Resent-Date: Sun, 11 Aug 1996 07:33:17 -0700 (PDT)
Date: Sun, 11 Aug 1996 07:33:12 -0700
From: Mike Homer <mikeh@netscape.com>
Reply-To: mikeh@netscape.com
Organization: Netscape Communications
MIME-Version: 1.0
To: jbstaff@netscape.com
Subject: [Fwd: Microsoft VC Presentation to Kleiner Perkins]
Resent-From: jbstaff@netscape.com
X-Mailing-List: <jbstaff@netscape.com> archive/latest/1039
X-Loop: jbstaff@netscape.com
Precedence: list
Resent-Sender: jbstaff-request@netscape.com

FYI - Came to us through the grapevine.

Mike

Content-Type: message/rfc822
Content-Transfer-Encoding: 7bit
Content-Disposition: inline

Return-Path: cwu@netscape.com
Received: from cwu.mcom.com (h-205-217-246-121.mcom.com [205.217.246.121]) by netscape.com (8.7.5/8.7.3) with SMTP id JAA16172; Fri, 9 Aug 1996 09:31:03 -0700 (PDT)
Message-ID: <320B67C6.1D3A@netscape.com>
Date: Fri, 09 Aug 1996 09:31:02 -0700
From: "Carol W.S. Wu" <cwu@netscape.com>
Reply-To: cwu@netscape.com
Organization: Netscape OEM Product Marketing
X-Mailer: Mozilla 3.0b6 (Win95; I)
MIME-Version: 1.0
To: dpuri@netscape.com, bob@netscape.com, alexed@netscape.com,
edithg@netscape.com, eckart@netscape.com, mikeh@netscape.com
Subject: Microsoft VC Presentation to Kleiner Perkins
Content-Type: text/plain; charset=us-ascii
Content-Transfer-Encoding: 7bit

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Just FYI:

A friend of mine at Kleiner Perkins sent these notes from the Microsoft VC Presentation to Kleiner and a couple of other VC firms.

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Carol

REGARDING Microsoft Presentation notes

This may be interesting to you guys as you fight the "jihad" -- some of my notes from a meeting Microsoft held with some of its VC "friends" today:

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Microsoft held their "VC Briefing" this afternoon in Menlo Park - Paul Maritz (Group VP), John Ludwig, Skip Madigan and Greg Maffei (head of Business Development) were the M/S execs there.

Their main points:
- Win95 and NT have won in the marketplace
- shipping IE 3.0 with every Win95 desktop from Q4 1996 on will drive leadership for IE and Active X against Navigator and Java
- M/S supports Java the programming language, but is directly opposed to Java the "OS" (my translation: Gates is willing to live with Java so long as it is marginalized as a programming language -"secure C++"-

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which interacts with the OS and other applications through ActiveX)

Supporting (mis?)information:
- ~40MM units of Win95 in the marketplace (~3-4MM run rate per month); approximately 8MM retail, the rest OEM
- ~2MM installations of Win NT (more new NT servers sold last quarter than Novell)
- IE 3.0, 8/96 with HTML 3.2, style sheets, mail, news, Net Meeting
- IE 4.0, 1Q 97 with Web View (integrate HTML into desktop, merge Windows Explorer and IE), Active Desktop (wallpaper becomes ActiveX Control; enables PointCast-like functionality)
- Net Meeting, a combination of their internet phone product with data collaboration, adheres to H.323/T.120 standards

The net of it all:
M/S thinks that with a client competitive with Netscape's (doesn't even have to be better or equal, just comparable) and IE bundled into every Win95 desktop from Q4 1996 on, it ultimately wins the client war (that's 3-4MM more browser seats for IE every month!). Netscape's brand and user loyalty will be mitigated by IE being made part of the Win95 desktop by Q1-Q2 1997 (M/S hopes that the browser will no longer be a distinct app). And by winning the client war, M/S secures dominance for ActiveX and marginalizes Java. That is the Microsoft endgame for the Internet client market as far as I can tell.

In spite of all this, I think Netscape will win this war. I think it may take drastic measures, though. It seems like Netscape has to win the market share battle for the client (making whatever tradeoffs are necessary, even sacrificing revenue by giving away Dogbert to enterprise accounts to maintain share) -- otherwise, the Java APIs will die, and Microsoft will have gained control of the platform.
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Carol W.S. Wu
OEM / Strategic Solutions Marketing
Netscape Communications Corporation
501 E. Middlefield Road
Mountain View, CA 94043

Direct: (415) 937-3951
FAX: (415) 428-4330
mailto:cwu@netscape.com
http://home.netscape.com

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