OEM Sales Business Manual
POLICIES AND PROCEDURES

Microsoft®

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To the OEM Sales Team:

Microsoft's licensing business with the PC manufacturers contributes significantly to Microsoft's business as well as achieving our goal of providing end users with "Information at Your Fingertips" (IAYF) later in this decade. It is therefore imperative that we constantly strive to improve our OEM relationships in the years to come and help OEMs improve their competitiveness through the design of better personal computers.

The key to our mutual success is you—the OEM Account Manager. Over time, you will obtain a unique set of selling and technical skills to develop your accounts. This book will help you do so.

Please be aware that because of OEM's strategic importance to the Company, you'll enjoy top management's attention and access at any time. We are here to help you be successful. Tell us what prevents you from doing so. Early escalation to management is a great way to make sure we are all well informed and continue to build a very market aware company.

Do what is right for your customers. Only when our OEM customers are successful can Microsoft fulfill its mission.

Joachim Kempin
Vice President
OEM Sales

Microsoft

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The Vision:

A personal computer on every desk and in every home running Microsoft software.

Microsoft designs, develops, markets and supports a product line of systems and applications software for business and professional use. Microsoft markets microcomputer software products, including operating systems, local area networks, computer language products and business application software in all major categories including: word processing, spreadsheets, database management, integrated presentation graphics, electronic mail, desktop publishing, personal money management and project management. Additionally, Microsoft develops solutions for Pen Computing and Multimedia environments. All of these products are designed to work together to fulfill Microsoft's vision of Information at Your Fingertips (IAYF), our campaign for the 1990s. The Company's products are available on all the popular microcomputers. Microsoft develops most of its software internally using proprietary development tools and methodology. Besides software, Microsoft develops and markets hardware peripherals, including pointing devices (e.g. Mouse and Ballpoint), sound boards, and printer font cartridges.

Microsoft MS-DOS operating system, introduced in 1981, is running on more than 70 million IBM PC and compatible microcomputers worldwide. In 1985, Microsoft shipped the graphical Windows environment, with drop-down menus, dialog boxes, and icons, making sharing text and graphics among programs easy and intuitive. Since then, we have released Version 3.0 of Windows which is the most successful software product in the history of computing. At the time of this writing, Windows 3.1 is selling at a rate of approximately one copy every four seconds. Microsoft's next generation of Windows is called Windows NT, for New Technology, and features a 32-bit preemptive multi-tasking operating system, with C2 security, fault tolerance, robustness (one bad application will not crash the entire system). Because Microsoft wrote Windows NT in "C", Windows NT is portable. This means Windows NT will run on other processors besides the Intel family (e.g. MIPS' RISC chips).

Other key systems products include Windows for Workgroups, Microsoft LAN Manager, Microsoft SQL Server and the DCA/Microsoft Communications Server. Windows for Workgroups is a peer-to-peer networking product targeted at the workgroup user. LAN Manager is the advanced local area network system for MS-DOS, Windows NT and OS/2 workstations and has advanced features such as a high-performance, non-dedicated server, a network security system, domains, and powerful network administration tools. Microsoft SQL Server is a high-performance, multiuser relational database management system for local area networks that is designed to support high-volume transaction processing as well as less demanding decision-support applications. The DCA/Microsoft Communications Server is a LAN Manager-based communications product expressly designed for enterprise-wide computing.

The Microsoft applications strategy focuses development efforts on two key systems platforms: the Apple Macintosh and MS-DOS operating system with Microsoft Windows. Over time, Microsoft plans product offerings in the following categories: word processing, spreadsheets, communications, database, electronic mail, project management, presentation graphics, small entry level accounting, and integrated software.

The Company, founded as a partnership in 1975, was incorporated on June 25, 1981. Fiscal year 1992 revenues exceeded $2.7 billion. Worldwide, Microsoft has more than 12,000 employees in over 46 locations.

Corporate headquarters are at One Microsoft Way, Redmond, Washington 98052-6399 USA. The phone number is (206) 882-8080. The fax number is (206) 936-7329 or (206) 93MSFAX.

OEM Business Principles

Our Mission:
To make our products industry standards through "partnerships" with OEM customers.

Partnerships:
A partnership goes beyond a simple vendor/customer relationship. We base it upon a longer-term view and center it on taking strategic steps to ensure both parties are successful with their business.

While it is clear how an OEM can help Microsoft be successful, you might ask yourself, "What value can Microsoft really add to the customer's business?" Besides powerful software, we can provide customers with input on how to use our products to build their business and design better systems. We do this via our industry insights and by sharing Microsoft's vision and product strategies. As an Account Manager, you play the critical role of building relationships with various levels of the OEM and understanding its business—products, markets, future plans—and developing strategies that match its needs with our product offerings.

Industry Standards:
Microsoft believes in setting standards to advance the level of computing. Today's standards are MS-DOS and Windows. These products were established as standards through their wide acceptance by end users and OEMs. An OEM's acceptance and incorporation of our software with its systems is called a "design-in". Design-ins are critical to our OEM business and are strategic to Microsoft's overall business (e.g. our success with the MS-DOS/Windows platform creates "standards" for powerful application products).

Revenue:
Of course, when we succeed at developing partnerships and capturing design-ins, we progress also in generating sound business for the Corporation. The OEM division plays a very significant role in providing funds required for Microsoft's ongoing growth, product development and profit for our shareholders.

Key OEM Business Principles:
• Distinct OEM channel - The OEM channel differs substantially from the Distribution (Retail) channel, as the below table summarizes:

OEM Channel	Distribution Channel
• MS Products sold only with OEM hardware products to provide a complete solution. • OEM may adapt MS product to OEM's needs, write drivers and add value. • OEM might need to manufacture MS product. • OEM markets and sells the product, but some marketing help might be available from MS • OEM supports their end users.	• Disti sells MS shrink-wrapped product or License Pack to resellers. • MS product is sold "stand-alone" with no added value from disti. • MS manufactures product. • MS markets product. • MS supports end users. • OEM might be a distributor.

OEM serves as the primary channel for the distribution of Microsoft system software on PCs. This establishes "sockets" for application products written to these standard environments. The Retail channel is key to building momentum for Microsoft products, thus helping to create market demand. Retail also works as the best way to provide end users with product upgrades. Microsoft is most successful when we use both channels effectively to maximize our product exposure and revenues.

• **Volume-based royalty pricing** - We base our pricing on the level of commitment (volume) for which an OEM is willing to sign up...the greater the commitment, the lower the respective royalty rate. The commitment factors that impact our pricing are:

  • "Per processor", "per system" or "per copy": This terminology describes how the OEM is committing to license our products. "Per processor" means that the OEM is licensed to distribute our product (and pay us a royalty for) every system it ships that includes a specific Intel or Intel-like processor (e.g. 286, 386 or 486). Note that under a "per processor" agreement, an OEM that ships a multi-processor system would pay a single royalty for such a system, regardless of the number of processors included. A "per system" agreement covers specific customer system models that the OEM ships (e.g., a certain model line such as Compaq's Deskpro series). The lowest level of commitment is the "per copy" agreement which means that the OEM pays us a royalty for every copy of our product.

  OEMs most often choose the per processor or per system option for systems products (e.g. MS-DOS and Windows). Under these options, the OEM owes Microsoft a royalty for each system shipped, whether the OEM ships our operating system, some other software (e.g. Unix or OS/2) or no software at all.

  • Pre-loading of software on the hard disk: We want end users to have a great experience with our software. A new user's ability to immediately access the operating environment upon turning a system on creates this positive experience. Pre-installation also significantly reduces the support burden on the OEM and Microsoft, since many support issues arise from installation questions/issues. Consequently, Microsoft incents OEMs to pre-install software onto their system hard drives by offering lower royalty pricing to participating OEMs (refer to the published Price Guideline).

  • Length of license agreement: Microsoft has a standard 2 year license agreement. An OEM can receive an additional discount if it commits to a 3 year term instead of 2 years (refer to the published Price Guideline).

• **Minimum commitment installments:** Our license agreements provide for periodic milestones in the OEM's satisfying its annual commitment to Microsoft. Typically, these payments are quarterly installments, timed to coincide with the due dates of the OEM's royalty report.

• **Provision for revenue growth:** The standard OEM license agreement differentiates between Update, Version and Product releases. OEMs do not pay any additional amount to Microsoft for Update releases of products they license. These Update releases (e.g. from 4.00 to 4.01) are primarily bug fixes. However, Microsoft may increase the royalty rate for a Version release (e.g. from 4.00 to 4.10). This provides an opportunity to obtain higher rates as product enhancements increase the software's value. Exhibit C in the standard agreement limits the increase that Microsoft can charge an OEM for a Version release. Product releases (e.g. from 4.00 to 5.00) typically require the execution of a new agreement or an amendment to an existing agreement in order to license the new product to

an OEM. Microsoft has the right to set new royalty rates for Product releases. In this way, we keep our pricing autonomy as we enhance our products.

• **Upgrades:** The standard license agreement no longer grants OEMs the right to distribute product upgrades to their installed base. We have found that the Retail channel is more effective at upgrading end users. However, if an OEM has a strong interest in this business, we can negotiate these upgrade rights, as long as the OEM is willing to commit to the business on an annual basis, separate from the OEM's new licensing business.

• **Replication Rights:** In order to enforce legal distribution of our products, we are removing replication rights from our agreements. Instead, we offer the OEMs a choice of using our MED package (explained below) or obtaining their documentation and diskettes through one of our authorized replicators (e.g. Phoenix and R.R. Donnelley). Exceptions to this might be granted if the OEM has added value to Microsoft's products and is willing to help us enforce compliance of its distribution restrictions.

• **Distribution Restrictions:** Our agreements provide that the OEMs can only distribute our products with the OEMs' systems, inside the system box; the OEMs cannot distribute our products on a "stand-alone" basis. This is critical to combatting software piracy and the gray market and keeping the OEM channel distinct from other channels. OEMs receive attractive pricing based on the assumption that the OEMs will add value to our product (typically by selling it with a computer system), thereby delivering a more complete solution to the end user, as well as supporting the end user. "Non-value added distributors" receive different terms, conditions and prices from Microsoft.

• **Licensing Options:** We offer two basic forms of licensing alternatives to our OEMs: 1) our standard royalty and minimum commitment-based license; and 2) our Microsoft Easy Distribution (MED) program. Significant aspects of the first option, geared to larger volume customers, were discussed above.

> • **The MED Program:** The MED program is primarily aimed at lower volume OEMs to provide an easy mechanism for them to obtain Microsoft logoed versions of Product for distribution with their systems. This program provides the benefits of favorable volume commitments, low order quantities, fast order turnaround and attractive unit prices for genuine Microsoft packaged product.
>
> The mechanics of the MED program rest on the concept of separating the "cost of goods", or "COG" component (MED Pack), and a "royalty" component. OEMs license the products and report royalties on a "per system" basis (the number of systems shipped by the OEM). In addition, the OEMs purchase the MED Pack at competitive prices on a "per copy" basis. The MED Pack is a Microsoft logoed and hologrammed original product consisting of either a "standard" or "concise" user's manual and the usual program diskettes, shrink-wrapped together. The product, which is distributed under Microsoft's name, clearly states that it is "To Be Sold With New Systems Only" and is "Supported by the Hardware Manufacturer". The product must be shipped inside the OEMs' systems box. Manufacturing, distribution and fulfillment of the MED Pack is handled by a third party under contract by Microsoft.
>
> Two options exist under the MED program: 1) "pay as you go" and; 2) MED with a minimum commitment. Under the "pay as you go" option, OEMs "prepay" both the COG and royalty components upon placing the order. The second option offers OEMs a more favorable royalty rate in exchange for committing to a certain volume level. Both options require the OEMs to submit periodic royalty reports to Microsoft.

The Players in OEM

| VP OEM | • Sets worldwide OEM policy, strategy. |

| OEM Director | • Owns attainment of business plan for sales groups/regions.
• Assures group's/region's response to strategic and financial obligations. |

| OEM Sales Manager | • Owns sales group's attainment of business plan.
• Enables group's success. |

| Account Manager | • Creates and develops Microsoft customer relationships, together with all of the above.
• Owns attainment of strategic and financial goals for individual customers. |

Corporate Supporting Players

OEM Marketing

• **Program Management** - Develops and implements programs that create opportunities, resolve issues and problems, and help achieve the tactical and strategic goals of the OEM Division.

• **Sales Development** - Develops and implements activity related to training, sales support and other programs which improve the overall productivity of OEM Account Managers, worldwide.

OEM Operations

• OEM Policies: Develops and implements worldwide policies to support our strategies.

• OEM Forecasting: Microsoft uses the forecast data to monitor revenue performance and expectations as well as to prepare the yearly OEM budget.

• Customer Service: Enters and tracks customer packaged MS-DOS orders, resolves related issues (U.S. only).

- Administrative Support: Provides support to sales teams, coordinates customer meetings, generates monthly mailers and processes customer packaged product orders (U.S. only).

OEM Finance

OEM Accounting Manager	• Reviews/approves agreements containing non-standard financial terms. • Oversees OEM accounting, license administration, & credit. • Coordinates non-standard OEM financial/operational issues.
OEM Accountants	• Administers license agreement's financial issues such as invoicing, revenue recognition, and tracking prepaid balances.
License Administrators	• Keeps OEM Business System current with license agreement and non-disclosure agreement information.
OEM Order Processor	• Coordinates OEM product ordering, manufacturing, & shipping. • Generates OEM Shippables List, status reports and order forms.

MIS and the OEM Business System

MIS maintains a VAX-based system that uses the Ingres database to store license agreement and payment information. This OEM Business System is Microsoft's official record of customers' names, license agreements, financial obligations, etc. The System can detect upcoming minimum commitments, catch non-payment situations and enable us to ensure that Microsoft and OEM customers conform to the signed license agreement.

The OEM Business System automatically generates letters to the OEM customer concerning the license agreement and financial issues; it sends you email (sender = spanky!oemdb) to keep you informed. A list of "Spanky" letters is in the Appendix. Send responses to the appropriate person, not directly to "spanky!oemdb." The "Spanky" letters were previously referred to as "DINERO" or "DARLA" messages.

OEM Legal

The Legal Department maintains legal instruments to protect Microsoft's assets. They approve the legal elements of any non-standard license agreements or amendments to secure Microsoft's legal business position. If it is impossible for you to negotiate a standard license agreement, the Legal Department will help you generate non-standard language. Legal requires written approval (email is acceptable) from OEM Directors or higher for unusual, non-standard terms. All non-standard licenses, amendments and other legal documents should be reviewed by OEM Legal before being sent to the OEM for signature.

Product Support Services

Product Support Services is made up of the telephone technicians and support engineers who provide technical support to OEM customers. The support offered for Domestic OEMs and International OEMs is becoming more alike over time; however, OEM Support is, and will continue to be, a local issue.

THE OEM Account Manager's Mission

The Mission

Your mission is to sell Microsoft system and application software
on every personal computer to OEMs worldwide.

Steps toward Mission Accomplishment

Nurture the OEM relationship.

Capture design-ins.

Manage the business.

Protect Microsoft's assets.

Gather intelligence.

Nurture the OEM Relationship

Each Account Is Special

Each account you have is an important customer. There are relatively few "new" OEMs
and if we lose a customer, there is not another waiting to take its place. OEMs are the most
precious resource of the OEM division. Therefore, the relationship between Microsoft and
its OEM customers is extremely valuable, and Microsoft depends on you to be the watchful
guardian of that relationship. You are your OEM customer's advocate within Microsoft.
Devote yourself to this advocacy. Supply your customer with information; support them.

Get to Know Your OEM

Building the relationship with an OEM is a long-term project. It requires building
momentum, pursuing and getting design-ins early enough to give the OEM a competitive
edge, and making sure that your OEM has all the cooperation we can provide in making
adaptations to its product. Find out what is important to them. Gain a thorough
understanding of the business terms between Microsoft and your OEM.

The Appendix contains an Account Plan Template geared to help you understand your
customer and to give a good overview of your accounts to Microsoft management. Use
this plan to articulate your understanding of your customer, your plans for developing your
customer relationship, and your assessment of the design-ins to pursue.

Above all, watch over your OEM customer and its success with care.

Get Your OEM to Know Microsoft

Sell Microsoft in your account. Make your account familiar with you as "Microsoft." Earn your OEM's confidence and trust. Make sure that your customer gets no surprises from Microsoft. Keep them up-to-date on our systems products. Share available product and collateral materials. Forward appropriate messages from product managers. Identify PR opportunities that will benefit both your customer and Microsoft.

Account Penetration

Penetrate the account at multiple levels; meet, build a relationship with and influence as many people as you can within the company. Understand who are the contacts, the influencers, the economic buyers, and the decision makers. Build a consensus that supports your strategy. Penetrate the account in diverse areas, from marketing to engineering, from management to R&D. Identify a Microsoft solution for your OEM, and devise a strategy for implementing it. Match the customer's business needs with Microsoft products that make both businesses successful. The Appendix contains an "Account Assessment Methodology" document designed to assist you in this regard.

The OEM Annual Cycle

Each year, there are several events you can use to develop your customer relationship. These special events give you opportunities to interact with your OEM customer and to build new business. Contact your Sales Manager or Regional Director for future dates of such events. Below is an explanation of several of the events and activities.

OEM Sales Meeting

The OEM Sales Meeting is an annual meeting of all the Microsoft employees worldwide that have OEM sales, support and management responsibilities. Topics include both marketing and business issues related to OEM. This is the time for you to get information about our products, and give feedback to OEM management and product groups.

OEM Customer Briefings

The OEM Customer Briefing is Microsoft's best opportunity to present its product strategy to your OEM customers. At the Customer Briefing, the product managers and senior management present their views of the industry, demonstrate their products, and describe Microsoft's directions and intentions. As Microsoft's products become increasingly complex, the OEM Customer Briefing will be even more important. It is critical that your key accounts attend. The Worldwide Customer Briefing in Redmond is usually held in the fall. In addition, a separate spring briefing is held in Europe and the Far East.

To make this event as successful as possible, you should:

- Invite the most appropriate OEM representatives as soon as necessary to assure their attendance. You should know the date and location of the OEM Customer Briefing six months in advance.

- Find out before you come to the Customer Briefing what your customer hopes to gain by attending. What does he/she need to find out? Does he/she need to meet anyone at Corporate? Be sure to send your comments to OEM Marketing; we can direct the speakers to put a specific "spin" on their remarks to make their presentations as effective as possible.

- Stay with your OEM as much as you can. Attend the sessions so you know what was said, and so you get a good idea of how Microsoft is presenting its products to the OEMs. Remember: the OEMs will perceive the information to be as important as you do. Therefore, listen attentively. Avoid creating distractions. Make certain that your OEM can see the slides and hear the speaker.

- It is possible that you will further your own knowledge at the Customer Briefing; this is a beneficial side-effect. *Remember: this meeting is for your customer, first and foremost.*

- After the Customer Briefing, follow up with your customer to make sure you extract the greatest benefit from the Customer Briefing. The Customer Briefing has historically been a good revenue generator for Microsoft; many contemplated licenses get signed here. Take full advantage of this opportunity.

Trade Shows

Trade shows like Comdex, NetWorld, CeBIT, SICOB, Computex and the May Business Show are opportunities for you to ensure that your customers see Microsoft products.

Although you do not attend every trade show, you do have the opportunity to direct your OEM in the Microsoft path. Find out in advance which of your OEMs will be going to the trade show, and whenever possible, provide him/her a name of a Microsoft employee who will greet him and help him find answers to his questions. You should know what your customer is looking for even before he/she plans to attend the show. Make sure he/she knows what to expect from the show and how it fits with your joint strategy. Again, communicate specific areas of interest to appropriate Microsoft employees so we can make our demos, presentations and remarks as effective as possible.

After the show, call your OEM to solicit his feedback. Find out what you can do to help them understand Microsoft's products and strategy.

