

Debra Vogt

From: Bill Henningsgaard
To: Pete Higgins
Cc: Michel Lacombe; Rolf Skoglund
Subject: FW: Novell
Date: Thursday, March 24, 1994 9:25AM

some thoughts

For Novell, the key goal will be to maximize penetration of their suite to help them control o/s and workgroup standards. They want to quit letting us dictate the pc technical agenda.

If I were them, I'd put the suite in every server box and introduce server-based licensing. this would mean companies would pay on a usage basis (either concurrent use, with required licenses being assessed and paid for after the fact or time-based usage). Fees would be level annual payments that include maintenance, rather than high up-front cost like we do.

Doing this would put the product on site at all customers and provide a very low marginal cost vehicle to make the sale. I'd then build a LAR channel to follow these servers into accounts to sign the licensing agreements. their own sales force would focus on technical evaluations.

The primary target for these would be Tier 1-3 wordperfect shops, but any large account considering a standardization would be a target. Their key advantages would be 1) price 2) easy no-admin licensing 3) technical integration of the network admin with the server and 4) longer-term promise of building better network functionality.

if they're successful at getting penetration, they'll be in a position to introduce alternative standards (ie opendoc) that will give us a much harder time to drive the O/S and apps agenda.

From: Bill Gates
To: Executive Staff and Direct Reports
Cc: Wm. Gary Reed; Jon Shirley; Paul Allen; Steven Sinofsky; David Marquardt; Melissa Waggener; Pam Edstrom
Subject: Novell
Date: Wednesday, March 23, 1994 18:54

Assuming the faxes I got in Beijing weren't a prank I have laid out my thoughts on Novell's new strategy and its impact on us. Please feel free to forward as appropriate.

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