

# Java Plug-in Distribution Plan

Bill Pataky

5/9/2002

Sun Proprietary and Confidential

EXHIBIT *SB*  
*42*  
*Green 6/27/02*

SUN2-27-000905

Plaintiff's Exhibit  
**9270**  
Comes V. Microsoft



# Java Plug-in Plan

- Session Goal

- Get closure on plans and resources to ensure mass distribution of the Java Plug-in

- Decisions needed from today's meeting:

- Approval of plans to engage distribution channels and commit to programs

- Actions from group

- Green/Stout to get commitment from Business Development team for resource availability
- Decide where Java resources will be drafted from

## Presentation flow:

- Goals
- Product
  - Definition & Evolution
  - Support
- Segmentation
- Programs
- Resources
- Timeline

SUN2-27-000907  
CONFIDENTIAL MATERIALS

## Immediate Goals

- Ensure that >95% of PCs have a Java enabled default browser.
  - Solve Microsoft controlled distribution problem
  - Secondary goal: Move installed base to modern version
- By product: Increase Java brand awareness through programs and placement

# Distribution Background

- Client distribution of JRE traditionally through browser, embedded in O/S
- Windows XP distribution removed JRE by default
- Sun taking steps to ensure mass distribution of Java Plug-in
  - Product changes
  - Distribution
  - Support

SUN2-27-000909  
CONFIDENTIAL MATERIALS

# Product Definition

- Minimum requirement:
  - Replacement for the Microsoft JVM
  - Functionally equivalent to the Microsoft JVM for IE 6.0
- Full product requirements are beyond scope of this presentation

# Product Delivery Plan

- Deliver J2SE 1.4.1 Plug-in on 9/26/02 with:
  - Capability for user to trigger update of Java Plug-in
  - No installation failure
  - No regressions from J2SE 1.3.1\_01a on:
    - Memory footprint
    - Startup time
    - Stability
  - No regressions from J2SE 1.4.0 on download size
  - Consumer and channel support

## Products Beyond 9/2002

- This plan requires a commitment to delivering the remainder of product improvements quickly in future releases
- Future J2SE releases are in the planning stages now.
- No firm commitments to features/dates are in place at this time.

SUN2-27-000912  
CONFIDENTIAL MATERIALS



## Support by Channels

- Development & Release Engineering to continue direct support for top OEMs & AOL
- Consumer Support
  - Dale Ferrario's Plan

# Customer Segmentation

- Meaningful segments along O/S lines
  - Older Windows O/S not critical for distribution
    - Nice to have
- Total Installed Base of Windows PCs (TIB)  
316.67 M units by end of 2002
  - "Home" units 196.87 M = 62 %
    - Windows 9x Windows ME, XP Home
  - Professional units 119.8 M= 38%
    - Windows NTW, Windows 2000professional, XP Professional

SUN2-27-000914  
CONFIDENTIAL MATERIALS

# Windows XP Distribution

- 24% of TIB of PCs / 77M units by end 2002
  - Windows XP Home 27M / 8.5% TIB
  - Windows XP Professional 50M / 16% TIB
- Most big OEMs still shipping Microsoft JVM
- PCs without Java
  - Gateway home PC's have no JRE
    - Account for 9% of PC sales or about 0.7% TIB
  - White boxes - 30% of market
    - Estimate 25% of white box vendors omit Java -> ~ 2% TIB

