Patty, I think we are in a very strong negotiating position here.
I think we should try to do the following in the contract:

-start at 46% off SRP and then say we will settle later if they resist
-get a volumn committment from them
-structure the terms of the contract so we are sure they will be able to
         do some support, ie: require that their sales trainers fly out
         here and go through MSU at AT&T expense, for example
-charge them for evaluation units, etc. COG's + handling is fine.
-charge them for demo disketts or ask them to mfg these themselves
-charge them for sales force support (SE support) over a minimum. Build
         the charge for the minimum into the price we charge...need to
         work this out with USSMD.
-make sure they understand our concern about channel conflict (say with
         businessland or corp software) and see if they volunteer doing
         something like not selling individual apps to end users (only
         sell as part of complete software solution, etc.)
-say announcement at COMDEX is possible, but we haven't worked this out
         yet
-say we are very willing to do a joint press release and announcement
         with them
-say product availability will be sometime in Q1. Perhaps sooner, but
         we don't know at this point.
-write-in Win Project and PM Excel, PM Word as subject to same pricing
         terms.
-make sure we get end-user names or corp names for our reg base, say
         either throught the reg cards or quarterly from them or both
-make sure we can reference this deal in our advertising and PR, use the
         AT&T trademark, etc.

They asked whether Win PP has DDE. Let's not bring this up unless they
         do. The answer will be somewhat hard to explain over the phone.

See you tomorrow at 8am.

John

From philw Tue Aug 8 23:06:49 1989
To: richardf
Cc: hankv peteh reneew richt
Subject: Re: OEM pricing for PM Excel
Date: Tue Jul 21 17:27:42 PDT 1992

I frankly don't remember mikemap giving a specific price for a short
promotional offer. For a long term offer he wanted to keep it at
the price of the Government bids, which, I believe was $89. He
said we could go lower on a shorter term deal.

I don't know where richt got the $50 price that you cite from the
marketing plan. This thing has gone through a lot of iterations.
I'd stick with the Mikemap meeting as the basis for your programs.

Rich, did we ever find out what the price of the OEM deals done
in France/England/Germany was?

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>From richardf Tue Aug 8 14:41:15 1989
To: philw
Subject: Re: OEM pricing for PM Excel
Date: Tue Aug 8 14:39:03 1989

this project is very near completion, we are leaning toward the
full tilt version at royalty of $50 or $60 dollars (i was confused the lowest
mikemap gave me in our meeting was $60, yet when i read the b-plan for the
product i noticed OEM promo's listed as $50, did Mike expect me to come back
for more ?
Status is we want to deminish the OS/2 royalty by $10-15 to help out with
COGS for this program, I need to get OS/2 product makreting buy in to do this,
if they say yes we want to present this to our OEMs in early Sept,
(we would of course verify with you and perhaps include you in the first
couple of proposals we made so you feel comfortable with what we are doing.
thanks
richardf
>From philw Sun Aug 6 11:46:10 1989
To: reneew richardf
Subject: Re: OEM pricing for PM Excel
Cc: HankV RichT
Date: Sun Aug 6 11:44:15 1989

>From reneew Fri Aug 4 15:07:47 1989
To: richardf
Cc: HankV PhilW RichT
Subject: Re: OEM pricing for PM Excel
Date: Fri Aug 04 16:21:36 1989

I spoke to Hank and Phil about the distribution
of a PM Excel Working Model. We don't foresee
distributing a PM Excel Working Model as widely
as we have distributed the Win Excel Working Model.
However we may make a PM Excel Working Model
available to our sales force for distribution to
their accounts and prospects. We might also
make a PM Excel Working Model available to IBM.

Where does this project stand?

