MICROSOFT CORPORATION

Fiscal Year 1990 P.R. Plan

June 1989

PREPARED FOR:

MICROSOFT CORPORATION
Marty Taucher, Sarah Charf
Kathryn Hinsch, Karen Meredith
206/882-8080

PREPARED BY:

THE WAGGENER GROUP
Pam Edstrom, Collins Hemingway
Claire Lematta, Diana Parker
Connie Snyder, Marianne Allison
503/245-0905

Table of Contents

CORPORATE

Situation Analysis

In many ways, this last year has been one of consolidation for Microsoft. The major focus has been to solidify and assure success of product platforms. The emphasis in P.R. has been to work and support:

- OS/2

- LAN Manager

- Excel

and to solidify Microsoft editorial position and reach.

In addition, in the past year, we have spent a considerable amount of time putting out fires:

- Apple lawsuit

- UNIX-related activities

- General response to attacks on Microsoft

In preparing next year's plan it is of value to take a long-term practical view and realize that movement in this industry and/or product area takes time and the achievement of key goals happens over time.

Attached is the Fiscal 1988 editorial input and P.R. plan. In reviewing these two documents, it is apparent that not much has changed and that one year from now our P.R. product activities must communicate:

- OS/2 success

- LAN Manager connectivity success

- Excel success

The clear successes in the last year were:

- Clear validation of GUI and Microsoft leadership

- Excel momentum

- Broadening strength of Microsoft management team

Goals

The goals for the corporate portion of the P.R. plan focus on three key areas:

- Vision

- Leadership

- Customer driven

The specific components of the corporate plan leverage the existing strengths of the company and complement the specific divisional plans and products. The elements of the corporate plan are intended to build upon the perception that Microsoft is the leading microcomputer software company, with the vision and leadership to provide customers with the software solutions they want and need.

Vision

Microsoft has driven a number of major events in the industry:

- First BASIC for MITS

- Definition of PC and MS-DOS

- Tandy 100 -- first commercially successful portable

- Vision of GUI and selling IBM

- Risk taken on Mac -- ultimate success of Mac

The industry and, to some extent, core customers recognize Microsoft's contribution but people are quick to forget and to rewrite history.

For example, John Sculley gets a lot more credit/adulation for his role in the PC industry than he deserves. Part of the reason is that he has billed himself as a visionary and has enough sex (knowledge navigation) around him to convince the world he is. In addition, with Apple he has, by all appearances and against all perceived odds, been successful. He has even been successful in rising above the Apple lawsuit.

Microsoft has a unique opportunity in the next year to command the visionary role and ultimately to fulfill the promise -- the Windows home machine.

Videotape Program

In order to prepare for this announcement, assume the proper place in history, and educate people regarding the evolving technology we recommended producing a "What the Future Could Be" video that Bill would use at all his speaking engagements.

The video would be a composite of all the technology pieces that will show up in the home PC:

- GUI

- Sound

- Motion

- Graphics

The advantages of this approach are that it:

- Builds for the future

- Assures Microsoft's place as a visionary

- Will ultimately be a deliverable from Microsoft to fulfill the company's mission of "A Computer on Every Desk and in Every Home"

- Is sexy

- Builds on events at the '89 CD-ROM Conference

Expanding Audience -- TV, Radio, Books Program

As part of the preparation for Microsoft's expanded role in the industry, we are also recommending a research project to explore and fully understand the broader media potentially available to Microsoft.

We have been successful in the past with *Business Week, Fortune, Time*, etc. because we knew and understood their editorial objectives, agendas and staff needs. In preparation for the broadening message and audience for Microsoft, we must evaluate other media forms.

Issues Management/Resolution Program

In the past year we have produced a number of issues papers -- mostly in a reactive mode. Nevertheless, they were exceedingly well received and utilized by the press. Notable are:

- Binary Standards

- OOP Backgrounder

- Presentation Model -- leverage from Alsop

- Device Driver Issues

We would like to expand and leverage these efforts in a more focused manner for the next fiscal year. Specifically, we recommend delineating six specific issues for the next year. These issues would result in:

- Six position/white papers to be placed with publications

- Six slide presentations to accompany the issues made available to all presenters at Microsoft

We strongly recommend that Microsoft presenters use one of the six issues at their speeches or mix and match.

The amount of synergy for this activity cannot be underestimated. We know that editors need to hear it again and again before they get it. These presentations could be sculpted so presenters even have a choice of jokes and sexy graphics.

Leadership

International

International continues to be a source of pride and growth for Microsoft. Clearly part of Microsoft's strength and success comes from the investment and wise structure Microsoft put into place. The intent of the corporate P.R. effort is to enhance what Microsoft has been doing all along and provide an additional level of suggested support without a substantial dollar investment and with no direct involvement.

Japan Excel

Jeremy has articulated a desire to "avenge Lotus in Japan." He has expressed a willingness to show the U.S. press a clear victory over Lotus in Japan. Therefore, based on shipment and acceptance of Excel in Japan, we would recommend a U.S. press tour to major business publications with Jeremy articulating that initial success.

Simultaneous Introduction Worldwide

Microsoft has never committed to this, primarily and understandably because new products take a while to be translated. We have an opportunity with PowerPoint (because of Win 3.0) to have a product we can truly introduce worldwide. The cost/effort/investment to Microsoft corporate are minimal. The key is to have

- Strategy

- Plan

- U.S. tactics

in place and in subs' hands substantially prior to the introduction. The U.S. would serve as an advisor only to subs but would provide all raw information and a date that everyone agreed upon.

PowerPoint would provide the vehicle for the international experiment. It is an experiment because from a P.R. perspective, we don't know what could be gained by a worldwide introduction. However, the negatives are minimal and the overhead cost is not more than 6K. The key element would be a feedback/research mechanism so we could track the true impact of worldwide introductions.

Also, we recommend that all corporate communications elements be utilized:

- Direct mail
- OEMs
- Retail
- Advertising

This will allow us to measure the true dimensions of a worldwide introduction.

Sales Meeting

P.R. has never presented its year plan to international and although they have done exceptionally well without it, there is value in the subs understanding our:

- Thinking
- Strategy
- Issues
- How it all fits

Again, this is a low-budget item but high in potential value.

Analyst Program

In assessing strengths and weaknesses, we have done okay with the industry analyst category. However, we have never focused on them as a unique and distinctive group and courted them with a vengeance. This year we recommend that a focused target campaign for analysts be put into place to avoid a repeat of the *Wall Street Journal* UNIX chart.

We are not recommending that we treat these individuals any differently from *PC Week* or *Infoworld* but rather that they receive the sort of focused, coordinated intensity that the editorial community receives. In addition, in the process we will identify the absolutely key analysts for each Microsoft product segment and provide additional focused corporate messages. The program would involve a high-level spokesman from Microsoft to visit them twice a year, and 10 to 12 analysts will schedule visits to Microsoft.

OEM/Vendor/Industry Program

Proactive identification of the key items Microsoft wants to be involved in, for example:

- Intel 486
- Apple lawsuit resolution -- "Kiss and Make Up"
- Financial support
- New acquisitions/investments

Market Driven

Business Press

As Microsoft approaches the billion-dollar mark, we have an opportunity to assist the business press in redefining the notion of being market/customer-driven. In this industry, individuals would point to Lotus as being market/customer driven because they achieved hit status. However, the elements of being market/customer driven are a lot more complex. Clearly, Microsoft isn't there yet -- there are valid criticisms of Microsoft products being technically elegant (in polite terms), or hard to use (more blunt terms).

