Microsoft Corporation
Applications Division 1990 Annual Report

Microsoft·

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A Message from the Vice President

1990 is a year to be proud of! We shipped 15 new versions of products on the Windows, DOS, Macintosh, and OS/2 platforms. Our net revenues grew by 65%, and our profits jumped a whopping 120%. And the most important asset to the division, the Applications family, grew to 753 superstars.

We have many new opportunities and challenges to face. Our applications must be more consistent and work together better, and we have to share as much technology as possible. But above all, we still need to be fully committed to producing the best applications products the consumer can buy. With the new products and technologies we are developing now, we will be ready to meet this challenge.

With your continued support, innovation, and dedication, the Applications Division can exceed the goals of the future.

Thanks for your hard work.
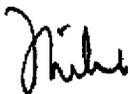
Mike Maples

New Products

During 1990 we shipped a number of new products and product revisions across all platforms:

BASIC Professional Development System
PC Flight Simulator
PC Multiplan
PC Works
PM Excel
Mac Arabic Excel
Mac Excel CL/1
Mac Works
Mac CD-ROM Office
Windows Excel
Windows PowerPoint
Windows Project
Windows Q + E
Windows Word
Windows Write

Organization Changes

During 1990 we formed the Applications Strategy group, whose mission is: 1) to provide and support shared tools that help the Applications Division develop world-class applications more efficiently than our competitors; and 2) to realize our office-automation vision by developing an application framework and design standards for our future applications. Under the direction of our new vice president, Darryl Rubin, groups were formed and consolidated to work on development tools and libraries, UE tools, the object-oriented application framework, user interface design, and TRIO support.

The Applications Marketing group was formed to provide a focal point for marketing issues that affect the entire Applications Division. Applications Marketing helps integrate the separate business unit marketing plans while addressing issues that cut across all applications products. Because it takes more than one small group to achieve all of this, Applications Marketing works with many other groups in Microsoft. Beyond the Applications Marketing group itself, the Applications Marketing Council helps individual product managers focus on issues that affect the whole division. Examples of the Council's work include reducing COGS, developing new packaging guidelines, working with PSS to improve the competitive advantage of our product support,

providing better professional development for product managers, and finding specific ways to improve the way we do business.

In an effort to improve productivity and reduce costs, User Education looked into ways to level the uneven workloads of their four Production groups. ABU and DABU combined their Production groups to take advantage of their counter-cyclical product release schedules, while OBU and EBU realigned job duties and downsized their Production groups. When combined with the economies created by standard book designs, the Production groups now operate more efficiently and with fewer people.

New Technologies

The Entry Business Unit continued to set the pace for CD-ROM development across the division. The group built audio and imaging labs, became proficient at new authoring tools and technologies, and provided numerous demonstrations of the multimedia CBT courses they have developed.

A group within the Office Business Unit is working on handwriting recognition algorithms to add to Windows 3. This version of Windows, called Windows-H, will enable users to use notebook-type systems. These "slate-type" computers will be about the same size as a notepad and use a stylus as their primary form of input. Windows-H will run all existing Windows 3 applications unmodified and will also allow applications to be developed specifically for the stylus. This group will also be developing applications, such as a notetaker, that are very well suited to this platform.

The Applications Framework Group, part of Applications Strategy, started work on our new development environment. Their goal is to create an applications framework that will provide the functionality needed for future "sea of objects" applications while easing the creation of GUI applications for mid- to high-end ISVs. The project is designed for object-oriented programming, which encourages the design of modular, reusable, and extensible software that is portable across the Windows, Presentation Manager, and Macintosh platforms. This project will also help to support our international localization goals.

While we were working in these areas, our development staff also came up with four patentable ideas during 1990. During 1991, we would like to double this number to eight.

Development Process

We witnessed many significant improvements within Applications Development this past year. We have shown an increased awareness and commitment to developing quality software through the definition and refinement of a Zero Defects attitude. By completing quality designs prior to coding and using mentors and code reviews during code implementation, we have improved our ability to accurately predict project schedules. And the creation of the Applications Training Center, formerly known as the ADC, has improved the quality of our education and training.

The introduction of 386/33 and 486/25 machines has reduced compile times and build times for our products. And some groups have implemented a distributed make facility that reduces product compile times significantly by using many machines simultaneously across the network.

This year we also set the goal to develop object-oriented systems. The benefits of this goal won't be realized immediately, but there is great potential in these systems to improve the quality of our products while providing more features with less development effort.

Next year will present many new challenges. We need to reduce the time it takes to develop new products and enhance existing products, while continuing our efforts to improve the overall quality of our entire family of applications. Most projects will start or continue the process of converting from the old CS development tools to the new start-of-the-art C7.0 tools. Also, a few projects will start the process of supporting new environments. Many new environments are emerging or gaining acceptance, and we may be asked to provide at least one product on each of these environments next year: NT OS/2, OS/2 2.0, Amiga, and Atari.

Division Attitude Survey

Again this year we conducted a survey of all Applications Division employees. Most areas saw some improvement, but there are still areas that stand out as needing to be better. The key areas that need improvement are: employee development and education; internal communication; and cutting administrative structure. Departments are developing action plans to improve their performance in these areas during FY'91.

Headcount

During 1990 the Applications Division grew from 589 employees to 753. More emphasis was put on hiring experienced staff, minorities, and females this year.

FY'90 Headcount by Function
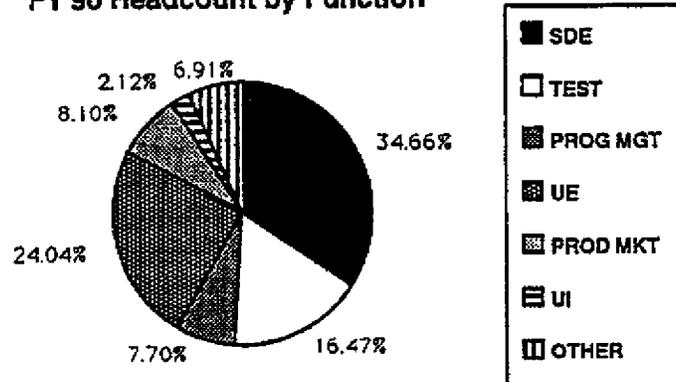
Priority was also put on hiring additional development staff (software design engineers, software test engineers, and program managers). This group now accounts for more than 50% of the division staff. In FY'91 our plan is to increase this percentage further.

Even with our growth, we were able to keep our attrition level below 5%.

Business Results

Net revenues of $562.9 million were 10.7% above our plan of $508.6 million. Burdened operating income came in at $153.3 million, or 73.0% above plan. And division COGS showed great improvement, contributing to our success by coming in at 22.4% actual, versus a plan of 25.7%.

	Actual		Plan		Variance
Net Revenue	$562,965	100%	$508,636	100%	$54,329
COGS	126,301	22.4	130,886	25.7	4,585
Operating Expenses	128,733	22.9	136,097	26.8	7,364
Allocations - R & D	13,313	2.4	14,108	2.8	795
Allocations - Mktg	132,851	23.6	130,964	25.7	(1,887)
Allocations - General	8,458	1.5	7,958	1.6	(500)
Burdened Income	$153,309	27.2%	$88,623	17.4%	$64,686

During 1990, the packaging committee looked at new packaging standards for Applications products that should help us lower COGS even further. The result was a new packaging configuration that will be used by all high-end products. The new packaging is durable, more cost-effective, and allows for permanent storage of documentation and disks. The packaging is made up of perfect-bound manuals and a corrugated slip case and will begin showing up on store shelves in September.

International accounted for 57% of all Applications gross revenues this year. Key products across International retail channels were Word, Works, Excel, and an old favorite in Japan, Multiplan!

REVENUE MIX BY CHANNEL & WW
PROFITS
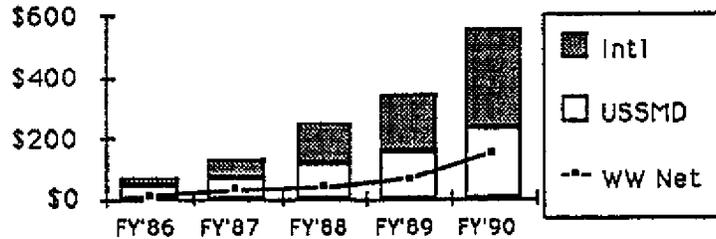
Key Objectives

Keep the small-company spirit
Continue making product development more efficient
Maintain the accuracy of product scheduling
Provide more and better education and training
Foster innovation and creativity
Have fun

Technical Objectives

Improve consistency across our products
Take full advantage of interoperability in our applications
Share more code across products
Move development to standard tools
File for more patents
Develop better localization tools
Improve CBT tools

Personnel Objectives

Develop management skills
Foster personal and career growth
Share more information
Eliminate inefficiency

Business Objectives

Keep profitability high
Cut waste
Control costs
Cut bureaucracy
Improve market share

MICROSOFT MEMO

TO: Mike Maples
FROM: Darryl Rubin
SUBJECT: Applications Strategy Annual Report 1990
DATE: August 8, 1990

The Applications Strategy group was formed in March, 1990. The group consolidated several previous groups: development support, UI architecture, applications architecture, and TRIO. Our mission is to provide and support shared tools that help the Microsoft Applications Division develop world class applications more efficiently than our competitors, and to realize Microsoft's "information at your fingertips" OA vision by developing an application framework and design standards for our future applications.

Our current organization has six groups:

o AFX, responsible for developing the object oriented application framework. Their initial target is to deliver the object oriented runtime services and form editor needed for UI programmability of excel 4.0 via the Silver language; AFX will also deliver a set of foundation C++ classes for inclusion in C7. Their longer term objective is to deliver a world class user interrace builder (aka "Nextstep killer") based on the technology they develop for Silver/Excel 4.0, and to finish the rest of the oo framework needed for building complete object oriented applications.

o Applications architecture, responsible for defining our long term technical strategy for building object oriented applications that realize the "information at your fingertips" vision. Their initial focus has been to define the mechanisms need to support external programmability and compound document features ("linking and embedding") in current Microsoft applications and to propose a data storage strategy for implementing the "information at your fingertips" vision. Longer term the group will see this work through and solve other cross-application architecture problems, such determining how applications will evolve from an MDI to SDI model, and will provide training in object oriented design to the Applications division.

o Development tools and libraries (DTL), responsible for shared tools and libraries like the CS compiler and debugger, CW and SDM dialog manager, dialog editor, setup and the Raid bug tracking database. DTL's tools charter spans the entire development process, from design and coding tools to test, profiling and bug tracking tools. Their next focus is to facilitate the transition of applications development to the C7 environment and to implement a more aggressive tools strategy to streamline the application development and test process further.

o Online learning, responsible for our common help engine and CBT authoring and runtime tools. This group also provides the common browse engine technology used by the multimedia group. Their near term charter is to meet current customer commitments and to define a more aggressive technical strategy for help and cbt that will reduce the cost of developing online information for our products and that will let us include intelligent agents and multimedia-based information in help/cbt lessons.

o UI Architecture, responsible for defining the common user interface and documentation standards that Microsoft applications will follow, and for performing user interface design consultation and usability testing for the company. Besides continuing and expanding on this work, the UI Architecture group will be responsible for proposing a "user model" that will guide and unify the UI design of Microsoft's future applications and shell.

o Application Training Center, responsible for designing and constructing developer training courses for Applications developers. The ATC currently teaches a Windows development course.

o TRIO, responsible for performing various application installation, configuration, and troubleshooting services on behalf of the Applications division.

ACCOMPLISHMENTS FROM LAST YEAR

AFX

o Group formed May, 1990.

o Established feature and platform objectives, established initial customer (Silver / Excel 4.0), defined design methodology and established schedule for the design phase. Design is in process.

Applications Architecture

o Defined protocols and user interface for linking and embedding

o Provided initial technical direction on external programmability and did design work for the information data types (IDT's) to be supported by Excel and Pyramid

Development Tools and Libraries (DTL)

o Shipped major upgrade or bugfix releases of nearly every tool owned by DTL.

Online Learning

o Five releases of the DOT tool and runtime were shipped, supporting Excel 2.1c and Winword 1.0 and 1.1 in U.S. and several international versions, and for PM Word and Project U.S. versions.

o Winhelp 2.5 and 3.0 were shipped. Winhelp 2.5 supported WinWord and WinProject in U.S. and several international versions. Winhelp 3.0 shipped as part of Windows 3.0. PMHelp 2.5 and Machelp 1.0 were also shipped, supporting U.S. and international versions of PMExcel 2.2 and MacExcel 2.2 respectively.

UI Architecture

o Performed UI and graphics design consultation for many products. Contributed significantly
  to the graphics design for Windows 3.0 and PM 1.2, creating these products' "3D look".

o Constructed a dedicated usability lab and performed over 20 usability tests

Application Training Center

o Developed and conducted the Windows developer's training course

TRIO

o Provided a lot of great internal support for MS applications and applications servers

o Assisted with virus detection and elimination for the company. Released a set of tools
  each group can use for this purpose.

GOALS FOR NEXT YEAR

AFX

o Complete development and testing of object runtime and form editor for Silver

o Code complete on class library for C7

Applications Architecture

o Expand linking and embedding design to encompass hyperlinking, multimedia objects,
  and in situ editing. Define and implement an API library for l&e and implement l&e in
  Win Write and Paintbrush.

o Complete design work on IDT's

o Develop and prioritize overall architectural plans needed for realizing the "information
  at your fingertips" strategy, pursue design and prototyping appropriately.

o Develop and conduct the object oriented design course

Development Tools and Libraries

o Ship SDM 3.0 in January 1990.

o Develop and deliver the new Dialog Editor version for Excel 3.0 and Word 2.0, and the
  new Developer Dialog Editor that supports internationalization.

o Develop and deliver a new CW version emphasizing size/speed improvements

o Develop and deliver the GUI setup tool.

o Chart out and begin to implement a more aggressive tools strategy for streamlining the applications development process.

Online Learning

o Complete and ship Winhelp 3.5.

o Ship Dot 2.0 for Windows

o Develop and deliver Help 4.0

o Ship Ted for Word 5.5

o Define a more aggressive technical strategy for help and cbt focusing on lower cost information development and delivery, with capability for exploiting multimedia information, intelligent agents, and the l&e architecture.

UI Architecture

o Publish style guides for

- application ui design
- graphical design
- editorial and UE authoring styles

o Define applications user model

o Continue excellent work in design consultation and usability testing

Application Training Center

o Develop and conduct several courses selected from the following topics: PM, OS/2, 80x86 assembler, 68K assembler, SDM, CW, C, and software project management.

TRIO

o Continue great record of internal applications support.

Microsoft Memo

To: Mike Maples
From: Pete Higgins
Date: 7/24/90
Cc   Analysis Business Unit, Phil Welt, Claudio Papetti, Marc Niaufre, Yoshifumi
        Mamiya

ABU ANNUAL REPORT
FISCAL YEAR 1990

BUSINESS VOLUMES

- Worldwide revenues were 99.9% of plan for the year as we fell a paltry $250K short. Net revenues of $182.7 million were 48% higher than FY89.
- USSMD revenue was 96% of plan, or $77.6M vs. $80.8. FY90 revenues grew 43% over FY89.
- Int'l retail was 102% of plan, or $109.9M vs. $107.6. Int'l retail grew 67% in FY90.
- Int'l retail was 58% of ABU revenue in FY90.
- FY90 revenue mix by product and channel:
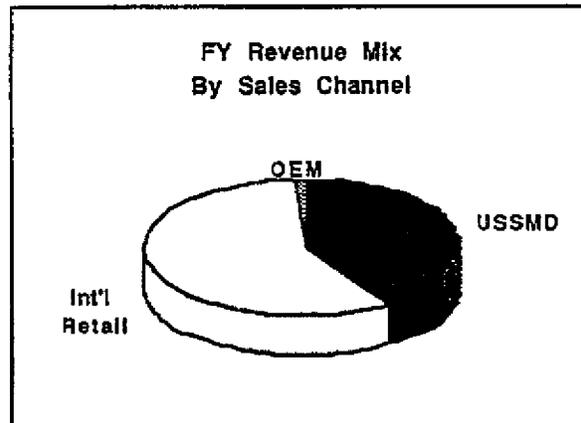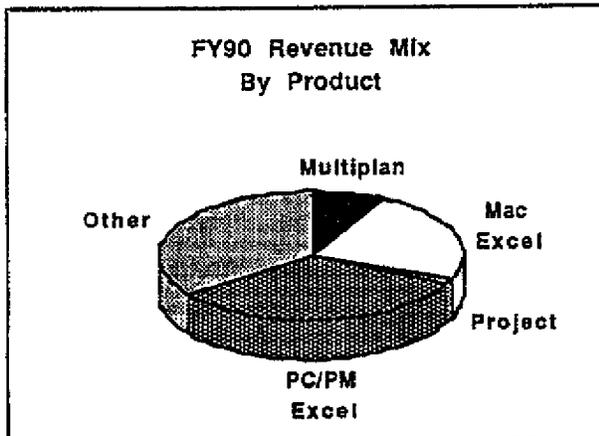
- Key revenue variances by product (worldwide):

Product	USSMD	Int'l Retail	OEM	Total Variance
PC Excel	($5.5M)	($2.1M)	($.5M)	($8.1M)
PC Excel Upgrades	($3.5M)	($2.3M)		($5.8M)
PM Excel	($1.0M)	($1.8M)		($2.8M)
PC/Win/Mac/PM Project	($6.8M)	($3.2M)		($10.0M)
Mac Excel	$3.0M	$(.6M)		$2.4M
Mac Excel Upgrades	$4.6M	$2.8M		$7.4M
PC Multiplan	$105K	$5.6M	$1.06M	$6.8M
TOTAL	($3.2M)	$2.4M	$.5M	($.3M)

Microsoft

- Mac Excel revenue (incl. updates and Mac Office) grew by 55% over FY89. Excluding updates, revenue growth was 33.7%. We sold 250K units of Mac Excel in FY90.
- Worldwide PC Excel revenue grew 67.6% over FY89. Int'l retail grew 95%. USSMD revenues grew 36%. PC Excel unit sales grew by 50%. We sold 314K units of PC Excel in FY90 and 18K units of PM Excel.
- The USSMD sell-through trend for Mac and PC Excel was positive throughout the year. The June 1990 PC Excel spike is particularly encouraging. Let's hope that it is the beginning of a major demand shift due to Windows 3.0.