Note: PCs with MS JVM: 97% of TIB end 2002

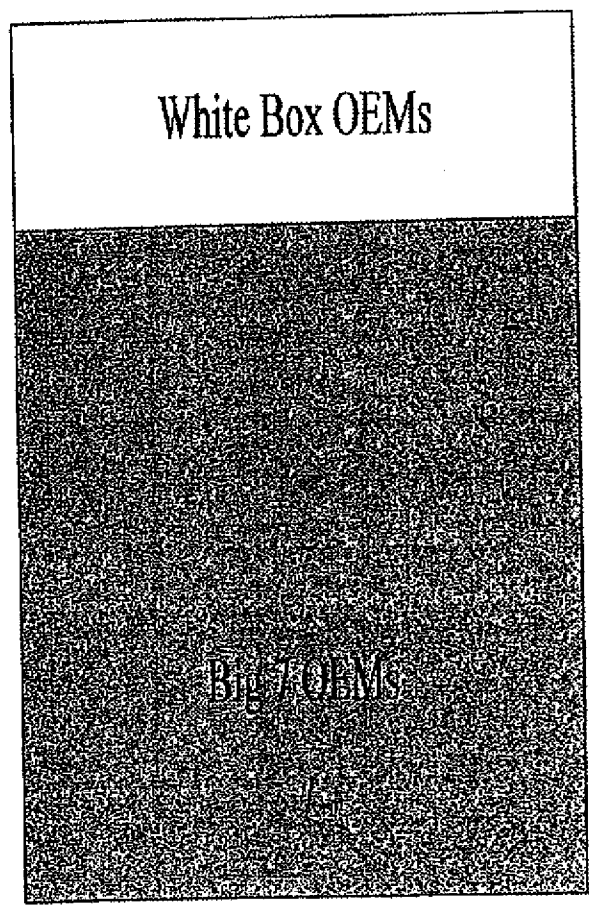
## More Customer Segmentation

- Secondary segmentation is by PC manufacturer
  - 70 % of new PCs purchased from big 7 OEM
  - 30 % of new PCs purchased from "other"

