Business Unit Plan and Strategy

1 Executive Summary

Corel's New Ventures Marketing team was created to deal with the massive inflow of new products and technologies seemed to distract existing business units. As this team searched to create an environment that would foster and facilitate these new developments, a business unit plan and strategy emerged that would lay the foundation for all of Corel's future efforts.

As with all business unit, the emerging technologies groups has a very specific vision of where we will be with a 5 year time frame.

1.1 Objectives

1. Generate Sales of $250,000,000 within a 4 year period
2. Become leading Brand Marketers
   2.1 New Ventures Marketing as Products, Brands, Brand family, etc...(All marketing P's)
3. Become Corporate service reps.
   3.1 Research
   3.2 Brand Consulting & Strategies
      2.1 Brand penetration, Brand recognition, Brand insistence,
   3.3 Business unit consulting, business development services

1.2 Internal Vision:

Using technology as a _tool_ towards market driven leadership
- Inventions are nothing more than a cohesive group of small market driven innovations

1.3 External Vision:

Own the small to medium business by focusing on the individual customers workflow and web interaction. We will achieve this vision by focusing on client intimacy through process and delivery leadership.

1.4 Keys to Success

1. Leveraging the power of brands
2. Product Quality and Customer satisfaction. Creating the appropriate support and service model to ensure long term customer satisfaction
3. Combination of the right management team, with strong foundations in marketing, management and product development

2 Company Summary

About Corel

Corel Corporation is an internationally recognized developer of award-winning graphics and business productivity applications. Development of market-leading products, such as the CorelDRAW line of graphics applications and the Corel WordPerfect family of business tools, is continually evolving to meet the demands of the corporate, retail and academic markets. Committed to value, compatibility, choice and open standards, Corel develops products for the Windows, Macintosh, UNIX, Linux and Java platforms. Corel's common stock trades on the NASDAQ Stock Market under the symbol CORL and on the Toronto Stock Exchange under the symbol COR. For more information, visit Corel's Web site at www.corel.com. Corel Corporation's success is built on its ability to deliver cutting-edge technology to the desktops of computer users around the world—ahead of its competitors. From its early years as a pioneer in the graphics software field to its current innovations in business and Internet software, Corel has consistently developed products that respond to evolving consumer needs.

Strategy

Over the years, Corel has developed a strong product line that includes business applications, and professional and consumer graphics software. By focusing its technology direction to offer customers value, compatibility and choice, Corel has become a leader in the productivity applications market while remaining dedicated to providing:

excellent software products that give users access to breakthrough technology
cross-platform solutions that meet the needs of users in a multiplatform environment
flexible software products designed to meet the needs of diverse users
unprecedented value

Access to Breakthrough Technology

The Internet is changing how people work and communicate—and Corel is leading the way by providing software that helps consumers stay ahead in a competitive world. The latest release of the award-winning Corel WordPerfect Suite includes built-in Internet tools that go beyond standard Web publishing to let users collaborate over the Internet/intranet. Corel's business applications and graphics software also include support for HTML and Java™ publishing.

Cross-Platform Solutions

Most organizations rely on a variety of computer platforms to get work done. In response to that reality, Corel provides many software solutions that make the latest technologies available without requiring an upgrade in hardware and operating systems. Corel offers business and graphics products for many platforms, including Windows 98, Windows 95, Windows NT®, Windows 3.1x, Macintosh, DOS, UNIX® and Linux®.

3   Products

Our products are consumer oriented software packages, more than just tools, because they empower our users to control and direct their workflow. Our two main brands are Corel WordPerfect and Corel Draw.

People purchase our products because they know that Corel stands for quality and excellence in support. Corel has a had a long history of product innovation which has shown through our product development.

3.1   Product Description

Corel has two major products groups:

1.   Corel WordPerfect

Corel WordPerfect was created several year ago by WordPerfect Corp. This company was the first major word processing company to offer professional grade word processing power. They focused on support and service and came to own the legal and medical industry.