US Retail PC Excel Sell-Through
Includes Node Packs

US Retail Mac Excel Sell-Through

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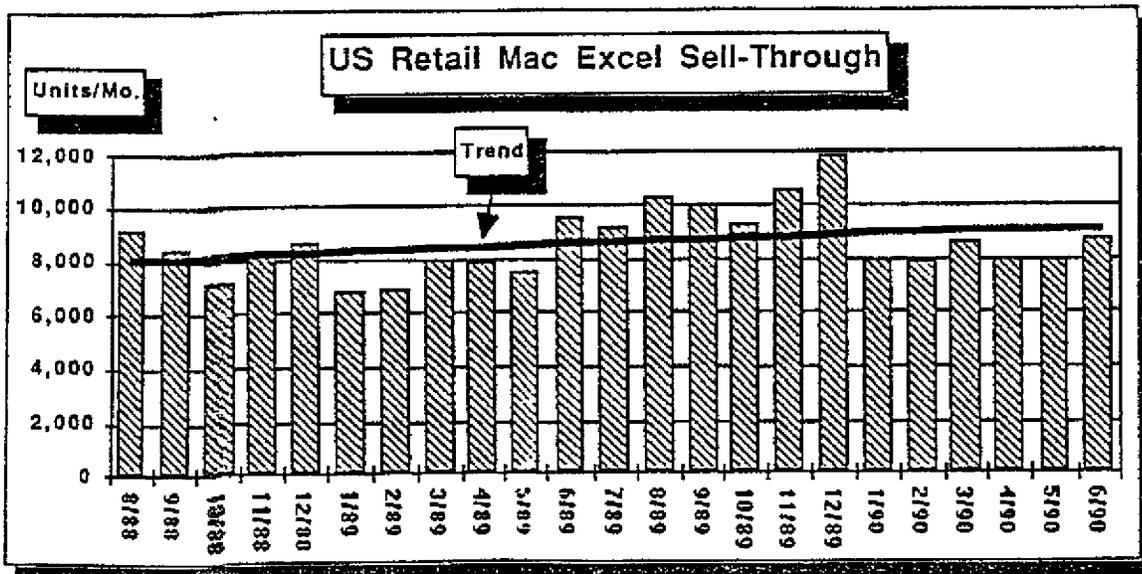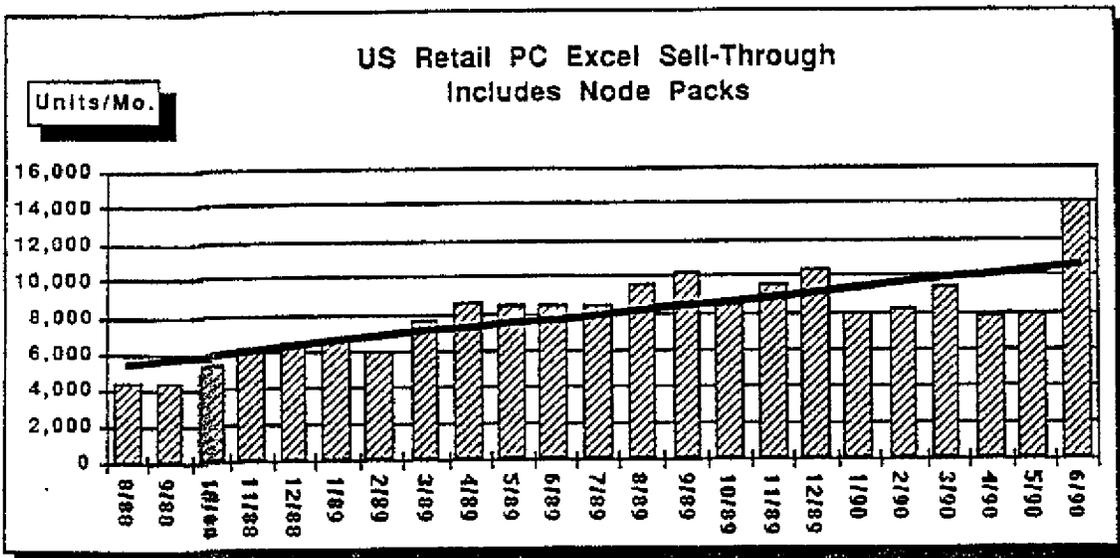
ABU Worldwide Revenue vs. Plan
Cumulative FY90, by Product

Legend:
- Updates&Other
- Mac XL Update
- Multiplan
- Project
- Win Project
- Mac Excel
- Win Excel
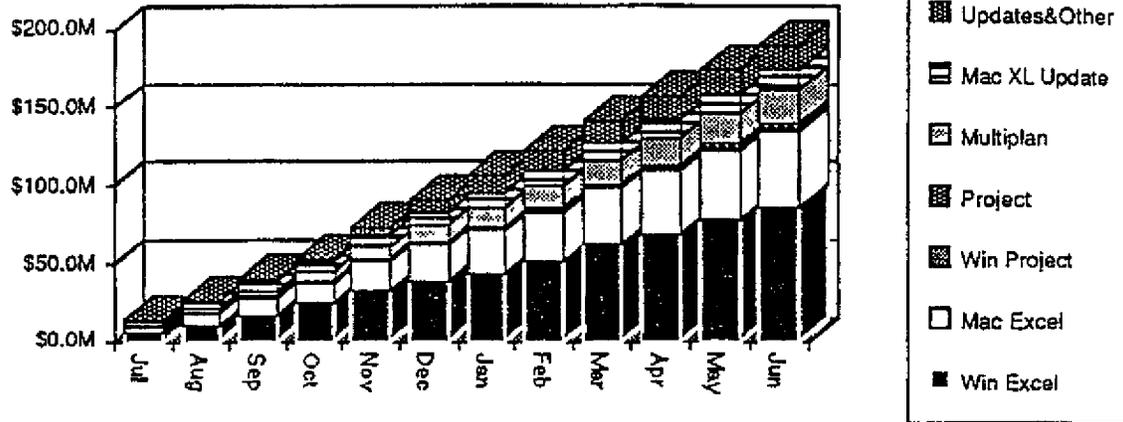
ABU Worldwide Revenue vs. Plan
FY90, By Product

Legend:
- MP Update
- Multiplan
- Proj. Update
- Project
- Win Project
- Mac XL Update
- Mac Excel
- Win XL Update
- Win Excel
- Plan
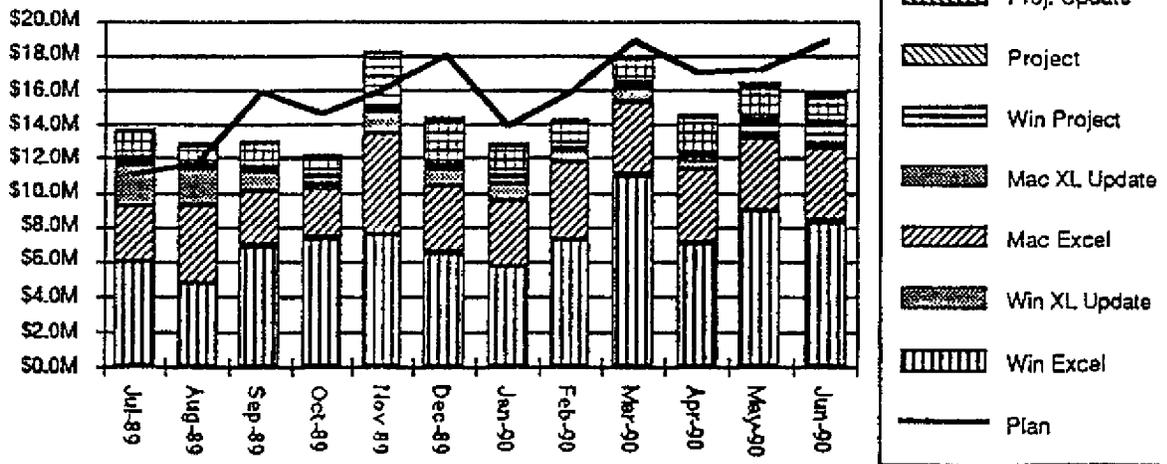
PROFITABILITY

- Burdened operating income exceeded plan by $5.5M, or 11%, due largely to COGS reductions. USSMD product COGS were 13.6% of revenue vs. a plan of 18.6%. Int'l retail product COGS were 17.9% vs. a plan of 16.2%, although they dropped to 15% in Q4 due to significant BOM changes to PC Excel.

- PC Excel standard COGS (USSMD) was reduced from $45 in June, 1989 to $21.77 as of July 1, 1990. Changed documentation binding methods, disk count reduction, disk compression, and removal of discretionary pieces in the package were responsible for the cost decrease. This, obviously, had a major impact on overall BU COGS. USSMD cost of goods sold June, 1989 vs. 1990 and FY90 overall:

Major Products	June 1989	June 1990	FY90
PC Project	14.2%	14.6%	14.8%
Win Project	NA	8.8%	7.9%
Mac Excel	8.9%	10.0%	9.3%
PC Excel	22.7%	8.5%	12.9%
ABU TOTAL	NA	11.4%	13.8%

- Burdened operating income was 29.9% of revenue. Plan was 26.9%.

PRODUCT DEVELOPMENT

- Our first OS/2 PM application, PM Excel, shipped in early October and was successfully announced in New York City. Developing for early versions of OS/2 has been a hassle, but having a PM version of Excel available has been a positive strategic statement.

- Windows Project 1.0 shipped in May! Initial customer and editorial reaction has been favorable. Our positioning has been accepted, and we are well on the way to being the standard to which others are compared. At press time, Project was rated PC World's "Best Buy" in the project management category. Although it took a long time, product quality is high. We are moving quickly to develop Mac and OS/2 versions as well as beginning work on Project 2.0. We are also beginning an investigation of doing Planner/PIM, a low-end, non-CPM-based project manager for business professionals.

- Kanji, Arabic, Hebrew, Farsi, and Greek Mac Excel 2.2 shipped in the first half of the fiscal year, reflecting our continuing commitment to quality localization of our products.

- The last version of Multiplan, 4.2, was completed in December.

- WinGraph shipped as an integral part of Windows Powerpoint in May. The WinGraph team has transferred from EBU to ABU and is beginning work on the next generation of shareable charting code.

- All teams are making great progress on Excel 3.0, a product we plan to ship for Windows late in 1990. We have implemented new scheduling and development methodologies while developing Excel 3.0 simultaneously for Windows, Mac, and PM. Localization work is also happening in parallel. The success of these things has greatly exceeded our expectations, the interaction of testing and development has been superb, and we're excited about the prospect of shipping a great new version Excel 3.0 in 3 environments. Excel 3.0 is on schedule—we intend to keep it that way.

- Another highlight of Excel 3.0 will be the leveraging of 3rd party developers. It will include a non-linear solver from Frontline Systems and Q+E from Pioneer Software.

- A team headed by Chris Graham is developing a Lotus compatibility mode and we will be able to interpret Lotus Macros in Excel 3.X.

- Excel 3.0 will also be the debut of a core documentation strategy. The Function Reference is the same for all environments, and the User's Guide will use the same doc file to produce different books for Win/PM and Mac platforms. Mac differences will be minor and clearly called out to ease localization. We are working hard to improve international hand-offs and are making good progress.

- The Excel 3.0 Tutorial will now feature mouse support and will address switching issues for Lotus 1-2-3 users.

- We also completed a number of important auxillary products, including CL/1 support for Mac Excel.

MARKETING

- PC Excel marketing was dominated by implementation and tracking of the PC Excel Push. A full analysis of these programs was prepared for senior management. These programs had a major impact on Windows Computing programs for FY91.

- FY90 was also the year of the seminar and trial programs. The Excel marketing group helped launch the Permanent Seminar Team, conducted an Engineering Seminar Pilot, and participated in seminars with Premise, IBM, Tesseract, and others.

- PC Excel's US market share grew to approximately 13-14% in the US the first half of FY90, but has flattened/dropped in the second half due to strong $99 Quattro Pro sales. I estimate US market share at 10-12% and Int'l Retail market share at 17-18% at year-end.

- Mac Excel market share continues to hold steady at 85-90%. Co-marketing with DeltaGraph helped satisfy corporate customers' need for 3-D graphing in many cases, keeping Wingz at bay.

- Excel's successful involvement in several large government contracts, especially FAA/OATS and Desktop III was one of the highlights of the year. A lot of work went into acquiring conversion code to meet the requirements of DTIII.

- We increased our efforts in the area of developer marketing. Excel Developer Conferences were held in Seattle, New York City, and San Francisco. Over 500 people attended the three sites.

- A new Excel Consultants Program was launched late in FY90. We hope to develop a qualified group of Excel consultants our salesforce can use to help write Excel applications and convert existing Lotus 1-2-3 macros in their accounts.

- Evaluate Compete!, a 5-dimensional modelling tool, for possible acquisition but decided not to pursue at this time.

- FY90 saw the rollout of numerous versions of Lotus 123, including 2.2, 3.0, /G, /M, 123 for Sun, 123 for Vax, and 123 for Deskmate (and I may be forgetting one). 3.0's performance has been underwhelming, accounting for only 25% of 123 sales. Lotus hopes to improve this with the release of 3.1, a Windows-compliant version that includes spreadsheet publishing capabilities with the incorporation of Impress. Lotus 123/G has been received surprisingly well by the editorial community. We need to do a better of highlighting its many shortcomings.

PROJECT
- Project marketing was dominated by preparation and execution of the Windows Project rollout.

- USSMD reception of the Project Sourcebook has been outstanding. It has set a standard for other products.

- Aerospace focus program via consultant Steve Garfein is opeining many doors in addition to training the salesforce how to sell the Windows line as a total solution to the aerospace segment.

- Successful alliances for Win Project were formed with SelfWare, providing links with Metier, Timberline, and Primavera.

ORGANIZATION

- ABU headcount grew by 28% in FY90. Freelance conversion accounted for 5 new people. The FY91 plan calls for 25% growth.
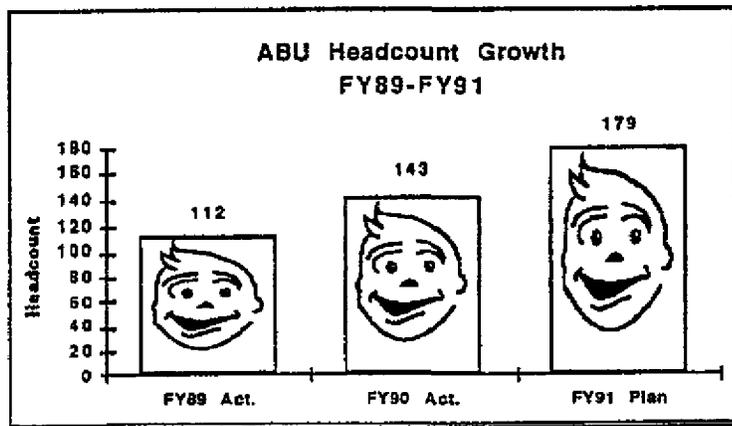
[Yeah, I know I should stack the heads, but it doesn't work yet.]

- Growth by functional group:

	FY89	FY90	FY91
ABU Mgmt	4	5	7
Development	21	27	36
Marketing	11	14	18
Pgm Mgmt	7	10	14
Project	13	19	24
Testing	16	17	27
User Ed/Prod.	40	51	53
Total	112	143	179

- ABU and DABU production groups were merged in May in an effort to increase overall production efficiency.
- FY90 saw several management changes as we welcomed Delanie Alcorn-Jones as User Ed Manager, Chris Graham as Group Program Manager, and Hank Vigil as Group Product Manager.

FY91 ABU OBJECTIVES

1. Grow PC Excel market share worldwide, leveraging Windows 3.0 and Excel 3.0 introduction. Maintain Mac Excel market share; fend off competitive threats from Informix and Lotus.

2. Complete and execute dynamite introduction of Excel 3.0.

3. Continue the momentum of the Windows Project introduction, doubling market share over FY90. Focus on aerospace and government accounts.

4. Ship Macintosh and PM Project and win in these markets.

5. Resolve plans for Planner/PIM.

6. Complete Excel 3.0 for Arabic and Japanese markets, make progress on 3.x and 4.0.

7. Complete WinGraph 1.X and make significant progress on Charting Library/WinGraph 2.0.

8. Continue to improve development and scheduling methodologies on all projects.

9. Achieve FY91 WW revenue goal of $251M, with burdened operating income of $77M, or 30.7% of net revenue.

10. Recruit talented people to fill open headcount.

11. Follow-through on employee training objectives.

Microsoft Interoffice Memo

To: Mike Maples
From: Charles Stevens, Randy Kahle
Cc: DABU
Date: July 28, 1990
Re: DABU Status Report for FY 1990 with June 1990 highlights

I. Highlights/Major Achievements - FY 1990

1) Basic revenues increased by 50% in the US, 44% in International, but OEM sales declined by 44%, over FY'89.
2) Shipped Basic Professional Development System 7.0 and 7.1. Won acclaim in reviews. Sold more than 6,000 units in upgrades to installed base. Co-sponsored series of nation-wide Basic symposiums that attracted 2,500 developers.
3) Launched new DBMS strategy (Cirrus prototype, functional spec, and schedule completed).
4) Implemented ZD approach on major projects (defined in DABU Methodology Document).
5) Started Thunder, completed spec and made 3 project milestones.
6) Silver vision approved, major sections of language spec completed.
7) Reorganized DABU into Product/Project teams.
8) Initiated extensive education in BU - on competitive products, DBMS internals and customer needs.
9) Decided to replace GW-BASIC with QBasic in DOS 5.0.
10) Completed development of new Win 3.0 test automation tools.

II. Business Summary

DABU revenues for FY90 were $20.423 million, a 21% increase over $16.826 million in FY89. FY90 revenues were 90% of plan ignoring Omega, only 68% of plan including Omega. PC QB was only 73% of plan in FY90, Mac QB 89%, and File 44%, but Basic PDS came in at 108% of plan. DABU revenues are forecast for $22.088 million in FY91, a projected 8% increase over FY90 (no DBMS revenue is forecast for FY91). Headcount was reduced from 134 at the beginning of FY 1990 to 117 at the end of FY 1990 after reaching 147 in October and November. Revenue per employee in FY 1990 was $153,560.

DABU Cumulative revenue ($000's)

DABU Revenue by month ($000's)

Worldwide Revenue vs. Plan By Product

DABU CUMULATIVE Worldwide Revenue vs. Plan By Product

PC Basic: Our Basic WW retail revenues increased 46% from $11,979 million in FY 1989 to $17,537 million in FY 1990. Basic PDS accounted for 43% of Basic revenues in FY90 vs only 13% in FY89. The ratios of both Basic PDS to PC QuickBASIC and Domestic to International sales changed significantly from FY89 to FY90. While 53% of PC QuickBASIC revenue came from International in FY89, in FY90 it was 62%. But 65% of Basic PDS revenue in FY90 came from Domestic, maintaining the overall ratio of Domestic to International Basic sales at about 50%, the same as in FY89. In the table below, each cell represents the percentage contribution to the total WW Basic revenue retail for the year. For example Domestic QuickBASIC sales represented 19% of the total WW revenues for DABU Basic business in FY90.

