

DX 272

Novell Business Applications Quarterly International Conference Meeting Notes

June 13-16, 1995

Orem, Utah



Tuesday -- June 13, 1995

Mark Calkins- NBA V.P. and G. M.

- Our new VP at the Executive committee Level, Jeff Waxman, is going to represent our division very well.
- Our sales are about 10% above predictions. 2nd half of the year, we have some challenges, change over to Win '95.
- Our expenses are right on track.
- We're up on materials costs and royalties, but overall, we've done very well.
- Storm: We started a process at the beginning of the fiscal year, following the NetWare team model, called product life cycle management. It's been a bit painful for our developers, but it's working very well.
- Every week, Mark and Glen sit down and see what development is doing. Unlike the past, we know exactly how the product is going. We've been able to see critical path deviations and been able to control the features from getting out of control. We've made some great strides.
- We are doing simultaneous localization. Mark saw a version of the Storm QP in German. We're way ahead of where we were last year at this point in the development cycle..
- Operations has asked us to cut SKUs. We're down from about 40,000 to 800. Eventually, Mark would like us to get down to under 500 SKUs.
- During the next 12 months we have five opportunities available to us. These are:
 - 1- Become Number Two player world wide in the Suite market. What's happening with the Lotus/IBM merger is making this opportunity even more viable. Looking at past IBM mergers of this type, Mark thinks the Lotus BusApps group will be hurt. We have a real chance here.
 - 2- Win '95- Big opportunity long term-- pulling it off as well as we did 3.0, we'll be a very big win.
 - 3- Storm
 - 4- Electronic Software distribution- This may challenge our channel partners, but it's the wave of the future. They'll have to get on board. PO Select is the spring board for this new way of buying software.

- 5- Move to components- Pretty compelling strategy.
- Products-
 - Storm
 - PO 3.1
 - New Mac product
 - SGML addition (considering putting this in Storm)
- Novell is moving ahead to outsourcing WPUntix lock, stock and barrel- not only development. We will retain rights to market at CLA type accounts. We've got to be able to keep selling WPUntix in our current world wide markets.
- Technology called Willows- allows Unix to run Windows applications. It still needs to be proven on Mac and OS/2.
- Areas for improvement:
 - 1- Biggest- Point of Sale Reports (POS)- Until we see the point of sale down to the office level, we won't see the focus we need. Right now, it depends on whether the country manager likes it or not.
 - 2- Quality- Still a lot to be done to make sure we have top quality localized product. Mark made a big deal about it at his 2Q report to Bob Frankenberg.
 - 3- Double bite area- Doing well with some products, but need improvement- especially QP. We're having to start from scratch for QP.
 - 4- Database- Need to get this in place.
 - 5- Better development tools (Borland's Delphi)
 - 6- SGML viewer
 - 7- Strategy- Because we haven't had a Jeff Waxman level person, GroupWare and BusApps hasn't had a single, lockstep strategy
 - 8- Need to improve relations with other groups (ex: Operations)
 - 9- Lower costs- One of our goals is to boost CD sales and electronic distribution; CLA, VLA all help. There is only so much cost cutting we can do at the package level.
 - 10- Hitting out revenue objectives- Forecasting about 16% growth in the next four years.
- What is the immediate next step in the 3 year plans-- This is where can RPMs get involved-

We've already had a 2nd round draft, so all the international people may see it. The concepts of Aspen won't change.

- Open Doc- Can't talk about this outside our division- We basically made a decision to not focus on OpenDoc, expect on Mac, because of resource issues and because we new we would have to do OLE anyway. We desperately need testing people. Bob Frankenberg agreed with our decision. One of the way's Mark has been able to send this message is by quietly taking all mention of OpenDoc out of his presentation. No one even asks anymore-- a subtle message is being sent without an official announcement.
- Other divisions within Novell may still support OpenDoc.
- What about Delphi? Dorothy has been able to work very closely with this team. We have been counseled to go down the Delphi path. PerfectScript is a subset of a Delphi applications. Eventually, we'll take out AppWare, because Delphi is a much more powerful product.
- Paradox is being more integrated into the next suite version, much like QP was in version 3.0. They will also be localizing in at least 3 other languages, but we're looking into getting them to do more.
- Mark met with IBM about having an OS/2 product. IBM has been trying to help us, but so far, we haven't been able to get any kind of feasible solution. It would cost us 5-10 million dollars.
- We've had to chop everything that was having any negative affect on shipping Storm ASAP. This caused us to stop the OS/2 integration disk work for 3.0.
- What is our commitment to shipping stand alone apps before or after Storm? We'll have to decide which make sense to ship stand alone. Products that don't ship at least 1 mil, probably aren't worth it.
- We probably won't release stand alone products until after the suite ships. We want to lead with the suite because it sends the wrong message to lead with our individual products.
- Conceptually, we lead with the suite. Practically, however, stand alone WP accounts for about 80% of revenue. Are we surprised about how well WP is doing against the suite.
- There are 3 reasons for the success of stand alone WP:
 - 1- Price points.
 - 2- Sales reps more comfortable selling WP.
 - 3- Testament of stand alone WP franchise.
- Another factor is that internationally, we don't have a fully localized suite, but we do have fully localized WP.

Glen Mella- NBA Marketing

- In the face of great challenges, we've had some great successes.
 - Central Role of Applications within Novell structure.
 - During the last 3 quarters we've hit our numbers, gotten on the map with the internal executives (in key presentations, they mentions PO as part of the vision)
 - In all the suite war information/press, we are always part of it- No one can ignore us.
 - Until Jan, we were by and large a word processing company. Now, we are a major competitor in an important new arena.
 - We've gotten internal respect. Before the WP merger, previous Novell mergers had been relatively easy because the companies had similar models (channel, development, etc) to Novell's. Instead of accepting our differences, Novell tried to default us to their model. That created huge problems in areas where we need significantly different models to succeed, for example channel. Now, some of the old WP models are being accepted as valid and beneficial and are being integrated into the greater Novell.
 - Now is the time to leverage our relationships and take advantage of opportunities to accomplish much more, quicker. We no longer need to conform and adapt, but leverage and step up our efforts.
 - We're winning shootouts!
 - Jesse Burst article in PC Week asking, "Why in the world is Novell not bundling NetWare and PerfectOffice?" Glen agrees -- we've met with NetWare people, but found all kinds of obstacles....

EMMA Mgmt. Mtg. Comments:

➤ Key Opportunities:

- Leverage high share Netware markets
- Upgrade / Migrate existing WP, QP accts to P.O.
- Uncommitted Lotus 1-2-3 accounts
- OEM deals (Vobis, Escom, etc.)
- Resellers, VARs (GW integration)
- Not an easy sell -- but a critical one!
- Are we willing to give away licenses free in markets where we have no market share?
 - We'd like to proceed aggressively where it makes sense, in "investment" countries
- Amazing how much interest in P.O. has been shown by Novell Platinum and Gold Resellers -- we have to demonstrate the business proposition to these people, ASAP!
- The first network suite issue:
 - this is the right message!
 - We must be careful not to over promise, however, we ought to be stressing this message!
 - We have a lot of wonderful things we'll be able to say in the future
- Win '95
 - Great upgrade opportunity with huge revenue potential!
 - 6-18 months migration in Corporate Accounts

- End users/ OEMs much more aggressive
 - Timing is key, but 1-2 Quarters behind Win '95 release is acceptable
 - Quattro Pro localization-- The Good News!
- Resellers are already trying to use inventory to down stock shelves, etc. and making room for Win '95. The Ambush promotion will be to get some momentum from among the Win '95 noise. We just yesterday received permission to extend the promotion through October. This became necessary to participate in the merchandising, promotions, etc. of our Resellers in the September/October time frame.
 - When are we going to have a time line for Storm- For example, when can we start showing accounts, when sneak previews, when channel push, etc. This is CRITICAL!
 - Joe Marengi's biggest inhibitor
 - 1- Corporate Capabilities Presentation (almost done)
 - 2- Unifying product roadmap (We need to wait for the OS time line first)
 - We need a time line that fits in with what other divisions are going to be doing. It can't be just our view of things, it must be tightly integrated with what NetWare is doing. Blake is meeting with people from other divisions to put this together. Kent or Shaun will be involved in this process.
 - We're behind the planning for next year.
 - Is the RPM structure working? Does the sales office get it? Do they support it?
 - Don thinks that each region of the world is being handled differently. How we fit in each area is different because each area is organized differently.
 - There is not enough consistency between RPMs from different divisions-- this drives the local offices crazy.
 - With different brand managers, there is no synergy between the product promotions, etc.
 - There needs to be a single strategic person who is in charge of creating synergy and meshing the different brands' strategies and tactics. If we don't take the initiative and do it ourselves now, it will be mandated. Meet with the RPMs from the other divisions. Be the catalysts in your region.
 - The country managers should be the ideal person to do this, but its not working. Even in Region 2, where there is a model that is supposed to do this, it isn't working very well.
 - Glen mandates that we do not shove promotions down anyone's throat. We present our promotions to the local offices as an FYI.
 - Ambush

- We are concentrating our press push on Retail and Channel pubs. It's not something that we want to present to the press at large. Most pubs don't write articles on promotions. They concentrate on product news, not marketing news.
- Market Share Information
 - Do not quote specific market share numbers-- give directional answers.

Daniel Sumner - Europe Region 1

UK, SA, Scandinavia

- Still lack of product training -- serious problem in selling to corporate accounts -- we need to address this issue to make sure that our internal sales people are more familiar with our products
- Lack of Intl. Reference Account program
- Posters wanted
- Issues:
 - Lack of planning
 - Would like to automatically get information, instead of having to ask
 - * consider having a list server for addressing this issue
 - * ask all to post information and share it -- ask all to put everyone on user groups --
 - * send messages monthly asking all to include international in our info sharing
 - * make sure Chris G. gets all info on the intl. server
 - * make sure translation and localization occurs

Henk Loman - Region 2

France, Italy, Netherlands, Belgium, Greece, Portugal, Israel

- All should consider doing similar WP 6.1 promo as being done in Benelux -- with WP 6.1 in various languages on CD Rom, Internet publisher, OS/2 integration, Clip art, On-Line docs, and language modules. Sell-in thus far has been great!
- Henk can't get the Internet disks (*Margie- Give everyone the Internet Beta part number)
- Internet Publisher- Through the public beta, we've had a lot more bugs sent in than we would in a closed beta. They have also been more amenable to the problems, etc.
- ANCS is being threatened by the Internet. They are basically the same thing.
- We have a lot of technology within Novell that could be used in solutions, but we aren't taking advantage of it.

- * Revenue numbers from the RPMs by Thursday.
- * We need revenue numbers to plan and make goals. We've got to find a better way of getting accurate, reliable numbers in a timely manner.
- Henk's biggest issue, apart from localization, is internal communications between the local offices.

Kent Gassman- Europe Region 3

Germany, Austria, Switzerland, Eastern Europe

- Germany is the largest market in all of Europe. However, it's where we're doing the worst.
- Currently, we are about \$60,000 under budget. The True Trial CD version is going very well. To date, they've distributed over 250,000 units.
- How do sales this year compare to last year's numbers?
- In both the EMEA meetings last week, we tried to encourage everyone to concentrate more on WP, because it will pay off.
- One of the challenges has been getting the NetWare sales people to sell Apps. There are only about 10 old WP people left at the Novell German office. We going to give them more training (technical, presentations, etc) and try to get more mind share.
- QP localization will be done in German first.
- They have not reached revenue targets yet this year. YTD, we're about 2.5 mil behind.
- Most pressing problems:
 - Low market share
 - Lack of sales support
 - No RPMs-- Target date of Oct. 1st

Joel Patrick & Mike Levy - Canada

- Sales of WP stand alone far out weigh PO Sales.

Carlos Galan- Latin America

- One of the biggest problems that LA has faced is that everyone is concentrating on PO and ignoring WP stand alone, so revenue is way down. Last year, we had over \$11 mil, and in

Q1 and Q2 we only have \$800,000. We need to increase focus on WP sales so that we can meet our revenue targets.

- *Don has a list of promotion ideas he will send to everyone

Mike Dowd- Asia

- Distributor in Korea is very aggressive and has ordered large quantities of WP and GW.
- For NetWare in Asia, instead of a booth for PO, they will have an “office” set up with a Secretary, Manager, and Administrator. As people stop, those role playing say “My boss just asked me to write a letter,” or whatever, and then show how quick tasks makes this easy. It’s in a road show format.
- Each country manager controls MDF funds, so we don’t have any control. We’re working with Peter Wong to set up a new system that gives the RPMs more control.
- In Europe, they are considering setting up a model that is based on the old WP model. It would require channel members to ask for MDF, use it wisely, and have approved plans for it or they loose it. The “lost” money would be given to other partners who use the money wisely and have concrete plans in place.
- *DON: Ask Kevin Bunker about the MDF spending model.
- Altogether, we are a little bit under our budget.
- They spend most of their advertising money in targeted pubs because its too expensive to compete with Microsoft in the general public arena.
- Issues:
 - LOCALIZATION
 - More marketing \$\$\$ (MDF money solution would help)
 - No meaningful channel programs
- Glen’ comment- “Money chases ideas. If you have a good idea and present it to your channel partners early, they will find the money for it. It does require early planning though.”

Chuck Agee- Australia

- In Australia, one of the most important things we to do is to educate Resellers. Once they see how good we are, they’re excited and surprised. We’re slowly winning mind share.
- Merisel is striking a deal with Intuit on Quicken v. 3 that will go out with all the packages of Win ‘95. We’re going to include a coupon that says now buy the best Win ‘95 Suite...PO.

- Stable of “Certified PerfectOffice Presenters” to do demos. Right now Chuck is the only contact people call for PO demos and presentations.
 - *Talk to the training people about a course for this idea.*

*Let’s get people here at corp to start cc all the international people on interesting mail threads.

*Decide what price point PO should be going out at in Australia

Common issues:

- Need clear MDF policies to control/utilize (OZ ok) funds, reports on MDF spending, etc.
- Quicker localization of products, P.O.P., promo items, etc.
- VLA, MLA, CLA: need to get in place and get mind share
- Ops- mftg: getting products delivered in a timely fashion; fulfillment
- Sales Force training- leverage to accomplish
- Perfect Fit Developers program- Nothing outside the U.S.
- Communications- International Server or include cc to RPMs on group messages
- NBA weekly or monthly publication that we could send to top accounts- Get some samples from local sales offices that are doing similar things. Maybe cut and paste from NBA newsletter.
- Who pays for product marketing expenditures? (Who pays for brochures that sales uses?)
Need a good policy that gives clear guidelines that we can all follow and hold sales to.
- Tracking of accurate sales data and POS

Ideas for Success

- Need to promote to Educational market place
- Identify key accounts (top 150) and what we can do to win the accounts
- Capitalize on NetWare success
 - Need a compelling reason for NetWare users to move to PO
 - Bundle- w/added value
 - Seed PO CD with NetWare
 - Let channel buy PO at discount with every 10 pkgs of NetWare
- WP & QP- Increase focus
- Tie into industry leaders- 3rd Parties (example: HP in France with PO)

Wednesday -- June 14, 1995

Windows Product Marketing -- Jeff Hunsaker

- * Reference Account program -- Jeff willing to work on this internationally
- * Jeff will send out some presentations on PO and some info on the Shootouts -- scrips, etc.-- for the RPMs to use.

NBA Marcom -- Chris Grazioplen and Team

- * Jeff L. -- Talk with Mark Phelps and get a GroupWare solution set up for dispersing White Papers and other info on our products
- * Everyone wants sticker or some kind of packaging change to communicate to customers that PO 3.0 runs on Win '95 if or when they'll obtain the patch.
- All want videos of PO Challenge
- * Margie -- once a month, check with the Windows team, the Marcom team (especially these two), and all others in marketing, and make sure that the RPMs are getting these documents, plans, scripts, slide presentations, etc, etc.

Market Development Team- Brent McKinley & Team

Brent leads team and focuses on OEM

Mike Norberg focuses on Major markets

Mike Tippetts focuses on Government and Education Accounts

Blake Modersitzki focuses on Channel

- Investment Markets are:
 - Germany
 - Spain
 - Russia
 - France
 - Portugal
 - Greece
 - Italy
 - Asia
 - Eastern Europe
 - Latin America
- Who do the RPMs work with for OEM deals?
 - Brent should be involved with this process, but others are too. However, Brent's group has to be the one that makes the final pricing decisions for BusApps products. This is especially important in the development markets when established OEM pricing needs to be tweaked.
- The local OEM sales person can talk with Brent and use him as a tool for getting things done here in Orem. Brent's group is more of a facilitator group. However, Brent wants to at least be informed (cc) of all the deals going down.

- Only pricing exceptions need to be approved by Brent's team. (Please don't make every deal an exception. Today's incentives become tomorrow's expectations!)

Channel Focus-- Blake Modersitzki

- NFR will become part of the demo program (managed by KAO). KAO has offices in US, Dublin, & Asia.
- One of the problems with the new program is that it takes time to order and get the NFR copies. Microsoft can have NFR copies on a Resellers desk within the hour. (Platinum and Gold partners get everything free, through a database. Those who fall outside of the approved levels, are charged a small fee if they want all the updates, etc., automatically throughout the year.)
- *Employee purchase program for channel partners? Blake will look into how this will work world wide.
- Is there any collateral material about this new program? There is just a price list and short document about it. They mainly want to do just a channel announcement without spending too much money on it.
- Resellers do have a free support policy that includes a special pin number.
- *Blake would like to get everyone's feed back (through e-mail) that lets him know if the Resellers in your area can be serviced by CD NFR or if they still need disk based.
- Retail Training program is being funded under MDF and has about a \$500,000 budget.
- What about the high turnover at the retail level? Are we going to be training people who are just moving on in a couple months? Answer: Blake has found through research that although sales rep turnover is high they usually move from computer store to computer store, so the training isn't wasted.
- * Get a soft copy Channel Marketing Flow chart from Blake for everyone.

Major Account Sales -Mike Norberg (NBA) & Benoit Tamang, Tonya James - Major Acct. Sales

- Tonya James - Provo - (801) 429-5898
- Currently no CLA internationally -- we must work with VLA and MLA until CLA comes out to our markets (will take months)

- They are wanting to push toward CLA -- this is the program that the Major Account people feel best about....would even like to push toward CLA and possibly phase out MLA eventually.

PerfectOffice Select - Todd Titensor & Bill Reynolds

- First we need to decide what languages we should localize for. Next, we need to come up with about 10 3rd party companies in your area that would be strategic additions to the Select offering.
- One of the issues that international faces is that retail isn't a very big segment of their markets. And since the whole program is geared mostly toward small to medium sized accounts, we need to incorporate pricing strategies that will fit the target-- possibly VLA.

Partner Marketing- Rob Shively

- The Partner Marketing group is going to concentrate on the huge strategic partners that can't be serviced adequately through the PerfectFit program.
- In Germany, we are talking with Intuit about a joint agreement that combines PO and QuickBooks, including QuickTasks that use both products.
- Datablast is a new technology that is being evaluated. It uses the empty spaces in the broadcast bands to "blast" huge amounts of data. The nice thing is that all the infrastructure for transmission is already in place since Broadcasting is a mature market technology.