However, the company is moving toward a goal of being customer driven and has outstanding examples as proof:

- Customer support lines

- Pilot project for corporate hand-holding

- CBT

- GUI

Therefore, we recommend the beginning of a corporate business press emphasis that can leverage off these accomplishments and build toward a true solidified customer-driven image for Microsoft. We believe it is worthwhile to begin laying the groundwork to establish Microsoft as a company that listens to its customers and provides complete solutions, e.g., Microsoft's work with Arthur Andersen and their list of suggestions for Win Word.

We recommend a more focused approach to communicate Microsoft's concern for customers and the company's commitment to improve its products. In order to provide a centralized point for these messages Scott Oki will assume the role of customer advocate. Scott will make sure items such as the Arthur Andersen relationship are passed on to P.R. In addition, when we have enough proof of customer driven we will visit the press to communicate these successes.

All these communications must be presented in a humble manner.

APPLICATIONS DIVISION

Situation Analysis

Last year Microsoft Applications surpassed Ashton-Tate to become the second-leading applications software company. However, Microsoft Applications needs to continue to improve its positioning and image.

Microsoft Applications doesn't have any single leading PC application. Its position is very reliant on international sales and the Macintosh line. Although those are great strengths, the press will not bless Microsoft Applications until it succeeds on the PC. PC Works will probably be the first Microsoft application to lead on the PC.

Microsoft is traditionally looked upon as a supplier of depth, mainstream business software, so EBU poses a unique challenge. Perceptually it has no product in Microsoft's line of "business apps," it addresses a different customer base, and it produces a breadth vs. depth product. We need to take these differences into account in our planning while also helping editors see that EBU is an important part of Microsoft Applications Division.

Microsoft Applications continues to live in the shadows of Microsoft Systems and must achieve its own presence. Editors don't realize how large or successful Microsoft Applications is.

The numerous product slips in the last year have not helped Microsoft Applications' reputation. However, Microsoft hasn't really been beaten up for this yet, and actually has a better reputation than its competitors for delivering quality products and for not preannouncing products. We need to continue to be conservative and demonstrate Microsoft's strong development methodology and scheduling.

Microsoft Applications needs a full line of Windows and Presentation Manager applications to really claim leadership in GUI applications.

Connectivity and networking issues will be key for all products this coming year. We must show how the division is addressing this, especially since there is a perception that Lotus and WordPerfect are farther ahead here (because they've talked about it more).

Objective

- Position Microsoft Applications as *the* leading graphical-applications software company.

Key Messages

- MS Applications Division is the Number 1 supplier of GUI applications software (Mac, Win, P.M.) and has the greatest amount of expertise in graphics technology.

- MS Applications is a strong Number 2 in the applications business and a serious challenger to Number 1 (Lotus).

Strategies

- Educate the press on GUI: the benefits of GUI, that it's here to stay, that Microsoft has more experience and expertise than any other developer, etc.

- Personalize the benefits of GUI for the press so they can have a better appreciation for it.

- Promote the Microsoft Windows line once Word, PowerPoint and Project have shipped.

- Gain more visibility for the strength of Microsoft Applications management, including Maples and the B.U.M.s.

- Promote the families of Mac/Win/PM products and the benefits of graphics, common user interface, and interoperability across platforms.

- Shift focus away from "core engine" to interoperability as Microsoft's key goal in applications design. This emphasizes benefits to user instead of the technique.

- Continue to educate the press about the benefits of interoperability.

- Maintain Mac applications leadership position.

- Achieve stronger market positions in word processing and spreadsheet markets.

Tactics (see also individual business unit plans)

- Get Maples out on the road at least once every six to eight months to discuss Microsoft Applications strategy (the first trip was June 1). We will also work to gain more visibility for the individual B.U.M.s in their respective product areas.

- Produce interoperability backgrounder for the PM Excel shipment. Elevate the Excel family compatibility.

- Develop P.R. program to promote the Microsoft Windows line and the Macintosh line.

- Participate in a Comdex Windows applications celebration. This will include applications from other companies, but Microsoft Windows applications, if shipping, can steal the show.

Issues

- When/how will Microsoft applications support IBM's OfficeVision? New Wave? Extended Edition? SQL Server?

- When will Microsoft Windows applications take full advantage of Windows 3.0?

- Where is your database?

- Doesn't MS Applications Division receive competitive information on other companies' applications from MS Systems?

- Is there a conflict or lack of communications between Systems and Applications divisions, primarily over Win 3.0 vs. OS/2 positioning? If so, how to address this.

- How quickly will Microsoft Mac applications support System 7.0? Will Microsoft continue to uphold its leadership position on the Mac?

- Will MS Applications compete with IBM's OfficeVision? Where is Microsoft's integrated office?

- Where are your true distributed applications?

- Why are you so late to support Windows and PM platforms when you were first on the Mac? If it's hard for MS Applications, what will other ISVs encounter?

ENTRY BUSINESS UNIT

Situation Analysis

To date, integrated software has largely been ignored by the press. The trade press has not considered it sexy or strategic enough to cover on a regular basis. Both Works for the PC and Works for the Mac received great reviews at the time of introduction, but in general, they have both suffered from a lack of real attention from the trade press. In part, the lack of press for Mac Works is because it is a category of one. But overall, the integrated software category has been ignored by the press.

Editors have not spent the time to really consider the computing needs of the entry business user. This lack of thought is responsible for misperceptions such as the claim that First Choice is easier to use than Works. Another example is the fact that many editors who have used or evaluated Works have never even looked at the CBT. Clearly, they can't be thinking in terms of what an entry-level user will really need in an integrated package.

However, the enormous potential for CPU penetration into the small-business, home-office and education markets is starting to elevate the importance of the computing needs of the entry-level user. We can take advantage of the natural momentum that will develop behind integrated software over the next year.

Our challenge with the trade press will be to educate and interest them in the computing needs of the entry-level user and demonstrate why Works is the product of choice for these users. We must truly interest the editors in this market for our education strategy to pay off. In addition, the education process is the appropriate time to reposition First Choice as the low-end product for low-end users.

Another area in which we face a significant challenge is the consumer press. The consumer press just "doesn't get it." Computing is covered peripherally, if at all. In order to educate and excite consumer press editors regarding Works and the computing needs of the entry-level user, we need to think beyond what we know how to do. We need to execute a very creative and different kind of P.R. campaign to gain coverage in these publications.

The potential for Works sales within the consumer and small business market is huge. In order to prepare for the explosion of this market, we must embark on a relationship-building mission with the editors of the publications that serve these markets. The recent small-business press luncheon was a step towards this goal. It is important to note that this will be a long-term investment of time and money, but one that should establish Microsoft as *the* software company in the minds of the entry-level user. We will continue to focus heavily on these editors in the coming year.

As the flurry of press following the CD-ROM conference indicates, editors are very excited about multimedia. In addition, editors have begun to speculate on what role Microsoft will play in the future of multimedia. Microsoft is perceived as a technical company, and this image could maintain an element of surprise for the HPC/Works introduction.

However, at the time of the HPC introduction we want editors to feel that Microsoft Works was a natural choice to bundle with the HPC. In order for that to happen, we need to work on expanding the Microsoft image to include the low end of the market. It is important that the image of the EBU and its special needs "fit" with the rest of the company or we will have a credibility problem. As a note, while the EBU offers a variety of products, the focus of P.R. activities will be on Works as it essentially anchors the product line.

Key Concerns

- EBU fit with the rest of the company.

- First Choice.

- Penetrating the consumer and small-business press.

Key Message

Microsoft Works is all the tools you need to run your growing business.

Key Achievements

- Successful introduction of Mac Works 2.0. Product received excellent reviews and news coverage.

- Successful introduction of Learning DOS 2.0.

