Scott Bosworth
04/18/97 11:42 AM

To: Jerry Kozel/Raleigh/IBM@IBMUS
cc:
From: Scott Bosworth/Raleigh/IBM @ IBMUS
Subject: PC Co. and Netscape/Java Decision
Importance: FYI

---------- Forwarded by Scott Bosworth/Raleigh/IBM on 04/18/97 11:41 AM ----------

Bill Beckmann
04/14/97 06:13 PM

To: Marie Wieck/White Plains/IBM
cc: Samuel J Palmisano/Somers/IBM, Ozzie Osborne/Raleigh/IBM, Pat Sueltz/Somers/IBM, Scott Bosworth/Raleigh/IBM, Steve Mills/Somers/IBM, Gina Poole/Raleigh/IBM, Bill Beckmann/Somers/IBM
From: Bill Beckmann/Somers/IBM @ ibmus
Subject: PC Co. and Netscape/Java Decision

Marie - As background to this conversation, Irving sent a note to Ozzie O., and I had a conversation with him on this subject, and we agreed, in very clear terms, that a Microsoft IE Explorer exclusive relationship was not acceptable to IBM for broad strategic reasons, Java being key. If price is the issue, there is a chance we can use the MSFT offer to negotiate a better deal with Netscape, but IBM has to maintain a browser neutral stance.

Attached is a copy of Irving's note (and mine) with our position. I think it's very pretty clear and compelling.

Irving Wladawsky-Berger @ SOMLAN01
03/15/97 08:49 AM

To: Ozzie Osborne/Raleigh/IBM @ rtpnotes
cc: Bill Beckmann
Subject: Microsoft IE 4.0

Ozzie, I am sorry that we did not connect last week, since I was travelling for most of it.

The answer to your question is very simple, because we have discussed it at the highest level of the company. Don't do it. Don't do an exclusive with Microsoft at the expense of Netscape. And, if someone asked me the same question about doing an exclusive with Netscape at the expense of Microsoft, I would give them the same answer. Don't do it.

We have very publicly, at Lou's level, told the world that the browser is the universal dial tone, and that we

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support all browsers. Just about all major players in the industry are in the same boat. AOL may announce a deal with Microsoft, but they quickly turn around an announce a deal with Netscape. Notes gives you a choice of browser, their own, Microsoft or Netscape, even though they hate Netscape at the moment and would dearly hope to piss them off by doing an exclusive with Microsoft. They realize that it would be a bad business decision to do so.

If we did an exlusive Netscape deal, we would hurt those parts of IBM that work closely with Microsoft, such as the PC Company, therefore, I would not let them do it without CEC level discussions. If you do an exclusive Microsoft deal, you will hurt all parts of IBM that work closely with Netscape, such as our very public Java efforts, so don't do it.

If you feel there is such a compelling business reason that you have to do it, then please ask Bob Stephenson to bring it up at a CEC meeting, because LVG, John M Thompson, Bruce Harreld and others are the right senior executives to get to agree to an exception.

While you may not like my answer, I think it is a result of lots of thinking, lots of meeting with LVG and others. Please feel free to call me at home over the weekend to discuss: 203-226-2572 because sophisticated business issues like this are best discussed in person.

---------- Forwarded by Irving Wladawsky-Berger on 03/15/97 08:40 AM ----------

Bill Beckmann@IBMUS
03/14/97 10:06 AM

To: Ozzie Osborne/Raleigh/IBM@RTPNOTES @ IBM_INTERNAL
cc: Irving Wladawsky-Berger@SOMLAN01
Subject: Microsoft IE 4.0

Ozzie - Irving's asked me to get with you re the attached note. I've got a message into your office to see if we can schedule a short call early next week to discuss. Thanks for making the connection with out team.

I'll try and outline a more thoughtful response during plane time this weekend, but the summary is that while there are no contractual reasons we can't go exclusive with Microsoft IE, there are lots of strategic reasons why we would strongly prefer that not happen. Starting with our commitment to Java, our need to stay close with Netscape (and others) on industry standards, but going deeper in terms of our positioning of the browser as a commodity and IBM support the industry standards, and our overall MSFT strategy. I'd ask you not have the team make any commitments here until we've spoken.

---------- Forwarded by Bill Beckmann/Somers/IBM on 03/14/97 10:02 AM ----------

Maryann Shaw
03/14/97 09:41 AM

To: Bill Beckmann/Somers/IBM

cc:
Subject: Microsoft IE 4.0

---------- Forwarded by Maryann Shaw/Somers/IBM on 03/14/97 09:42 AM ----------

To: iidgm @ sbylan01
cc: sjp @ rhqvm15, Robert M Stephenson/Somers/IBM, dwalsh @ rhqvm02, birney @ ibmusm00
From: Ozzie Osborne/Raleigh/IBM @ RTPNOTES @ IBM_INTERNAL
VP System Strategy
441-0900
Date: 03/12/97 05:51:36 PM
Subject: Microsoft IE 4.0

Irving,
Last week Microsoft discussed the potential for IBM PC Co. to be part of the IE 4.0 launch and roll out In order for us to be part of it they want us to use IE 4.0 exclusively. Do you know of any reason why we can't do this, i.e. a Netscape contract issue? Also would you like to expand this to be an IBM participation, not just PC Co.? Thanks

Thanks
Ozzie

---------- Forwarded by Bill Beckmann/Somers/IBM on 04/14/97 06:05 PM ----------

Marie Wieck
04/14/97 05:45 PM

To: Samuel J Palmisano/Somers/IBM
cc: Pat Sueltz/Somers/IBM, Scott Bosworth/Raleigh/IBM, Steve Mills/Somers/IBM, Gina Poole/Raleigh/IBM, Bill Beckmann/Somers/IBM
Subject: PC Co. and Netscape/Java Decision

I own the Netscape business relationship (Scott Bosworth, Relationship Manager) and IBM's Java initiative. It has just come to my attention that the PC Co. brand managers are meeting on Wed. to determine if the PC Co. should exclusively load Microsoft Internet Explorer 4.0 instead of offering both Netscape and Microsoft. I understand that the price is great (free for Microsoft IE vs. $1.80 for Netscape Navigator). I am not trying to slow you down here, but would like to point out a few points and offer to work with your team on this. If this plays out, you will become the exclusive distributor of IE, and by default, their Windows Java Virtual Machine (JVM) which is not 100% pure. This will cause significant damage to our Netscape and Sun/JavaSoft relationship. Scott and I would be happy to help renegotiate our Netscape contract. I ask that you not make a decision without our involvement in understanding the impacts and possible actions to mitigate them.