Executive Briefings (International) and Systems Forums (US)

Microsoft uses these events to present our architecture and strategies to major decision makers at large accounts. So, although these events are not directly targeted at OEMs, Microsoft needs you to get involved. Since our OEMs sell our systems products, it is important to get your OEM's customers to attend the Executive Briefings and Systems Forums. This is a winning situation for everyone involved; Microsoft gets the appropriate audience at the events, and that audience buys product from our OEM customers.

When these events are announced, work closely with your OEM to explain the purpose of the events, and gain their cooperation in sending their customers.

Capture Design-ins

Design-ins Are Critical

You can't overestimate the importance of a design-in. Design-ins are critical to our OEM business and are significantly strategic to Microsoft's overall business.

OEMs don't license our products on an impulse OEMs license products to pursue a specific strategy--and more than likely, a long-term strategy. Strategies are not changed easily or often. Therefore, we live a long time with the design-ins we do --or do not-- capture.

Furthermore, Microsoft bases its strategy on a set of building blocks. The design-ins you do --or do not- capture impact Microsoft's future ability to sell into the account, and ultimately, into the market.

For example, if you capture a design-in for Windows, you have influence in your OEM's strategy. "We are going with Windows, not another operating system." Furthermore, you have the potential to sell other products (like mice), and you open the market for our Windows applications, Pen and Multimedia offerings.

But if the OEM goes with another operating system, you have lost more than that deal. You have lost influence in your OEM's strategy, and you have lost the ability to sell most of our systems products and some applications, both to the OEM and in the general marketplace.

Understand Microsoft's System Strategy

Here is the OEM Division's prioritized list of strategic systems products:
1. Windows, Windows, Windows (including all derivatives)
2. MS-DOS
3. Everything else...

OEM Marketing and your manager can keep you current on Microsoft's strategy, and can help you develop a strategy for pursuing and capturing design-ins.

Understand Microsoft's Products

- Product knowledge. Know the features of Microsoft's products and how they fit into the Microsoft strategy. Be active and aggressive in gaining the product knowledge you need. You can gain product knowledge through training sessions, product documentation, manuals, white papers, and by taking advantage of the expertise within your office.

- Know the benefits of our products and the advantages the customer gains. What can the customer do with our product that it could not do without it? What can the customer do now that its competitors cannot? This is the key to your customer presentations.

- Position our products to the OEM and the user. Know the business reasons for using the product. Know the competitors to the Microsoft product. Be able to favorably position Microsoft products in the business and in relationship to their competitors.

- Presentations. Give persuasive presentations to your OEMs. Articulate the features, benefit and advantages they—and their corporate accounts—gain.

Understand the Competition

Know the competition, their products and their strategies. The more prepared you are, the more likely you are to succeed. Microsoft is facing competition that it hasn't faced since the MS-DOS vs. CP/M battle was won. There are two reasons for this: one is that old foes have reappeared to compete in different areas. The other is that Microsoft has entered new product arenas, where there are established players.

Three areas to note are hardware, operating systems/network operating systems (including Pen OS, Multimedia and other GUI solutions) and applications.

Hardware

Intel architecture, CISC (Complex Instruction Set Chip) is being challenged by RISC (Reduced Instruction Set Chip) technology (e.g. SPARC). Currently, Microsoft products run primarily on Intel's architecture. Therefore, it is important to know how to position CISC, and find out if your OEMs are considering the RISC architecture. Monitor your OEMs to keep track of any discussion of using RISC technology; if you hear rumors of a RISC implementation, report it immediately to your manager.

Operating Systems and Interfaces

Microsoft sets standards to advance the level of computing. Today's standards are MS-DOS and Windows. However, MS-DOS faces competition from other operating system (O/S) vendors. When we have to compete against them on price, we lose a margin of revenue. If we don't compete on price, we risk losing the revenue altogether. Be prepared to position MS-DOS and Windows against other O/Ses (there are compatibility and support issues), and be on the alert for OEMs who are considering licensing from another vendor.

As a high-end desktop or server O/S, Windows NT faces competition from OS/2, UNIX, SOLARIS and PINK. The UNIX issue varies in importance in different parts of the world. The desktop is not as much at stake in the UNIX market; there is inadequate pre-packaged software to run on this divergent operating system. However, as individual UNIX permutations succeed in getting application software ported to their platform, this concern grows.

Be able to position Windows NT, OS/2 and UNIX, both on the server and on the desktop.

Network Operating Systems and Server Software

Each of our server products has at least one strong competitor; some have more than one. Keeping up with these products is not a small task, but it is an important one. Read the trade journals and the product selling guides to learn how to position our products and to keep current with changes.

Our primary competitor here is also the current and long-standing market share leader. Market share and momentum are not in our favor. However, Microsoft has a competitive offering with the capabilities of LAN Manager and Windows for Workgroups. These products offer adherence to open standards, ease of administration and support for server software. Communicate this positioning to your OEMs.
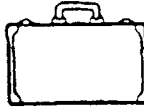
Manage the Business

Managing the OEM business requires your attention to business details related to products, licensing, finance issues and your customers.

OEM Products

Work the administrative systems to make sure the customer gets what it deserves. Use the OEM Shippables List, found on the corporate network server \\kaizen\thinkoem, to learn which products you can order for OEMs. Know how to find out about product availability time tables, also found on \\kaizen\thinkoem. If a shipment is delayed or "lost," work with the appropriate people at Microsoft to get the shipment expedited. Help the customer get the support it needs to adapt products. Get feedback from your customer to the product groups.

OEM Finance

Work with OEM Finance and with your customer to make sure that royalty reports and payments are submitted on time, and if they are not, make certain that the customer submits them.

You!

Set the expectations with your customer early in your relationship. Make sure that they understand your value to them at Microsoft, and that if you are spending time chasing late royalty reports or correcting erroneous ones, you can't be a resource for them in other areas. Gain their agreement that you are of greater value to them in areas that they do not have control over. You are their advocate within Microsoft, but don't loose sight of the fact they your major responsibility is to identify and pursue opportunity within your account.

Forecasting

Each Account Manager has access to the forecasting system maintained by OEM Operations. This system is vital to our ability to monitor our customers' performance, our performance against our annual budget, as well as project industry trends and future revenue for Microsoft. Each quarter, you are responsible for updating your customer's actual shipment information, a rolling six quarter forecast of your customer's processor shipments and the resulting Microsoft product revenue.

In addition to the obvious benefit to the OEM division, information from this system is valuable to our product groups. They utilize industry trend data (e.g. adoption of the 386sx as the "low end" machine, the migration to the 486 platform, acceptance of Windows, etc.) in developing product strategies. The machine shipment data also serves as the foundation for the entire Company's financial forecast and budget, since it provides insight into the overall PC market.

Protect Microsoft's Assets

Microsoft relies on its employees to protect its competitive assets (trademarks, copyrights, patents, strategic knowledge, technical know-how, etc.) and its material assets (source code, documentation, products). There are two legal instruments for doing this: the non-disclosure agreement and the license agreement.

Non-Disclosure Agreements

You may discuss strategic information about future Microsoft products and directions only with OEM customers who have a signed Non-Disclosure Agreement (NDA) registered in the OEM Business System, and then only if the information is not specifically Microsoft confidential or secret. A customer wishing to receive OEM products must have a registered NDA.

We handle the NDA like OEM license agreements. We register the NDA in the OEM Business System; this happens when the License Administrator enters the executed agreement number into the OEM Business System.

The NDA comes in four forms; each is the same agreement with variations on required signatures and "reciprocity" (i.e., where Microsoft receives confidential information from the OEM).

	Without Reciprocity	With Reciprocity
N: Microsoft signature not required	Preferred	n/a
S: Microsoft signature required	OK	OK

Remember: nothing is ever really "off the record." Don't say—or hint—what would not stand up to scrutiny. Don't play the "innuendo game."

Standard License Agreement

Naturally, Microsoft would like to license to each OEM all the Microsoft products the OEM can sell and support. We would be glad to have the OEM paying the highest acceptable royalty. And we would be delighted to gain all of this under the terms and conditions of our standard royalty license agreement.

Standard licenses, terms and conditions should be the goal for each agreement. Standard terms enable us to do business under our current pricing structure. For example, one of our standard terms is that the OEM indemnifies Microsoft from liability exceeding the amount already paid to Microsoft by the OEM. This standard term prevents Microsoft from having to establish funds to prepare for legal liabilities. If we had to establish these funds, the money has to come from somewhere, and that somewhere is the OEM. Our current pricing structure is based on the understanding that we don't need to establish these funds.

Furthermore, standard terms reduce the legal and financial overhead and reduce the likelihood of errors. Standard terms get the various "systems" working for you to help manage your accounts. This frees more of your time for strategic matters.

The degree to which we can accomplish this governs both our success with this channel and our ability to develop future systems products and to continue to influence the advancement of the microcomputer systems platform.

The ability to get OEMs to sign a standard OEM agreement and pay accordingly is the true test of the Account Manager. All other activity—training, knowledge, account management—prepares you for this event. Getting license agreements signed is not the sole measure of your success, but it is necessary for you to be successful.

The OEM Royalty License states the terms of the agreement between Microsoft and the OEM. Specific issues include:

1. Distribution of specific Microsoft software on designated OEM machine(s).
2. Royalty rate and annual minimum commitments.
3. Acceptance terms for the products.
4. Terms and limits of the warranty for the products.
5. Limits of Microsoft's obligation to indemnify the OEM for legal challenges (e.g., copyrights and trademarks) to the software.
6. Non-disclosure of Microsoft know-how by the OEM.
7. Protect Microsoft's rights to the software down the distribution chain and enforce an end-user license.
8. The consequences to the license if the OEM does not meet its obligations.
9. The period of time in which the license is effective.
10. What happens when the license terminates.
11. Rights to audit the OEM's records by an independent auditor.
12. Rights to inspect the OEM's distribution procedures and practices.
13. Official parties to receive notices and requests.
14. Other miscellaneous details: government restrictions; the agreement does not constitute a partnership or franchise; which laws govern the contract; the OEM cannot further sublicense the product, etc.

In addition to the above issues, the standard MED agreement has provisions addressing the OEM's ordering of products and the OEM's obligation to support its customers.

The upcoming section called "The Art of Licensing" gives you more guidance about negotiating with your OEM to gain the standard terms.

Application Products

OEMs license applications to add value to their systems. The perceived value of an application is created mainly by its SRP/street price in the market and the reputation of customer support available. Whenever we qualify an OEM for an application license, it is important to know whether the business makes sense for Microsoft (i.e., we must understand whether the license offers strategic gains that are easier or less expensive to achieve than by selling via other channels).

The higher the volume commitment, the more interesting is the opportunity for Microsoft. We prefer "per system" licenses. However, the OEM may select a specific model line or channel specific PC (e.g., mass market) as the "system".

Another goal is that the OEM agrees to preinstall the application on the PC. Experience has shown that end user satisfaction is increased and the support burden decreased when this occurs. If the OEM will be providing diskettes and manuals, the agreement must require that they be shipped inside the OEM's system carton. Furthermore, the application's installation disk must be separated from the program disk and included with the operating system diskettes. This is to help ensure against the unauthorized separation and distribution of the application apart from the OEM's system in the distribution chain.

The OEM must be able to provide support for the application. If the OEM cannot provide support it must pay a higher royalty to compensate Microsoft for our resulting increased support burden. Additionally, the OEM must agree to include a Microsoft registration card in the OEM application package. When returned to Microsoft, these registration cards allow us to provide on-going communication to the end-user (e.g. product upgrades, user tips, etc.).

As with systems products, Microsoft offers volume-based pricing for applications. The key differences are that application license terms are shorter (6 months versus 2 years), they typically do not encompass all CPU systems, and they are not necessarily worldwide in scope. Due to these differences and other considerations, application licenses are executed as separate agreements.

Note: Do not mix systems and application products on the same license agreement. Have a separate license for applications products. Do not condition or "tie" licensing of one successful product on the customer's licensing of a second product (e.g., refusal to license Windows unless the OEM also licenses Microsoft application product(s)). Doing so has serious anti-trust implications to Microsoft.

Packaged MS-DOS Agreement (standard, non-MED)

In DOEM, two sales groups handle most US Packaged MS-DOS. There are exceptions: if an OEM that is managed by someone in another sales group wants to order packaged MS-DOS, that Account Manager will handle it. In the US, an account manager II, or above, may sign Packaged MS-DOS license agreements.

Internationally, there are several scenarios: The "stocking subsidiaries" have localized Packaged MS-DOS licenses; the General Manager signs the license, and it is administered at the subsidiary. Microsoft has delegated to most of the subsidiary General Managers the authority to sign standard Packaged MS-DOS agreements. The subsidiary administers these license agreements.

In any case, localized Packaged MS-DOS may not be ordered by a US OEM for shipment outside the US and Canada. Domestic OEMs who wish to furnish localized Packaged MS-DOS to their OEM outside the US and Canada should contact the appropriate subsidiary.

Negotiate this license as you would any other license. Use the Microsoft Internal OEM Price Guideline to determine prices for Packaged MS-DOS.

Other Agreements

Other agreements include those covering packaged mice and other packaged products. Mice should be licensed under the terms and conditions of the standard mouse agreements. See the Microsoft Internal OEM Price Guideline for pricing. For information on other packaged product licenses, consult your OEM Price Guideline for Applications Products, produced by OEM Marketing.

Note: Do **not** mix packaged product and royalty business on the same License Agreement.

License Agreement Signature Authority

Refer to the Signature Authority memo in the Appendix for a table regarding who has the authority to sign our various agreements on behalf of Microsoft.

Gather and Report Intelligence

Changes in the industry affect the way we do business. The more we know about what is happening, the better the decisions we can make. For example, when the industry shifted from dumb terminals to PCs, it changed the way we did business with our OEMs who were primarily dumb terminal manufacturers; it opened up many sales opportunities. Report to your manager intelligence that you gather from your accounts and other sources. Don't be afraid to communicate bad news or news that you think is already reported. The sooner we know what is happening, the sooner we can act.

Comply with Business Practice Standards

Each Microsoft employee shall conduct his/her business activities in a manner which complies with the laws of the United States and all other countries in which we do business. The Business Practice Standards and Compliance Policies memo included in the Appendix describes the Company's and your legal and ethical obligations. You must review and conform to the standards and policies set forth in the memo.

If you have any questions about the memo, or if you believe any action or conduct will violate the laws of the United States or a country in which Microsoft is doing business, you should immediately contact the Corporate Legal Department for guidance.

OEM Account Manager Performance

Measuring your performance is an ongoing process. During the course of your work, you want to know that you are on the right track, that your direction is in line with Microsoft's expectations. Use the following Success Drivers to assess your strengths and weaknesses, and the GOKRs (see below) to understand the basis of your ongoing performance assessment and semi-annual performance reviews.

The Mission

Your mission is to sell Microsoft system and application software on every personal computer to OEMs worldwide.

Steps toward Mission Accomplishment

Nurture the OEM relationship.

Capture design-ins.

Manage the business.

Protect Microsoft's assets.

. Gather intelligence.

The Success Drivers

Success Drivers are those characteristics that you will find in a successful OEM Account Manager. They fall into three areas: professional skills, technical knowledge and customer knowledge.

You will find in the Appendix, a copy of the Account Manager Development Plan, designed to help you and your manager ascertain your areas of proficiency and those that need to be enhanced. Work with your manager to implement a plan that will assist you in gaining the skills and tools necessary for you to be successful in OEM.

Professional Skills

Focus and Priority Setting

A successful Account Manager knows that he/she always has more work than one person can accomplish. Correctly prioritize your activities, and keep them focused on achieving your goals. Distinguish between the "urgent" and the "important," and correctly prioritize your time and activity. To do this, create a formal time-management mechanism to control

your daily, weekly and monthly planning. The GOKRs process guides this activity planning. And you should assume that your "to do" list will never be completely finished.

Sales and Account Management

A successful Account Manager masters the psychology of selling and basic sales principles. You need to know how to:

- Question customers to uncover their real needs, motivations or objections.
- Move the sale forward to closure.
- Manage a complex sale to many decision makers (the economic buyer, the user buyer, the technical buyer, and others).
- Gain consensus among all the "buyers" so you can close the sale.

Negotiation

Once you have established the customer's needs, negotiate in good faith the most favorable license. Be able to assess the type of negotiation, and implement a winning strategy for that kind of negotiation.

The end result should be a license that is satisfactory for both Microsoft and the customer. Remember the dual importance of maintaining long-term relationships with our customers and securing as much business as you can for Microsoft.

Account Management Skills

You are ultimately responsible for Microsoft's relationship with your customer. You have the right, and the responsibility, to attend any meetings involving Microsoft and your customer.

Account management involves more than selling and negotiation; effective Account Managers guide the resources at Microsoft and the OEM.

- Make sure that Microsoft and the OEM understand what to expect from each other.
- Support the ongoing marketing and development activities for Microsoft products.
- Get fundamentally involved in any joint development between Microsoft and the OEM.
- Secure Microsoft's interests with NDAs, joint product development agreements, and other required legal tools.
- Work with the OEM Finance group to administer the financial relationship between Microsoft and the OEM.

These examples provide a skeletal outline of effective account management. But account management has far greater scope and depth. Effective account management is the greatest challenge of your position.

Knowledge

Establish a broad knowledge base encompassing the following areas:

Industry

- The information industry as a whole, including recent history of and current trends in the microcomputer industry (e.g. processor run rates and mix).
- The market position of industry leaders; the implications of their activities.
- Microsoft's role in the industry. Our near- and long-term objectives.

- The business needs that drive the industry.

Technical

- Basic PC architecture.
- Networking.

MS Products

- Microsoft's product technology.
- OEM product features and benefits.
- Microsoft's overall systems platform and specific product positioning (Information at Your Fingertips).

MS Resources

- Master the licensing process.
- Use the OEM operational "systems," such as the OEM Business System and the order entry process.
- Know how to network within Microsoft to solve your problems.

Customer Knowledge

The People

- Establish relationships with the people who drive your customer's business.
- Understand who makes decisions, and what motivates them.

Business Terms

- Know your OEM's numbers "cold."
- · Know the terms of all existing license agreements between Microsoft and the OEM.
- Understand the consequences of the agreements (e.g. prepaid balances or forecasted/ budgeted revenue).

Financial

- Keep current on your customer's current financial status, and understand the influence it has on our relationship. A company's financial status can affect many elements of its business, from billings to overall strategy.
- As much as possible, you should keep track of your customer's business news, and consider what implications you should anticipate.

Customer Business

Do an Account Plan (sample in Appendix) to explore your OEM's vision, products and channels. When you complete this exercise you will have a thorough understanding of your OEM and guidance in developing the OEM relationship.

GOKRs

GOKRs stands for "Goals, Objectives and Key Results." It is OEM's implementation of the widely used "Management by Objectives" (MBO). MBO provides concrete objectives

to direct your activities and to create mutually understood statements against which you and your manager evaluate your effectiveness.

In OEM, GOKRs is both a continuing process and an event. The "continuing process" is one in which you and your manager assess your current goals and objectives, measure your progress toward achieving them, and modify them (if appropriate) to set your priorities for the next week or month. The "event" is when you and your manager use the GOKRs as the basis for your semi-annual performance review.

You need to understand the definition of each of the terms in "GOKRs."

- **Goals:** Goals generally span quarters, and remain constant. Goals set the context for your objectives. They articulate the "big picture." A goal is generally set in conjunction with the overall goals of the division. Generally, goal achievement can be measured over the period of a year or more.

- **Objectives:** Objectives are specific, measurable, quantifiable results, with a specific goal date. In some significant way, they further the intentions reflected in the Goals. They aren't the day-to-day tasks one assumes, but the culmination of a number of activities into a notable accomplishment. They are the intentional result of planned activities. Objective achievement can be measured over the period of a quarter.

- **Key Results:** Key Results are the incremental milestones reached as steps in pursuit of an objective. Key Results should be defined in such a way that it is virtually impossible to produce the Key Results without also accomplishing the corresponding Objective. Key Results achievement can be measured from month to month.

