BROUHAHA IN BROWSERLAND

Who will set the cyberstandard--Netscape or Microsoft?
By Kathy Rebello in San Francisco, with John Verity in New York, and bureau reports

Don't bother trying to keep score. In the battle for the hearts and minds of cybernauts, things move so quickly that even the players sometimes lose track.

Consider what happened in the last few weeks. On Feb. 27, Netscape Communications Corp. scored a coup when AT&T announced that it would provide free Netscape Navigator browser programs to those who sign up for AT&T's new Internet service. On Mar. 11, Netscape scored again, announcing that America Online Inc. customers would soon be able to download Navigator 2.0 for free at a time to use AOL to cruise the World Wide Web. The same day, CompuServe Inc., which had said it would use Microsoft Corp.'s Internet Explorer browser, announced it would also use Navigator.

On Mar. 12, though, the tide turned--toward Microsoft. The software giant made the stunning announcement that AOL would actually make Internet Explorer, not Navigator, its "preferred" browser on its main online service. Says Brad Chase, Microsoft's chief negotiator in the deal: "We were at Warp 1. Now we're at Warp 10."

On the surface, the browser wars may seem like little more than corporate one-upmanship, especially since browsers can be downloaded for free. But browsers aren't just software for navigating the Internet's World Wide Web. As the gateway to the Web, they have a strategic importance akin to what Microsoft's MS-DOS operating system has had in PCs: The company with the most popular browser can set industry standards and sell software that works seamlessly with the browser. That's why, says Douglas P. Colbeth, president of Spyglass Inc., a Web software company allied with Microsoft, "for Netscape and Microsoft, this is a holy war."

Despite Microsoft's impressive dealmaking, it's a war in which Netscape still has an edge. In February, Netscape Navigator held 81% of

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the browser market. Microsoft had 7%, according to a monthly random
census of 100 corporations by Zona Research Inc. What's more, Navigator
2.0—which has such features as "frames" to display more than one Web
page—is widely regarded as one techno-step ahead of Internet Explorer
2.0. "We’re moving very quickly and staying ahead of Microsoft,"
declares Michael Homer, Netscape vice-president for marketing. "They're
trying everything to slow us down."

They're having some luck. Consider the AOL deal, which Netscape seemed
to have sewn up. There also had been bad blood between Microsoft and
AOL, which had objected loudly to Microsoft's plan to include its own
online service in Windows 95. But by last November, Chairman William H.
Gates III was eager to put his browser on the map and called AOL CEO
Stephen M. Case. They met in early January, after Microsoft heard that
AOL was negotiating with Netscape. Says Case: "We were skeptical just
because of the momentum Netscape had." He had a bold proposal, though:
AOL would use Internet Explorer if Microsoft would put AOL software in
Win95. Microsoft didn't blink.

MORE DEALS? Still, weeks of wrangling followed, and AOL went ahead with
its announcement of the Netscape pact on Mar. 11. By midnight, however,
AOL was in Microsoft's camp, and Microsoft was able to announce the deal
to a gathering of developers on Mar. 12. Gates says the deal is the
"centerpiece" of his plan for Internet Explorer. "We get up every
morning and think about browser share," he says.

So, Microsoft is still dealing. Sources close to CompuServe and
Prodigy Services Co. say they're negotiating deals like AOL's, too. That
could expose Microsoft's Internet Explorer to more than 10 million
customers.

But don't try to do a final tally yet. Nobody knows how many consumers
will jump to the Web. Nor do they know if any will stick with Explorer
or download the more popular Navigator. And nobody knows how many Web
surfers will sign up for AT&T's new WorldNet service—and be counted in
the Netscape column. But keep your pencils sharpened.

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PHOTOGRAPH: INTERKNOT: THE WINNER OF THE BROWSER WARS WILL BE ABLE TO SELL
OTHER SOFTWARE THAT WORKS SEAMLESSLY WITH ITS WEB PROGRAM PHOTOGRAPH BY MARK
RICHARDS/CONTACT ILLUSTRATION: CHART: WILD RIDE CHART BY ALAN BASEDEN

Word Count: 641
The browser battle
Microsoft and Netscape talk up a storm

BY DAN GILMOR
Managing Editor

The Web wars raged on Monday as Microsoft Corp. lavishly launched its latest World Wide Web browser while rival Netscape Communications Corp., a week before the official launch of its new browser, insisted that its own product remains superior.

