To: Brad Silverberg

From: Brad Chase

Date: March 13, 1991

Subject: February Monthly Report - MS-DOS Marketing

cc: Dosmktg, Richab, doswar

L   February Objectives:

OEMs:
*   Develop plan to aggressively push MS-DOS 5 to OEMs in order to get them to ship at launch
         and move away from 3.3 and 4.01. Will include OEM sales guide. Also ensure launch dates of
         OEMs and IBM is coordinated.
*   Complete and distribute OEM newsletter to our OEM sales force
*   Persuade OEMs to use the in-pack brochure
*   Complete the ranking of top MS-DOS OEMs by revenue and units.
*   Continue OEM Watch and support OEM with needed presentations and information to help
         move customers to MS-DOS 5
*   Works with IBM on launch issues and their release plans

Upgrade:
Continue implementation of all facets of the UPGRADE strategy
*   Advertising - Finalize concepts
*   Packaging - done
*   Direct Mail - List selection is done, now working on offer and creative
*   PSS - Finalize PSS plan
*   Collateral
*   Reg test - Team is in place. Sweepstakes and test details to be finalized and initiated

Field:
*   Work with Egghead to ensure their marketing effort is consistent with ours
*   Continue account and city presentations
*   Continue meetings with key resellers and corporate accounts
*   Complete corporate watch list and process for gathering info
*   Complete corporate marketing plan
*   Create newsletter for MS USSMD field

PR
*   Finalize launch event proposal - start approaching IBM
*   Rewrite reviewers guide
*   Conduct west coast press tour (March)

Mfg:
*   Work to coordinate products needs for launch

Counterfeiting:

Plaintiff's Exhibit

5246

Comes V. Microsoft

*   Plan done - work on PR effort

Interviewing:
*   Continue search for people to fill TBHs

Contracts:
*   Sort out the plethora of contracts and start getting them resolved
*   Persuade CPS to sign a new contract

Embedded/ROM:
*   Start reworking Embedded strategy

International:
*   Start to better understand international Upgrade and OEM issues
*   Begin planning conference for international marketing managers on DOS
*   Get the aliases straight and start communicating the right information

PSS
*   Finalize plan and get upper management buy-off

Competition
*   Draft plan to compete with Dr. DOS. Determine what information we still need. Provide OEM sales force with needed data.

Personnel:
*   Continue hiring for open positions
*   Build objectives for adamt. Get him going.

Misc:
*   Get everyone to make their calls, and collect results from "Everyone Call 10 program"
*   Complete beta follow-up calldown
*   Organize MS-DOS 5 project review

II. February Activities

Project review to SteveB
Led the team in our presentation to Steve. Coordination preparation and collated and organized the materials. The participants did a lot of work. The review went well - Steve was pleased. I also coordinated the follow-up.

Personnel
Interviewed a boatload more people for my two open headcounts. Hired Randy Maggliozi as my transition team expert. Randy is an SE in our Boston office. I had been after tycar to help me find someone good and ty deserves the credit for finding Randy.

Also made an offer to Russ Stockdale to fill my open headcount for next year.

Adam Taylor started in February as an international product manager working for Rich Abel and I. With no formal objectives to work from initially, his role has been primarily one of getting his feet wet in the software business, understanding the working world at Microsoft, and coming to speed on what is expected in the ensuing months. He has spent a lot of time meeting the members of both marketing teams and his peers and international counterparts. He also started working with Rich and I to define his six month objectives.

DOS 5 InPack Brochure
Zenith, Olivetti US, Tandy, and Everex have all expressed that they will use brochure in their DOS 5 product

DRI Plan
Sergio completed preliminary draft. We are focusing on some of their compatibility problems and pointing out how they hog the UMBs. Rich redid his memory analysis using the most recent version of DR DOS, and they look about 10K worse than my last analysis. Needs to be circulated in DOS Marketing for comments. Plan to distribute to our OEM account managers worldwide. Will also set-up a plan for what we need to be tested or re-tested in greater depth by a third party testing company.

OEM/Field Newsletter
First one was published and very well received by OEM. Next one is on its way. Plan to distribute in about 2 weeks.

Field newsletter draft for SMSD is complete. Currently distributed for review.

OEM Historical Sales
Have not completed final analysis because of resource constraints in finance. BradC has escalated to resolve resource problem. Brad you should understand that we get macro data but their is resistance to giving me monthly or quarterly data by OEM because of the sensitivity of the numbers. Most of them are extremely confidential. My argument is that no one does in-depth analysis of the business by OEM on a quarterly and historical basis and that if I am to produce a quarterly MS-DOS business report for top execs that includes OEM and Upgrade data, I have to have the data.

IBM
Met with them in conjunction with the Tommy Steele visit. I am the escalation point above Eric. I am working to get them to use the in-pack brochure. Also had a conference call about the PR event.

