From: paulma
Sent: Thursday, April 06, 1995 5:42 PM
To: bens; johnlu; bradsi
Subject: FW: Internet as a business tool

FYI - I spoke to Billg 1-1 about this. So please just digest and/or respond locally. Ditto for next message I will fwd. thx.

From: paulma
Sent: Thursday, April 06, 1995 3:55 PM
To: billg; craigmu; nathanm; peteh; russs
Cc: brianf
Subject: RE: Internet as a business tool

I have just spent past hour writing up the attached (not embedded!!) note when I saw your mail - unfortunately my note just asks more questions. I do think we need to come to a concensus on the issues though. I will be meeting with Russs over next week/so (to figure out how we get PSD, DAD, MSN to re-inforce rather duplicate), but we probably need to get a meeting together to get concensus on our basic approach to the Internet. I will start to look for a 1 2 day. (?)

NETSCAPE.DOC

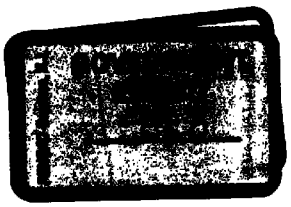
From: billg
Sent: Thursday, April 06, 1995 2:55 PM
To: craigmu; nathanm; paulma; peteh; russs
Cc: brianf
Subject: Internet as a business tool

I know I am a broken record on this but I think our plans continue to underestimate the importance of an OPEN unified tools approach for the internet.

The demo I saw today when Windows 95 was showing its Internet capability was someone calling up the Fedex page on the Internet and typing in a package number and getting the status.

Imagine how much work it would have been for fedex to call us up and get that running on MSN and negotiate with us. Instead they just set it up. A very simple way to reach out to their customers.

The continued enhancement of the browser standards is amazing to me. Now its security and 3d and tables - what will it be within the next several years? Intelligent controls, directory -- everything we are trying to define as standards.



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Netscape as Netware[1]

The title to this is a little over-stated, but it is a significant worry.

Background

I have been using the Web for several months now, and my reactions have gone through three phases:

Phase 1: Wonder at the pure communications miracle - from my house, with a local phone call, I could wander around the University of Cape Town and see what somebody looks like 20 years on, I could tap in to the city map for Bratislava, look at photo's of cats in Yokohama - all in quasi-real time, with a few clicks of the mouse.

Phase 2: Boredom. The "net is a mess". The content is uneven to put it mildly, links often point off into nowhere, there is no good way to find you way around - you soon get weary of the hit-or-miss nature of the content indexes (eg. Lycos) and long for a good thematic index. After a while, it just gets boring.

Phase 3: Realization at how fast it is changing. In the six months I have been looking at the Web, things are changing rapidly. Firstly content is getting more professional looking - it is clear that more and more people are putting effort into presentation and content. Secondly more and better stuff is coming on line. The Yahoo thematic index from being very shallow to marginally useful, more companies are showing up with home pages, etc. Thirdly everyone is trying to commercialize things. It used to be that Netscape (from their home page) pointed you at Lycos and bunch of other indexes. Now, the top of the list is their own search index server. But if you try to access it, you get back a "server is too busy to answer message - why don't you try our for-a-fee search server" (which presumably has plenty of capacity). The content guys now want a fee, etc (though one would have to have a lot of faith to just send them you credit card number as some request). I even found a vineyard in South Africa that will sell me wine over the Internet.

In this context, I am beginning to really worry about the following scenario (in addition to the other "worry" scenario's around on-line documents that I and others have sent out before).

Scenario:

[1] The analogy here is that the major sin that Microsoft made with Netware was to let Novell offer a better (actually smaller & faster, with simpler protocol) client for networking. The got to critical mass and can now evolve both client and server together. Hence we had and still have a really hard time displacing Novell at the server.

In fact, I am still of the opinion that we will not really deliver a really telling blow against Netware until we make some significant user-visible, client-side feature that Novell would have trouble matching in their servers. One of the reasons why I remain such a fanatic OFS believer.