Microsoft, barely visible on the Internet just a year ago, aimed to show that it's now an unstoppable force in one of the fastest-growing segments of computing.

A week sets off speculation about Microsoft's motives in project with Apple. PAGE 11

Netscape, which has held a strong lead in key areas of Internet software, was trying to show that it's still in the lead.

At parties in several cities the main event was in San Francisco on Monday evening — Microsoft displayed the official version of Internet Explorer 3.0, which runs on Microsoft's Windows 95 and Windows NT.
Ethics experts try to arrest white-collar crime

NEW YORK — As U.S. companies grow increasingly concerned about corporate crime, they're spending hundreds of millions of dollars on ethics training programs to keep employees on the straight and narrow.

Just a few years ago, only a handful of firms specialized in business ethics. But by 1991, the U.S. Sentencing Commission approved the Federal Sentencing Guidelines. Under the law, companies convicted of white-collar crime can receive huge federal fines if they prove that they've made at least minimal efforts to avoid corporate malfeasance such as insider trading and fraud.

New Ideas

While ethics consultants don't charge fees for seminars or workshops, they have paid retainers or are billed at hourly rates. These rates run the gamut from $500 to $2,000 an hour, experts say.

According to various estimates, ethical consulting is a $1 billion industry.

Larry Ponemon, director of business ethics at the computer consulting firm Navigant, says an essential part of his job as an outside consultant is identifying issues that would make a client's first choice: a defensive strategy or a client-centered approach.

Ponemon's approach is almost the exact opposite of that employed by law firms, where the client is the customer, N.J., that investigates ethics problems for big corporations.

"Of course, when the firm is retained by a company, the business partners face no accusations of wrongdoing," Ponemon said.

Edwin Ster, a partner at the firm and former head of the New Jersey Attorney General's Division of Criminal Justice, said he conducts "non-adversarial investigations" involving allegations of misconduct.

The firm also makes it clear to its clients that they "must be willing to tell the public what they know and that they will not face legal or other problems for protecting their company's interests."

Ster said he might mean that people in the company are held responsible for misconduct, but that's the risk they take.

Microsoft and Netscape tout their browsers

**BROWSER**

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Now NT operating systems A browser uses World Wide Web information-sharing standards to view text, graphics and other information stored online or on computers that can be down the hall or around the world.

At the Internet Explorer Launch in San Francisco, Microsoft Chairman Bill Gates said his company has lined up many avenues of distribution, and partners who will bring their entertainment, news and other content to Internet Explorer. He has made Internet Explorer the preferred browser.

For example, the Web masthead is www.microsoft.com, which is moving to a subscription only system, will be free until the end of the year for users of Internet Explorer, as will sites run by several other companies.

Netscape, preparing to finalize version 3.0 of its Navigator browser, which runs on many different operating systems including Windows, uses its Web page to claim that Navigator 3.0 is superior to Internet Explorer in several ways. It is a part of a war over how people will access and use the Web, and potentially how they'll obtain and send most kinds of information electronically.

Both products are available, in pre-release "beta" versions, on the Web for free. Each succeeding version from Microsoft and Netscape have added features. The "final" versions being released next week are as close to complete as the companies believe they can make them. And even as the two browsers arrive, software developers at Microsoft and Netscape are working hard to build the next versions of the products.

Microsoft's newest browser comes with features such as chat software, a local version of Windows, and more. Netscape's new browser requires Internet Explorer to have a healthy share with a year.

Browsers are only one area in which Microsoft and Netscape are competing. Both are offering software that is used to build and maintain Web sites and services with other kinds of computer-based applications.

One of the reasons Microsoft expects to gain the largest market share for browsers is that it has made deal after deal with Internet access providers, including America Online and AT&T, to make Internet Explorer the preferred browser. Several weeks ago, at a conference in Seattle, Gates said he had "pathways into the Wide Web" Internet Explorer to have a healthy share within a year.

The product is priced to sell.

To download the latest version of Microsoft Internet Explorer, point your Web browser to http://www.microsoft.com/1 The latest Netscape Navigator can be found at http://home.netscape.com/1

**Wow!**

Motorola is offering top performance with a promise of the second consecutive year! Toshiba America is an award-winning copier/printer manufacturer of the highest quality.