PerfectFit Program Issues- Brent Garlick and Ed Shropshire

- The Novell Development program is being revamped. A new Greater Novell program will be introduced August 1st. All the Novell offices will be plugged into it. In the new structure, the PerfectFit group will work with the developers interested specifically in Applications development.
- Dave LaFevre's team is working to make sure that all the PO API's work internationally (Michelle Pfister is the group member specifically assigned to this). The PerfectFit group then funnels all the information to the local Novell developer relations representative who gets the info to the 3rd party developer.
- We're not interested in making money off the developers' tools, because we expect their involvement to increase sales.
- ** Brent said he would put all the RPMs on the "Premier Developers" list, which will get the RPMs all the mailings that our top developers receive.

E-Pub, Envoy, Internet Publisher, SGML Edition, Language Modules -- Dave Harkness

- E-pub's mission isn't to in and of itself to make money, but to get PO into markets it normally wouldn't penetrate.
- Envoy will become integrated into existing technologies, instead of trying to be a stand alone product. We're trying to make the technology valuable in the other key products as well.
- The group is working with Bitstream to get better font support so that we never substitute fonts.
- Many of the current printing problems can be alleviated by installing new print drivers.
- The Internet Publisher is in public beta. It will not be integrated into PO 3.0 or into WP6.1, but it will be completely integrated into Storm.
- *Dave is putting together a document that points out the weaknesses of the Microsoft Internet Assistant product, as compared to our Novell Internet Tools.
- In a recent review, the reviewer gave Internet Assistant dismal marks because users can't browse. Assistant also makes jumping to different links very kludge and memory intensive.
- We don't have the resources to refine SGML to releasable quality, so instead of having a formal release, we will have a "Final Beta" release for about \$99. We won't support or guarantee it in any way.

DOS & Unix Marketing- Dave Wright and Nathan Hatch

- Tour planned for Asia Pacific and Latin America. There seems to be some question about what the purpose of the tours are. Better communication is needed.
- The groups biggest problem is that they don't get enough feedback on what they can do.
- What the RPMs need is to have EASY packaged programs that can be implemented in a very effortless way.
- *Dave Wright will check into seeing what's up with the English derivative languages of WPDos 6.0c.
- Dave will be meeting with Glen and Mark to lobby for a more elastic pricing structure.

World Wide Communications- Robert Reid & Norianne Ethridge

- Ask Norianne for the World Wide Event Calendar (includes holidays).
- As we localize products, we need to have localized collateral materials. This needs to be in the business plan and just be an automatic process. Perhaps we need a standard naming convention for each piece. We also need to have certain pieces (for example the brochure) that are always localized in all available languages.
- Kent and Shaun will be the one in charge of filling out the Project Authorization Forms.
- Who is missing what brochures?
 - Italy (PO and maybe WP)
 - Denmark (PO)
 - Taiwan & China (WP6.0a Win)
 - Brazil (PO)
- If the piece already exists in English, we can turn localization around in about 3 weeks.
- *Robert Reid will send us the table with localization costs.
- A system has been set up in the Europe (Hart system) that lets distributors directly use MDF Funds on promo materials.
- By the end of September (at the World Wide Marketing Conference) everything from new image, corporate identity, etc. will be ready to be rolled out.

Quattro Pro -- Andrew Mcinnes

- Should we have an Evangelist in Europe, for QP?.....sort of a technical evangelist? Someone who can present, someone who can train and evangelize internally and go into major accounts, etc, etc.

Thursday -- June 15, 1995

Finance: Expense and Revenue Reporting-- Kevin Bunker

- Revenue by product by country - Monthly, should start for May

- All these reports will be sales in, or "Push"
- Quarter Sales end the last Saturday of the last month of the quarter -- for all that has been shipped as of that day
- *Make appointment with Kevin and Ken to figure out, once and for all, what international revenues are, by region, for Q1 & Q2 of 1995.
- *Kevin needs to get all the Apps. (Preferably Bus. Apps) quotas, by region, from Sales
- *RPMs -- must meet with regional controllers regularly, to make sure that expenses are being accrued monthly and quarterly. This is especially important to do before the quarter closes. Plan to meet with controller at end of quarter, or first week of new quarter. Do your best to make sure that all expenses for that quarter get on the books /get accounted for that quarter.

Product Dev. & Storm- Bruce Hereton & Gary Gibb

- Novell Confidential -

Storm

- Auto-Presentation: From an existing document, breaks things down linguistically and makes a presentation for you. Since most people do not do presentations very often, this will be extremely useful. This will be functional for those languages where we have Grammatik -- English, French, German, Spanish, Dutch
- Reuse: This is Auto-Customization for templates, files, headers... to allow user to reselect looks or "styles" instead of an individual look characteristic
- Interaction points, guides, floating status: This gives you feedback to guide you on where objects are being placed, where the cursor is in the document, etc.
- Natural Language Interface: Feature in Storm that finds what you are looking for or using
- QuickFinder: Already was the fastest, most powerful technology of its kind in industry, but now more powerful and accessible. Will auto index for you, etc.
- Concept base Searching: Finds related words and concepts in the document, related to nouns. Car to Ford, Wheel to Tire, etc.

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- Work Spaces: Saves all the PO app's docs together, results of one work session, together
- Greater integration and interface similarities in bars, menus, settings
- NLI to Quick Tasks: Natural Language Interface for accomplishing Quick Tasks
- Win '95 Integration: DocFiles, OLE Auto, Tabs
- Component based PF & Delphi integration
- PO for Win '95 will run on NT: -- we are required to "do gracefully," and we plan to do a little better than that for NT.

Component Software

- part editor consistency between applications
 - easier to learn
 - easier to build and enhance
 - eliminates redundancy
- Easier to provide software enhancements
- Open, extensible by 3rd parties
- Smaller modules ideal for custom applications
- 22 components in Storm, including print, install, fonts, and a book based on NDS --
- approximately 33% of WP, QP and GroupWise will now use PerfectFit technology
- Vertical solutions will now become easier to create and enhance
- Delphi is 10x faster than VB
- Networking capabilities
- Management: Making install easier for network people, distribution easier and better, licensing (LS API now in PO) to allow managers to monitor MIF - machine information file
- Internet: Internet publisher in the box, URL, Online help, HTML WP
- NDS Address Book

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- Shared Public Folders -- GW USE
- Routing with “Ensemble Light”
- Print NDPS --
- Storm will have both InfoCentral and GroupWise, but eventually they will integrate
- Thunder is code name for next WP
 - Now can turn on a guide feature that let’s you know where margins are
 - SuperSearch -- “How do I put a line around a paragraph?” will bring up list of most likely features to accomplish that task, then explain it using Help. “I want to send a FAX” will bring up the most likely features to accomplish this task, then explain it using Help.
- Now tabs on DAD that allows you to only show logical groupings
- No BIF file, instead will be using Win ‘95 Registry
- Patch disk has 60 issues in it, 12 are Win ‘95 related, and only 4 of those are critical for running under Win ‘95.

Localization & Intl. Product Mgmt.-- Craig Bushman & Thor Christianson

- Takes about a month to go through 1st article, if the product does not fail, for most international language products.
- QP had hard coded their language strings which made it almost impossible to localize.
- Canadian French PO (with QP) FCS is Aug. 28. German PO FCS is Aug. 11. All other dates are still pending.
- These problems won’t exist with Win ‘95.
- The PO group has suggested to Mark that a group from Orem go to Scotts Valley and discuss with QP exactly what the problem were so that this never happens again. A group did go down a few weeks ago, and supposedly, the problems are fixed. However, the main “fix” is just that the whole process will happen quicker. How “fixed” this will really be remains to be seen.
- Working on a global patch- However, because of unique problems, we don’t know if this will work.

- Compatibility to Windows '95 is our number one priority
- Because of the patch, international CDs will have to be re-mastered
- Because we will also have to remaster with new QP, we are trying to get the dates to match so that there will only be one re-mastering process.
- Internationally, it might be much easier to slip stream the patch into current packaging since lower quantities negate the rotation issues.
- One suggestion is to very quietly slip stream without any announcement. By the time Win '95 is available, they new version is in stock.
- *Discuss with Blake Modersitzki the slip stream patch issue
- SKU reductions being considered–WPWin 5.2, 5.2+, 6.0a, 5.2 and 6.0 language modules
- International Storm schedule–
 - US First Customer Ship (FCS) is Dec 30
 - English (UK, CE, OZ) +1 week
 - FIGS, Danish, Dutch +30 days
 - Japanese, Swedish, Norwegian, Portuguese-Brazil +60 days
- If you think the PO needs to readjust their schedule (say swapping Italian for Swedish), let Craig and Thor know. Let's talk about this issue. In Sweden, they are producing much more revenue and are earlier adopters. However, Italian is a strategic market, especially for dealing with the EC. Continue this discussion later.
- * Our localization budget has been drastically cut. Our budget for fiscal '95 has just come back and it's \$500,000. That means that we can't start any new localization until November, when we have new budget monies. Craig is working with Mark, who is working with Jeff, on this explosive issue.
- Development is now starting to work overtime on Storm -- we're doing all possible to avoid any delays for delivery of product in December/January time frame
- *Craig will find out what the licensing issues are with the Netscape stuff.
- We may or may not do OS/2 integration- at least is won't be available for several months after Storm releases.
- Working with US beta team to get a more global site in place. However, Craig and Thor need companies to use as international beta sites. Send candidate names to Craig.

- Craig and Thor really need help with forecasting information. A new process is being put in place that includes forwarding all forecasts to the RMPs for review.
- Need more help in getting international templates. How letters are written locally; that kind of thing.
- Inform the marketing group only of extremely major problems and bugs. Use marketing only as a last result after testing, development and support has been contacted.

Operations Presentation- David Pearson & Group

- David's group's main responsibility is to work as a liaison between the product groups and the rest of Operations. They may not know the answer to every questions you have, but they will try to find out for you.
- Ops' ultimate goal is to get product out the door.
- Doc Specialist actually do bills of materials and part number assignments.
- A PPCN needs to be submitted every time there is a new product, a new promotion, any price changes, slip streams, product obsolescence, or product replacement. Please go over the financial template and everything else with a fine tooth comb or it will be rejected. Having a note that says that Kevin Bunker has reviewed the financial information is very helpful and makes the whole process go faster.
- If the PPCN has been submitted and anything is changed, the whole process needs to start over. The PPCN sets off all kinds of bells, for example, channel announcements and price list changes.
- *We need to find out more about the channel announcement problem. The delays that are happening are costing us revenue and creating huge problems.
- First Article is not a marketing check off. It purposes are:
 1. Make sure that technical support knows about the product and is comfortable with what is going out.
 2. Manufacturing verification to make sure that all the pieces are in the box and nothing has been inadvertently left out.

Novell Education-- Steve Wright and Group

- Novell Applications Training Provider -- new person to train Novell Apps.

- End user training materials will exist for:
 1. WP
 2. PO
 3. QP
 4. Presentations
 5. Paradox
 6. GroupWare Clients

- Many English Bus. Apps education materials are done now, but need to finish the Operations process.

- More money is spent on training than on product purchase.

- Planning to have courseware written at end of December for our Windows '95 apps. -- and available and "shipping" in January.

- *Kent Wilson is the contact to find out about revenue from Courseware.

- * If anyone wants to be on the distribution list of the localization schedules of Courseware, let Lori know.

- Steve would like to see, long term, that the documentation and the training materials are exactly the same thing.

- Strongly recommend that all the RPMs work with the Market Development Managers from the education groups to coordinate information and work together.

- The goal of the new training programs is to provide more flexible training channels and get as many people as possible training for Novell products.

- The program will make "Class Room Benefit" pricing of Novell products available to trainees. This will be available globally.

- Is there any way we can be more aggressive with getting training programs and software to our NIACC partners. We want to be aggressive about getting more training centers established.

- Novell Applications Instructor can offer authorized Novell training. If they want to take advantage of the extra benefits available through Novell, they need to become Authorized Organizations.

Channel Discussion- Blake Modersitzki & Mike Tippets

- In Europe, they have program Marketing Teams that work with retailers and Resellers. It would be very helpful for Blake to work with the higher level channel people.
- In Australia, they don't have enough people to work with the Resellers and channel. Chuck needs Blake's help to come up with ideas and initiatives that would work in his area.
- Don suggests that all programs be global, so all promotion information would be automatically forwarded for use globally (if the local office wants to).
- *Margie will see about getting everyone an e-mail group of the RPMs, maybe even setting them up as a public group.
- In Latin America, they have hardly any channel reps but they have huge problems. Carlos could really use some help, especially in Brazil.
- * Mike Tippets does Education Accounts, SE's, Government Accounts, and Consultants.
- As much as Blake and Mike can help as internationally, lets use them.

WPMac Update- Roger Bell

- WPMac 3.5 has extensive Internet capabilities, including HTML import and export capabilities.
- We stuck with the 3.5 version number instead of the 4 because we could present a strong message of a 3.5 version, whereas, we could have been beat up for a weak version 4. Roger didn't want to open any doors that would make this a negative move.
- You can find the Mac 3.5 beta on the Internet at <http://www.wpmac.orem.novell.com>
- Student Essentials is CD only. No docs either, just online docs.
- Business Solution- Roger is working on a very confidential agreement with Claris that would deliver WP3.5, QuickBooks, Claris FileMaker Pro, Claris Impact, Norton Utilities, AOL. We are not trying to compete with Claris Works or with Microsoft Office. We're trying to focus, very directly, on small business. The bundle would be very tightly integrated with a special interface especially for small business users. AppWare will be the glue that ties everything together, by creating applets that work much like DAD. We are targeting a \$199 street price. Time frame will be around September/October.
- Roger has gotten permission to hire someone in Europe to help with Macintosh marketing.

Friday -- June 16, 1995

Sundance Discussion

Quarterly Marketing Plans

- *Used WPWin 1993 executive summary as a “great example”. The actual plan was approx. 40-50 pages
- * Daniel mentioned that in his region, Linda Shelly, does Novell product plans for each quarter (done by MarComm) and the country mgr buys off on it. RPMs dictate what the marketing plans will be for the country concerning NBA
- * Let’s not reinvent the wheel but utilize the overall Novell marketing plans
- Things that could be included in Quarterly plan:
 - Industry analysis- Includes competitive SWAT (strength, weaknesses, opportunities, threats)
 - Opportunities and Issues (includes Pricing)
 - Goals- product, financial, marketing (must be included)
 - Strategy & Tactics (must be included)
 - Channel
 - Major Accounts
 - Novell Education
 - Internal Novell
 - Marcom Initiatives
 - Press
 - Budget (must be included)
- Everyone will turn in drafts of the Regional marketing plans Shoot by July 15th (Definitely by August 1 or no chocolate)
- We’ll share the marketing plans with each other. These plans will also be sent to Brand managers, country managers, marketing managers, Don, Kent, Shaun and Margie (**issues=the level of involvement that Scott needs to have in the international marketing plans).
- Modus Operandi- Don will approve everything unless we have extreme doubts and feel that the product group should get involved.

Quarterly Budgeting

- Henk, Daniel, and Mike L.'s budgets will be hit for \$200,000, \$100,000 & \$200,000 respectively for Europe Region 3 budget enhancements.
- ***Are the RPMs commissioned according to the original division goals or off the Sales quota goals? Don will find out.

International Team Purpose and Objectives

- Purpose: Effectively market Novell Business Application products internationally to increase profitability and market share.
- Objectives:
 1. Equip, inform, educate, and motivate the Novell sales force.
 2. Efficiently utilize Novell resources - financial, technical, human and product.
 3. Forecast and achieve revenue targets.
 4. Successfully create and execute marketing campaigns.
 5. Champion NBA products outside the U.S..
 6. Represent international issues and needs to those at Novell Corporate.

Roles of the IPMs (team discussion- How do we maximize the 10 bodies)

- Brainstorm
 - Leverage Regional activities
 - Coordinate and disseminate programs, ideas and issues across regions
 - Provide support and interface for RPMs in Orem
 - Help team members in executing local/ regional plans
 - Provide direction for Marcom pieces
 - Two way information dissemination
- Don's Opinion- More often than in the past, the IPMs need to be involved with the regions and the products. Don wants to be involved in any HR issues (pay checks, etc.) you as an employee, basically when Don can best help, not when Kent or Shaun can help you just as well. Think of them like a team leader, sounding board, assistants, and really a resource to help you in any appropriate way. Make sure they are involved and that they understand your issues. Don isn't trying to step away, he just doesn't have time to drown in all the tactical and minor issues. However, you don't report to Kent or Shaun-- that is understood. We're trying to maximize our efficiency as a team.
- The way Mark described it, the RPM and IPM relationship is like a partnership with the RPM on the front end locally and the IPM as back end support in Orem.
- Disseminate Marcom materials to the RPMs.

- * Have Don, Kent, Shaun, Margie, Craig and Thor meet to discuss information flow. Make sure that Craig isn't sending out information to the whole region without funneling it through the RPMs first.
- *Mike D. would find it very useful to get prepackaged programs that he can turn around and implement easily with just a few changes.
- *Margie- Send Daniel empties of all our products.
- The IPMs should be very involved in your regions.
- A lot of Shaun and Kent's job will be making sure the international perspective is being represented at the creative stage, initiation stage, and fulfillment stage: throughout the process. Represent international from the get go. Champion regional needs/issues/interests to the product teams within the department and division.
- The IPM should be a backup to the RPM, be known locally, and if the RPM isn't available, others at least recognize the IPM as an alternative contact. However, we need to be careful and keep local people from playing the RPMs and IPMs off each other.
- People need to know that the RPMs have an advocate at corp.
- *After looking through the notes, Don will send the IPM product descriptions to everyone.
- * Send Chuck a copy of the RPM job description.

Coordinating and Leveraging from other divisions

- Have a set of people within your region that you are continually in contact with.
 - Channel
 - Marcom
 - Sales support (those dedicated to BusAps)
 - *All the RPMs will make a list of people in their region that they need to be in contact with and how often they need to be talking to them (ex. Monthly, weekly, quarterly, etc.)
- * Shaun- Get the RPMs the MRDs for Storm, etc.

Thanks to all for Participation this week that
contributed to a very worthwhile Intl.
Conference, AND for all work done
internationally!!!