Letter to OEMs

RichardF, RonH, JeffL, Sergio and I met to discuss how we can prevent OEMs from shipping DOS 5 early. We agreed to draft a letter which OEMs must sign stating they will not ship product early. In return
we will release final oak after letter is signed.

Victor
Resolved rom dos implementation with Victor for their handheld terminals. Victor is very satisfied with our assistance and will introduce in March or April a handheld terminal in Sweden

OEM briefings:
Sergio and I provided Zenith and Poquet with a DOS 5 overview - they are anxiously awaiting the rom dos 5 spec which will be available on 15 March. A key executive at Zenith was very upset about the Upgrade. I spent sometime in a conference call trying to calm him down. I was moderately successful.

Met with Sharp to discuss rom dos 5, power management, and flash file. Sharp plans to introduce a notebook computer at Fall Comdex '91.

Embedded DOS
Annabooks has signed an agreement to resell rom dos to low volume, vertical market niche OEMs designing embedded systems. The license is for 6K units at $16/unit.

Anti-Counterfeiting and Manufacturing
Our bom is set. Rich has been working closely with manufacturing on build forecasts, which have changed several times due to increased orders. He also worked out the logistics of producing, building and assembling the six-pak shipper with corpcomm, manufacturing and our carton contractor.

PSS
Rich ran the PSS model on three scenarios - high, medium and low sell-through - and outlined the call capacity vs. % revenue tradeoffs and made a final recommendation to staff at the medium level. We reviewed it together in-depth, and I drafted a formal recommendation to upper management in order to get their buy in. I was concerned that if the product does a lot better or worse than expected there will be the appropriate significant hit to PSS and I wanted to get upper management buy-in to the support levels do avoid blood later. Did not get any response. Spoke to you about it and we agreed to accept that as an OK.

Beta Survey
Completed. The final results were similar to the preliminary results.

Corpcomm
Agreed to a tag line to articulate our positioning as the only version worth owning: "MS-DOS 5 - No PC should be without it"

Development of corpcomm pieces is still proceeding on schedule. Pieces include: UPGRADE and OEM boxes, reg card, data sheet, fast facts card, 6-pak shipper, anti-counterfeit brochure for dealers, MLP, point-of-purchase materials and in-pak brochure.

Direct Mail
Rich contacted Microcom (Carbon Copy), Qualitas (386Max), Plus Development (Hardcard), Rupp (Fastlynx), On-Track (Disk Manager) and Intel (Aboveboard) about swapping lists. All are interested, and I will pursue closing these deals. In addition, Julie Walker (SMSD) volunteered to contact other ISVs. They will be Gibson Research (SpinWrite), Multisoft (PC-Kwik), Fifth Generation (Fastback), Ashton-Tate (dBase) and Ventura.

Rich had several long conversations with Don (the writer for the direct mail pieces) to brief on our copy needs. We reviewed actual direct mail copy as well.

Rich and I agreed to go with Flight Simulator and the "Best of Cobb DOS Journals" our incentive tests and Rich lined up the details. Rich also contacted PC Computing about being an incentive. Their first offer was disappointing, and Rich is trying to wrangle a better deal.

Reg Incentives
Rich has put a lot of work into this. We upped the sweepstakes to a $25,000 tiered prize structure (1 @ $10,000, 5 @ $1000, 10 @ $500, 50 @ $100), and kelleem volunteered to shephard the necessary bond forms through legal. Corpcomm designed a new reg card including the sweepstakes, but it's currently logjammed in legal. Rich is working on unjamming it as the clock is ticking.

Cobb agreed to be an incentive for the registration test (not surprising), and Rich is working on PC Computing for this test as well. Rich also spoke to John Pyles at Cobb about getting specially coded Cobb cards for each of our reg test cells (and the base case). No problem.

Channel
Major win: Ingram Micro increases order again to 140,000 units
I met with Ingram/Micro to review their plans. After our meeting they upped their opening order to 140,000 units from 100K. Original order I believe was 60K. They also took my suggestion to put the entire DOS team on the cover of Communique their monthly magazine that goes to all their dealers (over 7,000) and is inserted in Computer Reseller News. Unfortunately their is a timing problem. The magazine comes out before the announce and can't be moved. The July cover is already accounted for.

We are giving it one last effort.

Started working on Corporate Software to increase their emphasis behind the Upgrade as they are not committed.

Rich drafted a basic sales message/positioning/feature-benefit stuff for CorpComm team developing training video, and Steve Mallot, who's producing Ehead's training cassette. Rich, the charismatic guy that he is was then interviewed by Steve at a studio in Redmond for the Egghead DOS Upgrade salesperson training tape.

PR
Continued work on the launch. Came up with a new concept that can deliver in an interesting way our key message of No PC should be without it and the key support points related to IBM, OEM, retail, ISV, channel support as well as product strengths. It involves a shocking futuristic video opening that turns out to be a presentation by the creative group on what they think our announcement should be. We stop them and then their is essentially a mini-play that has steve and bill and actors (in the role of product mangers) portraying us as we are in real life briefing the agency to help them get the messages right. We would then end with a serious but warm, human reflective speech by Bill and a party to celebrate the 10 year anniversary of DOS and the introduction of MS-DOS 5. The PR group kept focusing on the creative rather than the content and I spent a lot of time getting them on track.

