From: Dale Watanabe

Sent: Thursday, June 26, 2003 3:59 PM

To: Rick Wong; Rob Young (OEM)

Cc: Kurt Kolb

Subject: FW: LDS Church - Hewlett Packard

Attachments: RE: LDS - Open Source - Quick Update; RE: LDS - Open Source - Quick Update

I took this offline with our guy, Brad, but I think we should be concerned that they are breaking out the OS separately.

Dale

From: Dale Watanabe
Sent: Thursday, June 26, 2003 12:09 PM
To: Brad Beadles
Cc: Bret Arsenault; Scott Johnson (DENVER); Tim Schmidt (DENVER); David Brandt (DENVER); Ann Nicholson
Subject: RE: LDS Church - Hewlett Packard

Brad,
   1. OEMs should NOT be quoting separate prices for OEM versions of OS and applications. If they are, they are violating their licensing agreement with us.
   2. Given the fact that the prices that you quote from the OEM are no where near their true price from us, then the above is probably not a really issue, but the end user customer perception ends up getting skewed.
   3. OEM OS prices are uniform based on volume. Anyone can figure out from IDC data, etc. that HP's and Dell's volume are virually the same. We do not have any flexibility to change prices on a deal basis. But I don't think that is the real issue here.

Please give me a call. Rather talk through this with you.

Dale
425-706-8796
Cell: 206-953-2233

From: Brad Beadles
Sent: Tuesday, June 24, 2003 4:31 PM
To: Dale Watanabe
Cc: Bret Arsenault; Scott Johnson (DENVER); Tim Schmidt (DENVER); David Brandt (DENVER); Ann Nicholson
Subject: LDS Church - Hewlett Packard
Importance: High

Hi Dale,

Bret asked me to ping you with a competitive situation we are having with The LDS Church here in SLC. To net it out, HP and Dell are their PC providers of choice. The Church has asked them to come back with systems that are under $500 for their local area offices and units around the world. This constitutes approximately 25,000 PC's.

Outside of the hardware, they are considering alternatives to their current standard of Windows O/S and MS Works on the desktop in these local units. They are considering Mandrake,

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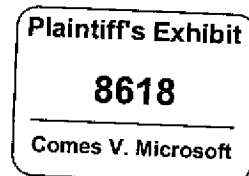
Debian, Red Hat and Open Office because of their upfront costs. HP is quoting their system to include both the Windows O/S ($80) and MS Works ($15) for an overall software acquisition cost of $95 for the O/S and Application Suite. The Open Source alternatives are $8.50 for the O/S of choice which is currently Madrake (Open Office is $0.00). As you can see, we have a price delta of $85 between the MS solution and the Open Source solution.

Is there anything we can do with/for HP to lower the O/S cost to become more competitive? Dell is quoting $30 for the O/S and the MS Works product team is giving us $25 for MS Works for a price point of $55 for the Dell software acquisition costs.

Regards,

Brad D. Beadles
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Utah Events and Information
http://www.microsoft.com/usa/offices/saltlake.asp

3/10/2005