From: Alec Saunders
Sent: Tuesday, January 31, 1995 5 48 PM
To: blakei; bradc; mikecon
Cc: bens, bobfou; encst; johnlu
Subject: Frosting and Ohare

Bob has completed a study on Frosting and Ohare. In this study he called down to two groups and asked them questions about Frosting, and their intent to buy One group was a control – these folks were asked about the existing frosting feature set. The other was asked about frosting with ohare. Ohare was described as "one-button access to the internet, including internet email, newsgroups, and an integrated World Wide Web Browser".

Top line:

(1) When Ohare was included in the mix of features it was the most popular feature 47% rated their interest in Ohare as "very interested". This is a strong feature 43% rated their interest in the system agent as "very interested" and 37% rated their interest in additional disk compression as "very interested" also.

(2) When asked how many would definitely purchase frosting if Windows 95 was $100 and frosting was $50, 16% replied definitely to frosting and 30% replied definitely to frosting with ohare Including ohare in our product can nearly double sales.

Based on a quick and dirty analysis (Suzi is working on the real forecasts) frosting without ohare represents a $63MM opportunity, and with Ohare a $120MM opportunity. We're talking about $57MM difference. It appears that as many as 1 5MM frosting customers will buy it for the internet access One model suggests that we should charge the internet service provider a bounty for each customer If we charge the ISP a $40 bounty for each sign up, this might represent another $60MM in revenue.

Ohare could mean as much as $120MM in incremental revenue from frosting.

I think we should do this. There are issues to work out with MSN, but the opportunity is large.

Alec

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