

From jeremybu Fri May 31 16:36:13 1991
 To: billg mikehal mikemap
 Subject: Apps pricing to OEMs
 Date: Fri May 31 16:35:34 1991
 Mail-Flags: 0000

We are losing more to aggressive competition frfom Lotus. We are just not going to win deals with the OEM pricing we have today, as Joachim has advised us on several occassions. We can't tell our sales guys to sell a high priced offer, but make sure we don't loose business by eslating. OEM Customers aren' always going to tell us beforehand they will sign with the competition. They listen to our price, then listen to Lotus' and make their decision. Particulaly with the aggressive deals we are doing in distribution these days, with 129 offers, Office pricing etc, we need to get hot; today we are cold. As a sales manager I always hate to say we need lower pricing, but we aren't going t o get the biz without it. Please reconsider the pricing we set some months ago.

 >From markche Fri May 31 09:01:15 1991
 To: richardf
 Cc: markche
 Subject: Bad News
 ?
 Date: Fri May 31 07:58:52 PDT 1991

Jeffd found out yesterday that AST has signed with Lotus to do a 90-day promo bundle of 123 version 3 with one model - Bravo 386SX/20 - at \$29 royalty, AST has option to extend beyond 90 days. 123 will be pre-installed on the hard disk and full set of docs will go with each system as well.

It gets worse. The Bravo SX/20 is one of the models that they are bundling Windows with. AST is also including a coupon that allows the user to upgrade to 1-2-3 for Windows for \$49.

 From mikehal Mon Aug 5 17:49:23 1991
 To: johnmc paulbu
 Cc: joachimk johnj mikehal mikemap richardf richmac ronh
 Subject: RE: Everex OEM proposal
 Date: Sat Aug 03 17:47:50 PDT 1991
 Mail-Flags: 0000

Does the statement that WWorks is considered a competitor mean that EDS will bid the higher otion 2 price? If the airforce wanted WW on the intermediate machines would they would pay Everex's per copy price? Do you have safeguards from them bidding this accross the board?

Assuming the above issues have been thought thru and are covered the deal is OK with mehe deal is fine with me.

>From johnmc Mon Aug 5 15:40:48 1991
 To: mikehal paulbu
 Cc: joachimk johnj richardf ronh

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Subject: RE: Insane possibility
Cc: donnag mikehal mikemap
Date: Sun Aug 25 12:59:26 1991
Mail-Flags: 0000

Thanks for the response, Joachim.
The only mail I've sent on this Packard Bell channel conflict is the one I copied you on.
I will talk to Donnag and Mikemap. There is a lot of finger pointing going on here as to just who is initiating conflicting pricing programs. I'll get to the bottom of it. Thanks for letting me know about PB not signing. If they were...we would have a serious integrity issue with resellers who are committed to heavy inventory positions on the EBU products.

>From joachimk Fri Aug 23 12:03:21 1991
To: mikehal richmac
Cc: melindaf mikene richmac scotto
Subject: RE: Insane possibility
Date: Fri Aug 23 11:42:10 PDT 1991

I have not seen any mail from You Rich on this subject.
PB is not going to sign up.
You should talk to Donnag about her EBU strategy.
According to her and Billg the OEM channel presents an excellent intro opportunity for EBU products even at aggressive prices.
After the initial 6-9 month, it will be back to normal.
Just understand that we facilitate the strategy the productgroup has decided upon and involve them in the actual price negotiation.
I believe that an aggressive intro strategy will help to build awareness and enable us to make good money through other channels.

>From richmac Thu Aug 22 15:48:29 1991
To: mikehal
Cc: joachimk melindaf mikene richmac scotto
Subject: Insane possibility

Date: Thu Aug 22 15:47:13 1991

I was just informed that a strong possibility exists that OEM is signing up Packard Bell for the 3 soon to be released EBU products on an exclusive program for \$12 for all 3 prods.

I'll ask for confirmation of this via this email to Joachimk.
If this is accurate, and along with the recent \$4 royalty for Win Works for Everex and the Dell deal just cut...what on earth is going on? I won't belabor the history on the past two deals but this situation with Packard Bell has to be stopped!!!! We have been promoting these products thru our resellers in order that the resellers would be heavily bought in and stocked up. If this PB deal happens, we will have to lower the orders for these products with our resellers. Not only will we have to cancel these orders but we will be washing down revenue, profits and sales cycles due to the effort of our own OEM COMPETING pricing program.

