To: beth, hunter, gary
From: Lisa Gerhauser <lisa@hotwired.com>
Subject: MS/ Conversation with Suzan Fine
Cc:
Bcc:
X-Attachments:

Hi all -

Suzan Fine and I caught up with each other real-time this afternoon. I walked her through the content proposal for the IE 4.0 Channel as discussed/described by the LiveWired team, Hunter and DavidW over the past few days, and briefly discussed the additional Wired promotion. She was generally receptive, but her concerns were these:

1. (smaller issue) If we switch over to the News section with LiveWired original news/factoids and the Wired mag site, she thinks we'll be dwarfed by the big, national hard-core news players, and thinks we'd stand out and have a more receptive audience under Technology, where we asked to be originally. She is particularly concerned about MS's ability to fulfill their end of the bargain to us if Wired is listed under News, in terms of promoting the players under the given category and delivering traffic. She wasn't adamant but suggested that our marketing team revisit this latest decision.

2. (big issue) Suzan is still very concerned with branding/promotion overlap. Her initial reaction to our content proposal was something to the effect of "ok, sounds fine, but what about [your] other sites, like Wired News?" -- implying that we better not be holding those out for the other guys. She immediately launched into her speech from last week that, despite the contract, she is strongly discouraging companies from splitting their content with, e.g., Netcaster, and she is most concerned about the promotional/branding implications of that and would consider it counter to the "spirit" of the agreement with MS for us to have any Wired-branded presence on any Other Browser, even if the agreement as we've whittled it back doesn't technically prohibit it. She didn't seem to care a whole lot that we were giving her the best "jewels in the crown" that would show off MS's technology or that Wired Online (which will bear their logos on our Web site) is a consistently high-trafficked site -- she really just cared about how much of our network of sites might be slated for future promotion of someone else's Other Browser.

She went on for quite a while and gave as a specific example of what she did not want to have happen: a Netscape Netcaster press release that mentions the word WIRED or even HOTWIRED (which she said she did not really consider a separate brand and did not think the rest of the world understood as a separate brand) -- I don't know whether she harped on this because she saw the press release for Netcaster's beta mentioning us that I understand was supposed to go out on the wires this week or was just trying to win the issue. I tried to shift the focus and say that we were giving MS our strongest brand (Wired) with great tie-ins to the magazine -- but she is no idiot and must know we're streaming news on the Netcaster beta, since she pulled no punches in this conversation and named Netscape several times with no prompting. She reiterated that she has had this same discussion with several other content providers over the past few weeks, and again mentioned that a few had as a result decided to not go with the MS channel presence but most had. She and I went round and round about this issue and the fact that the net effect is that MS is orally if not on paper requiring exclusivity (vis-a-vis the 2 Other Browser Companies) for companies like ours with umbrella-branding, and she indicated that since other (unnamed) media companies in a similar position (with related, non-stand-alone brands like ours) had

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agreed to exclusivity, she doesn't feel she can make an exception now for us since they gave most favored nation assurances (I did not quibble or point out that they most likely only gave MFN on what is in the agreement now, which isn't as restrictive as what she's proposing orally). I of course tried to sell the completely unique look and feel of what we're giving them in LiveWired and the showcase opportunity it is for their technology throughout, but it seems like at this point they are solely focussed on who they can say in the press has "come over" to MS and not at all focussed on what they are really getting for the 4.0 product.

Needless to say, I've only made limited progress on this issue with her after two go-rounds and so, since the parties are negotiating "off contract" at this point about a fundamental strategic alliance issue, I really think Hunter/Beth need to tackle this outstanding business issue with Suzan to put it to bed and either sell the hell out of it or change the plan to get her to yes, assuming the promotional aspects of the deal are worth it to Wired Digital. We should especially consider on what basis, if any, we could/would do Wired News or HotWired programming on Netcaster without promoting any "Wired" or HotWired brand, which was her particular "theoretical concern" -- that strikes me as a tall order but a fair concern over others' promotion of the Wired name/logo (the HotWired extension of that is debatable), since it is implicated by section 2.4 of the agreement. Since the original (livewired) content is going to MS and they're the only ones requiring exclusivity, I almost wish we could brand that MS channel in some non-Wired way and thereby free up the offerings under the flagship brands (Wired, HotWired, etc.) to do with as we pleased elsewhere, where we'll be paying for the space.

Suzan is out of pocket for the next day or so because of an office move, so I tentatively scheduled a conference call with Beth, Hunter, me and Suzan for Monday at 4:00 to finish hashing through this thorny remaining issue and hopefully bringing it to rapid closure. Gary unfortunately won't be around Monday afternoon but I believe he'll make his views known through email to the group beforehand.

Lisa

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