The intention of the GOKRs process is to give purposeful direction to the activities that take place in the midst of frequent and random interruptions, fires, meltdowns and other "natural disasters." Clear direction enables you to get back on track, and have clear, specific guidelines for planning your activities and managing your time. In addition, you can elicit specific management input and agreement on your targets and priorities for the quarter. The GOKR process delivers a concrete plan against which you can continuously check your results. Where mid-course adjustments are required, you can manage those adjustments proactively rather than waiting to react. The GOKR process allows you and your manager to negotiate the objective measurements that will be used to assess performance in the semi-annual performance reviews.

In order to be effective, GOKRs must be "SMART": Simple; Measurable; Attainable; Relevant; and Timely.

The Art of Licensing

Negotiate the License Terms and Conditions

Negotiating the Standard License Agreement

The priority that has been–and will continue to be–key to Microsoft's success is *securing design-ins*. The art is to capture the design-ins at standard terms, and to assure the customer that we are now partners in success. The primary importance is gaining the design-in.

To do this you have to understand the situation and the customer. Examine the existing relationship. Work through the Account Plan in the Appendix. Where do you stand with this customer, from both a revenue and strategic standpoint? What is your unique selling proposition? What is the "demand" for the product you are selling. What is the customer's positional power? What is the elasticity of the demand for the product. Know what you are willing to do to get this license signed.

What constitutes a "Standard License Agreement?"

The goal is to have all licenses signed at standard terms and conditions. These terms are those that are in the standard license agreement in the OEM Documents Binder. In addition, under the Standard License Agreement Section of that binder, you will find the most commonly requested changes asked for by OEMs and some possible responses. Before offering any of these changes, consult with your manager to gain his/her approval.

What constitutes a "non-Standard License Agreement?"

Here are some criteria which determine that your proposed agreement is *not* standard.

- Any *change* in the standard language.
- Any *addition* to the standard terms (e.g., Exhibit E company language, terminations of prior agreements, credits, etc.).
- Any *deletion* of standard language.
- Any *non-standard financial terms* (e.g., hard payment dates).
- Any *delayed effective date* (e.g., an agreement signed in December with a March Effective Date).
- Any *multiple versions of the same product* (e.g., several language versions, or MS-DOS 3.3 and MS-DOS 5.0). Although there is "standard alternate language" for dealing with these situations, there have been a lot of problems with these so they should be reviewed by the Legal Department.

Agreements which are non-standard according to these criteria must be reviewed by the Legal Department before going to the customer for signature, regardless of whether the Legal Department helped draft the non-standard terms.

Avoid using amendments as corrective measures. Get the license signed right the first time.

Keep your manager advised of any non-standard terms and conditions your customer wishes to pursue. OEM Finance should review any terms or conditions that have financial impact. If you feel that Microsoft is being unreasonable, escalate the issue to the next management level and present your case.

Remember: You never get what you deserve--you only get what you negotiate; meaning the process always involves a give-and-take on both sides. Our goal is to establish a long-term relationship. Think about the impact of what you are negotiating. No license is entirely an end in itself. There may be "fallout" from a "blindly negotiated" license. Account managers' performance evaluation will consider his/her success in negotiating standard agreements as well as how often and how much he/she gives up and why.

Negotiating the Standard Royalty License Agreement

NOTE: The OEM Documents Binder includes a document that provides a section by section analysis of the standard license agreement and a brief explanation of the business principles embodied in each section. YOU SHOULD CAREFULLY STUDY AND UNDERSTAND THIS DOCUMENT. Doing so will better prepare you for customer negotiations.

Pricing

The Microsoft Internal OEM Price Guidelines give us consistent pricing around the world and gives each subsidiary opportunity to compete in its market. The guidelines are updated and distributed quarterly.

Price Quotes: Royalty Products

The Internal Price Guideline prices are in US dollars. All OEM royalty business is done in US dollars. We are not in the business of currency speculation and do not want exposure to market fluctuations.

Price Quotes: Packaged Products

Quote prices for OEM packaged products sold locally using local currency. The OEM customer should pay the Microsoft location shipping the product in that location's local currency.

Managing Prepaid Balances (PPB)

Prepaid balance exists when a customer's run rates have fallen short of the level of business to which it has committed. When properly managed at moderate levels, PPB can benefit Microsoft. When a customer's PPB gets too large, it can hurt our relationship and have a negative impact on Microsoft's future revenue growth.

You should understand the PPB your customer is carrying. (Discover this by completing an Account Plan.) Work with your manager to find ways to properly manage PPB. For more information on PPB and minimum commitments, see the OEM Financial Issues section.

Business Proposal

Make your business proposal to your OEM customer. This provides a degree of professionalism and a documented audit trail, as well. The business proposal includes:

* Complete product description

- Pricing
- Delivery dates and conditions of delivery
- Major business terms (be as specific as possible)
- Expiration date for the business proposal

Prepare a written business proposal when you have negotiated a verbal agreement with the OEM customer. If you are proposing a non-standard license agreement, get OEM Finance, the Legal Department and your Regional Director to review and approve the License Agreement *while you are still in draft mode.* Get the Legal Department to help you write any non-standard language and review the license for overall legal adequacy. Finance needs to review the license to determine whether there is any financial impact. (Pricing is not the issue here; financial impact is the issue—things like credits, terminations, payment terms, royalty reporting, administration of the license agreement, audit rights, hard coded payment dates, etc.) Submit a new written business proposal if you and your OEM customer make a new verbal agreement with different terms and conditions. A business proposal submitted to an OEM customer should be valid for no longer than thirty days. *Be sure that each proposal or price quote you submit to a customer includes a clearly indicated time limit.*

Know When to Call for Help

- One of your OEMs is seriously considering a competing desktop operating system.
- One of your customers is seriously considering a change to a non-mainstream RISC architecture.
- You see a high potential unique licensing opportunity (e.g., a promotional applications deal).

When We Lose a Deal

If you lose a deal, write a "postmortem" describing the reasons and send it to your manager and your director. It will help everyone understand the causes.

Get the License Signed

Here are the steps from when your customer signs the license to when it actually gets the product. Each step is described below.

1. OEM Customer signs license; AM marks changes.	2. Microsoft management reviews, signs license.	3. Finance enters license info in OEM Business System.	4. Products ship to the OEM Customer.

OEM Customer Signs the License

Cover letter and License Agreement

When you submit a license agreement to an OEM customer for signature, include a cover transmittal letter. This letter explicitly says that the submitted license agreement is not a proposal; *it is the final legal document* that must be signed to proceed with the mechanics of doing business. A sample is in the Appendix.

Gaining Customer Signature

- Get written acceptance of your business proposal.

- Submit two original transmittal letters and two completed license agreements to the OEM customer. The customer must clearly understand that this signed license agreement is *binding*. Do your negotiating using business proposals.

- Review the license agreement with the customer. Fill in all the blanks, including the effective date. Note: any non-standard license agreement language should have been approved before you get to this point. (See "Business Proposal," above.) One of Microsoft's goals is to minimize the number of revisions/amendments to the standard license agreements; keep this in mind as you negotiate the agreement.

> - After the customer signs the license agreement, create a "packet" containing
>   - one license summary sheet that summarizes the terms of the license and points out changes and non-standard terms;
>   - one copy of the license, highlighting all changes with a highlighting pen;
>   - two original signed licenses.
>   - routing page with the names of the different people who must "sign-off" on the license

- Send this packet to your group manager's administrative assistant (domestic account managers) or your director's administrative assistant (international account managers).

Microsoft Management Signature

The license is reviewed by your group manager and executives; non-standard licenses are also reviewed by Legal and OEM Finance (as appropriate). This process should be completed within 2 weeks. If the license is not signed within this time frame, start sending email to push it through the process.

Refer to the Appendix for a summary of the various signature authority levels.

OEM Finance Actions

OEM License Administrator

- Enters license information into the OEM Business System, including financial and product commitments and schedules. From this point, product shipment is automatic. You need not order the product for a new license. The next day a "Spanky" message (New License Signed) is sent to you and to other designated parties.

- Distributes the License Agreement:
  - One original signed license to the Group Sales Manger's (domestic) or the Regional Sales Director's (international) administrative assistant for distribution. The administrative assistant sends the original to the customer and a copy to the Account Manager (domestic) or the original to the account manager (international) for sending to the customer.
  - One original signed license and cover letter to Legal.
  - Copies of OEM licenses to OEM Accountants.

Product Ships to Customer

- OEM Order Processor reviews "Open Delivery" reports, which appear the day after product commitment data is entered in the the OEM Business System.

- OEM Order Processor verifies orders; makes sure product is shippable; flags product to be shipped.

- OEM Order Processor coordinates manufacturing and shipping. You will get two "Spanky" messages that tell you the status of your order:

  - "Shipment Requested" the day after the product is flagged for shipment, and

  - "Shipment Made" the day following shipment. Typically, shipment takes place within 48 hours of the request.

Create Sufficient Technical Support for the OEM Customer

What the OEM Needs

OEM technical support is a local issue (varies with Microsoft location). Providing quality technical support is critical for our OEMs as they adapt the OAK to run on their hardware. The technical support we provide allows OEMs to finish their projects sooner and with fewer problems.

OEM Support

Microsoft's Product Support Services group (PSS) offers a number of support options for OEM customers:

Professional Level: Professional Support is designed primarily for large OEMs which seek priority technical assistance on software adaptation issues with Microsoft OEM products. Additional support options include software development support and support of Microsoft networking products. Under this program, the OEM submits Service Requests (SRs) electronically to PSS. When PSS receives the Service Request (SR), it confirms receipt to the OEM. The SR is routed to the most appropriate technician, who answers the question. If the question is not clear, the technician will call the OEM directly. The technician generates a response in keeping with the indicated priority level; if necessary, he/she calls on other resources to get the SR answered. In addition to this, the OEM gets on-line access to Microsoft's Knowledge Base (a database of technical product information) and to Microsoft's Software Library.

Premier Level: Premier Support is one of our highest levels of technical support for OEMs which seek a direct support relationship with Microsoft with the added resource of a designated Strategic Account Engineer. In addition to the service under the Professional Level, Premier Level customers: receive phone access to a dedicated Strategic Account Engineer, can submit SRs over the telephone; are guaranteed a response or progress update for all SRs within four hours of receipt; and receive a monthly copy of the Knowledge Base on a CD-ROM.

Support Connection: Support Connection is designed to provide the OEM's support professionals easy access to technical information and tools to better support its customers with Windows applications.

Refer to the Appendix for collateral information regarding these support offerings.

Domestic OEMs

US Domestic OEMs have access to these programs now.

International OEMs

We are in the process of making these offerings available internationally as well. For information specific to your subsidiary, ask the OEM Manager or the Technical Manager.

OEM Products

OEM Products are listed on the OEM Shippables List found on the server \\kaizen\thinkoem and include:

* Source Code
* OAKs /ODKS(deliverables)
* Pre-Releases (alphas, betas)
* Miscellaneous (bug fixes, maintenance releases, product specifications, replacement disks, etc.)

Source Code

In the course of normal business, source code can be released only to an OEM customer who has licensed the source code and paid all associated fees.

When it is not "normal business," (for evaluation or partner use, for example) source code can be released to an OEM customer that has a registered NDA and approval of the VP OEM or higher.

Policy Violation

Intentional violation of this policy by a Microsoft employee is grounds for immediate termination of employment. Report accidental violations immediately to the Regional Sales Director and to the VP OEM.

OEM Adaptation Kits (OAKs) and OEM Development Kit (ODK)

Standard policy is that an OAK/ODK is only shipped to OEMs licensed for that product. Before we ship an OAK or ODK to an unlicensed customer, we must have a registered NDA. The agreement must explicitly state the rights and conditions related to the OAK/ODK. The VP OEM will decide what to do in special cases.

OAK/ODK Evaluation Customers

OEM Customers might need to order OAKs/ODKs to evaluate a product they have not yet licensed, to begin adaptation of a product they are in the process of licensing, to accommodate multiple sites or multiple departments, or to replace defective kits.

To order evaluation copies of OEM Products (except Source Code), send a written request (email is OK) to the OEM Order Processor (y-oemreq) who will set the OEM Product ordering process in motion.

Customers with valid license agreements get product updates via OEM Kits, which are sent within two weeks of the official release. If your OEM customer does *not* receive an update, send email to the OEM Order Processor (y-oemreq).

New License Agreements

Products for new license agreements ship automatically when the license is entered into the the OEM Business System. Don't make a special order for products on a newly signed license agreement.

Existing License Agreements

Approximately one week prior to a Version release to OEM Manufacturing, these events will happen:

1. The OEM Order Processor will send a "Version Notice" email to you. It will contain this information:
   - Product name
   - Product ID number
   - Version number
   - License ID number
   - Ship-to name
   - Address
   - Version charge (if there is one)

   Make sure this information is correct.

2. Send to OEM Order Processor a confirmation for each OEM who should receive the Version release. Note: an OEM customer must have a current license agreement which explicitly states the rights and conditions for the Version release.

3. OEM Order Processor will place an order for each confirmed "Version Notice."

4. From this point, the order is processed as any OEM Product would be processed.

Pre-Release Versions

The value that Microsoft gets in having an OEM become a beta site is directly related to the amount and kind of feedback we get from that OEM. Therefore, there is a limit to the number of OEMs who can be beta sites. In order to keep the information flowing both directions, it is up to the Business Unit Manager and the VP OEM to determine which OEMs may and may not be beta sites. Pre-Release versions are managed like existing license agreements above, but are designated "Pre-Release."

Miscellaneous OEM Products

All OEM products listed on the OEM Shippables List can be ordered. Some examples of miscellaneous OEM products are product specifications, bug fixes, maintenance releases, and replacement disks. If the product you need is not listed on the Shippables List, get the product manager's approval before you release it to a customer.

Ordering OEM Products

Microsoft has developed an OEM Product Ordering process to provide orderly and efficient product delivery to our OEM customers and to allow us to keep centralized records.

There are two ways to initiate product shipment: 1) registration of a new license in the OEM Business System, and 2) use of the on-line OEM Request form. The OEM Order Processor checks for orders throughout the day.

Newly Signed License Agreement

Newly licensed products ship automatically. After Microsoft signs the license agreement, the OEM License Administrator enters product commitments into the the OEM Business System. This triggers the shipment cycle. Therefore, *do not* use the on-line OEM Product Request form to order products for a newly signed license. Doing so will duplicate the events that will occur automatically, making more work for everyone, and reducing our product control.

On-line OEM Request Form

Use the on-line OEM Request form to order OEM products for customers or for internal use. If the order is for an OEM customer, fax a copy of the P.O. to the OEM Order Processor (contact y-oemreq) when you make your order.

To use the on-line OEM Request form, use the OEM Product Request E-Form or access email from Windows and follow these steps:

OEM Customer Orders On-line Request Form

Prompt	What you enter
XENIX $	*y-oemreq*
COMPANY	The OEM's company name
SHIP TO ADDRESS	The street address (not a box number).
CONTACT	The name of the person to whom the shipment should be sent.
COMPANY ID	The customer number.
LICENSE ID	The license number.
Is everything correct?	*y* for yes, *n* for no. (If "no," the system will let you make corrections.)
PART NUMBER	The part number assigned to the product. This is in the OEM Shippables List for part numbers.
DESCRIPTION	The product name.
QUANTITY	The quantity to be shipped.
Is everything correct?	*y* for yes, *n* for no. (If "no," the system will let you make corrections.)
COMMENTS*	This field is optional and can be left blank. Press the enter key and the product request will be sent.

To enter more than one line of comments, set your terminal emulation program for "auto wraparound" and continue to type. Do not press the enter key to start a new line; the enter key sends the product request.

Internal Orders On-line Request Form

Prompt	What you enter
XENIX $	y-oemreq
COMPANY	Your department name
SHIP TO ADDRESS	Your subsidiary name or building/room number
CONTACT	Your complete name
COMPANY ID	Your manager's email alias
LICENSE ID	x
Is everything correct?	y for yes, n for no. (If "no," the system will let you make corrections.)
PART NUMBER	The part number assigned to the product. This is in the OEM shippables List for part numbers
DESCRIPTION	The product name
QUANTITY	The quantity to be shipped
Is everything correct?	y for yes, n for no. (If "no," the system will let you make corrections.)
COMMENTS*	This field is optional and can be left blank. Press the enter key and the product request will be sent.

*To enter more than one line of comments, set your terminal emulation program for "auto wraparound" and continue to type. Do not press the enter key to start a new line; the enter key sends the product request.

Approval

When the OEM Order Processor receives your request, he/she sends it to the manager who needs to approve the particular OEM product. You get a copy of the request for approval.

The approving manager responds via email to y-oemreq. When the request is approved, the order is entered into the database. If the request is not approved, the OEM Order Processor will notify the requestor. If a request is not approved, contact your manager to find out the reasons and to resolve the issue together.

Shipment

The OEM Order Processor coordinates manufacturing and shipping. You will get two "Spanky" messages that tell you the status of your order:

- "Shipment Requested" the day after the product is flagged for shipment, and
- "Shipment Made" the day following shipment. Shipment should take place within 48 hours after shipment is requested.

Camera-Ready Materials (CRC)

Our standard policy is that OEMs purchase user documentation from our authorized replicators or MED distributors. OEMs authorized to do value added product releases that insist on camera ready materials should understand that such materials are not part of our mainstream business. As a result, CRC is expensive to the OEM and involves a lengthy turnaround time. If your OEM must have CRC, you must obtain Regional Director approval and contact y-oemreq for details on how to order.

OEM Financial Issues

Royalty Reporting

The license agreement requires the OEM customer to submit royalty reports on specified due dates. At the end of each reporting period, the OEM customer submits a royalty report. The reporting period is specified in the license agreement. The report should be addressed as indicated on the royalty report form which the customer receives each period from OEM Finance. Work with your customer to make sure it submits the royalty reports on time. If necessary, assist OEM Finance with collections.

Notices sent

- 60 days prior to due date: a written reminder to submit a royalty report will be sent to the OEM customer. An email copy will go the Account Manager.

- 15 days prior to due date: an email reminder will be sent to the Account Manager.

- 15 days after due date: a third email reminder will be sent to the Account Manager.

- When Finance receives the royalty report, it sends you a "Spanky" message which summarizes units and dollars reported.

Warning: If an OEM customer fails to submit timely and accurate royalty reports, the license might ultimately be terminated. (See "Termination Process.")

Localized Product Royalty Reporting

OEM customers must report royalties on localized versions of licensed Microsoft products they have licensed. Reporting royalties separately for localized products increases their visibility, and lets Microsoft determine the investment return of localizing products.

The procedure is the same as described in "Royalty Reporting". OEM customers report royalties by product and localized language version where applicable. This is stated in the license agreement, and is provided for in the standard royalty report form.

Revenue Recognition

Revenue & the Standard License Agreement

You and your OEM customer determine whether the OEM should license Microsoft software on a "per copy", "per system," or "per processor" basis. The price it pays is based on the volume it ships; the greater the volume, the lower the price.

The standard two-year license is divided into two periods, the first year and the second year. Under the standard license agreement, the OEM is obligated to pay:

- In the first year, *all* of the first period minimum commitments due, plus any additional earned royalties; and

- In the second year, *all* of the second period minimum commitments due, plus any additional earned royalties.

The due dates for each payment are specified in the license agreement.

<u>Example</u>: Suppose an OEM signs a license with the standard financial terms and conditions for a $200,000 minimum commitment (2 year term $100,000/year). The license schedule and minimum commitments are described in the charts below. The OEM owes the full $200,000 over two years, plus any additional royalties it owes for shipping more units than anticipated in the license agreement.