- Creative-brainstorming session with all of P.R. on ways to generate small-business/consumer press coverage. These ideas will be included in the plan.

- Successful small-business seminar held in conjunction with small-business week.

Key Objectives

- Increase awareness of computing needs of small-business, home-office and education markets.

- Position Microsoft as understanding and fulfilling computing needs within small-business, home-office and education markets among computer, consumer and small-business editors as well as key analysts.

- Position Works as the better computing solution against First Choice in the computer and dealer press.

- Obtain successful coverage in computer press from introduction of Works 2.0.

Tactics

- Generate super-creative ongoing plan for EBU and integrated-software category.

- Generate plan for Works 2.0 designed to achieve good and plentiful coverage in the trade press.

- Continue to conduct seminars for consumer and small-business editors.

GRAPHICS BUSINESS UNIT

Situation Analysis

The market for desktop presentations software continues to grow rapidly, and the dramatic growth underscores the need for Microsoft to protect and grow its current market position.

The market growth is reflected in the fact that the trade press is paying more attention than ever to desktop presentations (DTPres) products. Editors have consistently applauded PowerPoint 2.0 -- its use of color, shaded backgrounds and other unique features.

However, editors are also paying more attention to PowerPoint's competitors, particularly Persuasion. The Mac market is essentially under attack by Aldus. Part of this phenomenon is due to the fact that editors still question and disagree about what features *must* be in a DTPres product. For example, the importance of outlining is still debated in the press. This lack of "set expectations" has set the stage for serious competitive battles. Yet, it also provides an opportunity to solidify PowerPoint's position by going head to head with and winning against the competition.

The introduction of Win PowerPoint affords us an opportunity to redefine the category of PC-based desktop presentations products. We have a strong message -- a desktop presentations product must be graphically designed to compete effectively. By leveraging the Mac product and the necessity of a graphics-based product, we can position Win PowerPoint as the leading desktop presentations product for the PC and in a category by itself.

We can also leverage the Graphics Business Unit (GBU) to attain leadership in this category. Currently, the GBU suffers from a lack of editorial attention/awareness. The editorial community knows that Microsoft purchased Forethought and now markets and sells PowerPoint, and they basically understand that the GBU is part of the applications division. However, editors tend to forget about the GBU. Part of this "forgetfulness" is simply because the GBU is physically separate from Microsoft Corporate. But we must do more than just remind editors of the existence of the GBU. We want to reinforce the advantages of being a business unit within Microsoft Corporation and how and why Microsoft's commitment to GUI is the key to its role as the leader in the DTPres market.

In order to increase awareness of the GBU and establish it as the leader in desktop presentations products, we will focus on developing long-term relationships with key editors and analysts. Specifically, over the next six months we will focus on bringing editors to the GBU to develop personal relationships with Bob Gaskins and Lewis Levin and to exchange ideas on the desktop presentations market. We believe that by building relationships with these editors, the GBU and PowerPoint are much more likely to receive extensive and high-quality press in the long run. In addition, editors who trust Gaskins and Levin are more likely to consult them as desktop presentations experts.

Key Achievements

- Successful introduction of PowerPoint 2.0. The product has received great reviews and strategic ongoing coverage.

- Exciting introduction and press tour for Genigraphics relationship. While we did not receive as much coverage as expected, the press tour helped us educate editors regarding the importance of quality slides, and in turn, the value of the Genigraphics relationship to Microsoft PowerPoint users.

- Successful beginning of relationship-building campaign with key editors and analysts. We have met with *Infoworld, Andrew Seybold's Outlook*, and Dan Brogan in the past month. We have also scheduled *PC Week* and *PC World* for the next visit.

- Successful meeting between P.R. and marketing to define P.R. goals for the next six months.

Key Objectives

- Beat Persuasion and continue to define the market for Mac DTPres products.

- Redefine market for PC-based graphics.

Strategies

- Establish long-term relationships with key editors and analysts in order to achieve better press and a greater understanding of the GBU.

- Educate editors as to why the features in PowerPoint are the best for the user.

- Obtain great press for Windows PowerPoint that establishes it as the leading DTPres product for PC environments.

- Establish the importance of GUI to DTPres products.

- Leverage corporate wins.

- Leverage third-party relationships.

- Generate strong family message.

Tactics

- Regularly bring editors/analysts to GBU to meet the people behind PowerPoint, see the product, discuss feature sets and exchange ideas on the market.

- Generate a creative ongoing plan for PowerPoint that will help maintain press for PowerPoint 2.0 and prepare for the introduction of Win PowerPoint.

- Generate a great introductory plan for Win PowerPoint.

OFFICE BUSINESS UNIT

Situation Analysis

FY 89 was a tough year for OBU. Word 4.0 and 5.0 were late and Windows Word lost much of its momentum among industry influentials since it will ship a year later than first promised. As products slipped, the perception of Microsoft as a word-processing leader slipped a bit in editorial minds as well. Clearly, the early announcement of 5.0 and the early beta (alpha!) showings of Windows Word put us back with the press.

Meanwhile, WordPerfect 5.0 did ship and is doing very well. Raikes estimates they're outselling us 15-1 on the PC. It is not even clear in editors' minds that Microsoft Word holds the second-leading position in PC word processing as the other competitors like WordStar and MultiMate continue to "hang in there" with new upgrades.

WordPerfect still hasn't gained much ground on the Mac, and the press perceives that Microsoft's share of the Mac word processing market is holding steady now that 4.0 is available. Version 4.0 was very well received by the editorial community.

FY 89 was also a very quiet year for OBU workgroup applications. Mail 1.37 quietly shipped and we made some initial showings of Mail 2.0. The Mac email market is really heating up and is ready for a leader to emerge. QuickMail seems to be the current editorial favorite as the new upgrade is out, but there is a huge opportunity for Microsoft Mail to own this market. "Microsoft" doesn't yet come to mind when editors think of workgroup applications, but we can start to build this in FY 90.

The good news is that Windows became very hot in FY 89, which provides a great environment for the Windows Word announcement. Unfortunately, Windows Word has become the most-leaked product ever to come out of Microsoft. The eventual intro event will need to creatively make up for the lost element of surprise. Granted, Microsoft won't introduce the *first* Windows word processor, but if we can continue to build Microsoft's overall credibility in word processing in the coming months, Windows Word will undoubtedly be perceived as *the best* graphical word processor available from *the leading* GUI word processing company.

Accomplishments

- Announcement and shipment of Microsoft Word 5.0.

- Shipment of Microsoft Word 4.0 for the Macintosh.

- Planning for the Windows Word announcement.

- Preparation for the Mail 2.0 introduction.

Objectives

- Position Microsoft to be a clear leader in word processing and *the* leader in GUI word processing.

- Improve perceptions of Word 5.0 as a leading word processor.

- Lay groundwork for Microsoft workgroup applications.

Key Messages

- Microsoft is *the* leader in graphics-based word processing.

- Microsoft is committed to improving and growing the Word family to meet customers' needs.

- Microsoft is the only company that offers a complete line of word processors that work together.

- Microsoft Word 4.0 remains the leading Macintosh word processor.

- PC Word 5.0 offers the best word processing technology available on the PC.

- Microsoft is the leader in adding value to the way you currently work at your workstation.

- Microsoft Mail is *the* communications solution to increase productivity.

Strategies

- Improve PC Word's position to be the best PC word processor available. Challenge WordPerfect's position as leading word-processing company.

- Personalize the benefits of GUI for the each editor.

- Educate the press on the need for, and benefits of, a graphical user interface for word processing users.

- Change criteria by which word processing products are evaluated by the press.

- Promote the strength of the Microsoft Word family: make it stronger than the WordPerfect family.