Follow-up, ACTION Items

Person Assigned	Assignment
Margie	Create a public e-mail group of the RPMs so that people may cc them very easily.
Chris Grazioplene's Group	Make sure all ads, etc. get on the international Server
Margie	Monthly, collect information, plans, videos, demos, scripts, etc. for the RPMs from Marcom team, Windows team, and other groups around the company.
RPMs	Make sure that localization of critical promotional pieces occurs in a timely manner.
Don	Send list of promotional ideas to everyone.
Don	Ask Kevin Bunker about the MDF spending model.
Shaun	Ask the training group about creating a course for "Certified PerfectOffice Presenters"
Chuck & Shaun	Decide what price point PO should be going out at in Australia.
RPMs	Create an NBA weekly or monthly publication that could be sent internally or to top accounts. Get samples from the local sales offices who are already doing something similar. Maybe cut and past from the NBA newsletter that Mike Norberg sends out.
Jeff Hunsaker	Make the Reference Account program available to international people.
Jeff Larsen	Talk with Mark Phelps and get a GroupWare solution set up for dispersing White Papers and other information on our products.
Blake Modersitzki	Check into how the channel Employee Purchase program will work world wide.
RPMs	Let Blake Modersitzki know if the Resellers in your area can be serviced by CD NFRs, or if they still need disks.
Blake	Get a soft copy Channel Marketing Flow chart to the RPMs.
Brent Garlick	Put the RPMs into the PerfectFit Partners database as "Premier Developers"
Dave Harkness	Send the document that points out Microsoft Assistant's weak point

	to the RPMs.
Dave Wright	Check into what's up with the English derivative languages of WPDos 6.0c, then report to all of Intl. Team
Robert Reid	Send the RPMs a table with localization costs for brochures, etc.
Don & Margie	Make appointment with Kevin and Ken to figure out, once and for all, what international revenues are by region for Q1 & Q2 of 1995.
Kevin	Get Bus Aps. sales quotas for each country from sales.
RPMs	Meet with regional controllers regularly to make sure that expenses are being accrued monthly and quarterly. Try to make sure that all expenses for a quarter get on the books that same quarter.
Shaun	Work out the slip stream patch issue.
Craig Bushman	Find out what the licensing issues are for Netscape.
Kent	Find out from Kent Wilson what the revenue is from Courseware.
RPMs	If anyone wants to be on the distribution list of the localization schedules for Courseware, let Lori (in Education) know.
RPMs	Finish your Q4 marketing plans by July 15.
Don	Find out how the RPMs will be commissioned, and communicate to them.
Margie	Set up meeting between Don, Kent, Shaun, Craig and Thor to make sure that information out to the local offices is channeled through Kent or Shaun and the RPMs.
Margie	Send Daniel empties of our products.
Don	Send IPM job descriptions to everyone.
Don	Send Chuck the latest RPM job description.
RPMs	Make a list of the people in your region that you will need to be in contact with. List how often you will contact them (weekly, monthly, quarterly, etc.)
Shaun	Get the RPMs the MRD for Storm.

DX 294

WORDPERFECT CORP. MARKET SHARE ANALYSIS USING INTERNAL AND SPA DATA

**DOS WORDPERFECT
WIN WORDPERFECT
MAC WORDPERFECT
OFFICE--ALL PLATFORMS
DOS PRESENTATIONS**

WordPerfect Corp. Confidential--For Internal Use Only

MARKET SHARE

*** AN/ 'SIS USING INTERNAL AND SPA DATA

WordPerfect Corp. 1993

DOS WORDPERFECT						
DOMESTIC TOTAL NEW AND UPGRADES						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	60,196	50,670	84.2%	9,860,736	9,323,129	94.5%
February	65,928	54,373	82.5%	10,974,928	9,973,911	90.9%
March	106,330	90,039	84.7%	18,770,230	17,382,728	92.6%
April	66,142	55,339	83.7%	8,861,332	8,062,708	91.0%
May						
June						
July						
August						
September						
October						
November						
December						
Total	298,596	250,421	83.9%	48,467,226	44,742,476	92.3%

INTERNATIONAL						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	87,622	69,059	78.8%	10,290,719	6,441,572	62.6%
February	49,863	31,987	64.1%	9,003,140	5,829,826	64.8%
March	56,694	38,851	68.5%	9,708,978	6,389,355	65.8%
April	35,367	19,605	55.4%	7,624,114	3,963,404	52.0%
May						
June						
July						
August						
September						
October						
November						
December						
Total	229,546	159,502	69.5%	36,626,951	22,624,157	61.8%

WORLDWIDE						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	147,818	119,729	81.0%	20,151,455	15,764,701	78.2%
February	115,791	86,360	74.6%	19,978,068	15,803,737	79.1%
March	163,024	128,890	79.1%	28,479,208	23,772,083	83.5%
April	101,509	74,944	73.8%	16,485,446	12,026,112	72.9%
May						
June						
July						
August						
September						
October						
November						
December						
Total	528,142	409,923	77.6%	85,094,177	67,366,633	79.2%

MARKET SHARE *** ANA ' IS USING INTERNAL AND SPA DATA '
 WordPerfect Corp. 1993

WIN WORDPERFECT						
DOMESTIC TOTAL NEW AND UPGRADES						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	202,883	116,758	57.5%	26,229,331	15,622,859	59.6%
February	268,682	122,289	45.5%	32,204,853	12,280,255	38.1%
March	321,396	166,557	51.8%	39,036,241	20,221,817	51.8%
April	279,582	113,875	40.7%	31,943,003	11,958,735	37.4%
May						
June						
July						
August						
September						
October						
November						
December						
Total	1,072,543	519,479	48.4%	129,413,428	60,083,666	46.4%

INTERNATIONAL						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	291,957	117,401	40.2%	52,089,793	18,120,216	34.8%
February	282,954	61,120	21.6%	39,586,992	8,035,620	20.3%
March	637,354	95,581	15.0%	51,772,819	10,668,655	20.6%
April	301,823	81,622	27.0%	41,577,548	7,349,336	17.7%
May						
June						
July						
August						
September						
October						
November						
December						
Total	1,514,088	355,724	23.5%	185,027,152	44,173,827	23.9%

WORLDWIDE						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	494,840	234,159	47.3%	78,319,124	33,743,075	43.1%
February	551,636	183,409	33.2%	71,791,845	20,315,875	28.3%
March	958,750	262,138	27.3%	90,809,060	30,890,472	34.0%
April	581,405	195,497	33.6%	73,520,551	19,308,071	26.3%
May						
June						
July						
August						
September						
October						
November						
December						
Total	2,586,631	875,203	33.8%	314,440,580	104,257,493	33.2%

MARKET SHARE *** AN' SIS USING INTERNAL AND SPA DATA
 WordPerfect Corp. 1993

MAC WORDPERFECT						
DOMESTIC TOTAL NEW AND UPGRADES						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	60,734	4,268	7.0%	4,519,259	589,485	13.0%
February	55,258	6,852	12.4%	4,214,127	765,426	18.2%
March	77,734	3,925	5.0%	6,760,417	552,516	8.2%
April	79,616	4,908	6.2%	7,520,338	817,361	10.9%
May						
June						
July						
August						
September						
October						
November						
December						
Total	273,342	19,953	7.3%	23,014,141	2,724,788	11.8%

INTERNATIONAL						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	34,353	1,131	3.3%	3,249,159	214,112	6.6%
February	33,744	1,555	4.6%	3,552,964	245,295	6.9%
March	68,849	4,052	5.9%	5,354,131	453,396	8.5%
April	41,349	1,754	4.2%	4,235,857	332,190	7.8%
May						
June						
July						
August						
September						
October						
November						
December						
Total	178,295	8,492	4.8%	16,392,111	1,244,993	7.6%

WORLDWIDE						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	95,087	5,399	5.7%	7,768,418	803,597	10.3%
February	89,002	8,407	9.4%	7,767,091	1,010,721	13.0%
March	146,583	7,977	5.4%	12,114,548	1,005,912	8.3%
April	120,965	6,662	5.5%	11,756,195	1,149,551	9.8%
May						
June						
July						
August						
September						
October						
November						
December						
Total	451,637	28,445	6.3%	39,406,252	3,969,781	10.1%

MARKET SHARE *** ANA IS USING INTERNAL AND SPA DATA '
WordPerfect Corp. 1993

OFFICE-All Platforms						
DOMESTIC TOTAL NEW AND UPGRADES						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	120,070	11,548	9.6%	4,399,072	639,688	14.5%
February	192,745	11,388	5.9%	5,010,403	679,896	13.6%
March	304,127	18,199	6.0%	11,141,704	896,400	8.0%
April	159,122	12,840	8.1%	5,767,872	798,371	13.8%
May						
June						
July						
August						
September						
October						
November						
December						
Total	776,064	53,975	7.0%	26,319,051	3,014,355	11.5%

INTERNATIONAL						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	143,633	19,297	13.4%	3,487,167	265,098	7.6%
February	141,276	15,943	11.3%	3,357,031	383,556	11.4%
March	242,193	8,894	3.7%	4,856,321	461,123	9.5%
April	193,383	6,002	3.1%	3,509,490	256,355	7.3%
May						
June						
July						
August						
September						
October						
November						
December						
Total	720,485	50,136	7.0%	15,210,009	1,366,132	9.0%

WORLDWIDE						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	263,703	30,845	11.7%	7,886,239	904,786	11.5%
February	334,021	27,331	8.2%	8,367,434	1,063,452	12.7%
March	546,320	27,093	5.0%	15,998,025	1,357,523	8.5%
April	352,505	18,842	5.3%	9,277,362	1,054,726	11.4%
May						
June						
July						
August						
September						
October						
November						
December						
Total	1,496,549	104,111	7.0%	41,529,060	4,380,487	10.5%

MARKET SHARE

*** ANALYSIS USING INTERNAL AND SPA D \ ***

WordPerfect Corp. 1993

DOS PRESENTATIONS						
DOMESTIC TOTAL NEW AND UPGRADES						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	26,568	5,530	20.8%	2,221,071	710,529	32.0%
February	16,222	2,679	16.5%	2,849,716	423,219	14.9%
March	33,209	4,137	12.5%	6,896,952	481,576	7.0%
April	12,307	3,634	29.5%	1,283,568	461,493	36.0%
May						
June						
July						
August						
September						
October						
November						
December						
Total	88,306	15,980	18.1%	13,251,307	2,076,817	15.7%

INTERNATIONAL						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	13,462	7,526	55.9%	2,606,450	1,031,668	39.6%
February	15,114	5,953	39.4%	2,827,459	891,005	31.5%
March	(23,135)	7,129	-30.8%	5,391,773	1,058,494	19.6%
April	10,184	5,868	57.6%	1,636,242	738,316	45.1%
May						
June						
July						
August						
September						
October						
November						
December						
Total	15,625	26,476	169.4%	12,461,924	3,719,483	29.8%

WORLDWIDE						
	Total SPA Users	Total WP Users	Market Share	Total SPA	Total WP	Market Share
	units	units	% units	dollars	dollars	% dollars
January	40,030	13,056	32.6%	4,827,521	1,742,197	36.1%
February	31,336	8,632	27.5%	5,677,175	1,314,224	23.1%
March	10,074	11,266	111.8%	12,288,725	1,540,070	12.5%
April	22,491	9,502	42.2%	2,919,810	1,199,809	41.1%
May						
June						
July						
August						
September						
October						
November						
December						
Total	103,931	42,456	40.9%	25,713,231	5,796,300	22.5%

DX 326

Defendant's

Exhibit

326

Business Applications Business Unit

WordPerfect, Novell Applications Group

Business Review Exercise Summary

Submitted by

Mark Calkins
Bruce Brereton
Glen Mella

July 19, 1994

NOVELL CONFIDENTIAL



CONFIDENTIAL

NL 2 0006646

NOV-25-006586

DEFENDANT'S
EXHIBIT

2505

Business Review Exercise Summary

The Business Applications Business Unit has ten products to consider in the business review exercise. The bottom line for all of the products is given below:

PerfectOffice

- PerfectOffice is the most strategic product within the business unit. The future of business applications will be sold primarily as suites. This is the major focus of the development and marketing efforts for the next 24 months.

WordPerfect for Windows

- WordPerfect for Windows is the most important product in the suite.
- WordPerfect for Windows is also a major revenue generator in the stand alone Windows word processing market. A reasonable focus will be given to promote it as a stand alone product, although it will always be promoted as part of the suite.

QuattroPro for Windows

- QuattroPro for Windows is the second most important product in the suite.
- There is also a sizeable stand alone market for Windows spreadsheets and will be promoted as a stand alone product as well as a key part of the suite.

Presentations for Windows

- The main justification for continuing development and marketing of this product is for PerfectOffice. We are a distant #4 in the market and will not win trying to compete on a stand alone basis. However, presentation graphics is a key component of any suite and we will not be able to have a strong suite without a solid presentation product. We have also seen that working in a partnership with another vendor (ala Borland) does not work well with key suite components, making it difficult to partner with another company for this product.
- It is worth noting that Microsoft PowerPoint was not a popular presentation product until Microsoft Office became popular. As we work to move PerfectOffice to a #2 market share, then Presentations for Windows will potentially become the #2 presentation graphics product.

WordPerfect for DOS

- WordPerfect for DOS is the cash cow for the division. There is minimal R&D for this product. Major expenses are support and marketing. The revenues are definitely on a

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decline, but we still expect revenue from this product line for some time.

- It is also not recommended to move this to a partner because of the large install base of WordPerfect for DOS customers. There are still more than six million WordPerfect for DOS users who are potential upgrade candidates for PerfectOffice and WordPerfect for Windows.

QuattroPro for DOS

- There is a possibility of developing another release QuattroPro for DOS to fix the top bugs and add a few new features. This will only be done after an analysis shows that there is a reasonable return on investment. This analysis will be done in the next 1-2 months.

Presentations for DOS

- Presentations for DOS is a weak product from a revenue point of view that was introduced late in the DOS application market. No development is being done and it is recommended that little be done to promote the product, except in conjunction with WordPerfect for DOS. We will probably keep the product on the price list for another year and then phase it out, assuming that the costs of support do not drive it to be in the red.

WordPerfect for Macintosh

- WordPerfect for Macintosh is not a clear-cut situation. While the product is clearly the #two product in the Macintosh word processing market, it is greatly overshadowed by Microsoft Office. The Macintosh market is holding its own, and our market share has grown, but without a suite it will be difficult to be a major player here.
- The real question is do we continue in the Macintosh market, with the possibility that the full Tapestry product line will be available on the Macintosh (such as text, spreadsheet, graphics, presentation and other components), giving us a suite product somewhere in the late 1996 time frame? It is unclear how the Macintosh market will look in 18-24 months after Chicago ships. Will the Macintosh market be large enough at that point?
- One advantage to continuing a focus on Macintosh is our ability to promote OpenDoc. One of the significant benefits of OpenDoc over OLE is the cross-platform, distributed object support. Being a strong promoter and supporter of OpenDoc puts us in a good position to partner with Apple on other key technologies that we may be able to use cross-platform in our products, such as their scripting language (AppleScript). For example, there are no current or announced plans for a scripting language in any Windows OS.
- The current recommended plans are to release WordPerfect for Macintosh 3.1 in October and move Macintosh development to Tapestry, with the goal being cross-platform

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support in the Tapestry product line. We will also look at ways to reduce expenses to increase operating profit for the product.

WordPerfect for UNIX

- WordPerfect for UNIX is also not as clear cut, but more strategic because of Novell UnixWare. With UNIX being a key Novell technology, it would be a huge blow to the company to discontinue UNIX business application development.
- Again, the main competitors in the UNIX market are either integrated applications or the potential Lotus suite. This makes the full line of Tapestry components being available on UNIX important long term. WordPerfect for UNIX 6.0 is adequately suited to compete today, but long term, it will be critical to have Tapestry on UNIX as close to the release of the Chicago version as possible.

when?
was acceptable

It is recommended that we stay committed to the UNIX business application market, however, as we finish up 6.0, we recommend reducing the number of developers from 30 to approximately 10 to help increase operating profit for the product line. These developers can be moved to Chicago and Tapestry to increase resources in these areas. (We are in jeopardy of not hitting Chicago in a reasonable time frame because we have very few developers on it right now.)

WordPerfect for OpenVMS

- WordPerfect for OpenVMS is one product that needed the business review process sooner. A lot of assumptions have been made earlier to continue development that has not happened: 1) The Digital contract took much longer to sign than anticipated. 2) Digital has not done any marketing to date. 3) Digital has gone through enormous organizational changes that have impaired its ability to market, sell and support WordPerfect for OpenVMS.
- Another justification for developing WordPerfect for OpenVMS was that 65% of the code could be used to develop WordPerfect for UNIX 6.0 character mode version. However, there is a question now how well a 6.0 product will run in character mode on UNIX and OpenVMS. In fact, the experience we have seen with WordPerfect for DOS seems to be very analogous - 6.0 sales are being surpassed by 5.1+ sales largely because of performance issues. 5.1+ provides all that is necessary and is still fast. Therefore, the argument to do a 6.0 for OpenVMS goes away if all we do is develop a 5.1+ for the character mode version of UNIX.
- The recommendation is to cancel 6.0 development immediately. This will free up developers to move to Chicago and Tapestry. While this will break the Digital contract, meaning we lose \$4.8M in revenue, the product does not make any money (see attached product review). This decision will allow us to focus more on the 32-bit Windows market, which has a much larger revenue potential.

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- There is a possibility to do a 5.1+ version of OpenVMS for large accounts who want file compatibility with 6.0 users, but we are not prepared to make that recommendation at this point. This will be determined in the next 1-2 weeks with a recommendation forthcoming.
- We will out source the sales to Digital and a third party Digital VAR, who will act as a SuperVAR (Spire Technologies) for selling this product through Digital resellers. One possibility is to have Digital bundle WordPerfect with ALL-IN-1. Both Digital and Spire can also pick up service and support over time, so we can plan a smooth migration of this product to two partners.

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Business Review Exercise Summary

PerfectOffice

- 1 Current Profitability 11/93 - 5/94: \$5.5M revenue / \$(2.9)M operating profit
- 2 Worldwide Growth 1994: 5.3M units / \$1.2B revenue
1998: 8.8M units / \$1.5B revenue
- 3 Market Share Objective Goal is to become #2 in market. Need to beat Lotus for #2 position. Requires substantial marketing resources, tremendous focus in development on application integration, strong network integration and major conversion of WordPerfect for DOS users.
- 4 Business Outlook 1994: 60K units / \$20M revenue / \$(.3)M operating profit
1998: 3.5M units / \$597M revenue / \$107M operating profit
- 5 Leverage a Partner No

WordPerfect for Windows

- 1 Current Profitability 11/93 - 5/94: \$205.5M revenue / \$47.4M operating profit
- 2 Worldwide Growth 1994: 7.8M units / \$1.3B revenue
1998: 15.3M units / \$2.2B revenue
- 3 Market Share Objective Goal is to remain #1 in market. Need to beat Microsoft. Requires strong marketing resources, reliable product, quick product entry into Chicago market and major conversion of WordPerfect for DOS users.
- 4 Business Outlook 1994: 3.0M units / \$390M revenue / \$53.4M operating profit
1998: 1.6M units / \$185M revenue / \$20.7M operating profit
- 5 Leverage a Partner No

QuattroPro for Windows

- 1 Current Profitability n/a
- 2 Worldwide Growth 1994: 11.5M units / \$1.4B revenue
1997: 14.5M units / \$1.8B revenue

3 Market Share Objective Goal is to become #2 in market and help PerfectOffice become #2. Need to beat Lotus for #2 position. Requires ongoing seeding of product to small business and home users, converting 1-2-3 DOS users and WordPerfect for DOS users, and fully leverage the Novell corporate image.

4 Business Outlook 1995: \$88.5M revenue / \$20.6M operating profit
1998: n/a

5 Leverage a Partner No

Presentations for Windows

1 Current Profitability 11/93 - 5/94: \$2.3M revenue / \$(2.0)M operating profit

2 Worldwide Growth 1994: 4.5M units (suite) / \$132M revenue (standalone)
1997: 5.6M units (suite) / \$228M revenue (standalone)

3 Market Share Objective Goal is to help PerfectOffice become #2 in market. (Cannot justify product for standalone market.) Need to beat Lotus to become #2 in market. Requires excellent integration with PerfectOffice and NetWare, strong marketing resources, reliable product, quick product entry into Chicago market and major conversion of WordPerfect for DOS users.

