

From: Richard Fade
Sent: Friday, February 05, 1999 2:13 PM
To: Gayle McClain

Below is feedback JK sent me to mail I sent regarding the Gate apps deal, please do not forward this further (IMG et al).

There is big revenue impact for OEM and IMG so we are getting lots of attention from Ruthann and Michael. I want to hang on to every dime we can and get back to bundle across the board on their G Series and G Pro, their current IMG upsell bundles were created with the expectation that there is a set of core MS applications licensed on those systems which are eligible for the upsells. Gateway is trying to build essentially 90% of their home suite bundle today (\$17) into a bundle they want to pay about \$5 - \$7 for. (they propose 5 but likely go up from there). What we need to do to win is lower WS price some, and confirm a minimum volume, (units or \$\$) to keep that price. Create an aggressive low end bundle which we get about \$7 for the rest. They would ship SBE on the top 40% of their systems, WS on the next tier, and low end bundle on the bottom tier. Would be best if WS is a nice clear superset of the low end bundle.
richard

-----Original Message-----
From: Joachim Kampin
Sent: Friday, February 05, 1999 12:28 PM
To: Richard Fade
Subject: RE:

On GW, I am not into all the details and seem to be hard to understand, may be even for them. I told Bengta what my goal is: MS apps on all GW PCs, as simple as that and I do exclude the enterprise PCs from my statement. Neither he nor Gail did this.

So let's try again. I do not care how we accomplish this and what pricing structure you offer them and what products. Except: no per copy SBE on any OEM PC other than DSP deliverables. No per copy wks or home suite or other IMG products. They can upsell if they have a core set of Apps on their PCs preloaded, but upsell royalties carry much higher prices and I hope they do no crazy pricing but we do not control this and should not discuss this either.

When it comes to pricing we should not cloud ourselves with what the PG wants. they are not accountable at the end. Coverage is more important than high \$\$/unit- even if you feel differently get a deal. They might still try out a competitor but at least we did our best.

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Brock
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