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Browser Marketing FY99

V.01

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Current Situation

■ Top Account Status

	Midyear
● 41% Installed Base Share (+5%)	36%
• 4 accounts >= 65% Share (AT&T, MCI, MindSpring, GTE)	
● 76% Run Rate Share	88%
○ Base is 7.6MM users	7.1MM

■ Breadth ISPs

■ Switching

- Completed Programs
 - Concentric (+14%), Sprint (+3%), Prodigy
- Underway / Launching
 - Custom top account programs: AT&T, Prodigy, Netcom, GTE(?)
 - Only missing Earthlink/Sprint and IGN in terms of Top 5 opportunities
 - Speed you Need Depth - 5 accounts closed, targeting 10
 - Speed you Need Breadth - 21 accounts participating

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GOVERNMENT
EXHIBIT

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Update on Netscape activities, inroads.
Competitive environment changed - how?

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Learnings this Quarter

■ IE 4 is fundamentally not compelling

- ⊙ Not differentiated from Netscape v4 – seen as a commodity
- ⊙ Increases, does not decrease support costs
- ⊙ No "grass roots" end user demand for the browser
- ⊙ Too many B.S. business issues (channels, AD, branding, etc.)

■ 2 ISP levers only: cost and revenue

- ⊙ Switching programs are not appealing at all
 - Speed You Need didn't sell to the top guys despite
 - Proven, compelling offer
 - Opportunity to make money
 - Little effort required on their part
 - Somewhat difficult sell in the depth accounts
- ⊙ ISPs want help recruiting new users; ask us to change the offers
 - Example: Concentric "refer a friend" program
- ⊙ Support cost risk blocks most programs
 - AT&T Customer Care: "Why do we want to break a user who's working?"

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Performance vs. Goals

■ Original goal was 900K via partners

■ Tracking to 569K partner switchers

⊙	Original Plan	Current Expectation
⊙ Top Accounts	400,000	300,000 maximum
⊙ Field Depth	200,000	60,000
⊙ Breadth	100,000	6-100,000
⊙ OEM	<u>200,000</u>	<u>109,000</u>
⊙ Overall Goal	was 900,000	is 569,000

■ Budget was not the issue

- ⊙ Accounts wouldn't take the money for switching!
- ⊙ Pay-for-performance constraint very hard
 - Netcom: "You charge us \$15, why can't we charge you the same?"
- ⊙ ISPs want to offer Speed You Need to get new users
- ⊙ Top accounts demanded custom deals; ignored program
 - "If I go with this program, how do I differentiate my offer?"

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Top Account Programs

■ AT&T – 300K potential; 90K yield

- ⊙ Combined new user / switcher campaign; we're funding up to 150 "critical" end user support calls per week for 12 weeks.

■ Prodigy – 276K potential; 83K yield

- ⊙ Hit technical issues upgrading old Nav users. Targeted Classic users instead. Performance based.

■ Netcom – 300K potential; 90K yield

- ⊙ Co-funding user base service distribution. Part of the default install process.

■ GTE – 120K? potential; 36K yield

- ⊙ Would be Speed You Need, pending upgrade of GTE POPs.

■ Field Accounts

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- ⊙ Verio, IDT, NAIS, Paracomm, one other. (5)
- ⊙ Expect 5 more accounts – total 10, vs. goal of 20.

New Strategies

■ Adopt a "Commodity" Sales Model

- ⊙ Differentiate service, support, relationship
- ⊙ Don't fool around with price or trying to switch based on quality
- ⊙ Need to work hard to differentiate the product

■ Shift Emphasis to Windows and IE5

- ⊙ Invoke the "BradC Law of Platform Upgrades"
- ⊙ Sell in Win98, NT4, NT5
 - AT&T, MCI, and others are already asking for this
- ⊙ Start constructing solid, tight upgrade and distribution programs for launch

■ Need to drive end user demand

- ⊙ ISPs won't push a browser upgrade

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