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Sent: Wednesday, February 04, 1998 9:16 AM
To: Bill Veghte; Rodney Vieira
Subject: Re: OEM Internet Plans: Summary

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Brad and I (and most everyone else) agree that this is a bad precedent to set. The only question is whether OEM has really given away the store or if there is a way to a better solution with Compaq.

We left it that Brad was going to talk to Bengt and the OEM guys about this, rather than writing things down in mail.

I'll update you as soon as there is any kind of resolution.

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To: Bill Koszewski < billk@MICROSOFT.com <mailto:billk@MICROSOFT.com>>; Rodney Vieira < rodneyv@MICROSOFT.com <mailto:rodneyv@MICROSOFT.com>>
Date: Wednesday, February 04, 1998 8:45 AM
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Where did we end up on this thread? In my mind, this is not a precedent we want to set.

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Cc: John Ludwig; Rodney Vieira; Bill Veghte; Joachim Kempin; Joe Williams; Carl Sittig
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MS98 0112084
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Compaq appears to be open to talking with us about content, the MSN portal, and the other things we hope to accomplish through Referral Server, so this will probably not be too bad.

The only downside is that it complicates our relationship with AOL and the other Referral Server partners. We can work through that, though.

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- No special promotions other than the icon and any special folders created to promote the offer. Reason: too costly to create POP for merchandising

From: Bill Koszewski
Sent: Wednesday, February 04, 1998 5:55 PM
To: Bill Veghte; Rodney Vieira
Subject: Re: OEM Internet Plans: Summary

You bet. No way we want any other OEMs to do this in a random way. We would have thrown cold water on the Compaq deal had we known about it. It was a "stealth" thing that came out of Compaq.

We're addressing the whole issue of OEMs and signup a lot more formally now. Brad is talking to Joachim about it so we can get this stuff under control.

-----Original Message-----
From: Bill Veghte < billv@MICROSOFT.com <mailto:billv@MICROSOFT.com>>
To: Bill Koszewski < billk@MICROSOFT.com <mailto:billk@MICROSOFT.com>>; Rodney Vieira < rodneyv@MICROSOFT.com <mailto:rodneyv@MICROSOFT.com>>
Date: Wednesday, February 04, 1998 2:38 PM
Subject: RE: OEM Internet Plans: Summary

Damn... I assume that this will be specific to Compaq.

-----Original Message-----
From: **Bill Koszewski**
Sent: Wednesday, February 04, 1998 2:30 PM
To: Bill Veghte; Rodney Vieira
Subject: Re: OEM Internet Plans: Summary

The store has been given away. Technical factors drove this; Compaq wants to make sure that Presario users (with their 56K modems and/or ADSL modems) have a guaranteed good, high-speed connection to the Internet.

Compaq appears to be open to talking with us about content, the MSN portal, and the other things we hope to accomplish through Referral Server, so this will probably not be too bad.

The only downside is that it complicates our relationship with AOL and the other Referral Server partners. We can work through that, though.

-----Original Message-----
From: Bill Veghte < billv@MICROSOFT.com <mailto:billv@MICROSOFT.com>>
To: Bill Koszewski < billk@MICROSOFT.com <mailto:billk@MICROSOFT.com>>; Rodney Vieira < rodneyv@MICROSOFT.com <mailto:rodneyv@MICROSOFT.com>>
Date: Wednesday, February 04, 1998 2:21 PM
Subject: RE: OEM Internet Plans: Summary

Ok...

-----Original Message-----
From: **Bill Koszewski**
Sent: Wednesday, February 04, 1998 9:16 AM
To: Bill Veghte; Rodney Vieira
Subject: Re: OEM Internet Plans: Summary

Some more discussion (with Brad and ICU) on this is going to happen today.

Brad and I (and most everyone else) agree that this is a bad precedent to set. The only question is whether OEM has really given away the store or if there is a way to a better solution with Compaq.

We left it that Brad was going to talk to Bengt and the OEM guys about this, rather than writing things down in mail.

I'll update you as soon as there is any kind of resolution.

-----Original Message-----
From: Bill Veghte < billv@MICROSOFT.com <mailto:billv@MICROSOFT.com>>
To: Bill Koszewski < billk@MICROSOFT.com <mailto:billk@MICROSOFT.com>>; Rodney Vieira < rodneyv@MICROSOFT.com <mailto:rodneyv@MICROSOFT.com>>
Date: Wednesday, February 04, 1998 8:45 AM
Subject: FW: OEM Internet Plans: Summary

Where did we end up on this thread? In my mind, this is not a precedent we want to set.

