Erik Stevenson (LCA)

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Sent:	Monday, February 26, 1996 8:28 AM
To:	Brad Chase; Brad Silverberg; John Ludwig; Christophe Daligault; Anthony Bay
Cc:	Stephen Wu; Georges Nahon; John Levisohn; Tony Bawcutt; Steve Wells (AT Sales)
Subject:	Int'l ISPs & IE

Billg has approved pursuing "plan B" (what I've called "IE Access" - putting ISP sign-up info into IE, Inet Starter Kit, etc.) in all Tier 2 countries (about 35 countries from Italy and Sweden on the big side to Malaysia, Colombia and Hungary on the small end). This is great, but now we have to have a plan for what we should do in the U.S. and Tier 3 countries (which of course account for probably over 80% of all software and PC sales...). Tier 3 subs are: U.S., Japan, Germany, UK, France, Canada, Australia.

We also have to figure out how we handle countries where we have already negotatied old style MSN deals (Singapore, Hong Kong, Korea, Spain, Sweden, Italy, etc.) but this is an issue for my group.

What I'd like to understand is what data we have to bring to bear on the problem. People don't seem to understand the importance of ISPs in driving IE share and our internet platform. Do we have any research we can use? Is there some research we should do?

Here are the 4 issues that concern me:

1.) How are browsers distributed? Do we know what % of all browsers are distributed through ISPs, retail boxes, OEMs, downloads from the net, other ways? I think this is an important thing to figure out generally and certainly for assessing our efforts with ISPs.

2.) For how long will netop/ISP browser distribution be important? At some point all browsers will come in the O.S. and this will obviate the need for netops to ship them to their customers, but how long will this be? Certainly for the installed base on Win 3.1, Win NT and Mac and the Win 95 retail customers (who didn't buy plus) ISPs will have to ship a browser. So, to me this is asking an OS installed base question. How long do we expect an appreciable number of Win 3.1, Win NT 3.5, Win 95 (version 1) and old Mac machines to be in use? Surely we must have a view on this. I'm afraid Bill's view is that as soon as we put IE into Win95 it's no longer an issue and I think we have to show ISP distribution is a real and ongoing issue for some period of time and worthwhile looking at.

3.) What's the split of Internet usage between Tier 3 countries and rest-of-world? I think another important piece of data is to show the perecentage of Internet clients and growth that exist in the countries we are designating "MSN only." Do we have any idea?

4.) What is the breakdown of access providers? How many Internet users do AOL and CIS have? How many come through ISPs? I think there is a feeling among some that the ISP market is actually incredibly small and unimportant. I have seen studies that say that residential ISP service (so not counting any ISP business accounts) is 25% of the total Internet business in the U.S. (and of course even higher outside the U.S. where both AOL and CIS are much weaker).

Do we have any of this? Plans to collect it?

Cam

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