From: Warren Dent [warrend]
Sent: Wednesday, April 26, 1995 7:02 AM
To: Barb Fox; Dan Rosen; James 'J' Allard
Cc: Bob Muglia; Tom Johnston
Subject: RE: stt/netscape

PENGAD-Bayonne, N.J.
GOVERNMENT EXHIBIT
949

Agreed. Remember in our discussions they really don't want to challenge us because they think (rightly or wrongly) that we'd win anyway. They seem very amenable to working with us. Tom's idea of using them as a primary channel to teh merchants is right on. And my impression from discussions with MasterCard is that they too want to be with Microsoft. Their Netscape deal is a "holding point" in response to VISA and our agreement. But both VISA and we have sensed a great willingness from MasterCard to set one standard and one bindery. This will be a great facilitator for customer acceptability. My idea is to establish via VISA (and MasterCard if possible) STT as an industry norm. That is we would create a credit card payment standard called Secure Transaction Specification (STS) which VISA (and Mastercard) would push into the industry through their banks. Microsoft's implementation of that (STT+) would have a brand name (say Microsoft SignaSure) which would be STS "compliant". Netscape could have their own implementation (based on our vanilla STT) except for the merchant server) and we could encourage this to build the network trade. All VISA transactions reaching our payment servers yield us a "click", although the big dollars are in merchant servers. Selling some of these via Netscape is a trade off of less sales directly at higher dollars vs more sales into the channel at lower dollars. Netscape is ahead on the merchant side. Exploiting this to build the trade makes sense.

From: Dan Rosen
To: Barb Fox; James 'J' Allard
Cc: Bob Muglia; Warren Dent
Subject: RE: stt/netscape
Date: Tuesday, April 25, 1995 5:41PM

I believe that we must view Netscape as a channel for our "stuff" including NT and Internet extensions (e.g. Catapult and Gibraltar) and work to find a way to position them as a solution provider on top of our platform. Over time, we may compete with them in this area, but (given their market lead) I don't believe that we can afford to declare war in the near term.

I think we need to aggressively sign them up for STT, and then work to get other merchant platform providers signed up too. STT should become THE payment mechanism on the Internet. If signing up Netscape brings MasterCard, that is terrific.

We should probably draw up a technology roadmap that shows what areas of the value chain we bring to merchants, which ones are supplied by Netscape, and which ones come from others, so that we know there is a complete offering.

Re: client. Our discussions with Netscape should get them to agree to license and support our client extensions. I don't believe that we can allow them to control (to any degree) both the client and server ends.

Let's schedule some time for a discussion on this.

Dan

From: Barb Fox
To: James 'J' Allard
Cc: Bob Muglia; Dan Rosen; Warren Dent
Subject: RE: stt/netscape
Date: Tuesday, April 25, 1995 1:20PM

J:

I've deferred Netscape into this week to close the Visa deal. We DID get the per/transaction revenue deal we wanted, but they (Visa) are now tasked with bringing in MasterCard which has an existing deal with Netscape. SO...Netscape is back on my list. It certainly looks like getting STT adopted by both bankcards is going to take some deal with Netscape - the solace here is that the more transactions we generate, the more revenue we see. I don't, however, want to be shortsighted on this.

When we met with them two weeks ago, I took the assignment of trying to figure out how we could support their zillions (24!) UNIX ports without giving away our farm on STT. Not an easy thing - but do-able if we create our own libs. It was clear to me in that meeting that they are moving to NT asap, but still have the Mac and other miscellaneous platforms beyond UNIX to deal with now. I would also agree with your assertion that they may duck NT entirely if given an attractive out.

What we need to do is decide *whether* we are in the internet/NT/commerce server business competing with Netscape

from day one. I expect that we will be doing a retail point-of-sale NT shrinkwrapped product (maybe starting with someone else's?) that can accept smartcard-based STT transactions. Right now we are committed to a component technology -only strategy. Should we be, Warren/Dan?

Barb

From: James 'J' Allard
To: Barb Fox
Cc: Bob Muglia
Subject: stt/netscape
Date: Tuesday, April 25, 1995 12:15PM

i just shot mail over to rosen for an update on the terms we're considering with netscape. thought i'd send you a quick note to get a grip on where your goals have settled out since we haven't chatted for a couple of weeks. i'm starting to spend a little more time thinking through the issues (for our 1.1 product) and want to make sure that bsd's interests are represented in whatever deal we put together.

having not thought it all through yet, my big "knee jerk" concern with this is un-ole'ifying it and encouraging netscape to build on netware and unix. once we announce that we're doing an nt server, i believe it will get them to focus entirely on non-msft platforms forcing us to chase their innovations (since they have a significant lead on us). switching costs from a unix or nlm based server are going to be high and they know it. stt is a helluva lot more than what we got from them with ssl and they know it. i fear we're sharing crown jewels with someone that wants my lunch

a quick summary on your position and status would be great. thx