- Educate the press about email issues and Microsoft's strong architectural foundation.

- Formulate Microsoft workgroup applications positioning and messages.

- Improve perceptions of Microsoft as a customer-oriented company.

- Highlight the programmability of MS applications and position Mail as the glue to a total solution.

Tactics

- Formulate strong ongoing P.R. programs for Word 5.0 and 4.0. Hit WordPerfect hard this summer and fall prior to Windows Word shipment.

- Continue editorial follow-up to secure great reviews of Word 5.0 and 4.0.

- Stage a very exciting, highly visible Windows Word introduction this fall at product shipment; generate extensive coverage of Windows Word.

- Introduce PM Word in early CY 90.

- Plan aggressive 1:1 press-tour schedule to educate editors about Mac mail and connectivity issues.

- Introduce Mail 2.0 at MacWorld Expo in August; own the show.

- Begin planning for PC Mail product; be especially watchful of Lotus Notes.

Issues

- Word processing is perceived as BORING by the editorial community (as compared to other apps categories). How do we make it interesting, especially for existing products like Word 5.0?

- The Windows Word announcement may require a different approach (from past events like PC Excel).

- How to prevent Win Word from cannibalizing Word 5.0, both in sales and in editor's minds?

- Clear positioning of Windows Write and Windows Word to maximize visibility for both.

ANALYSIS BUSINESS UNIT

Situation Analysis

Perceptually, Windows Excel gained a lot of ground in FY 89. Editors consider it a legitimate threat to Lotus 1-2-3 and have put it in a class ahead of other spreadsheet competitors like Quattro. Lotus helped us too with its product delays and confusing product strategy. Windows Excel is in a great position if we can continue a strong ongoing effort and deliver some Excel successes. The challenge will be lack of any real hard news.

We anticipate 1-2-3 G will begin to receive a lot of attention, especially given its visibility at the OfficeVision announcement and the rumored exclusive agreement between Lotus and IBM for G. Lotus finally will have its graphical spreadsheet, taking away some of Excel's differentiation unless we do a good job of educating people about Excel vs. G. We must stop some of G's momentum.

The shipment of PM Excel will add another boost to Excel's momentum. Like Windows Word, PM Excel is an often-leaked product as it has been demonstrated everywhere in the past year. The only news left is when it will ship and the fact that it is the first spreadsheet for PM. This announcement will be a challenge and we'll require very strong and visible support from IBM to make it a success.

PC Excel 2.2 is due out late this year and given the high editorial interest in Windows 3.0 already, 2.2 should be a hot product. The challenge will be to correctly position Excel 2.2 and Windows 3.0 vis-a-vis PM Excel and OS/2 as great spreadsheets whichever platform you choose. The Microsoft Excel family and core interoperability messages will be very important in FY 90. Core engine will be discussed as a technique that provides users with the benefits of interoperability, part of Microsoft's strategic advantage to produce the best spreadsheet products.

Although Wingz brought some new controversy in the Macintosh spreadsheet market, Microsoft seems to have secured its leadership position in this market with the shipment of Mac Excel 2.2. This new version was very well received in the press and several great reviews are now in progress. We must continue to chip away at Wingz credibility, however; it remains a strong competitor. Also, Wingz for P.M. is already being shown to the press and Informix is undoubtedly building its own family positioning.

Although it was a good year for its spreadsheets, Microsoft's position in the project management market didn't go anywhere but down last year as we waited for Whimper to ship. We need to do a better job of focusing ABU resources on this market and editorial attention on Microsoft Project in FY 90.

Accomplishments

- Began strong ongoing P.R. program for Windows Excel; including corporate wins, user stories, and repositioning of Lotus 1-2-3.

- Achieved high visibility for the Excel Push Campaign.

- Press support at the Excel Developers' Conference.

- Mac Excel 2.2 introduction and shipment.

- Q+E announcement and shipment.

- Planning for Windows Project introduction.

- Successful Project 4.0/Timberline Software announcement.

Objectives

- Position Microsoft as a clear leader in the spreadsheet market.

- Position Microsoft as a clear leader in project-management software.

Key Messages

- MS Excel family offers next-generation system software technology and is available *now*!

- Microsoft will maintain dominance of the Macintosh system software market; Excel 2.2 remains the market leader.

- Microsoft Excel is steadily gaining market share.

- Microsoft is a spreadsheet technology leader.

- Lotus' spreadsheet strategy is late and confused.

- MS Project for Windows is the leading GUI project management software.

Strategies

- Create the perception that Windows Excel is making Lotus sweat, taking away market share.

- Continue to reposition 1-2-3 as old technology and Lotus' strategy as confusing and short term.

- Launch a preemptive attack on 1-2-3 G.

- Force editors to look beyond the sex of Wingz to see that Mac Excel is clearly the best technology and offers what users really need.

- Maintain Mac Excel's "Number One with 90 Percent Market Share" positioning.

- Educate editors about the benefits GUI brings to project-management software; position it as more of a mainstream category than is currently thought.

- Demonstrate the benefits of interoperability; use the strength of the Microsoft Excel family as a differentiator in the spreadsheet market.

- Leverage other announcements of Microsoft Windows applications and the Windows line to help Excel.

- Take a lead in setting the agenda for what's important in the speadsheet industry/technology.

Tactics

- Use PM excel announcement (press visits, events, materials, followup) to take a technical leadership in spreadsheets.
  - Promote importance of speadsheet connectivity/networking issues.
  - Redefine "enterprise-wide" spreadsheet to fit Excel strategy; discredit need for mainframe spreadsheet.
  - Address the real vs. perceived need/benefits of a UNIX spreadsheet.

- Announce Windows Excel 2.2 in late fall.

- Announce Q+E for PM, E.E., and eventually for SQL Server.

- Provide high-visibility announcement of Windows Project this fall through a series of small events in various cities.

- Develop a strong ongoing Excel P.R. program; continue to place user stories and Excel articles.

- Publicize ongoing results from Excel Push Campaign.

- Prepare for PM Project and Mac Project in 1990.

Issues

- Will Microsoft do a character-based version of Excel?

- How to clearly differentiate the Windows and OS/2 versions of Excel.

- How to blunt 1-2-3 G to retain status as the leading graphical spreadsheet.

- Microsoft must better formalize its database connectivity strategy.

- A UNIX version of Excel? When and for what version?

DATA ACCESS BUSINESS UNIT

Situation Analysis

BASIC was the active product in the business unit in fiscal year 1989. BASIC moved into the business unit in September, prior to the announcement of QB 4.5. Although it wasn't perceived as a monumental news story since it wasn't a full rev, 4.5 was reviewed with interest and well received. Late in the fiscal year, Borland announced it was leaving the BASIC market, raising the issue of the viability of the market and of BASIC as a language with future potential.

We also worked extensively on Omega planning, developing a first draft of a plan. This process was put on hold as the product slipped and a new policy governing timing of corporate communications and P.R. planning went into effect. File 2.0 shipped in 1988. Although the product is reasonably well liked, we heard frequent questions about its position relative to FileMaker.

Fiscal year 1990 priorities will be communicating our commitment to BASIC, the BASIC Professional Development System 7.0 launch in late summer/early fall, and Omega's launch toward fiscal-year end. Omega positioning will be challenging and complex and we expect the competitive environment to be active prior to the launch.

Messages

- BASIC lives!

- BASIC is a serious language for "real" development tasks.

- Microsoft is committed to BASIC and BASIC is an important element in future applications strategy.

- Omega is the quickest way to build GUI DBMS applications.

Key FY89 Accomplishments

- Successful launch and positioning of QB 4.5. QB is perceived as the best entry-level BASIC programming tool.