SUN2-27-000916  
CONFIDENTIAL MATERIALS



# Segmentation: Channel

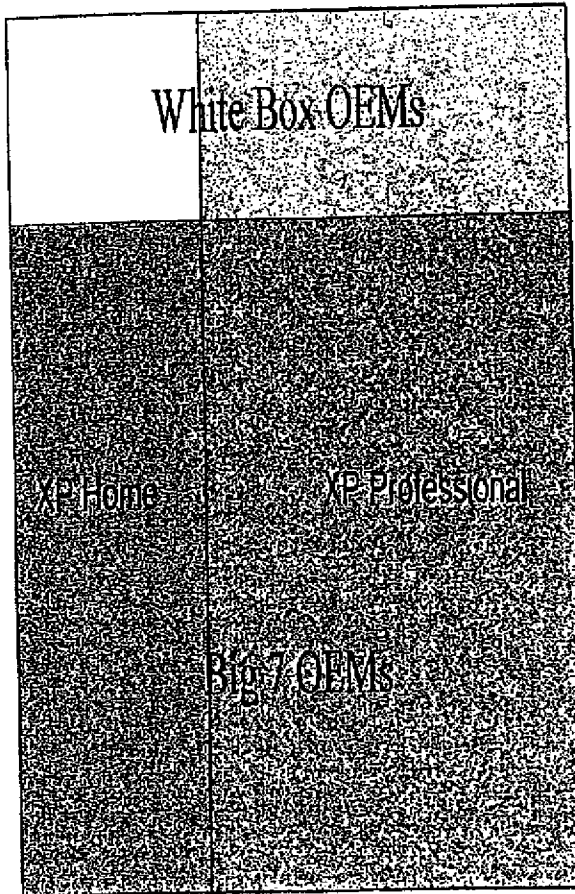


Market: New PCs shipping with Windows XP

- Size of Market:
- 73M units 2002
  - 101M units 2003

SUN2-27-000917  
CONFIDENTIAL MATERIALS

# Segmentation: Home/ Professional



Market: New PCs  
shipping with  
Windows XP

SUN2-27-000918  
CONFIDENTIAL MATERIALS

## More Segmentation

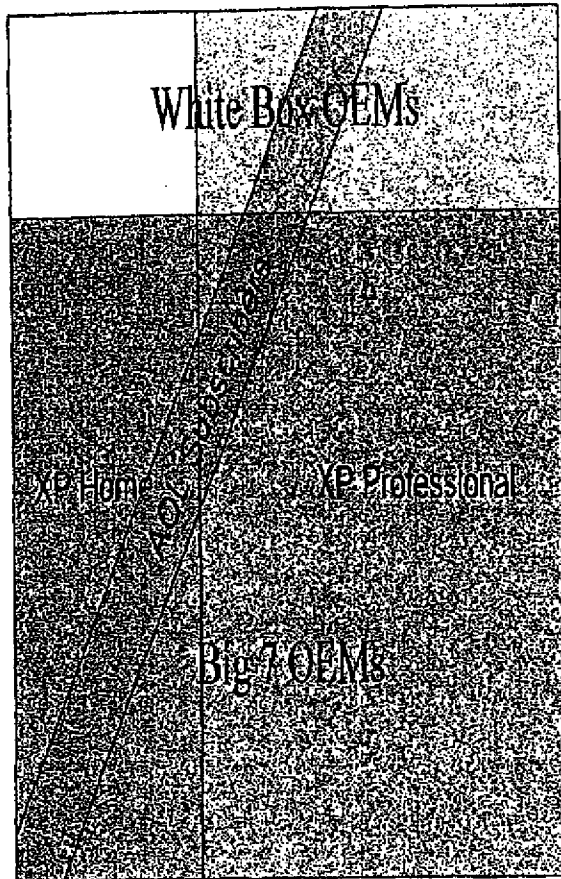
- AOL Subscribers and non-subscribers
  - US centric
  - 34 M subscribers
- AOL has distribution deals with 7 OEMs

SUN2-27-000919  
CONFIDENTIAL MATERIALS

take it to the n



# Segmentation: AOL Subscribers



Market: New PCs  
shipping with  
Windows XP

SUN2-27-000920  
CONFIDENTIAL MATERIALS



# Upgrades

- Operating system upgrades ~ 3% of installations
  - Clean install removes MS JVM
  - Update leaves existing JVM
- IE upgrades difficult to estimate
  - Does not appear to remove MS JVM
- Not very useful for segmentation

# Distribution Channels

- PC OEMs
- AOL
- Sun's web properties
  - "getjava"
  - Java.sun.com
- Other web properties
- Software co-bundling

SUN2-27-000922  
CONFIDENTIAL MATERIALS

## PC OEMs

- Most important channel
- Must get top 7 OEMs
- Earliest point possible in consumer value delivery chain
- Major software changes on gold disks in May & August
  - Minor refreshes may be possible

## New PC Sales

- Size of Market 133M units 2000
- Top 7 OEMs: 70% of new PC shipments World-wide
  1. Compaq 19.3% Market share
  2. Dell 15.5%
  3. HP 11.5%
  4. IBM 8.7%
  5. NEC 8.7%
  6. Gateway 3.9%
  7. Acer 2.3 %
- White Box Manufacturers 30%

# AOL as a Channel

- 34M subscribers
  - Subscriber software update rate very high
    - 50% move to newest version of AOL software within one year of release = 16M or 8% of TIB
  - Software distribution
    - Web distribution is primary AOL distribution channel
    - CDs
    - Inclusion on new PC's

SUN2-27-000925  
CONFIDENTIAL MATERIALS

# AOL Product Status

- AOL 7.0
  - Current distribution, IE 5 based
  - Web installs Sun's J2SE 1.3.0 by default
    - <applet> not supported in J2SE 1.3.0
  - CD installs J2SE 1.3.0 as an option
- AOL 7.0a shipping J2SE 1.3.1\_02 as EA
- AOL 8.0 – Gecko based
  - J2SE 1.4.0\_01 early access delivered 5/6
  - J2SE 1.4.1 beta to ship with AOL 8.0 beta 6/02
  - J2SE 1.4.1 FCS to ship with AOL 8.0 FCS 10/02

SUN2-27-000926  
CONFIDENTIAL MATERIALS

# AOL Business Arrangements

- No formal arrangement to date
  - Sun's click through licensing allows redistribution
- Ferrario/Brenner meeting 5/9/02
- Memo of understanding to be drafted by Legal, signed by 5/30

SUN2-27-000927  
CONFIDENTIAL MATERIALS

## Sun's Web properties

- Java.sun.com (not getjava)
  - Traditional method of deploying SDK to developers
  - Effectiveness of deploying JRE difficult to measure
  - J2SE is most popular product page on portal
  - No changes recommended for this program



