

Microsoft GmbH
From ~~bernardv~~ Mon Sep 7 14:19:58 1992

To: jochen.umbertop
Cc: bernardv, cwedell, david, lucas, michell

Subject: RE: Vobis
Date: Thu Sep 10 18:53:48 PDT 1992

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From: Bernard Vergnes <bernardv@microsoft.com>
Date: Mon, 7 Sep 92 14:10:02 PDT

Congratulations. Germany is also negotiating a deal with Vobis. It is key to keep Lotus out of that customer but still maintain reasonable profitability. Attached is a mail from Jochen describing the german offer which I have approved.

Proposal for a "White Box Bundle" with Vobis Microcomputer AG:

As many of you are aware, the relationship with Vobis has come along way in the last 10 months. Vobis owns 15% of the PC market and is the number one before IBM with 10%. Last week Billg and Lieven (GM) finally met and a very successful meeting took place. Lieven wants to commit to a Strategic Alliance with us and work exclusively with us as a partner. He said he is willing to no longer offer DR-DOS or Network Lied, he will commit to a contract for 25K WOW and do aggressive marketing promotions with us and at no cost advertise MS products together with his machines in his flyer "The Denkkzettel" which has a distribution of up to 10 million copies. As you know, Lotus and Borland have been aggressively approaching our OEMs, and Vobis is no exception. Lieven wants to partner with someone to offer applications in the market and his first choice is to work with us. If he commits to us and the above mentioned items, he wants to be able to be given some type of exclusive offer as well.

Lotus pricing is DNA 80 for 1-2-3W or AmiPro White Box pricing. Together it sells for DNA 125. License offer to OEMs is DM 88 for both products. (\$1 = DM 1.42)
Escom - market share 5% and monthly advertising with 4 Mio copies already signed on with Lotus - we lost here the FG deal clearly on price.

I would like to be able to offer to Vobis the opportunity to bundle a few of our application products as White Box along with their PC's. The White Box will have a sleeve on it that is customized with the Microsoft and "Highscreen" names. Vobis is very interested in being able to have this opportunity in order to help sell more systems, especially with the upcoming Christmas/end of year season. He would aggressively advertise in his "Denkkzettel" and it would be something that would help differentiate him from his competitors. If we can make an offer to him with the following T&C's, he is ready to commit to us exclusively and to throw DR-DOS and Novell out and also commit to 25K WFW. This White Box deal would have to be an exclusive deal to only Vobis and no other German OEMs (atleast for a minimum of 3 months-the length of the Christmas season). If we did this type of deal, we would also need to estimate approx. DM 350K (\$240K) for marketing costs from us to help support Vobis in getting the product in their stores and for posters and collateral to help sell the product. Vobis estimates that their costs will be approx. DM 1 million for advertising and they are willing to push it heavily.

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Negative Reactions to such an offer to Vobis:

Pricing extremely aggressive for Market. The price for full product to distribution for finished goods product in Germany is DM 778 (\$547). The distribution channel will react negatively to this because they will not be able to match the price offering from **Microsoft**

- Distribution and DEC would react negatively.

Solution to counter these reactions:

- In order to help counter the negative reactions to such pricing and to help us support such a decision and give an explanation, we need to differentiate this product offering. Proposal to do this is to put in with these White Boxes of our apps a product that Lieven sells with all computers called "WAYS 2.0". This product is a "Windows Add-on" product. By placing

it together with Excel, WinWord and Office, we can differentiate it from what distribution is offering. Vobis

has the

exclusive right to WAYS 2.0.

From: Umberto Paolucci
To: Jochen Haink
Cc: Bernard Vergnes; Christian Wedell; Davide Viganò; Luca Rossotti; Michel Lacombe; Stefanie Reichel; Umberto Paolucci
Subject: Vobis
Date: Friday, September 04, 1992 3:58PM

We have agreed this morning with the Italian GM of Vobis (Mr. Guerra) on a 3 months bundle starting form Oct 1st (Smau show). It includes Excel at Lit 240,000 (\$225), Powerpoint at Lit 200,000 (\$190) and Office at Lit 545,000 (\$511). First order to arrive next monday. Our agreement has a clause by which it will conform to the T&Cs of the International deal signed in Germany, if one will be signed during its validity terms.

We had to go ahead and immediately close the deal to prevent Lotus from firing back with Smartsuite. The agreement includes common PR to announce our "strategic alliance", at no cost from our side. Our products will be shown by Vobis in a theater in their Smau's booth. It's a nice victory against Lotus, that wouldn't have been possible without the excellent relationship that you have been able to establish with Vobis. Thanks for this.