

HIGHLY
CONFIDENTIAL

Carl Gullodge

From: Joachim Kempin
To: Carl Gullodge; Jeff Lam; Mark Chestnut
Cc: Brad Silverberg
Subject: RE: DELL: WFW Status Report.
Date: Tuesday, September 08, 1992 8:06

DELL has two options to play or not to play. If they want a cheap per copy deal they won't get it. Build to order is not helping us to grow share. In addition I am mad at them looking at their NOVELL LIFE promo in their catalogue. If they associate themselves with NOVELL and DR's product quality and believe we will do a shitty job as well, all the power to fall to them. We will not have a remote diagnostic feature, may be exact version- looks like most other OEMs don't need it as let's go with them and build share.

Carl, increase pressure; tell them that the offer expires 14/10/92, because we have already too many companies who want to participate in the launch. If they want a discussion refer them to me. Steve is on vacation and I don't want him to get involved. If they call Bill intercept the call.

> From: carlg Fri Sep 4 15:36:59 1992
To: jeff joachim; markche
Subject: DELL: WFW Status Report.

X-MSMail-Message-ID: 653FF733
X-MSMail-Conversation-ID: 653FF733
X-MSMail-WebRemark: Microsoft Mail - 3.0.729
From: Carl Gullodge <carlg@microsoft.com>
Date: Fri, 4 Sep 92 15:36:51 PDT

Heads UP - DELL execs maybe calling!

DELL's networking product managers are getting pressure from the execs to close on a deal. Frightened by our proposals, these guys are holding out - hoping for MS to concede to some type of "introductory" or "promotional" offer. They fear that DELL execs will attempt direct communication with MS execs and get what they want, making them look ineffective.

Dell's Primary Objections.

1. MS's "per hardware" OEM pricing is insensitive to Dell's successful Build to Order (BTO) model.
2. WFW does not provide a capability for remote diagnostics and support. DELL is now familiar with LAN support having been a provider for the Netware Lite for last 8 months. DELL does phone support only and fears a tremendous lead imposed by WFW if remote diag is not part of the product.

WFW Offers made to DELL.

- All require preinstall
- All require acceptance prior to launch.
- All based on Windows royalty @ 14.00 + WFW

Per Processor \$4.50 - Two year commit at 400K/yr.
Per Netcard \$7.00 - Two year commit at 50K/yr.
Per Netcard \$8.00 - Six Month commit at 25K/yr
Per copy \$30.00 - No commit.

I have asked DELL to submit a proposal of their own. They have stated that it might look like similar to a proposal that they have received from another supplier.

carlg

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Plaintiff's Exhibit

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Comes V. Microsoft



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