4 Business Outlook See PerfectOffice

5 Leverage a Partner No. We cannot win in suite market by partnering; we must control the applications in the suite.

WordPerfect for DOS

1 Current Profitability 11/93 - 5/94: \$66.9M revenue / \$19.8M operating profit

2 Worldwide Growth 1994: 1.3M units / \$267M revenue
1998: 190K units / \$30M revenue

3 Market Share Objective Goal is to remain #1 in market. Need to beat Microsoft. Requires some marketing. Main concern is to retain customers as they upgrade to Windows.

4 Business Outlook 1994: 782K units / \$118M revenue / \$43M operating profit
1998: 143K units / \$17M revenue / \$8M operating profit

5 Leverage a Partner No. We need to carefully upgrade users to Windows.

Presentations for DOS

1 Current Profitability 11/93 - 5/94: \$1.3M revenue / \$.8M operating profit

2 Worldwide Growth 1994: 112K units / \$22M revenue
1997: 0 units / \$0 revenue

3 Market Share Objective None.

4 Business Outlook None.

5 Leverage a Partner No. Not worth the effort.

WordPerfect for Macintosh

1 Current Profitability 11/93 - 5/94: \$8.0M revenue / \$(3.6)M operating profit

2 Worldwide Growth 1994: 1.2M units / \$216M revenue
1998: 2.1M units / \$300M revenue

3 Market Share Objective Goal is to remain #2 in market. Need to beat Microsoft to become #1. Requires ongoing positioning as leader in using Apple technology, network integration, develop to OpenDoc and as many Tapestry components on Macintosh as possible.

4 Business Outlook 1994: 158K units / \$14.2M revenue / \$.8M operating profit
1998: 283K units / \$20.6M revenue / \$2.6M operating profit
(1998 numbers are for WordPerfect only)

5 Leverage a Partner No

WordPerfect for UNIX

1 Current Profitability 11/93 - 5/94: \$7.4M revenue / \$(4.0)M operating profit

2 Worldwide Growth n/a (good information is not available from market research firms)

3 Market Share Objective Goal is to remain #1 in market. Need to beat Lotus. Requires release of 6.0 across the key platforms, strong sales channel, good internal infrastructure support, dedicated field marketing specialists

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for Unix and as many Tapestry components on Unix as possible.

4 Business Outlook 1994: 101K units / \$12.0M revenue / \$(4.7)M operating profit
1998: 175K units / \$21.0M revenue / \$2.4M operating profit
(1998 numbers are for WordPerfect only)

5 Leverage a Partner No

WordPerfect for OpenVMS

- 1 Current Profitability 11/93 - 5/94: \$.9M revenue / \$(3.3)M operating profit
- 2 Worldwide Growth n/a (good information is not available from market research firms)
- 3 Market Share Objective None. Recommend terminating all future development.
- 4 Business Outlook None.
- 5 Leverage a Partner Yes. Offer 5.1 product to Digital and/or Spire Technologies to pick up all sales and support. Recommend against having either potential partner continue 6.0 development.

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PerfectOffice Suite

Business Review Exercise

Submitted by

PerfectOffice Suite Product Marketing

July 15, 1994

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PerfectOffice Product Analysis

Assumptions:

1. Current product profitability reflects financial results for a product (Borland Office) which will be phased out at the time the new product, PerfectOffice, releases. Financial experience and results of Borland Office bear no relationship to expected results of PerfectOffice and are irrelevant to future decisions concerning PerfectOffice.
2. All projections, regarding both PerfectOffice market share and potential revenues, assume an October 31 fiscal year end in the year indicated.
3. This information refers to all PCs, Windows platform.

1. Current Profitability:

Borland Office (\$000s; Nov 1, 1993 through May 31, 1994)

Net Revenue	COGS	S&M*	R&D	G&A	Oper. Profit
5,477	(1,644)	(4,623)	(1,079)	(994)	(2,863)
100%	30%	84%	20%	18%	(52%)

* Includes significant charges related to final agreement with Borland International.

2. **Size of market, growth, and current market share.** Market size projection over next five years. Unit and revenue information below refers to new unit shipments in each year, not to cumulative total market units. Market size information refers to the number of shipping units each year, and is slightly (2-5%) higher than actual installed units.

Internal analysis shows the worldwide suite market to be much larger than indicated by some external sources. This internal analysis is based on the growth of the suite market on a 1994 calendar year-to-date basis, which indicates that for the period January 1994 through April 1994, more than 2.2 million units have sold worldwide.¹ This would indicate that suite growth has exceeded many analysts' expectations, and that PerfectOffice's potential may be greater than earlier expected. Additionally, internal analysis indicates that average selling prices are much more likely to drop than maintain their stability over the next five years, as indicated by some external analysis.

Worldwide Market (Internal Analysis):

Suites	1994	1995	1996	1997	1998
Market Size (units)	5,304,000	7,094,100	8,120,050	8,688,700	8,775,400
Market Size (\$M)	1,167	1,419	1,462	1,521	1,492
Ave Selling Price (\$)	220	200	180	175	170
Market Growth (%)	77	34	14	7	1

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3. Can we become (remain) #1 or #2? What will it take to do so? Who do we need to beat? How well entrenched are they? How will we beat them? Definition: This section and the table information in section 4 discuss market share both in terms of yearly units sold and total (installed) market share. Yearly units sold refers to a share of total worldwide units sold in a fiscal year, and total market share refers to the cumulative share of total installed users since 1990, when Microsoft's Office was first released on the Windows platform. While share of yearly units sold is projected to increase each year, total market share will increase also, but at a slower rate due to the increasing size of the installed base of suite users.

Can we become (remain) #1 or #2? Who do we need to beat? Lotus's SmartSuite is the product for PerfectOffice to beat. Lotus occupies the #2 position currently, and commands between 13³ and 17% total (installed) market share. Lotus' inability to garner significant market share for AmiPro, its word processor, despite strong trade press reviews, has weakened its suite message and slowed its penetration into the suite market. The size of Lotus' 1-2-3 installed base has helped keep many users in the Lotus camp, but Lotus is losing 1-2-3 sales to Microsoft's Excel and cannot claim the strong word processing/spreadsheet relationship in its suite as Microsoft has done.

Based on the projections below, PerfectOffice can sell more units in fiscal 1995 than Lotus, giving PerfectOffice a greater share of yearly units sold. Having sold more units worldwide in 1995, PerfectOffice would be in a position to challenge Lotus for the #2, total market share position. PerfectOffice can reach #2 during fiscal 1996, when it is projected to achieve 12% total market share, taking share away from both Lotus and Microsoft.

PerfectOffice will *not* focus on unseating Microsoft initially. Microsoft Office is currently the industry-leading suite with approximately 82% market share.³ It is very well-entrenched and commands the major portion of Microsoft's marketing and advertising budget. Its one-two punch, Word and Excel, is the strongest combination in the industry, with both products having made major inroads into the Windows word processing and spreadsheet markets as standalone products. With both applications now sold together, priced very competitively, and integrated in a suite, the majority of sales of these products, (reported to be as high as 70%), come through Microsoft Office. PerfectOffice will focus on Lotus' #2 position, while eating away at Microsoft's market share.

What will it take to do so? How well entrenched are they? How will we beat them? Despite having been in the suite market since 1992, Lotus is not nearly as well-entrenched as is Microsoft. In order to unseat Lotus and reach the #2 market share position, PerfectOffice must respond with effective positioning which focuses on its differentiable features and on Lotus' weaknesses. PerfectOffice must accomplish the following objectives:

- Capitalize on the fact that a word processor remains the most important driver in the suite decision process and continues to be the anchor product in a suite. By emphasizing the message that WordPerfect is the best-selling word processor ever, PerfectOffice can drive the stake further into Lotus, exploiting its weakness in this area.

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- Focus on WordPerfect's current installed base, providing strong incentives to move to PerfectOffice as these users move to Windows or to a suite. WordPerfect users will be offered special pricing on PerfectOffice over the months prior and subsequent to its release.
- Help reposition and effectively market Quattro Pro to new Windows users who have not yet standardized on a Windows spreadsheet. It is expected that it will be difficult to win over users of Excel and 1-2-3, in the same way Lotus has had difficulty moving current users of WordPerfect and Word to their AmiPro product; thus, new users must be targeted. Quattro Pro users can also be offered incentive pricing as they upgrade to PerfectOffice.
- Emphasize PerfectOffice's complete suite solution, providing true collaborative computing capabilities through Envoy and through OBEX. Lotus's workgroup computing solution requires Notes and significant administration.
- Focus on PerfectOffice's integration and enablement with NetWare.
- Emphasize Task Automation as one of PerfectOffice's real differentiating features. Focus on the idea of true business process automation and the ways that PerfectOffice addresses this need through QuickTasks and integration features.

4. If we succeed, will this be large enough and profitable enough to materially contribute to our growth objective?

If PerfectOffice meets its market share objectives, the following estimated earnings could be realized, based on the revenue and market size projections above:

WORLDWIDE FORECAST:

Proposed unit, revenue, profit, and market share forecast:

PerfectOffice	1994	1995	1996	1997	1998
Units (000s)	60	922	1,868	2,780	3,510
Revenues (\$M)	13	184	336	487	597
Operating Profit (\$M)	(0.3)	33	61	88	107
% Shr of yearly Units Sold	1	13	23	32	40
% Shr of Total Installed Market	1	6	12	17	22

* 1994 profit projections reflect the results of sales of the Borland Office, which reported a net loss, and expected results of sales of PerfectOffice, whose projected results show a profit.

Given the revenue opportunities above, PerfectOffice could become a major revenue source

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for the Business Applications Unit, and by meeting its market share objectives, would materially contribute to the growth objectives over the next several years. The stated mandate from the highest levels of management is that the suite is the most important initiative in the applications side of the business. Given that mandate, the above information reinforces PerfectOffice's potential to live up to the mandate.

5. Are there any partners to take this on where the result would be as good or better for Novell?

PerfectOffice is very strategic to the Business Applications Unit. As its #1 product, PerfectOffice has high revenue and operating profit potential. Given the product's potential and its upcoming entry as a new product in the suite category, it would not make sense to look for opportunities now to spin off the product or to seek strategic partners.

Notes

1. SPA Worldwide Data Program
2. Infocorp, 1994
3. Infocorp, 1994

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WordPerfect for Windows

Business Review Exercise

Submitted by:

WordPerfect for Windows Marketing

July 15, 1994

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1. Current Profitability:

The following provides profitability information for WordPerfect for Windows from November through May, 1994.

Revenue (1994)	Cost of Goods	Sales & Marketing	Research & Development	General & Administrative	Operating Income
\$205,463 100%	\$50,179 24%	\$68,807 33%	\$10,934 5%	\$28,145 14%	\$47,397 23%

2. Market Analysis

The following information provides both worldwide and domestic research data for WordPerfect for Windows. This section contains the most recent data available on the marketplace.

A. Executive Summary:

The following is a top-line summary of the key information detailed in this section.

- In 1993, worldwide shipments of MS Windows more than doubled that of any other operating system sold. The United States accounts for only half of total Windows' units shipped in 1993.
- Windows rapid growth begins to slow, as the 5-year, CAGR forecasts 21% growth in shipments and 16% growth in revenue.
- In the stand alone market, PC Data figures for 1Q, 1994, indicate WPWin accounted for 54% of word processing units sold versus 40% for MS Word. When including suite sales for that same period, WPWin's market share decreases dramatically (Jan. 17.7%, Feb. 26.6%, March 29.4%, and April 10.2%). In April, 1994, suite sales accounted for over 72% of total Windows word processing units sold.
- In 1993, over 8,336,450 Windows' word processing licenses (defined as a legal permit to use a software package) shipped worldwide, totaling \$916 million. During this same time, units consumed (includes multiple license packages) totaled 5,648,100.
- In 1993, the United States accounted for 2,950,000 of total units consumed. This represents a total of \$497 million, or 54% of worldwide sales

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B. Worldwide Market Growth & Market Size Projection

In 1993, the Windows word processing market grew by 77% (measured in shipments) compared with 193% in 1992. As the chart below indicates, the percentage of overall category growth continues to steadily decline over the next five years. Due to falling ASP, the percentage of growth of category revenues will decline even more quickly over the same period.

	1993	%	1994	%	1995	%	1996	%	1997	%	1998	%	5 yr CAGR
Shipments (000s)	5,271	77%	7,803	27%	9,945	27%	11,716	18%	13,500	15%	15,332	14%	21%
Revenue (\$M)	1,026	61%	1,316	22%	1,609	22%	1,795	12%	1,969	10%	2,153	9%	16%
Inst. Base (000s)	10,321	121%	17,900	52%	27,175	52%	37,597	38%	47,742	27%	51,188	20%	41%

Source: InfoCorp, 1994

U.S. Market Growth

In the U.S., the 5 year CAGR for both units shipped and revenue is lower than that for worldwide shipments. Total shipments will continue with double-digit growth through 1996 in the U.S., while revenue growth will advance at a double-digit pace only through 1995 (see chart below).

	1993	%	1994	%	1995	%	1996	%	1997	%	1998	%	5 yr CAGR
Shipments (000s)	3,061	89%	3,824	25%	4,647	22%	5,200	12%	5,617	8%	6,012	7%	14%
Revenue (\$M)	497	72%	616	24%	713	16%	755	6%	779	3%	802	3%	10%
Inst. Base (000s)	5,142	135%	8,863	72%	13,209	49%	17,848	35%	21,844	22%	24,813	14%	37%

Source: InfoCorp, 1994

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What happened here?

In North America, the latest SPA data through April of 1994 indicates how rapidly suites are overtaking the stand alone Windows word processing market.

Unit Sales	Jan 94	Feb 94	March 94	April 94
Stand alone Windows Word Processors	135,995	127,967	209,264	122,738
Windows Suites	207,848	117,284	284,589	319,677
Total Windows Word Processing Market	343,843	445,536	493,853	442,415
Suite % of Total Windows Word Processing	60.5%	26.4%	57.6%	72.3%

Current U.S. Market Share

In 1993, WordPerfect for Windows consumption grew at 134%, more than any other vendor. At the end of 1993, WPCorp had 42% market share in this segment.

Manufacturer	Model	1991	1992	1993	Share	1 year CAGR	5 year CAGR
Other		33.2	22.6	17.6	1%	-22%	n/a
Wordstar Int'l	Wordstar	2.8	3.4	6.8	0%	100%	n/a
Total		457.7 129%	1520.2 232%	2950 94%	100%	94%	n/a

Source: InfoCorp, 1994

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C. Current Worldwide Market Share

In 1993, WordPerfect overtook MS Word in worldwide Windows license shipments, with 34.1% of the market.

Company	1991	1992	1993	% Share 1993
Justsystem	0.00	0.00	120.00	1.4%
Lotus	300.00	750.00	1,256.10	15.1%
Microsoft	900.00	2,300.00	2,756.00	33.1%
Software Publ.	17.00	25.00	0.00	0.0%
Symantec	15.00	17.85	46.15	0.6%
WPCorp	375.00	1,600.00	2,840.00	34.1%
Wordstar	34.95	93.00	95.00	1.1%
Other	671.00	937.00	1,223.20	14.7%
Total	2,312.95	5,722.85	8,336.45	100.0%

Source: Danquest, 1994

Year-to-date data represents a drastic turnaround, due to a dramatic increase in MS Office sales. MS Word's market share has risen by 21 percentage points during the most recent four months shown in the table below, mostly at the expense of WPWin. Over this same period, WPWin has fallen 22 percentage points.

Vendor/Package	Mar 93	Apr 93	May 93	Jun 93	Jul 93	Aug 93	Sep 93	Oct 93	Nov 93	Dec 93	Jan 94	Feb 94
Microsoft Word	41%	44%	41%	39%	38%	37%	31%	26%	28%	41%	45%	47%
WPCorp WP	49%	48%	54%	57%	56%	55%	63%	67%	65%	53%	48%	45%
Lotus Ami Pro	4%	4%	3%	2%	4%	5%	4%	4%	5%	5%	5%	7%
Other	6%	4%	2%	2%	2%	3%	2%	3%	2%	1%	2%	1%
Totals	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Computer Intelligence, 1994

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3. Can we become (remain) #1 or #2 and what will it take to do so?

There is no doubt that WordPerfect for Windows can remain the number one word processor in the Windows stand alone market. PC Data figures for Q1, 1994, indicate that WPWin garnered 54% of stand alone Windows word processing units sold, while MS Word accounted for 40% of the category. For WPWin to remain the best-selling Windows word processor, WordPerfect, the Novell Applications Group, must focus on the following objectives:

1. *Successfully launch PerfectOffice:* In today's marketplace, the purchase decision to buy a stand alone word processor is muddled by suite offerings. Until PerfectOffice is released, this is not a level playing field. Releasing PerfectOffice 3.0 will go a long way towards separating the two categories; stand alone word processors and suites.

2. *Transition our WPDOS customers to Windows:* This has been WordPerfect for Windows' main objective since its initial release. Our WPDOS users represent one of the largest installed base of any application ever developed (approximately 17 million WPDOS installed customers worldwide). A lot of WPCorp's success is due to the immense brand equity and market leadership gained by WPDOS. In fact, Computer Intelligence's Consumer Technology Index, 1994, reported that WPDOS is the most popular software package in use at homes and large businesses (in both categories, DOS products represent 6 out of 10 products listed).

3. *Gain new users in the category:* According to SPA data, approximately 1 million copies of MS Windows are sold each month (the majority of these through bundled/OEM arrangements). It is critical, especially once PerfectOffice is released, that WPWin is bundled more frequently and increases its presence in the OEM community. It is also of dire importance that every sale of WPWin provides a strong up-sell message to the suite.

4. *Develop the word processor of the future (long term):* First and foremost, this is accomplished by developing and shipping leading-edge and innovative technology. This ultimate objective will manifest itself through defining and delivering the best workgroup tools (the leading network application), support for component architecture and OpenDoc technology.

5. *Release products now that benefit end-users (short term):* WordPerfect for Windows will continue to lead the stand alone category by delivering two new versions of WPWin.

16-bit: WPWin 6.1 will be the most up-to-date, 16-bit product on the market, given the fact that Microsoft has not announced plans to update

their 16-bit version of Word (we feel that offering a 16-bit upgrade will help us maintain a leadership position in the stand alone word processing market). This upcoming release focuses on the idea that more work gets done in WPWin than anywhere else. WPWin 6.1 will also deliver on the promise of getting the software out of the way of work, through:

PerfectSense, Grammatik 6 with Automatic Sentence Rewrite, Morphological Search and Replace, and QuickCorrect

Task Automation, with Experts, Document Experts and Coaches

Transition and Conversion Tools, with new Coaches, QuickStart Tutorial and Upgrade Expert

Component of PerfectOffice, with PerfectFit, OLE 2, PerfectScript and macro tokens exposed as ALM's

32-bit: Both the WPWin Development and Marketing teams are currently working towards a 32-bit release of WPWin 6.1 that demonstrates the power and added functionality of Windows 4.0. Microsoft has claimed that the standard criterion of any Chicago application would include the following:

1. Must be a Win32 application
2. Must meet UI/Shell support requirements
3. Must run successfully on Windows NT "Daytona"
4. Must use long file names
5. Must support UNC path names
6. Must support OLE 2.0 functionality
7. Must support simple-mail-enable using CMC API

WPWin 6.1, 32-bit is intent on delivering on these standards and exceeding them by implementing additional workgroup functionality.

