
From: Kunju Kothari
Sent: Thursday, October 07, 1999 12:33 PM
To: Bill Landefeld (Exchange)
Cc: Jon Anderson (Exchange)
Subject: Global Price Waterfall Presentation to RichT's staff

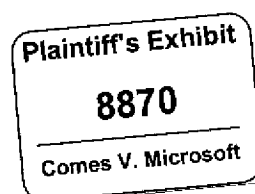
Bill,
You had asked me to brief RichT's staff on the GWF project. This meeting is scheduled for tomorrow at noon. Are there any issues I need to be aware of / focus on in the meeting?

I have prepared a presentation that gives an overview of the project, current waterfall issues, proposed waterfall rules to handle these issues, and implementation timelines. Will this meet the needs of the audience? Thanks for your help in advance.



Global Price
Waterfalls - Cons...

Kunju



Microsoft Confidential

Global Price Waterfalls

Microsoft Confidential

Kunju Kothari

October 7, 1999

Agenda

- ⌘ Situation - European Price Harmonization Project
- ⌘ Goals & Objectives
- ⌘ Current Price Waterfall Issues
- ⌘ Proposal Summary
- ⌘ Implementation Plan

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European Price Harmonization

- ⌘ Europe's move towards pricing in Euro Currency meant:
 - Need existed to do large scale price adjustments
 - Be consistent with US (default) Price Waterfall rules
 - Open A will be the base price
 - Apply an uplift to base price
 - Be revenue neutral
- ⌘ US Price Waterfall rules had issues that needed to be addressed before Europe could move forward
- ⌘ Presented an opportunity to define a Global Price Waterfall
 - Process efficiencies
 - Reduced complexity
 - Greater consistency between subsidiaries

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European Price Harmonization project

- * Led by Richard Lindh (Director EMEA Marketing), and Gillian Frampton (Business services manager - channel programs, Burlington Consultants).
- * Objective: How MS products will be priced in Euro currency & achieve coherent pricing. REVENUE NEUTRALITY MODEL
- * Proposal - Adopt US Volume Waterfall from Open A through MVLP Upg. FPP constrained to a 20% bandwidth. Apply two uplifts - Standard 20%, transitional low of (6% for Greece and Spain)
- * Recommendations made to Michele Lacombe Oct 98 - approved

Goals & Objectives

- ⌘ Define a Global Price Waterfall that is:
 - Consistent within each Product Family
 - Minimizes revenue impact / number of price changes
 - Logical and Simple
 - Provides a platform for introduction of new Licensing programs

- ⌘ Obtain buy-off from Senior Management - Feb 23rd 1999 (timing driven by Europe's plan to publish Euro price lists July 1st)

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Current Price Waterfall Issues

⌘ Inconsistent Price Waterfalls

- Between Products and within same Product Families eg. Office and Office Pro
- Upgrades Waterfall flatter than Full license for some products, steeper for others
- Relationship between Full License and Upgrades vary by product e.g. US VUP Open A Office Pro starts at 58%, Office Std at 46% and Word at 25%
- Minimum Price differential between FPP & Open A varies by product

⌘ Pricing anomalies

- Net Open C&D prices lower than Select A Open
- Often Retail street price lower than Open A
- Published (ERP) price cheaper at Open when net price OK
- Wide gap between Select ERP and Street price
- End user rebate specific to US impacts worldwide pricing

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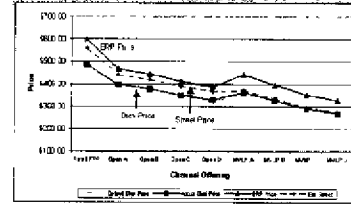
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Comparison: ERP, Street, & Distl Price

Office Pro, standard (new) license:

Issues :

- Current US Prices for Open C and D are lower both at distl and ERP price
- Close relationship between Street price and ERP for FPP, and Open. Much Wider gap for Select



Proposal :

