From: johnlu
Sent: Monday, July 17, 1995 10:18 AM
To: thomasre
Subject: FW: Netscape

From: <paulma>
Sent: Monday, July 17, 1995 9 17 AM
To: chrisjo@microsoft.com; bens@microsoft.com; johnlu@microsoft.com
Subject: FW: Netscape

From: Paul Maritz (Exchange)
Sent: Monday, July 17, 1995 9:17 AM
To: Dan Rosen (Xenix)
Cc: Nathan Myhrvold (Xenix)
Subject: RE: Netscape

Right.

From: Dan Rosen (Xenix)
Sent: Friday, July 14, 1995 8:42 AM
To: Paul Maritz (Exchange)
Cc: Nathan Myhrvold (Xenix)
Subject: RE: Netscape

Paul,

Want to make sure we are clear here. Given your message, I understand that you don't see the need to continue discussions with Netscape at a "strategic" level. You would like to see them separately license things like STT and DocObj, and believe that they will support NT and compete in both browser and Internet server products. Right?

Dan

From: Paul Maritz
To: Dan Rosen
Subject: RE: Netscape
Date: Thursday, July 13, 1995 12:47PM

They are beating the door down to use URL.DLL and RNA.DLL, we don't have to offer them anything for that.
I think they will be compelled to use DocObj - there are just too many documents in Word etc format that they have to support the read-only runtimes and DocObj is the obvious way to do this.
Wrt to them building on top of our browser, I am very sceptical that they would agree to this. Their histroy is to closely bound up with the browser - this is after all Andresson's company.

On the server front, it is our intention to build up a full offering (transactions, billing, etc.) and integrate it very well with BackOffice on the one hand, and with our public network offerings (video, etc.) on the other.

From: Dan Rosen (Xenix)
Sent: Thursday, July 13, 1995 10:25 AM
To: Paul Maritz (Exchange)
Subject: RE: Netscape

Paul,

They may be willing to give us a client advantage, if we give them the server advantage. They are definitely willing to adopt and use all of

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the Win95 tools (e.g. URL.DLL and RNA.DLL) and to adopt DocObj. We potentially could agree to license them our browser (OEM) and let them build on top of it (I have not proposed this to them).

To get these types of concessions, we need to lock down what they want from us that we are willing to give. This is the server stuff. We still lack internal agreement about that. We now understand that their profitability will come from their $5K (going to $1K) commerce server. I need help from Jim and J understanding where that product begins and Gibraltar ends.

Next step: reach agreement that we can cooperate in the server and tie it to client concessions. If no agreement, we should gear up to compete.

Dan

From: Paul Maritz
To: Dan Rosen
Subject: RE: Netscape
Date: Thursday, July 13, 1995 9:35AM

My thoughts: we originally hoped that there was some way to leverage a relationship with Netscape based on a business model whereby they would be prepared to cede the client to us or at least give us some major advantage, if we could give them some major advantage in the server area.

They are not prepared to give us a significant client advantage (either for O'hare or for MSN), so we should treat them as an ISV, but not much more.

On STT, I still think that it probably makes sense to take the risk and do a fairly open deal with them in order to get our protocols widely adopted.

From: Dan Rosen
Sent: Thursday, July 13, 1995 9:02 AM
To: bobmu; chrisjo; jallard; jimall
Cc: nathanm; paulma
Subject: RE: Netscape

If we believe we can "dethrone" Netscape from this role, it makes sense to do so. At the moment they have tremendous momentum in the Internet server (and client) market, and seem to be accelerating. After their IPO (probably in August), they will have the resources to go even faster.

I fear that if we choose to compete with their core profit driver (there commerce/merchant server, we will push them strongly toward Sun. This is risky.

On the other hand, we could have them use NT as a preferred solution and accelerate the acceptance of NT as a core piece of Internet infrastructure, where we both win. Later, particularly if they stumble, we always have the potential to reassess our position.

We need to decide on this in the next week.