Standard Two-Year License Agreement for $200,000
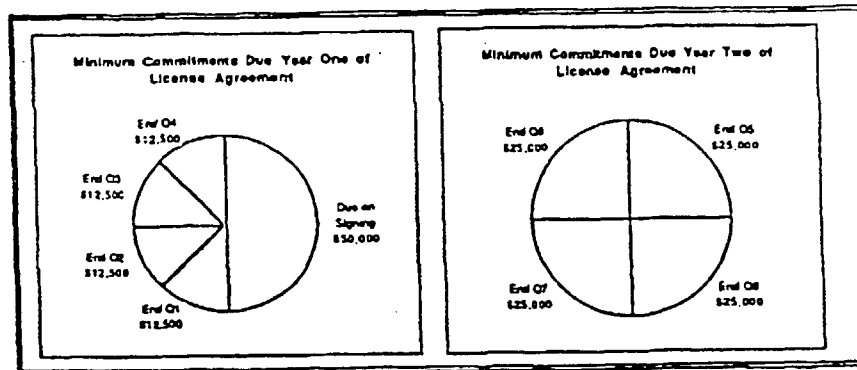
Understanding & Managing UPB/PPB

Minimum commitment billings may differ from the amounts specified in the license agreement. This is because minimum commitment billings are determined for each period within the license according to the following formula.

> Payment due each quarter = greater of (cumulative reported royalties, cumulative minimum commitment) – cumulative prior billings

Minimum commitments are initiated in one of three ways: when the OEM customer ships product as specified by the license agreement, or by the mere passage of time, keyed to the effective date. When a minimum commitment is billed, the revenue is credited to a fictitious product called "UPB" (unspecified product billing). As royalties are reported by the OEM, dollars are transferred from UPB and credited to the products reported by the OEM. So, simply stated, UPB is a "holding bucket" for minimum commitment related revenue.

Prepaid Balance (PPB) is an important concept for you to understand. Exhibit B states: "To the extent that cumulative minimum commitments exceed actual earned royalties, such excess is considered 'prepaid royalties,' and may be recoupable against future earned royalties." This is important because the existence of PPB may impact the future amount of revenue that Microsoft recognizes under a license agreement.

PPB is $0 if the OEM distributes product and pays royalties equal to or greater than its minimum commitment; otherwise it equals the difference between the cumulative minimum commitment and the cumulative earned (reported) royalties.

The concepts of revenue recognition, UPB and PPB are covered in detail during the New Account Manager Training classes held from time-to-time. If you have not attended one of these sessions or have questions in this regard, discuss them with one of the more experienced members of your local team or with your manager.

Royalty Reports

The OEM customer reports for each calendar quarter (or period specified in the license agreement) *from the effective date of the license agreement*, even if the quantity is "none."

To carry out the reporting, the OEM customer should:

- Submit royalty reports when they are due.
- Report only one period on each royalty report.
- Report activity for each license on a separate royalty report.
- Identify the OEM customer's name and license number on each royalty report.
- Note: OEM Finance provides the customer a royalty report form with the royalty report reminder letters.

If an OEM customer fails to file royalty reports, it may be subject to license termination.

OEM Payments

When the OEM customer makes his payment, it should withhold any amounts to be paid as taxes, and submit tax receipt documentation related to these amounts.

Domestic US OEM payments

The Domestic OEM pays via check.

> Microsoft Corp.
> Department 551
> One Microsoft Way
> Redmond, WA 98052-6399
> Telephone: (206) 882-8080
> Telex 328945

International OEM payments

The International OEM pays via wire transfer, US dollars only. Wire transfer to:

> Citibank N.A.
> 399 Park Avenue
> New York, N.Y 10043 USA
> ABA # 021000089
> Re: Microsoft International OEM Collections
> Account #38468231

When the OEM customer sends the wire transfer, it should also send a telex notice to OEM Finance-Collections. This helps us track the payment.

OEM customers should submit to OEM Credit and Collections, in a timely manner, any tax receipt documentation related to withheld amounts as required by their government.

Important: Only the VP OEM or higher has the right to tell OEM customers that they do not need to make payments while a license agreement is being renegotiated. During contract renegotiation, the customer must continue to meet their contractual obligations.

Any agreed to payment plans need to be approved by your Regional Director and Finance, and must be documented in a letter to the customer.

OEM Audits

OEM Finance conducts audits of OEM customers to ensure their compliance with the terms and conditions of our OEM license agreements. We will establish an ongoing process of routinely selecting and auditing OEM customers. If you have customers which you believe should be audited, please send email to the OEM Business Manager and your Regional Director. You will be notified before an audit is initiated.

Royalty Reports and Payments

The OEM customer makes payments according to the process described in "OEM Payments" section. If the OEM customer does not make these payments, find out what the problem is, and work with your OEM to resolve the problems as early as possible.

OEMs submit late royalty reports for various reasons:
- Oversight.
- Cash flow problems.
- Dispute with Microsoft—maybe they haven't received their product yet!

These problems typically delay posting payments to customer accounts:
- No customer name on payment.
- No remittance information (invoice numbers).
- Customer's bank does not know to wire transfer the funds.
- The invoice is stalled at the subsidiary.
- Customer doesn't understand its obligations under the standard license agreement. (For example, even if the OEM is not shipping product, it is still obligated to report royalties and make minimum commitment payments.)

Be proactive in working with your customer to get these issues straight before the problem escalates to the Termination Process. We and our customers are happier when the relationship runs smoothly and as defined in the standard license agreement.

Termination Process

Our goal is to keep our customers and have them comply with their obligations under the agreements, just as we need to comply with our obligations. At the same time, we do not wish to work with companies that habitually fail to file royalty reports, pay amounts due, or comply with other aspects of the agreement (e.g., improperly distribute our products). These are the most common violations our customers make.

Past Due Payments and Royalty Reports: As an account manager you are constantly kept informed via email and hard copy reports about past due payments and royalty reports. It is your responsibility to assist in resolving such matters. If your customer tends to have problems in this area, you should consider: charging the customer interest on past due amounts; requiring prepayment or conversion to the MED program; developing a work-out plan for the OEM's payment of past due amounts; and restructuring the agreement to more closely coincide with the OEMs run rates (e.g., lower minimum commitments). But remember that the latter situation may also warrant an increase in royalty rates.

An agreement with an OEM may be terminated if resolution cannot be achieved. Finance generates reminders to you and the customer when a problem exists, as summarized below:

Royalty report or payment past due: Acct Mgr, Grp Mgr, Reg. Director receive notice that "Immediate Action Required" letter will be sent to OEM	—	After 2 days: "Immediate Action Required" letter is sent, unless Reg. Director stops it. (DOEM: letter is automatically sent)	—	Within 30 days: customer cures default, or Termination Letter prepared for OEM mgmt signature
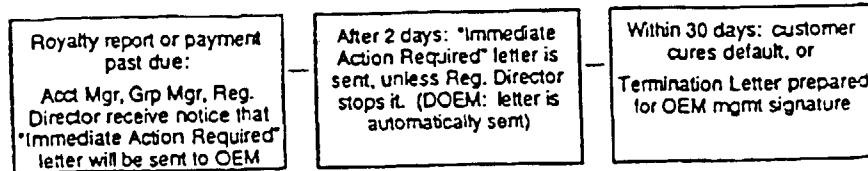
When a royalty report or payment becomes past due, you and your Regional Director will be alerted via a "Spanky" email message and hard copy monthly reports (e.g., "OUTSROY"). In addition, the OEM Accountants and/or OEM Credit and Collections Supervisor will attempt to resolve the situation with you (via email or telephone) and concurrent telex reminders sent to the customer.

When either a royalty report or payment remains past due, an email will be sent to you, your Manager and your Regional Director stating that the Notice of Immediate Action Required letter will be sent to the customer in 2 days. This letter notifies the OEM of the existing problem and asks for immediate correction. After 2 days have elapsed, the notice is mailed or faxed to the customer unless the situation has been resolved or the Regional Director has provided a substantial reason that the notice should not be sent. The letter goes out under the OEM Business Manager's signature. (Domestic Notices of Immediate Action go out automatically, without advance notice to the account manager)

The customer has 30 days from the date of the letter in which to cure its default before the agreement may be terminated. You should be working closely with your customer during this time frame to resolve the situation. If the customer does not make the necessary payment or file the required royalty report within the 30-day period, a letter will be prepared for OEM management's signature which confirms the termination. If the agreement is terminated, it is turned over to the Legal department.

Unauthorized Product Distribution: Some customers do not understand or ignore the fact that they cannot distribute Microsoft products separately from their computer systems. Such "stand-alone" sales of our software seriously impact Microsoft revenues and create channel conflict. Furthermore, software pirates use OEMs' logoed products as a basis for their counterfeit versions of our software. Consequently, we are enforcing our rights against OEMs who violate the distribution restrictions in the license agreement.

When Microsoft becomes aware that an OEM is distributing product in an unauthorized manner, a letter is sent to the OEM informing them of the violation and requiring that they take corrective action. If the situation persists, we will require the OEM to convert to the MED program. Subsequent violations may result in the termination of the agreement with the OEM.

Regardless of the reason for termination, as stated in the standard license agreement, when an agreement is terminated, the customer must stop all sales of our product(s) and return them to Microsoft. You should ensure that the Microsoft products are returned to Microsoft.

Microsoft might work with a customer who wishes to be reinstated; reinstatement might include financial penalties. This is decided on a case-by-case basis.

Credit Hold

Customers might be placed on "credit hold" for failure to file royalty reports or make payments. The effects of this:

- New license agreements might not be signed.
- Shipment of OEM Products might be withheld.
- It is possible that Microsoft might withhold shipment of retail products.

Mutual Terminations

A mutual termination is agreed to by both sides, and is related to business reasons rather than reasons of license agreement breaches.

Only the VP OEM or higher has the authority to agree to terminate royalty license agreements. Printed copy of the email authorizing the termination is sufficient evidence.

The Regional Director should verify with OEM Finance that the OEM customer has made all payments and reported all royalties. Then he/she should send email to the VP OEM and the General Manager, copying OEM Finance, with the following information:

- Reasons for proposed mutual termination
- Certification that Microsoft has received all royalty reports for the OEM customer
- Certification that the OEM customer has made all payments

Do not offer your customer any assurance that termination is possible without authorization from the VP OEM. If the VP OEM and the Regional Director agree to the termination, the VP OEM will request that OEM Finance and the Account Manager implement the termination.

International OEM Support and Customer Visits

OEM has an International Sales Support Representative based in Redmond whose primary job is to act as an extension of your OEM team and do whatever it takes to make you successful. The representative reduces the number of transactions and the amount of time it takes to get what you need from Redmond; this means you can spend more time selling and less time chasing Redmond issues.

OEM-Related Support

Here are some of the OEM-related activities the representative performs:

- Organizes and manages international OEM customer visits to Redmond.
- Expedites time-critical material, information or products.
- Troubleshoots various problems.
- Coordinates and manages special events.

Organizing Customer Visits

Work closely with your representative to ensure successful, professional and productive visits for your customers. At least six weeks before the requested visit date, send your representative a completed Customer Visit Request form (see Appendix) describing in detail the purpose of this briefing. The representative will begin to make arrangements on receipt of the form. Note: If you need VPs or higher, submit the form eight weeks ahead of time because executives' calendars fill up much faster.

The representative will also make sure that all transportation, lodging, meeting room reservations and catering arrangements are taken care of. The representative will plan the entire meeting in accordance with your completed Customer Visit Request Form.

The table on the next page illustrates the time frames needed to organize a successful customer visit, as well as the responsibilities of the organizers.

Time Frame	Account Manager	Redmond Rep.
6 - 8 weeks prior to visit	- Complete Customer Visit Request form and send it to the Redmond Rep - Communicate with Redmond Rep. to begin logistical planning/needs	- Director approval for request - Reserve conference room - Check on availability of MS execs
4 - 6 weeks prior to visit	- Provide a "briefing paper" to Redmond Rep	- Final agenda approved by Director - Reconfirm executive attendance
2 - 4 week prior to visit	- Discuss logistics with Redmond Rep, including meals, transportation, special needs, etc. - Arrange time to meet all MS personnel for briefing	
1 - 2 weeks prior to visit		- Distribute agendas and "briefing paper" to MS personnel
1 day prior to visit	- Meet with and brief all MS personnel - Prepare agendas for guests	- Arrange guest badges with receptionist
Day of Visit	-Host the meeting, including: - Kickoff (welcome and introductions) - Review of objectives (set expectations) - Keep meeting focused on objectives - Keep meeting on time - Wrap up (review status of objectives, identify all action items, establish next steps)	

Appendix

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Signature Authority

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Signature Authority Levels

MICROSOFT OEM SALES
LICENSE AGREEMENT SIGNATURE/APPROVAL AUTHORITY

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Authorized Signer	Type of Agreement
Customer (U.S. Only)	MS-DOS Packaged Product (<30 units) - *(no MS signature required)*
Account Manager II (U.S. Only)	MS-DOS Packaged Product - *Standard (no changes allowed)*
OEM Group Manager (U.S. Only)	Systems Royalty License Agreements - *Standard verbiage, guideline pricing, total value $3M or less* Systems Royalty License Amendments - *Non-Substantial (see notes)* Non-Disclosure Agreement (NDA) MED Agreement - *Standard "Pay-As-You-Go"*
OEM Area Director	Systems Royalty License Agreements up to $5M - *Standard (see notes)* MS-DOS ROM (Customer) up to $5M - *Standard (see notes)* MS-DOS ROM (Agent) - *Standard* Letter of Intent (LOI) up to $5M - *Standard (see notes)* Mice/Ballpoint (U.S. Only) up to $5M - *Standard*
OEM Vice President	Systems Royalty License Agreements up to $10M - *All* Systems Royalty License Amendments up to $10M - *All* Apps Royalty License Agreements up to $5M - *Standard (see notes)* Apps Royalty License Amendments - *Non-Substantial (see notes)* MS-DOS ROM (Customer) up to $10M - *All* Letter of Intent (LOI) - *All* Mice/Ballpoint (U.S. Only) - *All* Packaged Product Promos up to $5M (U.S. Only) - *Standard (see notes)* Source Code
Executive Vice President	All Other

NOTES	Due to tax and legal implications, subsidiary personnel cannot sign any OEM document (including side letters, Amendments, or other writings affecting license agreements) on behalf of Microsoft Corporation.
Standard Licenses:	Pricing within 10% of guidelines and contain only standard license verbiage or that of published "standard optional language" provisions. Agreements not meeting this criteria are "Non-Standard".
Non-Substantial License:	Agreements with a total value of $5 million or less.
Non-Substantial Amendments:	Do not change the T's and C's other than to add or change a customer system or extend the length of the agreement under the existing financial terms. Any other changes to the T's and C's, royalty rates, minimum commitments, etc. are considered "substantial".

ALL non-standard agreements, and ALL Amendments must be reviewed by legal prior to MS signing.

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OEM Organization Charts

Worldwide OEM Sales
Joachim Kempin
Vice President
Dept. 8801

Chris Turner
Admin. Asst.

John Jenkins
Group Manager
Dept. 8802

- OEM Marketing
- OEM Training

Tim Beard
Business Manager
Dept. 8803

- Operations
- Forecasting

Ron Hasogi
Director
Dept. 8804

ROW OEM Sales
- U.S. - Distribution Accounts

Jeff Lum
Director
Dept. 8805

Far East OEM Sales
- U.S. - Solution Provider Accounts
- U.S. - Far East Accounts

Bengt Akerlind
Director
Dept. 8806

European OEM Sales
- U.S. - New Business Groups

OEM Organization Chart

John Jankins
OEM Marketing
oemmkg
Group Manager
Dept. 8802

TBH
Program Manager

Jackie Garber
Marketing Project Manager

Marlene Patterson
Marketing Team Admin. Assistant

John Stilin
OEM Program Manager

Dave Williams
OEM Sales Development Manager

Tim Beard
OEM Sales
Business Manager
Dept. 8803

Chris Turner
Admin. Asst.

Administrative Services
Astdoll
Jackie Garber
Admin. Support Manager

Brenda Bruce
Braman OEM Account Team

Kathy Crowley
Graves OEM Account Team

Nancy Idstein
Ducharme Account Team

Jill Frier
Customer Service Representative

Staci Hestllow
Chestnut OEM Account Team

Chris Mellin
Edralin OEM Account Team

Sherrie Sanders
Downing OEM Account Team

Kathy Thompson
Hannum OEM Account Team

Forecasting
oems4
Teresa Connelly
Sr. Systems Analyst

Adrienne Goss
Associate Programmer/Analyst

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Ron Hasogl
Director
ROW Territory & U.S. Distribution Accounts
Dept 8804

Marlene Patterson
Admin. Asst

Distribution Accounts
Braman Account Team
pbteam
Peter Braman
Group Manager
Dept 1501

Brenda Bruce, Admin. Asst.

*Ray DiCaspero
Apple Computer, Computer City,
Radio Shack, Tandy/GRiD

Debbie Flynn
CompuDyne, Computerland,
Creative Labs, Media Vision

Jim Fritz
Citrix, Micronix, MPL/SGI,
Sequent

Don Hardwick
Club AT, Connet, Infotel, Philips

Tom Henningsgard
Austin Computer, Commodore,
Tandon

Ben Hau
Upper Midwest & New York

Ron McAlheney
Atari, Coman, Evarex,
Northgate, PC Innovations

Gary Perez
Central & Mountain, Florida

Distribution Accounts
Graves Account Team
kgteam
Kathleen Graves
Group Manager
Dept 1502

Kathy Crowley, Admin. Asst.

Patty Rebne
Data General, OCT,
Wang, Win Labs

Ken Reeves
Packard Bell

Nancy Fitzentheler
CompuAdd, Memorex/Telex,

*Kelly Wood
IBM

Debbie McFerlane
IBM

Dave Wright
Gateway 2000

Distribution Accounts
Edralin Account Team
leteam
Larry Edralin
Group Manager
Dept 1503

Chris Mellin, Account Asst

Brian Emanuele
ALR, Cumulus,
NetFRAME, Purallan,
Texas Instruments

John McLauchlen
Ares, KLH, Logitech,
Sun, Supercom

Mike Oldham
Northern California

Paul Sclame
DCA, Swan, Syacres,
Tricord, UST, Wyse

*Barry Spector
AST

Gregg Truex
Zenith

Sheri Vail
Intel, Joslens, Phoenix,
Zeos

John Wang
Pacific Northwest, Southern California

ROW OEM Sales
jefteam
Jeff Morris
Sales Support

ROW OEM Sales
loommran
Sales Managers

Osvaldo Barbosa
MS LTDA (Brazil)

Bert Labelle
MS INC (Canada)

John Leviachn
MS PTY (Australia)

Guillermo Mendoza
MS Mexico

Mauro Muraterlo-Nat
MS Chile

*Senior Account Managers

Jeff Lum
Director
Far East Territory & U.S. Integrator Accounts
Dept. 8805

Beth Danner
Admin. Asst.

Solution Provider Accounts
Chestnut Account Team
mcteam
Mark Chestnut
Group Manager
Dept. 1503
Staci Hardilow, Admin. Asst.

U.S. Far East Accounts
Hannum Account Team
tcteam
Ted Hannum
Group Manager
Dept. 1510
Kathy Thompson, Admin. Asst.

Intl. OEM Sales
lorm
Lori Morrison
Intl. Sales Support

Far East OEM Sales
faoemman
Sales Managers

Greg Anderson
Digital

Mark Baber
Compaq

Mark Buick
NCR/AT&T

Tom Davis
Group BE

Carl Gulledge
Dell

Darcy Holke
Hewlett-Packard, Momenta

Jim Kort
Groupe BE

Pete Peter
Insignia, Tandem/UB, Unisys

---

*Rich Abel
Canon, Compaq Printer Bus.,
Hewlett-Packard Printer Bus.

Tom Brubaker
Epson, Panasonic, Samsung,
Toshiba America

*Steve McLeod
Canon USA, Fujitsu America,
NEC, Sanyo

Pete Manvel
Acer America, Mitsubishi America,
Sharp, Sony, VTech

Joon Park
MS CH (Korea)

C.S. Kuo
MS TC (Taiwan)

Toshiro Mikanohara
MS KK (Japan)

---

*Senior Account Managers

Bengt Akerlind
Director
Europe Territory & U.S. New Business Group
Dept. 8806

Debby Johnson
Admin. Asst.

