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Sent: Friday, February 06, 1998 12:18 PM
To: Randy Haas
Cc: Lora Shiner; Yusuf Mehdi; Kumar Mehta
Subject: RE: Browser Model for 3YO

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Randy
Within Microsoft, visit http://aicgweb/finance/iccd.htm

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PENGAD-Bayonne, N.J.

From: Kumar Mehta
Sent: Friday, February 06, 1998 1:25 PM
To: Brad Chase; Randy Haas
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you are certainly going to be spending less of your own time on browser share marketing; given all the new stuff you are picking up. so you should be glad to know that giving up time is not going to impact share significantly

my PERSONAL opinion is that the browser battle is close to over. We set out on this mission 2 years ago to not let netscape dictate standards and control the browser api's. All evidence today says that they don't.

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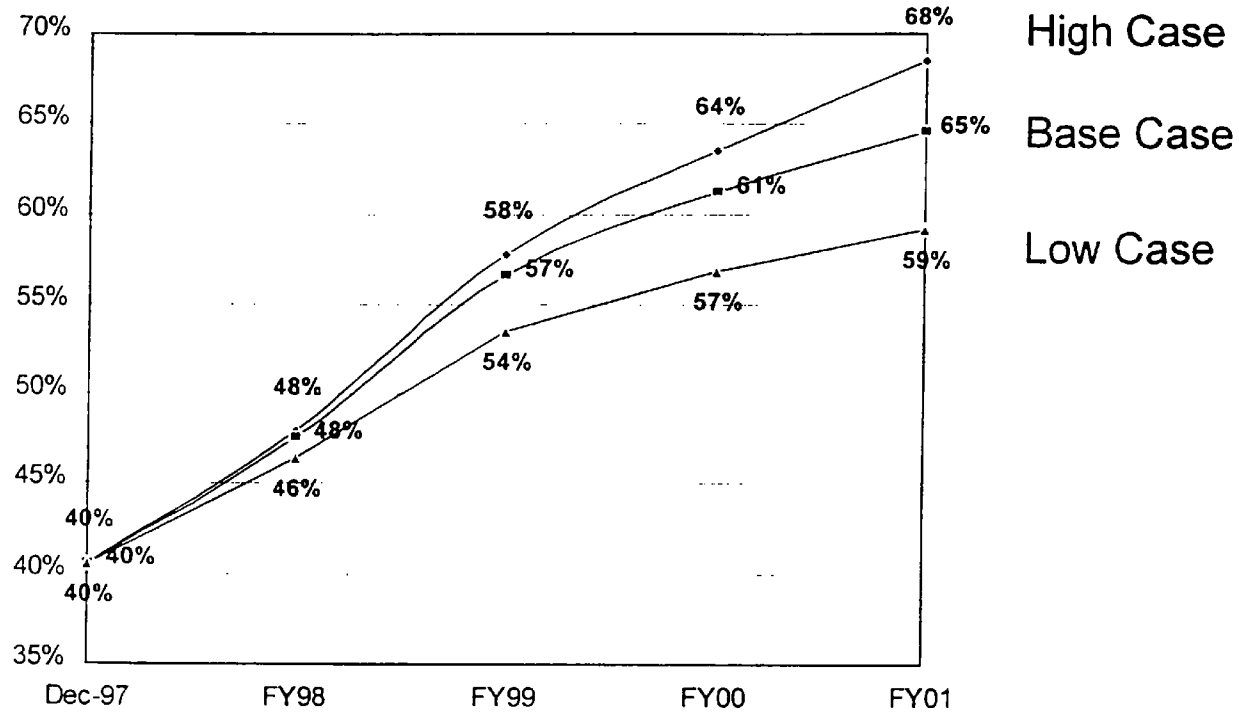
FY01 Assumptions	IE Low Case	IE Base Case	IE High Case
US Home run rate	70%	75%	80%
US Home switch diff.	3%	7%	10%
US Bus run rate	50%	60%	70%
US Bus. switch diff.	3%	7%	10%



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From: Kumar Mehta
Sent: Friday, February 06, 1998 3:29 PM
To: Brad Chase; Randy Haas
Cc: Lora Shiner; Yusuf Mehdi
Subject: RE: Browser Model for 3YO

the only data i am not confident in is the stand alone win16 share; however; combined with AOL; i think we are ok. Win 16 share (including AOL) is 36% for us and 62% for netscape. I have been getting high fluctuations between IE and AOL the last couple of months; although nscp share is roughly constant.

i don't think bill will find any holes; if he thinks one assumption is whacky; it can be changed easily. but then again i am sure he will find the one thing that none of us thought of.

this thing is really as rock solid as "soft-data" can get. Randy has really done an awesome job of taking all the intelligence we gather and plugging it into excel to to be able pivot around any variable.

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Subject: RE: Browser Model for 3YO

show what you have below

no one should count netscape out and in fact i suspect they will get cash and energy from someone in the near future. plus they are free

you better make sure i understand the model well before the meeting

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We can show the high/base/low slide instead of the base alone. This allows anyone to use whatever assumptions they want. The criticism we could be exposed to from dropping run rate and switch assumptions could arise from such arguments as:

- we have momentum
- we should be able to maintain or increase run rate as a result of synergy gained from even greater integration and distribution with Win98
- NSCP's long term viability and commitment is being called into question in light of their recent financial disappointment and buy-out rumors
- Corporate deployments have lagged behind standardization so the switching foundation has been laid and won't trail off in that segment

As you pointed out, working against our ability to maintain run rate and switch rate is the impact of NSCP being free. Showing all cases is probably best.

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- 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:
<< OLE Object: Picture (Metafile) >>

Randy
Within Microsoft, visit http://aicgweb/finance/iccd.htm