Desktop Applications Division

Summary of Product Marketing Plan and Budget
Product Name: PowerPoint

I. OBJECTIVES / OPPORTUNITIES

Situation Analysis
PowerPoint holds a 48% share of the Windows presentation graphics market (worldwide units), with Lotus at 20% and Software Publishing at 19%. On the Macintosh, PowerPoint dominates, with a 63% share vs. Persuasion at 8%. The presentation graphics category grew 58% with Office in CY92 (39% without Office). 1992 was the year Windows came to dominate DOS, with Windows products growing from 42% in 1991 to 77% in 1992 of the total PC market.

The percentage of PowerPoint units contributed by Office is 70% today; we expect it to climb to 80-85% in FY94. In terms of revenue, Office contributes around 50% today, growing to 60% in FY94. Office is expanding the market for presentation graphics, not just delivering shelfware but enticing new users. 49% of Office users say they installed PowerPoint and they use it (a high percentage compared to the 10% penetration against cpu's for the category). And, usage is higher among Office users than previously anticipated, with fully 50% claiming to use PowerPoint 2-5 hours per *week* and 25% claiming more weekly usage. Only 25% of the PowerPoint users use the product less than 2 hour per week.

PowerPoint is significantly under-distributed. Win PowerPoint Indirect distribution *breadth* (1 or more units/month) of 420 outlets compares unfavorably to Word at 2000, Excel at 2100, and Project at 700. PowerPoint Indirect distribution *depth* (3 or more units/month) of 115 outlets is similarly disappointing compared to Word at 650, Excel at 680, and Project at 230. This situation is even worse on the Mac.

PowerPoint has displaced Persuasion as the leading Mac product, winning the review Triple Crown in MacUser, Macworld and MacWeek. Unfortunately, this is not true on Windows. Freelance has achieved best of breed status on Windows via a solid version 2.0 release and excellent positioning against first time users. In fact, ignoring Office and looking at standalone sales alone, we believe Freelance's market share surpassed PowerPoint's in 1992 (32% for Freelance and 30% for PowerPoint). Aside from expecting the Freelance team to continue to do well, a more competitive 1-2-3 and resulting better Smart Suite (plus a Mac version of Freelance and Smart Suite) will keep Lotus our key competitor.

Harvard Graphics' domination of the DOS platform has not translated to a leading Windows position. SPC's anticipated Windows version 2.0 release could reinvigorate sales, but without a suite offering the company remains vulnerable. WordPerfect released WP Presentations for DOS in early 1993 and promises to ship a feature-rich Windows version in Q3. Borland continues to claim Quattro Pro does presentations; most observers don't agree. We look for a new release of Micrografx Charisma before 1994, and believe Claris Hollywood is being discontinued.

Long Term Goal
Long term, we need to expand the market for presentation graphics and own the installed base.

Top 3 Strategic Objectives for FY94
1. Be perceived as the presentation graphics market leader worldwide.
2. Increase awareness and usage of PowerPoint among Office users.
3. Increase distribution breadth and depth of PowerPoint in US.

Strategies
Launch PPT 4.0 and achieve presentation graphics market leader worldwide.
- Leverage Office action and converge marketing action with other Office apps.
- Announce PPT 4.0 in January -- create 2nd Office train.
- Achieve category leadership by effectively positioning PPT against Freelance.
  - Position PPT 4.0's new ease-of-use features (including Wizards) as major advances.

- Define usability more broadly than just first time usage.
- Define how the market should evaluate presentation graphics products.
- Create a leveraged international effort to achieve leadership position in the top 3 markets.

Upgrade 40% of PowerPoint registered user base by tying into Office upgrade efforts.

Migrate DOS presentation graphics installed base to PowerPoint by leveraging Office action designed to move DOS users to our Windows apps.

Increase distribution breadth and depth of PPT in US.

Leverage fall Office advertising and promotion to achieve PowerPoint sustaining goals.

- PPT inclusion in fall Office enthusiast advertising.
- PPT inclusion in fall Office business press advertising.
- PPT inclusion in fall cross sell promotion.

Educate MS audiences, Office users and corporate prospects on Creating and Giving Effective Presentations using PowerPoint.

- Joint development of content for WW Seminar and Training programs.
- Training for Office product managers
- Support Office team demos and presentations.
- Work with third parties to develop end user training programs.

II. KEY METRICS

US Metrics	Windows	Mac
PPT Standalone Units		
New Users	78,000	40,000
Competitive Upgrades	26,000	8,000
Version Upgrades	44,000	22,000
PPT Standalone Revenue ($000)		
New Users	$13,273	$6,902
Competitive Upgrades	2,624	707
Version Upgrades	2,766	1,375
Channel -- Indirect		
Breadth	600	300
Depth	175	125
Market Share -- Units	62%	72%

III. KEY RISKS

- By focusing PPT 4.0 primarily on convergence and synergy with Word/Excel (de-emphasizing category enhancements) we must re-educate reviewers if we are to achieve best of breed status and beat Freelance.
- Channel action focusing on Office could erode PPT standalone distribution and make it harder for us to compete against Freelance and Harvard Graphics.
- Office demand-creation action does not support PPT sufficiently enough to make up for reduced standalone action, resulting in share losses.

IV. TARGETED CUSTOMER SEGMENTS

PowerPoint promotion should be primarily targeted at the Desktop Office category, with a secondary emphasis on Small Business.