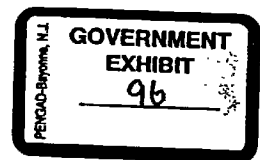


Subject: Re: MS Predatory Tactics/Erol's
Date: Fri, 27 Sep 1996 08:34:49 -0400
From: chuckw@netscape.com (Chuck Whyard)
Organization: Netscape Communications
To: gary@netscape.com
CC: , pmarca, chuckw, bj, billk, kwelsh, fredg

All, I have a good relationship with these guys. It was a 900k deal done in Q1 and they now have 98,000 subscribers with a very low 6% churn rate. They claim they are the fastest growing ISP provider on the East coast (adding up to 400 to 600 subscribers per day). The President's name is Orhan Onaran and they are great Netscape supporters. However, as is a standard practice in the retail industry they have consistently asked if Netscape could assist with advertising costs. They use to sell TV's and VCRs and it is common for those types of manufacturers to offset ad costs. I will find out if MS's offer goes beyond this. Incidentally, I briefed JB on this account about 3 months ago and if he really does know this new CIO it may make sense to get him involved.



Gary Gatiss wrote:

>
 > **REDACTED**

> I just got off the phone with Dennis Spina, the CEO of Erol's (an ISP in
 > Virginia with over 85,000 subscribers throughout the East Coast.) Erol's
 > has spent approximately \$650,000 on the Netscape Dial Up kit over the
 > period of this last year. (Chuck Whyard handled the original deal and I
 > believe Erol's is one of his named accounts. Dennis was not yet the CEO
 > when the original deal took place.) Dennis is expecting a visit from
 > Microsoft next week during which they will provide a presentation of
 > their offer to Erol's.

> Dennis told me that not only are they offering free product, of course,
 > but they are also offering to pay for some of Erol's advertising. He
 > told me that Microsoft offered to pay "20% of the \$600,000 a month
 > Erol's spends in advertising" along with some other attractive
 > incentives that he didn't disclose.

> I wanted to make you aware of this
 > as it may result in the gathering of some substantial information
 > regarding MS predatory tactics. Dennis originally called Jim Barksdale
 > and left a message. Kathy Welsh forwarded this message to me to follow
 > up with. As it turns out, Dennis actually reported directly to Jim as a
 > VP for Fed Ex. Since they have a relationship, Dennis wanted to talk to
 > him directly.

> Looks like we may have a relatively high profile situation in which we
 > have a powerful ally. (Erol's is by far the biggest non-telco ISP in my
 > territory, and must be one of the larger pure ISPs in the country.)
 > Dennis volunteered the above information--I said nothing about Microsoft
 > and in no way inferred that their practices were predatory or that we
 > wanted information. I purposely avoided this issue in order to give us
 > (you) the opportunity to set this up appropriately if you wish to pursue
 > it. Dennis' intent was purely to get involved in a better deal us, and
 > he stated specifically that he is very interested in continuing our
 > relationship.

> I've left a message with Chuck making him aware of the current
 > situation. It is likely that he will be handling the sales end of this
 > from here on out, so it may be appropriate to contact him directly for
 > more info. If there is anything else I can do, please let me know.

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>
> *Regards,*
> *Gary*
>
> --
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