-----Original Message-----
From: **Bengt Akerlind**
Sent: Monday, February 02, 1998 6:01 PM
To: Bill Koszewski; Brad Chase; David Cole; Laura Jennings; Cameron Myhrvold
Cc: John Ludwig; Rodney Vieira; Bill Veghte; Joachim Kempin; Joe Williams; Carl Sittig
Subject: RE: OEM Internet Plans: Summary

One correction. Billg did not negotiate personally, but he was in an exec review with Eckhard Pfeiffer (PaulMa was in the same meeting) the day after where this was discussed. Joe Williams, Carlsi, or myself can give more detail.

-----Original Message-----
From: **Bill Koszewski**
Sent: Monday, February 02, 1998 4:46 PM
To: Brad Chase; David Cole; Laura Jennings; Cameron Myhrvold
Cc: John Ludwig; Rodney Vieira; Bill Veghte; Bengt Akerlind
Subject: Re: OEM Internet Plans: Summary

I did not. We heard about it via the Compaq account manager in the context of some other business. As soon as I heard, I set up today's meeting with Bengt and Rodney to figure out the details.

This deal was done at the BillG / Ekhard Pfeiffer level as part of the renegotiation of Compaq's Windows license. Bengt has the details, which are best discussed in person...

Bill

-----Original Message-----
From: Brad Chase < bradc@MICROSOFT.com <mailto:bradc@MICROSOFT.com>>
To: David Cole < davidcol@microsoft.com <mailto:davidcol@microsoft.com>>; Laura Jennings < lauraj@microsoft.com <mailto:lauraj@microsoft.com>>; Cameron Myhrvold < cameronm@microsoft.com <mailto:cameronm@microsoft.com>>
Cc: John Ludwig < johnlu@MICROSOFT.com <mailto:johnlu@MICROSOFT.com>>; Rodney Vieira < rodneyv@MICROSOFT.com <mailto:rodneyv@MICROSOFT.com>>; Bill Veghte < billv@MICROSOFT.com <mailto:billv@MICROSOFT.com>>; Bill Koszewski < billk@MICROSOFT.com <mailto:billk@MICROSOFT.com>>; Bengt Akerlind < bengta@MICROSOFT.com <mailto:bengta@MICROSOFT.com>>
Date: Monday, February 02, 1998 4:07 PM

Subject: RE: OEM Internet Plans: Summary

huh? this is news to me. billk did you know anything about this

why are we doing this?

—Original Message—
From: David Cole
Sent: Monday, February 02, 1998 3:40 PM
To: Laura Jennings; Cameron Myhrvold
Cc: Brad Chase; John Ludwig; Rodney Vieira; Bill Veghte
Subject: FW: OEM Internet Plans: Summary

is this what you want to see happen?

—Original Message—
From: Rodney Vieira
Sent: Monday, February 02, 1998 3:27 PM
To: John Ludwig; David Cole
Cc: Bill Veghte
Subject: RE: OEM Internet Plans: Summary

I just got back from a meeting with bengta regarding Compaq. Apparently, we are days away from signing a deal with Compaq which allows them to put their own ISP sign up wizard in the Windows setup (in Welcome, I think). This means on our present course, we end up with two ISP sign up wizards in Welcome. We'll obviously need to fix this problem.

Other interesting facts....

- Users will be given an email name like....rodneyv@presario.com <mailto:like....rodneyv@presario.com>
- Users are pointed at presario.com...their portal
- They will have lots of links to MS sites
- Their keyboard will have at least one key which points to presario.com

Rodney

—Original Message—
From: John Ludwig
Sent: Monday, February 02, 1998 7:39 AM
To: Rodney Vieira; David Cole
Subject: Re: OEM Internet Plans: Summary

i view some of this as unavoidable. as long as people are willing to pay oems a finder's fee, they will always be motivated to work around our solution UNLESS we are also willing to pay oems a fee which i am very doubtful we would do.