## Java.sun.com/getjava

- Second most important channel
- Large volume/penetration potential
  - Estimate <waiting to hear back from Adobe>
- One-click download and install of Java Plug-in
- Promotion through Adobe-style referral from web sites with Java content

## Other Web Properties

- 5 M web pages deployed with applets
- Each is an opportunity to promote installation of Java Plug-in

SUN2-27-000930  
CONFIDENTIAL MATERIALS

## Software co-distribution

- Install JRE & Plug-in as part of software installation
  - Entertainment applications
    - Limewire reports 7M Win32 JRE installations last year
  - StarOffice
  - Tools vendors
  - Opportunistic shrink wrap software

SUN2-27-000931  
CONFIDENTIAL MATERIALS



# Programs

- Java Awareness
- Java Demand
- OEM specific programs
- Web properties
- Co-bundled software

SUN2-27-000932  
CONFIDENTIAL MATERIALS



## Java Awareness

- Java icon placed on desktop in every J2SE enabled system tray
- Follow-up WSJ advertisement claiming victory on PCs after OEMs ship
- Adobe-style "getjava" buttons on websites
- Broader programs led by Karen Galatis

SUN2-27-000933  
CONFIDENTIAL MATERIALS

# Java Demand Programs

- Content drives demand
- Work with prominent web site such as Yahoo or ESPN to develop killer app
  - Sponsor development of applet with broad-based appeal that shows off benefits of Java
    - Fantasy sports
    - Gaming

SUN2-27-000934  
CONFIDENTIAL MATERIALS

## PC OEM

### Engagement/Programs

- Cherylin Chin's team to engage top 7 OEMs to ship Sun Java Plug-in
  - Training and sales tools to be provided by Product Marketing – complete by 5/24
  - Programs to be deployed with product rollout
- White box to be engaged by Product Marketing on a pull basis
  - Push possible later

# OEM Programs

- OEM inclusion in J2SE 1.4.1 launch press activities
- Early 2003 OEM launch event
- Java Consumer Portal / Showcase
  - Reciprocal link featuring company logo & website
  - Located on getjava site
- Java content for OEM websites
  - Kaon 3-D product visualizer, Shopping cart, Configurator, etc

SUN2-27-000936  
CONFIDENTIAL MATERIALS



# OEM Programs

- Setup/create logo for OEMs
  - "Java inside" for computers shipped with pre-installed Java Plug-in
  - For use on OEM's Web sites, ads, packaging, collateral, and sticker on machine
- Expense offset
  - Co-marketing
  - Testing
  - Support

SUN2-27-000937  
CONFIDENTIAL MATERIALS

# OEM Targets

<u>Manufacturer</u>	<u>Acquisition Target</u>
IBM	5/30
Compaq	6/7
Dell	6/14
HP	6/21
NEC	6/28
Gateway	7/12
Acer	7/19

SUN2-27-000938  
CONFIDENTIAL MATERIALS

## Web Properties Programs

- Target top 50 web sites and Java Licensees
  - Estimate 25% of top 50 sites have Java content
  - Goal is 100% of top 50 with Java content deploying getjava buttons
  - Jupiter top 50 list at <http://www.jmm.com/xp/jmm/press/mediaMetricTop50.xml>
- Product Marketing to pursue placement deals
- Avoid secondary sites hosting our download

# Web Properties Programs

- Adobe-style Webmaster kits to provide links to Sun's silent download
  - Pallet of Shapes & Sizes of buttons developed in October 2001
  - Options include one click, silent install and pop-up windows
  - Promotion through
    - Getjava website
    - Java development sites (Serverside, JavaLobby, etc)

SUN2-27-000940  
CONFIDENTIAL MATERIALS



# Web Property Targets

<u>Tier</u>	<u>Acquisition Target</u>
J2SE Licensees	8/9
Top 15 web sites	8/16
#16-30 web sites	8/23
#31-45 web sites	8/30
#45-50 web sites	9/6
J2EE/ME Licensees	9/13

SUN2-27-000941  
CONFIDENTIAL MATERIALS

# Getjava Site - Programs

- Showcase
  - Featuring cool Java sites and applications
  - Transform into PC consumer Java portal
- Tech zone
  - Webmasters
  - Developers
- Support portal
  - To be developed

