

From jancl Mon Feb 26 22:16:58 1990
To: richardf
Subject: Trip Report 2/6/90
Date: Mon Feb 26 22:16:14 1990

>From garype Wed Feb 7 14:10:18 1990
To: jancl
Subject: Trip Report 2/6/90
Cc: garype
Date: Wed Feb 7 14:09:35 1990

HP attendance:
Shyam Zha - Product Marketing
Gerry Erickson - R&D Section Manager
Jim Pearson - Project manager
Larry Winter - Project Manager

MS Attendance:
Gary Perez
Mark Chestnut
Sergiop

Objective:
Mark and I were told that HP had evaluated ROM DOS from MS and a company called Datalite and that the only real issue was pricing. We flew down prepared to hear their technical needs to license the product and to negotiate pricing.

Results:
We were blindsided in this meeting. The first thing that Erickson said when he came into the room was, "we've already made our decision to go with the competition but we understand that you wanted to come down here and make one last pitch".....

They indicated that we were very much apart on pricing... Their comment was "dimes" was there price from datalite... Since then I have found out that the offer from datalite was \$75K for the sourcecode and HP can go with it. HP's plan was to tweak the OS and not even mention it was DOS.... They will have a very rough time getting ISV support if they do that. They would also have to handle the localization issues on their own....

What this boils down to is another HP division that is NOT listening to it's marketing people and is going off on it's own...

Mark, another thing I found out today from Shyam... There are technical difficulties in datalite product that they didn't tell us about. So they must of thought they were negotiating.. When we broke out to discuss pricing, Shyam told me that Eric Everett, the guy that will end up doing the work said, "if MS came back and told us they would give us DOS for \$2.00 he take it in a minute" So the technical guy wants to use MS DOS. Makes his life easier...

Jan, Pricing I offered is:

100K units per year commitment = \$7.00/unit with \$50,000 due on signing
200K units per year commitment = \$5.00/unit with \$100,000 d/o/s

Flash Epron file system was quoted at \$1.50/unit for 50K units...

HP to respond by 2/13..

Mark, I have a call into Gerry Ericson. Shyam says he will be meeting with him today...When I talk to him I will focus on:

The Strong ISV relationship between MS and ISV's. Without real DOS in their machines, they won't be able to pull ISV's so easily.

The overall HP/MS relationship. I want that guy to know that every major division in HP is working with MS on major projects. (Gives him the opportunity to become a big player at Puette's level)

Localization issues. We have a shipping product that has been localized. HP will have to do that work themselves...

Shyam said not to push on the japanese markets issue because they have REASONS for not being interested in that market...

Bottom line Jan. Neither Mark or I want to tell Bill Gates that we lost a DOS deal with HP to a 3 man company called datalite... I will stay on this

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guy for the next several days and as soon as I think we don't have a chance,
we need to escalate. Maybe the Puette/JK meeting is an opportunity. Maybe
we have to have Billg call Platte or young....

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