> >From richardf Tue Jul 25 10:10:39 1989
> To: reneew
> Subject: OEM pricing for PM Excel
> Date: Tue Jul 25 10:08:52 1989
>
> We will nail thi down by the end of the month, wee need to decide
> which if the two alternatives Mike offered makes the most sense for our
> customers (we may even talk to a few of them, hey what a novel idea...)
> Have you guys decidded if you will also offer the "free (limited) version
> " of the product as you did with the Win version ? that could have a big
> impact on our decision . It does not make sense for us to build this up
> with our OEMs and then have them open the Wall Street and see a free offer
> for same....
>
> thanks
> richardf

As renee notes, we probably won't advertise PM Excel working model generally, but we WILL (not may) distribute in some way to our USSMD salesforce and their customers, and also within IBM. Hope that this doesn't make it less attractive for your OEM's--the distribution will be pretty silent (without publicity). Phil

From lewisl Mon Jun 24 13:55:15 1991
To: hankv richardf
Cc: mikemap peteh
Subject: Re: Lotus OEM deals
Date: Tue Jul 21 17:28:00 PDT 1992

I heard that Lotus offered 1-2-3 3.1
at $29 on the AST "bravo" 386's. This will be on the same
machines that bundle Windows. Could Lotus be willing
to offer lower prices on the char-based products to
hold the market until 1-2-3/W?

From conniecl Tue Jan 14 16:20:48 1992
To: deniser xlintlpm xlmktg
Cc: josephr
Subject: RE: Excel & DEC TeamLinks
Date: Tue Jul 21 17:28:00 PDT 1992

Denise does a great job of summarizing here, just a couple points:

The agreement was jointly announced in November, so no need to keep it
a secret.

The agreement covers Windows versions of Excel, Word, PowerPoint,
Project and Visual Basic. DEC has been a LanManager, DOS and Windows
OEM for many years.

-Connie

>From   deniser Tue Jan 7 16:19:09 1992
To: xlintlpm xlmktg
Cc: conniecl josephr
Subject: Excel & DEC TeamLinks

Date: Tue Jan 07 05:19:34 PDT 1992

Some of you have been asking me about Excel's plans with DEC, so this
mail summarizes them. This information is still confidential (so
please
don't discuss with anyone outside of MS).

As most of you already know, Microsoft signed a development and
distribution agreement with DEC enabling them to OEM MS Office, LM, SQL

Server, MS Mail and Visual Basic. In addition, Microsoft will be adding

support of Teamlinks to Excel and Win Word. Teamlinks is DEC's new
client/server mail enabled solution that connects a Windows client to a

VAX/VMS host. TeamLinks incorporates Pathworks Plus for Windows (based
on Lan Man), a DEC built x.400 Mail client, drag & drop capabilities, a

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Windows based Lotus Notes competitor, calandering and some other
utilities talking to a VAX/VMS host.

Integration to DEC's TeamLinks and Pathworks Links products are being
added to both Word and Excel. For the U.S., we expect to ship our
extensions within a month of the shipment of TeamLinks (TeamLinks is
now
scheduled for 3/25 RTM, U.S. x14 DEC enabled for 4/20). We do not ..
have
final dates for international versions because we have not received
final dates from DEC, however, our goal is to have them available
within
90 days of the shipment of the US extensions.

In the U.S. we will drop a card in our retail packages and will have
the
extensions available through fulfillment. Internationally, DEC will .
be
responsible for fulfilling.

These extensions will become a part of the retail product in the next
point releases - ie, 2.x or 3.0 for Word and 4.x or 5.0 for Excel.

I hope this clarifies it for everyone.
Thx,
Denise

From davidcol Thu Feb 23 14:26:41 1989
To: hankv peteh philw ralfha
Cc: jonde
Subject: New Wave Excel
Date: Tue Jul 21 17:28:08 PDT 1992

Here's the current situation with New Wave Excel.

Current Schedule
- - - - - - - - - - - - - - - -
1. HP will ship thier first End-User version of New Wave in June 89.
   This version was originally intended as a Preview Release, but HP
   has decided to make it a real release. (This version will not include
   the Excel NewWave shell.)
2. We will ship Excel 2.3 in August 89 which includes our NewWave stuff.
3. HP will ship the Excel NewWave shell in November 89. (It's not clear
   if this will be a complete update of NewWave or not.)

Issue: Excel 2.3 will live in the market place 2-3 months with the HP
stuff built in, but with no actual HP NewWave shell in NewWave for it to
work with. The manuals and Help with also include NewWave topics. It's
also planned for the box to have a sticker on it, but we could only stick
it on boxes shipped after November. I think this will confuse customers
a lot, a NewWave compatible version of Excel, but NewWave isn't Excel
compatible yet.

