Lesley Halverson (LCA)
From: Brad Chase
Sent: Friday, December 13, 1996 7:22 AM
To: Will Poole
Cc: Suzan Fine; Nancy Malm; Brad Chase
Subject: FW: Draft partner plan

there is alot of good ideas in here, good progress. i have a few comments annotated in the doc but the impt ones here:

- i believe we need a more specific plan. to do so means that you outline the top partners (as you sort of do) but then get very precise on what we trade. i don't understand what you are proposing that pathfinder or aol gives us that is of approp value. it is hard to argue that just taking advantage of activeplatform is adequate for a premium position on the ActiveDesktop
- bill gave us 6 channels. if we need more we should ask. compuserve is a problem, i would rather have espn or wsj myself. i think they are more valuable. i think you overvalue aggregation. perhaps compuserve can be a business channel only. i did not uunderstand (i may have missed) who is a business channel and how is consumer and who is both. who is not on your list that i should be worried about will go to the competition?
- We also need to outline who the next level partners are and be very precise on what they get. i don't understand how to treat the 2nd level from this or who they are. this means that you have to outline in detail all the partner benefits and say who gets what. how do we handle things like entertainment and technology where there is no clear leader and we need to make alot of people happy. i'm concerned about mixing branding and categories and the impact that has on hte user
- finally what is it we tell the generic partner. what does drg tell content companies that they should do and how will the average folks be promoted if at all.

we should meet monday or tuesday

-----Original Message-----
From: Will Poole
Sent: Tuesday, December 10, 1996 4:46 PM
To: Brad Chase
Cc: Suzan Fine
Subject: Draft partner plan

Brad, here's the doc we started talking about. Suzan will continue to carry it forward this week, so please send feedback as soon as you can.

thanks

ICP Partner Programs doc

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Summary of ICP Partner Programs:

IE 3 Trial; IE3 Share Retention; IE 4 / Active Desktop Launch

Suzan Fine, December 9, 1996

Objective and Goals

Develop a broad set of offerings that we can use to create strong relationships with content providers to use for sustaining marketing for IE 3.0, increasing adoption of ActiveX technology and launching IE 4. There are the various goals *within IPTD* for Content Partners. The plan is to establish a program that we can present to ICPs that address these goals collectively for IPTD and maximize the value of the relationship to the partner and to MS. The plan also recognizes that there will be significant overlap between IE3 retention activities and IE4 launch activities; we must drive both in concert to drive towards our overall market share objectives.

Here are samples of goals for the different groups in IPTD:

End User Marketing goals
1) Get Downloads (generate trial)
2) Create an end user reason to switch
3) Retention (keep up usage and establish good user experience)

DRG goals
1) Adoption of Active X technologies on the site (ActivePlatform technologies)
2) Use MS technology as the site infrastructure (Normandy, Commerce servers, NT, IIS.....)

Business Development & Active Desktop goals
1) Create a broad relationship with ICP partners so that they consider Microsoft their first and most strategic Internet partner
2) Secure a select group of content providers that can deliver the best content on IE 4, providing the best "out of box" experience for end users and differentiating IE4 from competitive platform offerings
3) Reduce the risk of partners working exclusively with our competitors (because of the competition offering a stronger / richer / broader relationship)

Goals for businesses?

Key MS Assets

In order to meet all of these goals, we need to make bigger requests from partners, and support those requests with greater incentives. We have much of value to offer partners to help them decide to work with us. Things we have to offer:

1. Placement on the Active Desktop
2. MS properties. The Start Page may be a key property, if we decide it is key to the success of the marketing push. Others: Best of the Web, Today's Links....
3. Money. We can use this for ads, promotions etc. We should use it as an overall incentive to cement a strong partnership--not just for running an ad. In some cases we can consider equity investments.
4. Comarketing. Advertising and Promotions to drive traffic to their sites (both Offline and Online)
5. Early technology relationships and direct support (beta for IE 4, support from Mike Conte's team, MS-arranged consulting, etc.)

