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Browser Marketing FY99

V.01
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Current Situation

	Midyear
Top Account Status	
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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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	200,000	109,000
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**
  - Verio, IDT, NAIS, Paracomm, one other. (5)
  - Expect 5 more accounts – total 10, vs. goal of 20.

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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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