

INTEROFFICE MEMORANDUM
GE-91318-01

DIGITAL RESEARCH SYSTEMS GROUP CONFIDENTIAL

TO: Mark McCoy
FROM: Anil Singh
DATE: November 11, 1991
SUBJECT: Dell Proposal
COPIES: Pete DiCort
Dick Williams

Thank you for a copy of the Novell/Dell Netware Lite bundle proposal. Per our discussion, I should clarify the following:

1. DR DOS may be positioned with Dell as a no charge item by bundling it with Netware Lite. However, DR DOS will not be licensed to Dell at no charge.
2. We will ask Dell to commit to the following programs in return:
 - (i) Sell DR DOS retail product.
 - (ii) Develop an upgrade program from MS DOS to DR DOS for their installed base.
 - (iii) Offer DR DOS 6.0 as an optional OS for all new CPU purchases.

Through these programs we hope to establish the long-term revenue potential and position DR DOS for future opportunities.

Kindly distribute this memo to anyone who has seen your proposal.

Singh
EXHIBIT NO. 1861
9/21/91 (R)

Novell/Dell NetWare Lite Bundle

Proposed Bundle from Dell

NetWare Lite
Eagle 8bit Board
Futuris LiteMail Software
MSDOS
MS Windows
MS Mouse
\$50.00 coupon (credit towards an upgrade to NW 2.2/3.11 10-user)

The total cost of the bundle is to be \$199.00.
Dell has requested the following prices from Novell/Eagle.

NetWare Lite \$28.00
Eagle NE-1000 \$75.00 (including E-mail software)
Coupon Credit \$25.00

The promotion is to be featured in Dell's Spring Product catalog (available in February) with a distribution of 1.5 million copies. The ad will be a two page spread in the center of the catalog. These product catalogs are printed four times a year. A promotional catalog is also printed four times a year on alternating months.

The bundle will be featured for 120 days at the \$199.00. Based on the attainment target success this bundle price would continue through year end 1992. Dell has requested that the NW Lite pricing stay the same but would allow an increase in the Eagle NE-1000.

Other promotional advertisement will be in national trade magazines. An example would be the back page of PC Magazine.

The estimated sales would be 5,000 bundled units per month. This estimate is considered conservative considering other promotions successes that Dell has experienced.

This bundle would be offered with the purchase of a Dell System but a Customer Kit would also be available separately at a yet to be determined price. This Customer Kit would also be offered through the CompUSA retail store chain.

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The products in the bundle would be manufactured by Dell and the coupon would be covered 50/50 between Novell and Dell. The Eagle NE-1000 board would include a t-adapter and minimum documentation.

Proposed Bundle Response from Novell

The following response will include Novell's, Eagles' and DRI's response to Dell's requested bundle promotion.

Dell's Cost	NetWare Lite	\$30.00 /copy (Including DR-DOS)
	Eagle NE-1000	\$76.00/board

Coupon: Novell will not directly participate in the coupon portion of the bundle but will ask Dell to cover these cost entirely from Dell's margins on the OEM contract's proposed 54% product discount.

Eagle NE-1000: The price of \$76.00 will be for 120 days only. If run rates are at 7,500 units / month the proposed pricing to Dell will be \$80.00 after the 120 days. Lower run rates/month will reflect currently offered OEM pricing. The Futuris Software will be included in all pricing.

The Eagle Starter Kit will have to be offered on the same two page spread at the normal OEM pricing to Dell.

NetWare Lite: The special bundled price of \$30.00 will be afford for the entire year with the bundle only.

The NetWare Lite Red box product must also be represented on promotional two page spread as a separate purchase at the normal OEM discount pricing.

DR-DOS: This operating system will be included free of charge along with the bundle to leverage penetration into Dell. DR-DOS upgrade must be included on the promotional two page spread at a reasonable cost to Dell and consumer.

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Novell / Dell Positioning

The following will position Novell and this special bundle with the future business relationship at Dell.

Over the last 12 months Dell has offered NetWare as a tactical solution to their product offerings. This month Novell has worked with Dell to take a more strategic directive in providing a systems approach. It is Dell's opinion and the Novell's local account team that Dell must first walk before it runs in this approach as it pertains to networking. That is why the above proposed special bundle has been put together. Last year Dell offered a bundle of MS-DOS, Windows and Mouse at special pricing which was a huge success. This years bundle is to grow that success with NetWare Lite, DR-DOS and Eagle bundle.

The mind share internally that these promotions have are reason enough but couple that with the extensive advertising Dell puts behind them will help catapult NetWare Lite into the leadership position in many users minds. The reason for the additional Eagle/DR-DOS offering is to tie the technologies together in the customers eyes.

Due to the contract with Microsoft DR-DOS needs to be offered on a no cost basis except for the upgrade program cost. The bundle will position the NetWare Lite, DR-DOS and Eagle's NE-1000 has a integrated solution.

Dell has presented an aggressive education program for both the system engineers and the sales organization. To date 20 engineers have received CNE certification.

Dells programs will continue throughout the year with aggressive service offerings, turn-key factory installed Novell systems and remote management services. All these programs are built around a sales and marketing program infrastructure.

Dell will commit to a 4 million dollar purchase volume on Novell products aligned with Novells quarterly objectives.

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