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This needs to be more crisp and specific. What about things like: cached content on IESK CD? Sitebuilders? List server Email etc. We should detail all the ways we can help partners on "Best of Web". Money should not be listed separately. It is a way we pay for co-marketing. We should just propose that we will do X number of ad campaigns a uear f

Requirements and Incentives for being a Premier or Featured Internet Explorer Content Partner

Based on the above, the following requirements and incentives were developed that will help us meet the goals of the different groups, and creating the strongest possible relationship with ICPs. This combines criteria related to both IE 3.0 and IE 4.0. The table shows which criteria are related to which version of the browser. ***This table summarizes the "Generic Deal".***

MS/ICP Partnership Requirements:	**IE 3**	**IE 4**
1. Provide a broad set of content that includes a property or properties with strong brand recognition. May offer subscription-only content as well.	X	X
2. Exclusively support IE 4.0/AD as the desktop software of choice for their users and content: • Exclusively display the IE logo on all sites that are delivering content to the channel area • Support IE HTML Enhancements/ActiveX on channel areas and browsed pages of the web site (see Appendix) • Provide regularly updated channel content • Create content on their co-responding browsed web sites that is unique to, or optimized for IE 4.0 • No co-marketing or promotional activities with third party browser technologies		X
3. Participate in co-marketing and press activities with MS (ads, offers, contests....)	X	X
4. Promote IE in off line media unique to the partner (magazines, TV, newsprint....)	X	X
5. Participate in the Offer Promotion with a unique offer for IE users	X	
6. Provide content to home.microsoft.com customized Start Page	X	
7. Distribute IE in promotions to end users (online and offline) and allow download from the site (via the logo)	X	X
8. Pilot test on the site for NT/IIS/Normandy technology		X
9. (Special cases only) Pay $ to MS for 12 month participation on AD		X

MS Incentives to ICPs:		
1. Presence in other MS developed marketing programs that drive traffic to sites (Best of the Web, advertising campaigns for partners).	X	X
2. Funding of advertising and/or offer programs, or funding of development of differentiated content (cash or loans secured against future revenues)	X	
3. Top level presence in the default setup of IE 4.0/AD. This will be shipped in all retail, OEM and downloaded versions.		X
4. Top level presence in the MS-supplied Channel Guide, with the ability to include information on all the channels provided by the partner.		X
5. Distribution of X MB of cached content retail IESK CD; retail branding if space avail.	X	
6. Distribution of X MB of cached content on IE4 retail CD and OEM CD; retail branding if space available on-box.		X
7. Participation in beta programs for Internet technology.	X	X

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Other Partnership Levels

We will also be working with many other partners below the "Premier" or "Featured" level. There are (and will be) programmatic deals with such partners, including DRG activities, Site Builders programs, etc. Some of the top level programs may incorporate limited use of the incentives above. Examples are:

- Site Builders Level 3 get free Channel Guide listing; level 4 gets a top level listing
- DRG may use programmatic co-marketing / advertising programs for key partners who do not meet all criteria for being a "Featured" partner.
- Linking / promo deals for home.microsoft.com may be available to partners not meeting exclusivity requirements of Featured or Premier partnerships.

Proposed IE 4.0/AD Partners

The following criteria only apply to partners that we believe qualify to be Active Desktop Partners (Premiere or Featured IE Content Partners). These are partners that will have a presence in the default set up of the Active Desktop channel area. They are defined as follows:

Premier Partners: Partners with a broad set of content that includes multiple properties with brand recognition that are supporting IE 4.0/AD exclusively as the desktop of choice for their content. In general these are partners that aggregate large amounts of content such as MSN or AOL, or partners with very broad brand recognition, such as Disney. They are able to provide us with extensive value with their brand and wealth of content.

Featured Partners: Partners with a limited set of content with very high brand recognition (on the web) that are supporting IE 4.0/AD exclusively as the desktop of choice for their content. These partners tend to be the leaders in specific top categories on the web (ie. NY Times, WSJ in News; ESPNet Sportszone or Sportsline in Sports...).

Because Premier Partners represent a strong brand (or brands) and a wealth of content, they will be given top presence on the channel area of the desktop. Featured Partners will be given a presence one level down in a category that they represent. In this way we are able to give Premier Partners a more valuable position, and maximize the number of Featured Partners that are represented on the desktop. In cases where we want to have relationships with ICPs in categories with multiple nearly-equivalent competing players, we intend to work with each of them at the Featured level.

Multiple IE4 Channel Groups

In evaluating the potential partners for IE4 and in recognizing our role as a "desktop content aggregator", we believe that we must create two separate content sets focused respectively on home/consumer users and business/corporate users. We believe this simple content bifurcation will create a more easily marketed and superior offering than the alternative, a single desktop with a target market of "everyone". We will better target the user, and maximize the benefit to the ICP by providing at least this basic distinction.

