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Sent: Thursday, June 01, 1995 6 56 AM
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Cc: Barb Fox, Dan Rosen
Subject: working with Netscape

Dan&Barb&I met late yesterday to review our recent discussions with Netscape and form our next few action items Dan is meeting with Jim Barksdale, their CEO, shortly Here's a summary of our thinking, note that there is a lot of conjecture about Msft plans that's not called out as such Apologies if this is random, but I wanted to collect

Working goals
1 Launch STT, our electronic payment protocol Get STT presence on the Internet
2 Move Netscape out of the Win32 Internet client arena
3 Avoid cold or hot war with Netscape Keep them from sabotaging our platform evolution

1 Launch STT

Our first and currently most important goal is to launch STT We feel that we have the client-side story well covered, but we are dead without a server-side (merchant channel) partner Ben&I expect that STT will be ready for our first O'Hare update in aug/sep

We want to close a deal with Netscape
- give them source to our STT code
- Netscape implements on Netscape Web server, Unix and NT
- Netscape implements on Netscape Win16 & Mac clients
- Netscape shares some of the backend revenue with Msft this is prospective revenue thrown at us by Visa and/or Mastercard
- Non-exclusive, either party could implement additional payment protocols

By partnering with Netscape on payment, even exclusively, we will force Visa and Mastercard and any other backend player to fall quickly into line, and establish the 'per-click' business. This seems to be the grail that we all lust for My take from the recent W3C meeting is that nothing will solidify the rest of the payment community more than Msft's entry; this community is also looking for leadership from Netscape, if Msft enters with Netscape much of the likely opposition would be steamrolled Barb points out that Mastercard and Visa expect to play Msft and Netscape off against each other

2 Move Netscape out of Win32/Win95, avoid battling them in the next year

In every meeting we have with Netscape, they emphasize that they realize there is no money in the client business, though mindshare there leads to many other opportunities The businesses they see opening up are the server integration business, and the value-add app business (such as RealAudio, Java applets, secure newsgroups, etc). They are clearly focusing on the server business already, much more so than Msft

They appear to be moving fast to establish themselves in the value-add app business by leveraging Netscape itself as a platform They are the only browser today with a published OLE automation interface Most pages are currently authored to Netscape capabilities Add those two factors (expansion capability plus 'proprietary' leading edge visuals) and you have a platform and installed base to begin from.

Dan points out that we must offer them some story as to how they can slowly shift away from the core client business, or at least the core Win32 client business To my mind this means agreeing on client interfaces and wire protocols so they can build these value-add apps and enhanced servers

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BradSi pointed out yesterday that since we are in a come-from-behind position wrt Netscape, we must have a cross-platform story This story could be told two ways though, one in which Msft actually builds all of the clients (Win32, Win32/Win95, Win16, Mac, maybe Unix), or another scenario where Netscape does that client work in cooperation with Microsoft In the latter scenario, Msft would need to share extensions (eg mediaview within ohare) with Netscape so they could port to Mac. BTW, if we are serious about moving mediaview into ohare, then we need to resolve our Mac story asap

One note about Unix since most web pages are designed on Unix boxes, and probably all good looking pages are, having a Unix "client" available is critical for gaining acceptance of any one 'interpretation' of web protocols This will be the case until a suite similar to SGI's WebForce is available on PC's

Near term, that is the next 6 months we need to find a structured way to work with Netscape to avoid protocol collisions Already, our new <font> markup causes Netscape pain As we move to electronic updates this problem will get worse They have enough of an installed base already that this problem will not go away when O'Hare ships, even with our wildest projections for O'Hare adoption

Dan feels there is reasonable hope for engaging Netscape in long term strategic cooperation, where Netscape might run with the Mac and Win16 clients As a first pass, we can probably at least get them to move STT client to the Mac and not worry about that problem til we're ready with our own cross-platform tools next year???

What's next?

In the worse case scenario, Netscape will move from minor public dinging of O'Hare (Barksdale in PC-Week two weeks ago) to open slandering of all of our Internet tools, as well as explicit sabotaging of any protocol extensions we make Its unlikely they will deliver a superior Windows solution to O'Hare, but they will leverage their cross-platform story to keep entrenching Netscape-HTML in the authoring community, and therefore in the viewing community

As a yardstick, Netscape 1 1 took six months, and adds some nice stuff, but in just five months we've been able to achieve parity to Netscape 1 0 and nearly all of Netscape 1 1 (everything but SSL and tables), we are moving faster on our own platform

There are varying degrees of what I'd call successful scenarios, from merely getting Netscape signed up for STT in their servers to outright joint-design of multi-platform clients going forward

The question then is do we try to accomplish a broad client cooperation agreement, within STT negotiations, or independently We felt that since payment protocols was such a hot issue, that STT needed to be closed on its own, and that all of you obviously need to consider the bigger issues without holding up any STT deal Is this sensible?

Barb&Dan, please correct any silly assertions I've made.