% of Revenues	FY89		FY90	
	Domestic	International	Domestic	International
QuickBASIC	35%	39%	19%	31%
Basic PDS	6%	7%	27%	15%
Other Basic	8%	4%	4%	4%
Total Basic	49%	51%	50%	50%

DABU FY 1990 Annual Report

Revenues	FY89		FY90	
	Domestic	International	Domestic	International
QuickBASIC	$4,185,671	$4,714,393	$3,304,085	$5,397,115
Basic PDS	$745,779	$891,419	$4,806,531	$2,574,506
Other Basic	$969,459	$472,076	$686,582	$767,872
Total Basic	$5,900,909	$6,077,888	$8,797,198	$8,739,493

Other than the 350% increase in BC sales from FY89 to FY90, the only other growth came in international markets. PC QB domestic sales were flat (the decline shown in the table above is due to large update sales in FY89 which weren't repeated in FY90) but its international sales increased by 15%. Japan KK's Basic business grew from $1.8M to be the largest International Basic market at $2.6M. Germany was second and grew from $1.3M to $1.6M. France came in next growing from $556k to $783k. Canada grew from $479k to $685k. Italy was the fastest growing market (from $345k to $657k). Looking at Microsoft's total world-wide languages business PC QuickBASIC and Basic PDS are the second and third best-selling language products behind our high end C product.

MacFile sales were 59% of plan world wide. Domestically File was 180% of plan ($341k) but international was only 38% of plan ($545k). Finished good sales are dropping now that new products from Claris and Acius are shipping. Lack of domestic marketing funds has meant that there is little we can do to support File. International sales have been hampered by a late release of the Turkish version of File 2.0, by the temporary lack of an international product manager for File, and by a French product call WinFile that is bundled with Macs in many countries.

June 1990 Summary

Revenue

Revenue for DABU of $1,471,329 was 42% of June forecast. If the Omega forecast is removed, June was 72% of plan. The main shortfalls were in PC QB only 47% of plan, Basic PDS (which we stopped shipping in June due to the new update 1.1 that was released at the end of the month) 84% of plan, Mac QB 74% of plan, and File 13% of plan.

Highlights

1) Released Basic PDS 7.1 to Manufacturing.

2) Made Milestone II with Thunder.

3) Completed Cirrus functional spec and schedule.

4) Reorganized development/program mgt into 4 product groups.

5) Met with BillG and refocused BC8/QB5 project goals.

6) Completed FY91 planning and budgeting.

Profitability for FY 1990

Net Revenues for FY 1990 of $19,467k were 68% of plan.

Product Direct Costs were 23.5% of Net Revenues vs a plan of 21.4%, although domestically Product Costs came in at 16% of revenues (vs. plan of 17%), however International Product Costs were 33% of revenues vs a plan of 30%.

Other costs, including manufacturing variances and inventory adjustments, were 11.5% of revenues vs. a plan of 6.7% of revenues, due to inventory write-offs at the beginning of the fiscal year (3%) and manufacturing variances (1.8%).

For the fiscal year, Operating expenses of $14,545k were 77% of plan ($4,442k under plan). Marketing accounts for most of the positive variance ($2,150k); Omega did not ship which accounted for $1.9M of the variance, the remainder was positive variance from decrease in other marketing activities. The other major areas where our expenses were less than plan are Product Development ($1,427k), Payroll ($585k), and T&E ($260k). "Professional Fees" was the only area where DABU was significantly over plan (by $258k) due to the Quantel suit, still on-going over the QuickBASIC name.

Allocated expenses for FY 1990 of $12,810k were 100.43% of plan.

Burdened operating income was negative ($14.690) million vs. a budget of ($11.127) million. If Omega revenue and marketing had not been forecast, DABU would have been $1.6 million better off than plan.

Basic Support Costs

We worked with PSS to survey Basic support calls to understand the profile of user needs. Support is a major cost for QuickBASIC (ranging from 16% to 22% of gross monthly revenue) and we have proposed a 900-support number for QBasic, QBI and Learn Basic Now, plus 900-number support for QB after a period of 90 days free support to remedy this (Basic PDS will stay with free toll-support). If approved, it will be phased in between October 1, 1990 and January 1, 1991. In the upcoming COGS reduction repackaging of QuickBASIC 4.5 (September) we will address several support issues such as taking out the PSS phone number from the HELP system and adding a Q&A section to the documentation with the most common questions.

COGS

Cogs					
Product	SRP	Target	Cogs 7/1/89	Cogs 7/1/90	Variance from Target
Mac File	$195	$13.27	$19.87	$13.12	$.15
MacQB	$99	$6.74	$9.36	$9.35	($2.61)
PC QB 3.5"	$99	$6.74	$9.97	$10.67	($3.93)
PC QB 5.25"	$99	$6.74	$8.63	$10.16	($3.42)
Basic PDS 3.5"	$495	$33.69	$34.90	$32.22	$1.47
Basic PDS 5.25"	$495	$33.69	*	$30.06	$3.66
Thunder	$169	$11.50	n/a	ES11.21	$.29

* Note: PDS COGS in FY 1989 is for BC 6.0 (dual media) and the SRP was $295.

We made significant effort during FY 1990 to reduce COGS on all DABU products. PC QuickBASIC COGS went up as the volumes went down and we are doing a COGS reduction repacking in time for the 1990 holiday season, the estimates are $7.68 (3.5") and $7.82 (5.25"). As this is still above target, we will focus on further COGS reduction with QB 5.0 and we will probably raise the SRP. MacQB and MacFile are lower volume products so the product managers are watching the order rates and materials order quantities to try to leverage large purchase orders where possible. The COGS for MacFile have just shot up $2.35 because of a low volume manual purchase during June. We will make larger buys of manuals to bring this back down. We made significant COGS reductions for BC in v 7.1, which was just released, and also File and Mac QB during this last year.

III. Strategy Changes

The major strategy change during FY90 was to cancel the Omega project and redirect our DBMS effort away from competing with a wide range of products to Cirrus, which is focused on competing with Windows Paradox as an end-user DBMS. Other strategy changes including combining Ruby and EB to create Thunder, and aligning it with our future OO Basic technology direction as represented by Silver. We also took another opportunistic product, Summit (which was developed by Craig Henry and links the Quick Environment of PDS with SQLServer) and we are leveraging it to gain additional visibility for Basic PDS. We redirected the BC 8 plan away from being a Fox-killer to further improvements in the language and capacity, and adding Forms and multi-user ISAM. QB5 will also include Forms in the same timeframe as BC8 (Q4, calendar 1991) and is seen as in important product to arrest the decline in QB sales. At this time we are not planning any future releases of Mac File or Mac QB (other than a bug fix update for the latter in Sept. 90). We also moved to C 6 for both Thunder and Cirrus development. Currently this business unit lacks a Macintosh strategy in any of our product lines and in FY91 we will either have to put concrete plans in place or decide to hold off any investment until Cirrus 2.0 and Silver,

IV. Product/Project Reports

DAE/Omega Engine: The DAE and BC/Omega engines have been unified under the common JET (Joint Engine Technology) API. The Omega engine will be tailored for low memory configurations (DOS, Windows and some OS/2 applications). DAE will focus on taking advantage of OS/2 functionality and memory. A common query processor will sit on top of both ISAMs. ISAM performance improved in BC 7.1 by 60% over BC 7.0 making it faster than FoxPro and BTrieve.

Cirrus: The Cirrus project was started and its direction approved in FY90. It will focus on end-user querying and data navigation and compete with the expected release of Windows Paradox. Our current status is Code Complete in June 1991 and expected release to Manufacturing before the end of calendar 1991. The User Education plan is complete and the Testing plan will be completed by mid-July.

QBASIC: QBasic is a trimmed down version of the QuickBASIC interpreter that will be included in DOS 5.0 when it ships in the Fall of 1990. This will replace GW-BASIC and should help to improve BASIC's image in the industry.

BC7: BC 7.0 was shipped in November 1989 and BC 7.1 was released to manufacturing in June 1990.

BC8/QB5: Development schedule and work plan has been done, and different options for sequencing the releases of both products are being explored (simultaneous versus staggered). Our confirmed mission is to plan a QB5 like a backward-compatible text-mode Thunder, and Basic PDS 8.0 as the best of QB5 and BC7 with the addition of multi-user ISAM and a more integrated environment for higher-end systems.

BSQL (Summit): BSQL is a library which extends the Quick environment to include SQLServer. Summit has released to Manufacturing and will be announced and shipped in August inside the SQL Server 1.1 box.

Silver: We are now working closely with Excel, APPA and AFX to finalize Command/Macro recording mode and we are cooperating with applications, APPA and AFX to ship a cross-platform version of Silver with Excel 4.0 in the first half of 1992. We developed our instance-based programming model and the language definition is nearly complete. Cross-application macro record model has been defined. Design for integrated development environment and Silver runtime is currently in progress.

Thunder: Thunder has grown from an opportunistic wedding of Ruby technology and Embedded Basic into a very powerful and capable high productivity Windows and PM graphical application development tool that is line with our future Object Orient Basic (Silver) directions. It will be code complete by September. The Milestone III release has been delivered. In the last review meeting with Bill Gates (7/19/90) several issues were open for investigation. These include linking and embedding support, and extensible controls. A new scheduled release to manufacturing date awaits closure of these new feature issues. We are working toward a simultaneous release in English, French and German.

V.   Group Reports

Testing

Besides shipping BC 7.0 and BC 7.1, we worked on improving the group's technical skills and development of new Test tool technology. We have developed the new tool technology to allow for full automation for the testing of Windows applications in a distributed network environment. Over 100+ machines may now enlisted to automatically distribute, run and verify and correlate the results for both Windows and Character mode products. Currently these tools are being used over in various Systems test groups and are specced in test plans for new systems products. The entire group has been to the Windows 3.0 programming class along with various Microsoft internal classes. The PM ports for all Windows 3.0 tools is currently under way.

User Ed

Our dual strategies of "smaller is better" and "put appropriate information online as the technology allows" is helping us place essential documentation where it is most effective. Thunder's strategy for integrating online and print documentation is creating a small yet effective doc package. QBasic Help is now 78% smaller than its BC7 parent file. The BC7.1 package is now smaller because of our work in porting tool information into BC Help files.

We took on an expanded the role to serve other groups. during the year we programmed Thunder and Cirrus prototypes, designed and coded Summit demo programs, wrote a Basic DB-Library book for SQL Server, and wrote a Cirrus White Paper. We also wrote a DOS 5.0 manual, and an interoperability booklet for the WinLine applications.

We are continuing to improve on meeting user needs through innovation such as implementing "cue card" support in Cirrus, and on meeting corporate goals for COGS, packaging, and improved localization delivery.

Marketing

Basic Symposiums: A series of 8 was held for independent developers. Attendance ranged from 250 to over 4000, averaging 300. These symposiums are run by the Basic ISV community and funded through registration fees. Microsoft is a sponsor and sends speakers as well as mailings to the installed base. The symposiums have been important in building the Basic community and in showing the press and customers our commitment to Basic. Recently we have made a proposal for Microsoft to help fund a start-up independent "BasicPro" magazine that would be managed by Jim Fawcette (previously editor of InfoWorld, Personal Computing and founder of DBMS) and David Irwin (founder of Databased Advisor). This magazine is another critical requirement for building the Basic community, reversing its negative image and gaining visibility and support for our upcoming new Basic products.

PR: Over the last year we have been getting more and better coverage for Basic, starting with the "Back to the Future" tour last summer that emphasized our commitment to Basic and including several positive reviews and coverage of BASIC PDS 7.0 in the spring. Additionally Tod Nielsen travelled to Europe for a press tour to introduce Basic 7.0 resulting in 2 magazine covers and several major articles.

Books: MS Press shipped over 60k of Learn Basic Now books. More than 8 new trade books and textbooks were published for Basic this past year.

Direct Marketing of Basic PDS: We have moved toward a heavier emphasis on direct marketing of Basic products. Our direct marketing campaign for Basic PDS saw 242,000 pieces sent in two mailings to the QuickBASIC registered owners list. We sold 5,437 units for $1.6 million which represents a 2.2% response rate.

Text books deals: We are in the process of signing more text book bundle deals with QuickBASIC which would bring the total to between 5 and 6.

Research: We conducted focus group research into the image of Basic as held by professional programmers and published a report which showed that Basic does in fact have a serious image problem. We are addressing the problem through marketing activities like PR, the Basic symposiums and the magazine proposal (see above) as well of course by shipping and planning exciting new products like BASIC PDS, Thunder, and Silver. We also plan to conduct additional research to understand the image of Basic as held by non-programmers.

Game Shop: What started as a holiday promotion for QuickBASIC has grown into a product bundle focused on getting more (younger) people programming in Basic. This $69.95 product will be a games package which will include commercial versions of Tetris and NFL Football as well as 6 games written in QuickBASIC along with the MS Press book "Learn Basic Now" and QBasic - the same program that will be bundled with DOS 5.

TryQB: In order to increase the awareness and trial of QuickBASIC we developed a crippled version of the product and distributed it on bulletin boards, through user groups and other channels. Several articles have been written about TryQB. With the release of QBASIC in DOS 5.0 the need for TryQB will diminish over time.

QuickBASIC: New ad campaign which featured the "Rocket Scientist". Value pack catalogues were created. QuickBASIC was featured in the T-3 promotion.

File: A prototype of File 3.0 was developed in Supercard and preliminary discussion were started with an outside developer to create the product but activity was put on hold when Steve Podradchik picked up the marketing activities for QuickBASIC.

Thunder: Vision statement and Marketing Plan were completed and distributed. "VisualBasic" name has been approved. The Early Developer's Program planning is in place. Corporate Communications and PR processes have been started. The distribution plans for Thunder is still being refined. White paper will be created on long-term Basic directions.

VI   Competition

Ashton-Tate: what can you say? Sales and profits have gone south, and 1.1 hasn't shipped (although it is planned to be announced July 31). No credibility left. dBase III has been outselling dBase IV but their market share has dropped to under 40% from more than 60% and Paradox's market share has increased in the last 12 months from 12% to more than 30%.

Microrim: Microrim shipped version 3.0 of R:BASE. It has turned out to be a poorly conceived and executed product. From what we can gather they may be heading in a fundamentally wrong direction with Vanguard - emphasizing character type applications under a GUI environment and not really developing a full GUI DBMS.

Claris: With Apple re-absorbing Claris we will have to wait and see what direction their software efforts will take. They announced a significantly improved version of FileMaker in January for shipment in June - from latest reports we expect the product to ship in September. Smartforms, while a very good product, has met with minimal market acceptance and is near death.

Fox: FY90 has been an a year of high visibility for Fox Software. With their release of FoxPro in November they became the undisputed leaders in the DBMS speed wars. They have also introduced a number of innovative enhancements to the dBase standard. It is not clear though that they have the marketing presence and organization to become a major contender, although they are clearly ranked #3 with about 10% market share behind dBase and Paradox. They also have the #2 Mac DBMS product behind Acius with 4D.

Borland: The big news about Borland is the recent surge in sales of Paradox. With the help of the problems at Ashton-Tate, Paradox has become the clear # 2 DBMS in the market. With their commitment to Windows we expect Windows Paradox to be a formidable competitor.

Nantucket: Nantucket has finally (after a delay of over a year) shipped version Clipper 5.0.

Clarion: We did an extensive analysis of the product. Our estimates are that Clarion ships about 1,000 units/month. The product gets strong reviews but its sales haven't taken off.

Spectrum Technology: Introduced what was to be Borland's Turbo Basic 2.0 under the name PowerBASIC. So far we have seen little visible impact on our sales.

Asymetrix: Launched Toolbook with the introduction of Windows 3.0 and could be competition for Thunder if we do not handling positioning properly.

Matesys: We are finding more about their product ObjectView , which is in beta now. It seems similar to Thunder and they call their programming language "QuickBASIC -like". This could be significant competition for Thunder.

VI. Staffing/Organization

DABU's head count was at 134 on July 1, 1990. It grew as high as 147 before being cut back to 117 by July 1, 1990. 20 people joined DABU, and 37 left during the course of FY90. The plan for FY91 is 133 people.

The following people joined DABU in FY90:

Matthew Bellew, Ilan Caron, Laurie Corrin, Bob Crawford, Peter Golde, Jose Gonzales, Shane Groff, Christian Huyck, Ian Jose, and Tim Paterson joined DABU development.

Adam Bosworth, Tom Davies, Adam Rauch, Scott Pehrson joined Program Management.

Neil Black, Emmanuel Schilling, Brad Thompson, David Holmes joined our QA group.

Margaret McGee, Evan Callaghan joined the UE group.

Approximately 37 people left DABU. Our UE production group merged with ABU's production group and our DSE group moved into QA.
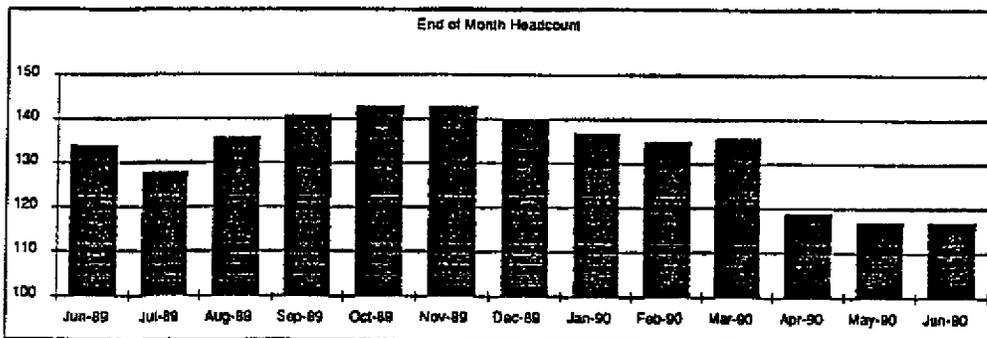
VII. Objectives for Fiscal Year 1991

Business

1) Beat revenue forecast.

2) Come in under budget on operating expenses.

3) Hire additional developers for Silver.

Strategy and Planning

1) Develop strategic plan for Basic family line through Silver time frame.

Product Development

1) Complete Cirrus milestones and reach code complete by June 1991.

2) Make Silver a great product, finish spec and make concrete progress towards code complete.

3) Ship Thunder by January 1991.

4) Complete Multiuser ISAM for DOS, OS/2 and Windows.

5) Reach code complete on QB 5.0 and Basic PDS 8.0 by June 1991.

6) Make DAE milestones and deliverables to other BUs.

