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HEADLINE: NETSCAPE POSTS GAIN: ITS BROWSER DOESN'T -- DATA SHOW MICROSOFT ADDING MARKET SHARE

BYLINE: MICHELE MATASSA FLORES, PAUL ANDREWS; SEATTLE TIMES BUSINESS REPORTER

BODY: Microsoft's big gain in the Internet browser market hasn't stopped archrival Netscape from making a profit - at least not yet.

Netscape announced yesterday that it made $ 8.8 million in profit for the last quarter of 1996, up from $ 500,000 a year earlier.

Still, the future of the tiny company - tiny in relation to $ 8 billion Microsoft - was put into focus yesterday with the release of a new market-share survey and a push by Microsoft to play up the favorable numbers.

Zona Research, a California-based market-research firm, said yesterday that Microsoft's Internet Explorer browser has more than tripled its market share against Netscape's Navigator since August, jumping to 28 percent from 8 percent. Netscape's market share fell to 70 percent from 83 percent according to the survey, which asked 211 businesses to name their "primary" browser.

Zona director Clay Ryder credited Microsoft with improving Internet Explorer in the 3.0 version and with releasing versions for a wider variety of computer operating systems.

Within hours of the release, Microsoft put out one of its own, touting the Zona report and adding similar statistics from other reports.

Yusuf Mehdi, group product manager for Microsoft's Internet division, said he believes Explorer's market share for all customers, not just businesses, is 20 percent to 30 percent.

"Today I think we're at that point where everyone who authors a Web site says, I want it to look good on IE and not just on Netscape,' " Mehdi said, emphasizing the importance of gaining "mind share" among Web-site developers who drive the Internet's standard technologies.

Another possible reason for Microsoft's gain on Netscape is the fact that Internet Explorer is free, while Navigator costs $ 49.95.

Mehdi discounted that as a factor, though, saying that Explorer has been free for a year and a half but didn't begin gaining market share until the newest version came out last summer. He and Zona's Ryder also pointed out that Netscape is known for loosely enforcing its rules that customers pay once they decide they like a free, downloaded, trial version.

Netscape Chief Executive Jim Barksdale challenged the Zona survey as "skewed," saying it included a disproportionate number of Windows 95 users, which weighted the results toward Explorer because it is included with Windows 95 software. Zona, however, countered that the balance of users - 45 percent Windows 95, 24 percent Windows 3.1 - represented current Web users. Ryder said Netscape's financial report showed some good news in that the company is relying less on its browser for revenue: Navigator accounted for 51 percent of sales in the quarter, down from 60 percent the previous quarter.

But still, he said, sales rose only 15 percent quarter-over-quarter, not the huge gain for which investors and other observers had hoped. Seattle Times staff reporter Paul Andrews contributed to this report.

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JUPITER ESTIMATES NETSCAPE'S CURRENT MARKET SHARE AT 59%-TO DROP TO 38% BY END OF 1997

For Immediate Release:
Monday, February 10, 1997

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New York--Jupiter Communications estimates Netscape Navigator's market share at 59 percent; while Internet Explorer lurks in the Netscape shadow at 21 percent. According to a new study from Jupiter's Consumer Internet Technologies Group, Navigator's comfortable market share is estimated to fall to 38 percent by the end of 1997. And while it is all but impossible to stop the Internet Explorer licensing rampage, Netscape must endeavor to prevent Microsoft from signing more exclusive deals than it already has with former Netscape partners in order to keep ahead.

"Netscape's browser share is paying the price now for losing huge online service deals last year. In spite of shifting its strategy toward the intranet, though, its servers are embraced by large consumer-oriented Web sites," said Ross Scott Rubin, Group Director of Consumer Internet Technologies at Jupiter Communications.

The key to Netscape's retaining market share is maintaining simultaneous cross-platform development, attacking the non-PC device space with both client and server products, and focusing new marketing efforts toward the consumer market.

These and other findings are part of THE 1997 NETSCAPE REPORT, now available from Jupiter Communications.

