From: Bill Gates
Sent: Friday, August 15, 1997 4:07 PM
To: Steve Ballmer; Joachim Kempin; Bengt Akerlind; Brad Chase
Cc: Paul Maritz
Subject: IBM and Netscape

Importance: High

Lotus was out here for a meeting about working with us on windows initiatives which was a good meeting.

At the end of the meeting Jeff Papows met withme in my office to explain some things going on between IBM and Lotus.

Someone at IBM likes the idea of getting Netscape Java VMs out into the world. However when Communicator came bundled Lotus told Ibm they should stop doing anything with netscape clients. IBM went to Netscape with an ultimatum to unbundle.

When Netscape gave in to this they got some kind of commitment from IBM. Apparently there is a debate within IBM about how much bundling to do of Netscape and how much promotion to do.

Netscape hated to unbundle because they think it screws up their business model somehow. Barkesdale wanted to be able to use the great browser to move people up to a higher revenue product but now he thinks they will hesitate and a lot will choose the browser only piece. I am not sure how they will price the unbundled piece.

Lotus agreed to lobby Thompson to let Charles Fitzgerald come out and present to a group about JAVA and describe what works and what doesn't and how the JAVA middleware OS isn't in IBM's interest.

However Papows feels there is a decision being made right now at IBM which will be concluded by early next week about what the PC company does with Netscape.

He doesn't want anything attributed to me or he will get in trouble but he says we can just refer to all the rumors on the Web about what kind of deal is being done between Netscape and IBM.

Papows believes our strategy of integrating with the operating system will be the winner and he is having Lotus do a lot to integrate their products with IE. However he thinks we may be about to suffer a major blow from IBM and that we need to get on the phone to the PC company.

Steve - apparently Joachim is on one of these sabatticals so you may be the only person who can call Palmisano and discuss this issue with him.

My data is all a little sketchy here.

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