Novell Corp. purchased this product line and, through mis-management, eroded much of it's dominant market share. The increase in the Microsoft Office market share created the new demand for full suite as opposed to stand alone word processing.

Corel purchased WordPerfect some 3 years ago and has worked at maintaining its market share. Through the creation of an Office product, Corel has remained the strong second player and has been able to create niches not earlier targeted.

2   Corel Draw

Corel Draw has been and remains our flagship product line. Through its 70% market leadership, Corel has been able to position itself as one of the strongest graphics oriented company around. The creation of sub-set product have secured revenue that have maintain Corel's profitability. Corel has over 10 years of graphics experience and has leveraged it in all of its products. With the new creation of web centric products and content, Corel is positioning itself has tomorrow's graphic leader.

4.0   Market Analysis

Our vision was created in response to our clients specific long term goals:

- **Customizable work environments**
As our customers become knowledge workers, the need for customizable and scalable work environments have become increasingly important. These environments need to reflect the individual workflow and automation that is consistent with our client interaction.

- <u>Data -Interoptability</u>

Today's business must choose their clients and narrow their focus. 3 very specific level of competitiveness exist in today's marketplace:
- Client Intimacy
- Process leadership
- Product Excellence

Most of our small to medium business are choosing client intimacy in their competitive advantage. In doing so, corporate client intelligence is of the upmost importance. Focus on recycling, re-using and sharing this information has become a science.

- <u>Common medium</u>

As our clients leverage the web as a key competitive advantage, better usage and optimization needs to be realized. Focus on interaction and collaboration is required to attain client intimacy. Our clients are struggling to identify their web strategy and require us to be a driving force in their decision making process.

4.1 Evolutions in computing: From then to now?

Computers started as work specific systems that allowed for mass data storage and manipulation. These systems where expensive and usually reserved for larger organizations that where data dependent. These systems offered the following characteristics:
- Servers handled all data and performed all tasks
- Terminals where powerless and only offered data entry capabilities only
- Data was centrally located
- Terminals where static and network dependent
- Systems where task specific
- Hardware and software where costly and offered little customization

Although these systems where powerful and robust, they offered little in the way of client interaction or ease of use. This unappealing and complex environment, coupled with advancement in hardware, gave way for the all purpose, and easy to use OS (MAC, Windows, NT).

These OS's have many common characteristics:
- Ease of use
- Wide range of hardware support (except for MAC's)
- Portable
- Network independent
- Powerful workstation

Although OS's have undergone significant changes, the most dramatic evolution has to be the WEB. The internet has change the way we interact with our customers, communicate with each other and educate ourselves. The Internet has put a face on

communication and as leveled many playing fields. Although the Internet is an incredible tools, few understand how to leverage it in today competitive society. The Internet is plagued with one major problem:
- The "all things to everyone" syndrome

The Internet can be used as a means of communications:
    E-MAIL, Chat, Voice
It can be a means of advertising and education
    Product pages, reviews, benchmarks
It can be a product acquisition and delivery system
    ESD, Downloadable, Order now...receive later

4.2 Today's current limitations: What is missing?

Although we have made significant in-roads in the world of computing, many feel we have only begun. Today's customers have 3 specific area's of concerns:

- **Interaction**

Interaction with your environment, with your business and with others. As today's customers have a multitude of interaction mediums, computers must do a much better job at satisfying this need.
    <u>Interaction with your environment:</u>
        Today's workspace is closely inter-related to your communication mediums. People want working environment that they control and that are customizable. The days of the one-size-fits-all is quickly being replaced with application specific work environments. The internet, e-mail, fax and applications are considered one single work environment. As such, control of all levels of the workflow are required to obtain the optimum workspace.
    <u>Interaction with your business:</u>
        Computers need to be able to communicate to each other in a seamless manner. The proprietary operating environment must give way to more open and collective standards. This level of interaction must be made seamless and un-noticeable to the users.
    <u>Interaction with others:</u>
        As today's businesses strive towards competitive advantages, links between businesses must be much stronger that ever before. Knowledge must be interchangeable and must be quickly available. Businesses strive towards customizable environments that foster teamwork and collaborative goals.