Marketing

1) Sell more than 100,000 units of Thunder in the first 12 months after shipment. Have it recognized as the mainstream graphical programming tool for Windows 3.0.

2) Turn around Basic's image problem with PR, great products, great support etc.

3) Turn around QB sales decline, launch and promote Microsoft Game Shop. promote BC to installed base and SQL Server developers.

4) Complete Cirrus 1.0 marketing plan.

Microsoft Memo

To   :   Mike Maples

From :   Susan Boeschen and EBU Managers

Date :   July 27, 1990

Re   :   EBU Fiscal Year '90 - In Review

CC   :   EBU Staff

I. FY'90 Highlights. We are Proud!

FY '90 was a very successful year for EBU. We increased worldwide revenue by 60% over FY'89 closing the year at S93mm or 118% of plan. We managed to budget ending the year $1.3mm under our $21.5mm operating expenses budget. We reduced COGs wherever possible cutting PC Works COGs in half. We managed growth carefully increasing staff by only 16%. The result was a more profitable year than planned with burdened operating income at 23.7% versus a planned 6.1% and a gross profit variance of S16mm. Some of the achievements that make us especially proud are as follows:

SHIPPED PRODUCT MEETING SCHEDULE AND QUALITY GOALS
* Shipped four versions of PC-Works 2, (1) retail release in time for holiday season, (2) PS/2 release in time for IBM PS/2 promo, (3) IBM PS/1 release, and (4) 2.00A update--all with above average quality, e.g. no recall or serious bugs, obvious marketability, and winning reviews.
* Shipped Mac Works 2.00B update to run on new Macs.
* Released WinGraph to GBU in time to meet commitment.
* Shipped PC Flight Sim 4.0 on schedule.
* Shipped the Microsoft Office on CD-ROM within a 6-month development timeframe.
* Shipped two special after-market pieces for our target audiences -- *Growing Your Business* for the small business market and *In and Out of the Classroom with Microsoft Works* for the education market.
* Released custom version of PC Flight Sim4.0 for permanent Smithsonian exhibit!

GREW THE BUSINESS
* Researched, designed and staffed the following new projects:
    - Flight Sim Add-On
    - Personal Finance
    - Windows Entertainment Pack
    - Windows Productivity Pack
    - Learning DOS
* Completed Mac Works PSI buyout.

ACHIEVED MAJOR MARKETING WINS
* PC Works bundled on every IBM PS/2 sold in Fall 1989 - at 270,000 units this is the largest packaged product deal in MS history.
* IBM PS/1 announced, PC Works is on every PS/1.
* PC Works bundled on every IBM EdLAN, representing a significant push of Works into K-12 market.
* PC Works bundled on NEA Edstar machines.
* PC Works surpassed First Choice at retail.
* PC Works distribution doubled compared to a year ago .
* Mac Works sold a record 31,253 units for S3.35mm in Academic Edition product, becoming the leading Macintosh software application in K-12 education.

CONTINUED TO FILL EBU TROPHY CASE
* Flight Sim won PC Resource - Best Entertainment Award.
* Flight Sim won PC World 1990 World Class Award.
* Mac Works won Mac World World Class Award for 1990.
* Mac Works and Class-In-A-Box for grades 7-12 selected as one of the five best software packages for education by Classroom Computer Learning.
* Received society for Technical Communications awards for both PC works documentation and training materials.
* In the 1990 Attitude & Awareness Study, MS made the most significant awareness gains in the integrated category.

INNOVATED

- Completed 80% of the multimedia cbt pieces for the CD version of Windows Works. In the process built efficient audio and imaging labs, became proficient at a new set of authoring tools and technologies, and provided over 50 demonstrations-- sometimes to demonstrate multimedia and sometimes to demonstrate Microsoft's leadership in building state-of-the-art software.
- Designed and prototyped online Reference for the CD version of Windows Works (aka Kaleidoscope) using Toolbook.
- Designed and prototyped a new model of online interaction for Voodoo ("daemons"). Created a Voodoo simulator to test the daemons prior to Voodoo functioning.
- Implemented methodologies (code reviews, etc) in Voodoo that kept us to one bug per thousand lines of code in first testing release.
- Designed and created a "Windows Productivity" product which includes an innovative troubleshooting section and shell emulator.
- Reduced page count from >700 to <400 pages for PC Works 2.0 Reference.
- Developed process for moving PC output art to the Mac virtually eliminating hand pasteup.
- Designed and developed several testing tools including a Works macro tool which is code complete.

SUPPORTED INTERNATIONAL

- Met our commitments to MSKK. Kanji Works is code complete and on schedule. Developed effective, on-going working relationship with MSKK to ensure future success with Kanji versions.
- Established new processes for communication and management of deliverables with IPG. Solid partnership evolving.
- Established an excellent cbt tracking system to support localization.
- Designed new method for creating Mac Works cbt which will have big impact for localization.
- Worked with Subs to meet country specific needs (eg. Works Jr. and Minitel for SARL).

MANAGED PEOPLE AS WELL AS PROJECTS

- Division survey validated the perception of EBU as a good place to work. In nearly all categories - Communication, Training, Immediate Manager, Teamwork and Morale -- EBU rated significantly above the division norm on positive responses.
- Conscientiously managed the direction changes required by the rapidly shifting multimedia strategy and ramifications associated with the IBM relationship by involving those impacted by the change in the planning process.
- We had some fun!

II. Business Summary

FY'90 was a very successful and profitable year for EBU. Following is a synopsis of the business factors which contributed to EBU's success.

COGS: An area of emphasis for all applications in FY'90 and EBU was no exception. The largest volume businesses: PC and Mac Works are well within the COGs guidelines. COGS were cut in half for PC Works with the shipment of version 2.0 and Mac Works COGs remains substantially below the guidelines, although they increased slightly from FY'89 due to a change in order volumes of Mac Works manuals. PC Flt Sim COGs has improved since FY'89, but ended the year slightly above COGs guidelines due to smaller builds toward the end of the fiscal year. LDOS changes in COGs are related to reductions in sales volume for the fiscal year.

Product	FY90 COGS	FY90 % of sales	FY89 COGS	FY89 % of sales
Mac Flight Sim	$8.90	35.1%	$5.60	21.6%
PC Flight Sim 5.25"	$4.20	13.1%	$4.50	17.0%
PC Flight Sim 3.5"	$4.60	14.4%	$4.80	18.1%
LDOS 5.25"	$3.90	14.7%	$3.50	13.1%
LDOS 3.5"	$5.00	18.4%	$6.10	22.8%
Mac Works	$12.00	7.6%	$9.80	6.8%
PC Works 5.25"	$8.90	11.1%	$17.90	22.4%
PC Works 3.5"	$9.10	11.3%	$18.60	23.0%

EBU Revenue: EBU closed FY'90 at $93mm worldwide or 118% of plan of $79mm. Compared to FY'89 revenues of $58mm worldwide, EBU's worldwide business has grown 60%. In the US, EBU closed ahead of plan 127% at $42mm, representing 50% growth over FY'89.

FY90 Revenue v. Plan and FY89
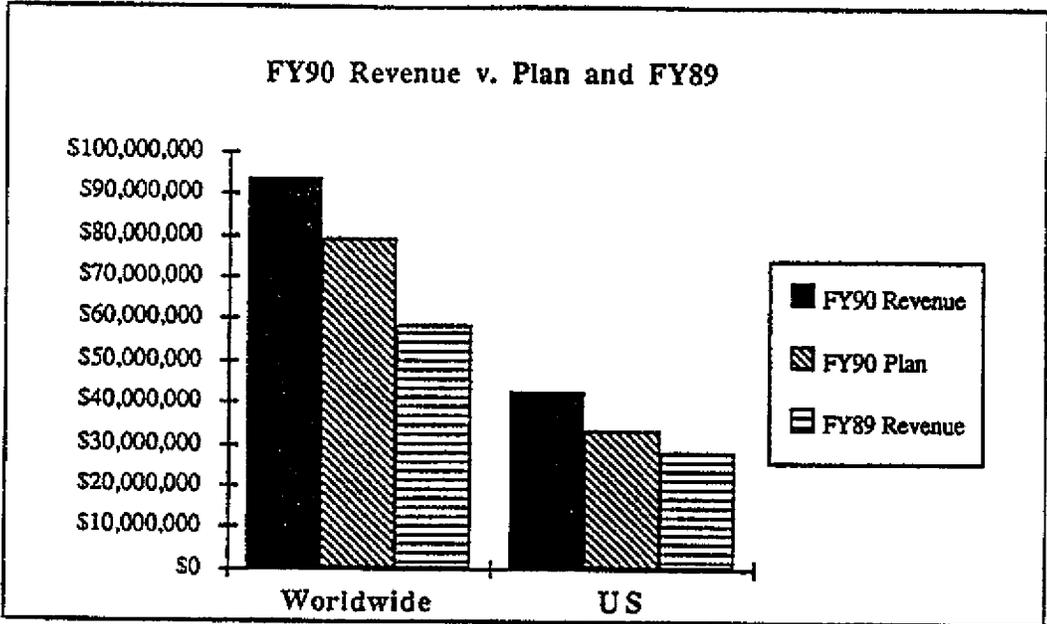
PC Works continues to comprise the heart of EBU's worldwide business in FY'90. After the shipment of version 2.0 in the Fall, EBU was consistently at or above plan every month.

Worldwide Revenue vs. Plan by Product EBU - June 90
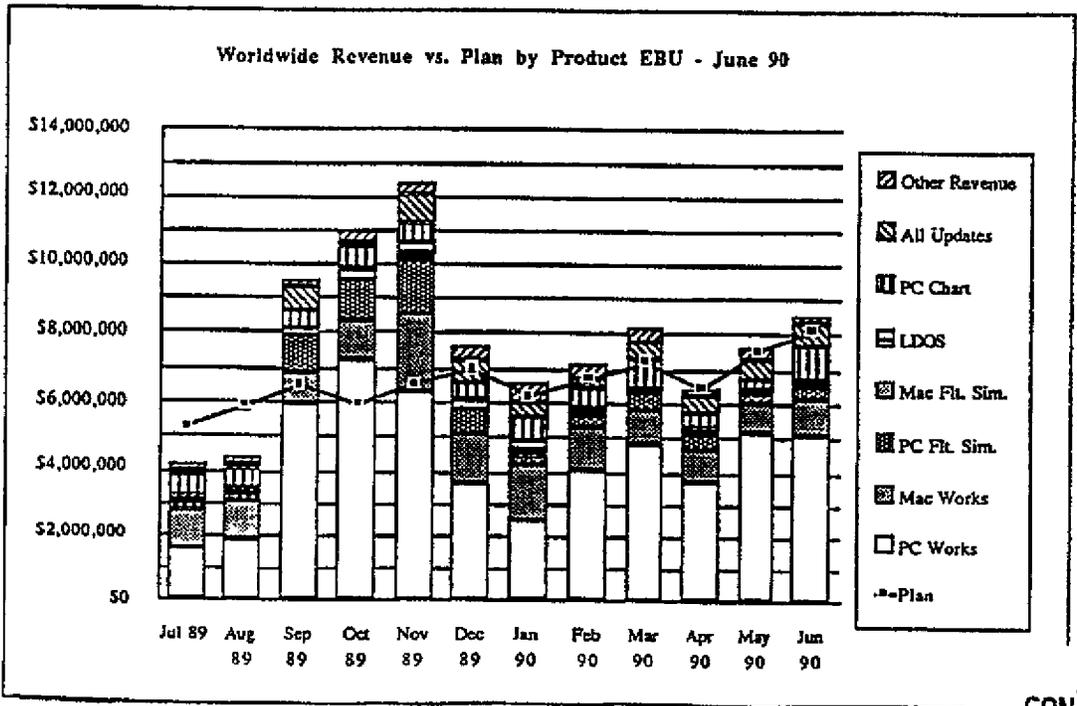
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CONFIDENTIAL

Revenue by Channel: The overall mix of EBU's revenue has not shifted much between FY'89 and FY'90. International and OEM revenue represent a slightly higher percentage of EBU's business in FY'90 over FY'89, but international revenue is still less than 50% of the overall business.
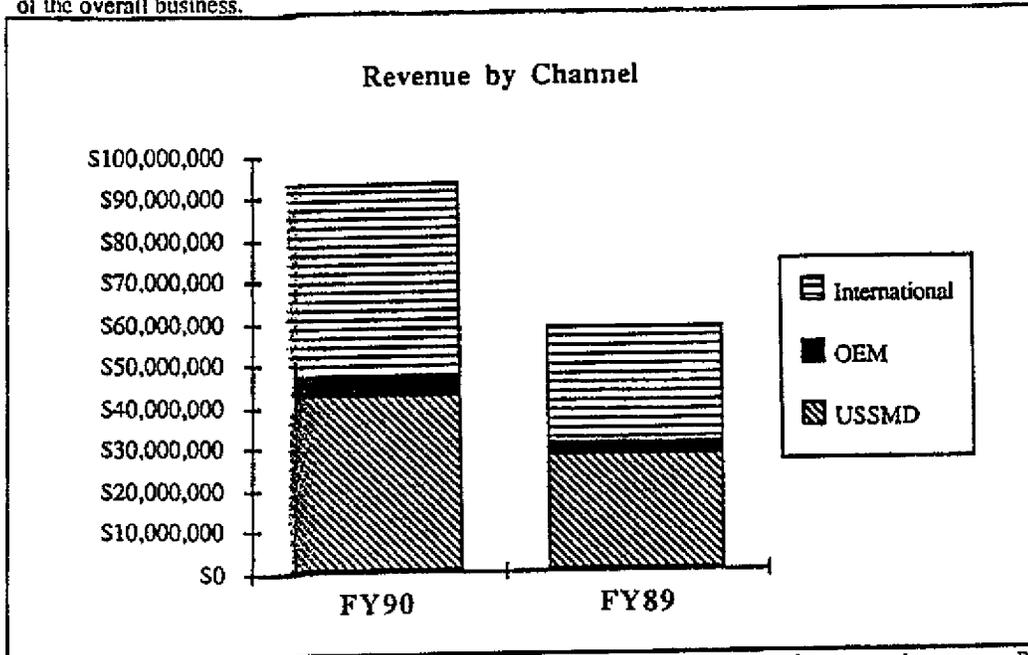
Revenue by Product Worldwide: Worldwide the PC Works business is extremely strong. PC Works was 137% of its worldwide revenue forecast. This success is comprised of several factors: the US IBM PS/2 bundle, several international countries beating their retail forecasts and some key OEM deals abroad. Mac Works lagged behind its forecast worldwide largely due to poor sales in low-end Macintoshes on which Mac Works is dependant. LDOS lagged behind worldwide revenue forecast, but the shortfall was due to lagging domestic sales. PC Flight Simulator is doing well internationally, however, below-plan U.S. sales of PC Flt Sim pulled down the worldwide plan. Mac Flt Sim, with no new version since 1986 continues to fall behind plan both in the U.S. and abroad.
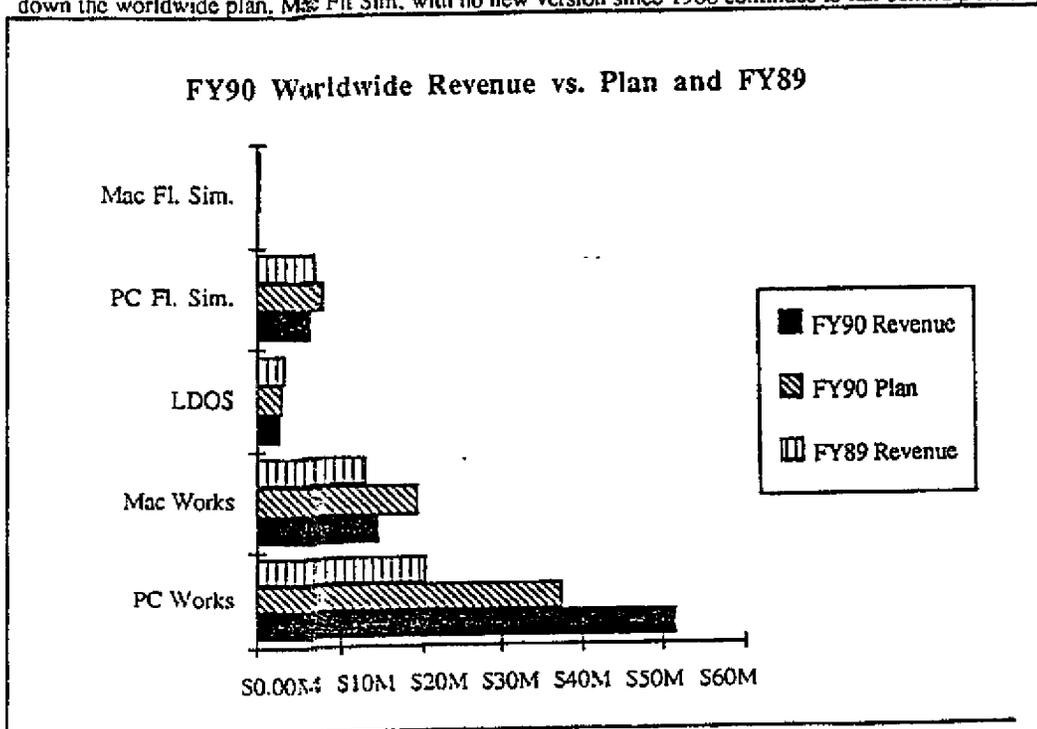
In the U.S, PC Works was ahead of plan 115%. Results are in large part due to the IBM PS/2 bundle (S10mm). Excluding the IBM bundle, results would be 92% of plan. Mac Works fell short of US plan primarily due to the shift in Macintosh sales from low-end machines, on which Works is dependant, to higher end machines. Mac Works has done extremely well in the K-12 market, posting its highest year ever of education sales. Without marketing budget and marketing emphasis, LDOS sales lagged behind forecast for the fiscal year. PC Flight Sim has maintained its market share, however, sales fell short of plan due to overall category shrinkage, excessive channel returns of version 3.0, and Flt Sim version 4.0 not shipping in time to catch the entire Christmas season.