Current Issues
- - - - - - - - - - - - - -

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1. The Schedule: We are not planning on doing work to EXCEL.EXE until May 15, when Wes Cherry gets back from school. This is a very big problem for HP since they can't work on the shell very efficiently unless we are working on Excel.exe and giving them new releases.

   In addition, it's risky shipping before HP since there may be a fatal bug in our code that HP can't fix from the shell side of it. We would need to re-release Excel. We couldn't test for this unless the shell were complete at the same time Excel was complete.

2. Supporting CGM format. The contract with HP says we will try, "Barring significant technial limitations", to modify Excel to render CGM (Computer Graphics Metafile) to the clipboard or to a disk file.

   Turns out that this is really hard. I did some research and found a 3rd party that would write us a Windows DLL for $10-20k that would convert a windows metafile on the clipboard to a CGM disk file.

   We prosed that this DLL could be paid for by lowering HP's minimum commitment payment in the contract by the amount it would cost. HP says no since the graphics thing was Microsoft's responsibility. That where it sits now, garype is trying to work this out.

3. NewWave Shell/Excel Protocol definitions: There are a number of open technical issues that I'm trying to resolve with HP. There's no point to covering them here.

Alternatives:

There are a number of things we can do different with the schedule.

1. Release Excel 2.3 in August without the NewWave stuff, then release another version in November with the Newwave stuff. Note that the NewWave stuff effects, EXCEL.EXE, on-line help, the manual, and the Packaging.

2. Leave the schedule as is, but try to assign a developer to NewWave Excel in April or earlier so we're confident that what we do is going to work right when the NW shell finally ships in November.

David

From davidcol Thu Feb 23 14:59:30 1989
To: hankv peteh philw ralfha
Cc: chrisp jonde
Subject: More on NewWave Excel Schedule
Date: Tue Jul 21 17:28:19 PDT 1992

There are 3 basic options with the schedule as I see it.

1. Ship Win Excel 2.3 in August with the NewWave stuff as planned.
I think this is a bad plan since we will not be able to adequately

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test the NewWave stuff yet. (The shell is not scheduled to be code complete until August 25 and won't ship until November.)

One major factor in this is if Windows slips to say September or October. Then we could delay shipping Excel 2.3 by a month or two so that the NewWave shell could be adequately tested.

2. Ship Excel 2.3 in August without the NewWave stuff. Then ship an update in November which includes the NewWave stuff. This gives us plenty of time to test, but is a very big effort since HELP and the manual would need to be updated each time.

3. Ship Excel 2.3 in August without the NewWave stuff. Instead, include the NewWave stuff with Excel 3.0. Making this decision will require some thought on our NewWave strategy, since we would need to convince HP that the delay will allow us to do a much better job. (It's not clear at this point we want to do a better job.)

David

From davidcol Wed Mar 1 09:53:47 1989
To: peteh
Cc: chrisp hankv jonde philw ralfha
Subject: Re: NewWave Excel
Date: Tue Jul 21 17:28:28 PDT 1992

>From peteh Wed Mar 1 09:21:57 1989
Subject: NewWave Excel

We won't wait for New Wave to ship our Win 3.0 version. Phil's fulfillment idea may make some sense.....

OK, here's what I propose we do:

1. Ship Win Excel 2.2 as soon as we can with changes needed to make it work under Windows 3.0 but no NewWave stuff. This would fall somewhere between the time PM Excel 2.2 ships and Windows 3.0 ships. I'll work with development, user ed, testing, and the Windows group to see what's best.

   I don't think it's realistic for HP to get the encapsulation shell done for this release since their development has slowed to a snails pace because we are not doing anything on the Excel side until May 15.

2. After Win Excel 2.2 ships, leave a developer and tester(s) on the NewWave Excel stuff so we can at least make the skimpy stuff we're doing work right. Then ship an update in November which includes the NewWave stuff. Maybe the update is only done through fulfillment, that's unclear.