- **Communication**

As stated earlier, computing as simply become another communication medium. As such, attention must be given towards heightened integration of all communication mediums. Today's consumer expect communication mediums to have the following characteristics:

<u>Anytime, anywhere</u>

We are dependent on our communication mediums for continued competitive success. These mediums must be quickly accessible from any location, must be available upon request and must be true and accurate.

<u>Universal language</u>

The most powerful communication medium is one that is understood by all. Computing must offer a communication that is un-restricted by hardware, software or configuration.

<u>Reliability</u>

The last component to effective communication medium is there reliability and certainty of success. Computing must attain a level where reliability is understood and taken for granted.

- **Collaboration**

Collaboration must be existent in order to achieve mass segment appeal. As with most systems, collaboration is the key towards standardization and ultimate process ownership. Collaboration must be present between systems and individuals.

<u>Collaboration between systems:</u>

To ensure proper communication and interaction, a new level of system collaboration must be devised. This collaboration must be present between any system and host computer, and must be seamless to the individual. This system collaboration will ensure workload distribution and desired business interaction. This system collaboration will also guarantee the seamless communication and exchange between multiple system environments.

<u>Collaboration between individuals:</u>

As today's competitive business environment continues to grow, strategic collaboration between individual will be desired. This level of collaboration will require between multiple individual seeking to share and spread strategic information.

As seen from the above stated segments, computing as come a long way since our server oriented lives. Although we have made significant in-roads in the field of client/technology interaction, much stills need to be done to ensure complete satisfaction.

4.3 Our Domain:
What do we own today!

Corel supplies its clients with 3 separate offerings:
- Business Applications
- Graphics Applications
- Consumer related goods

As such, Corel is in a very unique position. Not only are we fulfilling much of today needs, but we have positioned ourselves very close to our customers. Any client interaction with his computer must be performed through our applications.

Although we have significant products involvement, Corel's services and continued client interaction has been significantly lower that desired. Today's client is tasks oriented and focused on the desired outcome. Competitiveness on the basis of product alone is quickly becoming a thing of the past, and so, focus is rapidly shifting towards our clients workflow and business interaction.

Corel is starting to leverage the Web as a method of enhancing the frequency and quality of client interaction. Corel's products are started to reflect this move but are still mirroring our product focused strategy. As a client driven company, are goal is to own the client relationship and drive sales on the basis of intimate client knowledge as opposed to shear market volume. This client intimacy will ensure a continued revenue stream that will be limitless.

4.4 Today's differential advantages: What makes us so special?

Corel has been able to set itself apart from most of its competitors by owning both the business and graphics application marketplace. This move has meant that we have been able to offer our clients the two most sought after desktop application environments. Although we see this as being one of our strong feature, many perceive a lack of market focus based on our product diversification. Corel has the following differential advantages:

- Entrepreneurial spirit
- Product Leadership
- Innovative engineering practices
- Channel reach
- Flexible focus

Our competitors:

Our competitors have been successful by conducting two specific activities:

- Targeting specific market segments
- Synergistic products

Specific business and marketing plan will cover these issues in greater details.

4.6 Tomorrow's differential advantages: What will make us so special?

Once Corel owns its target market, we need to be in a position where:

Clear market focus
- In-depth knowledge of our target markets
- Total solutions as opposed to single product offerings
- Technology leadership within our target market
- Un-mistakable brand recognition
- Clear market-share leadership

5.0 Strategy:
How will we get there?

Since Corel is seeking client intimacy, our strategy will reflect customer need fulfilment.

The first part of the strategy is the creation and implementation of a **customizable and workflow oriented work environment.** This environment will be created using Linux and will leverage the web as the single most important point of contact.

