

**Microsoft**  
**Assignment Brief**  
**Product Packaging**

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The purpose of this brief is to inform our packaging agency, Landor, about the product, its marketing situation, and the details of the assignment. Product Manager: We will work with you to get your input on sections in blue. If you have any questions, please contact your Packaging Manager.

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Product name/version: Microsoft Office 2002 Small Business and Professional Edition - Subscription  
Initiation date with Landor: 10/5/00

### 1. PRODUCT DESCRIPTION

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What is the 1-3 sentence description of the product? Should be a flat, factual description of what your product is, not a messaging statement.

With Office Subscription, customers get all the same functionality as the perpetual license on but for a twelve month period. Upon activation, users receive full use of Microsoft Office Professional or Microsoft Office Small Business for one year. Additionally, during the term of their active subscription any new major releases of Microsoft Office Professional or Small Business are automatically sent to by mail, free of charge. Once a customer's twelve-month subscription has expired they are given the opportunity to renew via secure online payment, phone or by purchasing a new Office 2000 subscription from their local retailer.

Office 2000 Subscription allows new users to use the Office applications 20 times before activating the product. This is different from perpetual licensing which allows 50 uses before requiring users to activate the product via the Office Activation Wizard. Once registered a customer enjoys the same user experience as a perpetual licensing holder. Ninety days before expiration the first subscription reminder is presented to the customer. Notifications continue at 60 days and become more frequent 30 days from expiration. If the user doesn't renew Office Subscription by their expiration date they are given five grace uses of the product. During each grace use, the user is notified that the product has expired and asked to renew by online registration, phone or retail purchase. Should a user try to use the product after their license has expired and after they have exceeded their five grace uses the product will revert to reduced functionality mode. Reduced functionality mode will only allow a user to load, view and print files. Documents cannot be edited, files cannot be saved and macros cannot be used.

### 2. MARKETING SITUATION

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Explain applicable past and present market information. What are the marketing challenges and/or opportunities that are being addressed? Are there trends we can exploit?

Office represents an \$8 billion dollar business for Microsoft today and has predominant market share in its class. Distribution is primarily driven in the corporate environment through volume licensing but approximately 20% or over \$1 billion dollars of revenue are generated from retail or Full Package Product sales. Importantly, the Office box is the number 1 resource, tied with the Web, which knowledge workers use to evaluate the product.

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Plaintiff's Exhibit

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Comes v. Microsoft

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Office 2000 launched in June 1999. To date, the overall pace of sales is comparable to Office 97, but the volume of retail sales has dropped launch over launch. Revenue was down during fiscal year 2000 and deployments in accounts with Enterprise Agreements were slower than expected. Forecasts for the beginning of the new fiscal year indicate a continued decline in Office 2000 revenue.

We believe this lack of enthusiasm can be attributed to 4 factors: 1) the launch of Office 2000 was primarily directed at IT, 2) there was no compelling benefit communicated to end-users driving upgrades from Office 97, 3) there was no prescriptive focus to the field to promote and sell Office 2000 to end-users, and 4) the importance of end user excitement was underestimated. The result is that end-users today are unenthusiastic about Office 2000. With limited grass roots demand for the product, IT has been slow to deploy it within organizations.

Currently, Microsoft is planning to launch Office 2002 in May 2001 and Office 11 in the 2002/2003 time frame. With this release, the "marketing pendulum" swings back from an IT focus to the end user. Office 2002 was designed for, and will be primarily marketed to, the Technically Savvy Knowledge Worker and will be a trend-setting product in many ways. With Office 2002, Microsoft will introduce advancements to simplify the way people work, new ways to license the product, and new anti-piracy measures. We are committed to making our programs and content relevant, useful, and reusable for our global marketplaces. Also with the release of this version, customers will get their first taste of .NET services integrated into Office. Office 2002 will play an important and critical role in introducing this concept to customers and bridging the PC based Office experience to the web based Next Generation Office or Office.NET.

Office Subscription was rolled out on a trial basis in South Africa. Microsoft subsidiaries are very interested in offering Office Subscription in the 2002 timeframe.

### 3. TARGET AUDIENCE

*Define and profile the target audience(s) of the retail packaging. What are their needs and attitudes with respect to your product category? Include, where relevant, their attitudes toward your product and competitive offerings. Specify IT, Dev or End User Target.*

See Office 2002 Small Business and Office 2002 Professional target audience profiles and mindset.

The target audience of Office Subscription is price-sensitive, not necessarily willing to pay for a perpetual license. In addition to the Small Business and Professional target audiences, Office Subscription will also appeal to SOHO and home users. In general, target audience has 1-2 PCs whether they are an individual or a business owner.

### 4. COMPETITION

*Who are the main competitors to the product? What are their strengths and weaknesses? Where can MS win?*

#### **Prior Versions of Microsoft Office**

Over the years, Microsoft Office has achieved significant presence in the productivity suite market. Competition not only arises from competing retail products but from previous versions of the product, specifically Office 97. The market has evolved into a "skip" pattern where most users tend to skip a release between upgrades as many users say they are satisfied with the current version and do not perceive a need to upgrade.

