I. Goals:

- Increase end user IE usage on OEM systems
- Maintain premier desktop position for MSN icon
- Maintain value for getting Online services etc. into Windows Box
- Ensure prominent position for MS internet offerings (protect desktop position)

II. Threats:

- AT&T and Netscape get on major OEMs desktops
- OEMs dislike solution and react randomly

III. IE and OEM Today:

- IE 2.0 bundled on most systems desktops
- IE and MSN icons hidden behind custom shells (on consumer PCs)
- OEMs receiving significant bounties from Online services
- Limited bounties from ISPs (ZDS only major deal to date)
- GW approached by AT&T/Netscape
- OEMs can customize default homepage and Favorites Folder

IV. Proposal for IE 3.0 and OPK2:

In order to protect our position on the desktop and increase the likelihood that IE gets the prominent position with the end user we should move the Sign Up Wizard into the boot up sequence some where. before we give control over to the OEM. This way we can increase the likelihood that an end user gets the option to sign up for solutions that promote IE before they get into the desktop or any customized shell that features other browser solutions. Unfortunately this does not prevent an OEM, nor can we in any other manner, from promoting a competing offer before Win 95 even starts to run. An OEM could run a DOS utility, for example, that would include a sign up offer for a competing service. Given this, it still make sense to move the Sign Up Wizard up into the boot sequence as most OEMs won't go through the hassle to develop such a DOS utility. We can accomplish this by:

- Including Start up Wizard as part of Windows setup sequence or immediately following (need proprietary hook in OS).
    - First portion of the Wizard is static and on the c: drive
        - Page one contains user ed. Information (e.g. explanation of the WWW, Online services and ISPs)
        - Page two includes icons that point directly to MSN, AOL, AT&T and anyone that we want to highlight in the OnLine folder (one phone call by end user)
    - Following Pages call to MS maintained Reference Server
        - dynamic content controlled by MS
        - multiple pages
        - ISP's page placement based on commitment to IE
            - Units shipped
            - % of browsers shipped being IE
- After boot up sequence, the desktop would contain three separate icons
    - OnLine Services folder (e.g. AOL, CompuServe, MCI)
    - MSN
    - Other Internet Access (points to reference server)
    - Pros of Proposal
        - End users view our solutions first
        - Supports image of "Internet Ready PC"
        - Moves towards leveling playing field for Online bounties
    - Cons of Proposal
        - adds complexity to initial end user set up (out of box experience)
        - OEMs will fear more returns in the consumer channel
        - OEMs may view this as MS taking away their opportunity to make $ on bounties

Default Home Page

The second consideration is who controls the default Home Page (Start UP Page), MS, the ISP or the OEM? We can hard code the start up page to always point to wherever we want, such as MSN. Presently we let OEMs customize this page and allow them to point to their own homepage or anywhere else. Additionally, when an end user signs up with an ISP, the ISP sends bits down to the user and can change the default Home Page if we choose not to hard code it. We should do the following:

- Continue to allow OEMs to set the default Home Page to their own home page
- Hard code a button into our tool bar and drop down menu that would point to our home page(s) (MSN, Microsoft.com etc.) or where ever else we want.
- We should make the MSN customizable page extremely attractive to end users and OEMs so they will want to choose it as their default page.
    - Portion of the page could be end user definable (give me stock quotes, sport scores etc.)
    - Other portions could be divided up and devoted to OEM and/or ISP content
        - We can detect which OEMs machine hits our page and customize their portion to that OEM
        - This page is dynamic and content can be changed by OEM

Bounties

Presently, many OEMs are getting bounties from online services (e.g. AOL and Compuserve) and at least one has an arrangement with an ISP and Netscape. Gateway has been approached jointly by Netscape and AT&T and we can expect this to continue. IPTD has signed deals with AOL and Compuserve and will continue to do so with some other key partners and AT Sales is signing deals with ISPs and large telcos such as MCI. Many of these deals involve bounties. Below are our options on how to handle bounties:

- 1. Do what we do today:
    - OEMs continue to collect bounties from online services and ISPs
    - MS offers no bounties for MSN
    - MS does not let OEMs add ISPs to Start Up Wizard
- 2. MS collects and keeps bounties from ISPs and online services
- 3. MS passes a portion of the bounties we collect through to the OEMs
- 4. MS acts as an agent for OEMs and directs ISPs to give the bounties to OEMs
- 5. MS collects bounties from ISPs and online services and creates a co-op marketing pool
    - Portion of pool goes back to online services and ISPs for demand creation and joint marketing
    - Remainder divided between MS and any OEM we need to appease because of lost bounty $, (also for joint marketing)
    - We do not allow OEMs to add their own ISPs, telcos etc. to the Start Up Wizard, but we do the following:
        - Bury the necessary functionality for OEMs to include other ISPs etc. in the OPK
        - Prevent OEMs from adding these OEMs in the OPK and Design Documentation
        - Allow special exceptions if an OEM balks under the following conditions:
            - The ISP must use our browser exclusively
            - The OEM cannot include more than two new ISPs

We should do option # 5 as it is a win situation for MS (we get revenue, control of marketing dollars/messages and incentives for our OEMs, ISPs and online partners). OEMs can now add an ISP if they choose and get co-op marketing dollars.

V. Next Steps:

- Gain OEM, IPTD, and AT Sales initial buy in to plan -- Barrysp
- Determine technical feasibility of plan – John Scarrow, Geoffr, and Peterden
- Gain final OEM, IPTD, and AT Sales buy in – Barrysp
- Ensure MDA, OEM License, OPK and Design Guides Docs. Support decision – Barrsyp, Davewr, Petermi
- Prepare communiqué for OEM and AT Sales forces – Barrysp and ??