- Editorial audit revealed successful positioning of QB 4.5 and indicated areas of focus for BASIC PDS 7.0 launch.

- Intensive P.R. planning and draft of Omega launch plan; now on hold.

- File 2.0 shipment and review program.

- Successful launch of Mac QB.

Key Objectives

- Build a case for the viability of the BASIC language and market. This market includes a high end.

- Achieve positioning of BASIC PDS 7.0 as a serious tool for professional developers.

- Position QB for larger share of business-programming market.

- Establish realistic expectations for Omega.

- Successfully launch Omega and meet expectations.

Key Concerns

- How to substantiate a case for a high-end BASIC.

- Other graphical databases may ship before Omega and establish our agenda.

- Because we're Microsoft, expectations on Omega will be high and it will be difficult to moderate them.

- Ashton-Tate has to do a good job on SQL Server marketing to make Omega front-end story viable.

- How to maintain control of Omega messages while numerous third parties develop for it and chat about it.

- How to keep momentum for QB 4.5.

Worst Fears

- Omega doesn't ship.

- Editors perceive Microsoft is sentimental about BASIC, decide the market is boring without Borland's presence, and quit paying attention.

Tactical Programs

- BASIC LIVES! press tour and symposium kick-off.

- Release of BASIC PDS 7.0 in Fall.

- Review program and follow up for BASIC PDS 7.

- Focused maintenance program for QB 4.5 -- business users.

- Revision and completion of P.R. plan for Omega.

- High-impact Omega launch.

WINDOWS

Situation Analysis

As we move toward fiscal year 1990, Windows looks good and will look even better. Many of the historical barriers to Windows' acceptance are gone. The hardware is right, GUI is largely accepted and the applications base is steadily increasing. Perceptually, Windows is doing incredibly well and, in many ways, the product's problems are under-reported relative to the good news about Windows (i.e., there is considerably more end-user frustration about Windows than one would think from reading the press). The presence of OS/2 has helped perceptions about Windows tremendously. Among other reasons, Presentation Manager has legitimized the interface, and the applications base is mature relative to that of OS/2.

The most important fiscal-year development for Windows will be the announcement of version 3.0. We will have no trouble generating excitement about 3.0 and expect that most observers will feel that this is the Windows product the world has been waiting for. Positioning messages will be scrutinized carefully and we expect confusion about why Microsoft is making Windows so good.

During 2.1's lifetime, we will see a number of third-party developments that will improve Windows 2.1, specifically in networking and connectivity to mainframes. We'll also see a number of significant ISV entries, including products in hypertext, word processing and communications categories. Focus will be on sustaining interest in 2.1 at a time when editors will be looking forward to 3.0.

Key Messages

- Don't wait for 3.0: Windows 2.1 is a viable environment. Applications are pouring in!

- Windows 3.0 is the culmination of the Windows vision. (Detailed product positioning messages to be determined.)

- Microsoft is committed to Windows for the long term. This commitment extends to users and ISVs.

Key Accomplishments

- Sustained interest in Windows after 2.1 announcement.

- Achieved image of success and momentum for Windows.

- Microsoft GUI message is validated.

Key Objectives

- Sustain interest/momentum for Windows 2.1

- Achieve a high-profile launch for Windows 3.0.

- Sustain momentum for Windows 3.0 after announcement.

- Communicate Windows' success as Microsoft's (and user's) win. Windows paves the way for OS/2 adoption.

Key Concerns

- Anticipation of 3.0 detracts from 2.1 momentum.

- Windows is seen as slowing OS/2 acceptance.

- Lawsuit.

- Where are the real apps?

- Is anyone really using Windows?

- Product sales slow.

Tactical Programs

- Regular news releases on major applications shipments and corporate wins.

- Support press announcements of strategic ISVs such as Software Ventures, Asymetrix.

- Press releases on 3270-connectivity solutions and LAN redirector minimizers that make Windows easier to network. Use corporate end-users to strengthen the message and build enthusiasm.

- Explore story opportunities for OEM momentum behind Windows, e.g., Zenith's use of Windows to tap education market, new bundles, etc.

- Leverage excitement generated by Microsoft Windows applications for Windows "environment" messages.

- Explore IBM's interest in an "IBM *Is* Committed to Windows" story, featuring IBM Canada efforts, IBM Windows applications (ImageEdit, Currents, TextReader), ACIS program, etc.

- Publicize retail promotions/bundles.

- Stage a high-impact, creative press event at COMDEX (if appropriate announce time). Showcase clean Windows 3 apps.

- Successful positioning of Windows vs. OS/2.

- Aggressive review program.

DOS

Situation Analysis

MS-DOS experienced a serious image hit in fiscal year '89. Early problems with PC-DOS dogged MS-DOS throughout the year, and DOS 4 still has a buggy reputation. Because of delays, MS-DOS 4.01 acceptance was slow. Other than larger hard-disk file partitions, editors questioned the need for a DOS revision and DOS 3.3 is still perceived to be the standard. Countering image problems was difficult when few OEMs were shipping. Those that were shipping were still shipping many more DOS 3.3 than 4.01. Virtually no installed base prevented us from finding users to substantiate that the shell was great and the product bug-free.

Fiscal year '90 should be less painful for MS-DOS 4.01. Most major OEM shipments will have begun by the end of the first quarter and we should see signs of 4.01 momentum.

During fiscal year '90, Microsoft will demonstrate that DOS lives on. Important developments for DOS in 1990 include a retail upgrade in Q3 and Microsoft's entry into the embedded systems market, probably in late summer. Although this market is more price sensitive, its unit volume potential is as great as that of the PC marketplace.

Key Accomplishments

- Launch of DOS 4.0 in July.

- Contained DOS 4.01 (Amstrad) bug situation.

- Reputation of DOS 4.01 is tarnished.

Key Messages

- DOS 4 is a great product!

- MS-DOS 4.01 is the **INDUSTRY STANDARD** DOS

- DOS 4 is gaining momentum

- Microsoft is committed to DOS: DOS lives on!

Key Objectives

- Turn around negative image of DOS 4.01.

- Acceptance of the IBM/Microsoft DOS 4.01 standard.

- Contribute to end-user awareness and demand for DOS retail upgrade.

- Position MS in the embedded systems market.

Key Concerns

- DOS extenders position is confusing.

- Perception that PC-DOS and MS-DOS are not the same.

- Lingering perceptions of DOS problems: buggy, memory problems, etc.

- Competition at low end from DRI.

Tactical Programs

- Background press tour to reinforce messages of product stability, 4.01 momentum, and Microsoft/IBM ownership of DOS OEMs. Also to communicate new market potential, position on DOS extenders.

- "DOS 4.01 gains momentum" press release with meaningful indicators of acceptance.

- Working with OEMs, locate corporate users who can substantiate the ease of use of the DOS shell ease of use for press referral. Follow up to encourage press interest.

- In columns or questions & answers sections, placement of 4.01 tips, e.g., for configuring memory correctly so it does not appear that DOS shell takes too much memory.

- Announce entry into embedded-systems market. Broaden editorial targets to relevant vertical publications. Work general-interest angle with business press.

- Aggressive announcement and review program for DOS retail upgrade in January.

- Clarify DRI DOS competitive weaknesses.

- Aggressive outreach to user groups.

LANGUAGES DIVISION

Situation Analysis

This was a Quick year. Major product introductions focused on Quick languages -- QuickBASIC 4.5, QuickC 2.0, QuickPascal, Quick C with Quick Assembler, plus the famous QuickC debugging contest.

