From: Kumar Mehta
Sent: Friday, February 06, 1998 1:31 PM
To: Brad Chase; Randy Haas
Cc: Lora Shiner; Yusuf Mehdi
Subject: RE: Browser Model for 3YO

you are certainly going to be spending less of your own time on browser share marketing; given all the new stuff you are picking up. so you should be glad to know that giving up time is not going to impact share significantly.

my PERSONAL opinion is that the browser battle is close to over. We set out on this mission 2 years ago to not let netscape dictate standards and control the browser api's. All evidence today says that they don't.

—Original Message—
From: Brad Chase
Sent: Friday, February 06, 1998 1:26 PM
To: Kumar Mehta; Randy Haas
Cc: Lora Shiner; Yusuf Mehdi
Subject: RE: Browser Model for 3YO

maybe i should spend less money on browser share marketing :)

—Original Message—
From: Kumar Mehta
Sent: Friday, February 06, 1998 1:25 PM
To: Brad Chase; Randy Haas
Cc: Lora Shiner; Yusuf Mehdi
Subject: RE: Browser Model for 3YO

We assumed web growth at 1 million per month; which is not only what we have seen historically, but is also consistemnt with most others who say the US web market will be approx 75 million by the end of the century.

The most important point in this model; as Randy has highlighted; is that no matter how much you change the assumptions; our share in 3 years is going to be between a conservative estimate of 60% to an aggressive estimate of 68% or so. This is of course barring something radically different happening in the market.

We have tried playing with improving and decreasing switch rates; run rates etc; but the model is pretty constant in staying in the 60%+ range.

—Original Message—
From: Brad Chase
Sent: Friday, February 06, 1998 12:18 PM
To: Randy Haas
Cc: Lora Shiner; Yusuf Mehdi; Kumar Mehta
Subject: RE: Browser Model for 3YO

this is a great exercise. i am excited about the model. feedback below

—Original Message—
From: Randy Haas
Sent: Friday, February 06, 1998 11:58 AM
To: Brad Chase
Cc: Lora Shiner; Yusuf Mehdi; Kumar Mehta
Subject: Browser Model for 3YO
Importance: High

Since we delayed the meeting yesterday to discuss the Browser Share Model, I just wanted to send the top level summary of its results and confirm this is ok to use in the 3YO slide deck.

Here are the key assumptions that drive the growth in IE browser share:

- Growth of users on the web at 1 million/month based on historical data.

>> are we really confident this will continue for three years?

- Current IE run rate of new users on the web = 62% overall from calldowns
  75% Home, kept constant over 3 years
  41% Work, ramping to 60% due to IE standardization

>> i think you need to lower this now that nscp is free

- Switching rate from NSCP to IE is 7%-points higher than IE to NSCP

>> i think you need to lower this now that nscp is free

- As of 12/97, IE4 is 40% of IE installed base. NSCP4 is 35% of NSCP installed base based on hits to top web sites (skewed slightly high)

The implications from our modeling exercise were the following:

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- A critical success factor in gaining browser share is continued focus on ISP's, OEM's and corporate deployments to target the growth of new users.
- Marketing emphasis will need to shift from targeting switchers to customer retention/brand loyalty as Microsoft's browser share and installed base eclipse Netscape.
- Surpassing 70% market share in the US by FY01 is difficult since it would require very high IE run rates and switching rates. Even assumptions of higher growth of users on the internet than currently modeled only slightly affects browser share.

Here's the browser share chart that we've included in the 3YO slide deck:
<< OLE Object: Picture (Metafile) >>

Randy
Within Microsoft, visit http://aicgweb/finance/iccd.htm