Established Customers Ducharme Account Team
Teresa Ducharme
Group Manager
Dept. 1504
Nancy Edelein, Admin. Asst.

Katherine Barton
Midwest

Jeff Daniels
East Coast, Southeast

Judi Gallagher
Southeast

Tom Gammell
Northeast

Trish Lindberg
Northeast

*Dorla Medlicott
Central & Mountain

Tracy Panter
PP & MED/MEW U.S.

New Business Group Downing Account Team
George Downing
Group Manager
Dept. 1518
Sherrie Sanders, Admin. Asst.

Candace Grisdale
Pacific Northwest,
No. Ca. Area Codes
408, 415, 510 & 916

Ray Kenamat
Embedded MS-DOS

*Wolfgang Siruss
So. Ca. Area Codes 408 & 510

Arlen Winslow
Pacific Northwest,
No. Ca. Area Codes
408, 415, 510 & 916

TBH
West Coast

Temporary
Phone Support

Temporary
Phone Support

European OEM Sales
*comman
Sales Managers

Miguel Bayo
MS AG (Switzerland)

Maurizio Bedina
MS SPA (Italy)

Georg Conrad-Billroth
MS GesmbH (Austria)

Sandy Duncan
MS LTD (England)

Ignacio Feu
MS SRL (Spain)

Juergen Huels
MS GMBH (Germany)

Magnue Larsson
MS AD (Scandanavia)

Pascal Martin
MS SARL (France)

Hans Renselaer
MS BV (Holland)

*Senior Account Managers

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U.S. & ROW OEM SALES
Ron Hosogi
x68108 (Ronh)
Director

Mariane Patterson
x64346 (Marianep)
Admin. Assistant

Jeff Morris
x63387 (Jeffmo)
ROW Sales Support

LA — Latin America

Brazil
Osvaldo Barboss
Sales Manager
- Luciana Abreu, Account Manager

Columbia
Felipe S. Romero
General Manager

Venezuela
Elias Obadia
Sales Manager
- Rosamaria Porcolsson, Account Manager

Argentina
Eugenio Beaudrand
General Manager
- Marcos Suarez, Account Manager

Chile
Mauro Murialdo-Not
General Manager
- Daniel Villablanca, Sales Manager

Mexico
Guillermo Mendoza
Sales Manager
- Iveta De Rubens, Account Manager
- Maria Elena Trevino, Account Manager

ICON — Intercontinental

Canada
Bertrand LaBelle
Sales Manager
- Doug Clark, Account Manager
- Dorothy Johnson, Account Manager
- Jeff Pittaway, Account Manager

Australia
John Levisohn
Sales Manager
- Clem McMurray, Account Manager
- Scott Porter, Account Manager

S.E. Asia
P.K. Wong
General Manager
- Paul Salahbadhah, Account Manager
- Siow Hong Teo, Account Manager

AIME — Africa, India, Middle East

Greece
Leo Panzeris
General Manager

Israel
Arie Scope
General Manager
- Moshe Raccah, Account Manager

Turkey
Michal Perrin
Sales Manager

Africa
John Lack
General Manager

India
Rajiv Nair
General Manager
- Debabrata Majumdar, Account Manager

Middle East
Chuck Allen
General Manager

FAR EAST OEM SALES

Jeff Lum (JeffL)
Director

Beth Denner (BethD)
Admin. Assistant

Toshi Mikanohara (ToshiM)
OEM Sales Manager
MSKK (Japan)

Motoko Yasuda (MotokoY)
Admin. Assistant

Named Accounts
Toshiro Mikanohara (ToshiM)
Section Manager (acting)

Akiko Yamamoto (AkikoY)
Section Admin. Assistant

Kiyokazu Omi (KiyoO)
Senior Account Manager
NEC

Shigeru Narita (ShigeruN)
Toshiba, Hitachi, NTT-Data

Kiichiro Katsumata (KiichiK)
OKI, MCI, YE-Data

Hideya Utagawa (HideyaU)
Epson

Strategic Accounts
Reiji Sugioka (ReijiS)
Section Manager
Canon, Ricoh, RIOS

Junko Suzuki (JunkoS)
Section Admin. Assistant

Ichiro Fukuchi (IchiF)
Senior Account Manager
Sanyo, Sharp

Kenji Nakayama (KenjiN)
Senior Account Manager
Fujitsu, Matsushita (MEI)

Toshimi Hino (ToshimiH)
Mitsubishi, IBM-J

Koichi Onikubo (KouichiO)
(New, O.J.T, No Accts Yet)

Joon Park (JoonP)
OEM Sales Manager
MSCH (Korea)
Samsung, Oriental Precision

Sandy Noh (SandyN)
Admin. Assistant

C.H. Cho (CHCho)
Goldstar, Qnix

D.J. Choi (DJChoi)
Hyundai

S.I. Kim (SIKim)
Daewoo, Trigem

M.S. Lim (MSLim)
MED Licenses &
Packaged MS-DOS

C.S. Kuo (CSKuo)
OEM Sales Manager
MSTC (Taiwan)

Kathy Feng (KathyFe)
Admin. Assistant

Charlie Hua (CharliH)
MED Licenses &
Packaged MS-DOS

Max Kang (MaxKang)
Mitac, SMS, Twinhead

Russ Lee (RLee)(x131)
Copam, DTK, FIC

Philip Wong (PWong)(x133)
Acer, Asuro

Eddie Wu (EddieW)
Autocomputer, CAF, Tatung

Patrick Tien (PatrickT)(in PRC)
PRC OEM (& Retail) Accounts
Great Wall, Lang-Chao

Steven Yang (SYang)(in HK)
Hong Kong/PRC Accts
Bondwell, Poiro, TRC, VTC

European OEM Sales
Bengt Akerlind, Director
Debby Johnson, Administrative Assistant

MS AB (Nordic Region)
- Magnus Larsson, OEM Sales Mgr
- TBH, Admin. Assist
- Dick Andersson, OEM Sales Rep
- Erik Daniels, OEM Systems Engineer
- Terje Gjoseter, Account Manager
- Risto Rauiehorpi, Account Manager

MS AG (Switzerland)
- Miguel Beye, Account Manager

MS BV (Holland)
- Hans Renstaar, OEM Sales Mgr
- Katja Williams, Admin. Assist
- Gerrit Jan Bloem, PACKDOS Sales Rep Netherlands
- Wim Delbeke, PACKDOS Sales Rep Belgium
- Ronald Kruyt, PACKDOS Sales Rep Netherlands

MS GmbH (Germany)
- Juergen Huele, OEM Sales Mgr
- Claudia Wacker, Admin. Assist
- New Business Grp
- Michael John, Supervisor
- Vivian Muehlen, Admin. Assist
- Alexander Dachleuer
- Frank Eschenlohr
- License Business Grp
- Jaap Van Arkel, Supervisor
- Helma Adamski
- Hermann Bau
- Ricarda Cisneros
- Andreas Nagel
- Stefanie Reichel
- Michael Rohrhuber
- PACKDOS Sales
- Margitta Fatim-Steiner, Supervisor
- Vivian Muehlen, Admin. Assist
- Uwe Bucher
- Wolfgang Mueller
- Thomas Mggemeler
- Christian Vogeleang

MS GesmbH (Austria)
- Georg Conrad-Billroth, Account Manager
- Norbert Patecek, PACKDOS Sales Rep

MS LTD (England)
- Sandy Duncan, OEM Sales Manager
- Khall West, Admin. Assist
- Named Accounts
- Richard Benle, Account Manager
- David Bradley, Account Manager
- Michael Dodson, Account Manager
- New Business Group
- Dale Borland, Sales Manager
- Natalie Ayres, Account Manager
- Julie-Ann Muir, Account Manager
- Ellen Taylor, Sales Associate
- Jane Webber, Account Manager

MS SARL (France)
- Pascal Martin, OEM Sales Manager
- Nathalie Gidotski, Admin. Assist
- Account Managers
- Stephane Boulez
- Laurent Deleporte
- PACKDOS Sales
- Elisabeth Gonthier
- Laurent Meunier
- Nathalie Teyssier, Admin. Assist

MS SPA (Italy)
- Maurizio Bedina, OEM Sales Manager
- Daniela Guella, Admin. Assist
- Gianluca Bassenini, Account Manager
- Giuseppe Landolfi, Account Manager & PACKDOS Sales Rep
- Giorgio Palazzo, Account Manager & PACKDOS Sales Rep
- Maurizio Zattaro, Account Manager

MS SNL (Spain)
- Ignacio Feu, OEM Sales Manager
- Beatriz Cuesta Licenso, Administrator & Telesales
- TBH, PACKDOS Sales Rep Madrid
- TBH, PACKDOS Sales Rep Barcelona

East Europe
- Jurgen Stranghoener, Director, E. Europe
- Richard Hevron, Russia, Baltic
- Barbara Kurcz, Hungary, Romania
- Guenter Platschmann, Czech, Bulgaria
- Oigierd Swida, Poland, Yugoslavia

Key Contacts List

OEM Key Contacts

Legal	Region	Contact
OEM License Agreements, Amendments, etc.	Domestic (U.S.)	Peter Miller (Petermi)
	Europe, AIME, ICON	Douglas Jackson (Douglasj)
	Far East, Australia, New Zealand	David Blachman
Piracy Issues (note: also copy the attorney that handles your OEM agreements on any piracy issues you have)	Corporate (Redmond)	David Curtis (Davidcu)
	Domestic (U.S.)	Jim Lowe (Jimlo)
	Central Europe	Eric Koenig (Ericko)
	Northern Europe & United Kingdom	Steve Ringleberg (Stevenri)
	Southern Europe	Peter Davies (Peterdav)
	Far East, Australia & New Zealand	Alix Parlour (Alixp)
	AIME, ICON & ROW	Brian McEachron (Brianmc)
	Latin America (as of Nov '92)	Jeff Steinhardt

Accounting Services	Director / Region	Contact
Invoicing, royalty reports, revenue recognition, customer payment processing	Bengt Akerlind (U.S. accounts)	Ann Winter (Annw)
	Bengt Akerlind (Europe)	Barb Schmidt (Barbsc)
	Ron Hosoei (U.S. accounts)	Debra Smaller (Debrasma)
	Ron Hosoei (AIME, ICON, ROW)	Mary Gordon (Maryg)
	Jeff Lum (U.S. accounts)	Pat Reese (Patre)
	Jeff Lum (Far East)	Bob Stillmaker (Robertst)
Escalation or questions	All	Bob Lunn, Mgr (Boblu) Charlie Knox, Dir. (Charliek)

Licensing Services	Region	Contact
Address & contact changes, NDAs, notices of shipment, new license signed or royalty report received "Spanky" messages	U.S. Royalty Agreements	Shirin Turnbull (Shirint)
	U.S. Pkg & Far East Royalty	Anna Aubry (Anna)
	Europe, ICON, AIME, ROW	Nolan Camacho (Nolanc)
Order Processing	All	Rochelle Evans (Rochelle) Shehzad Quershi (Shehzadq)
Escalation or questions	All	Lynette Leong, Mgr (Lynettel) Bob Lunn, Mgr (Boblu) Charlie Knox, Dir. (Charliek)

Credit/Collections	Region	Contact
Questions	International & Domestic	Susan Wrench (Susanwr)
	International	Donna Atchley (Donnaa)
	Domestic	Nora Duffy (Norad)
Escalation or questions	All	Rick Post, Mgr (Rickpo)

Financial Analysis	Region	Contact
Special reports, analysis and customer audits	All	Nell Miller (Nellm)

Product Release Service	Region	Contact
Prod. availability, schedules	All	Dave Keeley (Daveke)
Shipment of product	All	David Davis (Davidda)
Escalation or additional info	All	Claudia Robbs, Dir. (Claudiar)

Account Plan - Template

Account Pan Template
(\\baggins\oemmktg\tools\actplan.dot)

XYZ Company
Account Plan
A.M. Name goes here
September 21, 1992

BUSINESS

REVENUE SUMMARY

MARKETS

    Market   %

CHANNELS

    Channel   %

EMPLOYEES

COMPETITORS

RECENT BUSINESS CHANGES

MS BUSINESS

Product   Version Royalty Per License Expires Ship Value

XYZ Company
Account Plan
A.M. Name goes here
September 21, 1992

BUSINESS

REVENUE SUMMARY

MARKETS

Market   %

CHANNELS

Channel   %

EMPLOYEES

COMPETITORS

RECENT BUSINESS CHANGES

MS BUSINESS

Product   Version   Royalty   Per   License   Expires   Ship   Value

| MS OPPORTUNITIES |

MS Revenue

x $1M — FY91, FY92, FY93

Legend:
- ■ Budget
- □ Fcst/Actual

Units Shipped

Q191, Q291, Q391, Q491, Q192, Q292, Q392, Q492, Q193, Q293, Q333, Q493

Legend:
- —— Fcst/Actual
- ······ Budget

MS 0013314
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Processor Mix

Legend: ▓ 486 ☐ 386 ▤ 286 ▨ 8088/86

Quarterly Revenue

x $1M

$4.50	
$4.00	
$3.50	
$3.00	
$2.50	
$2.00	
$1.50	
$1.00	
$0.50	
$0.00	

Q191 Q291 Q391 Q491 Q192 Q292 Q392 Q492 Q193 Q293 Q393 Q493

——— Fcst/Actual   ——— Budget
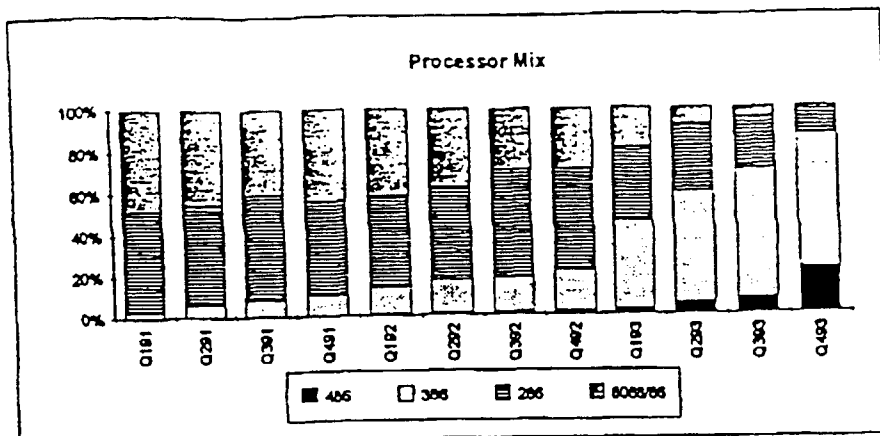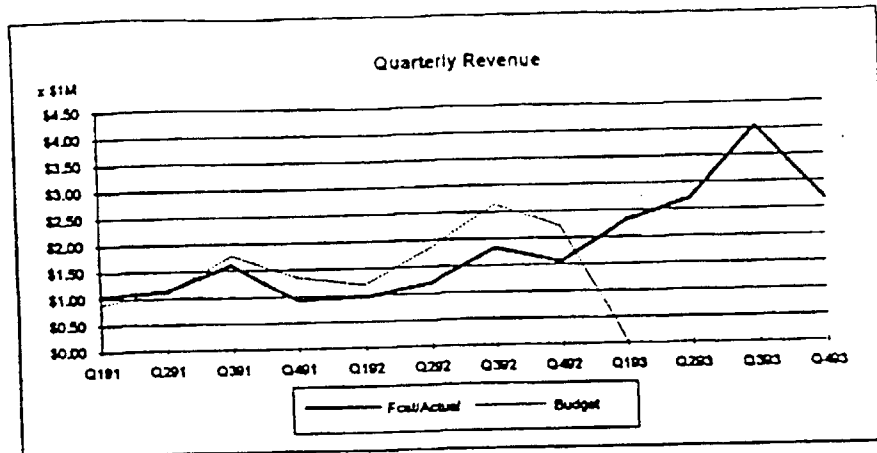
| Q__ | ACCOMPLISHMENTS |

| Q___ | GOALS |

I. Design-Ins

II. Revenue

III. Account Development

Account Plan - Sample

<div style="border:1px solid">

XYZ
Account Plan
Joe Smith
September 21, 1992

</div>

BUSINESS

XYZ is a main frame and mini computer peripherals manufacturer and systems integrator. They manufacture IBM compatible terminals, storage subsystems, high speed tape subsystems, printers, and a complete line of personal computer (Intelligent Systems). Their integration services specialize in 3270 network products, OS/2 LANMAN based PC networks, and sophisticated Gateway solutions. XYZ also manufactures magnetic computer supplies sold under the Memorex label. They also have a very profitable service division which supports all of their manufactured products. The XYZ PC division is known for their customization and build to order integration capabilities.

REVENUE SUMMARY

	Revenues	Net Margin
FY 91	NA	NA%
FY 90	$ 1.98B	-3.8%
FY 89	$ 2.24B	12.77%
FY 88	Year of Merger	NA%

MARKETS

Storage Devices (3270)	36%
Midrange Peripherals	6%
Intelligent Systems (PC's)	9%
Computer Supplies	15%
Service	25%
OEM Tape Subsystems	7%
Airline and Banking	2%

CHANNELS

Direct Sales	88%
Retail	12%

EMPLOYEES

198 field sales offices in the United States.
Owns or leases 3,073,295 square feet of manufacturing, office, sales, engineering and warehouse space.

COMPETITORS

- IBM
- Amdahl
- Compaq

RECENT BUSINESS CHANGES

- Major restructuring in August of 1991 - Moved manufacturing from Poland to LA
- All European product now manufactured/integrated in Holland
- Completed a prepackaged bankruptcy in Feb. 1992
- Expected growth for FY93 in PC shipments is expected to be less than 15% worldwide.
- Piloting a Nation wide Tele sales and mail order campaign beginning April 1992.

MS BUSINESS

Product	Version	Royalty	Per	License	Expires	Ship	Value
MS-DOS	3.3	30.00	Proc	7/1/90	9/30/93	Yes	4.9M
	4.01	30.00				Yes	
	5.0	30.00				Yes	
Windows	3.0	45.00	Copy			Yes	
OS/2	1.1,1.21	135.00	Copy			Yes	
MS Mouse	6.25	13.00	Copy			Yes	
		15.00	FinG				

ISSUES

- XYZ is struggling to establish pre-install capabilities worldwide.

- XYZ is negotiating new OEM contacts with IBM, Novel, SCO, and AMI.

