Windows
- Corporate Decision Makers
 - The Notes advantage: talking about solutions
- MIS
 - Many shifted to Microsoft already
 - Still want one software standard
 - » Many still "brand loyal" to Lotus
 - » But DOS will matter less

FL AG 0014322
CONFIDENTIAL

123/W 4.0: The Product

- Best Windows interface
 - In-cell editing
 - Dynamic status bar
 - Streamlined menu and dialog interface
 - Multiple, customizable Smarticon® palettes
 - Worksheet graphic layer and new drawing tools
 - Drag & drop and right mouse button
- Best 3-D spreadsheet
 - Tab interface
 - Select ranges with the mouse
- Best workgroup spreadsheet
 - Notes client bundled (?)
 - OLE client and server: OLE 1.0 and TOOLS?
 - Version Manager
 - Same file format across platforms
- *Ready*

123/W Additional Features

- Plugging the holes
 - Common spell checker and thesaurus
 - Specialized @ functions
 - Macros
 - » buttons on sheet
 - » GUI interface macro commands
 - » GUI macro translator
 - The Navigator
 - Number alignment and rotated text
 - ChartWizard?

FL AG 0014323
CONFIDENTIAL

123/W Innovations?

- Pre-XL 5:
 - In cell editing
 - In place editing (??)
 - Tab interface
 - Direct manipulation of graph objects
- After XL 5.0 ships:
 - Version Manager
 - » Equal to Scenario Manager if you don't have Notes
 - » Enables range delegation, storage of multiple ranges and scenarios when used with Notes
 - » Unclear what functionality if used with bundled Notes client

XL 5.0 Innovations

- Programmability: VB for Apps
- Data Access and Analysis
 - Pivot Table
 - MS Query
- List Management
- Basic Usage
 - Tip Wizard
 - Formula Wizard
- OLE Support
- Fit and Finish in all usage areas

FL AG 0014324
CONFIDENTIAL

MX 1158090
CONFIDENTIAL

Lotus: Positioning 123/W v. 4.0

- "The best Windows spreadsheet: Lotus defines the spreadsheet again"
 - Better than Excel
 - Best workgroup solution
 - Best line

SmartSuite Positioning: "Working Together"



- Leading Apps--Best of Breed
 - AmiPro, Freelance, cc: Mail #1 rated
 - 123/W now better than Excel
- Most Usable Apps
- Apps that are designed to work together
 - Improved interface and Smarticon consistency
 - Support of OLE and Lotus' integration technology
- Apps that work well in workgroups
 - cc:Mail integration
 - Notes client bundled with SmartSuite
 - Workgroup features in AmiPro and 123/W

FL AG 0014325
CONFIDENTIAL

MX 1158091
CONFIDENTIAL

123/W 4.0 Imperatives: "Do or Die" in Cambridge

- Win back influentials and the press
 - Prove that Lotus can make a great spreadsheet
 - Must match XL: does 123/W need to be better?
- Upgrade the installed base to SmartSuite
 - Move DOS users
 - Move corporate accounts
- Deliver on the workgroup vision
 - Prove that Notes and SmartSuite are the new platform and new solution
 - » Roll out Notes more widely
 - » Does it need to make \$\$?

Key Tactics: Spend Now

- Pricing:
 - Seed 123/W widely with \$99 upgrade pricing
 - Use 123/W to drive SmartSuite sales
 - » Aggressive upgrade and corporate account pricing
- Advertising
 - Spend heavily: \$2M/month for at least six months
 - Focus on 123/W and SmartSuite
 - Spend in business press
- PR
 - Win reviews
 - "The comeback story"
- Promotions
 - Channel?
 - Seminars

FL AG 0014326
CONFIDENTIAL

The Lotus Launch Threat

- UpgradeThreat --> Market Share Leadership
 - Lotus market share = 30% today in U.S.
 - Upgrade 20% of 123 users moving to Windows
 - Lotus could get 50% market share
- Upgrade Threat --> Technical Leadership
 - Products are commodities
 - Lotus delivers workgroup features and solutions
- Upgrade Threat --> WP & Office Market Share Threat
 - 123/W is the engine that drives SmartSuite
 - Lotus ready with advertising \$, pricing and messages

The Lotus Upgrade Threat

- Upgrade average % of users --> market share leadership
 - 12M installed base
 - 40% intend to move to Windows w/in next 12 months = 4.8M
 - 20% upgrade rate = 1M units (shipped BEFORE XL5.0)
 - 1M units + current run rate = 1.7M units
- 1.7M units >= 55% market share
- (Does not include new 123/W sales, only upgrades)

