From: Ben Waldman
Sent: Friday, June 27, 1997 6 56 PM
To: Greg Maffei
Cc: Jon DeVaan, Bill Gates
Subject: RE Moving forward with Mac Office 97 + Jim Gable

Yes, I know, I hope this mail wasn't a surprise; I just thought that someone needed to argue the opposite position I am concerned that we are really doing harm to ourselves at this point with the delay

Did you convey your concerns to Apple (i e that you were recommending cancellation to Bill), and did they have a response?

When I spoke with Gable yesterday, I told him that we had almost given up on any hope of progress, and that you would be recommending to Bill that we cancel Mac Office 97. Gable remarked that he wished these issues had been brought up last year instead of a few months ago, since time is short now, but he also wanted to know what specific problems were with Fred's letter (which he had read). I mentioned MacOS vs Rhapsody, Outlook, Access, feature and speed parity, and IE equal access (I told him that this was very sensitive for us, since Ellen had promised this -- I told him that I was there and heard her say it) He said that at that point, it ws too late for equal access, since they had already written their internet setup wizard equivalent,which lets you pick and ISP, and uses netscape for registration He said that the next version could let the user choose, but he didn't see the next version coming out before their "Allegro release" in summer 98 I asked about a point release, but he said that that was bug fixes only

In any case, he took notes, and I think he got the message that we would, in fact, cancel. (Each time I talked about cooperating, I qualified it with "if we continue "

One interesting point that came out of our meetings yesterday was that Apple was committed to a 2 OS strategy for several years (they say "like 95 and NT") That is, they only expect a small percentage of their user base to move to Rhapsody, given it's additional system requirements, and increased complexity They think that the publishing market will move quickly, and stated that they think the migration will be faster than that to NT (of course they'd say that), which they say is 5-10% of Microsoft OS sales In typical Apple fashion, though, there's no hard data to back up assertions like this.

Gable also claims that they're on track on the Rhapsody schedule -- the "premiere release" with the yellow box, but an incomplete blue box will go out in Q1 CY 1998 (I had though that this would be a developer, not end user product, but he says they will market and sell it), and the "unified release" will be shipped in summer 1998 (I had thought Dec but he insisted summer)

Gable also indicated that they'd really like a site license -- they now use ClarisWorks, Persuasion, and old versions of Excel. I told him that I thought that Apple's response to this in the agreement wasn't really appropriate (i.e "agreeing to accept our gift if we also promised more."), and also that we'd expect some commitment to deployment, not just "sticking it up on the server." He replied that "sticking it up on the server" was pretty much the way the deployed things (they discourage purchases of non-site licensed SW, but agreed that they could do an internal promotion, and that we could participate in this (there are lots of creative things I think we can do here).

Other data

- Gable estimated that 20% of their LORG market share had been lost to clones
- Also claimed that most of their unit decrease was in consumer purchases and that they were doing better in LORGs (if that's where they're doing well, I can only imagine how poorly they are doing elsewhere).
- I discussed possible joint promos of Office and Mac OS 8 with him -- he seemed receptive, even for Office 4 (advantage for them here is that they get access to our reg base). Since their software is sold through Clans we'd actually be doing a deal with Clans, not Apple, though.
- MacOS 8, by the way, has RTM-ed. Launch is at Apple campus on 7/22, with Apple employees and press (no ISVs (!)); 7/26 retail availability, and heavy promotion at MacWorld He asked if we'd run MacOS 8 on our machines at MW; I agreed. I told him that if we reached an agreement, we'd give them a quote for their Mac OS 8 press release, otherwise, not.
- If we have an agreement, there's lots we can do together joint customer presentations at MacWorld and later, me presenting at their annual sales conference, etc.

Ben

---Original Message---
From: Greg Maffei
Sent: Friday, June 27, 1997 4 29 PM
To: Bill Gates, Ben Waldman
Cc: Jon DeVaan
Subject: RE Moving forward with Mac Office 97

Ben - great mail, but need a way to push these guys and this is the only one that seems to make them move

---Original Message---