A. Who do we need to beat and how well entrenched are they?

Our main competition in the *stand alone* Windows word processing market comes from Microsoft Word and Lotus' Ami Pro. However, in 1994, the category has grown to encompass suite sales as well. Realistically, WPWin's greatest challenger is MS Office.

Microsoft Office: MS Office is the best selling suite with over 70% market share. Microsoft has had the luxury of defining the suite category and becoming its most important player in the minds of consumers. The majority of Microsoft's advertising and

marketing dollars are spent in support of MS Office. This suite contains some of the most well-known and widely accepted applications in the industry, most notably Word and Excel. The suite message always contains upgrade information for WordPerfect DOS and Windows users.

Microsoft Word: In the stand alone category, MS Word is our closest competitor. The most recent PC Data report indicates Word holds a 40% share of the category in the United States. Microsoft's greatest perceived advantages, according to a quantitative study of MIS heads and end-users, are as a leader in Windows software, a leading high-tech company, having a wide range of products, and providing innovative, state-of-the-art products. In addition, they are perceived as having products that are easier to use and solve users problems. Microsoft's image as the "Windows Company" enhances and adds credibility to its ease of use message. Most recently, Microsoft Word's positioning has centered around the new IntelliSense technology, which senses what the user wants to do and intelligently produces the desired result, making routine tasks automatic and complex tasks easier. Their advertising message always targets WordPerfect's DOS user.

Lotus Ami Pro: Ami Pro remains a distant third in the stand alone Windows word processing category, with approximately 8% market share in the U.S. and less worldwide. Over the past few months, Lotus has been very quiet in the stand alone market, while they aggressively advertise their suite. Just recently, Lotus announced Ami Pro 3.1, which has been positioned as helping people work together in teams better than any other word processor by combining Ami Pro's superior text formatting capabilities with Lotus' popular communications applications. Ami Pro's perceived strengths are that it works well with Lotus Notes and is considered the best word processor for 1-2-3 users, which has a large DOS installed base.

4. If we succeed, will this be large enough and profitable enough to contribute to our growth objectives?

Increased profitability and better performance in WPWin's Operating Income can be directly improved through better management of cost of goods sold and more focused and efficient marketing and promotional efforts. WPWin has done an excellent job of reducing overall material costs of our product (i.e., WPWin has gone from shipping four separate manuals to one User's Guide, a cost savings of \$3.52 per SKU). In the future, we can continue this success as our high volume product benefits from better economic order quantities (and associated volume discounts) under Manufacturing's new COG's guideline.

The figures below are based on projections from Financial Planning forecasts and provide projected profitability for WordPerfect for Windows through 1998 (all numbers are represented in thousands (000's)). Across this five year period, international sales account for an average of 55% of total category volume. Our goal is to keep high operating

income as we generate revenue through stand alone sales and transition users to PerfectOffice.

WPWin	1994	1995	1996	1997	1998
Units (worldwide)	3,000	2,022	1,542	1,524	1,605
Revenues (worldwide)	390,000	232,000	185,065	167,616	184,617

5. Are there partners to take this on where the result would be as good or better for Novell? WordPerfect for Windows is the core application within WordPerfect, the Novell Applications Group. Over the next five years, profitability and operating income will remain high in the stand alone market, while WPWin drives the success of our suite. For these reasons, we do not advise that Novell partners with any outside vendor to provide a WordPerfect for Windows solution to end users.

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Confidential - WordPerfect, the Novell Applications Group

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Quattro Pro

Business Review Exercise

Submitted by

Quattro Pro Product Marketing

July 15, 1994

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NOV-25-006609

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Novell Executive Review Quattro Pro Spreadsheet Business

1. Current Profitability

For Quattro Pro the current profitability is not a valid statistic based on the state of the business during the past 6 months, whereby no product was sold to the Channel, and no marketing expenses were incurred during this timeframe.

Projected profitability has been calculated very roughly with the following assumptions:

1. Cost of goods represents 23% of revenue.
2. Indirect Costs represents 6% of revenue
3. Royalties represents 3% of revenue
4. General and Administrative costs are 13% of revenue
5. Marketing Expenses are roughly 10% of revenue

Revenue projections are based on pricing at \$79.95 for the impending August release of Quattro Pro for Windows version 6.0. As a result of the pricing research study recently completed, we have found that there is dramatic price inelasticity with the sale of stand alone spreadsheet products. The highlights of this research conclude that we would erode unit sales from their current level by 50% if Quattro Pro had a street price of \$99. At a \$79.95 street price we are projecting a reduction in unit sales, yet an increase in brand profitability. This reduction in unit sales in North America is balanced by a growth in International markets, where we have a substantial opportunity to be more competitive, and with a future Chicago release in FY 95 there will be an opportunity to have early adopters pay a premium price for the latest technology.

	Q4 ASO.94	Q1 NOV.94/5	Q2 FMA.95	Q3 MJJ.95	Q4 ASO.95	FY.95 Nov.95-10.96
Target WW Revenue	\$16,061,369	\$19,427,377	\$30,651,251	\$26,187,495	\$12,503,483	\$88,469,807
Target US Revenue	\$12,289,027	\$11,810,098	\$18,628,533	\$15,909,238	\$7,583,307	\$53,741,174
COGs	\$2,801,898	\$2,647,102	\$4,247,208	\$3,627,308	\$1,731,274	\$12,252,938
Indirect Costs	\$737,342	\$696,606	\$1,117,712	\$964,964	\$455,968	\$3,224,470
Royalties	\$388,671	\$348,303	\$528,856	\$477,277	\$227,759	\$1,612,235
US Gross Margin	\$8,381,116	\$7,918,065	\$12,704,660	\$10,850,100	\$5,178,636	\$36,651,481
General/Administrative	\$1,597,573	\$1,509,312	\$2,421,709	\$2,068,201	\$987,130	\$8,938,353
Discretionary Marketing	\$2,984,800	\$1,162,800	\$1,928,620	\$1,535,204	\$703,772	\$5,330,396
Marketing Personnel	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000	\$284,000
Devel. Personnel	\$800,000	\$800,000	\$800,000	\$800,000	\$800,000	\$3,200,000
Hardware/Software Exp	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$220,000
US Contribution	\$2,872,743	\$4,319,573	\$7,428,330	\$6,320,695	\$2,581,734	\$20,630,732
Contribution %	23%	37%	40%	40%	34%	38%

uncomfortable with this number. Needs to be revised. \$50M in overall sheet.

The above analysis does not account for revenue accrued by Perfect Office

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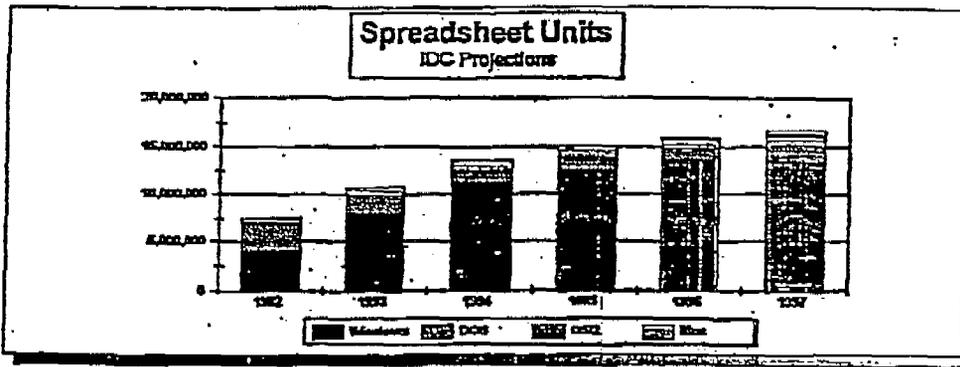
Novell Executive Review Quattro Pro Spreadsheet Business

2. Market Information

The Spreadsheet Market

Size

In CY93 the worldwide spreadsheet category was \$1,313 million and 10.7 million units, of which IBM-Compatible products comprised 92% and 94% of volume respectively, with Macintosh products comprising the remainder. Windows spreadsheets accounted for 73% of revenue mix and 75% of unit mix, highlighting a CY92 - CY93 growth in revenue of 45% and a 101% growth in units. DOS spreadsheets accounted for 18% of revenue mix and 18% of unit mix, highlighting a CY92 - CY93 decline in revenue of 52% and a 35% decline in units. In CY93 spreadsheet revenues accounted for 22% of the total packaged software market.



IDC projects lower category growth rates than those experienced in CY93. Specifically, IDC is forecasting annual growth rates of 37% and 26% in revenue and units, respectively for the spreadsheet category through CY94. For Windows spreadsheets this is represented with continued growth, 55% in revenue and 42% in units. For DOS spreadsheets the decline is forecast as 41% in revenue and 47% in units.

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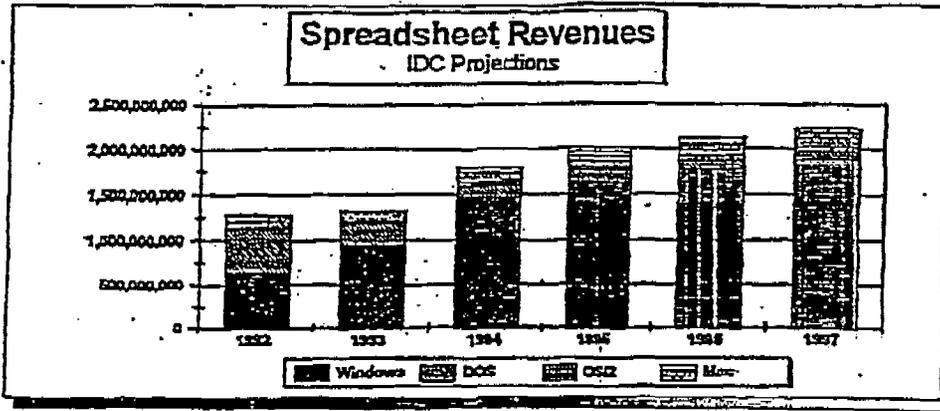
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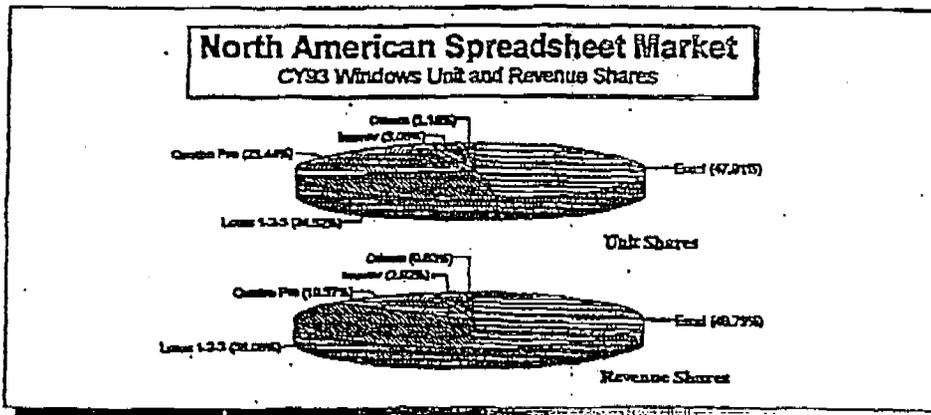
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L.L.L. North America

In CY93 the North American spreadsheet category was \$564 million and 5.6 million units, representing 52% and 43%, respectively, of the global business. In Windows, Microsoft Excel continues to dominate the market accounting for 50% and 48% of CY93 revenue and unit sales, respectively.

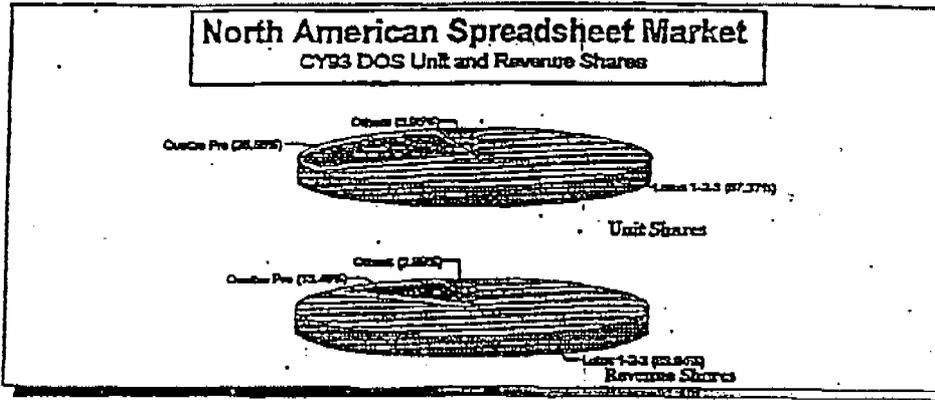


Price sensitive spreadsheet purchasers have been the target of Quattro Pro's seeding strategy. Borland's spreadsheet penetration in large accounts is relatively low versus Lotus's and

Novell Executive Review **Quattro Pro Spreadsheet Business**

Microsoft's Market Monitor data for Jan.94 indicate that Quattro Pro accounted for 12% (versus 49% and 39% for Excel and Lotus 1-2-3, respectively) of large account unit sales. We will bis data throughout CY94 to help measure the success of Quattro Pro corporate account penetration, as a result of the Perfect Office and Novell's corporate programs activities.

In DOS, Lotus 1-2-3 continues to dominate the market accounting for 84% and 67% of CY93 revenue and unit sales respectively.



Quattro Pro is consistently reviewed as a superior product to Lotus 1-2-3, and the focus of our attention has been to attract high-end, competitive spreadsheet owners to switch. The seeding strategy has had a very successful impact in terms of garnering unit market share, at the expense of driving revenue share no greater than 15%. Currently the DOS market is suffering from no marketing focus, other than vendors protecting their installed bases by migrating users interested in Windows-based products to their own Windows products.

International

In CY93 the International spreadsheet category was \$749M and 5.1 million units, and for the first time revenue accounted for more than 50% of the global total with 57% share and 48% in unit shipments. The marketshare figures represent a global phenomenon, with Excel dominating in Windows, and Lotus 1-2-3 dominating in DOS. Quattro Pro overall has very poor mindshare Internationally and this is represented by 4.7% revenue and 8.1% units share in Windows, and a 6.4% revenue and 14.5% unit share in Windows.

The vast majority of Quattro Pro's International revenue is derived from English speaking countries in the United Kingdom, Canada, Australia and Rest of Asia.

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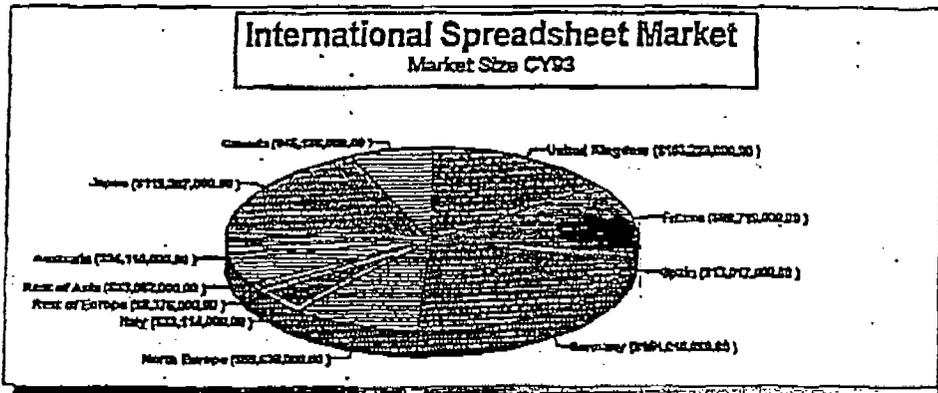
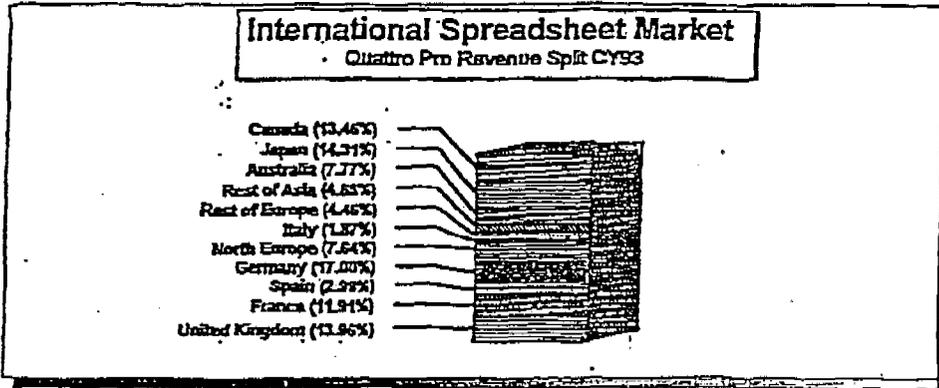
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The International market is very regionally fragmented, and with the added requirement for localised software, this has presented a barrier to entry, which must be overcome if Quattro Pro is to compete. The relative size of each market indicate clearly the opportunity for Quattro Pro to penetrate these markets.

Quattro Pro History

Quattro Pro for DOS and Quattro Pro for Windows have respectively made a huge impact in the Spreadsheet market, since the brand was launched in 1989. Quattro Pro for DOS was a \$17m business in 1989, growing to \$79m in 1991, and declining to \$19m in 1993. From January to December 1994 that business will further decline to \$11m. Over the lifespan of Quattro Pro for DOS the installed base has grown to 2.5m users worldwide, with an additional 72K users

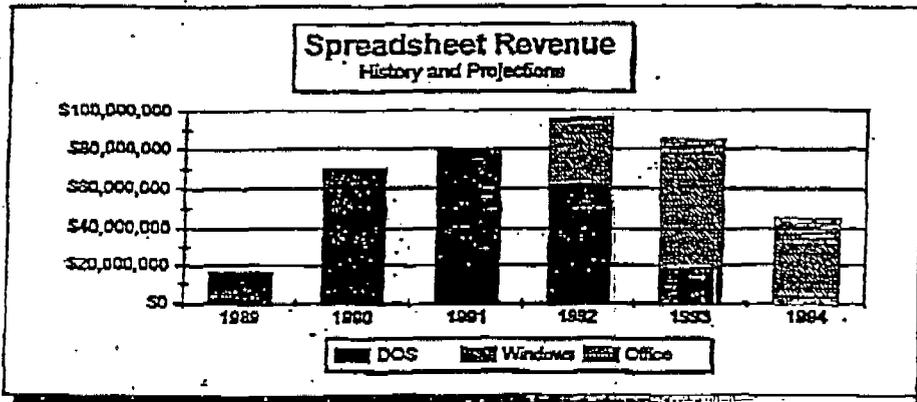
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Novell Executive Review Quattro Pro Spreadsheet Business

anticipated in 1994.

Quattro Pro for Windows was launched in September 1992, and in that year was a \$33m business. In 1993 that number grew to \$59m, and due to the high penetration of suite products in the marketplace, the Quattro Pro for Windows business from January to December 1994 will decline to \$30m. Over the lifespan of Quattro Pro for Windows the installed base has grown to 1.5m users, with an additional 300K users anticipated in 1994.



3. Market Position

Quattro Pro will not lead the spreadsheet market in either unit share or revenue share, in the foreseeable future, and it would take a massive paradigm shift in the software marketplace if it is to happen long term. Today there is no room for a 3rd place player, and we are confident that we can successfully grow from a 'nearby' second unit share position into a secure 2nd place within the next fiscal year, with a similar footing for revenue share by the close of Novell's FY 96.

Who do we need to beat.

