Erik Stevenson (LCA)

From: Brad Silverberg
Sent: Friday, March 15, 1996 6 30 PM
To: Steve Wells (AT Sales) (Xenix), Russell Siegelman, John Ludwig, Ken Goetsch (Xenix) Becky Splitt Dan Steele; Kevin Cherry, 'Cameron Myhrvold (Xenix)', 'Dan Rosen (Xenix)'
Subject: RE AT&T Meeting (3/13) Trip Report

tom evslin has told me (a) he wants to talk about IE separately from MSN, and (b) he very badly wants in the windows box I have told him that the only way we can even consider AT&T being in the windows box is if AT&T gives IE exclusive or very very preferential treatment (ala what we have with AOL) Parity is completely unacceptable for them to be in the box He groaned, I told him it was completely non-negotiable, and he had to decide I will be talking with him today to get the current read To be clear I have made no offers to him, just discussed basic outline of issues and our requirements for anything I did say we'd license them IE for redistribution (as they have with Nscp today) but that's separate from his desire to be in Windows, in other words, the "parity option" means no windows box

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>From Kevin Cherry
>Sent: Thursday, March 14, 1996 10 09 AM
>To Brad Silverberg Cameron Myhrvold (Xenix); Steve Wells (AT Sales)
>(Xenix) Russell Siegelman John Ludwig, Ken Goetsch (Xenix), Becky
>Splitt, Dan Steele, Dan Rosen (Xenix)
>Subject: AT&T Meeting (3/13) Trip Report
>
>AT&T IE/MSN Meeting - 3/13/96
>Basking Ridge, NJ
>
>OBJECTIVES
>1 Offer IE Win95 Access w/Preferred IE status on all platforms
>2. Offer MSN Win95 Access, with Resale Bundle & Resale options
>
>ATTENDEES
>AT&T
>Jim Daniell - VP, Strategic Business Development (works for Petrillo
>and represents Evslin)
>John Schaible - District Manager, Strategic Business Development
>Ed Chatlos - Strategic Business Development
>MS Dan Rosen (via VTC), Dan Steele, Becky Splitt Ken Goetsch, Kevin
>Cherry
>
>OVERVIEW
>Jim Daniell quickly moved to separate the IE and MSN offers and focus
>on MSN at this meeting. It was clear that their strategy coming in was
>to only focus on MSN and let Brad and Evslin negotiate IE. A number of
>times we had to defend our position to negotiate the IE offer It
>certainly hurt our overall position. Good thing Dan Steele attended
>Following this meeting I think we're still in good shape on the browser
>as long as we hold strong on the preferred status for getting "in the
>box" and we get an understanding who really is negotiating this deal.
>I'll step back if that's the plan.
>
>AT&T has some hard decisions to make regarding how important their
>commitment to NSCP is compared to getting in Win95/IE sign-up and a
>stronger MS relationship I expect some serious browser discussions
>with AT&T over the next week, so we'll know soon The MSN discussions
>we're even tougher
>
>They felt an MSN Bundle didn't fit their business model since it would
>drive up their cost or retail price and lower their margins, making the
>MSN Upgrade the only viable MSN offer Their announced $19 95
>unlimited price is the main constraint here Also, it appears the best
>we can do is a parity content position, due to the AOL and apparently

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>other content deals (Disney?) they have in the works Though they'd
>like to include MSN they don't view our content bundle being as
>compelling as some of the others We need to pitch them hard on MSN
>value and settle for the Upgrade deal or make a decision to back off on
>MSN with AT&T, focus on IE Access and reposition MSN Access/Resale
>strongly with the RBOCs and other ISPs An MSN Access position that
>doesn't include AT&T should be a stronger sell to the RBOCs
>
>Before we left we agreed to view these discussions as three distinct
>opportunities 1) IE Access w/Preferred status, 2) MSN Access w/MSN
>Resale Upgrade, and 3) MSN Resale Upgrade w/NO MSN Access We'll
>provide them with an updated MSN proposal by end of day Thursday
>
>OBJECTIVE SUMMARY
>1 Offer IE Win95 Access w/Preferred IE status on all platforms
>The beginning of the meeting was spent providing an update on IE,
>recent press releases and PDC activities. Not too surprisingly, they
>haven't fully digested the scope of all the press releases and had a
>Netscape bias regarding the AOL and Compuserve announcements NSCP
>response to AT&T has been to down play AOL/Compuserve and continue to
>position themselves as having the bulk of the business
>
>Jim Daniell prefaced the IE discussion with the fact that AT&T has a
>very good relationship with NSCP but never ruled out a preferred
>position for IE A parity position would be easy to approve at AT&T
>but we pressed him to force a Preferred IE decision if he expects a
>Win95 presence for WorldNet sign-up Win95 presence is ultimately what
>has been driving AT&T's interest in this relationship
>
>AT&T expects to have in excess of 2M IP customers by EOY and more than
>10M within 3 years With this forecasted volume and potential market
>position they want Premier placement in the IE sign-up list (1st name
>in the list etc) They also asked for more info on the IE Registration
>process (Dan Steele to investigate) It was clear early on that the
>IE dec[illegible] be made today and would require AT&T to further
>investigate the ramifications to their current strategy & NSCP
>relationship It's still unclear if AT&T is doing anything special
>with NSCP, such as working on authentication protocols, although they
>told us that WorldNet will conform to industry standards. They did
>mention that a Preferred deal would require NSCP min commit relief We
>offered to off set this burden with the IE Bounty. Additional detailed
>discussions are tentatively planned for Friday via con call
>
>2 Offer MSN Win95 Access, with Resale Bundle & Upgrade options
>MSN Resale Bundle was not a viable offer to AT&T for the reasons
>mentioned earlier They remain keenly interested in the Upgrade offer
>since it closely resembles their AOL deal, allows them to remain
>content agnostic and gives their customers a choice It appears their
>AOL agreement provides them with a % of revenue share, including
>transaction & ad revenue. We pushed back on offering a similar deal
>and convinced them that a rebate was a cleaning alternative. They
>generally thought our discounted price of $5.95 was too high and that
>we should only expect 20 to 30% of WorldNet customers to take advantage
>of a joint Upgrade offer. Based on their input, we agreed to respond
>with an updated offer but as noted earlier we should also look closely
>at the alternatives
>
>NEXT STEPS
> - Provide updated Upgrade proposal - Becky Splitt, Dan Rosen
> - Clarification on IE Registration process and ISP placement - Dan
>Steele
> - Set MSN content & futures meeting - Becky Splitt Kevin Cherry
> - Set IE Access Discussions ASAP - Kevin Cherry, Dan Steele
> - Close the business .
>
>Kevin Cherry
>Public Network Business Development
>

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