With the focus on introducing this flurry of new products, Microsoft's broader image as a C language leader was challenged. Although QuickC is a hit, the high-end C product was in defensive posture, with no updates at all once 5.2 was scrubbed. Borland was able to gain editorial mindshare and appears to be emerging as a strong player in the "serious" languages business. We worked to maintain Microsoft leadership position through ongoing efforts to position reviews of Turbo C against QuickC rather than C5, through working with editors on high-end articles, and through participation at Software Development '89. Results were mixed: Some reviewers continue to pit C5 against Turbo C.

In fiscal year 1990, our focus will be on reinforcing our language leadership and on generating interest in ongoing products. We'll work to redefine leadership categories and promote a languages agenda to help blunt the recent momentum of Borland in the "feature wars."

Major emphasis for C will be on supporting and leveraging the installed base of 115,000 customers. (For instance, the subscription service needs to be positioned with the press as an indicator of Microsoft's leadership in delivering languages technology. This is tied to our insight into the needs of our installed base.) This will help set the stage for fall releases of C 6.0 and Programmers' Workbench.

We'll still see plenty of Quick language activity this year, with QC++, QCPM and QP for Windows scheduled for release. In FY 90 we'll emphasize power and productivity since these are targeted at more sophisticated users and our Quick ease of use/good for novices messages have been largely accepted.

Key Messages

- Microsoft is the leader in the languages marketplace and defines leadership in terms that are meaningful to programmers, e.g., productivity, usability, optimization.

- Microsoft is committed to and responsive to its installed base.

- Better than any other vendor, Microsoft understands how the software development environment is changing and is responding with appropriate products for different levels of programmers, and with other technology and service innovations.

- Microsoft relates to programmers and understands their needs.

Key Accomplishments

- Successful positioning of Quick languages for ease of use and productivity through introductions of:
  - QuickBASIC 4.5, QuickC 2.0 updates.
  - Introduction of QuickPascal.
  - Introduction of QC with QuickAssembler.

- High-low positioning of high-end products and Quick products against Turbo products was somewhat successful.

- Stepped-up efforts to obtain visibility for COBOL and FORTRAN.

- Improved integration of PR with elements of channel rollout.

Key Objectives

- Tap potential of languages' installed base, both as an audience and to help reinforce our leadership message.
  - Direct communications
  - Leverage ISVs

- Communicate that Microsoft is responsive to the needs of users.
  - QC with QA
  - C6 with PWB
  - Subscription service

- Manage "object expectations" in the long months before C7. Borland is working to set this agenda.
  - Rebut Borland claims re: dynamic binding.
  - Establish full implementation of C++ as only acceptable implementation
  - Communicate breadth and complexity of OOP to C universe

- Maintain leadership position through both technology and productivity messages.
  - Put MS definition of productivity on agenda
  - C6: Better code generation
  - PWB: Addressing programmer productivity

- Successful positioning of current products and technology relative to promised future technology.
  - Further diversity of development environment (Windows/PM)
  - Why we're making C better AND introducing C++

- Be perceived as understanding the needs of programmers: "the programmer's friend."

- Build and rebuild editorial relationships to promote long-term buy-in for Microsoft languages strategy.
  - Assess and report current environment.
  - Educate.

Key Concerns

- Borland release of major high-end tools that take away Microsoft leadership roles.

- Keeping momentum for Quick languages before new releases.

- Editors perceive that Microsoft is thin-skinned and unable to take criticism.

Worst Fears

- Borland releases PM-hosted toolkit in summer/fall and rubs our noses in it.

- Microsoft perceived as losing languages leadership.
  - arrogant and not in touch
  - slow and unresponsive
  - not excited about languages business

Tactical Programs

- Press audit to gather input on Microsoft position and editorial mindset.

- Ongoing plan to maintain C momentum.

- Launch of subscription service (fall).

- Release of C 6.0, MASM 6.0, PWB in fall 1989.

- Development of marketing and P.R. program for installed base -- focusing on 115,000 users.

- Ongoing product review program for all languages.

- Release of QuickC for PM in January 1990.

- Release of C 7.0 with object support in January 1990.

- Relative positioning of QuickC for PM and C 7.0.

- Maintaining focused effort for FORTRAN, COBOL -- user stories, design wins, speaking opportunities, etc.

- High-end languages campaign.

- Develop strategies for Borland worst-case scenarios.

Relative Emphasis

25%	High-end products (mostly C), new releases
25%	Installed-base program
30%	Quick products
10%	COBOL
10%	FORTRAN

OS/2

Situation Analysis

OS/2 has received a great deal of press attention. Some has been negative, in part a result of unrealistically high expectations about PM application shipments and corporate acceptance. The slow ramp of the former has hampered the latter. The press -- with their traditional lack of history -- has latched onto this as evidence of major problems with the product just as they did with Windows and the Mac.

On the positive side, we have accomplished a great deal toward the acceptance of OS/2. The importance of GUI for the PC has been established. The success of Windows and Windows applications is a success for OS/2 PM. On the product side, IBM shipped PM and other OEMs are following their lead. The press was impressed with the SDK program. SQL Server has been a rousing success with the editorial community and has gone a long way toward establishing OS/2 as a great server architecture, as well as a desktop environment. We have a clear understanding of the issues that need to be addressed this coming year. And we have the attention of the industry.

We experienced problems in the area of drivers (editorial perception is that OS/2 is PS/2-specific), lack of good development tools, concern over cost of SDK and memory, and perceived high cost of overall development effort.

Last but not least, the press will not be convinced of OS/2's success until great applications start to ship, and OS/2 unit numbers begin to grow, and everyone they ask in the industry says OS/2 is winning. Until then, we have to wage a continual war to keep the press focused on what is happening that is good. This implies a thorough but somewhat quiet campaign for the first six months of FY 90, then a quick ramp-up with the shipment of 2.0 and availability of the major applications.

FY 89 Accomplishments

Our major product milestones were the long-anticipated shipment of Presentation Manager in October and announcement of version 1.2 in May. The PM announcement garnered major press attention, with the main question being, when will we see applications? The third annual Microsoft systems software seminar focused heavily on OS/2. This was our opportunity to position OS/2, Windows and Unix, and to describe our vision for the 1990s.

On the third-party side, we completed a major survey of ISVs for the advertorial. Editors have used this information heavily. We have also begun the process of identifying corporate wins for OS/2. In FY 89, this was primarily accomplished for OS/2 on the server -- e.g. System One airline reservation system, Bank of Canada, and others. This activity will require concentrated attention in FY 90.

Finally, we kept abreast of the editorial community. Key systems division executives completed press visits with *PC Week, CRN, CSN, Infoworld, PC Computing*. We conducted a "love" *PC Week* campaign following a rash of negative articles and great staff turnover at the publication.

Key Concerns

Key concerns can be focused on three specific areas:

- Unix
- Windows 3.0
- Extended Edition--especially given OfficeVision

Unix

Thanks to the aggressive efforts of Unix vendors, Unix is now perceived as being a force on the desktop and a clear competitor to the success of OS/2. We understand that we must pursue a coexistence strategy, while at the same time clearly positioning OS/2 -- not Unix -- as the successor to DOS on the desktop. The key element of our positioning is and will continue to be source vs binary standard, lack of standard user interface, and lack of Unix office applications.

Windows 3.0

The press and the general user community are not sophisticated enough to understand the difference between the multitasking and large memory of Windows 3.0 and that of OS/2. When the capabilities of Windows 3.0 become generally known, there will be tremendous confusion, as well as more "Why OS/2" questions and more "Microsoft is hedging its bets." Windows 3.0 is already causing enormous confusion with corporate customers and ISVs. We must develop a crisp, articulate position between the two.