   HP may not be happy with the fulfullment idea. The contract says something about our standard retail product being NewWave compatible, HP may not consider something through fulfillment as being part of the standard retail product. (Maybe we could offer the fulfillment thing August-November, then actually update the package in November?)

To minimize distraction in November, we should do as much work NewWave work as possible during the Win Excel 2.2 development cycle. Just shelve the NewWave stuff until November.

BTW: HP is real itchy about this whole thing. They see a serious lack of commitment on our part and possibly even a breach of contract. (Especially when it comes to the issue of redering the CGM format on the clipboard.) I'd like to talk with them about the above schedule or an alternative as soon as possible.

thanks,
David

From davidcol Tue Mar 7 08:43:11 1989
To: hankv peteh
Cc: marysn philw ralfha
Subject: Re: NewWave Excel
Date: Tue Jul 21 17:28:36 PDT 1992

I've found an old piece of mail which briefly talks about a sticker on the box. Here's the relevent part:

>From markche Mon Sep 12 09:14:58 1988
To: philw ralfha
Subject: Excel/NewWave Open Issues
Cc: chrisp markche peteh
Date: Mon Sep 12 09:11:30 1988

HP sent a letter last week asking for a response on a number of open issues, some technical and some marketing. I'm assuming that ralf is the appropriate contact for technical issues and phil for marketing. These are the issues:

5. Packaging

HP would like in some way to state on the Excel package something to the effect of a "NewWave Compatible" bullet.

I know we talked about this earlier in the context of a sticker and rejected the idea, however I think including a bullet on the package would buy us a lot of good will, which should come in handy as we are trying to close a large packaged product deal with HP for Excel at the moment, as you know.

I looked through the contract and didn't see anything about a sticker. Maybe a bullet point would be OK, right below our "Compatible Network" section.

David

From richt Sat Jan 12 11:15:12 1991
To: xlmktg

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Subject: Re: Excel and NewWave
Date: Tue Jul 21 17:28:36 PDT 1992

>From reneew Mon Jan 7 14:29:47 1991
To: deniser richt rogersw
Subject: Re: Excel and NewWave
Date: Mon Jan 07 14:27:11 1991

In Excel we support NewWave at a level of 3+ encapsulation.
This means that Excel is practically a New Wave
application.

Excel with NewWave can do things such as: Object level
shares, data passing and shares out.

There will be a coupon in the Excel 3 box that tells people
how to order the H.P. NewWave bridge which will allow them
to run Excel with NewWave. The coupon tells people to call
H.P. at 1-800-848-9283 to order the bridge.

I hope this helps. If you have any more questions, please
feel free to ask.

Thanks,
Renee

Here's some information from our "Rude Q&A" that we'll use
to answer the press when they ask us about New Wave support.

Q.   Will Excel 3 support New Wave?

A.   Yes it will. Excel 3 users need to use a coupon in the
     box to obtain some free enabling "hooks" from Hewlett
     Packard which will allow Excel 3 to work with NewWave.

Q.   But it's clear that MS is out to get NewWave. How do
     you reconcile this?

A.   We are supporting NewWave in Excel 3.0 because we
     believe it is a good business decision to serve
     customers who want to use both NewWave and the Excel
     spreadsheet. I'm not aware that MS is out to "get"
     NewWave.

     >From rogersw Mon Jan 7 09:09:59 1991
     To: deniser reneew richt
     Subject: Excel and New Wave
     Date: Mon Jan 07 09:11:05 PDT 1991

     I'm trying to put the finishing touches on a presentation for
     the OEM Account Managers(and anyone else that wants to use it)
     on our Objects Strategy and what to say about New Wave.

     I've heard that we did some things in 3.0 to support New Wave.

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Could one of you let me know what those things were? I assume
that we will not be doing anything further at this point.

Thanks...Rogers

From mikecon Mon Dec 4 22:36:21 1989
To: adrianw hankv jonre
Cc: cameronm celesteb lowellt ralfha toddw
Subject: Net DDE
Date: Tue Jul 21 17:28:53 PDT 1992

We in ABU been trying for a while to get a solution for DDE across a
network. (Jon, we spoke briefly about this in Menlo Park.) The Apps
Architecture group has been muddling with this for a while, and we'd
like your support to urge them along.