Please refer to the LINUX business and strategy plan for greater details.

The second part of the strategy will be the creation of a **Data-interoptable environment.** This environment will be based on the XML concept and will leverage all existing and future applications.

Please refer to the XML business and strategy plan for greater details.

The last is the integration of the **Web as the standard medium.** This will ensure that client intimacy is achieved while maintaining process and delivery excellence. This will be achieve through a multitude of tools ranging from:
- Web as the communication vehicle of choice
- Web as the key to integration
- Web as the most important aspect of collaboration

5.1 Strategic Thrusts:
What will help get us there?

The Following thrust are essential in the realization of our stated vision.
- Linux as the Web OS
- Componentization of our applications
- Application integration tools (XML)
- Multiple Web oriented delivery mechanism (ASP, ESD, Content, etc...)
- Customer oriented support (Tech. Support, training, professional services, etc..)
- Corel as application publisher
- Outsourcing our engineering expertise (Selected 3rd party)

5.3 Strategic Goals
To be a profitable business unit

- To be outward focused
- To be pro-active
- To act as a corporate tool
- To be 2 years ahead

5.4 Strategic Objectives:

- To Pro-actively identify emerging technologies
- To establish an " Acid test" to evaluate emerging technologies on the basis of:
  1. Corporate & Strategic Fit
  2. Potential growth & revenue
- Develop and implement "Small Start" projects
- Develop and implement the "Stage Gate" concept
- To establish and execute technology strategies and hand- off period

5.5 Top Tactics

- Focus on our 2 main brands
- Leverage our existing user base
- Think WEB
- Use facts
- Encourage Pilots of Everything
- Support "fast" failures
- Set quantitative innovation goals

5.6 Creating Sustainable Competitive Advantages
Using emerging technology to:
- Develops strategies that competitors are not simultaneously implementing
- Provide benefits which current and potential competitors are unable to duplicate

- Creating above-average returns through
  - Strategic Competitiveness
  - Sustained Competitive Advantage

Leadership through market driven innovations
Using Emerging Technologies to...

- Build barriers to market entry
- High switching costs for customers
- Generate new products and services
- Change the basis of competitiveness
- Change the balance of power with suppliers and distributors

Strategic Actions
Moving from autonomous actions towards induced strategic actions
- Identifying strategic actions or objectives that are WITHIN Corel's defined strategy
- Benefit to Corel
  - A "must" for continued business success
  - Creates vehicle to enter new markets or channels
  - Creates greater leverage of existing resources
  - Catalyst for organizational change

5.7   Marketing Strategy

Our marketing strategy emphasizes FOCUS. We are a big company that can easily lose focus, so we must narrow our focus and pick our target clients. Since emerging technologies often cater to the innovators and early adopters, special attention and focus must be attributes to ensure positive outcomes.

Our marketing strategies emphasizes the use of this advertising and communication vehicles that cater to this market segment.

As with most emerging technologies, careful planning must be done to ensure that we are not positioning ourselves as an early adopter company, but an organization that focuses on technologies leadership.
Our marketing focus will be:
- On the Small to medium business clients
- On achieving client intimacy and total solution offerings
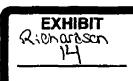
6.0   Management Summary

We are a dynamic company that has historically decentralized the management capabilities. As we move forward, we will continue to seek and foster the flexibility and dynamic nature that has served us well in the past

6.1   Organizational Structure

As we move forward, the New Ventures Marketing group will move into an organizational structure that reflects the overall technology structure. In cases where those technologies overlap with existing brand units, close working relationships will be forstered.

Corel's Emtech Marketing
Business Unit Plan and Strategy

May 26th, 1999

Marketing Plan Copy Number: Business_plan01

Revision History

Date	Comments	Revisor
June 6/99	Used existing Documentation to Create	Derik Belair

C-11360

Task force member list and titles:
Director, Strategic Applications: Derik Belair

Table of Contents