

DOJ - Legal

From: Bill Gates
To: Pete Higgins
Cc: Hank Vigil; Jeff Raikes
Subject: RE: Office Flash: 2H95 Plans
Date: Wednesday, October 05, 1994 5:12PM

This is a very timely program. I am very glad to see us making this investment.

From: Michael Hebert
To: Bill Gates; Jeff Raikes; Jeff Sanderson; Mike Appa; Mike Maples; Pete Higgins; Rick Devenuti; Steve Ballmer
Cc: Desktop Apps BUMS; Bernard Vergnes; Christopher Smith (Consultant) (Indepen); Daniel Petre; Hank Vigil; Hank Vigil Direct Rpts; Joachim Kempin; John Neilson; Liz Welch; Michel Lacombe; Orlando Ayala; Richard Fade; Roger Heinen; Rolf Skoglund
Subject: Office Flash: 2H95 Plans
Date: Wednesday, October 05, 1994 3:32PM

For this update we have an overview of our plans for an aggressive second half push, codenamed Avalanche. The goal is to gain 10 share points in Word and Excel in the months leading to the Office 95 launch by aggressively targeting switchers in S/MORGs, and incenting the channel to increase Word and Excel internal market share. We will move to capitalize on our strength with Office vs. Smartsuite and PerfectOffice, Novell's continuing upheaval from their reorg, increased awareness from the broad reach campaign and Win95 momentum.

1) Demand Generation:

In January we will broadly communicate a program that addresses key switching obstacles while delivering a strong business value, leadership and momentum message to s/morgs. It will include:

- A "one-stop" 1-800 line providing:
 - access to peer testimonials and detailed fax back switcher case studies
 - switching tools to make the transition easy
 - a line to leave your own switcher success story and potentially be featured in an ad
 - referrals to SPs, including SPs who will be specially certified to address switching issues
- No charge switching support:
 - we will more broadly communicate our existing 206 PSS Switcher line

Advertising:

- **Message:** A&L is assigned to deliver creative. Broadly the message is:
 - There is a business reason to trade up to the leader today, it's risk free
 - Offer: Access to the program above plus a TBD channel offer to drive store traffic
- **Media:**
 - National newspaper (WSJ, USA Today)
 - Spot radio (top 10 markets)
 - Local newspaper (top 10 markets)
 - Reseller press (CRN/CRW)

- Channel efforts:

- TBD, based on Office95/Win 95 launch timing. It will focus on instore display and other instore ideas during March.

2. Channel push program

Jeffsa has an aggressive plan to drive incremental share in the channel in Jan-June:

- Distributor sales out goals/rebates: Office (2%), Word (1%), Excel (1%)
- Direct Reseller sales out goals/rebates: Office (3%), Word (2%), Excel (2%)
- SWAT sales team to target key accounts with < 50% internal market share (IMS)
- A key component of the plan is a Jan - June "Bonanza Fund" that rewards resellers with incremental rebates based on increases in Word and Excel IMS. The program incents resellers to substantially grow their IMS by paying the highest rebates to accounts that exceed 65% IMS. Estimate of channel funds required is \$5M. The rebate plan will be resolved in an upcoming meeting with Steveb.

3. OEM push

**DEPOSITION
EXHIBIT**
45
10/18/01

- We will sign Word/Bookshelf or Excel/Money deals with 15 second tier OEMs that target S/MORGs. Goal is 145K units, OEM is signing deals now for 1/1/95 street date
Terms: pre-install, minimum commitment, reg card and in-box Office upsell required.

4. Estimated Budget Summary

| | |
|-------------------------|----------|
| - Advertising | \$4.0M |
| - Sales tools/materials | \$.5M |
| - Reseller promo | \$.5M |
| - Bonanza rebates | \$5.0M |
| - Operations | \$2.2M |
| TOTAL | \$12.2MM |

- We've reallocated our existing marketing budget to cover the \$5MM in advertising, tools/materials and promo funds from planned spring promo funds and planned launch advertising that won't hit as early as we had budgeted. JeffSa/JeffR have done a similar reallocation of their funds to cover the channel components of the promo.

- Operations costs are for the 800 line, fax back, and incremental PSS heads to staff the switcher lines. We forecast need for approx. 24 extra heads. Linda Glenicki in PSS is looking at ways to minimize or eliminate any need for extra heads based on heads budgeted for products that will ship later. Not a big deal...

If you have questions on the above email Mikeheb and Joanmo.

Michael