-----Original Message-----
From: Rodney Vieira < rodneyv@MICROSOFT.com <mailto:rodneyv@MICROSOFT.com>≤ <mailto:rodneyv@MICROSOFT.com>≥>
To: David Cole < davidcol@microsoft.com <mailto:davidcol@microsoft.com>≤ <mailto:davidcol@microsoft.com>≥>; John Ludwig < johnlu@MICROSOFT.com <mailto:johnlu@MICROSOFT.com>≤ <mailto:johnlu@MICROSOFT.com>≥>
Date: Monday, February 02, 1998 7:38 AM
Subject: FW: OEM Internet Plans: Summary

Interesting data below on a trend which has OEMs and ISPs partnering. OEMs give ISPs a desktop icon for a bounty. This complicates our plan to consolidate and simplify the process of getting online. Not to mention making it difficult to point users to the portal page. My thoughts are that at a minimum we need to convince OEM/ISPs to use the infastructure we are putting in place for Windows....the "Get Connected" software. This way users have one consistent method for gettng on line. Additionally, they are funneled through our referral server so that we can assign them identity and other items in the future. Obviously, we would have to allow OEMs/ISPs to have an exclusive presence on the referral server if the user came from the OEMs PC.

I'm meeting with cameronm, lauraj, and bradc on Wednesday to go over this and other issues related to ISPs/AOL.

Rodney

-----Original Message-----
From: Brad Chase
Sent: Sunday, February 01, 1998 12:10 PM
To: Laura Jennings; Cameron Myhrvold; Rodney Vieira
Subject: FW: OEM Internet Plans: Summary

fyi

-----Original Message-----
From: Bill Koszewski
Sent: Friday, January 30, 1998 11:00 AM
To: Brad Chase
Cc: Yusuf Mehdi; Sergio Pineda
Subject: Fw: OEM Internet Plans: Summary

Progress in response to your action item of learning more about OEMs' Internet Access programs. Sergio's initial report is below. Let us know if this data is what you want or if you have additional questions.

We will summarize this for you in a short slide deck by Tuesday.

Do you want a quick (30min.?) OEM review with Sergio, Yus and me ahead of time? If so, pls. have Nancy schedule.

Thanks
Bill
-----Original Message-----
From: Sergio Pineda < sergiop@MICROSOFT.com <mailto:sergiop@MICROSOFT.com> < < <mailto:sergiop@MICROSOFT.com>>>
To: Bill Koszewski < billk@MICROSOFT.com <mailto:billk@MICROSOFT.com> < < <mailto:billk@MICROSOFT.com>>>
Cc: Sergio Pineda < sergiop@MICROSOFT.com <mailto:sergiop@MICROSOFT.com> < < <mailto:sergiop@MICROSOFT.com>>>
Date: Friday, January 30, 1998 10:29 AM
Subject: OEM Internet Plans: Summary

To collect my data I've spoken with AMs and few OEMs (HP, GW). Key findings include:

Which ISPs are striking business deals with OEMs?

- Trend is for more OEMs to offer a custom icon on the desktop to get the user online. Reason for this is ease of use and guarantees the OEM a bounty. Currently the following OEMs offer this implementation: HP, GW, Acer.
- OEMs are striking deals with a single ISP to drive users to the web:

OEM	ISP
CPQ	GTE
IBM	IGN
GW	Web America Networks (*Note: GW brands the service*)
HP	GTE
Acer	GTE
PB	No preferred ISP though they feature Prodigy in an *special offers* folder
Dell	They are looking for a preferred ISP.
Toshiba	NetCom

- AOL is not being considered by either PB or Dell as a preferred ISP. Reason is that both Dell and PB have technical issues with AOL bits and Dell feels that AOL is too strong a player (ie. Dell may not get what it wants if they go with AOL)

What fees are being paid to the OEM?

- OEMs won't reveal but it's between $10-$40 per user. Likely the $40 fee is for deals that were signed at least 12 months ago. Doesn't seem realistic that an ISP would pay $40/user today given that few if any are making any money in the access business

How is the offer to users structured?

- Users are not required to submit a credit card
- Users are given 51 free hours over 3 months: max of 2 hrs/day, 17 hrs/mo. This is how they stretch the 51 hours to 3 month

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How many users are getting online?

- OEMs won't reveal this data though HP said their implementation is driving more than 10% of new Pavilion PC users to the Web. I doubt it's more than 20% because she said the 10% number is below their expectations but they still plan to continue with this implementation.

How are the offers promoted?

- No special promotions other than the icon and any special folders created to promote the offer. Reason: too costly to create POP for merchandising