- Align ERP markup with Open at 117.65%

Office ID	Default Price	Actual Distl Price	ERP Price	Est. Street	Net Margin	MS Calculated Margin
Office Pro	\$485.00	\$400.00	\$450.00	\$450.00	15%	12.7%
Open A	\$399.00	\$300.00	\$400.00	\$400.00	10%	11.0%
Open B	\$252.00	\$200.00	\$250.00	\$250.00	13%	11.0%
Open C	\$305.00	\$200.00	\$250.00	\$250.00	13%	11.0%
Open D	\$222.00	\$150.00	\$200.00	\$200.00	13%	11.0%
MVLPA	\$482.00	\$300.00	\$400.00	\$400.00	7%	17.7%
MVLPA	\$320.00	\$200.00	\$250.00	\$250.00	2%	17.7%
MVLPA	\$380.00	\$250.00	\$300.00	\$300.00	2%	17.7%
MVLPA	\$267.00	\$150.00	\$200.00	\$200.00	2%	17.7%

Current ERP Markup and Margin

Corporate Bid and Approver	ERP Price	Distl Price	Current ERP Markup	Current ERP Margin
FPP	123.00%	19.7%		
Open	117.65%	15.0%		
Select	121.51%	27.7%		

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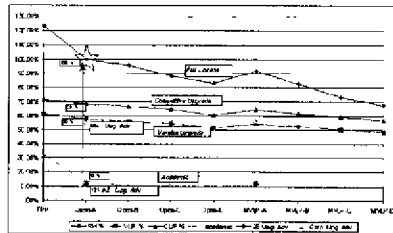
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- Use example of Office Pro to highlight problems with current US Waterfall
- The chart shows price at which we sell to distl (net rev. to MS), ERP published prices and Street price. Numbers at the bottom show how this translates into margins for the channel
- If we go to the chart, we can see that both Open C and D are cheaper than MVLPA. This is a big issue and the company is spending many cycles explaining why this should be the case. Also, recently, we dropped number of units required to qualify for Open, so the explanation of lower price for upfront payment becomes weak.

Office Family Comparison: Current Full License & Upgrades

MS Office in the US

- Upgrades Waterfall flatter than Full License
- Open C&D prices lower than Select A
- ↳ Relationship between Full License and Upgrades vary by product in the US, e.g. VUP Open A Office Pro starts at 58%, Office Std at 46% and Word at 26%
- Similar findings in other subs. - VUP Open A Office Pro starts at 48% in Germany and UK, 53% in France, and 58% in Japan
- Academic discounts differ by product
- Open Upgrade Advantage price lower than VUP price / varies by product and pricing level



Office Pro	Full License	Open Upgrade	Upgrade Advantage	Open Upgrade Advantage
Office Pro	12.8%	10.2%	10.2%	10.2%
Word	12.8%	10.2%	10.2%	10.2%
Excel	12.8%	10.2%	10.2%	10.2%
PowerPoint	12.8%	10.2%	10.2%	10.2%
Access	12.8%	10.2%	10.2%	10.2%
Outlook	12.8%	10.2%	10.2%	10.2%
FrontPage	12.8%	10.2%	10.2%	10.2%
Internet Explorer	12.8%	10.2%	10.2%	10.2%
Windows	12.8%	10.2%	10.2%	10.2%
Windows NT	12.8%	10.2%	10.2%	10.2%
Windows 95	12.8%	10.2%	10.2%	10.2%
Windows 98	12.8%	10.2%	10.2%	10.2%
Windows ME	12.8%	10.2%	10.2%	10.2%
Windows XP	12.8%	10.2%	10.2%	10.2%
Windows Vista	12.8%	10.2%	10.2%	10.2%
Windows 7	12.8%	10.2%	10.2%	10.2%
Windows 8	12.8%	10.2%	10.2%	10.2%
Windows 10	12.8%	10.2%	10.2%	10.2%
Windows 11	12.8%	10.2%	10.2%	10.2%

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Global Waterfall Proposal

- ⌘ **Separate Price Waterfalls by product groupings eg. Office Family, Developer Tools, Consumer OS, Windows Pro, and Servers/Cals.**
- ⌘ **Separate Price Waterfalls for Full License & Upgrades**
 - ⌘ **Upgrades Waterfall:**
 - ⌘ Flatter than full product waterfall for all Products (except Servers & Cals - one Waterfall)
 - ⌘ **Minimum Price** differential between FPP & Open A of 10%
- ⌘ **Upgrade Advantage pricing rules consistent for Select & Open at 130% of their respective VUP level A price**
- ⌘ **Open A will be the base price**
 - ⌘ Greater consistency in Licensing
 - ⌘ Flexibility with FPP
- ⌘ **Open C/D pricing reconciled with Select A**
- ⌘ **Select ERP reduction; no change to net price**
 - ⌘ Eliminates open/select "published" price differential
 - ⌘ Better reflects margin for single tier distribution