Users will be classified during IE4 setup by a simple question, something like:

Do you use your computer **primarily** for:

Home / personal / entertainment

Business / corporate / professional

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All Channels will be available to both classes of users via the Channel Guide – the grouping proposed herein affects only what Channels are offered by default to the end user.

Proposed ICPs for Active Desktop Groups

To illustrate the above concepts, the following table proposes an implementation of the channel hierarchy for the two key desktops that we expect to deliver: business/corporate and home/consumer. The consumer desktop grouping is more fully developed at this time – we are continuing investigations in the Business area. Criteria for selection and placement in these groups include:

- Brand recognition by / content relevance to target user

- Popularity of site (as measured by PC Meter etc.)
- Total contribution to balanced overall content offering
- Competitive considerations

The **bold** Channels are aggregators or distributors, each with Premier partner status. They all have two or more large / differentiated sub-channels.. ***Bold italic*** Channels are MS aggregations in which we group two or more similar / competing sub-channels (who each get Featured partner status) under a generic aggregation in order that we can work with each of such ICPs without having to either (a) give one Premier status, likely alienating the other, or (b) cluttering the top-level Channel display with multiple similar ICPs.

Consumer Desktop Channels	**Business Desktop Channels**
MSN	**MSNBC**
MSNBC	
MSNBC Sports	
AOL	**CIS**
Disney	**Pointcast** (15-20 biz / general interest sub-channels)
Pathfinder	+ 1 or 2 additional Premier partners TBD
News	***News***
NY Times	NY Times
WSJ	WSJ
Hotwired	The Weather Channel
LA Times	
The Weather Channel	
Sports*	***Technology***
ESPNet Sportszone	ZD Net
Sportsline?	c|net
	TechWeb
Personal Web	***Personal Web***
My Yahoo	Infoseek Professional
Excite Live	Excite Live
NetGuide	
Entertainment/Leisure	***Finance***
HomeArts	MSN Investor
Epicurious	Fidelity
Hollywood Online	Schwab
National Geographic	InvestorsEdge
iVillage / Parent Soup	
? Pointcast @ Home (6-10 consumer channels)	
Total: 11 Premier + 15 Featured	7 Premier + 11 Featured

* For Sports, we can either create the generic aggregation and try to get ESPN and Sportsline into it (probability of success = 25%) or work only with ESPN as a Premier partner, eliminating the generic aggregation (probability = 75%).

All of the Content Partners on the Active Desktop would have some branding for their channel, representation in the Channel Guide (for their tier) and an in-box presence (amount of content depends on their tier). This is a US desktop only. International versions will follow a similar concept, but the partners will differ.

We currently have approval for only 6 third party ICPs. Priorities for closing the first six Premier deals are:
PointCast; Disney; AOL (partnership necessity); CIS (partnership necessity) ; Pathfinder; ESPN.
Next five targets are, in priority order:
WSJ, c|net, ZDNet, Hotwired, My Yahoo.

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In all of the above cases we will propose an integrated IE3/IE4 deal, with specifics as indicated below and in Appendix 1 and 2. We will only fall back to IE3-only or IE4-only deals if we cannot reach agreement on key issues (such as logo exclusivity, promotion/offer value, differentiated content, etc.)

Specific ICP Deals

We will use relatively generic deals for all ICPs above, with the following exceptions for which we will develop specific/custom proposals: AOL, CIS, Pathfinder, c|net, Starwave. In the generic deals, we will develop specific baseline participation requirements in each of the areas mentioned above. Specifics will include:

Example Metrics for Generic Deals	**Potential Terms for Custom Deals**
# impressions in offline promotions	More exclusive "Differentiated Content" areas (see Appendix 1), potentially available only to IE users
Target downloads / conversions	Higher standards on web download goals
# offers delivered online	Higher standards of differentiated Active X support (such as Infoseek's query control)
# ads impressions online, etc.	Larger value "offers" $ to MS

All of the Premier Partners should be briefed and a preliminary agreement (term sheet or draft contract) in place by EOY. Featured partners should be lined up by 1/15/97. Final contracts in place by end of January 1997. International TBD.