FY90 USSMD Revenue Vs. Plan and FY89

Legend:
- FY90 Revenue
- FY90 Plan
- FY89 Revenue

Categories: Mac Fl. Sim., PC Fl. Sim., LDOS, Mac Works, PC Works

X-axis: S0M S5M S10M S15M S20M S25M
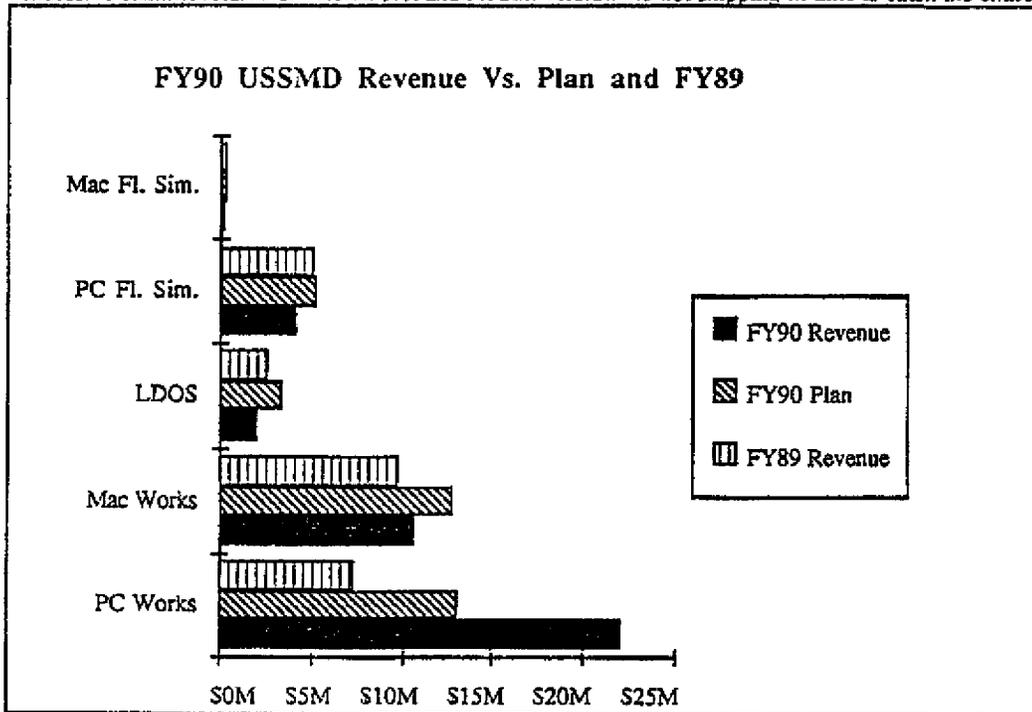
Profitability: Burdened operating income for the year was 23.7% vs. a budget of 6.1%. This represents S22 mm vs. a plan of only S6.1mm! Product cost was below budget at 18.7% vs. plan of 21%. At the gross profit level, EBU ended the year at a positive variance of S16mm.

FY90 Revenue Allocations

Pie chart values: 23.73%, 27.07%, 7.23%, 9.98%, 10.08%, 21.91%

Legend:
- Cost of Revenue
- Operating Expenses
- USSMD
- Intl Retail
- Other Allocation
- Pre-Tax Profit
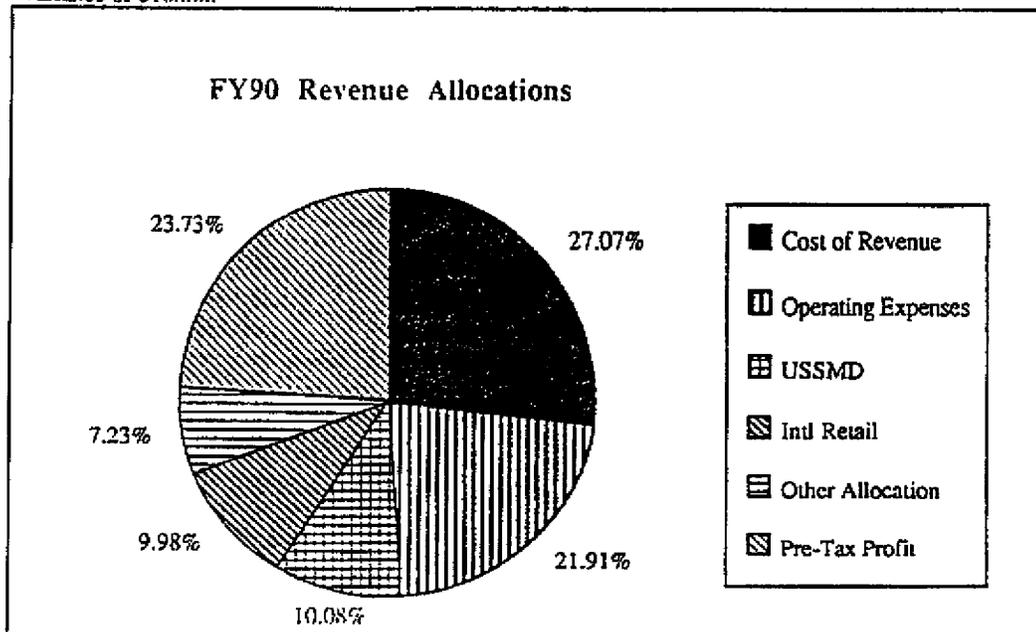
III. Major Strategy Changes

- Multimedia strategy changed repeatedly to reflect changing standards, platforms and OEM machine release dates. The time frame for oem machine announcements has varied significantly, IBM's commitment to multimedia has fluctuated, the hardware platform has become more varied (and less powerful) and the software platform has gone from a scripting environment to Director/Oscar. The net impact is that we are now designing for multiple platforms, the timing of "multimedia" is probably further out than we had anticipated, and we're not creating multimedia pieces for specific OEMs.
- Voodoo went from a CW app to a Windows app.
- Decided to do Works 2.0, Kanji Works, and Win Works in series rather than parallel.
- Acquired Mac Works code for internal development.
- Formed an Apps-wide Config/Printer Testing Team and Lab.

IV. Staffing/Organization/Employee Development

Total EBU permanent staff grew from 110 at close of FY'89 to 128 by close of FY'90.

EBU Headcount *		7/1/90	6/30/90
	Development	28	32
	ADC	2	0
	Testing	15	20
	ACTT	0	2
	Program Mgm	8	10
	Marketing	10	11
	UE	27	28
	CBT	18	23
	Management	2	2
Total		110	128
*Does NOT include summer interns, freelancers, agency temps.			

Staffing and organization changes included:

- Organized Works development by functional team.
- Moved Win Graph to ABU.
- Formed a tools group within EBUTEST for development of Works-specific testing tools.
- Formed the Applications Configuration Testing Team.
- Added two graphics specialists, an audio specialist, and an instructional designer to the on-line group through the freelance conversion process.
- Moved three people from CBT to the UE group to work on the online reference for CD Windows Works.
- Combined writing and training materials group into one documentation group with a single manager.
- Moved support people from editing into production. Editing group now is strictly technical and copy editors. Production now functions as the support group for all projects and people are cross-trained in the various support tasks. As a result we did not have to fill EAC or scheduling positions lost by attrition.
- Reduced Production group by three people -- print production specialist, composition associate, and coordinator. We'll get print production support from OBU. We'll need limited comp support because of the standard design, but if we need additional help, we'll also get it from OBU. And editors and production people as well as our group assistant will take over the coordinating tasks.

V. June 1990 Status Summary

A. HIGHLIGHTS / MAJOR ACHIEVEMENTS

- PS/1 announced. Works is bundled on every machine and is receiving good press coverage. IBM EdLan deal with Works bundle announced. NEA Edstar machine with Works bundle announced. Works remains ahead of First Choice at retail.
- Kanji Works now in 'fix recall class bugs only' mode. Preparing for release candidate.
- Voodoo preparing for ZDR2.
- Completed Config Test Pass 2 on LWIN on schedule.
- Europa Test Pass 3 completed on schedule.
- Got the Works Macro tool working for the first time on a production version of Works.
- Successfully pressed first test CD of OPC Windows Works. Evaluating results.
- 22 Kaleidoscope topics, prototyped in Toolbook, out for review.
- Met with Asymetrix to determine if we can get the performance improvements we need to be able to use Toolbook for Kaleidoscope. A followup meeting is scheduled for the end of July.
- Prototyped, produced, and usability tested several Windows 3 Productivity Pack Tips and Troubleshooting topics. Bottom line: people found them useful.
- Completed performance reviews.
- Moved.

B. BUSINESS SUMMARY

Worldwide - Revenues of S8.5mm were 104% of plan.
USSMD - Revenues were below plan again at S2.1mm or 64% of plan.
PC Works - Shipped 12,000 units with revenues of S1.1mm, 75% of plan.
Mac Works - Revenues continue to fall short at S.7mm, 53% of plan.
LDOS - Revenues at only S.1mm, 31% of plan.
Flight Simulator -Slow month with PC Flt Sim at 28% of dollar plan, S.15mm.
International - Another very strong PC Works month with revenues of S3.3mm or 116% of plan. Mac Works lagged internationally at 45% of plan or S.3mm.
OEM Sales - Were phenomenal for PC Works worldwide representing S.8mm in June against a forecast of S16k.

C. STRATEGY CHANGES

- Decided to do Works Jr stand-alone word processor and spreadsheet products for MS France. Prelim ship date Oct/Nov 90.
- Development of the new DOS Shell lessons (3 total) are on hold until the DOS 5.0 Shell spec is frozen and the interface has been developed.

D. PRODUCT / PROJECT CHANGES

PC Works 2.0: Worked with IPG to resolve two problems, one on setup to net and another building Portuguese spell dictionary. IBM Fall 1990 PS/2 promo in jeopardy.
Kanji Works: Testing is completing their third test pass. Release candidate on 7/23 doubtful. Outstanding concerns include testing of configs and printers (which probably will not be done on schedule) and the NEC communications driver.
Win Works: Spec has been updated and is being reviewed.
Learning Windows: Name changed to Microsoft Productivity Pack for Windows and product enhanced to include three components. Marketing plan published. Beginning final test pass.
Barney: Initiated telemarketing research of Quicken installed base.
Learning DOS: Likely to ship in CY1991 due to late DOS 5.0 introduction.
Lizard's Breath: CorpCom kick-off, packaging, materials initiated.
Mac Works: Worked with CharlesS and RickP to evaluate quality of WP code and any major roadblocks to Atari and Amiga ports. Code looks extensible and no roadblocks found. Better than expected! Published Vision statement. Plans for Works/Quicken bundle finalized.
Voodoo: On schedule to be Test Case complete for second ZDR in early August.

E. OBJECTIVES FOR THE NEXT 60 DAYS

- Release Kanji Works to MSKK.
- Release Windows Productivity Pack.
- Release Windows Entertainment Pack.
- Reach closure on porting Mac Works to the Amiga and possibly the Atari ST.

Microsoft Memo

To   :   Mike Maples

From   :   Bob Gaskins

Date   :   July 26, 1990

Cc   :   Dennis Austin, Darrell Boyle, Sharon Meyers, Tom Rudkin, Aniko Somogyi, all GBU

Re   :   GBU Monthly Report for June 1990 and Fiscal Year 1990

I.   Business Summary

Fiscal Year 1990 was the year in which the Graphics Business Unit finally entered the Windows market for presentation graphics software. In June of 1989, just before the beginning of the year, we had re-targeted Windows PowerPoint to be a Windows 3.0—specific application which would take full advantage of Windows 3.0, but which would therefore not be able to run on earlier versions of Windows. At that time, Windows 3.0 was expected to ship in November; our goal was to release WinPP two weeks after Windows 3.0 was released.

We met that goal—WinPP was released two weeks after Win3—but we hadn't suspected that that would mean a release in mid-May of 1990! It was definitely the correct decision to aim at Win3, for two reasons: (1) Win 2.11 did not offer the necessary standard graphics, and (2) fully exploiting Win3 is a great marketing help now. But we had underestimated the amount of instability remaining in Win3, and also underestimated the amount of work needed in WinPP. Virtually the entire fiscal year was spent in focused, concentrated attention on getting WinPP finished and shipped, requiring a very high level of effort from almost the whole business unit.

With all this focus on Windows PowerPoint, which was not shipping, it is not much surprise that we failed to make our business plan forecasts.

Our worldwide total for the fiscal year was $10.7M, only 40% of the planned $26.8M. Since the Windows product was introduced in May and shipped in June, we shipped only 5,896 units of WinPP for $1.6M, a mere 14% of the year's WinPP plan which had contemplated shipment the preceding November.

On Mac, our worldwide total for the fiscal year was $7.2M, or 55% of the planned $13M. (U.S. sales were at 63% of plan, international 40% of plan.) This corresponds to 35,004 units of MacPP. In addition, a further 27,779 units of MacPP were shipped as part of the MacOffice product, for another $1.7M in revenue to GBU.

For the fiscal year, product cost of WinPP was 10.7%. Product cost of MacPP was 11.2%. For the business unit including all updates, promos, and higher-cost items, COGS for the fiscal year was 12.6%.

Worldwide Revenue vs. Plan By Product – GBU, June 90

CUMULATIVE Worldwide Revenue vs. Plan By Product–GBU, June 90
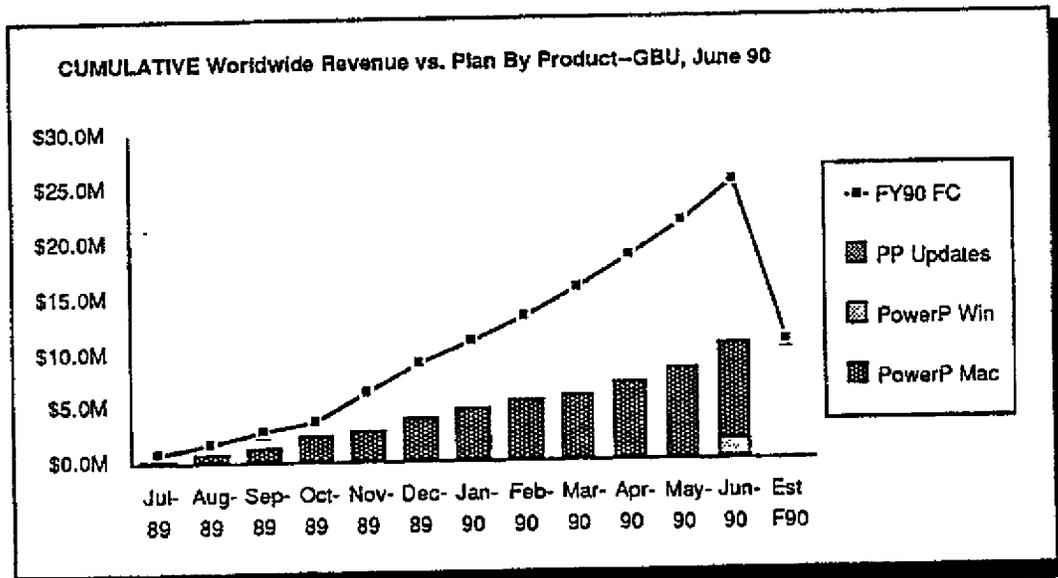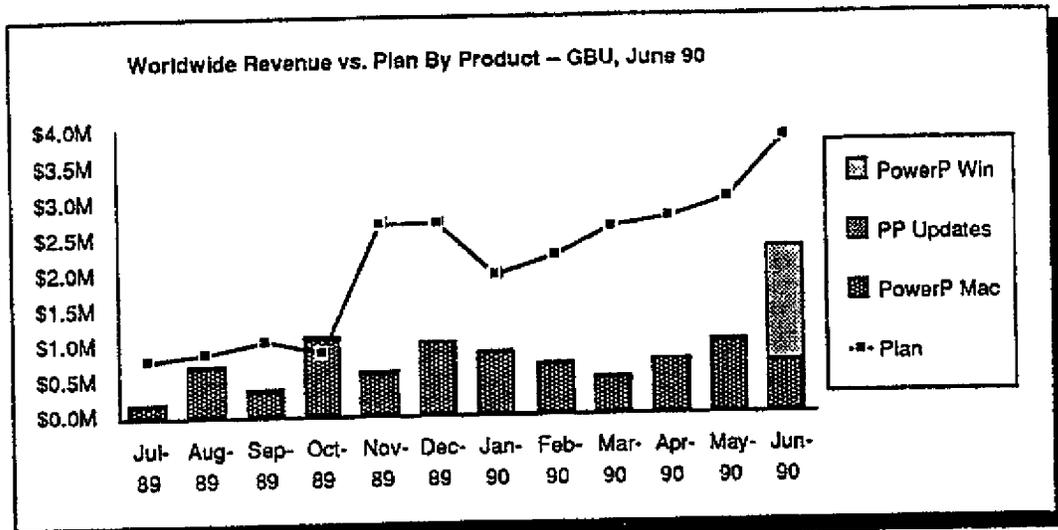
II.   Strategy Changes
None.

III.   Product / Project Changes
None.

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IV.   Marketing / Share / Competition

About mid-year, we conducted an exercise to analyse our market share for MacPP. The conclusion was that we had about 40% to 55% of the Mac presentation graphics market in the U.S., about twice as much as our leading competitor, Persuasion on the Mac. We concluded that we had lost share only modestly, but we had lost PR attention and momentum much more seriously. We renewed our Mac advertising, but the most important short-term remedy for this was (as always) to ship Windows PowerPoint and to begin marketing the product as available on both platforms.

Shipment of Windows PowerPoint does seem to have had a good effect on the Mac product. Especially since the Mac and Windows versions of PowerPoint are very nearly identical, corporate accounts have been very enthusiastic about using both. The fact that we can translate presentations back and forth between Mac and Windows (including all pasted graphics, from any sources) enhances the importance of Mac PowerPoint to use with Windows PowerPoint.

For Windows PowerPoint, the competitors are Harvard Graphics and Lotus Freelance. Both dwarf us at the moment, but we think that our use of Windows (both Harvard and Lotus are DOS) can be a powerful weapon in making market-share inroads—as we expected, we are hostages to Windows' success. Harvard is certainly working on a Windows version, but may be some time away from completing it. We had expected to see a Windows version of Aldus Persuasion, our only serious competitor on Mac, about the time we ourselves shipped.

V.   International

During FY89, international versions of PowerPoint had been introduced for the first time. We did about $1.5M in MacPP business that year, but unfortunately all the international versions were going out of date because their localization had taken so long.

Beginning with FY90, we improved our work with IPG and during the last year all of the versions of MacPP have been upgraded to the current version, and all are shipping—no small accomplishment. At year end, we had shipped about $1..8M in MacPP in the newer versions, despite their mostly being available only part of the year. In addition, we had $150K in WinPP sales from the single month of partial availability of the 'A' version. Altogether, our International business was almost $2M in FY90, amounting to 19% of our total revenue for the year. With our new ability to do rapid localization, Windows PowerPoint has already been released in 'A', 'Z', French, and German, with Dutch, Swedish, and Italian only weeks behind. After all this work in FY90 to get product availability, we expect good sales in FY91.

VI.   Staffing / Organization

At the end of FY89, the GBU had 27 people, of whom 10 were developers. At the end of FY90, we've grown to 38 people, of whom 17 are developers. Recruiting in general was slowed by focusing on shipping Windows PowerPoint. Since June, we've been again in active recruiting mode and have had excellent results.