#### **Sun StarOffice 5.2**

Sun StarOffice is a cross-platform Web application suite only 65MB in size. Unlike Microsoft Office, which is PC based platform, Star Office is network based and downloaded for free. It works on Windows, but also under Sun Solaris, OS/2, and Linux. StarOffice includes a word processor (Writer), spreadsheet (Calc), database (Base), presentation maker (Impress), illustrator (Draw), and PIM (Schedule), as well as a built-in browser (IE can be plugged in instead) and email and newsgroup reader front ends. It can save files in Microsoft's Word,

Excel, and PowerPoint. However, it lacks strength in solutions for deployment, support, and maintenance costs, integration with the Web and the enterprise, and enhancing the end user experience. Linux bundles its operating system software along with Corel desktop applications as a bundle. Star Office is also trying to duplicate the look and feel of Microsoft Office.

### **Corel Word Perfect Office 2000**

Reveal codes that let you take control of complex, structured andialized documents. It includes Web technologies from Trellix® and NetPerfect® and has additional speech recognition software in some editions. It also has compatibility with Microsoft Office and supports HTML, ODBC, Java™, SGML and XML.

### **Lotus SmartSuite**

Lotus SmartSuite is a 32-bit Windows application suite. It includes a word processor (WordPro), Spreadsheet (123), database (Approach), presentation (Freelance), and PIM (Organizer). Using IBM's via-voice Lotus SmartSuite has integrated speech recognition into the word processor and spreadsheet products. It also has compatibility with Microsoft Office and supports HTML and XML.

### **Office Subscription vs. ASP**

Competitive intelligence does not suggest any pending releases from other suite vendors of boxed subscription licensing. Boxed office subscription will need to deal in a limited fashion with ASP models. Generally speaking boxed twelve month subscriptions are seen as a consumer and SOHO friendly subscription model where ASP is seen as a more viable model for companies who would routinely qualify for Open or lower levels of Select licensing and who are working with ASPs to outsource their IT

### **Office Subscription vs. Pro/SB**

Many potential boxed product customers will be evaluating both perpetual licensing and subscription licensing. Perpetual licensing will be perceived as more valuable for customers who historically have skipped product release cycles or are unwilling to perform the yearly registration or retail purchase necessary to keep a twelve month subscription license active. Subscription licensing will be perceived as more valuable for customers who are looking for the highest level of productivity for the lowest initial cost of acquisition, frequent upgraders, and individuals concerned about having their software investment become outdated.

## **5. POSITIONING**

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*Singularly focused statement, 1 sentence, that answers the following questions: What is it or what does it do? What is the main product benefit? What differentiates it from other products in the market place?*

### **Positioning Statement**

Microsoft Office 2002 simplifies the way you work, delivering increased control and reliability, while improving team effectiveness.

Office 2002 Subscription carries the same customer promise as the perpetual product; however, due to the unique nature of the licensing the following positioning statement should be used in addition to the generic Office 2002 positioning:

Microsoft Office 2002 Subscription offers you all the same benefits of Microsoft Office in a convenient twelve-month subscription period.

### **Key Support for Positioning**

See the Office 2002 Positioning Document.

## **6. TOP BENEFITS/MESSAGES**

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*What are the top product benefits, in priority order?*

Subscription Specific Benefits:

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- A complete productivity solution in a convenient twelve month term
- Running Technology Guarantee: The automatic upgrade policy for current subscribers creates a running "technology guarantee" for the customer as long as they stay an active subscriber.
- Automatic notification and upgrades: Automatic notification and no cost delivery of major upgrades creates a strong convenience factor
- Choice of if and when to upgrade Office to the latest version
- Complete choice on future licensing: Should a new Microsoft Office user purchase a twelve months subscription and decide later that they would like to upgrade to a perpetual licensing the investment in the subscription license qualifies that customer for upgrading to any perpetual Office product.

See Office 2002 Professional and Small Business Top Benefits/Messages and positioning frameworks for additional details on benefits, features, and support points.

## 7. PRODUCT DISTRIBUTION

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What is the percentage of product sold, licensing vs. packaged? (Units and revenue)  
100% FPP

What are the channels for distributing packaged product?  
Direct, DMR, Managed Outbound, Retail, VAP

What is the distribution mix between the channels?  
TBD

What is the mix of FPP vs. Upgrade? (Units and revenue)  
100% FPP

What is the estimated monthly sell-in of FPP vs. Upgrade?  
TBD

Note: This product offers identical margin as non-subscription products.

## 8. PRODUCT PRICING

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*How much does the product cost? What value does the packaging need to convey?*

NA English FPP:

Office 2002 Small Business Subscription \$ 99.95

Office 2002 Professional Subscription \$129.00

NA English VUP:

Office 2002 Subscription will not have VUP SKUs. Same SKU used for initial purchase may be used to renew an installed copy of Office subscription for an additional twelve months.