MS OPPORTUNITIES

- Per Processor Windows
- Continue to be an OS/2 supplier for limited needs (Airline, Banking, Europe)
- Promotional Bundling with Office or Works
- Kanji and DOS 5.0/V Source Agreement
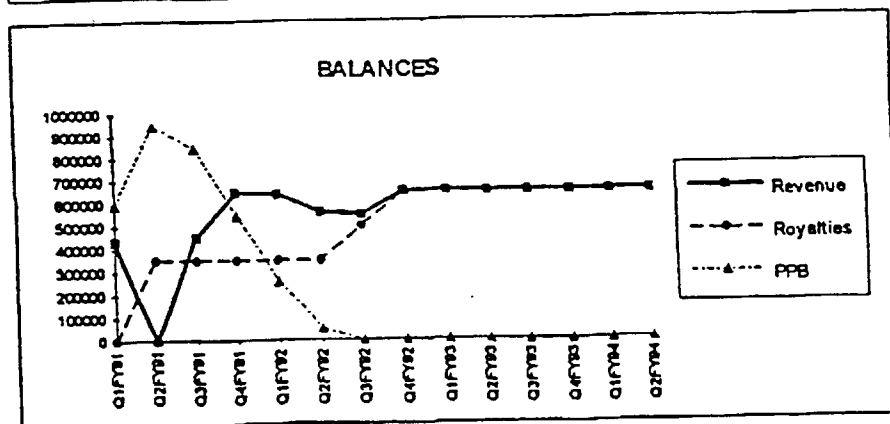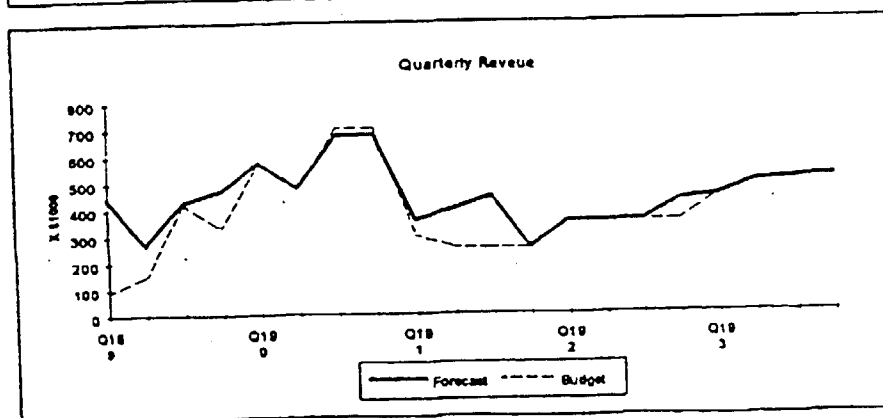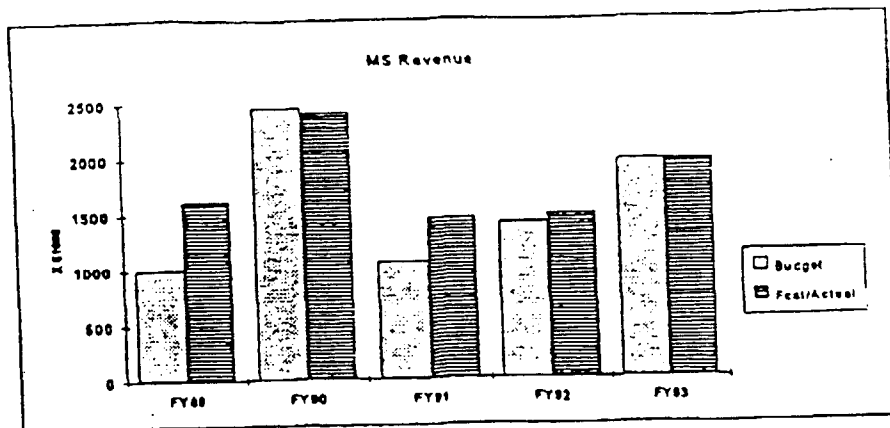
2

MS Revenue

Quarterly Reveue

BALANCES

Units Shipped

Processor Mix

Account Plan - 9/21/92

4
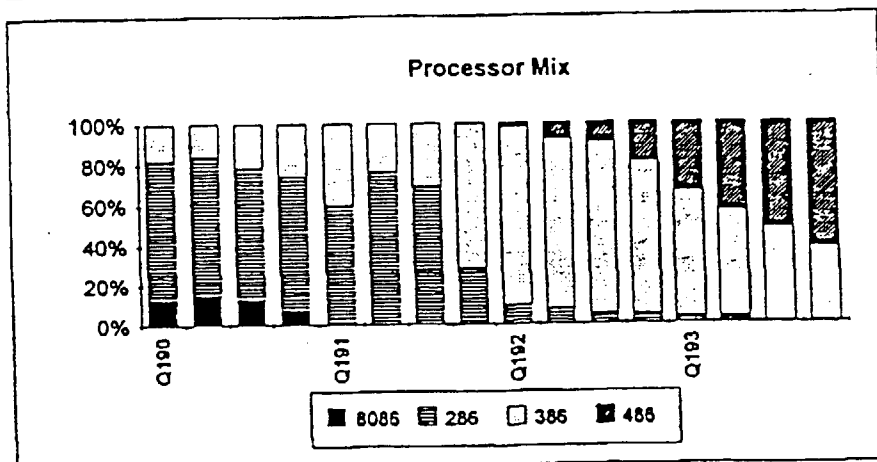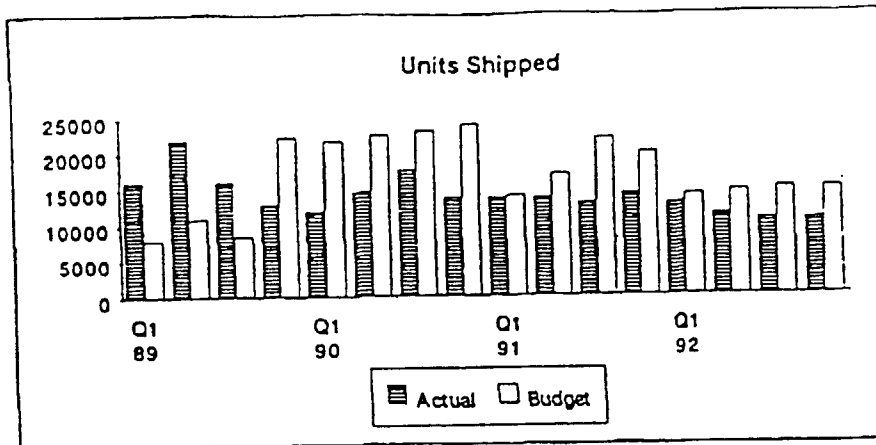
I. DESIGN-INS

1.	Qualify *Applications* opportunity at XYZ. Focus: big-boy apps.	Ongoing
•	Meet with key marketing and engineering players	Done
•	Be able to explain XYZ business model as it relates to Applications.	Done

II. REVENUE / LICENSE

1.	Study and update the existing license with an appropriate amendment.	Done
2.	Propose and advocate a per processor license agreement for Windows.	Done
3.	Deliver a MCL proposal for XYZ server systems.	Done

III. ACCOUNT DEVELOPMENT

1.	Qualify the current XYZ relationship and XYZ's 1992 Business objectives / update MAP.	Done
2.	On site meeting with XYZ staff to meet players and resolve old business.	Done
3.	Categorize buying influences and target a "coach".	Done
4.	Obtain a commitment to send at least two Engineers/Developers to WinHEC.	Done
5.	Establish a date for an Executive Review in Q4FY92.	June 1992

Q4-92 GOALS

I. DESIGN-INS

1.	Propose a promotional bundling for Applications	May
2.	Resolve International pre-Installation issues.	June
3.	Develop a Long Term strategy to cope with OS/2.	June

II. REVENUE / LICENSE

1.	Sign a new master license for Per Processor MS-DOS and Windows	May
2.	Sign a DOS/V Kanji Amendment for Source and Object.	April

III. ACCOUNT DEVELOPMENT

1.	Establish relationships with management in the Tele Sales and Field Sales organizations.	June
2.	Support XYZ's efforts for their Fortune 1000 conference series.	May

Status Report Template

Note: *The above document is currently being revised. The new form will be distributed to you separately in the near future.*

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Microsoft Corporation
One Microsoft Way
Redmond, WA 98052-6399

Tel 206 882 8080
Telex 160520
Fax 206 93MSFAX

Microsoft

September 16, 1992

Mr. John Customer
COMPANY NAME
Address 1
Address 2
COUNTRY

RE: Microsoft License Agreement #A000-1234

Dear Mr. Smith,

Enclosed is the fully executed original License Agreement for MS-DOS 5.0, dated August 15, 1992.

Please note that the due on signing payment of $_____.00 is due immediately. An invoice will be sent to you within a few days and is payable upon receipt.

Payments are to be made via telegraphic transfer to:

> Citi Bank N.A.
> 399 Park Avenue
> New York, NY 10043
>
> ABA 021000089
>
> Re: Microsoft Int'l OEM Collections
> Microsoft License Agreement #A000-1234
> Account #38468231

Thank you for licensing MS-DOS 5.0. Microsoft is looking forward to a positive and mutually rewarding relationship with you.

Sincerely,

Regional Director
Director
OEM Sales

cc: *Account Manager*
OEM License Administration File

Enclosure

MS 0013326
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MS-PCA 1118022
CONFIDENTIAL

International Customer Visit Request Form

CUSTOMER VISIT REQUEST FORM

A. CONTACT INFORMATION

1. Account name:

2. MS Subsidiary

3. Microsoft account team:
   Account Manager:
   Sales Manager:
   * Account manager must accompany customer to Redmond

B. REVIEW OBJECTIVES

1. What are your *measurable* objectives for this briefing?

2. What are the account's *measurable* objectives for this briefing?

C. ACCOUNT ATTENDEES

1. List everyone from the account planning to attend this briefing. Expand table as needed.

NAME	POSITION/TITLE (List division as appropriate.)	ROLE/BACKGROUND (Executive, Sr. Decision Maker, Technical Decision Maker, Influential User/Recommender, Other - specify)

4. What is the English language ability of the visitors?
   Excellent ( ) Good ( ) Fair ( ) Poor ( )

5. What is the technical level of the attendees?
   High ( ) Medium ( ) Low ( )

D. MICROSOFT ATTENDEES

1. List all Microsoft personnel you would like to attend the meeting. State why you feel this person's presence is needed. Expand table as needed.

NAME	POSITION/TITLE (List division as appropriate.)	WHY IS THIS PERSON NEEDED?

E. AGENDA

1. Proposed Meeting Date(s): _____

2. Proposed Location: (Redmond or other) _____
2. Proposed Meeting Start Time: _____

3. List your preference for order of topics and estimated length of sessions, expanding the table as needed.

PREFERRED ORDER OF SESSIONS	TIME ALLOTMENT	NOTES

F. KEY ISSUES

1. Do any of the attendees have hot issues/concerns to be aware of?

2. List any other Key issues that are important to know about the account or the proposed visit. (e.g., politics, hostilities between attendees)

Account Manager Development Plan

Account Manager
Development Plan
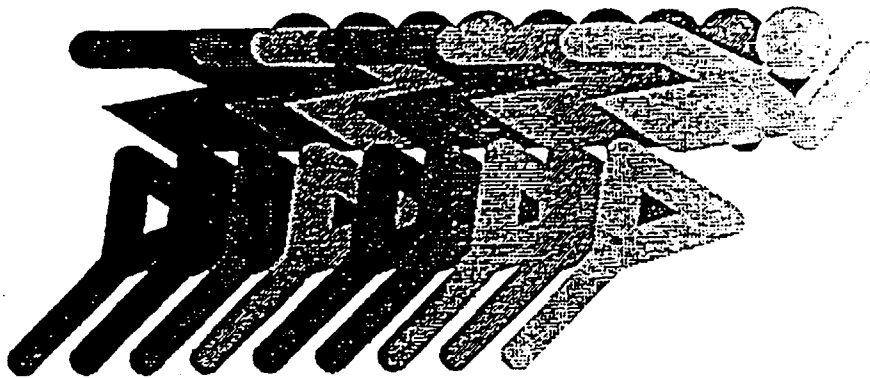
Name: _____   Position Title: _____

Group: _____   Date: _____

OEM ACCOUNT MANAGER
Job Description and Major Areas of Responsibility

Purpose
The purpose of the OEM Account Manager position is to provide a single point of responsibility/focus for management of OEM customer relationships in order to forward MS goals of setting standards and producing revenue.

Description
The OEM Account Manager is responsible for management of the relationship between Microsoft and the assigned OEM accounts. Specific responsibilities include: Defining objectives, developing and executing account plans to achieve objectives, Maintaining and growing MS revenue and account penetration; Communicating the status of current business opportunities to MS management, Forecasting future product and revenue performance, and communicating directions/plans between the companies.

MAJOR AREAS OF RESPONSIBILITY

Relationship Management
A significant responsibility of the Account Manager is the development and promotion of the relationship between MS and the OEM customer. The relationship between Microsoft and its OEM customers is crucial to Microsoft and the Account Manager is expected to own that relationship. This includes activities such as developing/cultivating relationships with key individuals within the account, looking for opportunities to strengthen the partnership through additional business, market development or promotional activities, and communication of direction/plans between the two companies.

Securing Design-Ins
This is the single most important aspect of an Account Manager's responsibilities. This is primarily a consultative sales process that results in an OEM licensing a Microsoft product or technology to be provided to end user customers as part of the OEM's solution. Operating system design-ins are crucial because they provide a long term commitment that aligns with our strategy, as well as a platform for sales of additional MS products.

Business Management
Managing the OEM business requires attention to business details related to assigned customers and products, licensing, and finance issues. This includes administrative activities such as management of order processing, tracking, and shipment, handling expediting of support or delivery issues, etc. The Account Manager is also responsible for ensuring compliance with the OEM's contract provisions, including timely submission of royalty reports and payments. From time to time Account Managers will also be called on to handle various other logistics or administrative tasks.

Protection of Microsoft Assets
Microsoft relies on the Account Manager to protect its competitive assets (trademarks, copyrights, patents, intellectual property, strategic market data & plans) and its material assets (source code, documentation, products). The Account Manager is uniquely positioned to control access to MS assets by the OEM customers. This access can be quite diverse and requires sound judgement to effectively manage.

Collection & Communication of Marketing Data
Real-time access to marketing data is vital to Microsoft's ability to see and react to market dynamics. The Account Manager plays a vital role in collecting and communicating such data to MS management and product marketing organizations. Account Managers are expected to report any interesting or potentially useful data, including data related to industry, competition, hardware, operating systems, networking, and other areas.

Account Manager Development Plan

RATING DEFINITIONS: Ratings should be in whole increments. For example, 2.0 is a valid rating but 2.5 is not.

(3) EXCEEDS PERFORMANCE STANDARDS: Consistently exceeds related requirements and expectations; performance often exceeds standards.

(2) MEETS PERFORMANCE STANDARDS: Consistently meets requirements and expectations; demonstrates successful performance.

(1) NEEDS IMPROVEMENT: Does not consistently meet related standards and expectations; inadequate performance ; demonstrates one or more deficiencies in the specified area.

Account Manager Development Plan

Contents

PART ONE   SKILLS

Contents

Account Manager Development Plan

PART ONE   SKILLS

MgM

1.   Oral Communication _____
- Verbally expresses his/her thoughts, ideas and opinions clearly

     Organization/structure _____
- Thoughts and ideas presented in an organized, structured manner
- Sticks to the topic and maintains focus
- Keeps to the level of detail appropriate for the topic

     Vocabulary/Grammar _____
- Uses words appropriately
- Follows the rules for good grammar and sentence structure

     Delivery _____
- Utilizes good eye contact, body posture
- Speaks with confidence and poise

2.   Written Communication _____
- Able to express his/her thoughts, ideas and opinions clearly in writing

     Organization/structure _____
- Thoughts and ideas are presented in an organized, structured manner
- Sticks to the topic and maintains focus
- Keeps to the level of detail appropriate for the topic

     Vocabulary/Grammar _____
- Uses words appropriately
- Follows the rules for good grammar and sentence structure
- Zero spelling errors

3.   Listening/Questioning _____
- Is not easily distracted during a conversation
- Takes the time to summarize the other parties key points
- Questions are relevant to the topic
- Questions add value to the discussion
- Asks "high-gain" questions

4.   Presentation

     Preparation _____
- Objectives for the presentation are clearly defined
- Understands the customers' needs & how they will benefit
- Uses high quality media
- Various modules of the presentation are consistent in form and content
- Information is organized in a clear and concise manner
- Presentation includes and opening, body, and close
- Has a solid understanding of the material to be presented
- Rehearses the presentation

Account Manager Development Plan

PART ONE SKILLS - CONTINUED

| | Mgr | A.M. |

Delivery _____ ____ ____
- Non-verbal skills such as eye contact and gestures are used effectively
- Makes use of verbal skills such as inflections, pauses, etc
- Visual aids are used appropriately and effectively
- Adds value to the presentation, doesn't just read the slides
- Controls the presentation well, adapts yet keeps things on track, etc.
- Adheres to time restrictions & plans
- Uses humor appropriately
- Takes command of the audience

5. Sales

Customer Service _____ ____ ____
- All customer phone calls are returned within 1 working day
- Customer contacts are satisfied (ask them)
- No customers complaints

Relationship Building _____ ____ ____
- Meets with contacts on a regular basis to refresh relationships
- Spends informal time with key contacts, away from the business setting
- "Works the organization" to accomplish specific account objectives
- Broad and deep span of contacts within the account

Leadership _____ ____ ____
- Drives the MS/OEM relationship
- Drives meetings, owns action items & issues
- Makes recommendations regarding account/MS direction
- Account looks to the A.M. for direction
- Has credibility with key account contacts

Sales Strategy _____ ____ ____
- Can describe the account strategy
- Can identify the key buyers, and their buyer type
- Has established coaches
- Can identify red flags, strengths and weaknesses
- Able to effectively assess and interpret situations, issues, and data

Sales Technique _____ ____ ____
- Can describe the sales process
- Effectively performs each step of the process:
    Creating interest
    Qualification
    Presenting the product
    Handling objections
    Close

Account Manager Development Plan

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Page 3

PART ONE SKILLS - CONTINUED

6. **Negotiation**   Mgr   A.M.

   Planning
   - Has clearly defined objectives for a given negotiation
   - Reviews the personalities of the individuals involved
   - Understands the 'win' for each of the participants
   - Clearly understands the parameters & his/her room to negotiate them
   - Understands the principles behind our terms and conditions

   Execution
   - Stays within pre-defined parameters
   - Strikes a positive balance between concessions and gains
   - Actively drives the negotiation
   - Directly and reasonably handles objections, vs. taking a 'policy' position
   - Successfully carries out negotiations with minimal management involvement

7. **Personal planning/organization**

   Goal setting
   - Uses goal setting as a central part of their activity
   - Goals do not require significant tuning by management
   - Goals are "S.M.A.R.T."
   - Uses a daily "to-do" list

   Organization
   - Maintains a structured filing system
   - Maintains a clean and organized work area
   - Is consistently prepared for 1:1's
   - Has ready access to key documents and files

   Time Management
   - Is consistently on time for meetings
   - Consistently meets his/her commitments
   - Sets expectations appropriately

8. **Administrative**

   Legal/Licensing
   - Can paraphrase the standard MS royalty license agreement
   - Understands & able to explain OEM business practices/antitrust guidelines
   - Understands OEM price guidelines
   - Can write simple license amendments
   - Understands & can explain the following key legal concepts:
     Subsidiary, Affiliate, Upgrade, adapt, acceptance, copyright, patent, indemnification, trademark, EULA, trade dress, assignment, acceleration, limit of liability, immunity, consequential damages, material discrepancy, jurisdiction, venue, restricted rights, cost or pricing data, waiver

   Finance
   - Understands & can explain the following finance concepts:
     Earned Royalties, Revenue Recognition, GAAP Adjustment, Budget, Forecast, Prepaid Balance, UPB, Recoup, Due On Signing
   - Understands the OEM billing process; minimum commitments vs earned royalties, etc.

Account Manager Development Plan

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PART ONE   SKILLS · CONTINUED

	Mgr	A.M.

Reporting _____
- Understands & adheres to status report guidelines
- Understands & adheres to meeting report guidelines
- Reports other data as appropriate

Forecasting _____
- Is able to update processor numbers
- Is able to update per-copy numbers
- Is able to add/delete customer systems
- Can produce any applicable reports
- Updates forecast info on a timely basis

Tools _____
- Able to communicate using Email on a day to day basis
- Can create spreadsheets and charts using Excel
- Can create status reports, trip reports, letters, etc. using Windows Word
- Can connect to, and copy files to and from a network share

Managing meetings

Preparation _____
- Consistently defines clear objectives for meetings
- Consistently develops a written agenda
- Reviews the personalities of the individuals that will be involved
- Briefs each of the key MS participants prior to an important customer meeting
- Understands the 'win' for each of the participants

Execution _____
- Drives meeting agenda, own action items, etc.
- Takes an active role as a participant in meetings
- Accomplishes his/her objectives
- Consistently produces a written meeting report within one week of a meeting

Account Manager Development Plan

PART TWO   KNOWLEDGE - CONTINUED

MICROSOFT KNOWLEDGE

Mgr   A.M.