Microsoft Corporation

Microsoft is the largest software company in the world, with revenues of \$4.2 billion in 1993. It's

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core businesses are operating systems and applications. Microsoft's corporate strategy is to be everywhere and dominate everywhere, and are now leading the spreadsheet market and the business application suite market with products that have achieved a best of breed status as stand alone applications and the tightest integration.

Microsoft Excel dominates the spreadsheet market on both Windows and Macintosh. Typically Excel is either rated equal to or superior than Quattro Pro, and with the release of Excel 5.0. Microsoft is winning all reviews, based on it's powerful new positioning, and acceptance amongst the Journalist throng at large. Excel has Spreadsheet Notebooks, well received Database functionality with Autofilters for table queries, and for external queries it uses Access code in the application called Microsoft Query. It is shipping with a malleable cross-tabulating report generator called the PivotTable Wizard, with the same functionality as the Data Modelling Desktop in Quattro Pro. The most important strategic feature is their support for OLE 2.0, allowing for in place editing of embedded objects, and making it's own features programmable via other applications that support OLE 2.0. Excel is the first application to ship with the Visual Basic Application Edition which allows inter-application scripting and gives users access to a very rich set of programmable objects. From an ease of use standpoint Excel is relying heavily on touting Intellisense, which is being positioned as making routine tasks automatic, and complex tasks easy. An example is the Tip Wizard, which watches the way you work, and a bulb flashes if the program works out a way that would be shorter for you, in future. The final key selling point is how similar it looks, and how well it works together with other business applications in the Microsoft Office. Microsoft's cross platform strategy with Mac and Windows seems to have as much leverage as having a DOS counterpart, and is a definite advantage over Borland and Lotus who have no strength in Mac. The Microsoft messaging machine is relying heavily on a corporate message "A whole new way to work" and more specifically Excel is focussing on "Built-in Intelligence makes everyday tasks easier."

We should expect Microsoft to be very aggressive in shipping a Chicago release in early 1995, and it is anticipated that this product will be componentized.

Lotus Development Corporation

The company's revenue (\$981 million in 1993) is still largely derived from spreadsheet sales. It's core businesses are spreadsheets, of course, along with word processing, presentation graphics, and Workgroup servers and clients. Lotus' corporate strategy is centered around Lotus Notes, which is the integrating platform for the company's SmartSuite, consisting of 1-2-3/Win, Ami Pro, the Approach database, Freelance, and an optional mail license.

Lotus 1-2-3 Release 4.01 definitely wins the honours for the most improvement in a spreadsheet revision, and therefore gives Lotus hops a credible reason for migrating to 1-2-3W, and a worthy

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suite mate for Freelance and Ami Pro. It also now features Notebooks, and allows you to rearrange data with Drag and Drop. In-cell editing is an easier way to edit data, and is part of a common theme, which allows you to work in a single context. Charts, for example, exist only as a drawing layer, and as they are selected, the menu bar activates chart appropriate commands. Query files also appear on the same worksheet with the Data Query Assistant, which is highly usable, and have been vastly improved in ease of use through the mediation of Datalens. 123/W's scenario manager is called the "Version Manager," has been well received, as it allows multiple users to contribute multiple scenarios to a worksheet, via the network, and has superb tracking capabilities. 123/W's Notes integration is, unsurprisingly, the best of any application product, with 123/W seamlessly exchanging data with Notes and other Notes-aware applications. On the surface 1-2-3W now shares a common user interface with other Lotus applications. The main messaging theme concentrates on "The world's most popular Spreadsheet" and "It's not just a new version, it's a new vision". There is also a very strong corporate theme, which concentrates on "Working Together".

There will be a 16-bit Lotus release in the summer of 1994, which will be OLE 2.0 enabled.

Lotus Improv is being touted as the spreadsheet that provides dynamic views of data and English-language formulas. It seems to be positioned as a companion product to 1-2-3W with the caveat of instructing the user to use the right product for the right job. Users are as confused as Lotus is, and with poor compatibility to existing Lotus spreadsheets, both Quattro Pro and Excel are poised to steal some of the Improv thunder by having similar functionality built into the Spreadsheet. Improv cannot be discounted though and is winning Spreadsheet Awards such as PC Magazine Technical Excellence

What will it take to become #2.

The process of building a sustainable second place in the spreadsheet market will depend on 3 elements:

1. Our ability to continue seeding Quattro Pro to end users, thus dominating stand alone sales to the largest growing segment of the user base, consumers for small business and personal use.
2. Our ability to persuade existing Lotus 1-2-3 for DOS, and WordPerfect for DOS users, to adopt Quattro Pro as their primary Windows Spreadsheet, as they transition to Windows.
3. Our ability to build a stable and consistent corporate business, with Quattro Pro as a forceful reason for large customers to standardize on the Perfect Office.

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Novell Executive Review Quattro Pro Spreadsheet Business

How will we beat them.

Quattro Pro must continue to have a large price advantage over the competition in order to offer the most attractive value proposition to stand alone spreadsheet consumers. We must compliment this with Quattro Pro continuing to win or share all major industry reviews, head to head comparisons, and industry awards. We must broaden our reach in distribution to be perceived as a viable alternative, and must immediately position the brand as offering more solutions which match customers needs than either Microsoft Excel, or Lotus 1-2-3.

Through product comparison we must highlight the strength of Quattro Pro versus competitive offerings.

We must target DOS users who are still in the process of transitioning to Windows, to ensure that Quattro Pro is a leading purchase consideration. This can be achieved through co-operation in all WordPerfect for DOS marketing efforts, and continuing to test direct marketing prospecting to WordPerfect and Lotus DOS users.

The Perfect Office will be the primary factor in building a corporate franchise for Quattro Pro. All efforts in Sales, Seminars, corporate reseller distribution and corporate advertising should focus on the Perfect Office, rather than Quattro Pro as a stand alone spreadsheet.

4. Meeting Growth objectives.

From the revenue projections displayed in item 1, it is clear that the spreadsheet market offers Novell a great opportunity for unit shipment and revenue growth.

The spreadsheet market accounts for 23% of all business applications sold, and with our increasing success, offers growth in excess of 20% per fiscal year.

5. Able Partners

No partner other than Lotus Corporation would be able to achieve any significant level of penetration in the spreadsheet market.

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WP Presentations for Windows

Business Review Exercise

Submitted by

WP Presentations Product Marketing

July 13, 1994

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1. Current Profitability (as per Paul Rasband's report)

Net Revenue	COGS	S&M	R&D	G&A	Operating Profit
2,312	(1,292)	(1,028)	(1,843)	(130)	(1,982)
100%	56%	44%	80%	6%	86%

2. Market Analysis

a. Market Growth & Market Size Projection

Worldwide Windows Presentation Graphics Software Market Forecast (IDC, 1994)
(all numbers in 000's)

	1993	1994	1995	1996	1997	CAGR
Shipments Stand-alone	1,081	1,176	1,740	1,8760	2,030	17%
Shipments Suite	3,1540	4,4890	5,229	5,4333	5,577	78%
Revenue Stand-alone	\$132,306	\$132,208	\$196,800	\$215,800	\$228,400	15%
Installed Base	6,2476	8,757	9,780	11,063	12,491	59%

* Suite revenue is not reported in this table because each firm calculates revenues from presentation graphics differently. Therefore, it is not a useful number.

The international shipments were 47% of total in 1993 (SPA), and will increase to about 55% by 1997 (IDC). As a percent of total sales, 1993 suite shipments were higher internationally than domestically, but that will not continue throughout 1997. From 1994 to 1997 the percent of both international and domestic suite shipments will remain right around 79% (IDC)

b. Current Market Share

Worldwide 1993 Windows Presentation Graphics Market Share (IDC, 1994)

	WIP Presentations	IBM's Imceance	Microsoft PowerPoint	SPC Graphics	Other
Stand-alone Shipments	69,500	321,762	287,000	316,000	86,400
Suite Shipments		600,000	2,554,000		
New Sales Market Share Stand-alone (Suite)	6% (2%)	30% (22%)	27% (67%)	29% (7%)	8%
Installed Base	52,150	1,029,348	3,272,906	569,194	

* Source: InfoCorp, 1993.

3. Product Strategy

a. Can we become #1 or #2?

Our short term goal is to become the #2 selling presentation graphics product by delivering a solid product for PerfectOffice. In the long term, our goal is to be a leader of presentation graphics components.

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b. What will it take to do so?

To become #2 we will need to:

- Work closely with the suite marketing team to deliver a strong PerfectOffice product.
- Be first to market with a set of strong presentation graphics components.
- Conduct extensive market research to better understand customers' needs.
- Carve out our niche with unique networking capabilities such as collaborative computing solutions.
- Invest in programs which make it easy for a user to transition from competing products to ours. Ensure that our product has features which make the transition easy. Deliver a support program which assists users with making the transition. Deliver training materials which teach users on how to make the transition.

c. Who do we need to beat?

The top three competitors are:

- SPC Harvard Graphics
- Lotus Freelance
- Microsoft PowerPoint

d. How well entrenched are they?

These competitors are very well entrenched. PowerPoint and Freelance were able to significantly increase their installed base figures by including it as part of their suite offering. However, Harvard Graphics' sales are suffering because they are not part of a suite.

Worldwide Windows Installed Base

	1993 (InfoCorp)	1994 (Estimated from IDG Survey)
		Shipments
Microsoft PowerPoint*	3,272,906	7,229,906
Lotus Freelance*	1,029,348	2,140,907
SPC Harvard Graphics	569,194	884,644
WordPerfect Presentations**	52,150***	104,000***

* The 1993 figures may be low because InfoCorp underestimated 1993 suite sales.

** WP Presentations did not ship until mid-July. PowerPoint has been shipping since 1990. Freelance shipped in 1991. Harvard Graphics shipped 1992.

*** Internal figures.

e. How will we beat them?

Our strategy is to be a strong member of PerfectOffice and deliver a product which will compete well against Lotus Freelance.

- *Deliver strong suite product.* Continue to develop a solid product which will be favorably reviewed by the press and analysts. Primary areas of focus are ease of use and groupware/networking.
- *Eliminate common graphics features.* Work closely with WPWin and QP marketing groups to eliminate common presentation graphics features within PerfectOffice. For example, the WPWin version of PerfectOffice 3.0 will launch PRWin 3.0 and not it's graphics component, mini-Draw.
- *Deliver strong components.* Work closely with the Tapestry group to design and develop presentation graphics components.

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4. If we succeed, will this be large enough and profitable enough to materially contribute to our growth objective?

Yes. According to several market research studies, presentation graphics is one of the key products that is included in the suite. Therefore, we would be contributing to the success of PerfectOffice by delivering a solid presentation graphics product.

5. Are there partners to take this on where the result would be as good or better for Novell?

We have two options. The first option is to continue in-house development of the product. The second option is to purchase or partner with SPC's Harvard Graphics.

We recommend the first option, continue in-house development. The primary reason is because we are in the best position to provide tight integration with PerfectOffice. In the past, we have tried to partner with Quattro Pro and it was not very successful. Also, all the suite products need to be tightly integrated. It would be very difficult to provide this tight integration when the development groups are from two different companies.

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NL2 0006682

WordPerfect for DOS

Business Review Exercise

Submitted by

WordPerfect DOS Product Marketing

July 15, 1994

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Current Profitability:

November 1, 1993 - April 30, 1994

Net Revenue	COGS	S & M	R & D	G & A	Operating Profit
66,926	(19,038)	(17,467)	(2,672)	(7,969)	19,781
100%	28%	26%	4%	12%	30%

Market Growth (DOS Word Processing)

Worldwide DOS Word Processing Software Market Forecast (InfoCorp, 1994)

	1994	1995	1996	1997	1998	5 YR CAGR
Shipments	1,332,000	703,000	464,000	343,000	190,000	-37%
Revenue	\$267 million	\$133 million	\$82 million	\$57 million	\$30 million	-40%
Installed Base	13,287,000	10,352,000	6,811,000	4,694,000	2,969,000	-28%

U.S. DOS Word Processing Software Market Forecast (InfoCorp, 1994)

	1994	1995	1996	1997	1998	5 YR CAGR
Shipments	653,000	323,000	204,000	144,000	76,000	-41%
Revenue	\$125 million	\$58 million	\$35 million	\$23 million	\$12 million	-44%
Installed Base	7,349,000	5,501,000	3,551,000	2,374,000	1,371,000	-31%

Current WordPerfect Market Share (DOS Word Processing)

Worldwide 1993 DOS Word Processing Market Shares (InfoCorp, 1994)

	WordPerfect	Microsoft	IBM	Others
Units Shipped	1,002,000	157,400	130,000	622,300
% of Total	52%	8%	7%	33%
Installed Base	8,009,400	1,971,300	1,009,000	6,128,000
% of Total	40%	13%	7%	40%

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US 1993 DOS Word Processing Market Shares (InfoCorp, 1994)

	WordPerfect	Software Publ. Comp.	IBM	Others
Units Shipped	851,300	98,300	87,500	230,100
% of Total	60%	9%	9%	22%
Installed Base	4,153,800	852,600	756,800	2,834,700
% of Total	48%	10%	9%	33%

Can we become (remain) #1 or #2?

In North America, WP DOS is the clear leader in both sales and installed user base. Worldwide, WP DOS is the overall sales and installed base leader, with the exception of a few countries where other DOS word processors are dominant. WP DOS is a classic cash cow, with overwhelming market share in a mature, shrinking market. WP DOS's leadership position is not expected to change in the foreseeable future.

What will it take to do so?

Most of the current success of WP DOS is due to the immense brand equity and market leadership gained by WP DOS during the late 1980s and very early 1990s. Many companies have standardized on WP DOS and made a considerable investment in WP DOS macros, training, and documents. Therefore, it is difficult for these people to switch to anything else. Because of these factors, there is no significant DOS word processor competition for WP DOS.

However, to retain WP DOS users as they migrate to Windows (with WP Win or the WP Suite), Novell cannot afford to stop marketing or communicating to current WP DOS users. Research has shown that current WP DOS users have a high likelihood of switching to competition when migrating to Windows, despite heavy WP Win "pull" advertising. Therefore, Novell must continue to make a concerted effort to "lead" users from the WP DOS side of the transition—mostly through effective user base communication.

The main challenge of communicating to users is that WordPerfect products have only about a 15% customer registration rate. However, the WordPerfect Direct Response group (responsible for direct marketing to users) is working on ways to identify WP users for this purpose.

Who do we need to beat?

The biggest antagonist in the effort to retain WP DOS users as they migrate to Windows is Microsoft. Microsoft identifies WP DOS users as a primary target market for its

Windows-based word processor and suite. Microsoft's recent tactics include:

- Providing excellent Windows applications (both stand-alone and suite-integrated)
- Providing excellent tools and methods for users to transition from WP DOS to Microsoft WinWord
- Heavily marketing the per-application value of the MS Office suite against the stand-alone WP Win (many products for a low price)
- Attacking WordPerfect Corporation (via direct sales and advertising) as being backward, technologically inept, financially unsafe, and abandoning its user base (through cutting products and services)

How well entrenched are they?

(How well is Microsoft entrenched in their effort to win WP DOS users migrating to Windows?)

In attracting new Windows users to its applications, Microsoft has nearly every advantage over Novell—with one notable exception. Microsoft's advantages primarily revolve around the fact that Microsoft supplies and controls the Windows OS, and all the mindshare, revenue, and power that come with it.

Novell's biggest sustainable competitive advantage over Microsoft in this effort is that WordPerfect has a large, relatively loyal DOS user base—who are already familiar with and sympathetic to WordPerfect—from which to draw new customers. Microsoft has converted most of their DOS application user base to Windows applications already.

How will we beat them?

(What will it take to keep Microsoft from winning WP DOS users migrating to Windows?)

Novell must draw on its key strength in this area—current WP DOS users—to win the Windows transition battle with Microsoft. Novell must prepare WP DOS users for their transition to Windows, by communicating information to them about Novell's safety, vision, leadership, broad product line, and continued customer support innovation—using WordPerfect name recognition as a calling card, and emphasizing how these qualities are enriched with the merger.

This communication must be started as soon as possible, to allow WP DOS users maximum exposure to this information before they move to Windows applications. By doing so, Novell will ensure a greater mindshare and customer retention when WP DOS users choose a Windows-based word processing solution.

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If we succeed, will this be large enough and profitable enough to materially contribute to our growth objectives?

Continued WP DOS Sales

The overall DOS word processing market is shrinking, not growing. WP DOS has an overwhelmingly dominant market share in most countries, making WP DOS a classic cash cow. In the first six months of 1994, WP DOS contributed 18% of WordPerfect Corp's total North American gross revenue, with very little maintenance cost and effort.

While WP DOS may not contribute to growth directly, its revenue stream is needed for other products that need investment now.

Retaining WP DOS Users through their Windows transition

The installed base of WP DOS users is a great asset to Novell. It represents high-margin future income (because of the low marketing investment required to keep them loyal). In the short term, the installed base needs investment (negative cash flow), to communicate key messages that will keep them loyal in the future. However, analysis and many other companies' experience indicates the investment will pay for itself many times over in the future, as these users buy from Novell again.

Are there partners to take this on where the result would be as good or better for Novell?

Retaining WP DOS Users through their Windows Transition

Because the WP DOS user base is such an important asset to Novell, it would be foolish to jeopardize their continued loyalty by subcontracting the retention effort to a third party. In the wake of outsourcing WP51 DOS support and rumors that WordPerfect was abandoning all DOS development (and the user uproar that resulted), subcontracting WP DOS marketing, fulfillment, or other services would infuriate current WP DOS users. This would hurt Novell at a time when Novell is seeking to transfer brand equity from WordPerfect to itself.

Continued WP DOS Marketing and Support

Customer support for WP51 DOS (and previous versions) has already been outsourced, reducing support costs for these products by approximately 30%. The WP DOS product marketing team has been approached by a third party with an offer to market WP5X DOS. The offer was rejected for the following reasons:

- WP DOS is a cash cow. Outsourcing would jeopardize that revenue stream— affecting other products that require investment now.
- Net revenue (total revenue less costs) would decrease under the proposal compared to the status quo, due to splitting the profit margin with the subcontractor and to small savings expected in expenses (the offer did not include taking over WP60 marketing efforts).

- The aggressive marketing methods described in the proposal seemed likely to cannibalize the sales of other, more profitable WordPerfect products (especially WP Win and WP60 DOS).

A possible alternative to outsourcing the marketing of WP DOS would be delegating it to the Direct Response group, responsible for direct-user marketing. This may provide a cost-effective way to continue to milk sales from WP DOS, without putting customer retention and brand equity in jeopardy.

Sales, Development, and other services have already been trimmed (for example, there will be no developers or testers assigned to WP DOS after 1994). There is no obvious additional benefit to outsourcing any of these services.

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Case No.	Case Name	Case Type	Case Status	Case Date	Case Amount	Case Fee	Case Cost	Case Total
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4. If we succeed, will this be large enough and profitable enough to materially contribute to our growth objective?

Since the market is growing at a negative rate, we do not expect a huge return on investment. However, we are currently doing very minimal marketing and are realizing a positive return. The real goal of the DOS product is to keep our DOS customers using WordPerfect products until they move to Windows. They are more likely to upgrade to WordPerfect products if they are currently using them.

5. Are there partners to take this on where the result would be as good or better for Novell? Eventually, it may make sense to outsource the support for WP Presentations for DOS.

