

From: Christian Wildfeuer  
To: Brad Chase  
Cc: Adam Taylor; Stephen Oliver  
Subject: RE: FW: Transfer Pricing for MS-DOS (DOSRUP)  
Date: Wednesday, June 03, 1992 2:28PM

Fortunately we do not have the same tough competition as the UK right now. On the contrary, the DR office in MUC (German HQ) is being dissolved, a lot of firing takes place and things will be done in Novell's German HQ in Duesseldorf as soon as they have settled their dramatic reorg issues. We also have found out that Novell has decided to cancel the further development of all DR products besides DR-DOS 6 (all GEM stuff, Flex-OS, Multi User DR-DOS and others). So they will really focus on DR-DOS in the future (their Multi user technology will probably be integrated into future DR-DOS version). They are already bundling DR-DOS 6 to very attractive prices with Netware Lite, practically DR-DOS 6 goes along for free.

Concerning the stand-alone product our major distributors report a percentage of only 12 % DR-DOS 6 packages vs. RUPDOS.

Nonetheless to revitalize the MS-DOS 5 Upgrade demand we have to do a lot of things:

- First of all we do not intend to offer Upgrade Janus in order not jeopardize our activities to get rid of our current RUPDOS stock.
- Secondly we add value through bundling (you already know)
- Thirdly we have asked Corp. to give us a retro-active transfer price reduction of 25\$ (40.- DM). With this money we could intensify our marketing, especially doing a "legalize" campaign and could offer attractive soft bundle options for ALL MS products (hiding the RUPDOS price in the joint offers in order not to ruin street price expectations for Astro).

Christian

|>From bradc Wed May 27 18:00:25 1992  
| To: chrwild  
| Subject: FW: Transfer Pricing for MS-DOS (DOSRUP)  
|  
| X-MSMail-Message-ID: 7941A63D  
| X-MSMail-Conversation-ID: 7941A63D  
| X-MSMail-WiseRemark: Microsoft Mail -- 3.0.620  
| From: Brad Chase <bradc@microsoft.com>  
| Date: Tue, May 26 92 22:23:24 PDT

| if the job works out one of the things i want to understand is why "we

**MS-PCA 2556658**

**CONFIDENTIAL**

are getting creamed" and how to reverse that

-----  
From: David Smith  
To: David Bridger; Stephen Oliver  
Cc: Adam Taylor; Brad Chase; David Smith; David Brooks  
Subject: RE: Transfer Pricing for MS-DOS (DOSRUP)  
Date: Fri, May 22, 1992 9:34AM

Understand the sensitivities here and does sound fair.

However, we are getting creamed by DR at the moment and number one (and only) reason is compression. Latest estimations are they are almost matching

our retail sales at around 7k units a month. The irony is that I believe its

the success of Windows that is increasing DR market share - Windows and especially windows apps are very disk hungry (Word for Windows 15 meg alone!) and standard PC here is selling with 40mb hard drive.

We have developed a short-term promotion 3 months with STAC. Its a channel bundle the distributor buys MS-DOS 5.0 upgrade and stacker form STAC at increased discount and then bundles them together - hence the need for reduced COGS.

Can I take it that we have approval on the reduced COGS?

Thanks David

PS Maybe a stupid question but why don't we just buy STAC rather than license?

>From: stepheno Thu May 21 22:11:02 1992  
To: davebri davesm  
Cc: adamt bradc  
Subject: RE: Transfer Pricing for MS-DOS (DOSRUP)

X-MSMail-Message-ID: 0D683598  
X-MSMail-Conversation-ID: 0D683598  
X-MSMail-WiseRemark: MS-DOS 5 - the ideal complement to Windows 3.1  
From: Stephen Oliver <stepheno@microsoft.com>  
Date: Thu, May 21 92 15:36:20 PDT

Are you really doing a Stacker bundle?

I like the idea, but have you checked the status of our disk compression negotiations in the US? I heard (\*\* Confidential\*\*) that the Stacker deal was quite likely to fall through, and doing a bundle

MS-PCA 2556659

CONFIDENTIAL

now could create much unwanted confusion later.

David & David - please develop a reflex to keep EHQ appraised automatically of any such deals at an early stage of negotiations. I DON'T want to cramp your style, but as a major market with a very level of grey export a decision such as this could have unforeseen and negative impact on deals being put together in other European markets.

Similar remarks could be made on the transfer pricing issue. We are currently doing a review on behalf of an IA (Immense Account) that is unhappy about huge price spreads on a pan-European VPP. Jacques Bablon and I are trying to review current pricing with a view to developing a clearer pricing strategy in Europe. This doesn't affect your current negotiations in the context of a temporary deal, but we would like to be aware of what's going on.

It works both ways - we try to keep you appraised of what's going on this side of the swamp. Does this sound fair?

Thanks

-----  
From: David Smith  
To: David Brooks; David Bridger  
Cc: Adam Taylor; Brad Chase; David Smith; Stephen Oliver  
Subject: RE: Transfer Pricing for MS-DOS (DOSRUP)  
Date: Thursday, May 21, 1992 12:11

Can someone action this in adamt absense?

We have an exciting opportunity and have put much work into this - I cannot see why we could not switch immediately to the reduced cogs on MS-DOS 5.0 Upgrade.

Please advise?

Thanks David  
>From davebri Mon May 18 18:43:28 1992  
To: DAVIDBR  
Cc: ADAMT davesm  
Subject: Transfer Pricing for MS-DOS (DOSRUP)  
Date: Mon May 18 18:40:21 PDT 1992

David

MS-PCA 2556660

CONFIDENTIAL