To: Lauren Bonfield@Ziff-Davis
cc:
From: David Shnaider
Date: 12/15/97 12:55:14 PM
Subject:

To: David Shnaider
cc: ronni sonnenberg, eric hippeau, baird davis
From: Jeffrey Ballowe
Date: 01/06/97 11:30:45 AM PST
Subject: UrgentRe: ZD/MSN Meetings in Seattle

(i added ronni, eric and baird since this is a very bold step that they should know about. the right one, i agree. also, because you and baird need to talk about the disk bundles.)

good, exciting stuff. in general i agree that this would be as close to winning armageddon as we can come right now in this space. and so i agree that in general, depending on a few things, this is the right deal structure.

the few things are, more or less in order of importance:

how much it's likely to cost us beyond what we are doing currently to produce and deliver these active desktop channels?

is circ going to support the distribution of a polybagged, customized ie4 disk (you mean on newsstand or whole run?). note: ms has not wanted to pay the disk duplication costs in the past and may not here. in which case this is a huge cost to zd (offsettable with names and increased newsstand sales potentially). i think a customized disk could be made very attractive to newsstand readers, especailly if packaged with a free trial from an access provider, but please review this with baird to get his views before we go to far with this in the meeting.

how much traffic would we risk losing in site liscense and how do we guarantee we recoup at least in the pricing to ms? we should have some general sense of that before the meeting so we can articulate the problem a bit more precisely to brad et al.

jeff

Previous Message ----------

To: Jeffrey Ballowe
cc:
From: David Shnaider
Date: 01/05/97 12:01:15 PM EST
Subject: Re: ZD/MSN Meetings in Seattle

Let me run this by you first.

GOVERNMENT EXHIBIT 201

The way I've been looking at this is that a preferred position on the active desktop -- which means being bundled into the operating system -- is of almost incalculable value. My objective is to try to make working with us so appealing they'll have a real hard time doing anything other than giving us a preferred default. So I've been figuring that our proposal is:

- MS makes us the only default computing channel on the active desktop (excluding c|net, cmp, etc., although they might be included in a technology channel)

- MS guarantees to do this for at least 2 years on all copies of Windows.

- ZD produces specific content as described (ActiveWire, ProductWire, SoftwareWire and TechWire News) as showcase apps, plus offer a limited number of ZDNet University courses at no charge, plus a reduced rate on ZDU membership. We would do the ActiveWire exclusively for MS apps for 6 months.

- ZD provides MS with site-license capabilities for the entire archive of ZD publications, customized Personal News and ZDU for inclusion in Normandy under appropriate terms to be worked out. MS would guarantee some amount in revenue and get the ability to offer this to corporations at extremely favorable rates. I'm not ready to lay out the pricing for this until I understand whether they really want to do it and how much distribution they think they can provide.

- We would provide distribution across a large number of ZD publications of a ZD-customized IE4 browser at no charge to MS except for the media cost (they provide the discs), plus we'll put it on our circ CDs at no expense to MS.

This is a package deal from our perspective. If they decide they don't want us to be the preferred default as we propose, then we won't provide them with the site-license deal on terms as favorable and we would reduce our commitment to doing the ActiveWire, ProductWire, etc. for MS apps, and not build it in to MS apps for any exclusive period, and they won't get the distribution at favorable rates

- David