rom: Randy Haas
ent: Friday, February 06, 1998 11:58 AM
To: Brad Chase
Cc: Lora Shiner; Yusuf Mehdi; Kumar Mehta
Subject: Browser Model for 3YO

Importance: High

Since we delayed the meeting yesterday to discuss the Browser Share Model, I just wanted to send the top level summary of its results and confirm this is ok to use in the 3YO slide deck.

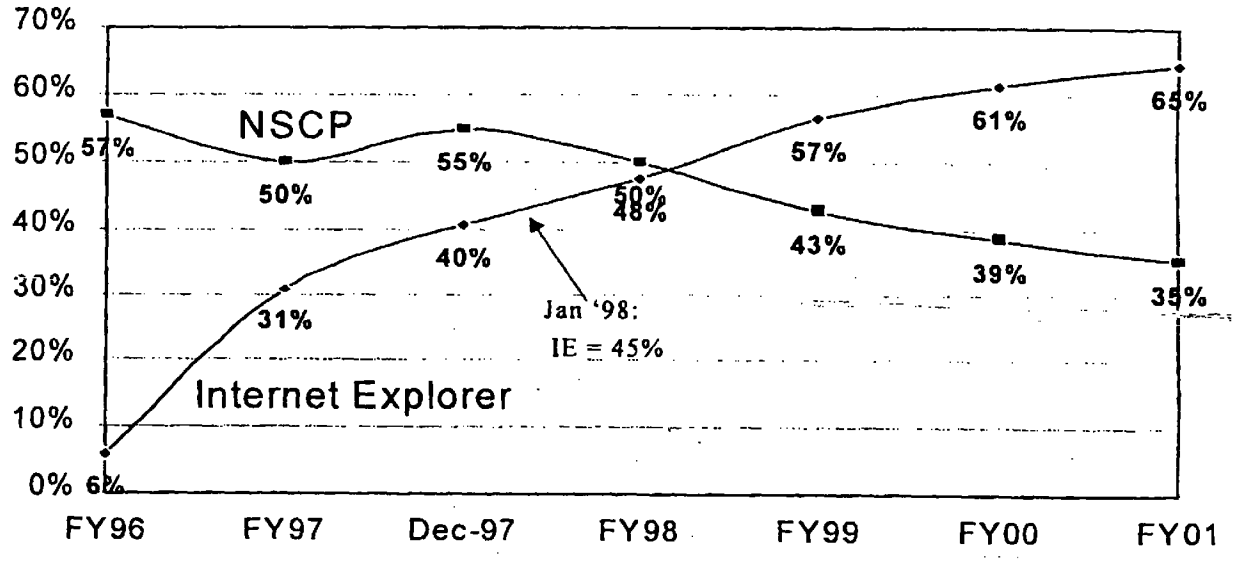
Here are the key assumptions that drive the growth in IE browser share:

- Growth of users on the web at 1 million/month based on historical data.
- Current IE run rate of new users on the web = 62% overall from calldowns
  75% Home, kept constant over 3 years
  41% Work, ramping to 60% due to IE standardization
- Switching rate from NSCP to IE is 7%-points higher than IE to NSCP
- As of 12/97, IE4 is 40% of IE installed base. NSCP4 is 35% of NSCP installed base based on hits to top web sites (skewed slightly high)

The implications from our modeling exercise were the following:

- A critical success factor in gaining browser share is continued focus on ISP's, OEM's and corporate deployments to target the growth of new users.
- Marketing emphasis will need to shift from targeting switchers to customer retention/brand loyalty as Microsoft's browser share and installed base eclipse Netscape.
- Surpassing 70% market share in the US by FY01 is difficult since it would require very high IE run rates and switching rates. Even assumptions of higher growth of users on the internet than currently modeled only slightly affects browser share.

Here's the browser share chart that we've included in the 3YO slide deck:



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