Other findings include:

- Netscape will struggle to decide whether it is a platform or applications vendor in 1997. Like other companies that compete with Microsoft, Netscape must create tools that allow developers to enhance their platform, but marketing those tools too aggressively or to the exclusion of others will drive third-party developers away. Netscape has struck a good interim balance by partnering with NetObjects, NetDynamics, and Symantec, but should be able to provide a more integrated solution in the long-term.

- As Netscape feeds the enterprise market, it is starving its consumer endeavors. Netscape's narrowed focus on business-to-business communications has already cost the company in the consumer market; Jupiter expects Netscape's market share to fall significantly among consumers if it does not introduce more specific consumer centric functionality, especially if the company cannot find a way to ease in the Windows 97 desktop as the next version of Internet Explorer

- Communicator will effectively end the browser war, but is no watershed for consumers. Just as Microsoft Office raised the level of discussion beyond specific components, Communicator will transform the market focus from the browser to the communications suite. However, Jupiter does not expect leading consumer content sites to take advantage of the new collaborative features of Communicator.

- Jupiter finds Netscape servers used by 60 percent of the top 50 consumer sites on the Web. Netscape has a preponderance of the major consumer-oriented sites because of its attention to solutions to powerful hardware, credibility with the Webmaster community, and as a side effect of its concentration on the Global 2000 intranet. The server market has more in common between internets and intranets than does the client market.

THE 1997 NETSCAPE REPORT is a detailed study of the history and future of Netscape Communications and a look at the companies short- and long-term prospects. The 124-page report sells for $925. To order, or obtain a full brochure including a table of contents, call 800-488-4345 or 212-780-6060, or visit Jupiter's Web site at http://www.jup.com.

Jupiter Communications, LLC is a privately held research firm which was established in 1986. Jupiter's Strategic Planning Services (SPS) are the cornerstone of the company's client offerings, providing data, analyses, and revenue models for Web developers. Divided into analyst practices on CONSUMER CONTENT, DIGITAL COMMERCE, CONSUMER INTERNET TECHNOLOGIES and ONLINE ADVERTISING, the SPS offer access to Jupiter's expert analysts in addition to customized bundles of executive briefings, research studies, tickets to Jupiter's renowned industry forums, and newsletters. Jupiter's research mandate is to provide a comprehensive strategic view of the emerging consumer interactive world.

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New Browsers Have Big Ambitions

By Julia Angwin
Chronicle Staff Writer

The war of the Web browsers is heating up again.

Netscape and Microsoft are distributing test versions of their updated Web navigation software — Netscape Navigator and Microsoft Explorer 4.0.

Both companies have changed the look and feel of their browsers, and included many new features.

But the real battle is for control of the desktop. Both companies want their browsers to be the first thing people see when they turn on their computers and to be their guide to all applications.

Microsoft customers will have a choice of using Internet Explorer 4.0 or Windows 95 as their interface for all Windows and Web applications.

Netscape's new browser will only be included in an upcoming package called Communicator. A desktop interface called Constellation will be included with Communicator in the summer. It will be compatible with Macintosh, Unix and all versions of Windows. Explorer will only work with Windows 95 and later versions.

"It's a battle for eyeballs," said Ross Rubin, an analyst at Jupiter Communications in New York. "They want you to start thinking of your work space as their platform."

A test version of Netscape Communicator can be downloaded for free at *www.netscape.com*. The final version, expected in the next couple of months, will cost $59.

Microsoft officials say a test version of Explorer 4.0 will be available later this month — after [illegible] *microsoft.com*. The final version, expected in the second half of this year, will be free.

Here, based on a trial of Communicator's test version and a demonstration of Explorer 4.0 — is a comparison of the two products' new features.

■ Advanced search functions — Internet Explorer will let users split their screen, so they can use a search engine on one half of the screen while looking at a different Web page on the other half.