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Appendix

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Methodology

⌘ Project used an iterative process of Analysis - Consultation - Analysis to drive towards a solution

⌘ Project Team

- Core team comprised of Finance, Volume Licensing and Product Groups. Consultation with customer units / Europe
- Reviews / Approval - Peterbo and JonA

⌘ Analysis Focus

- Analyze Current Waterfall rules
- Map similarities / issues
- Competitor Waterfall analysis
- Scenarios / Impacts
- Proposal

⌘ Project started Dec 98 and completed Feb 99

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Price Waterfall History

- ⌘ First Price Waterfall developed 5 years ago by US Channel Policies
- ⌘ Only FPP, MLP and Select offered at that time
- ⌘ Select discount determined by cost savings within MS versus value proposition to the customer, and MSI competitive research
- ⌘ Open appeared later and squeezed in between FPP and Select
- ⌘ Move from SRP to ERP for FPP and Open.
- ⌘ Select ERP could not be adjusted due to global implications. This may explain markup differences between FPP, Open and Select and current price anomalies

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Summary: Price Waterfall Proposals

Agenda

- ⌘ Relationship between ERP, Dist. and Street Price
- ⌘ Current and Proposed Waterfalls
 - ☒ Desktop Applications
 - ☒ Developer Tools
 - ☒ Platform Desktop
 - ☒ Platform Servers and Cals.

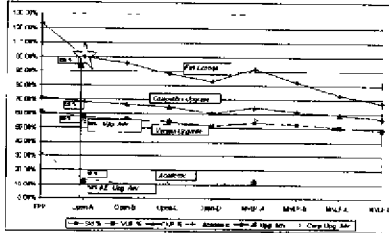
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Office Family Comparison: Current Full License & Upgrades

MS Office in the US

- Upgrades Waterfall flatter than Full License
- Open C&D prices lower than Select A
- Relationship between Full License and Upgrades vary by product in the US, e.g. VUP Open A Office Pro starts at 58%, Office Std at 46% and Word at 25%
- Similar findings in other subs.- VUP Open A Office Pro starts at 48% in Germany and UK, 53% in France, and 58% in Japan
- Academic discounts differ by product
- Open Upgrade Advantage price lower than VUP price / varies by product and pricing level.



Office Pro	Full License	Upgrade Price	Upgrade Price / Full License	Office Std	Full License	Upgrade Price	Upgrade Price / Full License
Office Pro	122.0%	100.0%	81.9%	Office Std	100.0%	46.0%	46.0%
Office Std	100.0%	46.0%	46.0%	Office Small Business	100.0%	25.0%	25.0%
Office Small Business	100.0%	25.0%	25.0%	Office Home & Student	100.0%	15.0%	15.0%
Office Home & Student	100.0%	15.0%	15.0%				

Office Pro	Full License	Upgrade Price	Upgrade Price / Full License
Office Pro	122.0%	100.0%	81.9%
Office Std	100.0%	46.0%	46.0%
Office Small Business	100.0%	25.0%	25.0%
Office Home & Student	100.0%	15.0%	15.0%

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Desktop Applications: Global Waterfall Proposal

Separate Price Waterfalls for Full License & Upgrades

- Upgrades Waterfall:**
 - Flatter than full product waterfall
 - Key variable is Open A % discount from full product
 - Subs. apply theoretical Open A price for VUP (gross of anc user rebates in US)
- Minimum Price differential between FPP & Open A of 10%**

Upgrade Advantage pricing rules consistent for Select & Open at 130% of their respective VUP level A price

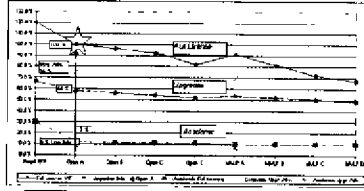
Open A will be the base price

- Greater consistency in Licensing
- Flexibility with FPP

Open C/D pricing reconciled with Select A

Select ERP reduction; no change to net price

- Eliminates open/select "published" price differential
- Better reflects margin for single tier distribution



