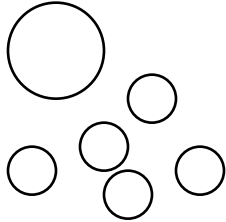
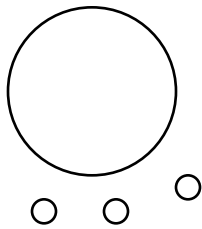


Analysis 2

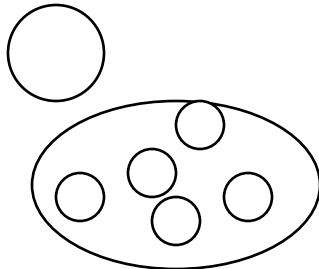
Proprietary Picture



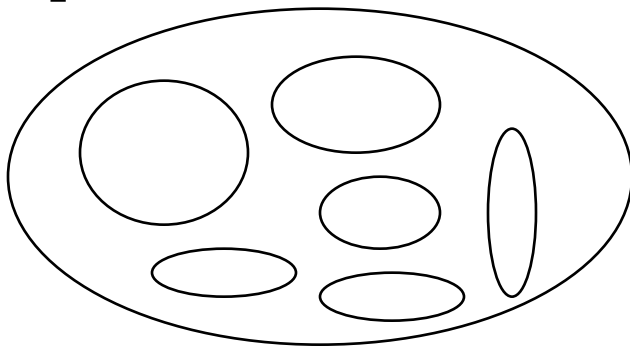
Vendor Dream Outcome



Cooperative Standard



Cooperative Standard Outcome



Vendor View Pro

Add any-any synergy value
 Remove consumer anxiety
 Overall more valuable
 Therefore overall bigger

Vendor View Con -- "2nd best outcome"

Have to share the pie
 Have to compete (ouch!)

Network Effects

Dominates tech merit

Creates Value:

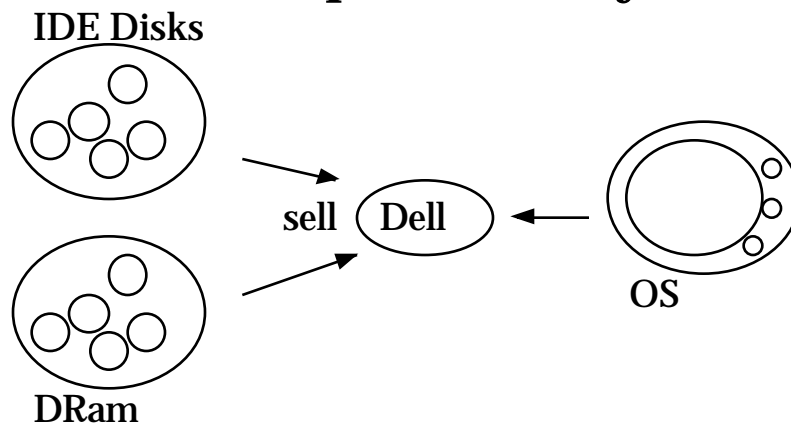
1. Any-any synergy value
 2. Remove consumer anxiety
 3. Interoperability
- books, other tools, training -- more value

Becomes huge

Network Effect Examples

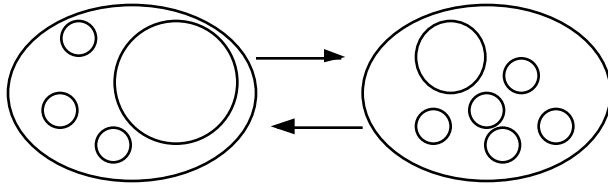
TCP/IP
 MIDI

Standard - Replaceability - Competition



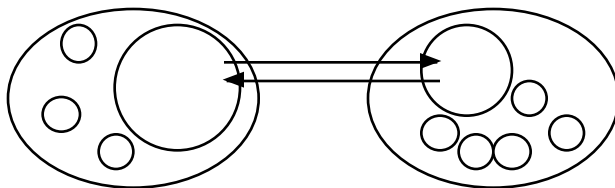
Point: consume commodities
They compete, you benefit

Mutual Competition - Mutual Health



HTTP server - HTTP browser
Gasoline - Car

Embrace and Extend



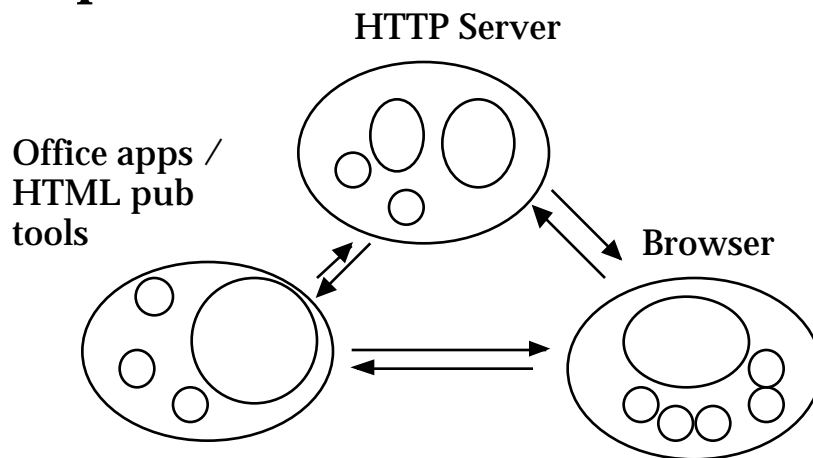
Strength in one area to build strength in another

Use strength in one area (left) to build up strength in another. If a bubble gets quite large (80%?) it can take over the network effect advantages from the standard, and we're all doomed.

It turns out this is one of the things that is illegal for a monopoly to do.

1. Bundling / Marketing
2. Tech Tying

Competitive Internet



Competition

The various domains are replaceable, therefore they compete

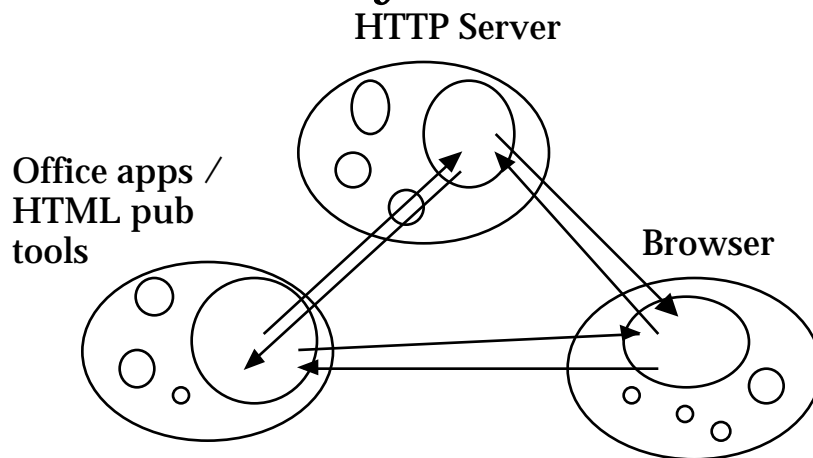
Consumer Benefit

Consumers of the Internet benefit

Vendors -- 2nd best outcome

They don't get a monopoly
But at least the pie is big and healthy

How To Destroy The Internet



Strength

Use the strength strategies to build dominance in all domains
Interlock them so they support each other

No Competition

Extinguish the competition
Keep it out with marketing/technical tying