

Novell

Brad Silverberg

From: timbre
To: bradst; jonro; richt; russ; samlr
Subject: FW: Novell and Compuadd
Date: Friday, November 06, 1992 8:21AM

looks like it is not as bad as we may think. However, I still think we should get a version ready for per processor deals and lock Novell OUT. I will work with Johnlu to make this happen ... tim

From: Nancy Ritzenthaler <nancyni@microsoft.com>
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Cc: janiceh; susanha; timbre
Subject: Novell and Compuadd
Date: Thu, Nov 5, 1992 7:04PM

After numerous conversations with Compuadd marketing/product people today and yesterday, new light has fallen on Compuadd's reasoning for the Netware Lite deal. Here's what I found out:

* Compuadd had excess royalties they had paid to DR/Novell for DR-DOS after MS undid the deal. Novell allowed them to recoup these royalties for Netware Lite. No royalty accrues to Novell if a netcard is preinstalled with the PC. Royalties are between \$2 and \$3 (eating up their prepaids).

* This is only a 3 month deal, only until their prepaid royalties have been recovered. There are no minimum commitments, only forecasts. Compuadd will experiment on a promotional basis with Netware Lite as the "loss leader", but want to train their salesforce to sell up to a network card and WFW on all new PCs where the customer has an interest in networking. Paul Breedlove, the strategic director reporting directly to Bill Hayden, assured me that Compuadd is still focused on WFW strategically, and if NT had been available today to provide the entire enterprise solution, they wouldn't be doing this in the interim.

* They want for us to propose a per processor deal for WFW in 3 months, after the Netware Lite promotion. There was "absolutely no way" we could have proposed anything with WFW at this timeframe that would have met all their "considerations".

* They want NETWORKING to be Compuadd's key selling proposition. Until there is a clear leader in this area, (and if they had to place bets, it would be on MS), they need to provide a solution for both today AND tomorrow.

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* Novell also "tied" Compuadd's desire for better pricing on Netware 3.11 to an OEM deal for Netware Lite.

* Compuadd Express and Notebooks are not included in the Lite deal (they are in the WFW deal).

* They really haven't thought through the total cost of providing Netware Lite on non-network enabled system. For example, they plan to ship the manual, but have no idea what the cost will be. Regarding the extra support burden, they say that they currently sell and support it from packaged products, so they don't expect this to be a problem. This is where I think they are making a mistake...

Will let you know as I find out more. The challenge for us now is working closely with Compuadd marketing to make sure their salesforce is well trained to sell UP to WFW. They are still incented to do this, as they make 0 revenue with Lite, and \$50 + a netcard with WFW.

Nancy