	Full License	Upgrade	Upgrade	Academic	Corporate	Academic
	Net	Net	Open A	Full License	Upgrade	Upgrade
Full FPP	120.0%	115.0%	10.0%	20%		
Open A	100.0%	100.0%	0.0%	1.0%	22%	1%
Open B	85.0%	87.0%	10.0%	11%		
Open C	60.0%	61.0%	14.0%	11%		
Open D	52.0%	53.0%	11.0%	11%		
MVLP A	51.0%	52.0%	11.0%	11%	10%	1%
MVLP B	51.0%	51.0%	11.0%	11%		
MVLP C	71.0%	71.0%	10.0%	11%		
MVLP D	51.0%	51.0%	10.0%	11%		

Notes
 Academic proposal is for US only. Only Open level A, B and MVLP A are offered.
 LED will use same Waterfall as DAD

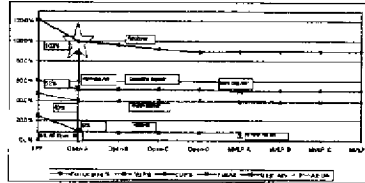
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Developer Tools: Comparison: Current Full License & Upgrades

Visual Studio Pro

- Upgrades Waterfall flatter than Full License
- > Full License Open D price lower than all Select Levels
- Relationship between Full License and Upgrades vary by product in the US, e.g. VUP Open A is 40% of Full License Price for Visual Studio but 60% for VC++ and V2+.
- Competitive Upgrade price is 52% for Visual Studio
- Full License Academic price starts at 25% of PPP and is discounted down to 8% for Select
- Upgrade Advantage price is consistent for Open and Select at 130% of their respective VUP level A price



License	Full License	Visual Pro	Visual Pro	Visual Pro	Visual Pro
Address	2216	2176	2176	2176	2176
PPP	100.00	100.00	100.00	100.00	100.00
Open A	40.00	40.00	40.00	40.00	40.00
Open B	25.00	25.00	25.00	25.00	25.00
Open C	8.00	8.00	8.00	8.00	8.00
Open D	8.00	8.00	8.00	8.00	8.00
MVLPA	100.00	100.00	100.00	100.00	100.00
MVLPB	100.00	100.00	100.00	100.00	100.00
MVLPC	100.00	100.00	100.00	100.00	100.00
Upgrade A	52.00	52.00	52.00	52.00	52.00
Upgrade B	52.00	52.00	52.00	52.00	52.00

License	Visual Pro	Visual Pro	Visual Pro
Address	2216	2176	2176
PPP	100.00	100.00	100.00
Open A	40.00	40.00	40.00
Open B	25.00	25.00	25.00
Open C	8.00	8.00	8.00
Open D	8.00	8.00	8.00
MVLPA	100.00	100.00	100.00
MVLPB	100.00	100.00	100.00
MVLPC	100.00	100.00	100.00
Upgrade A	52.00	52.00	52.00
Upgrade B	52.00	52.00	52.00

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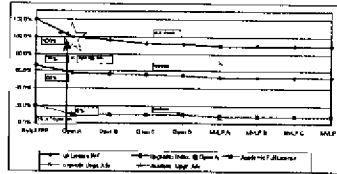
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- Use example of Office Pro to highlight problems with current US Waterfall
- The chart shows price at which we sell to disti, ERP published prices and Street price. Numbers at the bottom show s how this translates into margins for the channel,
- If we go to the chart, we can see that both Open C and D are cheaper than MVLPA. This is a big issue and the company is spending many cycles explaining why this should be the case. Also, recently, we dropped number of units required to qualify for Open, so the explanation of lower price for upfront payment becomes weak

Developer Tools: Global Waterfall Proposal

- * **Separate Price Waterfalls for Full License & Upgrades**
 - Select non-tiered - same pool as Desktop Apps, qualifies customers for Select price on strength of other product purchases
- * **Upgrades Waterfall:**
 - Flatter than full product waterfall
 - Key variable is Open A % discount from full product
 - Subs: apply theoretical Open A price for VUP (gross of end user rebates in US)
 - Minimum Price differential between FPP & Open A of 10%
- * **Upgrade Advantage pricing rules consistent for Select & Open at 130% of their respective VUP level A price**
- * **Open A will be the base price**
 - Greater consistency in Licensing
 - Feasibility with FPP
- * **Open C/D pricing reconciled with Select A**
- * **Select ERP reduction; no change to net price**
 - Eliminates open/select "published" price differential
 - Better reflects margin for single tier distribution

