

Plaintiff's Exhibit

4530_B

Comes v. Microsoft

From ninar Mon Jun 17 15:13:57 1991
To: jonre mikemap
Cc: lesliek msmail1!ninar
Subject: RE: WordPerfect Ed Pricing
Date: Mon, Jun 17, 1991 2:38 PM
Mail-Flags: 0000

MS 5047353
CONFIDENTIAL

We originally got approval from Scott0 to offer the following
back to school special to all ed customers from July 1 to Nov 30:

- * Win Word single user for \$129 (beats WordPerfect's price)
- * Win Word 10-pack for \$300 (matches WordPerfect's license price)

Unfortunately, complications have arisen and we will only be able to offer the \$129 deal to our direct campuses. The reason for this is a conflict with ACIS (product would have gone to distributors at \$70 and IBM insisted that they should get this same price for ACIS).

Academic dealers will be eligible to sell the \$129 competitive upgrade in the 2nd phase, so that is the way end users at our indirects will receive special pricing.

So now what we have to offer is:

- * \$129 offer to users in our direct accounts (July 1-Nov 30)
- * \$129 competitive upgrade to indirects (Sept 15-?)
- * \$300 10-pack price for anyone

Currently, there are no plans to market the \$129 heavily via direct mail because we'd be sending two mixed messages (different dates and targets). Only the 10-pack price will be promoted via direct mail. We will market the \$129 to the direct accounts via flyers, etc on campus.

This is definitely not as simple and easy to communicate as WordPerfect's offer. Our education channel is set up so as to make it very difficult to run a promotion or make across the board price cuts. The education committee will be looking into how to solve these problems long-term.

Thanks, Nina

>From mikemap Sat Jun 15 11:52:25 1991 remote from microsoft
To: jonre ninar
Subject: Re: WordPerfect Ed Pricing (Long!)
Date: Sat Jun 15 10:48:43 1991

any additional information on this deal?

>From jonre Thu Apr 25 10:46:34 1991
To: mikemap
Subject: WordPerfect Ed Pricing (Long!)
Cc: chrisp jeffr lesliek ninar
Date: Thu Apr 25 10:43:27 1991

I'm appending the response to Bill's mail concerning WordPerfect's Education pricing done by Nina Roberts, our Educ. Marketing person. WordPerfect's been getting some good PR and visibility for their program, but the education reseller channel is unhappy and many end-users appear not to be happy about the program either. It looks like the institutions like the low price they can get, although for institutions that purchase on a departmental basis, buying in lots of eight can be awkward. We are examining whether we need to be more aggressive in our educational pricing, because I have been getting some feedback that we're perceived as less aggressive.

>From msmail1!ninar Thu Apr 11 10:55:48 1991

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To: jeffr jonre
Cc: arlene blasga derekw dougma juliebi leslied ruthannl sallyj tinac
msmail1!ninar
Subject: RE: WordPerfect Education Pricing
Date: Thu, Apr 11, 1991 9:48 AM

WordPerfect is running an add that reads "When does 1=8? When you buy one WordPerfect product for your school and get a license agreement to run on 7 additional computers FREE."

The net result is that they do have a PR advantage since this ad is currently visible in all the educational publications. We have run ads in the past, but have discontinued them. WordPerfect has a pricing advantage over us for WinWord in all cases. For Mac and PC Word this is not the case--our 10-pack prices are very comparable, PC Word single user is approx the same, and Mac Word single user is cheaper than WordPerfect. I would say they don't have a channel advantage over us, and in fact the change has made the channel somewhat unhappy.

I am investigating various options for countering the price advantage and promoting this new pricing (though probably not via an ad). I am most interested in offering a limited-time swap offer as we've done in the corporate channel as a method for lowering our price temporarily. If we do this, Win Excel would do the same. More information to follow on this...

More detailed description of the program below if you are interested.

Thanks, Nina

* WordPerfect's education pricing works as follows:

INDIVIDUAL PURCHASES (i.e. faculty, staff, student)

Buy one copy of WordPerfect through the retail channel at street price (approx. \$240) and get a \$100 rebate.

This offer is limited to a single copy bought for personal use.

INSTITUTIONAL PURCHASES (i.e. labs, classrooms, univ department)

Buy one copy of WordPerfect through the retail channel at street price and get 7 licenses for free. Buy a 5-pack or 20-pack and get 7 times that number of licenses for free. The license gives the school the right to use the software on 7 add'l machines, but does not include extra disks or docs.

This 8 for 1 offer is available to any accredited institution from kindergarten through university level.

* How do schools and end users like this change?

Overall there were unhappy mumblings about these changes.

Individuals:

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In effect, the individual user gets 1 copy for approx \$140 plus a whole lot of hassle. This deal requires that the buyer send in a coupon to WordPerfect Corp to receive the rebate. This is not a great value & has made educators/students angry b/c they have to pay the money up front and wait for the rebate (which WP claims only takes 8-10 days from the time they receive the coupon).

Institutions:

In effect, the institution pays \$30 per copy of WordPerfect, which is a great value--its about the same price (prob. more in some cases) that schools used to pay under the old licensing program. The downside is that this is much more of an administrative hassle than the site licensing program was. It used to be that a dept at a school with a site license could just call WP and request x number of copies at the granted price. Now unless the number of copies desired is a multiple of 8, a dept. has to share licenses with other departments to get the optimal price per copy, or end up paying more per copy in use.

* How is the channel affected by this new policy?

Individual purchases:

In regard to the individual purchases, this change is bad for the channel. It used to be that WordPerfect sent flyers to all their resellers which served as an order form for WordPerfect at \$135. The reseller would put their stamp on the flyer and then distribute it widely at the school (through the classroom, bookstore, dorms, etc.) The coupon was sent in to a clearing house which fulfilled the product. The reseller got a \$30 kickback per copy just for distributing the flyer. Now they make about the same per copy, but have to manage inventory and make an up-front investment.

Institutional purchases:

The channel didn't used to be involved in the site licensing program. Now the dealers are involved.

From chrisp Wed Jun 19 15:06:48 1991
To: billg jeffr mikemap
Subject: FW: What do users do with WinWord??
Date: Wed Jun 19 15:06:40 PDT 1991
Mail-Flags: 0000

More fuel for the question "Why do people buy big fancy apps when all they need is little simple apps"? The reg base is skewed towards more sophisticated users!