## 9. RELATED MARKETING ACTIVITIES

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*List other relevant marketing activities happening during the next six months. E.g., advertising, launch event, road shows, etc.*

**Office 2002 Subscription Specific Announcements:**

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- The Office press team is providing a select group of print journals early access to Office subscription information under NDA. Stories to be printed post Comdex.
- Tentative plans call of at least a limited announcement of subscription functionality in Office 2002. It is not our intention to announce a SKU line-up or pricing until early 2001.

## 10. ASSIGNMENT

*Briefly describe packaging assignment and components needed in this section.*

(1) Create all components of retail packaging for Office Professional (see section 13 for complete list)

(2) Create ad kit materials

Timing: Final RTM of 3/6/01 for Professional, 3/9/01 for Small Business, Handoff to Loc on 12/20/00

Note: Front of Box visual identity is being created in a Branding team project. Logotypes will also be created by the Brand team.

## 11. COMMUNICATION OBJECTIVE

*What is the primary communication this packaging needs to convey? Retail packaging: Introduce new product or version, highlight new features/benefits. Enterprise packaging: Reinforce purchase decision and product benefits.*

Overall: This is retail packaging to introduce a new version of the product as well as a new licensing model. We want to highlight new features and benefits as well as "expose" important existing features that customers may not currently use. Need to clearly communicate that this is a time limited, twelve-month subscription term that offers the full value of Office.

Front-of-Box (FOB): Communicate that this is an Office suite. Box needs to pop off the shelf. Needs to differentiate products, as well as encourage customers to pick up Pro first.

- (1) Visually distinguish SKU from perpetual product in a clear, obvious manner
- (2) Convey twelve month licensing term
- (3) Use visual identity created as part of overall brand strategy
- (4) List applications included in suite for customer reference

Note: The Small Business box will not be flapped. Professional could use a flap to indicate to customers that there is extra value in the box. (Would like a recommendation here.)

Back of Box (BOB) and Flap: Communicate features and benefits in a manner that is easy for skimmers to absorb, while giving additional information to those who really want to delve into the product's detailed features. Copy should present solutions for the target audience, highlighting key tasks and scenarios that Office 2002 addresses. Product components and functionality should be clearly conveyed, with some emphasis on what Pro offers that the other suites do not.

- (1) Visually distinguish SKU from perpetual product in a clear, obvious manner
- (2) Convey twelve month licensing term
- (3) Convey benefit of automatically receiving major product release updates by mail
- (4) Describe renewal process and three ways to extend a subscription (online secure payment, phone, retail box )
- (5) Describe reduced functionality mode after subscription expires
- (6) If flapped, will contain screen shots; BOB should be mostly text based.
- (7) Product updates website (Office Update) should be highlighted. Technical support may also be highlighted, room permitting.

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Tone and Manner: Business tone balanced with approachability has been the standard, but we would be happy to hear the writers' recommendation on tone.

## 12. TIMING

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*What are the major milestones for the product?*

Software Code Complete: Done

System Requirements Final: TBD

NA English Software RTM: 3/6/01 for Professional, 3/9/01 for Small Business

Delta of First Localized Language RTM: 3/9/01

Estimated Channel Availability Date: Late April

Initiative Portfolio: April

First Date Artwork Needed for Creation of any Marketing Materials: Need logotype by end of October (Branding team deliverable)

Milestone Trigger Date: RTM

Ad Kit Materials due: Per April schedule

## 13. COMPONENTS

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*List of components to be created including cartons, CD components, EULAs, etc.*

### **Small Business**

- 1 NA FPP Carton - ESL
- 1 Intl Eng FPP Carton - ESL (may not need, waiting for confirmation)
- 1 FPP CD Label - ESL, ETE
- 1 NFD CD Label - ESL, ETE
- 1 Frontliner - ESL
- 1 Backliner - ESL

### **Professional**

- 1 NA FPP Carton - ESL
- 1 Intl Eng FPP Carton - ESL (may not need, waiting for confirmation)
- 1 FPP CD Label - ESL, ETE
- 1 NFD CD Label - ESL, ETE
- 1 Frontliner - ESL
- 1 Backliner - ESL

OEM Components TBD

Note: Frontliners may turn into leaflets if additional space is needed to address FAQ.

## 14. ADDITIONAL INFORMATION

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*Other requirements for the packaging components.*

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Required logos or certification (i.e. Windows 2000): Certified for Windows 2000 logo (Win 2000 and Win ME)

Other icons/logos needed: N/A

Back of box cross-sell: N/A

Back of box web site URL: TBD

Box size configuration: Same as for Pro 2000 or Small Business 2000, respectively

Qualifying upgrade products: N/A

Other considerations: This product will be using the Edge to Edge CD hologram technology

Related Deliverables:

Ad Slick: Y, standard deliverable

Electronic Box Shot: Y, standard deliverable

Mock-ups: Y, quantity 5

## 15. CONTACTS

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