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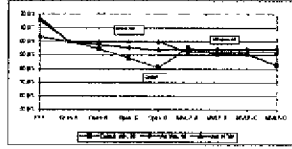
	Full License		Upgrades		Academic Open A	Corporate Upgr Adv	Academic Upgr Adv
	Net	Inc	Net	Inc			
Full FPP	100%	100%	66.7%	20%			
Open A	100%	100%	86.0%	10%	130%	130%	9%
Open B	90.0%	90.0%	51.0%	10%			
Open C	87.0%	87.0%	58.0%	10%			
Open D	81.0%	81.0%	50.0%	10%			
MVLP A	80.0%	80.0%	51.0%	10%		10%	7%
MVLP B	78.0%	78.0%	52.0%	10%			
MVLP C	75.0%	75.0%	52.0%	10%			
MVLP D	70.0%	70.0%	52.0%	10%			

Note: Academic proposal is for US only. Only Open level A, B and MVLP A are offered.

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Platform Desktop: Current Price Waterfalls

Version Upgrade computers

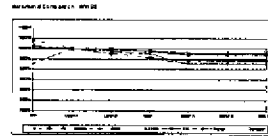


Product	Actual Price	Wholesale Price	Street Price
Office Pro	115.00	100.00	115.00
Office 95	115.00	100.00	115.00
Office 97	115.00	100.00	115.00
Office 98	115.00	100.00	115.00
Office 99	115.00	100.00	115.00
Office 2000	115.00	100.00	115.00
Office XP	115.00	100.00	115.00
Office 2003	115.00	100.00	115.00
Office 2007	115.00	100.00	115.00
Office 2010	115.00	100.00	115.00
Office 2013	115.00	100.00	115.00
Office 2016	115.00	100.00	115.00
Office 2019	115.00	100.00	115.00
Office 2021	115.00	100.00	115.00

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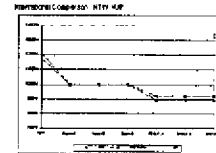
- Actual Windows 95 VUP Waterfall flatter than Default Waterfall - Non-bared at Select levels
- NTW VUP Waterfall non-bared for Open and Select, but bared for CLP/PUP
- Win 98 Open A VUP & NTW Open A VUP = 61% of Open A Full License (extrapolated) or 52% & 47% of Full License respectively of FFP Full License

Flatter Waterfall in UK, France and Germany compared to US



Country	Product	Actual Price	Wholesale Price	Street Price
US	Office Pro	115.00	100.00	115.00
UK	Office Pro	115.00	100.00	115.00
France	Office Pro	115.00	100.00	115.00
Germany	Office Pro	115.00	100.00	115.00

Open non-bared in Germany and UK Slightly more discounted at Select



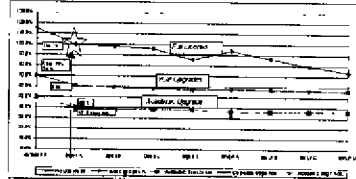
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- Use example of Office Pro to highlight problems with current US Waterfall
- The chart shows price at which we sell to disti, ERP published prices and Street price. Numbers at the bottom show s how this translates into margins for the channel,
- If we go to the chart, we can see that both Open C and D are cheaper than MVLP A . This is a big issue and the company is spending many cycles explaining why this should be the case Also, recently, we dropped number of units required to qualify for Open, so the explanation of lower price for upfront payment becomes weak.

Platform Desktop: Global Waterfall Proposal

- * **Separate Price Waterfalls for Consumer (Win 98) & Business OS (NTW)**
- * **Consumer OS:**
 - Full License - FPP only
 - Upgrades - Flat Waterfall at Open Select non-tiered No change.
 - Minimum Price differential between FPP & Open A of 5%
- * **Business OS :**
 - Full License & Competitive/Product Upgrade - Sleeper Waterfall than VUP
 - Version Upgrade - Open Waterfall same as Consumer OS Select tiered to reward volume purchase
 - Minimum Price differential between FPP & Open A of 10%
- * **Upgrade Advantage pricing rules consistent for Select & Open at 130% of their respective VUP level A price**
- * **Open A will be the base price**
 - ☐ Greater consistency in Licensing
 - ☐ Flexibility with FPP
- * **Open C/D pricing reconciled with Select A**
- * **Select ERP reduction; no change to net price**

Business OS (NTW)