By Janet Rae-Duprey

**Computer News/Mediapool:**

Microsoft Corp.'s campaign to make its software the World Wide Web access tool of choice has generated speculation that it may be trying to prop up Apple Computer Inc. and prevent antitrust investigations into alleged misconduct.

A story in Monday's Wall Street Journal said the industry buzzing over the possibility that Microsoft might want to protect Apple's plumping market share as a defensive measure against antitrust issues.

But Microsoft insisted its only interest is in making its Internet Explorer software the World Wide Web browser of choice on any computing platform. Internet Explorer is Microsoft's own Windows operating systems, but Microsoft wants it to work on Macintosh machines, as well as other technical computers that run an operating system called Unix.

Microsoft opened a 30-employee office in San Jose last year to work closely with Apple in moving Internet Explorer onto the Macintosh platform. That office, which could grow to as many as 80 people within a year, also has created partnerships with the makers of key Macintosh software and other tools.

Annoyed Microsoft officials said they have no intention of deliberately sucking up Apple just for the sake of preserving the appearance of competition. Their interest is solely in advancing Microsoft's products.

"There's no ulterior motive," said John Ludwick, vice president of Microsoft's Internet platform and tools division. "We knew we had to create a great Macintosh Internet product…We've done that. This Explorer has any impact on the Mac market share. That's ridiculous. And it's not how we think about it."
Microsoft upped the ante in a bitter rivalry with Netscape Communications last night, releasing the latest version of its World Wide Web browser and offering free Internet features to people who use it.

Bill Gates, mega-rich chairman of the Redmond, Wash.-based software juggernaut, came to San Francisco to personally introduce Internet Explorer 3.0, which was made available to the public at midnight.

As with previous versions of the browser, it is distributed free on the Internet. Personal computer users can download it by going to Microsoft's site at www.microsoft.com.

In a surprise announcement, Microsoft said that users of the new browser will have free access to several popular subscription services on the Web for the rest of the year. These include the online version of the Wall Street Journal, the entire ESPN SportsZone site.

Microsoft officials claim their new browser leapfrogs the technology of Netscape's own third-generation browser, Navigator 3.0, which is due to be released next Monday.

The new Microsoft browser appears to match Netscape's feature-for-feature, including support for Internet newsgroups, e-mail, Internet phones and Java, which brings animation to the Web.

In addition, Microsoft supports its own multimedia technology, ActiveX. If that gains support among Internet content developers, it could give Microsoft an edge over Netscape.

In an unusually quick rush to the barricades, Netscape yesterday morning published a side-by-side comparison of the new browsers on its own Web site.

The Mountain View company claims Navigator 3.0 is faster, smaller and more feature-laden than Internet Explorer 3.0, with better e-mail features and tighter security (as well, however, Microsoft said it has the same level of online transaction security).

Netscape officials noted that its new browser will be available for 16 different kinds of computer operating systems, while Microsoft has only versions for the latest Windows systems.

In its Web white paper, Netscape cited industry research showing that 87.6 percent of all Web surfers use Netscape's browser, while Microsoft has just 2.6 percent. Microsoft disputes the figures, saying it now has about 10 percent of the market to around 80 percent for Netscape.

Regardless of the numbers, Microsoft officials believe Netscape is worried about the new Microsoft browser. "This is a major stake in the ground for us," said Brad Chase, a marketing vice president at Microsoft. "This is the first version that we feel confidently is a step ahead in almost all aspects of this product category."

Chase said that Netscape's online rebuttal illustrates "a sort of defensiveness that reinforces what a good product Internet Explorer 3.0 is."

Netscape officials say they are merely trying to blunt Microsoft's considerable marketing muscle. "They have a very large megaphone and a lot of money," said Mike Homer, a vice president of marketing for Netscape. "We just want to make sure our customers know what our advantages are."

Homer said that Netscape also will have some surprises when it introduces its new browser next week. He hinted that the company has forged alliances with Internet content companies that will let users of the new Navigator 3.0 receive customized news and information, including graphics, automatically by e-mail.

Netscape raised the Internet stakes on another front yesterday, announcing software that makes it possible to run a Web site on a PC with Windows 95. The new Netscape FastTrack Server, priced at $295, will be available in retail stores this fall.