

< Negotiation for e-commerce site of Red Corp. >

**1. The significance of Red’s e-commerce site development project for Blue**

*“Capture the market share in e-commerce site business in Negoland.”*

By developing the e-commerce site of Red, which is a leading apparel company in Negoland, we are aiming to build up high reputation of our EC business in Negoland, and increase customers.

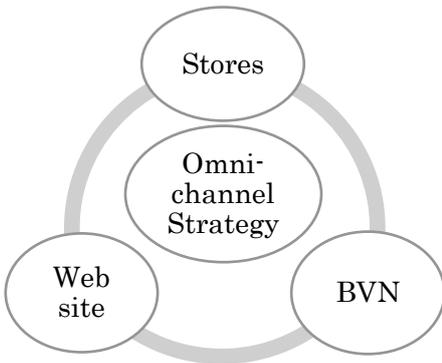
**2. The relationship between Red and Blue**

**Blue’s interest**

1. Get high recognition of our EC business in Negoland
2. The higher fee for our service

**Red’s expected interest**

1. Development and operation of e-commerce site
2. The system that combines e-commerce site and physical stores (Omni-channel Strategy)

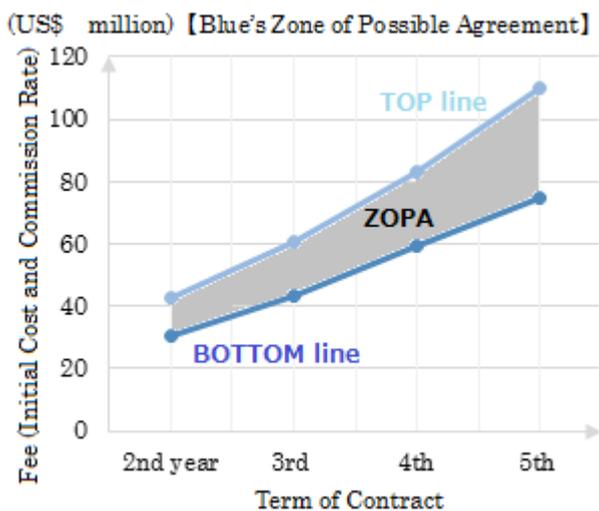


**<The Trinity Business Solution>**

We will propose the business model that can drastically improve Red’s apparel business by combining all the channels including BVN. It enables to increase the sales and improve customer satisfaction by effective use of the information on inventory and customers. Also, Red will be able to produce new products that reflects customer’s preference and market trend more efficiently.

**3. The strategy of this negotiation**

*Provide EC developing service and on-going service with the best quality*  
*Aiming for the long term contract and maximizing our profit*



- <TOP>**  
 Initial Fee: US\$20 million  
 Commission Rate: 30%
- <BOTTOM>**  
 Initial Fee: US\$15 million  
 Commission Rate: more than 20%  
 (if the term is 5 years, 20%)  
 (cf. Blue’s confidential information)

#### 4. Timing to utilize BATNA

*We would mention Green as BATNA when Red insists on the contract for shorter than 2 years, or for shorter than 5 years with Commission Rate 20%.*

This time, if the negotiation between Red and Blue break down, we would negotiate with Green, who conducts the apparel business in Negoland. Comparing Green with Red who has the high statue in Negoland, developing e-commerce site of Green is less attractive than that of Red. We would like to utilize Green as BATNA in order to achieve our target.

#### 5. TARGET and BOTTOM of each item

AIM→ The most desirable decision for Blue in the expected range that Red can accept

BOTTOM→ The last choice that Blue could agree on

	Initial Fee	Commission Rate	Term of the contract
AIM	US\$17 million	25%	3 years with automatic renewal
BOTTOM	US\$15 million	20% (when the term would be 5 years)	2 years

#### 6. Negotiation stance of each topic

##### (1) **Initial Fee and Commission Rate**

We ask Red's interest in the development of e-commerce site and what Red expects. Then, we are going to explain that in order to satisfy the needs of Red, the substantial amount of Initial Fee and Commission Rate is necessary. We would emphasis that Ongoing Service is not just a simple operational service, but it has a very important role to increase the number of customers and sales of Red's apparel business.

##### (2) **The contract term of ongoing service**

We may compromise on Commission Rate in order to get the long-term contract by appealing how profitable it is for Red to be supported by Blue's Ongoing Service.

##### (3) **The Omni-channel strategy**

We will discuss proposals that will be attractive to Red and satisfy Red's needs flexibly and creatively.

## &lt;Negotiation for the joint development of robots with Red Corp.&gt;

**1. Significance of co-developing the robots with Red**

*Strengthen our technology and secure the source of the future profit by developing the Best quality of robots*

Co-development with Red will secure the opportunities to demonstrate and test the robots. We will develop robots that fit the needs of care business in various countries including Arbitria and Negoland and strengthen our technology. Furthermore, Blue will be able to make a profit because Red will lease or purchase the robots after the development. We need to improve the financial performance of robot business by this project.

**2. Relationship between two parties upon this business****Blue's interest**

1. Study and develop highest technologies
2. Get the big customer who lease the robots
3. The right to utilize the technologies in this project

**Red's expected interest**

1. Solve the problem of labor shortage in Red's facilities
2. Solve the problem of senior isolation in Negoland
3. Predominate over other competing companies

**3. The strategy of this negotiation**

*Aim to Become the Top Company in Robot Development Industry*  
*Securing Intellectual Property Rights Are Our Top Priority.*  
*We May Compromise in the Type of Robots and Exclusive Usage*

Ownership of the Intellectual property rights is essential to secure the new technologies. We will improve our technologies and expand our business by using the technologies we could obtain through this project. If necessary, we are going to concede on the type of robots or establishing the exclusive use period to get the Intellectual property rights.

**4. The timing to utilize BATNA**

*We would mention Purple as BATNA when Red disagrees with Blue's sole ownership of the intellectual property rights*

If negotiation with Red does not go well, we will negotiate with Purple Corporation, who holds home-visit care business in Arbitria. However, Purple is inferior to Red in the number of the testing ground and place to lease the robots. Therefore, we will only choose Purple when we cannot get the ownership of Intellectual Rights of robots.

**5. Aim and Bottom of each items**

Aim → The most desirable decision for Blue in the expected range that Red can accept

Bottom → The last choice that Blue can agree on

	Type of Robot	Intellectual Property Right	Terms of Exclusive Use
AIM	Communication Security type of robots	Secure intellectual property right	1 year/ use at least one robot at each of its facilities
BOTTOM	Care Support type of robots		2 years/ use at least one robot at each of its facilities

※ If establish exclusive use, the termination clause that is valid when Red denies to lease the robots shall be built

**6. Blue’s Position of Each Topic**

**(1) Type of Robots**

After identifying Red’s interest in its care business and backgrounds to choose nursing robots as the first priority, we are going to tell that communication/security type of robots would meet Red’s needs for the labor shortage and senior isolation. If Red sticks to jointly developing care support type of robots, we will confirm the intention and we may concede on this issue to secure the intellectual property rights and shorten the period of exclusive use.

**(2) Ownership of Intellectual Property Rights**

We are going to show our strong attitude toward intellectual property rights, by emphasizing that Blue is the very party who should own it because Blue is going to provide funds and technology, and Blue is the company which runs robot business and has know-how already.

**(3) Setting Exclusive Use Period**

First, we refuse to set exclusive use period because of disadvantages for both parties. If setting the period, we would like to make Red promise to use a certain number of robots in all facilities of Red during the period. Furthermore, we will assure to have a provision that Blue may lease robots to other companies when Red denies to use them during the period.