	NETV	NETV	VUP Upgrade		Academic	Consumer	Academic	Net Price
	Full License	VP	Open B	Open A	Full License	Open A	Open B	Level A
Full FPP	110.0%	112.0%	112.0%	95%				111.0%
Open B	82.0%	88.0%	81.2%	82%				82.0%
Open A	78.0%	87.0%	84.7%	38%		75%	17%	87.0%
Open C	85.0%	92.0%	82.2%	20%				85.0%
Open D	85.0%	93.0%	87.7%	38%				93.0%
Acad. Upr.	94.7%	94.4%	111.0%	30%		75%	17%	94.7%
Net Price	78.7%	82.1%	78.6%	30%				82.1%
Net Price	73.5%	73.5%	73.5%	30%				73.5%

Note: Academic proposal is for US only. Only Open level A, B and MVLP A are offered

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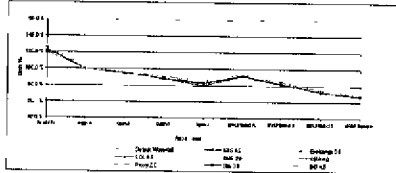
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Platform Servers

Current Price Waterfalls - Full License and Upgrades (Std.)

Full License

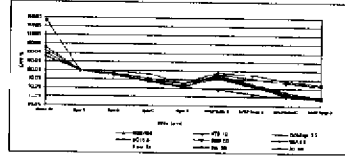
- Only minor differences between actual and current default Waterfall for Platform Servers
- Open C & D cheaper than Select A for all products



Product	Default Waterfall	Open C	Open D	Select A	Select B
Proxy	100%	75%	50%	75%	75%
Site	100%	75%	50%	75%	75%
Exchange	100%	75%	50%	75%	75%
Other	100%	75%	50%	75%	75%

VUP

- Proxy and Site Waterfalls same as default Waterfall
- Exchange discounted steeply at Select levels A, B and C
- All other waterfalls discounted more at Select levels compared to default Waterfall.
- Open C & D cheaper than Select A



Product	Default Waterfall	Open C	Open D	Select A	Select B
Proxy	100%	75%	50%	75%	75%
Site	100%	75%	50%	75%	75%
Exchange	100%	75%	50%	50%	50%
Other	100%	75%	50%	50%	50%

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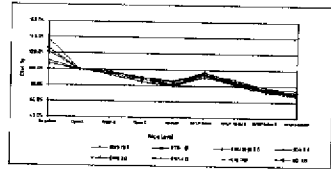
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US, Mexico, Japan, UK, France - same issue with Open C being cheaper than Select. Hong Kong applies a linear waterfall, and offers steep discount for Open A at 25%.

Platform CALS

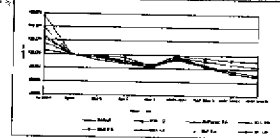
Current Price Waterfalls - Full License and Upgrades

USA - Full License



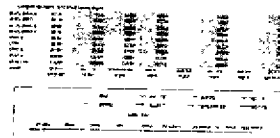
License	Open	Select	Upgrade	Upgrade	Upgrade	Upgrade	Upgrade	Upgrade	Upgrade
Full License	100%	100%	100%	100%	100%	100%	100%	100%	100%
Open A	75%	100%	100%	100%	100%	100%	100%	100%	100%
Open B	100%	100%	100%	100%	100%	100%	100%	100%	100%
Open C	100%	100%	100%	100%	100%	100%	100%	100%	100%
Open D	100%	100%	100%	100%	100%	100%	100%	100%	100%
Select A	100%	100%	100%	100%	100%	100%	100%	100%	100%
Select B	100%	100%	100%	100%	100%	100%	100%	100%	100%
Select C	100%	100%	100%	100%	100%	100%	100%	100%	100%
Select D	100%	100%	100%	100%	100%	100%	100%	100%	100%
Upgrade A	100%	100%	100%	100%	100%	100%	100%	100%	100%
Upgrade B	100%	100%	100%	100%	100%	100%	100%	100%	100%
Upgrade C	100%	100%	100%	100%	100%	100%	100%	100%	100%
Upgrade D	100%	100%	100%	100%	100%	100%	100%	100%	100%