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July 13, 1994

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WordPerfect for Macintosh

Business Review Exercise

Submitted by

WordPerfect Macintosh Product Marketing

July 15, 1994

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Current Profitability:

- The following chart is a summary of financials for WordPerfect Macintosh as of July 13, 1994 (in \$000s):

Net Revenue	COGS	SG&A	R&D	General	Operating Profit
8,044	2,986	4,944	2,583	1,158	(3,627)
100%	37%	61%	32%	14%	(45%)

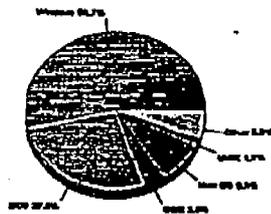
Size of Macintosh Word Processing Market (Source: Dataquest, 1994)

- Worldwide market**
 - The number of word processing licenses shipped in 1993 was 1,433,040 (defined as a legal permit to use a software package).
 - The number of word processing units consumed (off the shelf package that can have multiple licenses) in 1993 was 1,096,200.
 - 1993 word processing revenue (in U.S. dollars) was \$140,520,000.

Dataquest segments word processing into Windows, DOS, Mac, OS/2, UNIX, and Other PC operating systems. License shipments and revenue from these operating systems were distributed as follows:

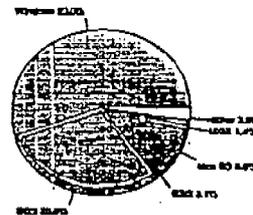
Worldwide Word Processing Licenses

by Operating System



Worldwide Word Processing Revenue

by Operating System



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- In 1993, Macintosh owned 9.3% of the worldwide word processing market in license shipments.

- U.S. market

- The number of units consumed in 1993 was 546,400 (50% of worldwide total).
- 1993 revenue was \$91,000,000 (65% of worldwide total).

Market Growth (Source: InfoCorp, 1994)

- Worldwide market

- In 1993, growth in the number of units shipped was 6%.
- In 1994, the number of units shipped is forecast to grow by 11%.
- Over the next five years, the Compounded Annual Growth Rate (CAGR) of units shipped is forecast at 14%.

- The following tables indicate growth rates for each of the next five years in shipments, revenue, and installed base.

	1993	%	1994	%	1995	%	1996	%	1997	%	1998	%	5 yr CAGR
Shipments (000s)	1,121	6%	1,246	11%	1,432	17%	1,672	15%	1,879	14%	2,130	12%	14%
Revenue(\$M)	198	-2%	216	9%	238	10%	258	8%	278	8%	300	8%	9%
Inst. Base (000s)	4,119	18%	4,794	16%	5,395	17%	6,401	14%	7,243	13%	8,245	14%	15%

Source: InfoCorp, 1994 (Numbers include word processors shipped in bundles/kits)

- U.S. market

- In 1993, growth in the number of units shipped was 7%.
- In 1994, the number of units shipped is forecast to grow by 9%.
- Over the next five years, the GAGR of units shipped is forecast at 8%.
- 5 year CAGRs for the U.S. are lower than those for worldwide, indicating strong international potential.

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Macintosh WordPerfect Software Market Share													
	1993	%	1994	%	1995	%	1996	%	1997	%	1998	%	5 yr CAGR
Shipments (000s)	538	7%	610	9%	677	11%	740	9%	792	7%	838	6%	8%
Revenue (\$M)	91	0%	101	11%	105	4%	108	3%	110	2%	112	2%	4%
Inst. Base (000s)	2,109	14%	2,400	14%	2,727	14%	3,039	11%	3,311	9%	3,590	8%	11%

Source: InfoCorp, 1994 (Numbers include word processors shipped in bundles/suities)

- International (Data is not published for international exclusively; however, using derived figures, the following data was created)
 - In 1994, the number of units shipped is forecast to grow by 13%.
 - Over the next five years, the CAGR of units shipped is forecast at 18%.
 - Data indicates that those vendors able to exploit the international growth will gain the most market share.

International Macintosh WordPerfect Software Market Share													
	1993	%	1994	%	1995	%	1996	%	1997	%	1998	%	5 yr CAGR
Shipments (000s)	563		636	13%	773	22%	932	20%	1,107	19%	1,292	17%	18%
Revenue (\$M)	107		115	7%	133	16%	150	13%	168	12%	188	12%	12%
Inst. Base (000s)	2,910		2,394	19%	2,848	19%	3,362	18%	3,932	17%	4,555	18%	18%

Source: InfoCorp, 1994 (Numbers include word processors shipped in bundles/suities)

Current WordPerfect Macintosh Market Share (Source: InfoCorp, 1994)

- Worldwide market share—unit shipments
 - In 1993, WordPerfect was second in units shipped with 17% market share. Microsoft was first with 63%.
 - From 1992 to 1993, WordPerfect had a 22% CAGR. Microsoft was second with only a 7% CAGR.
 - By InfoCorp's definition, WordPerfect's five year CAGR dominates all competition with 42%. Microsoft is second with a five year CAGR of 23%.

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Microsoft Word Processing Units Consumed by Product (Units)							
Manufacturer	Model	1991	1992	1993	Share	'92-'93 CAGR	5 year CAGR
Microsoft	WordPerfect	53.7	55.7	76.0	36%	22%	7%
WordPerfect	WordPerfect	11.4	11.7	11.1	5%	3%	9%
Claris	MacWrite	111.4	103.7	101.9	10%	3%	9%
Other		119.3	117.1	101.8	10%	-7%	7%
Total		344.5 35%	307.6 23%	306.2 7%	100%	7%	20%

Source: InfoCorp, 1994 (Numbers include word processors shipped in bundles/suites)

U.S. market share—unit shipments

- In 1993, WordPerfect was second with 22%. Microsoft was first with 57%.
- From 1992 to 1993, WordPerfect had a 22% CAGR. Microsoft was again second with a 7% CAGR.
- WordPerfect's five year CAGR is more than twice as high as Microsoft, suggesting a great opportunity for growth.

Microsoft Word Processing Units Consumed by Product (Units)							
Manufacturer	Model	1991	1992	1993	Share	'92-'93 CAGR	5 year CAGR
Microsoft	WordPerfect	23.0	22.2	27.0	13%	22%	7%
WordPerfect	WordPerfect	7.4	6.7	7.8	4%	3%	9%
Claris	MacWrite	72.4	68.7	70.8	13%	3%	9%
Other		47.7	46.9	43.6	8%	-7%	4%
Total		140.5 23%	124.5 22%	148.2 8%	100%	8%	15%

Source: InfoCorp, 1994 (Numbers include word processors shipped in bundles/suites)

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Can we become (remain) #1 or #2?

WordPerfect for Macintosh is currently #2 in the Word Processing market. Microsoft dominates the market with well over 50% market share. However, from 1992 to 1993, WordPerfect experienced a 22% Compounded Annual Growth Rate (CAGR), while Microsoft's CAGR was only 7%. While currently at 17% market share, all sources indicate that WordPerfect has the greatest momentum. WordPerfect's five year CAGR is forecast at 42%, compared with Microsoft at 23% and Claris at 9%. These figures become even more impressive when considering WordPerfect is a stand alone product competing with the Microsoft Office suite.

WordPerfect should continue to strengthen its #1 position. However, without a fully integrated suite on the Macintosh, it will be difficult to penetrate Microsoft's dominance.

What will it take to do so?

In order to remain #2 and make progress towards becoming #1, we must concentrate on the following:

- Continue to build on the momentum we have created in positioning WordPerfect as the industries technological leader. WordPerfect became the first product to support System 7 Pro and to be native on the Power Macintosh. By releasing Version 3.1 on October 1, 1994, we will again become one of the first applications to support System 7.5. Presently, WordPerfect is the number one native application sold for the Power Macintosh (source: Apple Computer, Inc.)
- Provide bundled solutions targeted at key vertical market segments. Do this by leveraging in-house products and third-party products. (ie, Student and Business Essentials bundles). By providing solutions that are better targeted towards specific needs of the customer, we can begin to penetrate the market share possessed by Microsoft Office at the high end and ClarisWorks at the low end.
- Establish pervasive networking on the Macintosh by leading the industry in providing the tools and frame work for collaborative computing.
- Move quickly to component software (OpenDoc) and establish a leadership position on this new platform.
- Increase our presence in the channel and continue to grow mindshare among industry influencers.
- Continue our focus on international markets where we have established a strong presence and can continue to grow market share. Target new and growing international markets where we can establish WordPerfect as a leader in Macintosh word processing and as a solution provider.
- Add vertical text functionality to WordPerfect in order to become more successful and better accepted in Japan and other Asian countries. We have been hurt in Japan where local products have less functionality overall, but provide vertical text support. We have also been hurt by the presence of MacWrite and its strong branding in association with Apple Computer, Inc.

With the recent release of WPMac 3.0J, we are very optimistic about our sales number in Japan. Initially, the Japan office projected shipping 4,000 units during the first three months following the release of 3.0J. The office has since increased that number to 15,000 units. Our potential in Japan is very high.

- Continue to focus on providing quality information and training to worldwide sales.
- As we continue our effort to become the first in adopting Apple's latest technologies, we will improve our ability to gain the attention of Apple's sales force. WordPerfect is increasing in popularity among the Apple sales force as the product that best demonstrates their technologies.

Who do we need to beat?

In North America and Europe, Microsoft Word is the obvious antagonist. In Japan, the current market leader is MacWrite.

How well entrenched are they?

Microsoft Word was the first high-end word processor available for the Macintosh. WordPerfect did not release on the Macintosh until Word had been on the Market for well over three years. MacWrite was able to obtain a high marketshare because it was initially bundled on all early versions of the Macintosh. Once Apple discontinued bundling MacWrite on every Macintosh, Microsoft Word soon became the dominant market leader. MacWrite has since ensued the number three position behind WordPerfect due to Claris' inability to keep the product competitive with releases of Word and WordPerfect. Claris has clearly turned its focus to ClarisWorks which has become the dominate leader in Works packages for the Macintosh.

Microsoft's leadership role on the Macintosh was strengthened as Excel obtained dominance in the spreadsheet market. Excel is currently the only spreadsheet available for the Macintosh. Microsoft is the only vendor providing a fully integrated suite for the Macintosh. Microsoft Office was available on the Macintosh eighteen months before it released on Windows.

Because of Microsoft's ability to provide a fully integrated suite, they have made it very difficult for a single or limited applications vendor to compete in this market. The bottom line is, Microsoft is very well entrenched.

How will we beat them?

Having a fully-integrated suite for the Macintosh would be nice, but at this point it would take at least 2 to 3 years to develop a competitive suite solution. The only way we can compete with Microsoft in this market is to change the rules. OpenDoc gives us that opportunity.

After WordPerfect 3.1 ships, we should quickly transfer the majority of the Macintosh development talent over to Tapestry. By transferring top talent from Macintosh and possibly UNIX, Tapestry could become a reality much quicker. By getting Tapestry out quickly, in an OpenDoc arena, the Applications Group can better establish itself as the industry leader in providing quality customer solutions.

WordPerfect 3.1 (due to ship 10/1/94) will take advantage of Apple's latest System software to once again enhance its position as a technology leader. A smaller development team (not more than 5 people) could maintain the product and possibly develop a version 3.2 that would implement Grammatik 6 and provide minor enhancements to answer issues relating to Microsoft 6.0 due to ship 9/94. Vertical text is the only "major" item that needs to be addressed before the Tapestry timeframe. If Tapestry slips into late 1996, then this plan would need to be reconsidered.

If we succeed, will this be large enough and profitable enough to materially contribute to our growth objectives?

By greatly reducing our resources in development, testing and possibly marketing, we can become a profitable division within the company. It is not being suggested that we limit our exposure in the Macintosh market, but that we quickly become a profitable division within the Greater Novell and that we better position ourselves for the future. If anything, we should strive to increase our exposure. Our success on the Macintosh platform is important to the long term success of the company. The data included in this document indicates the Macintosh platform and WordPerfect software will continue to be a strong option and need for Novell customers.

Are there partners to take this on where the result would be as good or better for Novell?

No.

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WordPerfect for Unix

Business Review Exercise

Submitted by

WordPerfect for Unix Product Marketing

July 15, 1994

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NOV-25-006639

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Market Review: WordPerfect 6.0 UNIX

1) Current Profitability:

November, 1993 - May, 1994

Net Revenue	COGS	S&M	R&D	G&A	Operating Profit
7,445	2,540	2,915	4,996	999	(4,005)
100%	34%	39%	67%	13%	(54%)

2) Size of Market, Market Growth, Current Market Share, Market Size Projection for Next 5 Years.

There are many facets of the UNIX market that should be considered when determining the viability of the UNIX personal productivity applications market and the potential sales opportunities into this market.

UNIX, unlike the DOS/Win market, has a very diverse set of uses and functionality, of which only a small part include productivity applications. Market size and growth figures may be very misleading due to the high percentage of UNIX Systems used exclusively in server environments. Confusing the issue further is the distinction (or lack thereof) between word processors, publishing packages, and integrated productivity solutions. The research companies have a difficult time dividing these categories and providing accurate figures for potential market opportunities. In fact, percentages fluctuate as much as 30% between research organizations depending on their definition of the categories. For example, IDC reported in 1992 that WordPerfect for UNIX held 64% of the UNIX word processing market while SPA reported for the same time period a 93% market share. These numbers can be easily affected by the inclusion of the simple text processors that ship with many of the UNIX Systems.

In the past year we have seen many companies begin offering emulators and software products that allow the use of MS Windows applications software or Macintosh applications software to run on various UNIX machines. To date, these have met with marginal success due to problems and the immaturity of the products. If these emulators become successful, it would add a wave of new competition to the environment. In section #3 of this report I explain how the future development of WordPerfect for UNIX can render these emulation solutions a non-issue. We will however, keep an open mind to these emulation solutions, follow their progress and evaluate the appropriateness of using this type of technology for a UNIX solution if the products should progress to that level. At this point, this is not a consideration and we are skeptical that they will progress sufficiently to provide a viable alternative to a native product.

As a word of warning, I encourage the reader to take the figures in this report with a grain of salt as, in my opinion, sufficient time and effort has not been devoted by the research firms to concisely define the personal productivity applications market. In other words, these figures provide little more than a base for educated speculation.

The market for Unix-based word processors reached \$70 million in 1992, up 12.5% over the previous year. IDC states "WordPerfect was the clear leader, generating more than three times the revenue of any other vendor (24%). WordMarc holds the number-two slot in terms of revenue with a 7% share."

In 1992, the UNIX systems market grew by 8.3% to just less than \$19.5 billion. Unix hardware sales continued to outpace the overall market and are expected by IDC to grow at a 14% five-year compound annual rate to total more

than \$36 billion in 1997 as compared with a 3% growth rate for the overall computer hardware industry for the same period. Unix will increase its share of computer hardware revenues from 13% in 1992 to 21% in 1997 or \$36 billion.

UNIX PCs and workstations continued to drive the overall UNIX system market, accounting for 79% of the 1992 shipments worldwide. IDC forecasts that desktop systems will total 87% of total shipments by 1997.

IDC Forecasts:

- Between 1992 and 1997, the U.S. market for UNIX systems will grow at a compound annual rate of 20.5% in terms of shipments and at just less than 10% in value. In 1997, 1.1 million units will be shipped at a value of just less than \$12 billion.
- UNIX shipments and value outside the United States will grow at CAGRs of 27.5% and 15.5% respectively, over the same period. More than 1.8 million UNIX-based systems will ship in 1997 for a value of \$24.7 billion.
- Worldwide shipments will total more than 3 million in 1997, after a five-year CAGR of 24.6%. The value of shipments worldwide will grow at a 13.5% CAGR to \$36.6 billion in 1997.

3) Can we remain #1? What will it take to do so? Who do we need to beat? How well entrenched are they? How will we beat them?

The latest information available to me for this report shows that WordPerfect is the 7th largest UNIX Commercial Applications Vendor at \$17 million for 1992. The second place word processor is WordMarc at \$4.5 million.

The main word processing threat in 1994 and beyond is Lotus Ami Pro. Although they have had a difficult time over the past three years getting this product out, it is now available on HP and soon to be on SUN and IBM. AmiPro is only offered as a GUI product and ignores the other 40-50% of the market—the character-based market. Lotus does not now have the offering needed to take over the #1 position, however, they are uniquely in a position to offer a UNIX suite with Notes, 123, and AmiPro.

IDC claims that the \$70 million potential market for UNIX word processors will not grow significantly due to the various emulation technologies that are emerging. If the UNIX WP product continued to be a UNIX conversion of the Windows product, then perhaps we would be going head to head with these emulators and not able to grow our market. However, this is not the direction for future versions of WordPerfect for UNIX. WordPerfect needs to be a Document Processor that also has the ability to access the functionality of the other UNIX tools such as database information, and integrate tightly into the native UNIX services offered through the OS. These include, but are not limited to UNIX printing functionality, Unix mail, etc. While these emulators offer a patchwork solution to run products from other environments, WordPerfect will tightly integrate Unix conversion formats, database information access, native printing capabilities and other functionality not offered by the emulators. We will also be able to offer better performance in a native product, as emulators by nature suffer performance problems.

Direct word processor competition is not the battle that we need to win. Our stiff competition comes from the integrated office solutions (IOS) like Uniplex and Applix. Unix systems have been sold almost from the beginning with integrated systems, including database and spreadsheet functionality as well as word processing. Some offerings also include charting and drawing modules. To this point we have not been able to replace these integrated products with only word processing functionality. 6.0 now offers many new features that allow us to compete with much of the functionality in these integrated packages. Future releases of WordPerfect will further integrate with third party spreadsheets and databases in order to offer a replacement solution for these low-end integrated packages.

In order to succeed and maintain the #1 position, we first need to determine the importance of a UNIX product to the company. Once we have established this as a priority, we need to have the internal support structures in place to carry out the respective responsibilities for Channel, Sales, Corp. Communications, etc. and leave these dedicated resources in place in order to build momentum without interruption. The most difficult thing that the UNIX division has faced for the past few years, has been fighting the internal organization for mindshare. Had we received the buy-in that some of the other application groups at WPCorp enjoy, early in our history, we would be well on our way to being an extremely profitable and successful division and product. UNIX products need the same commitment from the support organizations in the company as the first-tier products enjoy, i.e. timely completion of support materials, follow-up on projects, accurate deadlines rather than being "burped" by higher priority projects. It is extremely difficult to be held accountable for a product's success when we are so dependent upon the sales and channel organizations to move the product. Many times these organizations focus on "higher priority" products and give remaining time to UNIX. A certain amount of investment in the future in terms of channel development and Unix sales development are clearly precursors to financial success of the UNIX WordPerfect product.

If through consolidation we share resources and give these resources a UNIX time and attention allocation, it is my opinion that these people will not be successful. UNIX is a very specialized environment that requires the sales and marketing people to live in the environment in order to understand the environment and issues well enough to be effective. 10% of a persons time will be ineffective to achieve success with UNIX products. We have seen these problems in the UNIX group since the last reorganization to the international organization. In effect, the attention to UNIX marketing and sales has ceased, and there are no resources with an understanding of the UNIX marketplace. International sales as a percentage of total UNIX sales will continue to drop if resources aren't dedicated to developing this market.

