

From debbiefl Thu Sep 20 07:58:59 1990
To: richardf
Cc: debbiefl tedha
Subject: RE: commodores dos price
Date: Thu Sep 20 07:57:23 1990

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richard,
i crunched some numbers last night and if you take all of their 8086 machines and half of their 286 machines which are what they are shipping in their consumer channel, it comes out to 73% of the total. so for non consumer machines, they ship at the most 27% of their total or 59,000 total units. I did some playing around with the numbers and plugged in \$6 8086 royalty, \$11 286 royalty and \$15 386 royalty. If they were to ship exactly the same number of units that they did last year, our revenue would be \$1,889,942. this compares to our revenue this year with a blanket \$11 royalty of \$2,408,956. If we were to lose this business to DRI (73% of the total units), keeping the \$11 royalty, our DOS revenue would be \$648,956.

What do all these numbers mean? The way the negotiations seem to be going for Amiga Works (and Jeff is nothing if not consistent), I believe he will go for a higher price on the higher end. This would be good news for us because if you look at the unit break down between q190 and q490, you see some very interesting things, for example:

8086 shipments down 43%
286 shipments up 14%
386 shipments up 471%.

I happen to know, although Jeff certainly didn't tell me, that they are coming out with 7 new machines that are all 286, 386 and 486. So in the short term, it looks like we would lose with a lower 8086 royalty. However, with the trend that I see in their numbers, we could actually do very well at the high end. how does this strategy sound?
dabbie

>From richardf Wed Sep 19 17:02:28 1990
To: debbiefl
Subject: commodores dos price

Date: Wed Sep 19 16:59:17 1990

Tough situation. we cannot allow him to say " they are the same, all that matters is the price..." this may be true for some low end users but not all his customers. he needs to admit that to you, ther will be some % of his cust

base that will want the same dos that IBM compeq and the like re shipping..

Do you have any idea of how many customers that is ?
(ie what % of thier business is non consumer ?)

thanks
richardf

>From debbiefl Wed Sep 19 14:51:01 1990
To: richardf
Cc: debbiefl tedha
Subject: commodores dos price
Date: Wed Sep 19 14:48:17 1990

richard,
tedha asked me to email you to bring you up to date on the commodore dos

situation. our relationship has broken down rather badly because of the problems in our delivery of the PC Works stuff and Jeff Scherb doesn't have much patience or faith in us at this point. Based on conversations

with both Jeff Frank and Jeff Scherb, I believe that their quote on DOS from DRI is \$5. Jeff S. has told me that it is a purely financial decision and if we give him a \$5 price that he will tell DRI to go away.

It just so happened that while I was telling Ted all about this, Joachim walked by the office and suggested that we consider working out a 1% of srp deal with them, like had been done with Phillips. We wouldn't go any lower than the \$5, but that would give us a ballpark.

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As soon as I get the list from Jeff S-I actually got a page today, I will work up a spreadsheet to figure out the monetary repercussions and comparisons with a normal quote. We have been trying to get in there to see them to make a dos 5 presentation, but Jeff doesn't want to hear all

that "crap" and wants a straight price over the phone. He will not see us until we give him a price. He keeps emphasizing the fact that it is strictly a price decision and he will go with the lowest price dos in the consumer channel.

debbie

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