USA - YUP



License	Open	Select	Upgrade	Upgrade	Upgrade	Upgrade	Upgrade	Upgrade
YUP	100%	100%	100%	100%	100%	100%	100%	100%
Open A	100%	100%	100%	100%	100%	100%	100%	100%
Open B	100%	100%	100%	100%	100%	100%	100%	100%
Open C	100%	100%	100%	100%	100%	100%	100%	100%
Open D	100%	100%	100%	100%	100%	100%	100%	100%
Select A	100%	100%	100%	100%	100%	100%	100%	100%
Select B	100%	100%	100%	100%	100%	100%	100%	100%
Select C	100%	100%	100%	100%	100%	100%	100%	100%
Select D	100%	100%	100%	100%	100%	100%	100%	100%
Upgrade A	100%	100%	100%	100%	100%	100%	100%	100%
Upgrade B	100%	100%	100%	100%	100%	100%	100%	100%
Upgrade C	100%	100%	100%	100%	100%	100%	100%	100%
Upgrade D	100%	100%	100%	100%	100%	100%	100%	100%

USA - CUP



License	Open	Select	Upgrade	Upgrade	Upgrade	Upgrade	Upgrade	Upgrade
CUP	100%	100%	100%	100%	100%	100%	100%	100%
Open A	100%	100%	100%	100%	100%	100%	100%	100%
Open B	100%	100%	100%	100%	100%	100%	100%	100%
Open C	100%	100%	100%	100%	100%	100%	100%	100%
Open D	100%	100%	100%	100%	100%	100%	100%	100%
Select A	100%	100%	100%	100%	100%	100%	100%	100%
Select B	100%	100%	100%	100%	100%	100%	100%	100%
Select C	100%	100%	100%	100%	100%	100%	100%	100%
Select D	100%	100%	100%	100%	100%	100%	100%	100%
Upgrade A	100%	100%	100%	100%	100%	100%	100%	100%
Upgrade B	100%	100%	100%	100%	100%	100%	100%	100%
Upgrade C	100%	100%	100%	100%	100%	100%	100%	100%
Upgrade D	100%	100%	100%	100%	100%	100%	100%	100%

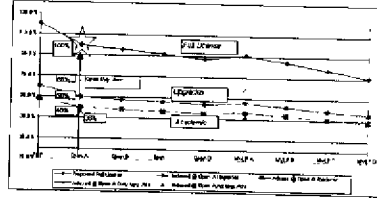
- Full License - BO, SQL and Exch. have pricing similarities at Open and Select. NTS Waterfall is flatter than all other Waterfalls
- YUP - BO and SQL have pricing similarities at Open and Select. NTS Waterfall is much flatter. Open D deeply discounted and Select A price higher than Open B, C, & D. Opportunity to have same Waterfall for Full License and YUP for NT.
- CUP - SQL & SNA CUP rules are same as YUP. Minor diff. for BO CUP. NTS discounted more than YUP.
- Open C and D cheaper than Select A. Open B cheaper than Select A for NT. YUP and CUP and SNA CUP.

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US, Mexico, Japan, UK, France - same issue with Open C being cheaper than Select. Hong Kong applies a linear waterfall, and offers steep discount for Open A at 25%.

Platform Servers and CALs: Global Waterfall Proposal

- * Same Price Waterfall for Full License & Upgrades, & for Servers and CALs.
 - ☐ Exception will be made in the US for NTS to manage revenue impact
 - ☐ Minimum Price differential between FFP & Open A of 10%
- * Upgrade Advantage pricing rules consistent for Select & Open at 130% of their respective VUP level A price
- * Open A will be the base price
 - ☐ Greater consistency in Licensing
 - ☐ Flexibility with FFP
- * Open C/D pricing reconciled with Select A
- * Select ERP reduction; no change to net price
 - ☐ Eliminates open/select "published" price differential
 - ☐ Better reflects margin for single tier distribution



	Internal @			
	Full License	Upgrades	Acad/Ent	Dist. Imp. / 10% SE. Use. Adv.
Open A	100.0%	50.0%	40.0%	
Open B	80.0%	40.0%	30.0%	10.0%
Open C	60.0%	30.0%	20.0%	
Open D	40.0%	20.0%	10.0%	
MVLP A	130.0%	65.0%	52.0%	10.0%
MVLP B	110.0%	55.0%	44.0%	
MVLP C	90.0%	45.0%	36.0%	
MVLP D	70.0%	35.0%	28.0%	

Note: Academic proposal is for US only. Only Open level A, B and MVLP A are offered.

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