SUN2-27-000942  
CONFIDENTIAL MATERIALS

## Co-bundled Software Programs

- Logos for inclusion in product packaging
- Feature on consumer website
- Installer must make Java installation available to browser & other applications
  - -iexplorer must be set
- Can be deployed immediately with J2SE 1.3.1\_01a or later releases

## Resources: Headcount

- Business Development Team – TBD
- Product Marketing
  - 2.5 through Hopper FCS
  - ½ ongoing
- Programs
  - 1 through June for development
  - 1 ongoing for programs administration
- Support and Engineering not included

SUN2-27-000944  
CONFIDENTIAL MATERIALS



## Resources: \$

- OEM co-marketing/offset \$900,000 / quarter
- Developer sites advertising \$12,500 / quarter
- WSJ advertisement \$250,000
- Java content for OEMs \$75,000
- Graphics \$50,000
- Killer app development \$50,000
- Support and Engineering not included

## Resource Summary

- Headcount

- Ongoing 1.5
- Additional for startup: 3.5

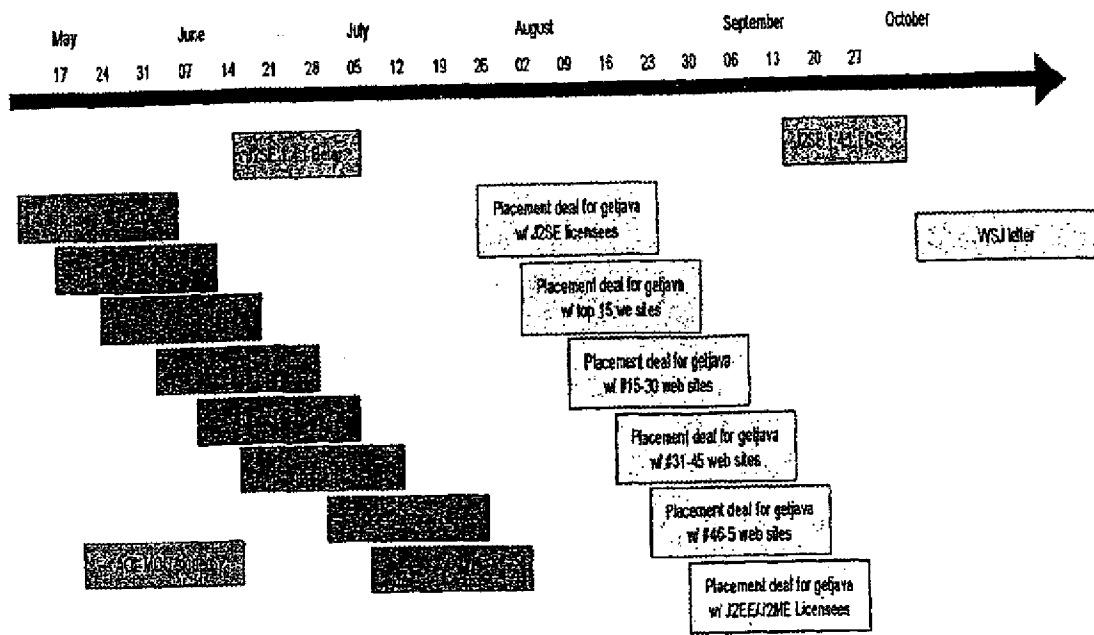
- Dollars

- Ongoing: \$3,650,000 /year
- Additional for startup: \$300,000

- Support and Engineering not included



# Graphic Timeline



SUN2-27-000947  
CONFIDENTIAL MATERIALS

## Appendix: High level Java Plug-in Features Not in J2SE 1.4.1

- Ideally delivered with next J2SE upgrade release, Mantis J2SE 1.4.2 Q1 2003
- High level features:
  - Fully automatic update mechanism
  - Equal to or better than Microsoft:
    - Memory footprint for simple applet
    - Startup time ~ 300ms
  - Download size reduction
    - Target = 5M\*\*
  - Automatic update (prompted, not user triggered)
  - No regressions

SUN2-27-000948  
CONFIDENTIAL MATERIALS