Marline has been evaluating NetDDE solutions from NetLogic, DaVinci
and Midland. Of the three, he is leaning somewhat toward NetLogic,
with Midland as close second and DaVinci in distant third. But since
NetLogic and Midland are both acceptable to Marlin on a technical
basis, he may well not make a recommendation.

Another possiblility is that Marline will recommend that we not
endorse/purchase/license/bundle a solution and instead publish a spec
for others to follow. This, we think, will be a disaster.

   (FYI - Lotus and Borland have both expressed interest in buying the
   rights to NetLogic's package. Both are interested in the DOS
   product as well as the Windows product; Lotus for 123, Borland for C)

I think if we can come to a consensus about this in apps, we can
solve this issue once and for all by providing Marline with a concrete
proposal.

We think the NetLogic solution is the best technically, and
NetLogic's small size make them a more manageble, a more responsive,
and less costly solution than Midland. Some options we have are:

1 Purchase or license of NetDDE and include it with Windows

2 Purchase or license of NetDDE and provide via fulfilment in the
  Windows, Word for Windows, and/or Excel package

3 Do a promotion with NetLogic and recommend to customers

4 Do nothing

Of these, I'd recommend (1) since unless system software is in the
build where customers can get it and developers can count on it, it
won't be a solution. Further, our competitors (Lotus, WP, Borland)
will have the opportunity to purchase it and rub our nose in it.

Can we meet about this briefly this week to reach a consensus? How
about Thursday at 2? (Those cc'd are welcome and feel free to include
other interested parties!) Please let me know and I'll get a room.
Thanks, all!

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Mike

From peteh Tue Feb 20 11:25:31 1990
To: hankv richt
Subject: FYI
Date: Tue Jul 21 17:29:01 PDT 1992

>From robg Mon Feb 19 18:29:37 1990
To: betsyd c-tomik jeffr johnsa mikemap mikes peteh robbieb robg susanb
    tomcor
Subject: IBM Place II Machine bundle
Cc: dalech robg russellj
Date: Mon Feb 19 18:29:35 1990

Thanks for your timely help. The proposal is being faxed now and I
will route you all hardcopies of the materials. The basic proposal
was:
core systems software: $9
EBU add-on (works and system tutorial): $5
Win Bookshelf: $20
Win Word and Win Excel: $50 each
Win Word and Win Excel Working Models: $10 each.

I'll let you know when I hear back (this week I'm sure I'll at least
hear something).

>From robg Fri Feb 16 18:57:04 1990
To: jeffr jeffsa mikemap peteh
Subject: IBM WinWord and WinExcel bundle proposal
Cc: dalech johnsa robg
Date: Fri Feb 16 18:57:00 1990

Mike's e-mail gave me enough info to go on -- I will send you guys
copies of what I generate on monday before it goes to IBM, but the
proposal will basically be in sync with Mike's response so I don't
think it will be controversial. If this goes further we will need
to sit down and strategize what outcome you would like to see
(full product bundle, some subset bundle (perhaps working model), or
no deal because the pricing would have to be too aggressive to make
it worthwhile).

It truly is hard for me to tell how serious IBM is at this point,
I'll know more tuesday/wednesday and let you know. Thanks and again
sorry for the short notice on all this.

>From mikemap Fri Feb 16 15:49:39 1990
To: jeffr peteh robg
Cc: cathyw chrisga dalech johnsa robg susanb
Subject: Re: Urgent/Win Word and WinExcel IBM bundle
Date: Fri Feb 16 15:44:47 1990

These prices are about as low as I would want to go. 10% of SRP is the
least we should think the intellectual content is worth.

One other alternative is to give them the working models. These are
limited, but are very good to get started on and will the serve the full

needs of many users. We could price them at say $5. We should also
get the reg base to do direct marketing into. If they wanted to put
the full docs on the CD we should charge more say $10 for the docs.