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The Netscape client (which is currently free, owing to fact that with so many suppliers of same technology, all currently easily substitutable over the Internet, no-one can charge for Web clients today) gains significant market share - enough that the content providers see more to be gained in exploiting unique features of Netscape clients, than in trying to be "generic" across all clients. This feedback loop drives Netscape market share higher (as content providers encourage its use) to the point where Netscape can go "proprietary" - ie. they can start introducing protected features (via IP protection and/or via 'secure' handshakes between clients and servers). At this point they can and will start charging for their client - say $10 / client (OEM / download). As they gain share, they can start introducing "super-clients" which command higher fees - eventually maybe $20-$40 per client. They could even start renting - $25/year.

This revenue stream would allow them to start significantly investing, eg. they could start to incorporate a pretty good wordprocessor as part of the client. They can fund development tools, etc. Eventually they become a real "platform", and they are eating "per PC" revenue that would otherwise good to the OS or to the Apps.

What to do?

One point of view is that MSN will simply blanket out the Internet - new and interesting content will shift rapidly to the "native" MSN environment, and commerce will do likewise. Hence beyond getting basic Web functions into the MSN client, we stop there and the rest of this memo is largely moot.

If you do not have this view, then I think the most important thing we can do is to "not lose control" of the Web client. By controlling the client, you also control the servers. We should not allow any one Web client to get to high volume. This means (i) not letting a vacuum open up, and (ii) ensuring that we get broad distribution for our Web client.[2]

This would mean that:
- MS Web client gets bundled with Windows (not just Frosting?) at earliest opportunity
- uses MSN as the default POP, but can be used with other POPs
- has competitive features with Netscape (ie. we implement the base security protocols, handle sound, etc.)
- we try to leverage things like the Catapult gateway (I don't know how unique this will be?) to favour our client. (currently we have the Catapult API's as open API's).

Beyond that there is the debate of whether we extend HTML or not, and how we

[2] For reference, the current plan that has been agreed to between MSN and PSD for O'hare is as follows: O'Hare will go into Frosting, set up to use MSN as the default POP (ie. MSN will act as the IP gateway and as the Mail/News provider, using MSN's NT-based infrastructure). This is predicated on MSN being able to do this when Frosting ships. The advantage of this is that until the regular MSN client is ready to work over IP, there will be a way for MS to capture Web client users and direct them into the MSN infrastructure - because News/Mail are in MSN from day 1, there is not a conversion issue. There are still significant loose ends here.

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encourage use of our Office applications as viewers. We need to come back to this topic as part of the broader on-line document plan that we need to have, but I think we are all agreed that we need to implement the DocObj facility in our Web client - which would allow (eg) Word documents to be viewed in the native format (which allows things like outlining and great printing, which is not readily done via standard HTML viewers). Do we encourage other Web clients to do likewise? It is somewhat of a problem that this really doesn't come together until Office'96. Should we push this earlier for Word (at least)? I also worry about the scenario's where our Office tools aren't competitive - can we easily associate sound, easily do cool graphics? I know Blackbird is part answer to this - but supposedly it is for "professional authors", and only for the MSN servers. Is there some middle ground that we are leaving uncovered?

There are also the issues of:
- how we prevent a new, alternative client/server object model from growing up "on the net". Can we persuade the Internet guys to pick up COM, do we have to sign away our IP rights to do so - how does this offer us protection then? What is worse, an open object model or an alternative non-MS one?
- how do we introduce things like better link tracking - do we try to push this as a "standard" as well?
- how do we charge for the client - have we just sucked another revenue opportunity into Windows?

However, I think it means that we need to envisage a series of MS Web client releases over the coming year - to exploit Catapult, to implement DocObj/Word Viewer, etc? These are bundled in with MSN (so users can see it as "one service"), but the real question is to what extent to we expose new features for content providers that are not coming through the MSN servers?

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