We have to make some sense of these situations. I have negotiated process and a set of pricing parameters. They are certainly not followed. It appears that we just have one opportunistic situation after another. If we can't have one sales force selling the same product out there, then at least let's get one set of pricing parameters...

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and follow them.

From richmac Fri Aug 16 15:31:07 1991
To: mikemap
Subject: Dell deal
Cc: lewisl mikene scotto
Date: Fri Aug 16 15:31:05 1991
Mail-Flags: 0000

I spoke to Mikehal about the Dell "semi" hard bundle at 83% discount for no commitment (yes, it violates all but one of the "rules" OEM, Apps, and SMSD put together). He said he had "deferred to you". I hope you've killed this one. Please give me a call in either case. If this one goes through, we're going to have a palace revolt (lead by me) as to why we establish any process, why we ever allow OEM to work with resellers who sell directly to end users, and in search of some legal definition of how we build a fence around this type of transaction (since we could offer a 83% discount to any reseller under the terms of the Dell proposal).

From lewisl Thu Aug 1 18:28:59 1991
To: donnag melindaf
Cc: mikemap susanb
Subject: Packard-Bell
Date: Thu Aug 01 18:28:17 PDT 1991
Mail-Flags: 0000

To summarize:

1. Deal is a hard bundle on 100% of one model of machine.
2. No separate price will be identified for the software.
3. Packard-Bell provides support but we will try to get them to pay us if we take above some threshold level of calls.
4. Push hard for advertising and POP support for the products.
5. There is some overlap of Packard-Bell resellers and our software resellers but we accept the risk.
6. You felt that the conventional part of the channel would not be impacted.
7. You are verifying that their documentation is up to an appropriate standard we set.
8. P-B is pre-installing DOS, Windows, and the apps. this is a key point that we should ABSOLUTELY insist on for this price point. That ensures a good customer experience (fewer installation hassles) and increases usage of the products.

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Here are three issues we didn't discuss:

- a. EBU is trying to get its products into the mass merchant channel, not all of which sells P-B machines. Will the P-B deal hurt your efforts to get this channel to stock the Win products?
- b. Do you want to do this with brand new products that will get a lot of excitement and interest?

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c. The argument for low per unit cost is that revenue from 100% bundle makes up for the lower per unit rev. But the price is so low for all 3 that you may well be able to generate more revenue even with "typical" penetration. The analysis below (hope columns line up for you) shows that with these penetrations: Money=10%, Pub=3%, and Works = 5% you generate \$9.3 million which is almost as good as the OEM deal.

I look at these 3 points myself and I think that if P-B comes through with 800,000 cpus and you don't think you will hurt other parts of your channel (they will eagerly pick up these brand new products) and that you'll have a strong launch then the OEM deal lets you produce more revenue from sales of P-B machines than you could otherwise--and you should do it.

discount 0.49
cpus 800000

Retail Case		Publisher	WinWorks	Total
SRP	Money \$69.95	\$199.00	\$199.00	
Unit rev	\$35.67	\$101.49	\$101.49	
penetr.	10%	3%	5%	
units	80,000	24,000	40,000	
Revenue	\$2,853,960	\$2,435,760	\$4,059,600	\$9,349,320

OEM Case				
Unit rev	\$3.00	\$4.50	\$4.50	
penetr.	100%	100%	100%	
units	800000	800000	800000	
Revenue	\$2,400,000	\$3,600,000	\$3,600,000	\$9,600,000

From lewisl Sun Oct 27 19:57:58 1991
To: chrisp dalech jonre mikemap
Cc: hankv peteh
Subject: FW: Lotus ships Write 2.0
Date: Sun Oct 27 20:57:16 PDT 1991
Mail-Flags: 0000

I looked at the product at Comdex. In addition to the features noted below, Lotus Write includes the thesaurus and footnotes. So for most users it's all they need.

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Interesting that in their press release they admit that the strategy is to sell the product OEM and upgrade users to Ami Pro later. I think we can expect to see low ball OEM prices on this. This is the word processor Lotus included in the Packard Bell deal.

In the retail market low-end word processors cut down from high end products haven't been successful (Mmate Executive, WordPerfect Executive, etc.). But, the OEM strategy is potentially very damaging:

- they'll be willing to offer very low prices
- OEMs that bundle Windows will be the obvious targets
- they'll take some of the word processing sockets

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