>From robg Fri Feb 16 14:31:45 1990
To: jeffr mikemap peteh
Subject: Urgent/Win Word and WinExcel IBM bundle
Cc: cathyw chrisga dalech johnsa robg susanb
Date: Fri Feb 16 14:31:43 1990

As per my previous mail IBM wants an price from us for them to bundle
WinExcel and WinWord with their new low-end multimedia system. This is
my proposal for what MS should bid. In the interest of time it is short
on justifiication but I am happy to discuss further as long as we meet
the goal of deciding in time for me to send a fax on Monday (the 16th,
Presidents Day) afternoon.

Background

IBM will begin selling, in June, a machine called Win and Place. Win
and Place are home-oriented machines going into very different
distribution channels than either we or IBM are currently strong in (see
my recent memo on this). IBM is about to decide whether to offer a
"multimedia" upgrade to the machine with an SRP of about $800-$1000 and
a multimedia version of the machine (upgrade plus base unit) for about
$2800-$3000. This upgrade includes the CD Rom Drive and Audio. As
currently spec'ed the system is 1 MB (rather than 2) but is otherwise
very much a "Level I" machine by my definition.

Today IBM pays $4-$6/machine for PC Works, and has verbally agreed to
pay us $15/System on a future (1991 now) machine to bundle Windows,
Multimedia Extensions, and Windows Works.

Proposal:

In order to get the business we would have to go pretty low, both
because of prior precedent and because of the price points and channels
they are focusing on.   I believe the business is of substantial
strategic importance to Microsoft so this is worth doing. However I
could understand your concerns about lowering the perceived value of
your product and of at some point actually having cannibalization
concerns.

Therefore I propose we give IBM 2 options: (a) "Full Product Prices,"
and (b) "Special Function [i.e. subset somehow] Prices." In both cases
I propose pure OEM deals (i.e. we hand IBM a CD Rom Master and they do
all of the pressing, duplication etc). They may actually want some kind
of packaged product deal but we can raise our costs accordingly -- this
process will iterate for sure. Also I will make very clear that these
are "per system" prices -- i.e. Microsoft gets paid the royalty for
every system they sell with a CD attached.

(a) Full Product Prices:

$50 for WinWord
$50 for WinExcel
$95 for both

Indicated flexibility on our part if they commit to volumes (which IBM
is unlikely to do)

(b) Special Function Prices:

$25 for WinWord
$25 for WinExcel
$45 for both
Indicated flexibility on our part if they commit to volumes (which IBM
is unlikely to do)

Product Definition

At a minimum the products would be the then-current standard versions of
WinWord and WinExcel, with a slightly custom installer so the whole
enchilada can be installed from the CD (all target machines have hard
disks and windows already included). In addition I will add weasel
words that talk about intent to look at multimedia CBT, audio training,
on-line docs , etc (stuff that we have already shown then en masse for
WinWorks and that they love) although I will not commit to anything (I
told them that we would need time here to assess what could be done and
would need to better understand the opportunity before committing to
anything special).

The "Special Function" versions of the product would be close to fully
functional versions of the apps, but with enough features walled off/not
included to motivate a significant percentage of the users to want to
upgrade to the full version direct from MS.   Obviously we would have
to be careful what these are (assuming we don't want to besmirch the
word and excel names) -- at the low end it could be no special printer
or other device drivers, at the high end it could be walling off some
features (e.g. support for above a certain size of spreadsheet or
document). My intention is to be pretty vague with IBM although
Jeff/Pete if we can talk in time I will be as specific as you want.

 My gut says that these prices are not aggresive enough to close the
deal but will show IBM that we are serious; if it turns out that they
are serious as well we can then iterate in a more reasoned fashion
internally as to how far down we might be willing to go to get the
business.

Please Reply asap -- thanks.

RobRob

>From t-suef Fri Feb 16 14:06:57 1990
To: celesteb cwillis davidt dwaynew mmerker peteh petern richmac
    stephenw
Subject: FINAL AGENDA - Reuters on 2/21
Cc: bobv charlesk chrisga christij dianet estherde lorisi micheles
    t-suef
Date: Fri Feb 16 14:05:25 1990

REUTERS FINAL AGENDA
Dates: February 21, 1990

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