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Subject: Meeting Notes
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Summary of Meeting with NetScape on 6/2/95

On Friday, 6/2, Nathan Myhrvold, Paul Maritz, and the author (Dan =

Rosen) met with Jim Barksdale, the NetScape CEO. The purpose of the =

meeting was to understand if there was an opportunity for a broad =

collaboration between Microsoft and NetScape. This is a somewhat =

abbreviated summary of that meeting. For clarity, I have tried to =

arrange this by topic order; the discussion was not this way.

GENERAL
=B7 The meeting was a cordial, open discussion of issues and direction.
=B7 NetScape seems open to working with Microsoft.

NETSCAPE DIRECTION
=B7 NetScape like being private, so that they don=92t have to explain their=
=

strategy to analysts or shareholders.
=B7 They will focus on enterprise applications as the first big wave. =

Jim said that NetScape is a pure software play for enterprise =

networking, then interenterprise, and then consumer.
=B7 They are pleased so far with their ability to sell servers and =

browsers to enterprises. They are selling a lot of site licenses for =

browsers. They will continue to waive license fees for students and =

non-profit organizations, but will begin to charge for others.
=B7 NetScape sees Lotus Notes as their most direct competitor.
=B7 Their strategy must be rather fluid. "We are going where it takes us."
=B7 They will launch a retail browser product next week. It will include =

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a sign up choice for one of four providers (Netcom, PSI, plus 2 others).
=B7 Windows95 and Win 3.1 are their primary browser development =

platforms. However, they have a proportionately larger share (compared =

to the market share of platforms) of Apple browsers today.
=B7 See their future in software only. Don=92t want to enter services. =

Will do turnkey solutions with VARs and OEMs.
=B7 Will continue to focus on the Internet as its own delivery and =

marketing system, so that they don=92t have to develop channel.
=B7 When asked about cooperation with Microsoft, Jim replied "yes. We =

would be foolish to start a fight with Microsoft." Their current =

strategy is to "dodge when we can=92t agree". But they must be free to =

support other technologies, protocols, etc. when they have to.

KEY ISSUES FOR NETSCAPE WITH MICROSOFT
=B7 NetScape believed that MSN was a closed network and that their =

browser couldn=92t work on MSN and that MSN content was available only to =

those that used MSN software and access. (We corrected this =

misconception.) NetScape had believed that this would prohibit them =

from working with Microsoft.
=B7 NetScape feels that they must be free to support any protocol, API, =

etc. that becomes popular, without restriction. "Openness" was =

mentioned several times.

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=B7 NetScape will focus on Windows95 (and Windows NT), but won=92t abandon =

their announced relationship with Adobe for Acrobat or Sun for Java.

WHAT NETSCAPE WANTS FROM MICROSOFT

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=B7 NetScape wants Microsoft to bundle their server products (presumably =

their Commerce Server and Communications Server) with Windows NT. They =

would give our customers a royalty free 30-90 day license; when it =

expires, the customer would call NetScape for a permanent license.

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=B7 They would like to "work together" on an NT version of their Internet S=
erver.
=B7 An STT license that allows them to continue to be cross-platform.

=B7 A close relationship on future clients.
=B7 On browser cooperation, Jim said that he would like Microsoft to =
"distribute his browser". Short of that, he would like to explore ways =
to cooperate, but he wants to continue to add value in browser code.
=B7 NetScape would like to consider using Blackbird. They would like to =
get information and an evaluation copy.

WHAT MICROSOFT WANTS FROM NETSCAPE
=B7 Support of STT. (He noted that the process is in place, but they =
needed to understand what they were getting into; e.g. was it locking =
them to a specific standard that could only come from Microsoft?)
=B7 Incorporation of our viewers (Word, Powerpoint), etc. in both their =
browsers and servers. (Looks promising?)
=B7 Cooperation to ensure that their firewall products don=92t block our =
formats. (He agreed.)
=B7 Becoming a Microsoft solution provider for Back Office.
=B7 Strong support of Win95 and its evolution path. (Stronger support =
than for other products like Acrobat or Java.) This might include =
using Microsoft=92s underlying code for its browser, adding their =
value-added components on top.
Using the MSN Internet capability as one (if not the primary) access =
mechanism for their products.

NEXT STEPS
=B7 Dan Rosen will contact Mike Homer (NetScape VP Marketing) to arrange =
a joint brainstorming session.
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=B7 Each side will prepare a list of the things they want from and are =
willing to give to form a relationship. (Need input from groups around =
Microsoft on this.)
=B7 We will try to focus on a manageable list of concrete things that can =
be accomplished, to get the relationship going.
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CONCLUSION
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NetScape is open to a broad strategic relationship with Microsoft. =
They are concerned that we want them to become "less open", restricting =

their market opportunities. I believe that if we can show them that = there are broad enough opportunities working with us, we can both = achieve our strategic objectives.

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