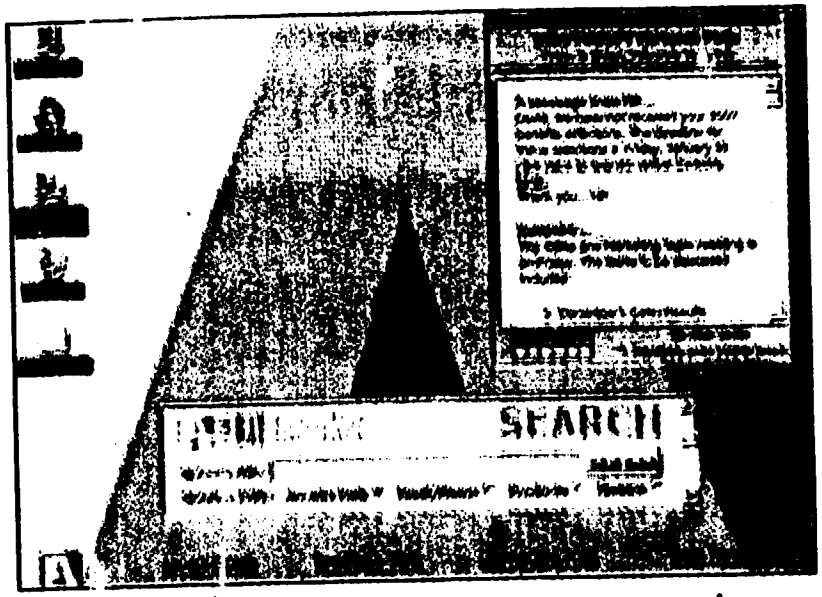
Netscape Communicator will let users bypass the front end of search engines and find information by typing key words or phrases directly into the URL address line. A search engine will be at work behind the scenes, however, and users will end up on a search engine's results page.

■ Web page construction — Both browsers have built-in software that lets novice users construct a Web site without knowing any computer programming languages.

■ Toolbar — The icons on the top of the Netscape screen have been redesigned to look more 3-D. Both browsers let users build their own buttons to immediately call up certain Web pages, e-mail messages or news groups. The buttons will provide quicker and broader access than bookmarks.

■ Advanced e-mail — Both new browsers will let users direct their e-mail, sight unseen, to various folders. For example, you could send all messages from a boss to an urgent folder and e-mail from friends to another place.

Users will also be able send a complete Web page via e-mail if the recipient's e-mail is equipped to open such mail.



Microsoft's Web navigation software lets users integrate other Windows 95 documents onto the desktop

Microsoft Explorer 4.0 even lets users create virtual letterhead that appears in the e-mail. However, the recipient must have a similarly-equipped browser to see the letterhead.

■ Addresss books — Both browsers include so-called address books that let users surf Internet yellow pages for e-mail addresses without leaving the e-mail program.

■ Audio- and video-conferencing — Both browsers are set up to handle real-time audio conference calls over the Internet. Microsoft also has built in video conferencing capabilities, but Netscape does not.

■ Webcasting — Microsoft Explorer will let users subscribe to various Internet news and entertainment "channels" that will be delivered directly to their desktop. Netscape's Constellation will do the same job — also known as push technology.

■ Updates — Explorer 4.0 will flag bookmarks and Webcast channels that have been updated since they were last opened. Netscape Navigator will not.

■ Shared documents — Both browsers will let users on different PCs share documents on a common Internet work area called a white board.

■ Terminal emulation — Netscape's deluxe Communicator package (costs $20 more than the basic software) will include software that lets personal computers run programs from a mainframe. Explorer doesn't have this capability.

■ Calendar — Netscape's deluxe package also includes a calendar that coordinates with e-mail and other documents. For example, if you enter a meeting at 3 p.m. Wednesday in your Netscape calendar, you can get an e-mail reminder the day of the meeting.

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Netscape Says Oracle, Novell Prefer Its Browser

BYLINE: Bloomberg News

BODY:

Netscape Communications Corp. said its Navigator has been chosen by Oracle Corp. and Novell Inc. as their preferred Internet browser, giving Netscape a boost in its battle with Redmond, Wash.-based Microsoft Corp. Mountain View-based Netscape said last week that it would offer a stand-alone Internet browser, reversing a strategy set last fall that alienated customers and distributors. Netscape is trying to retain its dominant share of the browser market against Microsoft's Internet Explorer, by offering the browser alone, expanding its use among consumers and bundling it with other computer products. Netscape commands about 65% to 70% of the browser market, analysts have said, while Microsoft claims about 30%. Redwood Shores-based Oracle and Novell of Orem, Utah, said they will bundle Navigator with selected products. Oracle makes database software and applications, and Novell makes networking software.
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