VII.   GBU Operations

During FY90, the GBU completed its final building and, about mid-year, moved in. The building closely resembles the buildings on the corporate campus, and its interior was designed to precisely the same specifications and furnished in exactly the same way. After three years, we finally have a facility which is a real Microsoft facility and which will serve us for the anticipated future.

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VIII. GBU Objectives For Next Year

- Take market leadership from Harvard Graphics and Lotus Freelance, and pre-empt Aldus Persuasion, through active, early marketing, advertising, and PR

- Respond to competitive and customer situations with timely release of working models, WinOffice, maintenance/enhancement versions, and format conversion helps

- Continue the improvement in our international business, with versions of Widows PowerPoint for all major European and Far Eastern markets and active support of subsidiaries

- Advance the release of PowerPoint 3.0 on both Windows and Mac to next Summer, including in it the mainstream competitive features required for leadership on both platforms

- Produce a standard Embed Draw program for Windows which can be used to provide drawing features in our entire line of Windows apps

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Microsoft Memo

To the Office Business Unit

Congratulations on FY'90!

Congratulations on the completion of an outstanding fiscal year! Your contributions lead to
phenomenal growth of the Office Business Unit in many ways:

- Gross revenues grew by 96%, to $266M, 132% of plan. If measured as an independent
  company, OBU surpassed Ashton-Tate in revenues. Profits (burdened operating income)
  grew to $106M, 40% of net revenues. During that same period of time, Lotus
  Development Corporation's operating income was $120M, so as you can see, our revenues
  and profits rank near the top of the industry.

- PC word processing and Mac Mail market share grew significantly.

- Win Word expanded our Word family, and the addition of Mac Mail v2.0 helped us
  challenge for the #1 spot in the AppleTalk electronic mail category. We grew our
  investment in our Word and Mail product families, and initiated development in
  handwriting recognition and pen-based environments and applications.

- The OBU team grew stronger. 60 new people were added, bringing the business unit to a
  total of 217. The skills and capabilities of each person advanced, and more than 60 people
  were recognized with promotions. The staff grew stronger with the addition of 4
  department managers – Jeanne Sheldon, Julia MacLauchlan, Darren Remington, and the
  return of Gerard Baz.

Goals for the Year Ahead

Below, I comment on several more examples of your success. We're off to a great start in the
1990's. But our competition is tough and attacking our progress. Smart, hard work focused on
our key goals is how we will grow our success. Compared to last fiscal year, our goals for FY'91
are very similar, but they have also grown:

- Continue to increase our PC word processing share, especially in the domestic market.

- Enter the PC Mail market and build the foundation for our workgroup applications
  business.

- Set the operating environment standard for pen-based computers utilizing handwriting
  recognition, and make significant progress in developing applications to support and
  exploit this environment.

- Formulate the Microsoft Office System Strategy and help lead this transformation.

- Continue to strengthen our team and improve our operations.

Thanks again for your hard work and the results in FY'90, and do it even better in FY'91!

FY'90 Highlights

One Million Copies of Microsoft Word Shipped in FY'90

We shipped over a million copies of Microsoft Word, a 70% increase over FY'89. Another 300,000 updates were shipped to existing customers.

Domestic PC Word Processing Share Grows by 50%

The key contributor to the growth in Word sales was the combination of PC and Win Word – our Word family strategy. With worldwide shipments of over 700,000 units, we grew our PC+Win unit sales by 90% and achieved significant progress toward our goal of increasing PC word processing share. USSMD had a 60% increase in unit sales; so domestic PC share is now nearly 20%, up from about 12% a year ago.

Word for Windows Released

After 5 years of hard work by the members of the team, Word for Windows was released in November. Market reaction was very positive, and 170,000 units were shipped in the following 7 months, contributing $40M to FY'90. The product was quickly localized into French, German, Swedish, Dutch, and Italian versions, resulting in $19M in International revenue – 247% of plan!

International Revenue Grows by 125%

International doubled PC Word revenue to $111M – 42% of all OBU revenue. With the addition of Win Word, International grew PC word processing by 135%, to $130M. Mac Word also increased sharply – 85% growth – to $25M. At $155M, International comprised 61% of OBU revenue, up from 53% a year ago.

International Market Share Remains Strong

Though international market share is more difficult to measure, I feel confident in saying that International grew word processing share in both the Mac and PC categories. I estimate Mac unit share at 60%, and PC unit share at 35-40%.

Version 2.0 Lifts Mac Mail to 250% Growth

With the release of version 2.0 of Microsoft Mail for AppleTalk networks in October, we have been able to challenge QuickMail for the #1 spot. Revenues grew to $3.9M, vs $1.1 for FY'89. I estimate the domestic $ share of Mac Mail at 35%, but trending downward. The release of v3.0 will send our share back up.

Microsoft Forms Partnership for Mail on PC Networks

We signed a contract with CSI to accelerate our entry into the PC Mail business. Our internal development is now focused on the strategic integration of mail capabilities with the systems architecture, the ultimate platform for our workgroup applications strategy. We also added document library service to our product plans, and contracted for calendaring to integrate with Mac mail.

Our Investment in Products Continued

Besides the releases of Win Word and Mac Mail v2.0, we continued the investment in our products – the key to our future. Significant progress was made on PC Word v5.5, Win Word v1.1, PM Word v1.1. Mac Word v5.0, Pyramid, Mac Mail v3.0, Laser, and handwriting recognition.

Office Business Unit
FY'90 Report

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Business

June Revenue

FY'90 Worldwide Revenue vs. Plan

Legend: Mac Mail, Win Word, PC Word, Mac Word, FY'89, Plan
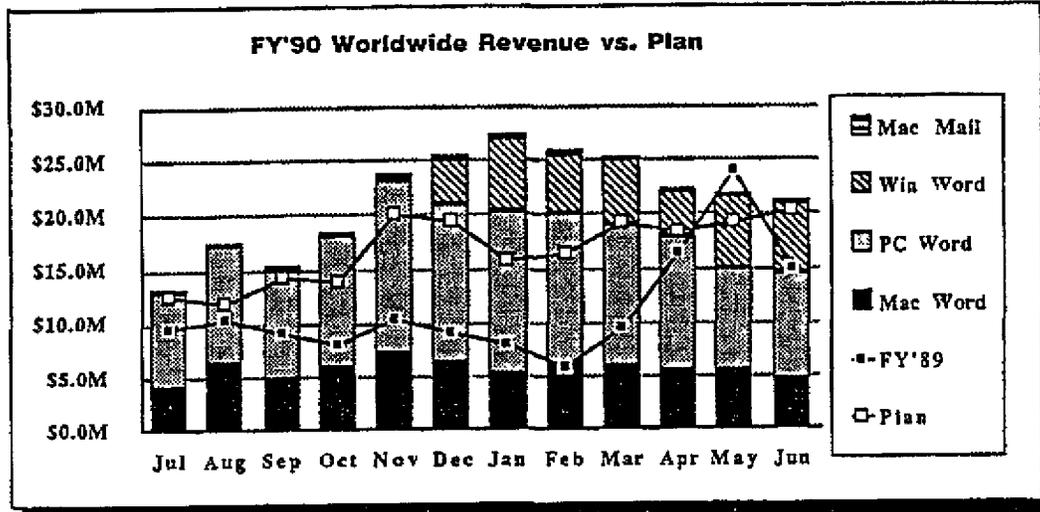
- June was another strong month with revenues of $22M, 111% of plan. OBU was over plan for 12 consecutive months.

June	USSMD	Plan %	Intl Retail	Plan %	World wide	Plan %
Win Word	$2.0M	74%	$4.4M	183%	$6.5M	135%
PC Word	$1.6M	110%	$8.4M	115%	$10.0M	114%
Mac Word	$2.4M	69%	$1.8M	96%	$5.0M	93%
Mac Mail	$117K	35%	$65K	33%	$183K	34%
OBU Total	$6.5M	85%	$15.5M	127%	$22.0M	111%

- But as you can see in the chart above, our revenues have trended downward since our peak near the Win Word release. I expect the momentum of Win Word in conjunction with Win 3, and the release of PC Word v5.5, to send our monthly revenue back up.

- USSMD was particularly weak, with Win Word, Mac Word, and Mac Mail all significantly below plan. While PC Word was slightly above plan, the forecast was relatively low because of our projection of Win Word cannibalization.

- The weakness in USSMD was offset by the strength of Intl PC word processing. Win Word was significantly ahead of plan, and PC Word also had a large positive variance.

- We are currently selling 70,000-80,000 copies of Word per month, slightly below our FY'90 monthly average.

- International comprised 70% of OBU revenue for June.

Cumulative FY'90 Worldwide Revenue vs. Plan
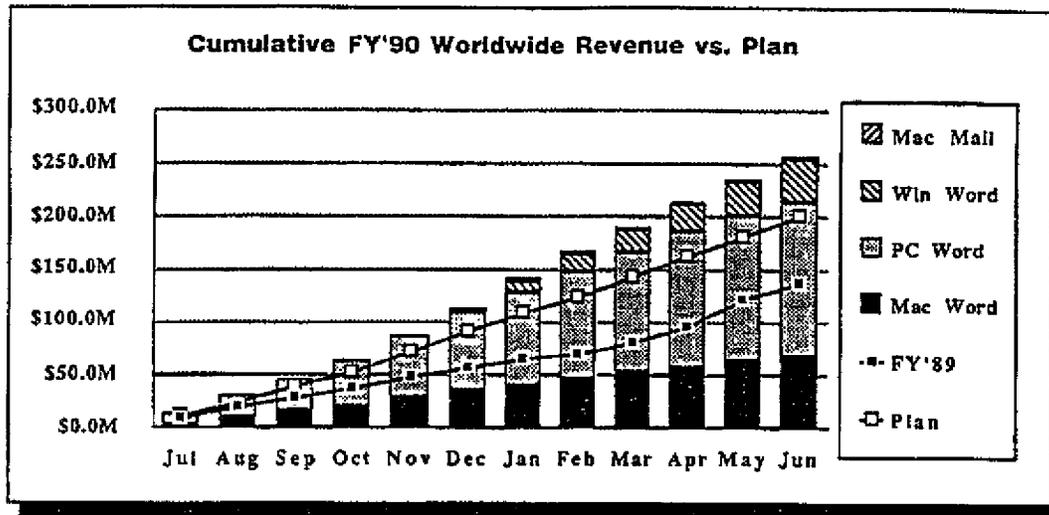
- OBU finished FY'90 at $266M, 132% of plan – 96% growth over FY'89. International revenues were $163M, 61% of the total. Update revenues were $24M in updates, 9%.

FYTD'90	USSMD	Plan %	Intl Retail	Plan %	World wide	Plan %
Win Word	$20.5M	78%	$18.6M	247%	$39.2M	114%
PC Word	$34.7M	151%	$111M	138%	$147M	141%
Mac Word	$42.5M	120%	$25.5M	125%	$67.4M	120%
Mac Mail	$3.1M	112%	$830K	52%	$3.9M	82%
OBU Total	$102M	119%	$163M	141%	$266M	132%

- 540,000 units of PC Word were shipped in FY'90, growth of 44%. Due to higher average revenue per unit, and significant growth in updates, revenues grew by 73% to $147M, 141% of plan. PC Word comprised 55% of total OBU revenues for the year. 75% of the revenue was international, but only 60% of the units. Updates comprised 11% of revenues.
- 170,000 units of Win Word resulted in FY'90 revenues of $39M, 15% of OBU total. USSMD comprised 52% of the revenue, and 62% of the units. A third of the units were "upgrades", specially priced to encourage PC Word owners to switch to Win Word.
- 325,000 units of Mac Word were shipped in FY'90. The $67M in revenues was 25% of OBU total revenues. 60% of the Mac Word revenue came from USSMD. Though a significant number of updates were shipped, the low price resulted in updates comprising only 4% of the revenue.
- USSMD customers purchased 65,000 nodes of Mac Mail v2.0 during FY'90, 140% of plan. But the run-rate has dropped under 2,500 nodes per month. Approximately 20,000 nodes were shipped by International, to close the FY at only $800K, 50% of plan.

COGS
- US COGS for June were 12.7%, compared with 15.4% FYTD.

Profitability
- Burdened operating income for June was $8.6M on $22.0M net revenues. FY'90 operating income was $106M on $259M net revenues or 41%.

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Summary

Products
- Mac Mail v2.0 was released to manufacturing on August 20th
- PC Word v5.0a and Mac Word v4.0a shipped in October
- Win Word v1.0 was released to manufacturing on November 30th

Marketing
- Microsoft hosted the first-ever Word User's Conference on November 4-6
- In January, for the first time, InfoWorld ranked Microsoft ahead of PC WordPerfect
- In February, Mac Word won Mac World and InfoWorld best awards as Best Macintosh Word Processor

Business
- We signed the CSI deal to put us into the PC Mail business

OBU Organization
- Reorganization of Workgroup Apps was completed. PC Program Management has transitioned over to work for Darren Remington, Group Program Manager.
- DLS is now a part of Workgroup Apps.
- Greg Slyngstad was promoted to Senior Program Manager and will temporarily handle the Director of Program Management responsibilities as well. Gerard Baz will take Greg's position as Group Program Manager for word processing.

Next Two Months Objectives

1. Create Win Word momentum

2. Close Win Word v2.0 planning

3. Complete FY Planning activities

4. Complete performance reviews

5. Complete Apps Retreat write-up and follow-up on action items

6. Resolve workgroup apps strategy

7. Define Office System Strategy project

8. Complete product planning of PC Mail v2.1

9. Review Mac Mail strategy

10. Initiate PC Word v6.0 planning

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1990 Headcount & Sales Summary

APPLICATIONS DIVISION HEADCOUNT - JUNE 1990

DEPARTMENT	FY 90 PLAN				AS OF 30-Jun	FIRM HIRES	TOTAL
	Q1	Q2	Q3	Q4			
APPLICATIONS MANAGEMENT							
4101 Applications Group	3	3	3	3	4		4
4159 Applications Marketing	0	0	0	7	0	1	1
TOTAL	3	3	3	10	4	1	5
APPLICATIONS STRATEGY							
4142 Strategy Group	0	0	2	2	2		2
4143 Applications Development Tools & Libraries	0	0	31	31	20	3	23
4122 Applications Development College	2	2	2	2	1		1
4112 Applications Architecture	4	4	5	5	5		5
4102 On-Line Training Group	71	75	3	3	3		3
4144 On-Line Development	0	0	18	18	19		19
4145 On-Line Testing	0	0	15	15	14		14
4146 On-Line Prog Mgmt	0	0	5	5	5	1	6
4147 On-Line Support	0	0	9	9	9		9
4103 User Interface Group	11	14	2	2	2		2
4150 UI Usability	0	0	8	8	6		6
4151 UI Graphice Design	0	0	5	5	5		5
4152 UI General Design	0	0	3	3	3		3
4155 Applications Framework	0	0	0	0	12	1	13
TOTAL	88	95	108	108	106	5	111
ANALYSIS BUSINESS UNIT							
4104 ABU Group	5	6	7	8	5		5
4105 ABU Development	23	24	27	29	27	3	30
4106 ABU Marketing	14	14	14	14	14	4	18
4107 ABU Program Mgmt	8	9	9	10	10	2	12
4108 ABU Project Mktg	17	17	17	17	19	4	23
4109 ABU Testing	19	19	20	21	17	1	18
4110 ABU User Ed	46	47	48	48	44	1	45
4152 ABU Production	0	0	0	0	7		7
TOTAL	132	136	142	147	143	15	158
DATA ACCESS BUSINESS UNIT							
4111 DABU Group	4	4	5	5	5		5
4113 DABU BASIC	20	20	21	21	18		18
4115 DABU Development	31	31	32	32	27		27
4116 DABU Marketing	13	13	14	14	7		7
4117 DABU Prog Mgmt	10	11	11	11	11		11
4118 DABU Testing	25	25	25	25	26	1	27
4119 DABU User Ed	43	43	45	47	27		27
TOTAL	146	147	153	155	121	1	122
ENTRY BUSINESS UNIT							
4120 EBU Group	2	2	3	3	2		2
4121 EBU Development	29	31	31	31	31	2	33
4123 EBU Marketing	12	12	12	12	13	2	15
4124 EBU Program Mgmt	9	9	9	9	10	2	12
4125 EBU Testing	15	15	16	16	21	1	22
4126 EBU User Ed	30	31	31	31	26		26
4127 EBU User Ed On-Line	20	21	21	21	23		23
4154 Applications Configuration testing	0	0	0	0	0		0
TOTAL	117	121	123	123	128	7	135

APPLICATIONS DIVISION HEADCOUNT - JUNE 1990

DEPARTMENT	FY 90 PLAN				AS OF 30-Jun	FIRM HIRES	TOTAL
	Q1	Q2	Q3	Q4			
GRAPHICS BUSINESS UNIT							
4128 GBU Group	5	5	6	6	6		6
4129 GBU Development 1	8	8	9	10	8		8
4130 GBU Development 2	8	8	10	11	6		6
4131 GBU Marketing	6	7	8	8	9		9
4132 GBU Software QA	5	6	7	8	5		5
4141 GBU Program Mgmt	4	4	4	4	0		0
TOTAL	36	38	44	47	34	0	34
OFFICE BUSINESS UNIT							
4133 OBU Group	2	2	2	2	2		2
4134 OBU Testing	30	30	30	30	36	3	39
4135 OBU User Ed	46	47	49	50	53	1	54
4136 OBU Word Development	43	43	43	43	54	3	57
4137 OBU Word Marketing	12	12	12	12	15	2	17
4138 OBU Work Group Development	29	32	34	34	37	4	41
4139 OBU Work Group Mktg	4	5	5	5	7	2	9
4140 OBU WP Program Mgmt	8	9	11	11	11	2	13
4148 OBU Handwriting	0	0	0	0	2		2
TOTAL	174	180	186	187	217	17	234
GRAND TOTAL	696	720	759	777	753	46	799

APPLICATIONS DIVISION HEADCOUNT SUMMARY - BY JOB FUNCTION

JOB SKILL	VP	Strategy	ABU	DABU	EBU	GBU	OBU	TOTAL
Software Design Engineer		56	33	45	31	14	82	261
Software Test Engineer		14	23	26	20	5	36	124
Program Manager		5	12	11	10	3	17	58
Product Manager	1		18	5	12	5	20	61
User Education		1	50	27	50	1	52	181
User Interface		16	-	-	-	-		16
Other	3	14	7	7	5	6	10	52
TOTAL - As of June 30, 1990	4	106	143	121	128	34	217	753