1.   Organization _____ ____ ____
          **Able to describe the following information about MS:
               Executive Org chart
               Top level Systems Div Org chart
               OEM Org Chart
               Key people
               Key resources

2.   Business _____ ____ ____
          **Knows the following data about MS:
               Annual Sales, Net profit
               % Growth
               # Employees
               WW Operations
               History

3.   Products _____ ____ ____
          **For MS-DOS, Windows, NT, LAN Manager, able to describe the following product attributes:
               Description
               5 key features/benefits
               Relative market position
               Top 2 competitors
               SRP (if applicable)
               Future plans

4.   Strategies _____ ____ ____
          **Able to deliver MS's strategy in each of the following areas:
               MS Systems strategy, Info at your fingertips
               Unix
               RISC (ACE)
               Apps
               Mac
               Multimedia, Pen   .

INDUSTRY KNOWLEDGE

1.   Operating systems _____ ____ ____
          **Able to describe the basic differences between the following operating systems
               MS-DOS, OS/2, NT, UNIX, System 7 (Mac), GO, DRI-DOS

2.   Channels of distribution _____ ____ ____
          **Can describe the common channels of distribution for PC's in the U.S.

3.   Hardware standards _____ ____ ____
          **Able to name three of the common hardware standards associated with PC's
               Intel, SPARC, Motorola, ISA, EISA, ACE

4.   Key players _____ ____ ____
          **Can name five of the key players in the industry today.
               MS, IBM, Novell, Sun, Intel, OSF, UXI, Apple, DEC, etc

Account Manager Development Plan

PART TWO   KNOWLEDGE - CONTINUED

ACCOUNT KNOWLEDGE

Mgr   A.M

1.   Organization

For each designated account, can describe the following:

- Key organizations, their charter
- Key People, their role in the organization
- Are the contacts relevant to the business goals? Is the relationship an effective one?
- Inter-relationships, dotted lines
- What makes the 'machine' run

2.   Their Business

- For each significant designated account, can describe the following:

   Markets
   Products
   Future directions
   Channels
   # Employees
   Annual sales, trend
   Profitability, trend

3.   Our Business with them

- For each designated account, has ready access to the following data:

   (most recent yr/qtr, actual vs plan, trend)
   Revenue
   Processor shipments
   Processor mix
   MS product mix
   Our goals for the account
   License Administration (for each significant license)
      Products licensed
      Customer systems licensed
      Royalties
      Min commitments
      Reporting month
      Non-std language
      Expiration date

- For each significant designated account, has comitted the above data to memory

TECHNICAL KNOWLEDGE

1.   Processors

Able to name five common microprocessors used in PC's:

- 8086/88, 80286, 80386, 80486
- 68000, SPARC, etc

Can describe the basic difference between the following microprocessors:

- 8086/88, 80286, 80386
- 80486, 68000, SPARC

Can describe the following processor related terms & concepts:

- CPU, microprocessor, protect mode, real mode, multitasking
- MVDS, virtual memory, addressable memory, co-processor, graphics co-processor, interrupt, NMI

Account Manager Development Plan

PART TWO   KNOWLEDGE - CONTINUED

Mgr   A.M.

2. **Displays** _____ ___ ___
   Can name three common display architectures that have been seen on PC's.

   Can describe the following display related terms & concepts:
   CGA, EGA, VGA, XGA, TIGA, 8514, Hercules, display pitch, RGB, composite video, bit map, frame buffer, bit-blit, pixel, dithering, CRT

3. **Storage** _____ ___ ___
   Can describe the following storage related terms & concepts:
   Hard drive, Flexible drive, CDROM, Tape cartridge
   WORM, platter, track, cylinder, sector, interleave, IDE

4. **1/0** _____ ___ ___
   Can describe the following 1/0 related terms & concepts:
   Serial port, parallel port
   EISA, ISA, MCA, SCSI, 1/0 bus, DMA, control bus, address bus, data bus, expansion bus

5. **Networking** _____ ___ ___
   Can describe the benefits of a simple LAN.
   Can compare Netware and LAN Manager in simple terms.
   Can describe the following 1/0 related terms & concepts:
   Redirector, server, client, NIC, netBIOS, protocol stack, OSI model, bridge, CSMA/CD, Domain, ISO, Share, SMB, Volume, TCP/IP, Ethernet, Token ring, repeater, gateway

6. **Printing** _____ ___ ___
   Can describe the following printing related terms & concepts:
   PDL, font, Postscript, TrueImage, bit map vs. vector printing, queue

Account Manager Development Plan

PART THREE   QUALITIES

	Mgr	A.M.

Commitment
- Willing to "do what it takes" to get the job done
- Defends his/her positions with management

Initiative/Independence
- Able to operate independently without significant involvement by the Group Manager
- Frequently initiates action that contributes to individual or group productivity
- Initiates unsolicited programs and plans

Teamwork
- Flexible in adjusting to the best interests of Microsoft as a whole
- Initiates and maintains constructive relationships with other MS employees
- Willing to assist others in reaching their own goals and objectives
- Initiates unsolicited action which benefits other members of the team

Judgement
- Opinions are well grounded
- Handles sensitive situations delicately
- Accurately assesses and interprets situations, issues, and data
- The majority of the A.M.'s decisions stand unchanged

Creativity
- Develops innovative solutions to problems
- Actively participates in brainstorming & trouble shooting activities
- Challenges existing practices & recommend improvements

Additional Contributions
- Makes additional contributions beyond achievement of account goals

Self growth
- Examines his/her performance on an ongoing basis and look for areas of improvement
- Follows through on self development plans

Accountability
- Accepts responsibility for his/her own performance
- Takes ownership of MS policies & practices when communicating with customers
- Responds to setbacks by owning problems rather than assigning blame

Attitude
- Responds positively to difficult assignments
- Enthusiastic and upbeat
- Has a 'can do' approach
- Reacts to difficult situations or problems as opportunities

Goal Attainment
- Consistently meets his/her quarterly goals and objectives

Account Manager Development Plan

SECTION II TRAINING AND DEVELOPMENT OPTIONS

ORAL COMMUNICATION SKILLS
  Toastmasters
  Effective Executive Speaking - AMA
  Interpersonal Review Skills - MS HR
  Managing Interpersonal Relationships - MS HR
  The Grammar Course - AMA
  Writing, Speaking, Listening for Successful
  Communication - AMA

WRITTEN COMMUNICATION SKILLS
  Effective Business Writing - MS HR
  Sharpen Business Writing Skills - AMA
  The Grammar Course - AMA
  Writing, Speaking, Listening for Successful
  Communication - AMA

LISTENING SKILLS
  Selling your Ideas - MS HR
  Writing, Speaking, Listening for Successful
  Communication - AMA

PRESENTATION SKILLS
  Effective Presentation Skills - AMA

CUSTOMER SERVICE.
  Exceeding Customer Expectations - Fortune

STRATEGIC SELLING
  Strategic Selling - Miller Heiman
  Creative Selling Strategies - Fortune
  Principles of Professional Selling - AMA
  Strategies for Selling Technical Products - AMA
  Value-Added Selling - AMA

TACTICAL SELLING
  Selling your Ideas - MS HR
  Creative Selling Strategies - Fortune
  Fundamental Selling Techniques - AMA
  Principles of Professional Selling - AMA

NEGOTIATION
  Karras Negotiation Seminar
  Non-Manipulative Negotiation - Fortune
  Negotiating to Win - AMA

PLANNING, TIME MANAGEMENT
  Time/Business Organization Workshop - MS HR

LEGAL
  OEM Legal/Finance Training

FINANCE
  OEM Legal/Finance Training

FORECASTING
  OEM Forecasting Training

TOOLS (WORD, EXCEL, WINDOWS, MAIL, ETC)
  MS Apps Training

MANAGEMENT OF MEETINGS
  Career Planning Skills - MS HR

TECHNICAL KNOWLEDGE
  Chip Talk - TRIO
  Hardware Basics - TRIO
  Inside the IBM PC (MS Press book)
  Hardware Management (MS Press Book)
  Know Your Computer (MS Press Book)

Account Manager Development Plan

Account Assessment Methodology

Account Assessment Methodology

Our goal is to be the preferred software vendor for each of our OEMs. We can accomplish this goal by ensuring we have a strong interpersonal relationship with our customers and by providing them with products and programs that help the customers attain success in their markets. In order to do this, we must have a solid understanding of our customers' business and what it takes for them to succeed in their markets.

Included in this document is a series of questions about your OEM account. The questions are designed to help you determine your customer's "success factors", and the strength of the relationship between the customer and Microsoft. The questions are divided into two parts. The first section will help you identify the value system, or success factors, necessary for your account to be successful in its market. The second section helps you measure your customer's satisfaction with Microsoft (i.e., to what extent the account does business with Microsoft because it *wants* to versus because it *has* to).

Many of the questions can be answered by you and your group manager. However, for certain questions, you will need to seek information from within your account. Once this information gathering is complete, you should work with your group manager to devise a plan (strategy) that will assist your account in being successful and also strengthen the relationship. The plan may consist of a number of existing, newly developed or special programs tailored to the specific needs of your account. In addition, you need to strategize specific ways to improve the various interpersonal relationships Microsoft has within the account. Attached is a planning tool designed to help you develop and track your strategic plan.

Account Assessment Worksheet

Customer Name

A. The OEM's Value System (Success factors)

1. Fill in the charts below regarding the customer's business:

Channel	% Today	Est % in 2 Yrs.	Customer's Competitors	Customer's Major Strengths
Dealer				
Manufact. Direct				
Mail Order				
Electronic Whse.				
Mass Merchant				
VAR				
Distributor				
OEM				

Channel	Customer's Major Weaknesses	Proposed New Programs/Products/Services
Dealer		
Manufact. Direct		
Mail Order		
Electronic Whse.		
Mass Merchant		
VAR		
Distributor		
OEM		

2. What new products (or technologies) will your customer be announcing over the next 6 months?

3. What are your customer's top three goals over the next year?

   a.

   b.

   c.

4. What success factors are critical to your customer's achievement of the above goals?

5. What types of vendor programs does your customer find useful in helping it to succeed?

6. What types of programs, services or products would your customer like to see MS offer?

B. Strength of the Relationship

Microsoft Product	Current Licensee (yes / no)	Distributes Competing Product	Prospect for MS Product (yes / no)	% Likelihood will License w/i 12 mos
MS-DOS				
Windows				
Win / Wrk Grps				
NT				
Consumer Apps				
Mouse				
Ballpoint				

2. When was the last *Executive Review?*

3. Who attended and what position(s) do they hold in the company? Who attended from MS?

4. Fill in the table below outlining the key contacts in each area of your account

Department	Key Contact	Person at MS They Talk to on Regular Basis
Executive		
Sales		
Marketing		
R & D		
Engineering		
Finance		
Purchasing		

5. Do we have an effective "coach" in the account?

6. If yes, at what level in the company is this person?

7. On a scale of 1-10 with 1 being a reluctant licensee and 10 being they view MS as their "preferred vendor," how would you rank your customer?

```
     1    2    3    4    5    6    7    8    9   10
     |--------------------|-----------------------|
   reluctant            okay                    preferred
   licensee                                     vendor
```
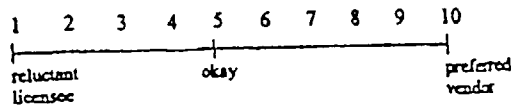
8. How do you think MS senior management would rank your customer?

```
     1    2    3    4    5    6    7    8    9   10
     |------------------|-------------------------|
   reluctant          Okay                     preferred
   licensee                                    vendor
```
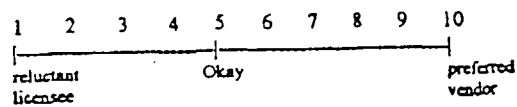
Account Relationship Plan

1. Customer Name: _____

2. Account Manager: _____

3. Date: _____

4. Current position on the "Relationship Barometer":

```
1   2   3   4   5   6   7   8   9   10
├───────────────┼───────────────────┤
reluctant           okay            preferred
licensee                            vendor
```
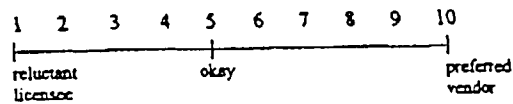
5. My position vs. the competition *(check one column for each MS product)*:

Microsoft Product	Exclusive	Dominant	Shared	Zero
MS-DOS				
Windows				
Win / Wrk Grps				
NT				
Consumer Apps				
Mouse				
Ballpoint				

6. There are many different people in an account that influence the relationship. List all of the key influencers in each of the following areas and how they rate the importance of their company having a strategic relationship with Microsoft (rating of 1 to 4, where 1 = not important at all and 4 = very important; if you do not know how they feel, enter "unknown").

Department:	Name:	Title:	Importance of Relationship:
Executive			
Sales			
Marketing			
R & D			
Manufacturing			
Engineering			
Finance			
Purchasing			

7. List the areas within the account where you do not have a good contact (e.g. manufacturing or purchasing).

8. Summarize your position in the account today.

Who likes us:	Why?

8. *(continued)*

<u>Who does not like us:</u>   <u>Why?</u>

9.   In your Account Assessment Worksheet, you identified the success factors critical to the success of your customer. List the five most important success factors below. Limit them to the customer's two primary channels or new channels they may be entering.

   a.

   b.

   c.

   d.

   e.

10. Outline an action plan that will help move your customer toward the "Preferred Vendor" end of our customer satisfaction scale. We can improve our relationship with your OEM by focusing on two main areas: improving interpersonal relationships with key influencers and by helping the customer attain it most important success factors. Refer to the list of "Suggested Programs" at the end of this document for ideas that might apply to your customer. Outline below your action plan to address these areas. You will want to develop and share applicable parts of this plan with your customer and meet with its personnel periodically to specifically monitor progress.

Influencer	Action	Completion Date

Success Factor	Action/Program	Completion Date

11. Include the various items of your action plans in your present GOKRs

12. You should meet with your group manager during the next 3 months to evaluate your progress and define necessary modifications and refinements to the plan. Set the dates of these meetings and enter them below:

Date #1: _____

Date #2: _____

Date #3: _____

13. Choose a date to visit your customer to discuss the progress of your plan.

    Date: _____

14. Choose a date five months from today and schedule the following events:

    a. A time to re-answer the questions on the Account Assessment worksheet to see if our relationship with your customer has improved.

       Date: _____

    b. A telephone call between your group manager and a key influencer at your account to evaluate the state of the relationship.

       Date: _____

Suggested Programs

Channel	Programs
Dealer	co-marketing, joint seminars, sales training videos
Manufact. Direct	Pre-install apps, sales and tech training, speak at users groups, joint sales calls
Mail Order	
Electronic Whse.	Pre-install EBU apps, end user training; Upgrades
Mass Merchant	
VAR	Lan certification, hard disk pre-install
Distributor	
OEM	Speak at user groups

Examples

1. Tandy — Works for Windows video — filmed at Tandy — MS provided s/w and talent — used to train sales force on how to sell Works

2. Compaq — Ballpoint exclusive when they rolled out new laptops

3. Unisys — presented at end user groups

4. Gateway 2000 — sales and technical support training for Gateway personnel.

5. Zenith — Tee shirts for sales force — company morale.

6. Dell/Zenith — seed copies of MS software — you sell what you know.

Six Steps to a Successful Executive Review

Six Steps to a Successful Executive Review

1. Establishing the need for an Exec Review
2. Scheduling
3. Setting the objectives
4. Setting the agenda/preparation
5. Running the meeting
6. Follow-up

1. Establishing the need for an Executive Review

Executive request for a meeting

Urgent issue(s)

Relationship requirement

Signed license "kick off"

Reorganization/new key players

One year since previous Exec Review

2. Scheduling

Sixty days in advance– *gives you enough time to get the meeting on all calendars (executives, presenters, etc.), plan agenda/objectives, etc.*

Establish relationship with OEM's admins– *this helps in scheduling, travel plans, understanding OEM exec's objectives/questions, learning idiosyncrasies, food preferences.*

Establish relationship with exec. coach– *use your contact to get to new contacts who can give you perspectives from the executive level/viewpoint.*

Include key players only– *limit number of attendees in order to keep a manageable number in the meeting room, keep it "executive level", should really keep it to one MS exec in the room at a time, group thought Mikehal is very receptive to attending Exec Review meetings.*

Schedule your presenters. *It was suggested that demos be done over lunch.*

3. Setting the objectives

Agreed upon goals on both sides– *everyone attending should know exactly what to expect during the meeting and be interested in it.*

Understand both company's goals– *understand WHY an OEM wants to discuss a certain topic or learn about a new product.*

Inform your MS attendees/presenters of goals– *brief every MS presenter/attendee about the OEM, current data (shipments, design wins– MAP), what role you want them to take in the meeting, what you want to end up with at the end of the meeting.*

Tell OEM what MS wants to know– *OEM should be fully aware of why MS wants this meeting.*

Tell MS what OEM wants to know– *tell everyone attending why your OEM is coming to MS.*

Set expectations on both sides– *make sure everyone has reasonable expectations about what can be accomplished in one meeting– probably lots but not everything!*

4. Setting the agenda and preparation

Work w/the System Mktg Group- Tomsh- *get the right people to do presentations, discuss critical issues.*

Plan a 'realistic' agenda- *there's only 8 hours in a day- don't plan too much or you'll run out of time for the important issues. Quality not quantity.*

Logical order of presentations- *schedule presentations like building blocks (i.e. DOS, Windows, OS/2, etc.) so it 'all makes sense'.*

Talk to your presenters - see their slides- *be fully prepared for everything that will go on that screen- no surprises. This is not easy, to say the least, given how few presenters know what they'll say in advance.*

Professional quality presentations- *most presentations have been done before for other OEMs or MS events and are on the net in PowerPoint format. Work with Corpcom (Jodyd) to make sure they're all the same standard MS format- very impressive. How can we expect our OEMs to use our products if we don't?*

Set presenters' expectations about time- *warn them about your schedule and time constraints so you stay on schedule.*

Schedule breaks and lunch- *gives you time to 'catch up' if you fall behind.*

5. Running the meeting- staying on schedule

Set attendees' expectations at introduction about time limit vis a vis objectives- *make them understand that its in their interest to stay on schedule so they get the most out of their day.*

Learn the equipment in the conference room- *don't rely on the technical facilities people to move your screens up and down- chances are, they'll be out to lunch when you need them. Learn the lights, drapes, screens, what server the presentations are on, etc.*

Have someone take notes, reschedule if needed, worry about catering- *make sure they sit close to you so you don't have to get up to tell them what you need (distracting). Take notes too but someone else may catch something you missed while you were facilitating.*

Pay attention to the meeting/presentations- *you're more important than just a scheduler or facilitator so pay attention to the meeting and participate. Besides, if you don't listen, why should your visitors?*

One conversation at a time- keep control- *stay in charge of the meeting at all times and keep side conversations to a minimum if at all.*

Acknowledge comments, then move on- *if you're running late and you have a long-winded visitor, listen, acknowledge their comment, ask to take it off-line and move on. Be courteous but firm, especially if the subject isn't particularly important with respect to the objectives of the meeting.*

Know presenters' time flexibility- *if you and your assistant know when people can be moved throughout the day, its easier to jockey people around if you have to.*

6. Follow-up

Relax and congratulate yourself

Write the meeting report within one week- *its easier to remember everything this way.*

Include attendees, objectives on report

Don't recite events of the day nor tell a story

Party Eastern

Report on Issues/opportunities/news

Keep the report brief— *no one will read a novel.*

Include action item list with owners— *make sure everyone remembers what they promised to do, especially the OEM executives.*

Thank-you notes - coach, executives— *thank people for their assistance in making the meeting a success.*

RESOURCES:

Jody Derman, Corporate Comm. - slides

Tom Sherrard, Sys Mktg - presenters

Your admin - lunch, room, scheduling

Your manager - agenda feedback

Your account - attendees, objectives

Kellyw and Pattye - help, direction

Darcyr suggests that Suel may be able to help OEM since she plans Executive Briefings for SMSD.