Dr. continues to get very favorable press. Dick Williams lies right and left and there seems little we can do. Equally disturbing, the press loves the David and Goliath angle and gives Dr. more than the benefit of the doubt. They don't check Dr's claims and even print negative or incorrect things about MS-DOS 5 without checking with us. The PC Mag article is a perfect example. I will get Marty involved and continue to escalate my PR effort to try and resolve.

Advertising
The battle continued... We finally agreed to a concept for our power user ad. It is a half page ad that spreads over four pages. Half page: "We wanted to expand on one of the major advantages of the Ultimate DOS" [followed by three half pages of Ks.] "Introducing MS-DOS 5, full of unforgettable features - including more memory." It is a strong ad that meets our objectives of the best DOS and an event quality ad with memory as the key support point without undermining the other points. I raised the concern that some users may not get the "K" concept and with your support will do a disaster test to make sure.

Because of the strength of this ad and the difficulty of differentiating the message in media, we decided not to do a separate MIS ad right now.

Contracts
Completed almost all of them. Ergo, Plus, IOMEGA, On-Track etc.. Verbal agreement from Novell. Verbal agreement from CPS to amend the current contract and accept a one time use of 25 % of our registered names over the first six months in exchange for no attribution at start-up and no joint press tours

Corporate Marketing
Rich presented to about 90 corporate PC people at a Corporate Software forum in Boston. These forums usually draw 30 people, so it's clear that people are very interested in DOS 5. Rich and I also gave 2 presentations each at the NYC office to about 30 people at each. In both Boston and NYC the reaction was positive. One fellow asked if he could get a few hundred Upgrades before announce.

I asked Garygi to push his team for better help with our corporate account strategy.

<u>Other</u>
Rich also attended the MSU video alpha. It needs work, and Rich gave them extensive feedback on what Rich thought the video objective should be and how that translates into specific topics. Rich recommended they avoid details one could find in the manual and focus on (1) techniques for easing installation at large sites, and (2) ways to make DOS 5 a friendly, productive environment for users.

I presented the marketing plan and materials to the entire DOS team

III.   March Objectives

General:
* Update the marketing plan
* Start win/dos team marketing meetings (richab and I agreed)

OEMs:
* To continue developing the collateral targeted for OEMs' sales forces to aggressively push MS DOS 5.
* Publish the next edition of the OEM and SMSD DOS newsletter
* To complete the ranking of top MS-DOS OEMs by revenue and units.
* Continue OEM Watch and support OEM with needed presentations and information to help move customers to MS-DOS 5
* Secure additional OEMs commitment to use the dos 5 inpack brochure.

International
Adam will finalize and start implementing his six month objectives:

1. Learn the market.

* Continue digesting subsidiary b-plans and reach a level of thorough understanding.
* Give first international scenario presentation on April 5th.
* Begin reporting intl sales data by spreadsheet.
* Understand why Windows is being successful internationally and the implications for US marketing

2. Learn the product.

* Absorb product strategy, product features, and use the product.
* Give "state of the nation" talk to IPG staff on March 28th.

3. Examine the position.

* Create rough draft of IPM matrix.
* Continue soliciting feedback from appropriate sources.

4. Establish lines of communication.

* Be the subs advocate
* Begin regular use of new aliases, mailings; work on establishing a system of info distribution.
* Begin soliciting product feedback from subsidiaries, and communicate to BU and IPG.

5. Support the BU as the international product marketing voice.

* Ensure effective win/dos presentations at both intl April meetings.
* Drive for successful intl Upgrade release.

MS-DOS 5 Upgrade:
Continue implementation of all facets of the Upgrade strategy
* Advertising - Finalize Copy
* Packaging - Done, start revisions toad tag line
* Direct Mail - Finalize 3rd party list acquisitions, direct mail copy and layout, direct mail

fulfillment strategy and close deals on direct mail and reg test incentives
* Reg test - Finalize sweepstakes and reg card, including reg test.

Field:
* Continue account and city presentations
* Start planning meetings with key resellers
* Complete corporate watch list and process for gathering info
* Start putting together MIS kit

PR
* Finalize launch event proposal - start approaching IBM
* Finish reviewers guide
* Conduct west coast press tour
* Start to develop plan to improve our PR and make the press more savy to Dr.'s machinations

Mfg:
* Work to coordinate products needs for launch

Interviewing:
* Continue search for people to fill remaining TBH

Contracts:
* Get signed contracts from Novell and CPS

Embedded/ROM:
* To finalize plans for Microsoft's participation in HP's new product announcement on 23 April 1991.

Other:
* Active war team participating as we head to RTM
* Try and get qualitative research for DOS started
* Continue presentations to developers on marketing plans to keep them involved and psyched