Jun-90

	USSMD Units	USSMD $	Int'l Units	Int'l $	All OEM Units	All OEM $	Total Units	Total $
Analysis BU Total	30,224	5,521,469	37,956	10,731,070	5,314	165,566	73,494	$16,418,105
Plan	29,070	8,232,214	34,155	10,546,943	334	33,400	63,559	$18,812,557
% of Plan	104%	67%	111%	102%	1591%	496%	116%	87%
D BU Total	5,836	442,424	6,308	730,481	98,422	298,424	110,566	$1,471,329
Plan	16,181	2,533,330	11,954	996,493	0	0	28,135	$3,529,823
% of Plan	36%	17%	53%	73%			393%	42%
Entry BU Total	13,820	2,149,557	52,489	5,475,220	60,163	875,140	146,472	$8,499,917
Plan	62,730	3,379,506	45,906	4,752,523	334	16,709	108,970	$8,148,729
% of Plan	54%	64%	114%	115%	18013%	5240%	134%	104%
Graphics BU Total	9,474	1,931,925	2,100	376,100	0	0	11,574	$2,308,025
Plan	18,862	2,552,094	4,455	1,303,054	0	0	22,517	$3,855,148
% of Plan	52%	76%	47%	29%			51%	60%
Office BU Total	46,127	$6,492,262	51,973	$15,502,730	449	$12,088	98,549	$22,007,080
Plan	37,941	$7,652,294	42,022	$12,231,264	0	$0	79,963	$19,883,558
% of Plan	122%	85%	124%	127%			123%	111%
TOTAL APPS	125,481	$16,537,637	150,826	$32,815,601	164,348	$1,351,218	440,655	$50,704,456
Plan	163,986	$24,349,438	138,492	$29,830,277	668	$50,100	303,146	$54,229,815
% of Plan	77%	68%	109%	110%	24603%	2697%	145%	93%

YTD

	USSMD Units	USSMD $	Int'l Units	Int'l $	All OEM Units	All OEM $	Total Units	Total $
Analysis BU Total	436,939	77,605,094	420,788	109,864,969	115,385	2,064,616	973,112	$189,534,619
Plan	329,635	80,865,215	353,927	107,597,305	43,725	1,504,200	727,287	$189,963,720
% of Plan	133%	96%	119%	102%	264%	138%	134%	100%
D BU Total	101,156	9,138,769	94,301	9,284,637	796,065	2,000,423	991,522	$20,423,829
Plan	141,832	17,175,841	128,845	10,883,576	643,590	1,815,400	914,267	$29,874,817
% of Plan	71%	53%	73%	85%	124%	110%	108%	68%
Entry BU Total	816,845	42,385,947	478,192	46,358,441	317,487	4,646,679	1,612,524	$93,391,067
Plan	616,878	33,486,577	430,472	43,603,343	185,300	2,261,500	1,232,650	$79,351,420
% of Plan	132%	127%	111%	106%	171%	205%	131%	118%
Graphics BU Total	63,186	8,531,088	11,683	2,172,841	0	0	74,869	$10,703,930
Plan	115,129	18,251,426	31,099	8,554,963	0	0	146,228	$26,806,389
% of Plan	55%	47%	38%	25%			51%	40%
Office BU Total	709,420	$102,030,939	568,614	$162,915,076	16,843	$970,995	1,294,877	$265,917,010
Plan	472,017	$85,534,797	393,671	$115,238,527	12,975	$881,075	878,663	$201,654,399
% of Plan	150%	119%	144%	141%	130%	110%	147%	122%
TOTAL APPS	2,127,546	$239,691,777	1,573,578	$130,595,964	1,245,780	$9,682,713	4,946,904	$579,970,454
Plan	1,675,491	$235,313,856	1,338,014	$285,877,714	885,590	$6,459,175	3,899,095	$527,650,745
% of Plan	127%	102%	118%	116%	141%	150%	127%	110%

ActF Revenue

Jun-98

	USSMD Units	USSMD $	Int'l Units	Int'l $	All OEM Units	All OEM $	Total Units	Total $
PC Multiplan	251	$26,369	6,873	$1,221,153	5,308	$122,013	12,432	$1,369,535
Plan	485	$49,137	6,112	$1,150,755	0	$0	6,597	$1,199,892
% of Plan	52%	54%	112%	106%			188%	114%
PC Project	341	$92,858	456	$116,052	0	$0	797	$208,910
Plan	424	$109,142	531	$155,489	0	$0	955	$264,631
% of Plan	80%	85%	86%	75%			83%	79%
PM Excel	523	$104,969	436	$127,092	0	$0	959	$232,061
Plan	1,999	$296,841	3,210	$1,036,724	0	$0	5,209	$1,333,565
% of Plan	26%	35%	14%	12%			18%	17%
Win Excel	8,408	$2,092,015	16,020	$5,916,273	0	$43,313	24,428	$8,051,601
Plan	14,495	$3,525,510	14,694	$4,879,299	314	$33,409	29,523	$8,438,209
% of Plan	58%	59%	109%	121%	0%	130%	83%	95%
Win Project	2,475	$442,566	1,486	$676,131	0	$0	3,961	$1,118,697
Plan	1,817	$656,740	1,791	$814,035	0	$0	3,608	$1,470,775
% of Plan	136%	67%	83%	83%			110%	76%
PM Project	0	$0	0	$0	0	$0	0	$0
Plan	606	$218,913	0	$0	0	$0	606	$218,913
% of Plan	0%	0%					0%	0%
Mac Excel	12,225	$2,282,843	6,016	$1,511,901	0	$0	18,241	$3,794,744
Plan	14,555	$2,843,054	6,845	$1,780,512	0	$0	21,400	$4,623,566
% of Plan	84%	80%	88%	85%			85%	82%
MS Office	1,375	$254,073	729	$142,317	0	$0	2,104	$396,390
Plan	0	$0	0	$0	0	$0	0	$0
% of Plan								
Mac Multiplan	0	($527)	2	$244	0	$0	2	$217
Plan	0	$0	0	$0	0	$0	0	$0
% of Plan								
Mac Project	0	$0	0	$0	0	$0	0	$0
Plan	0	$0	0	$0	0	$0	0	$0
% of Plan								
PC Multiplan Update	1,382	$499,408	0	$0	0	$0	1,382	$499,408
Plan	0	$0	0	$0	0	$0	0	$0
% of Plan	0%	0%					0%	0%
PC Project Update	2,185	$36,447	3,320	$283,840	0	$0	5,305	$320,287
Plan	0	$0	1,590	$203,528		$1	1,590	$203,528
% of Plan			140%	139%			334%	157%
PM Excel Update	13	$724	14	$697	0	$0	27	$1,421
Plan	0	$0	0	$0	0	$0	0	$0
% of Plan								
PM Project Update	0	$0	0	$0	0	$0	0	$0
Plan	0	$0	0	$0	0	$0	0	$0
% of Plan								
Mac Multiplan Update	0	$0	0	$0	0	$0	0	$0
Plan	0	$0	0	$0	0	$0	0	$0
% of Plan								
Win Excel Update	12,212	$6,737	2,015	$113,474	0	$0	14,227	$120,211
Plan	7,814	$380,933	1,205	$292,431	0	$0	9,019	$673,364
% of Plan	156%	2%	167%	39%			158%	18%
Mac Multiplan Update	20	$155	-1	($444)	0	$0	19	($289)
Plan	0	$0	0	$0	0	$0	0	$0
% of Plan								
Mac Excel Update	1,573	$134,845	1,325	$166,088	0	$0	2,898	$300,933
Plan	7,794	$179,945	1,838	$137,949	0	$0	9,652	$517,894
% of Plan	20%	35%	71%	120%			30%	58%
Revenue Adjust	-8,527	($852,708)	0	$0	0	$0	-8,527	($852,708)
Plan		$0		$0		$0		$0
% of Plan								

YTD

	USSMD Units	USSMD $	Int'l Units	Int'l $	All OEM Units	All OEM $	Total Units	Total $
PC Multiplan	5,637	$577,961	108,665	$19,194,176	111,378	$1,280,935	225,580	$21,053,072
Plan	4,665	$472,929	71,507	$13,509,725	29,200	$217,800	105,372	$14,200,454
% of Plan	121%	122%	152%	142%	381%	588%	214%	148%
PC Project	5,615	$1,493,024	6,689	$1,830,797	149	$23,874	12,663	$3,347,695
Plan	4,081	$1,050,450	6,332	$1,893,697	0	$0	10,413	$2,944,117
% of Plan	138%	142%	109%	97%			122%	114%
PM Excel	7,625	$1,601,697	9,999	$2,542,106	0	$0	17,624	$4,143,803
Plan	17,313	$2,570,751	14,343	$4,422,072	0	$0	31,656	$6,992,823
% of Plan	44%	62%	70%	57%			56%	59%
Win Excel	150,805	$31,282,113	158,955	$52,703,442	3,839	$735,765	313,599	$84,721,320
Plan	170,444	$36,750,450	162,784	$54,811,045	14,525	$1,283,400	347,753	$92,844,895
% of Plan	88%	85%	98%	96%	26%	57%	90%	91%
Win Project	4,374	$1,129,671	1,521	$686,391	0	$0	5,895	$1,816,062
Plan	16,485	$5,957,810	8,966	$3,879,014	0	$0	25,451	$9,836,824
% of Plan	27%	19%	17%	18%			23%	18%
PM Project	0	$0	0	$0	0	$0	0	$0
Plan	2,112	$763,352	0	$0	0	$0	2,112	$763,352
% of Plan	0%	0%					0%	0%
Mac Excel	144,228	$27,473,121	78,464	$19,524,544	0	$0	222,692	$46,997,665
Plan	126,724	$24,435,328	78,455	$20,635,062	0	$0	205,179	$45,070,390
% of Plan	114%	112%	100%	95%			109%	104%
MS Office	24,973	$4,754,826	2,806	$455,133	0	$0	27,779	$5,209,959
Plan	27,208	$4,852,925					27,208	$4,852,925
% of Plan	92%	98%					103%	103%
Mac Multiplan	-474	($51,744)	248	$24,994	0	$0	-226	($26,750)
Plan	0	$0	0	$0	0	$0	0	$0
% of Plan								
Mac Project	0	$0	0	$0	0	$0	0	$0
Plan	0	$0	0	$0	0	$0	0	$0
% of Plan								
PC Multiplan Update	4,582	$1,655,888	0	$0	0	$0	4,582	$1,655,888
Plan	0	$0	0	$0	0	$0	0	$0
% of Plan	0%	0%					0%	0%
PC Project Update	9,400	$205,529	11,859	$1,258,555	0	$0	21,259	$1,464,084
Plan	0	$0	22,645	$2,721,602	0	$0	22,645	$2,721,602
% of Plan			52%	46%			94%	54%
PM Excel Update	412	$29,009	690	$96,187	0	$0	1,102	$125,196
Plan	0	$0	82	$1,776	0	$0	586	$5,790
% of Plan								
Mac Multiplan Update	0	$0	0	$0	0	$0	0	$0
Plan	0	$0	0	$0	0	$0	0	$0
% of Plan								
Win Excel Update	20,052	$102,085	13,892	$940,214	0	$0	33,934	$1,042,299
Plan	75,000	$3,656,254	14,501	$3,205,538	0	$0	89,501	$6,861,792
% of Plan	27%	3%	96%	29%			38%	15%
Mac Multiplan Update	504	$4,014	82	$1,776	0	$0	586	$5,790
Plan	0	$0	0	$0	0	$0	0	$0
% of Plan								
Mac Excel Update	100,911	$8,291,434	43,682	$3,948,646	-1	$0	144,592	$12,240,080
Plan	74,998	$3,656,259	17,398	$1,112,051	0	$0	92,396	$4,768,310
% of Plan	135%	227%	251%	355%			156%	257%
Revenue Adjust	-61,616	($6,161,619)	0	$0	0	$0	-61,619	($6,161,619)
Plan		$0		$0		$0		$0
% of Plan								

Misc Updates	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0			0	$0
Plan	0	$0	161	$10,029	0	$0	161	$10,029	0	$0	7,014	$377,221	0	$0	7,014	$377,221
% of Plan	0%		0%		0%		0%		0%		0%		0%		0%	
Courseware	175	$5,356	162	$2,950	0	$0	337	$8,306	4,597	$123,627	1,619	$83,395	0	$0	6,216	$207,022
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
Other Families	-10	($5,751)	445	$167,567	0	$0	435	$161,816	-250	($148,716)	11,422	$4,201,687	9	$780	11,181	$4,053,751
Plan	1,834	$125,299	972	$86,192	0	$0	2,806	$211,491	17,652	$1,205,978	11,540	$1,030,308	0	$0	29,192	$2,236,286
% of Plan	-1%	-5%	46%	194%			16%	77%	-1%	-12%	99%	408%			38%	181%
Premier Apps	366	$25,273	907	$111,138	0	$0	1,273	$136,411	4,979	$287,152	14,143	$1,654,879	1	$50	19,123	$1,942,081
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
MS AP'S N Dist		$22,017		$474,597				$466,864		$350,743		$775,147				
Plan		$0		$0		$0		$0		$0		$0		$0		$0
% of Plan																
Analysis BU Total	30,224	5,521,469	37,956	10,731,070	5,314	165,566	73,494	$16,418,105	436,939	77,605,034	420,788	109,864,969	115,385	2,064,616	973,112	$189,534,619
Plan	29,070	8,232,214	34,155	10,546,943	334	33,400	63,559	$18,812,557	329,635	80,865,215	353,927	107,597,305	43,725	1,501,200	727,287	$189,963,720
% of Plan	104%	67%	111%	102%	1591%	495%	116%	87%	133%	96%	119%	102%	264%	138%	134%	100%

DARD Revenue

	Jun-90								YTD							
	USSMD Units	USSMD $	Int'l Units	Int'l $	All OEM Units	All OEM $	Total Units	Total $	USSMD Units	USSMD $	Int'l Units	Int'l $	All OEM Units	All OEM $	Total Units	Total $
PC Quick BASIC	3,624	$193,196	4,385	$293,815	0	$0	8,009	$487,011	58,912	$3,152,865	73,154	$4,960,126	1,062	$15,923	133,128	$8,068,914
Plan	8,296	$417,620	9,444	$618,517	0	$0	17,740	$1,036,137	85,156	$4,125,695	103,783	$6,985,037	0	$0	188,939	$11,110,712
% of Plan	44%	46%	46%	48%			45%	47%	69%	76%	70%	70%			70%	73%
PC Pro BASIC	622	$172,011	961	$274,125	73,397	$192,762	74,980	$638,898	15,836	$4,345,629	7,176	$1,911,585	75,255	$630,164	98,267	$6,887,378
Plan	2,423	$623,667	483	$137,365	0	$0	2,906	$761,032	19,126	$4,777,606	5,395	$1,527,298	1,090	$58,300	25,611	$6,363,204
% of Plan	26%	28%	199%	200%			2580%	84%	83%	91%	133%	125%	6904%	1081%	384%	108%
Mac Quick BASIC	801	$41,986	396	$23,846		$0	1,200	$65,832	9,523	$540,410	4,093	$287,922	0	$0	13,616	$828,332
Plan	932	$47,968	602	$41,479		$0	1,534	$89,447	8,968	$461,672	6,967	$470,027	0	$0	15,935	$931,699
% of Plan	86%	88%	66%	57%			78%	74%	106%	117%	59%	61%			85%	89%
Other BASIC	60	$1,744	22	$3,250	24,532	$90,308	24,614	$95,302	2,929	$58,208	988	$125,175	717,790	$1,278,207	721,707	$1,461,590
Plan	0	$0	250	$29,889	0	$0	250	$29,889	0	$0	720	$91,623	642,500	$1,757,100	643,220	$1,848,723
% of Plan			9%	11%			9846%	319%			137%	137%	112%	73%	112%	79%
Other	0	$0	0	$0		$0	0	$0	0	$0	4	($2,803)	0	$0	4	($2,803)
Plan	0	$0	0	$0		$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
Misc File	59	$4,513	73	$16,423		$0	132	$20,936	2,771	$286,550	4,150	$429,228	0	$0	6,921	$715,778
Plan	261	$19,648	993	$138,232		$0	1,254	$157,880	2,508	$189,103	10,163	$1,438,152	0	$0	12,671	$1,627,255
% of Plan	23%	23%	7%	12%			11%	13%	110%	152%	41%	30%			55%	44%
Win Omega	0	$0	0	$0		$0	0	$0	0	$0	0		0	$0	0	$0
Plan	5,000	$1,495,000	0	$0		$0	5,000	$1,495,000	21,000	$7,069,400	0		0	$0	21,000	$7,069,400
% of Plan	0%	0%					0%	0%	0%	0%					0%	0%
Mac Omega	0	$0	0	$0		$0	0	$0	0	$0	0	$0	0	$0	0	$0
Plan	0	$0	0	$0		$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
BASIC Updates	222	$17,032	791	$110,555		$0	1,013	$127,587	6,644	$551,056	13,392	$1,164,770	2	$25	20,038	$1,715,851
Plan	0	$0	0	$0		$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
Mac File Updates	91	$4,250	76	$1,668		$0	167	$5,918	1,401	$55,021	1,818	$115,916	0	$0	3,219	$170,937
Plan	0	$0	0	$0		$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
Other Updates	0	$0	0	$0		$0	0	$0	0	$0	1	($313)	0	$0	1	($313)
Plan	0	$0	0	$0		$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
Misc Updates	0	$0	359	$19,077		$0	359	$19,077	0	$0	0	$0	0	$0	4,474	$247,093
Plan	0	$0	0	$0		$0	0	$0	0	$0	4,474	$247,093	0	$0	4,474	$247,093
% of Plan			0%	0%			0%	0%			0%	0%			0%	0%
Revenue Adjust	0	$0	0	$0		$0	0	$0	0	$0	0	$0	0	$0	0	$0
Plan	-2,270	($226,973)	0	$0		$0	-2,270	($226,973)	-13,928	($1,392,635)	0	$0	0	$0	-13,928	($1,392,635)
% of Plan	0%	0%					0%	0%	0%	0%					0%	0%
Courseware	0	$0	0	$0		$0	0	$0	0	$0	0	$0	0	$0	0	$0
Plan	0	$0	0	$0		$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
Other Families	1,539	$156,400	0	$11,934	493	$15,354	493	$15,354	25	$475	315	$273,931	1,958	$76,104	2,298	$350,510
Plan	0	$0	102	$11,934	0	$0	1,721	$168,334	19,002	$1,945,000	1,817	$124,346	0	$0	20,819	$2,069,346
% of Plan	0%	0%	0%	0%			29%	9%	0%	0%	17%	220%			11%	17%