Extended Edition

Extended Edition continues to both help and hurt OS/2. There continues to be great confusion over the different OS/2 branches -- OS/2, PM, EE. The announcement of OfficeVision will ultimately help OS/2 -- it legitimizes GUI -- but it is causing confusion, and concern from other OS/2 OEMs. If Microsoft licenses Extended Edition, a number of questions will arise:

- Doesn't Microsoft have a strategy? Last year you said one thing, this year you said another.

- If EE does not have the same feature set and APIs as SQL Server and Comm Server, Microsoft will have screwed all the small ISVs who are betting their companies on our strategy.

Messages

- GUI is important, and OS/2 is the best GUI platform for the PC and the desktop.

- Momentum is building. We may have oversold you, but look at the progress we are making. We will sell 1 million copies of OS/2 in 1990, so compare to Unix or the Mac.

- OS/2 and Win 3.0 are not competitors. Each has their place. After all, a win for either is a win for GUI.

- OS/2 is a reasonable successor to DOS. It is a binary standard, it is not clunky and hard to use.

- Graphics are complex for developers, but we are providing tools. GUI is easier for users, and are easier to support.

- OS/2 is a great platform for line of business applications -- those that are intrinsic to the running of corporate business.

- IBM and Microsoft are committed to making OS/2 work. We are not "hedging our bets" with Unix.

Objectives

The public relations objectives from now until December are very clear:

- Create a drum-roll of positive industry happenings that will demonstrate momentum and communicate that GUI is important.

- Neutralize any ingrained negativity through the focused education of key editors.

- Get third parties -- ISVs, corporate developers, OEMs -- to speak out for OS/2 in a variety of ways.

- Find ways to leverage analysts such as Zachmann and Forrester, who are already announcing that OS/2 has won, and get more analysts in that camp.

- Recognize and respond positively to the major threat posed by Unix, and neutralize any negative from Windows 3.0.

Tactics

Public relations activities for OS/2 will be many and varied. This is the most critical P.R. effort for the systems division. Tactics are divided into three month increments. The first six months will focus on quietly building momentum; the next six we will create excitement and drama with 2.0 and applications shipment.

June/July/August

- Conduct editorial audit of top 40 editors/analysts and key influentials. Then wage campaign for those that are not "on the bus." Continue to leverage influentials who are sold.

- Explain High Performance File System/other elements of OS/2 1.2, including new shell.

- Begin aggressive identification of corporate and ISV wins--leverage with press for story opportunities. First example: NCR and KFC.

- Complete internal Microsoft positioning for Win 3.0 and OS/2.

- Excel for PM Ships!

Sept/Oct/Nov

- Applications start to ship--we will be there.

- Announce new tools and technology: Font agreement, programmers workbench.

- Broad printer and display support

- Continue developing ISV and corporate wins, especially "line of business" wins within corporations.

- Comdex OS/2 presence.

Dec/Jan/Feb

- Major applications ship. Will do high-profile activities to show how OS/2 is winning.

- Announcement and shipping of OS/2 for 386/486 SDK.

- Develop OS/2 videos -- one that clearly shows how wonderful PM applications are, and one that features Petzold or Duncan or someone else giving a clear overview on how to program for PM and what tools are needed.

January-June 1990

Additional specific tactics will evolve over next six months.

SQL SERVER

Situation Overview

SQL Server gained prominence with the editorial community this year. Our objectives were to:

a) educate the editorial community on the product category (i.e. PC database servers);
b) present the features and functions of SQL Server to editors in a clear fashion;
c) differentiate SQL Server from the competition;
d) motivate and drive Ashton-Tate's commitment to SQL Server P.R.;
e) successfully announce shipment.

These objectives were all accomplished.

On the competitive side, Gupta was hard-hitting early in the year, emphasizing its nice Windows front-end (SQL Windows) and positioning SQL Base as the "decision support" tool and SQL Server as an overly complicated, very high-end engine. Oracle also announced an OS/2 engine but will not ship this year, so it has a fairly low profile with editors. Another major concern of editors is the sales and support mechanisms for SQL Server. Ashton-Tate is addressing this with its broad-based distribution support program. It will be important for them to execute on this in the coming year.

Overall, our P.R. efforts have been highly leveraged in terms of resulting coverage. The product marketing group headed by Dave Kaplan has had very focused goals and messages and the results reflect this focus. The challenges for the coming year will be to maintain our momentum with the editors, get great front-end applications highlighted, continue our corporate win stories, address mainframe connectivity issue, and manage Ashton-Tate.

Key Accomplishments

- Introducing SQL Server.

- Establishing product category.

- Leveraging early corporate wins.

- Managing Ashton-Tate relationship.

- Using the road show and other activities to teach A-T the value of proactive P.R.

- Shipping SQL Server on time (perceived) with major positive press coverage at ship.

- Positioning SQL Server as standard by which other SQL products are measured.

Key Supporting Activities

- Fall COMDEX, with SQL Server at the LAN Manager Expo being the highlight, with multiple front ends running. Ashton-Tate/Microsoft VAR breakfast.

- Ashton-Tate/Microsoft roadshow (delayed till Feb. but including a working version of DBASE IV).

- DCI SQL Database Server conference, where the Microsoft presentation was rated the best by the 150 corporate participants.

- Major effort to identify and disseminate the names of SQL Server early adaptors to the press, which has resulted in front-page stories in *PC Week, Computerworld* and *Infoworld.*

Key Objectives

- SQL Server becomes retail success.

- Connectivity with DB2 -- this is major.

- Additional mainframe connectivity -- "OpenSQL" concept, though not all elements may be delivered this year.

- SQL Server front-end applications. Lotus is key.

- Customer success stories -- users and OEMs.

Key Messages

- Client-server computing is here today and solving tough applications problems.

- SQL Server has support of all major front ends in the PC industry.

- SQL Server is a major reason to buy OS/2 and LAN Manager today.

Key Concerns

- Oracle, but no product this year.

- Server scalability.

- Managing Ashton-Tate.

- Sybase relationship.

- EE -- but don't position as competitor.

- Slow acceptance of OS/2, LAN Manager.

Worst Fear

- Oracle/Lotus or Oracle/Novell or IBM/anyone else alliance (not likely).

Tactical Programs

- DB2 connectivity -- perhaps as early as July DB2 user-group meeting in Chicago.

- Open SQL -- DB2 plus other features to address connectivity.

- PR for all front ends -- DBase V, Paradox, DataEase, PC Focus, Revelation, spreadsheet links with Lotus 1-2-3, Excel, Saros FileShare.

- PR for Lotus 1-2-3, especially.

- OEM successes -- NCR and Compaq.

- Benchmark results -- but must be highly credible.

- Key corporate development wins, like System One.

- DCI conferences. Two completed as of June 1; others throughout year.

- Gupta's SQL Windows for SQL Server.

- Next NDK, end of calendar year.

- Managing Ashton-Tate, ongoing.

  - Ashton-Tate press tour.

  - SQL Server review program.

  - Other cooperative PR efforts.

WORKGROUP SERVICES/COMMUNICATIONS SERVER, MAIL

Key Accomplishments

- Introduction of Communications Server with DCA with proper emphasis and focus.

Key Objectives

- Proving ourselves a credible supplier in an area where we have not had expertise.

- Supporting DCA to get product out to users, ISVs.

- Serious design wins in corporate America -- more crucial than ISVs for this product.

- Supporting ISVs when they ship.

Key Messages

- Microsoft has a technically superior communications server.

- Microsoft has a technically superior back-end mail server.

- Along with SQL Server, these provide a standard, complete solution for data and communications services best handled at the system level.

Key Concerns

- Getting mail services done -- it will have to be done outside.