PSS Support Offerings

OEM Support
PROFESSIONAL LEVEL

Professional Support is designed primarily for large Microsoft OEM accounts seeking priority technical assistance on software adaptation issues with Microsoft OEM products. Additional support options include, software development support and support of Microsoft networking products.

One-to-One Support: Priority access is available to OEM Developer Support engineers.

Escalation Management: Customer can rely on an escalation process involving management designed to resolve support incidents.

Support Access: Unlimited Service Requests (SR - customer initiated support requests) can be sent electronically only (no telephone access); electronic SRs are submitted using Microsoft OnLine for Windows software accessing the General Electric Information Systems (GEIS) network; unlimited access to GEIS is included.

Response Time: PSS guarantees response or progress update for all SRs within 24 hours of receipt by Microsoft.

Availability: PSS responds to SRs from 6:00 am to 6:00 pm, Monday-Friday, Pacific time (excluding holidays).

Product Information: Access to Microsoft's Knowledge Base (database of technical product information provided by Microsoft) and access to Microsoft's Software Library using OnLine for Windows software.

Number of Contacts: One customer contact for this support offering.

Satisfaction Guarantee: 60-day unconditional money-back guarantee.

Modules:	OEM Software Adaptation	Networking	Developer
Environment	Software Adaptation	Systems Administration/ Operations	Software Development
Audience	Ensures Microsoft systems software operates on OEM hardware	Ensures networks can run sophisticated production-level projects	Focuses on the development of applications
Key Microsoft® Products®	OEM adaptation kits, OEM distribution kits.	LAN Manager, Mail, SQL Server, Gateways	Software Development Kits, Languages
Price per Year	$2,500	$5,000	$2,500

For more information about Professional Support for Microsoft OEMs, call your Microsoft OEM account manager at (206) 936-8844.

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Microsoft

OEM Support
PREMIER LEVEL

Premier Support is one of Microsoft's highest levels of technical support for Microsoft OEM accounts desiring a direct support relationship with Microsoft with the added resource of a designated Strategic Account Engineer. Premier Support is designed primarily for large OEM accounts seeking technical assistance on software adaptation issues with Microsoft OEM products. Premier Level OEM support is composed of four modules corresponding to software adaptation, development, networking. and application environments designed to meet all OEM support needs. Premier OEM Developer Support can be purchased at the price noted below only if OEM Premier Software Adaptation Support has been purchased.

One-to-One Support:	Strategic Account Engineer (SAE - Microsoft's most senior technical engineers) assigned to an account; in-depth knowledge of account profile needs, hardware configuration, etc. by SAE allows for more responsive, customized support; SAE "owns" support issues and ensures resolution.
Account Reporting:	Monthly electronic reports and quarterly hard-copy reports summarizing account's support activity; reporting allows account to have an overall picture of how support is used and to track support issues.
Escalation Management:	Customer can rely on an escalation process, involving management, designed to resolve support incidents.
Support Access:	Unlimited Service Requests (SR - customer initiated support requests) can be sent via telephone or electronically;electronic SRs are submitted using Microsoft OnLine for Windows software accessing the General Electric Information Systems (GEIS) network; unlimited access to GEIS is included.
Response Time:	PSS guarantees response or progress update for all SRs within four hours of receipt by Microsoft.
Availability:	PSS responds to SRs from 6:00 am to 6:00 pm. Monday-Friday. Pacific time (excluding holidays).
Product Information:	Subscription to Microsoft's Knowledge Base on CD ROM (database of technical information provided by Microsoft), updated monthly; access to Microsoft's Software Library and Knowledge Base using OnLine for Windows software.
Contacts:	Four customer contacts included with this support offering; additional contacts can be purchased on a per-contact basis.

Satisfaction Guarantee: 60-day unconditional money-back guarantee.

Modules:	OEM Software Adaptation	OEM Developer (option)	Networking	Applications
Environment	Software Adaptation	Development	Systems/Admin Operations	Help Desk/Info Center
Audience	Ensures Microsoft systems software operates on OEM hardware	Requires high level of support for applications development	Ensures networks can run sophisticated production-level projects	Provides centralized support to end-users
Key Microsoft* Products*	OEM adaptation kits, OEM distribution kits	Software Devel. Kits, Languages	LAN Manager, Mail SQL Server, Gateways	Desktop applications, Windows Environment
Price per Year	$15,000 $5,000 per additional contact	$5,000 $5,000 per additional contact	$15,000 $5,000 per additional contact	$10,000 $3,000 per additional contact

For more information about Premier Support for OEMs, call your Microsoft OEM account manager at (206) 936-8544.

Microsoft

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The Microsoft Support Connection is designed to provide support professionals easy access to technical information and tools to better support customers with Windows applications. The Windows 3.1 Support Connection consists of the following components:

Product Information:	Subscription to Microsoft's technical CD ROM which includes the Knowledge Base, a database of technical product information–bug lists, fix lists, documentation errors, and common questions and answers. This is the same technical information used by Microsoft's Product Support Services technicians to diagnose and resolve customer problems. Distributed monthly on CD ROM.
	Private forum on CompuServe® providing a resource for technical information including access to Microsoft engineers and information exchanges and dialogs among peers. Access to this forum is available 7 days/week, 24 hours/day. Microsoft will respond within 24 hours of receipt of request. Standard CompuServe connect charges apply. The *Support Professionals* CompuServe forum is both hidden and private. Once enrolled in Support Connection, to access the forum while in CompuServe type: *GO SupProf.*
	Microsoft Technical Support Library - free access to technical notes on a wide variety of topics related to Windows. Microsoft Drive Library - free access to compatible devise drivers. Both of these services are accessible through Microsoft Product Support Download Service (MSDL) use your modem to call (206) 637-9009.
Product Support Training:	Regularly scheduled support training classes will be available for Microsoft Windows and Microsoft Windows applications. Through this program, we will proactively announce the availability of support training classes either available through Microsoft Product Support Services or other training organizations within Microsoft. Upon acceptance in this program, you will receive a complete schedule of upcoming classes. Classes are tentatively scheduled for Aug/Sept.
One-to-One Support:	You may designate up to four support engineers as your organization's contacts to access a team of engineers specially trained to deliver product support to support professionals. This team of engineers will respond to phone support requests from 6am to 6pm Pacific time, Monday through Friday, excluding holidays.
	Each month, hardcopy reports consolidating support activity will be distributed.
Information Required from Members:	Monthly reporting of Windows call statistics -- problem category, length of call, total number of calls and product enhancement suggestions based on product supportability.

Enrollment in this program is limited based on eligibility requirements.

June 1992

Support Connection for Microsoft Windows™ 3.1 — Application

Upon receipt of this application you will receive confirmation of enrollment and additional details on specific program components including how to access the private CompuServe forum, the priority access phone number, and a schedule of Microsoft Window and Windows application workshops for support professionals

Please complete the following and return by August 31, 1992 to:

Janel Bersanti-Madrazo
Microsoft Corporation
One Microsoft Way
Redmond, WA 98052-6399
FAX (206) 93MSFAX

I. Participation Requirements.

- Members agree to the following:
  - Monthly reporting of Windows call statistics

II. Contact Information.

Company Name _____

Address _____

City _____ State _____ Zip _____

Business Phone Number (_____) _____

Fax Phone Number (_____) _____

Date _____

Please indicate the name of the person who should receive marketing information about this program:

1. _____

Please indicate the names of the four engineers who will have priority access to Microsoft technicians:

1. _____ 3. _____

2. _____ 4. _____

III. Microsoft Product Support Training

Would you be interested in training on Microsoft Windows 3.1 or other Microsoft Windows application for you support engineers.

	Yes	No
Microsoft Windows 3.1	_____	_____
Microsoft Word for Windows	_____	_____
Microsoft Excel for Windows	_____	_____
Microsoft Work	_____	_____
Other		

Topics you would like covered in a Windows 3.1 workshop: _____

_____

What level training would you prefer?   Novice _____ Intermediate _____ Advanced _____

IV. CompuServe Private Forum

In order to access the private forum on CompuServe, please provide your CompuServe account number.

CompuServe access number _____

V. Comments

_____
_____
_____
_____

"Spanky"

Listed below are the categories of "spanky!oemdb" messages that are currently available in the OEM Business System (Ingres). Note: these messages were formerly called "DARLA" messages.

Type	Description
ar	Accounts receivable messages 1. Invoice sent 2. Credit memo sent 3. Debit memo sent 4. Journal entry 5. Payment received
mc	Minimum commitment reminder and invoice overdue messages. 1. Invoice overdue at least 7 days. 2. Invoice overdue at least 15 days.
ls	License signed messages
am	Amendment signed messages
sh	Shipment messages 1. Shipment requested 2. Shipment made
r1	Royalty report received messages
r2	Royalty report due in 15 days messages
r3	Royalty report due in 7 days messages
r4	Royalty report overdue at least 15 days messages.

Account managers receive all of these messages for each of their accounts. If you are not receiving these messages when you believe you should, please tell your license administrator. Indicate your name and specify the messages you want to receive.

«DATA c:\word5\dinero\accdata.dat»«SET date=?Enter [DATE]»

«date»

«notices»
«IF company»«company»
«ENDIF»«address1»
«IF address2»«address2»
«ENDIF»«city», «state» «zip»
«IF country»«country»
«ENDIF»

Re: «product» «version» Product Delivery under Microsoft
     License Agreement #«license».

Dear «IF salutation»«salutation». «lastname»,
«ELSE»Sir:«ENDIF»

Our records indicate that Microsoft completed delivery of
«product» «version» on «deldate».

This letter notifies you that delivery is now complete under
the terms of License #«license». Please refer to the license
for additional delivery and acceptance information.

Should you have any concerns regarding this delivery, feel
free to contact us. Please indicate your license agreement
number «license» on all correspondence.

Sincerely,

OEM License Administration
MICROSOFT CORPORATION

cc: «acctmanager»

«DATA c:\word5\dinero\deldata.dat»«SET date=?Enter [DATE]»

«date»

«notices»
«IF company»«company»
«ENDIF»«address1»
«IF address2»«address2»
«ENDIF»«city», «state»   «zip»
«IF country»«country»
«ENDIF»

Re: «product» «version» Product Acceptance under Microsoft
     License Agreement #«license».

Dear   «IF   salutation»«salutation».
«lastname»:«ELSE»Sir:«ENDIF»

Our records indicate that Microsoft completed delivery of
«product» «version» on «deldate».

The license provides for a «accper» day acceptance period.
The acceptance period has now expired.

Microsoft has not received written notice of rejection as
provided for in the license. Therefore, Microsoft now
considers the product accepted.

Please refer to the license for complete acceptance, royalty
reporting and financial obligations.

Sincerely,

OEM License Administration
MICROSOFT CORPORATION

cc: «acctmanager»

«DATA c:\word5\dinero\dnupltr.dat»«SET date=?Enter Date»

«date»

«notices»
«company»
«addr1»
«IF addr2»«addr2»
«ENDIF»«city», «state» «zip»
«IF country»«country»
«ENDIF»

RE: «product» «version» Product Shipment under Microsoft
     License Agreement #«licnum».

Dear «IF salutation»«salutation».
«lastname»:«ELSE»Sir:«ENDIF»

Our records indicate that Microsoft shipped «product»
«version» on «shipdate».

Shipment was made to: «shipto», «company».

Please refer to your license agreement for specific terms
and conditions regarding this product.

If you have any concerns regarding this shipment, please
contact us. The license agreement #«licnum» should be
included on all correspondence.

Sincerely,

OEM License Administration
MICROSOFT CORPORATION

cc: «acctmgr»

«DATA c:\word5\dinero\drorelta.dat»«SET DATE=?[DATE]»

«DATE»

«fullname»
«company»
«addr1»
«IF addr2»«addr2»
«ENDIF»«city», «state» «zip»
«country»

Re: Royalty Report Due - Microsoft License Agreement (License
     Agreement No. «contractid».

Dear «IF ctsalute»«ctsalute». «ctlname»:«ELSE»Sir:«ENDIF»

Our records indicate that a royalty report is due on
«rsdtedue» for the Microsoft product(s) licensed in the above
referenced agreement. The period to be reported is from:
«rsstart» to «rsend».

Microsoft is providing the royalty report form to facilitate
the royalty reporting process. The royalty report form
contains a line item for each licensed product. Please
provide all requested information. If there has been no
royalty activity during the reporting period, this must be
indicated on the report as 0 in the "Number Shipped"/"Copies
Shipped" column. This will enable us to maintain your account
and avoid having to contact you to obtain this information.
Please complete and return all pages of the royalty report
form to Microsoft.

If you require assistance in completing the form, please
contact your account representative.

Reports should be sent to: MICROSOFT CORPORATION
                               One Microsoft Way
                               Redmond, WA 98052-6399
                               Attn: Pat Reese

Thank you for your timely attention to this matter.

Best regards,

«IF acctmgr="Sheri Vail"»
Sheri Vail
OEM Account Manager
«ELSE»
OEM License Administration
«ENDIF»

cc: «acctmgr»

Attachment(s)

Glossary

Glossary

Legal / Licensing Terms

Acceleration
The process through which the customer's minimum commitments under an agreement become immediately due. The standard MS license agreement provides for acceleration in the event of a customer's breach of specific provisions; in this case, all minimum commitments under the agreement become immediately due to MS. This is similar to the process a bank follows when it "calls in a loan" of a customer.

Acceptance
When an agreement is signed or when product is shipped to an OEM, the OEM has 30 days to evaluate and test the product to ensure that it meets specifications. If the customer does not report deviations from specifications within the 30 day period, or if the OEM ships the product to a customer for revenue, the product is deemed "accepted". Shipment of the product by an OEM also impacts the term of the agreement and the flow of minimum commitment payments to MS.

Adapt
To adapt or modify a MS product (usually supplied in OAK form) to run on a particular computer system. The process of a customer's conversion of an OAK to a shippable product.

Assignment
The process in which a company transfers the rights and obligations under an agreement to another firm. MS does not typically allow assignment, except in cases where a firm is purchased by another (i.e., more than 50% ownership). Source code is usually excluded from assignment under any condition.

Copyright
The exclusive right provided by law to reproduce literary, artistic, dramatic or musical work for a specified number of years. Also applies to computer software.

Consequential Damages
Damages which occur as a result of using a MS product. For example, an accountant who was sued by his client due to data that was improperly calculated in Excel (even if due to a bug in Excel), or a company that suffered a large loss of data due to a bug in MS-DOS. Our OEM agreement and our EULA (typically all vendors' agreements) specifically exclude liability for consequential damages.

EULA
The End User License Agreement is the agreement between the manufacturer or licensor of a product and its end user. End users typically "agree" to the terms of the EULA via a "break-the-seal" agreement on the software package. In cases where software is pre-installed on a hard disk, the EULA may be implemented via a "break-the-seal" sticker over the computer's power switch.

Indemnification
To reimburse another party for harm or loss incurred. Our standard agreement provides that MS will indemnify our OEMs against claims of copyright or trade secret violations brought by third parties against the OEM relating to MS products.

Jurisdiction
The legal power to enforce and administer the law. The standard agreement provides for jurisdiction by courts in the State of Washington. The standard agreement also provides that the laws of the State of Washington will apply to and be used to interpret the agreement. MS chooses Washington as it is one of the few states which have a concentration of software businesses and are most likely to have computer software laws.

Limit of Liability
MS limits its financial exposure under the agreement. Typically, this limit equals the amount that has been paid to MS by the customer. The basis for this limit is that MS is not willing to take on more risk than the amount of revenue opportunity provided in the agreement.

Material Discrepancy
In the context of the standard MS license agreement, this term refers to the difference between the royalties reported by an OEM and what the OEM *should have* reported, as determined by an audit. A difference is deemed to be *material* if it is equal to or greater than the lesser of either: 1) $10,000; or 2) 5% of the amount that should have been reported. If the discrepancy is material, the OEM reimburses MS for the cost of the audit. If the discrepancy is not material, MS pays for the audit.

Patent
The exclusive right to reproduce an invention for a specified number of years. In the case of computer software, patents are typically for unique and novel algorithms or other processes carried out by the software. Patents are typically granted for a particular function within a software title, not an entire software product.

Restricted Rights
Federal law provides that products which are distributed to the federal government can be copied without restriction by the government unless the products are designated as products with *restricted rights*.

Subsidiary
A company with more than 50% of its stock controlled by another firm. In the standard MS license agreement, the controlling firm is defined as "COMPANY".

Trade Dress
The packaging, color scheme, design, etc. of a product package. Essentially, the "look and feel" of the product packaging.

Trademark
The exclusive right provided by law to use and reproduce a distinctive name or symbol for use in conjunction with marketing a product. This right is only granted for a specified period of time.

Upgrade
A copy of a more powerful or newer version of a product provided to an existing end user of the product.

Venue
Defines where a legal proceeding may take place. Our standard agreement provides for venue in the State of Washington. This means that any legal proceeding would be brought before a state or federal court in Washington.

Waiver
An exemption which frees a customer from a particular license requirement.

Finance Terms

Budget
Every "forecasted" customer has a revenue and processor budget for the fiscal year. These budgets are "locked" at the beginning of the year and do not change. The individual customer budgets roll up into the overall OEM division budget. The importance of the revenue budget is obvious. The consolidated processor budget helps MS management understand industry trends (e.g., processor mix) and impacts our product development decisions.

Due on Signing
License agreements typically have a part of the minimum commitment that is due when the agreement is executed. This is referred to as the "due on signing".

Earned Royalties
These are royalties which have accrued on an OEM's shipment of its computer systems or copies of MS software (also referred to as "actual royalties"). Earned royalties are communicated to MS via the customer's quarterly royalty report.

Excess Royalties
The amount by which a customer's earned royalties exceed its minimum commitment for a period.

Forecast
After the budget has been set for the fiscal year, the Account Manager continues to receive new information (e.g., royalty reports, company news, etc.) that will affect his/her forecast of the volume of business an OEM will do in the future. In order for us to monitor these changes and understand their impact on our business, the Account Manager is required to maintain an on-going six-quarter rolling forecast of customer machine shipments and the resulting revenue contributions to MS. The relationship between budget, forecast and actual results are continually monitored to evaluate the business and trends in the industry.

Prepaid Balance (PPB)
PPB for a license represents the excess of cumulative paid minimum commitments over cumulative earned royalties, as of a certain point in time. As defined in Exhibit B of the standard license agreement, PPB is "recoupable" (that is to say that the customer receives value for PPB) via future earned royalties in excess of future minimum commitments under the license. This is important because the existence of PPB may impact the future amount of revenue that MS recognizes under a license agreement.

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Recoup

Recoup means "to get back". Recoupment is the process in which an OEM gets the benefit of any prepaid balance that may exist on its license agreement. If a prepaid balance exists and the OEM's earned royalties for a period exceed the related minimum commitment, the prepaid balance is *recouped* to the extent of such excess. Consequently, the OEM would not owe MS any additional money for reported excess royalties, to the extent that such excess royalties were less than the existing prepaid balance.

Revenue Recognition

An accounting term relating to when revenue from an event is recorded (recognized) on MS' books. For example, an OEM ships 1,000 systems during Q3, but we don't bill the associated royalties until the OEM reports the activity to us in Q4...a report based upon revenue recognition will show the product units and associated dollars as Q4 activity. Basically, revenue recognition occurs when MS issues an invoice to the customer.

Unspecified Product Billing (UPB)

UPB is a fictitious product which serves as a "holding bucket" for revenue related to minimum commitment billings. A minimum commitment invoice puts dollars into the UPB bucket. As royalties are reported by an OEM, dollars are transferred (reclassified) from the UPB bucket and credited to the MS product(s) reported by the OEM. In any given period, UPB for a customer reflects the net billing/reclassification activity for the period. Although UPB activity impacts a customer's prepaid balance (PPB), they are not necessarily the same amount.

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