FL AG 0014327
CONFIDENTIAL

The Lotus Awareness Threat

- **Awareness:**
 - Among SS users: 64% Lotus vs. 30% XL
 - Among Win SS users: 66% Lotus vs. 48% XL
 - Among DOS SS users: 66% Lotus vs. 21% XL
- **Advertising: Outspending MS by approx. 2:1**
 - Lotus Corp. Total \$\$ CY92 = \$33M
 - Total SmartSuite \$\$ CY92 = \$27M (including all apps)
 - Total SS \$\$ CY92 = \$9M (\$4.9M on Windows)
 - MS \$\$ FY93 = \$9.4M (Word, XL, Line)
- **Lotus Advertising Increasing Significantly**
 - \$7.4M Q1CY93 vs. \$4.6M Q1CY92

The Lotus Workgroup Threat

- **Lotus has built equity in this message**
 - Notes in pilots/evals in most accounts
 - Consistent communications message
 - Lotus reaching CDMs with solutions approach
- **Lotus has edge in workgroup features**
- **MS message believable but lacks product, evidence**
- **Is Notes the Trojan Horse for SmartSuite?**
 - Lotus discounting SmartSuite by <= 35% when purchased together
 - Notes has not yet led to desktop switch in MS accounts
 - Impact of Notes client bundled in SmartSuite?

FL AG 0014328
CONFIDENTIAL

MX 1158094
CONFIDENTIAL

The Lotus Line threat

- **Products**
 - At Parity?
 - 123/W Upgrade will fuel SmartSuite Sales
- **Positioning**
 - What is MS Line Sustainable Advantage?
- **Pricing**
 - Single users: Upgrade SKUs competitively priced
 - Corporate accounts:
 - » Lotus negotiating directly
 - » Prices comparable; Lotus bundling servers and services more than MS
 - » Additional discount w/Notes

Defusing the Launch: Don't Let Lotus Set the Agenda


- **Make Excel the leadership standard**
 - Evaluate 123/W on our terms, not theirs
 - Don't let them claim innovation
 - Shift attention away from workgroup
 - Make evidence of our leadership more compelling
- **Stall the market until XL5.0 ships**
- **Reach DOS upgraders first**
 - Don't let them win the awareness battle
 - Leverage our biggest asset: Windows customers
- **Don't let them buy DOS upgraders before we ship**

FL AG 0014329
CONFIDENTIAL

Setting the Agenda: Messages

- XL sets the standard for spreadsheets
 - The world has changed in the last two years
 - XL is the leader
 - 123/W is just a catch up release
 - XL will be raising the bar
- Define what solutions really are
 - Building custom solutions
 - » Installed base of solutions today
 - » VB
 - Accessing data
 - Sharing data
 - » Real OLE's support matters
 - » Application consistency is more than skin deep
 - Workgroup is just a feature

Setting the Agenda with XL5.0

- Preview the Features that Set our Agenda
 - Visual Basic
 - Query Tool
 - OLE 2.0
 - Common Menus
- How Widely?
 - NDA to long lead press and analysts
 - » Already planned
 - NDA to corporate accounts 
 - Senior execs speaking publicly?
 - » Trade press interviews
 - » Windows World

PR Plan

- 123/W conversations w/key weekly and monthly editors, April
- NDA tours
 - Data Access tour out now
 - Programmability tour planned for May ←
 - Peteh business press tour
 - "Indoctrination days" w/ ss influentials
 - Long lead tour in late June
- Additional recommendations?

Corporate Account Plan

- NDA
 - Begin showing product and strategy at EBC this month
 - Joint NDA session in field w/Word in June
- Beta
 - Move up marketing beta to ship with Word
- Training
 - Move up sales force training to July?

April - May NDA's
PPT - April
SW - May

FL AG 0014331
CONFIDENTIAL

What Will It Cost Us?

- Can we market XL4.0 and preview XL 5.0 at the same time?
 - Showing key features and strategy to influentials
 - Aggressive marketing to DOS installed base before we ship
- Risks
 - Competitive Advantage
 - VB Issue for Word
 - Dilutes our Launch
 - Hurts or Kills XL and Office Revenue

Reaching DOS Upgraders

- Awareness
 - Business press advertising
 - PC press advertising
 - Request incremental \$2M vs. FY93
- Trial
 - Direct mail to Win reg base
 - DRTV
 - » Estimated roll out budget = \$5M
- Pricing
 - Corporate accounts
 - » Matching Lotus deals?
 - » Additional discounts?
 - Channel promotion

FL AG 0014332
CONFIDENTIAL

MX 1158098
CONFIDENTIAL

Advertising and DM Plan

- PC Press ad scheduled for May
- Line Biz Press ad scheduled
- Win reg base mail already scheduled
- Request additional funding for:
 - Upgrade direct response ad in PC Press
 - Excel-specific ad in Biz Press
 - » ?Direct response component
 - Early roll out of DRTV
- Total advertising request = \$2M
- Total DRTV request <= \$5M

Issues

- How far should we "open the kimono"?
- How does budget request fit in with FY budgeting?
- Balance of spreadsheet and line messages?
- Balance of awareness and trial
 - What % of budget for advertising?
 - Should we roll out DRTV w/o final results?
 - Can it be modified to meet awareness goals?

FL AG 0014333
CONFIDENTIAL