Produc-Appx Plan	3	$20	18	$1,686	0	$0	19	$1,706	264	$6,219	273	$24,793	0	$0	537	$31,012
% of Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
Misc/RM Dir Plan	666	$7,672	453	$5,093	0	$0	1,119	$12,765	10,896	$142,336	4,148	$54,307	0	$0	15,044	$196,643
% of Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
DAILY Total	5,836	442,424	6,308	730,481	98,422	298,424	110,566	1,471,329	101,156	9,138,769	94,301	9,284,637	796,065	2,000,423	991,522	$20,423,829
Plan	16,181	2,533,330	11,954	996,493	0	0	28,135	3,529,823	141,832	17,175,843	128,845	10,883,576	643,590	1,815,400	914,267	$29,874,817
% of Plan	36%	17%	53%	73%			393%	42%	71%	53%	73%	85%	124%	110%	108%	68%

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F&I Revenue

	Jun-90								YTD							
	USSMD Units	USSMD $	Int'l Units	Int'l $	All OEM Units	All OEM $	Total Units	Total $	USSMD Units	USSMD $	Int'l Units	Int'l $	All OEM Units	All OEM $	Total Units	Total $
PC Chart	62	$12,311	3,168	$901,170	2,259	$60,485	5,489	$973,966	1,850	$381,538	29,004	$6,333,304	11,919	$373,188	42,773	$7,088,030
Plan	0	$0	2,663	$657,672	0	$0	2,663	$667,672	0	$0	30,446	$7,520,144	2,100	$172,500	32,546	$7,692,644
% of Plan			119%	135%			206%	146%			95%	84%	568%	216%	131%	92%
PC Flight Simulator	4,601	$153,041	8,531	$243,778	0	$0	13,132	$396,819	141,159	$4,384,811	97,293	$2,796,819	6	$123	238,458	$6,981,753
Plan	21,201	$550,670	7,994	$277,271	0	$0	29,195	$827,941	194,050	$5,299,998	87,941	$3,086,626	0	$0	281,991	$8,386,624
% of Plan	22%	28%	107%	88%			45%	48%	73%	79%	111%	91%			85%	83%
PC Learning DOS	4,287	$169,303	3,550	$79,725	0	$0	7,837	$189,028	79,466	$2,111,226	25,541	$826,248	1	$50	105,008	$2,931,524
Plan	13,629	$354,002	0	$0	0	$0	13,629	$354,002	131,175	$3,407,142	0	$0	0	$0	131,175	$3,407,142
% of Plan	31%	31%					58%	53%	61%	62%					80%	86%
PC Works	12,071	$1,050,622	32,087	$3,256,606	57,296	$797,748	101,454	$5,104,976	411,787	$22,158,892	240,879	$25,390,034	303,925	$4,154,134	956,591	$51,703,060
Plan	19,616	$1,396,258	25,553	$2,810,069	334	$16,700	45,523	$4,223,427	182,072	$13,105,262	208,982	$22,445,765	183,200	$2,089,000	574,254	$37,640,027
% of Plan	61%	75%	126%	116%	17154%	4777%	223%	121%	226%	169%	115%	113%	166%	199%	167%	137%
Mac Chart	6	$381	8	$512	0	$0	14	$893	-2	($1,942)	183	$11,759	0	$0	181	$9,817
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
Mac Flight Simulator	795	$21,646	88	$2,914	0	$0	883	$24,560	9,800	$273,738	1,885	$48,072	0	$0	11,685	$321,810
Plan	1,556	$40,405	295	$9,279	0	$0	1,851	$49,684	14,971	$388,883	3,144	$98,423	0	$0	18,115	$487,306
% of Plan	51%	54%	30%	31%			48%	49%	65%	70%	60%	49%			65%	66%
Mac Works	6,172	$697,784	2,463	$300,078	0	$0	8,635	$997,862	77,975	$10,742,716	27,812	$4,211,883	1	$55	105,788	$14,954,654
Plan	9,546	$1,321,990	3,606	$659,877	0	$0	13,152	$1,981,867	94,501	$12,899,381	36,168	$6,726,971	0	$0	130,669	$19,626,352
% of Plan	65%	53%	68%	45%			66%	50%	83%	83%	77%	63%			81%	76%
PC Chart Update	13	$485	424	$65,351	0	$0	437	$65,836	344	$14,227	2,410	$317,898	0	$0	2,754	$332,125
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
PC Flight Simulator Update	0	$0	0	$0	0	$0	0	$0	19	$140	0	$0	0	$0	19	$140
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
PC Works Update	1,233	$41,772	6,258	$489,174	0	$0	7,491	$530,946	34,797	$1,458,044	27,916	$2,016,635	2	$100	62,715	$3,474,779
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
Mac Flight Simulator Update	4	$10	0	$0	0	$0	4	$10	117	$615	71	$783	0	$0	188	$1,398
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
Mac Works Update	597	$25,389	171	$14,085	0	$0	768	$39,474	12,541	$341,543	10,552	$862,267	0	$0	23,093	$1,203,810
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
Other Updates	9	$80	5	$70	0	$0	14	$150	192	$1,523	80	$1,355	0	$0	272	$2,878
Plan	0	$40	944	$61,343	0	$0	944	$61,343	0	$0	10,750	$694,554	0	$0	10,750	$694,554
% of Plan			1%	0%			1%	0%			1%	0%			3%	0%
Revenue Adjust	-4,085	($408,499)	0	$0	0	$0	-4,085	($408,499)	-36,891	($3,689,089)	0	$0	0	$0	-36,891	($3,689,089)
Plan	0%	$0	0	$0	0	$0	0%	0%	0%	0%	0	$0	0	$0	0%	0%
% of Plan																
Courseware	435	$13,135	222	$5,873	0	$0	657	$19,008	8,127	$254,498	1,169	$50,997	0	$0	9,296	$305,495
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
Other Families	0	($6,420)	5	$9,852	531	$16,907	536	$20,339	0	($31,133)	3,482	$882,801	1,383	$76,582	4,865	$928,250
Plan	1,247	$124,680	5,795	$266,612	0	$0	7,042	$391,292	37,000	$2,075,000	63,791	$3,030,860	0	$0	100,791	$5,105,860
% of Plan	0%	-5%	0%	4%			8%	5%	0%	-2%	5%	29%			5%	18%

Promo-Apps	171	$5,189	1,027	$85,540	0	$0	1,198	$90,729	4,235	$177,195	24,135	$2,109,289	0	$0	0	28,370	$2,286,484
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	0	$0
% of Plan																	
Misc/RM Dist	5,220	$24,829	1,340	$20,492	77	$0	6,637	$45,321	82,448	$318,316	26,809	$498,297	252	$42,447	109,509	$859,060	
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	
% of Plan																	
Entry BU Total	31,820	2,149,557	52,489	5,475,220	60,163	875,140	146,472	$8,499,917	816,845	42,385,947	478,192	46,358,441	317,487	4,646,679	1,612,524	$93,391,067	
Plan	62,730	3,379,506	45,904	4,752,523	334	16,709	108,970	$8,148,729	616,878	33,486,577	430,472	43,603,343	185,300	2,261,500	1,232,650	$79,751,420	
% of Plan	54%	64%	114%	115%	1,8013%	5240%	134%	104%	132%	127%	111%	106%	171%	205%	131%	118%	

CRU Revenue

	Jun-90								YTD							
	USSMD Units	USSMD $	Int'l Units	Int'l $	All OEM Units	All OEM $	Total Units	Total $	USSMD Units	USSMD $	Int'l Units	Int'l $	All OEM Units	All OEM $	Total Units	Total $
Mac PowerPoint	2,151	$445,013	754	$160,552	0	$0	2,905	$575,565	27,155	$5,448,199	7,849	$1,772,979	0	$0	35,004	$7,221,178
Plan	4,933	$1,000,363	1,587	$414,346	0	$0	6,520	$1,414,709	43,165	$8,635,705	16,629	$4,417,096	0	$0	59,794	$13,052,801
% of Plan	44%	41%	48%	39%			45%	41%	63%	63%	47%	40%			59%	55%
PM PowerPoint	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0		
Plan	1,250	$321,750	25	$7,951	0	$0	1,275	$329,701	1,250	$321,750	151	$48,392	0	$0	1,401	$370,142
% of Plan	0%	0%	0%	0%			0%	0%	0%	0%	0%	0%			0%	0%
Win PowerPoint	5,112	$1,417,631	570	$162,641	0	$0	5,682	$1,580,274	5,326	$1,421,509	570	$162,641	0	$0	5,896	$1,584,150
Plan	3,634	$935,500	2,549	$847,513	0	$0	6,183	$1,783,013	30,057	$7,736,588	11,975	$3,787,685	0	$0	42,032	$11,524,273
% of Plan	140%	152%	22%	19%			95%	89%	18%	18%	5%	4%			14%	14%
MS Office	1,375	$80,498	729	$45,091	0	$0	2,104	$125,589	24,973	$1,506,479	2,806	$444,200	0	$0	27,779	$1,650,680
Plan	0	$0	0	$0	0	$0	0	$0	27,208	$1,537,560	0	$0	0	$0	27,208	$1,537,560
% of Plan									92%	98%					102%	107%
MAC PowerPoint Update	152	$1,781	82	$5,720	0	$0	234	$7,501	2,866	$39,668	1,004	$80,546	0	$0	3,870	$120,214
% of Plan	0	$0														
Misc Updates	0	$0	191	$11,912	0	$0	191	$11,912	0	$0	1,326	$89,386	0	$0	1,326	$89,386
Plan	0	$0														
% of Plan			42%	48%			121%	63%			76%	90%			292%	134%
Revenue Adjust	-2,407	($240,714)	63	$2,824	0	$0	63	$2,824	778	$66,406	778	$66,406	0	$0	778	$66,406
			0	$0	0	$0	-2,407	($240,714)	-13,551	($1,355,179)	0	$0	0	$0	-13,551	($1,355,179)
% of Plan	0%	0%	0%	0%			0%	0%	0%	0%	0%	0%			0%	0%
Courseware	5	$645	8	$1,613	0	$0	13	$2,258	55	$8,490	28	$3,015	0	$0	83	$11,505
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
Other Families	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
Plan	10,652	$535,195	294	$18,508	0	$0	10,946	$553,703	27,000	$1,375,002	2,344	$145,998	0	$0	29,344	$1,521,000
% of Plan	0%	0%	0%	0%			0%	0%	0%	0%	0%	0%			0%	0%
Revenue-Apps	171	$12,400	1	$82	0	$0	172	$12,492	894	$33,100	83	$6,640	0	$0	977	$39,740
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
Misc/RAI Dist	460	$3,955	38	$401	0	$0	498	$4,356	4,783	$73,643	347	$2,820	0	$0	5,130	$76,463
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
Graphics BU Total	9,474	1,931,925	2,100	376,100	0	0	11,574	$2,308,025	63,186	8,531,088	11,683	2,172,841	0	0	74,869	$10,703,910
Plan	18,862	2,552,094	4,455	1,303,054	0	0	22,517	$3,855,148	115,129	18,251,426	31,099	8,554,963	0	0	146,228	$26,806,389
% of Plan	52%	76%	47%	29%			51%	60%	55%	47%	38%	25%			51%	40%

OBU Revenue

	Jun-00								YTD							
	UNSSAID Units	UNSSAID $	Int'l Units	Int'l $	All OEM Units	All OEM $	Total Units	Total $	UNSSAID Units	UNSSAID $	Int'l Units	Int'l $	All OEM Units	All OEM $	Total Units	Total $
PC Laser Solution	0	$0	1,025	$232,449	0	$0	1,025	$232,449	0	$0	11,428	$2,236,917	0	$0	11,428	$2,236,917
Plan	0	$0	698	$109,718	0	$0	698	$109,718	0	$0	7,502	$1,179,800	0	$0	7,502	$1,179,800
% of Plan			147%	212%			147%	212%			152%	190%			152%	190%
PC Word	8,507	$1,537,918	22,346	$7,739,239	400	$7,312	31,653	$9,284,469	204,485	$29,905,833	321,127	$99,079,764	13,974	$869,303	539,586	$129,854,900
Plan	9,700	$1,460,460	23,184	$6,843,366	0	$0	32,884	$8,303,826	153,000	$21,646,760	251,375	$75,558,658	9,075	$842,075	413,450	$98,047,493
% of Plan	92%	105%	96%	113%			96%	112%	134%	138%	128%	131%	154%	103%	131%	132%
Win Word	7,102	$1,593,272	10,360	$3,798,142	6	$240	17,414	$5,391,654	65,628	$14,991,947	44,400	$15,432,952	8	$30,779	110,036	$30,455,678
Plan	10,250	$2,336,942	6,567	$2,216,863	0	$0	16,817	$4,553,805	112,350	$23,319,178	21,783	$6,914,879	0	$0	134,133	$30,234,057
% of Plan	69%	68%	157%	171%			104%	118%	58%	64%	204%	223%			82%	101%
Mac Word	14,169	$2,304,414	6,799	$1,624,965	0	$0	20,968	$3,929,379	204,646	$34,193,354	91,995	$21,281,995	0	$0	296,641	$55,475,349
Plan	18,599	$3,443,867	6,975	$1,707,438	0	$0	25,574	$5,151,305	171,342	$29,693,597	75,435	$18,709,450	0	$0	246,777	$48,403,047
% of Plan	75%	67%	97%	95%			81%	76%	119%	115%	122%	114%			120%	115%
MS Office	1,375	$294,322	729	$164,863	0	$0	2,104	$459,185	24,973	$5,508,066	2,806	$527,233	0	$0	27,779	$6,035,299
Plan	0	$0	0	$0	0	$0	0	$0	27,208	$5,621,705	0	$0	0	$0	27,208	$5,621,705
% of Plan									92%	98%					102%	107%
Mac Mall	1,121	$109,520	354	$60,089	0	$0	1,475	$169,609	13,708	$2,200,710	5,222	$733,698	0	$0	18,930	$2,934,408
Plan	2,980	$332,951	1,005	$200,138	0	$0	3,985	$533,089	21,851	$2,509,387	7,426	$1,515,111	0	$0	29,277	$4,024,498
% of Plan	38%	33%	35%	30%			37%	32%	63%	88%	70%	48%			65%	73%
Mac Write	-31	($1,629)	93	($102)	0	$0	62	($1,731)	1,700	$63,812	252	$12,991	0	$0	1,952	$76,803
Plan	0	$0	55	$11,081	0	$0	55	$11,081	0	$0	470	$66,442	0	$0	470	$66,442
% of Plan			169%	-1%			113%	-16%			54%	20%			415%	116%
PM Word	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
Plan	3,029	$779,584	0	$0	0	$0	3,029	$779,584	10,561	$2,718,413	0	$0	0	$0	10,561	$2,718,413
% of Plan	0%	0%					0%	0%	0%	0%					0%	0%
Win Word Upgrade	3,026	$404,338	4,954	$653,946	0	$0	7,980	$1,058,284	38,702	$5,556,886	19,964	$3,159,344	-1	($150)	58,665	$8,716,080
Plan	100	$10,000	1,444	$190,887	0	$0	1,544	$200,887	30,000	$3,000,000	4,737	$598,165	0	$0	34,737	$3,598,165
% of Plan	3026%	4043%	343%	343%			517%	527%	129%	185%	421%	528%			169%	242%
PC Word Update	1,136	$61,849	3,802	$655,172	0	$0	4,938	$717,021	101,396	$4,629,710	92,578	$12,073,442	10	$750	193,984	$16,903,902
Plan	0	$0	4,847	$445,922	0	$0	4,847	$445,922	25,500	$1,338,750	54,306	$5,061,091	0	$0	79,806	$6,399,841
% of Plan			78%	147%			102%	161%	398%	351%	170%	239%			243%	264%
Mac Word Update	1,037	$59,438	1,439	$172,752	0	$0	2,476	$232,190	72,604	$2,871,925	44,906	$3,671,256	0	$0	117,510	$6,543,181
Plan	0	$0	1,336	$152,919	0	$0	1,336	$152,919	17,000	$892,500	15,221	$1,698,310	0	$0	32,221	$2,590,810
% of Plan			108%	113%			185%	152%	427%	322%	295%	216%			365%	253%
Mac Mall Update	8	$8,232	20	$5,144	0	$0	28	$13,376	1,130	$347,316	359	$54,651	0	$0	1,489	$401,967
Plan	0	$0	0	$0	0	$0	0	$0	1,333	$223,944	0	$0	0	$0	1,333	$223,944
% of Plan									85%	155%					112%	179%
Misc Updates	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
Plan	0	$0	1,947	$94,963	0	$0	1,947	$94,963	0	$0	20,828	$857,872	0	$0	20,828	$857,872
% of Plan			0%	0%			0%	0%			0%	0%			0%	0%
Other Updates	0	$0	0	$0	0	$0	0	$0	17	$25	0	$0	0	$0	17	$25
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
Revenue Adjust	8,206	($820,605)	0	$0	0	$0	-8,206	($820,605)	-64,794	($6,479,439)	0	$0	0	$0	-64,794	($6,479,439)
Plan	0%	0%	0%	0%			0%	0%	0%	0%	0%	0%			0%	0%
% of Plan																
Courseware	252	$10,356	41	($562)	0	$0	293	$9,794	5,455	$224,446	1,541	$79,509	0	$0	6,996	$303,925
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																

Other Families															
Plan	-9	$303	689	$140,209	42	$4,536	722	$145,048	-351	($17,167)	11,531	$1,319,675	2,838	$51,222	14,138	$1,353,730
% of Plan	1,091	$109,095	2,094	$257,969	0	$0	3,185	$367,064	10,499	$1,050,002	24,943	$3,078,749	3,900	$39,000	39,342	$4,167,751
Premm-Apps	-1%	0%	33%	54%			23%	40%	-3%	-2%	47%	43%	73%	131%	36%	32%
Plan	434	$32,083	2,040	$221,234	0	$0	2,474	$253,317	6,900	$336,650	24,249	$2,866,570	2	$120	31,151	$3,203,340
% of Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
Misc/R&M Dist	9,781	$77,846	2,597	$35,190	1	$0	12,379	$113,036	143,574	$1,017,456	33,999	$385,079	2	$18,971	177,575	$1,421,506
Plan	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0	0	$0
% of Plan																
Office DU Total	46,127	$6,492,262	51,973	$15,502,730	449	$12,088	98,549	$22,007,080	709,420	$102,030,939	568,614	$162,915,076	16,843	$970,995	1,294,877	$265,917,010
Plan	37,943	$7,652,294	42,022	$12,231,264	0	$0	79,965	$19,883,558	472,017	$85,534,797	393,671	$115,238,527	12,975	$881,075	878,663	$201,654,399
% of Plan	122%	85%	124%	127%			123%	111%	150%	119%	144%	141%	130%	110%	147%	132%

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