JAIPURIA INSTITUTE OF MANAGEMENT, NOIDA

PGDM / PGDM (M) / PGDM (SM)

FIFTH TRIMESTER (Batch 2020-22)

END TERM EXAMINATIONS, January 2022

Course Name	Negotiation Skills	Course Code	**ND501**
Max. Time	**2 hours**	Max. Marks	**40 MM**

INSTRUCTIONS:

a. It is an open book examination and you can refer any material to find your answers
b. Overall Permitted Plagiarism is 10%; Penalty Clause: 11-20 % - Minus 5 Marks, **Above 20% - No Evaluation/Reappear Exam**
c. All questions to be attempted and uploaded on Moodle after writing the examination on MS-Word.

1. Below is a case on the old Microsoft – Netscape browser wars. Please read the case carefully and give the answers to the questions below.

Microsoft won negotiations with AOL competing against the browser market leader Netscape by getting the best out of their marketing resources.
Back in 1996, Steve Case's AOL was urgently seeking a top notch internet browser to market their products. Both Bill Gates' Microsoft and Netscape Navigator were vying with AOL to take them on as a client. In terms of their Best Alternative (BA or BATNA), Netscape held a decisive advantage due to its strong technical superiority, presence and dominance in the overall browser market. Microsoft was just in the process of entering the market and held a fledgling percentage of the overall browser market, but had a long way to go relative to Netscape's much superior overall market hold. Additionally, Microsoft's browser was also considered technically inferior to Netscape's. Despite this unequal valuation of their positions, Bill Gates had deemed that gaining a greater presence and market share of the browser market was a competitive priority.
Netscape adopted the position that since they were so powerfully based, they would only negotiate with AOL by holding out for a high per copy fee. In essence, the deal would have been based on a "browser for dollars" agreement. Steve Case, the CEO of AOL viewed the position of Netscape as: "They [Netscape] were very aggressive about selling the browser, but they wanted a very high per-copy fee. The attitude was, 'We're so hot, we'll license to everyone, so you better take it'." This was a miscalculation that doomed Netscape to negotiation and eventual business failure.
Being new to the market and possessing what was considered an inferior product, Microsoft had very limited leverage at the negotiation table. As Netscape engaged in waiting for AOL to respond to their proposal, Microsoft readjusted their focus by shifting their own proposal to concentrate on their business marketing strength, rather than the technology issue. In essence, Microsoft used a creative strategy to change the nature of a weak position or BA to enhance their position while weakening Netscape's in the process.
Microsoft concentrated its pitch on the marketing features it could offer to AOL, which it knew Netscape could not match. They did so by offering to bundle AOL into the Windows operating system, and more importantly, they offered to do this for free! They also promised AOL that they would provide additional technical adaptations if AOL were to sign a multi-year contract. As David Colburn, AOL's chief negotiator and Business Development head, would later state: " The willingness of Microsoft to bundle… with the Windows operating system was a critically important competitive factor that was impossible for Netscape to match."
Despite the fact Microsoft and AOL were competitors, the match was perfect for both parties simply because collaborative seller Microsoft had the foresight and negotiation skills to change the nature of their offering to their advantage, and made AOL an offer it could not refuse.
The end result was that AOL would now be able to position the AOL icon directly next to the Microsoft Network icon in what AOL described as "the most valuable desktop real estate in the world". Simply put, they could reach out to a market that equated to an additional fifty million people per year, and could do so at zero cost. AOL would no longer have to bombard the market by sending out its discs at a cost of forty to eighty dollars per acquired customer, and still actively compete with Microsoft in the process.

Although Microsoft surrendered some of its market share to AOL in the short term, the company achieved its loftier goal of making a huge stride forward in gaining a significant share of the browser market. *Source: https://www.negotiations.com/case/browser-war/*

a. **What is it that Netscape could have done to have won this browser war from a negotiation POV? (10 Marks)**
b. **Elaborate what in the negotiations Microsoft did that made the difference in snatching the deal? (10Marks)**

2. You work for a software company and you are about to negotiate a new contract with an important customer. The priority, position/terms, and interests of your (software) company's key personnel are given in Table-1. **With the available information compose a plan and agenda as applicable for the upcoming negotiation. Clearly indicate the reasons/justifications for your plan and agenda.** (Note: Don't make any assumptions)

Table-1: Priority, Position/Terms and Interests

Goal	**P, Po, I***	**General Manager**	**Product Manager**	**Salesperson**	**Business Manager**
A. Software Units installed – 5000 to 10000	P	Not sure	#2	#1	#3
	Po	Increase units installed	Increase units installed	Increase units installed	Increase units installed
	I	Profits	Market Share	Commission	More Maintenance Work
B. Software price - $250 to $400	P	Not Sure	#1	#2	#4
	Po	Increase Price	Decrease Price	Maintain or decrease price	No opinion
	I	Profits	Market Share	Commission on Volume	No Opinion
C. Maintenance hours - 40 to 160 per week	P	Not sure	#4	$3	$1
	Po	Increase Maintenance	No Change	No opinion	Increase Maintenance
	I	Profits	Market Share	Not a commission item	More Maintenance Work
D. Maintenance price - $70 to $180 per 10 units installed	P	Not Sure	#3	#4	#2
	Po	Increase Price	Decrease Price	No opinion	Increase Price
	I	Profits	Market Share	Not a Commission Item	Margins

** P - Priority Number, Po – Position/Terms, I – Interests* **(20 Marks)**