Dan

From: Jim Allchin
To: Bob Muglia; Chris Jones; James 'J' Allard; Dan Rosen
Cc: Paul Maritz; Nathan Myhrvold
Subject: RE: Netscape
Date: Thursday, July 13, 1995 7:39AM

I have a different perspective.

I think we must sell a packaged product "commerce server" which is the a new edition of the Internet Server. (Some of you may not be aware of our ideas on packaging the Internet Server into two pieces:

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Internet Server: Publishing Edition and Internet Server: Internet Access Edition. What I would like to see is a Internet Server: Commerce Edition.)

We should NOT turn this basic package over to Netscape. That doesn't make any sense to me. There will be significant money in this area. However, after we have this horizontal platform, then I hope we will get tons of ISVs tailoring it for flowershops, drug stores, etc. This is the SP opportunity assuming customization is easy using Office, VBA, etc.

jim

From: Bob Muglia (Exchange)
Sent: Thursday, July 13, 1995 7:02 AM
To: Chris Jones (Exchange); James 'J' Allard (Exchange); Dan Rosen (Xenix)
Cc: Jim Allchin (Exchange); Paul Maritz (Exchange); Nathan Myhrvold (Xenix)
Subject: RE: Netscape

I'm sure you're not missing anything. The key to this being a successful arrangement is to define the area where Netscape can add significant value and build a strong business.

If they can become an ISV/SP on top of our Internet platform, then we could both mutually benefit. I talked to Dan about this on tues and was supportive of the idea of working with Netscape to get them to build a "commerce server" of some type on top of our Internet Server.

I don't think their focus should be on infrastructure pieces (encryption, etc.) as that will absolutely have to be in our core products. Long term, there isn't much value in these components unless they think they're in the platform business (which Dan says they deny).

I think we should try to talk to them about having Netscape create a complete product which lets somebody setup shop on the Internet - billing, connections to inventory systems, etc.

That's an area which I don't think we want to get into. So many of the solutions will require customization, it's really more of a business for an SP.

We should see if we can get Netscape to agree that a structure like this is interesting to them - we assume the platform role, inlcuding security work, they add value on top of this. If this is interesting to them, then I think we should consider inviting Netscape up in the next couple of weeks for a full disclosure on our Internet products. We're less then a month from beta so the cost on this is pretty low at this point.

bob

From: James 'J' Allard (Exchange)
Sent: Wednesday, July 12, 1995 8:53 PM
To: Bob Muglia (Exchange); Chris Jones (Exchange); Dan Rosen (Xenix)
Cc: Jim Allchin (Exchange); Paul Maritz (Exchange); Nathan Myhrvold (Xenix)
Subject: RE: Netscape

i don't knwo exactly what this means. as i understand it, their commerce server is their communications server+ssl, period. we have source rights to ssl, perhaps barksdale doesn't knwo this. the contract that psd did doesn't appear to limit us to client in any fashion.

it's not clear that we could open the webserver architecture to them to do the development work in an independent or high-performance fashion, and first pass appears to be on the order of man-months of work, perhaps weeks. what would we "trade" for them to do the work? what does "replace netscape's communication server" mean - would they kill their server product ? just kill their nt effort?

i'm interested/open to having them become a premier gibraltar isv, but i fear i'm missing something

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From: Dan Rosen (Xenix)
Sent: Wednesday, July 12, 1995 6:39 PM
To: Bob Muglia (Exchange); Chris Jones (Exchange); James 'J' Allard (Exchange)
Cc: Jim Allchin (Exchange); Nathan Myhrvold (Xenix); Paul Maritz (Exchange)
Subject: Netscape

I just completed a call with Jim Barksdale. Cutting to the chase, the one thing he would like most from us is a relationship around his "Commerce Server". This would run as a merchant/enterprise offering on top of NT and Gibraltar (replacing Netscape's "communications server"). There are several things we can get in exchange, but first we need to know if this is something we can and want to do. They are ready to move quickly on this.

I'd like to outline terms on this and get their folks up ASAP to nail down.

Dan

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