- 4) If we succeed, will this be large enough and profitable enough to materially contribute to our growth objective? (target growth of 20%)

We have a great UNIX potential if we can:

- establish a strong channel
- educate VARs and Resellers
- educate the sales force to sell cross platform solutions
- continue looking for innovative UNIX-specific features to integrate into WordPerfect for UNIX
- tightly integrate with UNIX databases and offer UNIX-specific file conversion

We clearly have the potential for a 20% annual growth rate. As we better position ourselves to sell competitive upgrades into the integrated solution market, we move into a market that has a huge potential. As we progress, we need to look closely and quickly at the possibility of a suite offering in the UNIX environment. With strong components in this market, we could be the market owners.

- 5) Are there able partners to take this on where the result would be as good or better for Novell? No.

NOV-25-006642

WordPerfect for VMS

Business Review Exercise

Submitted by

WordPerfect for VMS Product Marketing

July 15, 1994

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NOV-25-006643

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Market & Product Review: WordPerfect 6.0 OpenVMS

Due to the special circumstances surrounding the OpenVMS 6.0 product and pending decisions, this review will briefly outline the OpenVMS market as it applies to the WPS+ / WP6.0 migration outlined in the WP/Digital agreement. We will also point out the issues surrounding the completion of the 6.0 product, their impact on the UNIX character product release, development resources, and possible options and alternatives to the current completion schedule for the product.

In a series of meetings, the last of which was held on 7-8-94, research was presented showing a negligible market for a the planned Motif version of 6.0 OpenVMS. This product was not included in the DEC contract. After careful consideration it has been determined that the resources that would have been devoted to this project, will be better applied elsewhere. There will be no future development on this project. I have however, included market research for Motif OpenVMS shipments due to the fact that a 6.0 character product for OpenVMS will run on either the VAX machines or the new Alpha AXP's.

The variables to consider in the market are:

- VAX OpenVMS (Character & GUI)
- Alpha AXP OpenVMS (Character & GUI)

The original objectives for producing an OpenVMS product were:

- This product could be easily recompiled to run either on VAX OpenVMS or Alpha AXP OpenVMS covering both installations.
- This product would be used by the UNIX division and recompiled for use as the character UNIX product for the 7 supported platforms.
- This product would be marketed as a migration to the existing WPS+ word processor that originally shipped with each copy of ALL-IN-1 from Digital. Digital would be the distributor and reseller for this product as outlined in the WP/DEC contract. New sales would be incremental on VAX, but the new user-base would come from Alpha as accounts migrated from VAX to Alpha.

OpenVMS Word Processing Market (IDC Research)

ALPHA:

According to IDC's Worldwide Commercial Systems Research, June 9, 1994:

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- 60% of all Alpha systems ship with OpenVMS (OSF/1 UNIX or NT on others).
- 90% of all Alpha systems shipped are Workstations.
- The percentage of these systems that use word processing is not known.
- IDC states "A key application on Alpha will be desktop publishing. However, straight word processing will remain largely a PC application." (May 27, 1993)

Hardware:

Projections for total installed base of DEC's Alpha AXP Multiuser systems are as follows:
(Hardware only)

	1993	1994	1995	1996
Total Alpha installed base (all OSs.)	9671	23189	44190	72046
Source: IDC, 1994				

Operating System:

Currently 60% of all Alpha systems are shipping with OpenVMS. This means that the projected installed base of Alpha OpenVMS systems is as follows.

	1993	1994	1995	1996
Total Alpha OpenVMS installed base	5803	13913	26514	43228
Source: IDC, 1994				

Currently 90% of all Alpha OpenVMS systems shipping are workstations. Nearly 100% of these workstations are shipping with Motif. This means that the number of Alpha OpenVMS Motif and Non-Motif systems installed will be as follows:

	1993	1994	1995	1996
Total Alpha OpenVMS Motif installed base.	5222	12522	23863	38905

Total Alpha OpenVMS Non- Motif installed base.	580	1391	2651	4323
Source: IDC, 1994				

Word Processing Market:

	1993	1994	1995	1996
Total Alpha OpenVMS Motif word processing market.	1306	3131	5966	9726
Total Alpha OpenVMS Non- Motif word processing market.	145	348	663	1081
Source: IDC, 1994				

Information from Computer Intelligence using large samples and felt to be statistically valid show type of processors on site:

- Federal Government: 7,135 Sites as of 01/11/94 show a 0% installation for Alpha.
- State Government: 8,253 Sites as of 01/11/94 show a 0% installation for Alpha.
- Local Government: 5,773 Sites as of 01/11/94 show a 0% installation for Alpha.

Industry vertical for the same time period show a 0% installation of Alpha. Included were: Business, EDP, Financial, Health, Legal, Accounting, Manufacturing, Transportation, Communication, Retail, Wholesale.

The same Industry vertical listed above report a 0% "planned purchase" of Alpha.

WPCorp info from May, 1993 projected shipments of Alpha as follows:

- 1992: 4,000 Alpha units shipped, 80% - 90% workstations.
- DEC shipping 2000 units/month.

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- Installed base as of 05/93 was 12,000 units including other OS's than OpenVMS (7200 OpenVMS).
- Shipments as of 05/93 were primarily shipping to ISVs, Internal Users, and sent as loaners to various entities.

VAX/OpenVMS MARKET:

Summary of DEC's word processing and OA markets:

INSTALLED BASE OF DEC ALL-IN-1: DEC claims that the OpenVMS market has 10 million total users including 5 million DEC ALL-IN-1 users. This figure is based on an estimated installed base of 500,000 systems worldwide. IDC believes that these figures are inflated. IDC analysts believe that due to retirement of some VAX/OpenVMS systems, the number of DEC ALL-IN-1 users is closer to 2-3 million. This is based on IDC's estimate of 300,000 active VAX/OpenVMS systems with about 6 million users. ALL-IN-1 revenues declined 20% in 1992.

DEC ALL-IN-1 LICENSES: DEC claims that the number of installed licenses of ALL-IN-1 is over 400,000. IDC believes that a significant portion of these licenses are no longer in use. An IDC analyst estimates that a total of 15 - 20% of all installed systems have DEC ALL-IN-1 installed and in use. This means that the total number of licenses installed and in use is between 75,000 and 100,000. It does not specify the average number of users per license.

WP AND OA SOLUTIONS: According to IDC, less than 5% of the VAX/OpenVMS installed base need word processing solutions, after excluding the current base of ALL-IN-1 users. The ALL-IN-1 users represent the majority of the WP and OA solutions market in the VAX arena. IDC estimates that 20-30% of the VAX/OpenVMS installed base has a text processor of some kind (excluding simple text editors). VAX/OpenVMS users are rapidly moving word processing off host environments to PCs. IDC further stated that there is a growing concern in the marketplace that DEC will give away the ALL-IN-1 installed base to Microsoft.

The numbers used by the prior marketing team in the 1994 OpenVMS business plan were much higher than the current research from IDC indicates-- Much smaller installed base of VAX/OpenVMS and ALL-IN-1 (thus smaller migration market for WP) due to migration off of host systems.

OPTIONS:

- 1) Continue on present schedule for November 1994 release of 6.0 OpenVMS character.

ISSUES:

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WP Presentations for DOS

Business Review Exercise

Submitted by

WP Presentations Product Marketing

July 13, 1994

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1. Current Profitability (as per Paul Rasband's report)

Net Revenue	COGS	S&M	R&D	G&A	Operating Profit
\$504	\$168	\$46	\$20	\$22	\$249
100%	33%	9%	4%	4%	49%

2. Market Analysis

a. Market Growth & Market Size Projection

WorldWide DOS Presentation Graphics Software Market Forecast (IDC, 1994)

	1993	1994	1995	1996	1997	% Change
Shipments	298,620	112,350	67,410	35,050	0	-36%
Revenue	\$58,571,000	\$22,158,900	\$11,122,550	\$5,257,930	\$0	-56%
Installed Base	2,627,320	2,301,650	1,977,710	1,598,350	1,230,730	-10%

In 1993, 70% of total worldwide sales were domestic (SPA). That number will remain right around 65% from 1994 to 1996 (IDC).

b. Current Market Share

Worldwide 1993 DOS Presentation Graphics Market Share (IDC, 1993)

	WP Presentations	Harvard Graphics	SPC Harvard Graphics	Others
Stand-alone Shipments	86,000	57,017	158,600	0
New Sales Market Share Stand-alone	28.80%	18.1%	53.1%	
Installed Base	284,658*	471,120	1,877,070	211,660

* This number is including DrawPerfect. Without DrawPerfect our installed base is 85,512

3. Product Strategy

a. Can we become (remain) #1 or #2?

Currently, WP Presentations is the #2 selling product in the DOS market. To maintain this market position, we must maintain greater than 25% market share. We are assuming that Harvard Graphics retains a 50% market share throughout 1995.

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To retain #2 position in 1994:

	Units	Revenue
Total 1994 Market	112,349	\$22,158,900
Total PRDOS (to retain 26%)	29,211	\$ 4,019,908
Total PRDOS Thru 4-31-94	6,138	\$ 844,696

If we accrue sales at the same rate as the first 1/3 of 1994, we will only achieve 18,414 units, which would yield, at the IDC figure, only 16.39% of the total market. We are expecting to increase sales in the last quarter of 1994, however, because of increased exposure from the suite.

To retain the #2 position in 1995:

	Units	Revenue
Total 1995 Market	67,410	\$11,122,550
Total PRDOS	17,500	\$ 1,752,660

b. What will it take to do so?

To remain #2 we will need to:

- Reprint existing marketing materials such as brochures, test drive kits, etc.
- Provide a transition path for DOS users looking to move to Windows.

c. Who do we need to beat?

Since the DOS market is a dying market, it would be best to maintain our current #2 position.

d. How well entrenched are they?

SPC's Harvard Graphics product has been in the marketplace for a long time. They have a very loyal and large installed base. In fact Harvard Graphics owns 71% of the total installed base. It is interesting to note that InfoCorp reports that according to CTI (their end user profile, formerly called MUTAP), Harvard Graphics has around 3 million users. This number is lower than the installed base because it counts pirated copies and because it counts multiple users of a single copy.

e. How will we beat them?

We need to meet the needs of two different set of customers.

- (1) Customers who will remain on DOS. With our current version, we meet most of the customer's needs. The DOS product has received excellent reviews and numerous awards. Few customers have asked for a new version of the product.
- (2) DOS customers planning on a move to Windows. One of our key marketing messages was the seamless transition from our DOS to Windows product. With the release of PRWin 3.0, the file formats will not be compatible with PRDOS 2.0. This will require a fair amount of development time. At this point, we feel that the resources are better spent on future versions of Windows product.

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- Too much on the plate to achieve November release. This product must be tested thoroughly in order to prevent the need for a major interim release shortly after the initial product ship. Most resources will be reassigned and not available for interim work. May slip into December or end of the year. Do we cut features in order to make the release date or extend it?
- The OpenVMS team is essentially writing the UNIX character product. What affect would feature cuts have on the outcome and marketability of the UNIX character product if it is missing key features and differing in feature set from the UNIX GUI product on the same platforms.
- It is possible to reassign a few UNIX developers to work with the OpenVMS team and speed up the process. How much? Unknown at this point.

PROS:

- Product must be finished for UNIX anyway. Developers know code and have hardware to finish project. Code will take very little work to move to UNIX after completion.
- Revenues from OpenVMS new product sales, WPS+ to WP migration and 5.1 upgrades. \$4.8 million from DEC at end of contract (May, 1995).
- Send message to DEC users that we are not abandoning them. Buy time in order to implement transition for those DEC customers moving from VAX to PCs.
- Majority of those who would have purchased the Motif (GUI) version for Alpha AXP workstations and X-terminals will still choose WP 6.0 character as a solution.
- If Digital doesn't fulfill agreement or isn't successful in marketing product, development effort was not wasted—UNIX character product will go to market. (See 5.1+ discussion in option #3)

CONS:

- 20 developers tied up for 4-5 months. Needed in other areas (Chicago).
- Writing a product for a market that we most likely will not support in the future.
- Very slow sales of AXP platform. We should only count on limited new sales.
- Very slow ramp-up at Digital to push migration from WPS+. Very unstable and unknown marketing plans -- Totally relying on Digital and possibly Spire to make this product successful.
- Few funds for any marketing from WordPerfect if Digital and Spire don't succeed in successfully marketing the product.
- Currently 12 languages are on line to be localized at a cost of close to \$100,000 each. Looking at the figures for the 7 languages we have killed, they came nowhere near \$100,000 and in many cases didn't reach \$10,000. I have not seen any kind of business plan from DEC as to how they will market and sell international versions. We will be asking for this within the week.

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2) Abandon the OpenVMS character project and develop directly to UNIX.

ISSUES:

- Failure to release an OpenVMS product negates one of the key reasons for the DEC contract -- Providing a innovative product that will keep customers with WordPerfect until such time as they migrate to PCs, or to the new Alpha platform. Gain the user-base and loyalty before they migrate to other platforms and evaluate other word processors.
- Are there any on-going talks with Digital for future strategic direction or partnerships, and if so, how would this relationship be affected by any decisions made regarding the 6.0 OpenVMS project or DEC contract?

PROS:

- 6.0 feature set will remain intact. No cutting features to make OpenVMS dates. Same product and feature set on UNIX GUI and UNIX character.
- By developing directly to UNIX, we implement the UNIX market needs immediately rather than putting these features in an interim after the initial release. These features include, but are not limited to: UNIX-specific file and spreadsheet conversions, Database integration--two extremely important features to the UNIX market.

CONS:

- Majority of developers still tied-up on the project. OpenVMS team might be able to free-up 7-8 resources.
- No UNIX hardware for OpenVMS developers. No funding to purchase these machines.
- No migration path for users moving from VAX environment to PCs in the future.
- Message of abandonment to the end-user community. Many commitments have been made and we will replay the NEXT customer base abandonment, only to a much larger corporate user-base. Good possibility these users will go to Word when they covert to PCs. Will there be law suits over promises?
- Loss of \$4.8 Million DEC commitment in May, 1995.
- Growing concern in the marketplace that DEC will give up the ALL-IN-1 installed base to Microsoft (NT & Word).

3) Discontinue work for 6.0 and produce a 5.1 plus for OpenVMS and UNIX.

ISSUES:

- Development feels this is a viable solution for UNIX, but not for the OpenVMS group.
- The OpenVMS and UNIX groups are concerned about the speed and size of the

- 6.0 character product. The 5.1 OpenVMS product requires 1 Meg of memory and 6.0 will now require 2 Meg. 6.0 will be much slower and larger than 5.1, decreasing market opportunities. This will be a big issue for the text based users.
- The UNIX group has the same concerns with regards to the size/speed of the 6.0 Unix character product. Ken L. mentioned it would be much easier to take the current 5.1 product, add Grammatik, QuickFinder and the 6.0 conversion code and then call it 5.1+.
- How will stopped development for a 6.0 level product affect the GroupWise group. Will the VMS or UNIX group end up maintaining a 6.0 level dialog manager?

PROS:

- Customer base is accustomed to 5.1 size and speed. (Much smaller disk space and memory requirements).
- 5.1 is very reliable at this point. Testing cycle will be greatly reduced.
- Development time reduced. Eliminates much of the work on PRS and terminal drivers. Less resources to produce.

CONS:

- We would be killing the DEC contract and not receive the \$4.8 million.
- No 6.0 for users expecting a next generation product on both OpenVMS and UNIX. We have release information about the release of a 6.0 level character product.
- Wasted investment of time on 6.0 product development and 5.1+ may take just as long to ship. An OpenVMS 5.1+ would not have additional features due to low need by the market for these particular features.
- 5.1+ strips out functions and functionality in document limiting document compatibility with 6.0.
- Upset user-base, counting on 6.0 and given 5.1+

(Note:) Much more research and discussion needs to go forward on this last option. This issue suddenly came up within the past couple of days. All of the issues are not represented in this paper.

MARKETING ISSUES:

- Very few marketing funds available to market this migration from WPS+ to WP. We are relying on DEC to make this product and migration successful. Continue working with channel to sign up Spire Technologies as a Master VAR and distributor. Spire will be given same discount as Digital for the migration product (\$60) and in turn, contractually commit to promote migration program to its end-users and resellers. Spire is also in a

position to take over complete marketing, support, and development of the OpenVMS in the future if we decided to discontinue the OpenVMS product and continue collecting royalties. They have a similar arrangement with Lotus and 123.

- Possibility of renegotiating with DEC to include 6.0 WP on each new shipment of OpenVMS and ALL-IN-1.

CONCLUSION & OPINION:

The numbers listed above represent a very small user-base, and slow growth. Since the Alpha machine is the primary GUI workstation environment, this information was key to the decision to discontinue a GUI OpenVMS product. Alpha is also a multi-user character environment, but judging from the low number of installed units as of 5/94 and the slow sales, we could expect a very small opportunity for selling WordPerfect into this new market at this time.

The real opportunities are:

- 250,000 current 5.1 users on VAX to upgrade.
- 2-3 million ALL-IN-1 Users. Dependent on:
 - Decision to stay on, or move away from VAX environment.
 - Decision not to upgrade to 6.0.
 - Decisions to move word processing to PCs. (IDC)
 - DEC's ability or inability to market the product.

There are many variables that will influence the success or failure of the 6.0 character OpenVMS product, many of which WPCorp has no control over with DEC responsible for the majority of the marketing. If the funds and resources were available, and we knew that DEC would push the migration to the 2-3 million users, we would have a viable upgrade market. We don't know this.

The options are:

- Continue development for 6.0 on OpenVMS and UNIX.
- Discontinue development for OpenVMS and move resources to 6.0 UNIX.
- ✓ Discontinue 6.0 for OpenVMS and UNIX and provide a 5.1+ for both.
- Discontinue 6.0 for OpenVMS and UNIX and provide a 5.1+ for UNIX.

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Profit and Loss Statement

(all numbers in Thousands)

		Resources UNIX must allocate if VMS does not develop 6.0
Expense		
Development	2600 ¹	1700 ³
Maintenance	1200 ²	0
Marketing	600	0
Support	600 ⁴	
Revenues		
Sales	4800	0
Depreciation	<120> ⁵	0
Net Sales	4680	0
Net Income	<500>	77

Conclusion: The completion of WordPerfect VMS 6.0 will produce net income of <\$500,000>. If WordPerfect VMS 6.0 is discontinued UNIX will need to allocate an additional \$1,700,000 to complete the UNIX 6.0 but 9 developers and 6 testers will be made available to work on Chicago or Tapestry. If UNIX does WP 5.1+ nearly 20 developers could be re-allocated to another project and UNIX could maintain their current developers to complete the 5.1+ for UNIX.

The UNIX group feels that a 5.1+ for UNIX (called something else like "WordPerfect Character") may be a viable solution for the marketplace. Adding a few features to a 5.1 along with database integration, 6.0 file compatibility and UNIX file conversions, will satisfy the markets need for an enhanced product. This will also produce a much smaller and somewhat faster product than a 6.0 level product would be in this character environment. Therefore, the UNIX development and marketing teams are not dependent on a 6.0 level product from the OpenVMS group to offer a successful character solution for the UNIX environment.

¹ 1.3 million a quarter for Q3, Q4 1994.

² 65 % of WordPerfect VMS 6.0 is transferable to UNIX.

³ Maintenance is estimated at 25% of development resource. 1 year.

⁴ Support @ \$300,000 each 5 months through end of 1995.

⁵ Depreciate 4.8 million at 20% over 1.5 years.

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