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Appendix 1: Detailed Technical Requirements for Featured and Premier Partner Participation

(Note: These requirements will be updated specifically for channels and IE 4.0 when product plans are better defined)

A. Creation of "Differentiated Content": Partners shall define easily described and highly visible components of their web site that will exhibit substantially superior features or usability when used with Internet Explorer, making the site a premier example of the added-value differentiation enabled by Microsoft Internet Technology. Premier partners shall have 4 such differentiated areas, Featured shall have 2. Some differentiated content may be available only to IE users, some may simply be "best when used with IE", with acceptable degradation when used with other browsers.

B. Participant's Web Site must incorporate the following technical requirements on the Home Page, and on no fewer than the 25 most visited pages, to be considered a Premier or Features Internet Explorer site:

1. Inclusion of COM Objects (ActiveX Controls, or Java Applets) - COM objects are self-contained pieces of code that bring unique interactivity to sites not possible with HTML-only pages. COM objects can be written in many languages, such as C/C++ or Java. Web Site must use at least one such control on at least one of its top 5 most visited pages.
2. Use of Scripting (VB Script, or Javascript) - Scripts are pieces of code written inline within HTML to automate general purpose COM objects, or to make objects interact with one another, in a web page. Scripts can be written in many languages, such as VB Script or Javascript. Web Site must use at least some such scripting to automate one or more controls.
3. Utilization of at least 2 of the following 4 IE3 and HTML 3.2 standard capabilities:
   - Style Sheets - A style sheet is a description of the layout of a document. Style sheets allow page authors to cleanly split structure and content away from a page's form and appearance. Just as HTML is the language to describe structure and content, so form and appearance will be described by a style sheet language such as Cascading Style Sheets - a W3C standard spec supported first by IE 3.0.
   - Frame Sets - Frames allow you to divide a Web page into separate regions which can display content independently. A side benefit of frames is that clicking a link can now launch a new window. Borderless frames give you all the power of frames pages with the added benefit of a seamless look. Borderless frames can be also separated with a custom color or background picture. Floating frames are a revolutionary new feature in IE 3.0. Anywhere you can put an image in IE 2.0 or Netscape, you can put an arbitrary box of HTML (with or without a scrollbar and a 3-D border) in IE 3.0
   - Other Key HTML Extensions - IE 3.0 supports several HTML 3.0 table features, including selectable rules and borders, row and column grouping, and aligning text in adjacent cells by baseline. It also supports the ability to put background images in individual table cells. IE 3.0 also supports .BMP and animated .GIF formats. There are additional HTML extensions supported by IE 3.0 that can also be implemented.
   - Ratings - Ratings are a mechanism to inform users of the appropriateness of web site content for their preferences. Rating a site is a simple process of going up on the official ratings site and registering the web site.

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Appendix 2: Proposed IE3 Offer Promotion

Developed with IE marketing team

Overview of the opportunity:
Beginning in approximately late January-early February, Microsoft Internet Explorer will launch an on-line campaign with the objective of promoting downloads of Internet Explorer v 3.0. Our strategy will be to offer incentives to download IE and to work with our key partners to identify and promote compelling incentives.

The creative notion is: *Use IE and get more.*

Benefits to Partners:
-Partner offers will be featured in our on-line ad campaign
-Partner offers and sites will be featured on highly trafficked Microsoft web pages
-Microsoft will issue a press release announcing the promotion, offers and partnerships
-Microsoft will consider compensation for the cost of the offer and its promotion based upon your contribution to our objectives.

Promotion Plan:
While not fully defined at this point our plan is to promote the 5 or 6 most compelling offers over approximately 3 months. The total weight of the campaign is estimated to be 8-10 million impressions per month for the 3 month period.

Additionally, the offers will be promoted on two of Microsoft's highly trafficked web pages: microsoft.com and microsoft.com/ie.

We would like to receive proposals, review them and select the most compelling offers. Next, we plan to test these offers as follows: a very small ad purchase (50,000 impressions) over a one to two day period will be made. This ad will offer users the opportunity to download IE and get something. If responses indicate that this is a compelling offer, we will roll out the program at the level described above. Over a three month period your offer would be highlighted a minimum of one month in advertising in rotation with the other offers.

Partner Proposals:
Submit proposals that outline the following:
-Incentives you can offer for trying IE (premium content, merchandise, coupons, discounts, prizes etc.)
-How you will help us promote this offer and the download of IE
-Method for managing fulfillment of offers
-Cost proposal

Requirements:
Proposals must be received by December 31, 1996
Site must be optimized for IE and display IE animated logo

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No competitive logos up during the time period of the promotion

Timing:
Proposals due: January 3
Test 1: January 22
Roll Out: January 29

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