- Being tarred with OS/2 brush if OS/2 continues to struggle.

- EE as a separate product -- but don't position as competitor.

- Merger with EE -- have to announce this fall.

Worst Fear

- Not being able to do a Mail deal at all.

Tactical Programs

- Corporate design wins as they happen.

- Support for ISVs.

- Announcement of Mail deal (summer).

- Announcement of Mail ship (end of fiscal year?).

- Work with DCA and monitor their P.R. activities.

LAN MANAGER

Situation Analysis

The last six months of the fiscal year have been fairly low profile for LAN Manager P.R. After the COMDEX Expo, we concentrated on ongoing efforts including participation in the systems seminar and creating a major presence at Networld. SQL Server P.R., as a workgroup product built on LAN Manager, constitutes a compelling reason to move to LAN Manager over Netware. And in this time frame we announced the DCA/Microsoft Communications Server, another part of the overall Microsoft connectivity solution set.

We witnessed growth in editorial mindshare for the issue of client/server computing, and we maintained our position as an industry leader in this area. Local area networking is a very hot topic these days. LAN Technology shipped its first edition in January with a cover story on LAN Manager. PC Week reincorporated connectivity into the main book. Infoworld is building a substantial LAN lab for network and applications testing. All this points to increased opportunities for successful public relations.

Several tough issues from last year will continue to confront us. The primary concern is, of course, Novell. The company enjoys broad editorial mindshare, and they are nimble at P.R. We appear to be always just a bit behind Novell. We have not been able to articulate a compelling reason that a user should choose LAN Manager over Netware. The current architectural sell (open platform, client-server platform) has not translated into reasons someone buys today. Our approach works well for the VP of MIS but not for the network administrators who actually buy networks today.

However, we have successfully positioned LAN Manager to the editorial community as the serious competitor to Netware, and we get called when Novell makes a move.

The editorial storm over network security also muddied the waters for a while, although the issue seems to have lost its attraction. Our partner Clara has lacked a focused P.R. program, partially due to overextended product marketing and lack of a fully staffed internal P.R. group. We need to concentrate on leveraging their key corporate wins.

In an nutshell, we have somewhat oversold LAN Manager. We set editorial expectations very high after the announcements of spring 1988 and the high-profile shipment announcement in October. Product acceptance has not lived up to that expectation, which is not to say that product acceptance has been bad. We will work to reset editorial expectations.

Product marketing has also been very event oriented. This has generated a lot of excitement about the product and created a high level of visibility, but we need to develop a broader P.R. strategy and use events within that strategy for particular, well-defined purposes, rather than have events carry the whole message all the time.

IBM has now announced virtually complete API convergence of LAN Manager and LAN Server, an important message for ISVs. Between now and the announcement of 2.0, we should concentrate on user acceptance stories and LAN Manager applications, continue to build our stature as a networking company, and prod Clara and other OEMs into beefing up their P.R. programs for LAN Manager.

We also need to see network marketing plans to ensure that P.R. efforts support the overall thrust.

In sum, we will generally take a credible, lower-key approach to LAN Manager P.R., focusing on substance and concentrating on how we are addressing the needs of users today with our product. We will communicate that Microsoft understands networking issues and is working hard to build a really great product.

Key Accomplishments

- Established LAN Manager as key competitor to Netware.

- Announced shipment of 3+ Open on time.

- Announced LAN Man shipment on time with major coverage including *Wall Street Journal.*

- Executed COMDEX LAN Manager Expo.

- Built editorial mindshare for client/server computing and workgroup applications, e.g. SQL Server.

- Created major presence at Networld with panel participation.

Key Objectives

- Position LAN Manager as the most powerful and secure way to network PCs: architected for multiprocessor, multiserver, client-server, 386.

- Position LAN Manager as a strategic platform for connectivity, through IBM, DEC, 3Com.

- Position LAN Manager as the platform for workgroup applications -- best SQL solution, best SNA solution.

- Promote the delivery of 2.0 -- a solid, complete product.

- Position LAN Manager as leading edge.

- Take a lower-key position by delivering what we promised and focusing on substance.

- Clearly articulate the answer: Why should I buy LAN Manager?

- Position Netware/386 as new and unproven.

- Position Netware/386 as confirmation that Novell now agrees with our description of what a LAN should be -- and then show how our solution is better.

Key Messages

- LAN Manager is here today; it's a good solution for today's networking problems.

- You should buy LAN Manager today because it solves today's problems and provides the base for solving tomorrow's problems.

- LAN Manager is fundamental technology to companies such as IBM, DEC, AT&T. Novell is not in the same league.

- LAN Manager equals LAN Server.

Key Concerns

- LAN Manager 2.0 is delayed significantly or suffers serious technical (or perceived) flaws.

- EE -- potential confusion about what EE offers and requires vs. LAN Manager and SQL Server.

- Novell is so entrenched that we cannot gain market share.

- 3Com is a hardware company, not a systems company.

- We're slow. V2.0 is still slower than Netware on small loads. Need to help editors define benchmarks better and more broadly.

- Novell implementation of directory and mail services.

- Julian announcement: LAN Manager gets buried. How to avoid? Announce the week before?

- Julian announcement equals VAR bashing. How to avoid?

- Lack of shipments and how to defuse.

Worst Fears

- Novell alliance with IBM or DEC or other notables.

- LAN Manager is seen as old technology, especially if our initial 386 support is more limited than Netware's.

Tactical Programs for FY 90

- Emphasize development of corporate win stories and ISV wins in summer -- focus on how we solve a problem. Particularly important between now and V2.0.

- Heavy support for LAN Manager OEM announcements on ongoing basis.

- Find quiet, technically oriented way to pass information on Netware/386 to weeklies.

- Proactive program to boost 3Com activities.

- Major fall announcement with Julian.

- Develop a "numbers" strategy to define shipments the way we want -- including MS Net, international.

- Develop P.R. strategy for Japan and international.

- Reposition LM/X against "portable" Netware.

- Build Microsoft's reputation as networking company.

- Micromanagers and dealers. Consider an audit of their perceptions.

Key Events by Month

(Note that this is event oriented. We need to develop a program orientation so that the events encapsulate a key message or series of message.)

May

- Novell announced Netware/386 for fall delivery.
- IBM announced NDIS support and LAN Manager/LAN Server convergence.

June

- Clara announces 1.1: their own fast transport, and value-added (mail, route, etc.).

July

- DECNet NDIS -- support for the Microsoft device-driver architecture.
- NCR announces LAN Manager shipment and MS systems platform. (Date sliding.)
- SCO Open Desk -- talks to LAN Manager servers.
- Unisys -- switching from Netware to LM.
- MicroTempus announcement of SMB router; LM APIs on MVS subsystem; allows host connectivity.

August

- Interlan bridge -- Netware clients on LM Server.
- LM/X to OEMs (has slipped).

September

- Networld (Sept. 10-12). Panel -- meet the designers of LM.

October

- Julian systems announcement. Announcement and shipment of 2.0. (Currently set for Oct. 16.)
- COMDEX
- LM/X ships, SCO, H-P, maybe AT&T (will slip).

October/November/December

- IBM final API converge (2.0).

- Netware/386 ships.

- DCA/MS Comm Server ships.

- DEC, LM on VMS

- Mac client support.

- X/Open portability guide publishes LM/X specs.

January

- Enter channel, if it happens.

- LM/X -- AT&T & Unix International (?).

February

- New timeframe for LM/X.

- Portable Netware will ship in this timeframe.

March/April

- LM/X 1.x -- allows Unix clients to access OS/2 servers (new timeframe?).

- LM 2.0+ ships--additional functionality (uncertain).