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The Roller Coaster of a Former Internet Icon, Netscape

Netscape Communications Corporation, an evolutionary business in the beginning days of the internet, helped shape how people around the world accessed the World Wide Web. This company was founded in the mid-1990s, and Netscape's Navigator browser dominated the internet browsing market at its peak. However, its rapid growth was unfortunately paired with an equally dramatic fall, that continues to teach vital lessons to future Internet organizations. This research paper will look at Netscape's history, assess the causes that contributed to its demise, and take important lessons from its journey.

Where It All Began

Founding Day

The year of 1994, Marc Andreessen and Jim Clark initiated Netscape Communications Corporation in Mountain View, California. Andreessen, a software engineer and co-author of the Mosaic web browser, played an important role in the early days of the Internet. Jim Clark, a

well-known entrepreneur and founder of Silicon Graphics, saw potential in Andreessen's work and decided to collaborate with him to start Netscape. The underlying momentum for the founding of Netscape was the stance that the internet would profoundly alter how people accessed information, conducted business and communicated with one another. At the time, the internet was still a limited technology option used mostly by academics, but Andreessen and Clark imagined a future in which the internet would be broadly accessible and integral to modern life. As Cusumano and Yoffie (1998) state, "Netscape intended to 'take the web mainstream' by making it accessible and usable to ordinary people" (p. 47).

Launch Day

Netscape launched their first web browser, Netscape Navigator, the same year it was founded, just a little later in 1994. Navigator was seen as innovative for a plethora of reasons: its fast speed, user-friendly advantage over its predecessors, multimedia content handling, such as photos and sound, and its compatibility with other operating systems. Within just a few months of its release, Navigator had seized more than 75% of the web browser market, giving Netscape a household name among early Internet users. The company's quick expansion culminated in its Initial Public Offering (IPO) in August 1995, which was one of the most successful IPOs of its time. Netscape's stock price more than doubled on the first day of trading, starting what became known as the dot-com boom.

Netscape's Success and Market Dominance

Netscape's first success was unmatched. At the start of a world where internet usage was expanding beyond academic and governmental circles, Netscape Navigator swiftly advanced to the leading browser for typical users. Its innovative user interface design and smooth experience contributed significantly to its rapid integration. By 1996, Netscape was synonymous with the web browsing experience, with a market share above 80%.

The Dot-Com Boom

Netscape's success occurred simultaneously with the early stages of the dot-com boom, when technological businesses were valued highly and invested heavily. Netscape's initial public offering was one of the most significant events of the age. According to Carr (2006), "Netscape's IPO success ignited Silicon Valley and Wall Street's enthusiasm for internet companies, ushering in the dot-com bubble" (p. 72).

Netscape's Growth and Diversification Efforts

To maintain its progress, Netscape expanded its product offerings to include web servers, email software, and other internet-related technologies. The goal was to be not only the main browser supplier but become the leader in internet infrastructure as well. These expansions were only a piece of a larger attempt to solidify Netscape's position as the center of internet activity.

The Fall of Netscape

Browser War Against Microsoft

One of the first reasons for Netscape's demise was its struggle with Microsoft, formerly known as the "browser wars." Microsoft saw the value of the internet in the mid-1990s and entered into the browser business. In 1995, Microsoft released Internet Explorer, which was bundled with the Windows operating system. Microsoft's choice to bundle Internet Explorer with Windows provided a significant benefit. Because Windows was the dominant operating system at the time, millions of users decided to choose Internet Explorer as their default browser. This instantly impacted Netscape's market share, negatively. While Netscape charged for their browser, Microsoft provided Internet Explorer for free, making it a popular choice for both consumers and businesses. Later, Netscape filed an antitrust complaint against Microsoft in 1997, claiming that bundling Internet Explorer with Windows constituted monopolistic behavior. Although Microsoft was ultimately found guilty of having broken antitrust rules, Netscape's issues didn't begin to fade away. In the late 1990s, Netscape fell in the rankings and Internet Explorer surpassed them as the most popular web browser.

Netscape's Overall Missteps

In addition to Microsoft's aggressive methods, Netscape committed other errors that contributed to its demise. One of the biggest failures was failing to rapidly improve their technology. Netscape faced issues trying to keep up with Microsoft's improvements to Internet

Explorer. The company's browsers began to be known for being slower, buggy, and less user-friendly than its competitors. Maney (2003) states that "Netscape's inability to address technical glitches and respond to customer feedback in a timely manner tarnished its reputation" (p. 98). Netscape likewise lost focus by spreading its resources too thinly. The corporation attempted to compete in too many sectors, including browser development, enterprise software, and web portals, limiting its ability to innovate in any one domain. This lack of concentration enabled competitors such as Microsoft to outmaneuver them in critical areas.

AOL's Purchase of Netscape

By 1998, Netscape near its final days, took a risk, viewed as a lifeline, it was acquired by America Online (AOL) for \$4.2 billion. The acquisition was initially viewed as a way to rejuvenate the company, but it proved to be the start of the end. As Nichols (2008) explains, "AOL's integration of Netscape was mismanaged, and the browser was soon relegated to a marginal position in the market" (p. 135). Eventually, Netscape's browser development was soon abandoned in favor of open-source alternatives, and Netscape the former dominator of the early Internet era was nearly completely erased from the spotlight.

Three Important Lessons from Netscape's Failure

1. Innovation Speeds

One of the important takeaways from Netscape's demise is the significance of ongoing technology evolution. In the fast-paced world of technology, relying on early accomplishments and success could prove to be risky. Netscape was an early inventor, but it struggled to keep up with rapid technological improvements in the late 1990s. Companies must consistently make changes to be competitive, especially when competing against well-funded rivals such as Microsoft.

2. Prepare for Competitor's Monopolistic Advantages

Netscape's conflict with Microsoft demonstrates an important detail about the risks of competing with a monopolistic firm. Microsoft utilized its dominant position in the operating system business to create an unfair advantage in the browser wars. While Netscape fought back through legal means, the reality is, that competing with an established market leader will forever be challenging, even if your product is initially superior.

3. Play to your Strengths

Another important lesson is the know and understand your strengths. Netscape attempted to diversify too quickly, ultimately weakening its core business. By aiming to be a leader in numerous areas at the same time, it lost its competitive advantage in the browser industry. Companies, particularly startups, must retain focus and avoid spreading their resources too thin.

My Thoughts and Closing Remarks

Before researching Netscape, I honestly had no idea this company even existed. Which in my opinion is sad, since they played such an important role in the history of the internet. I do see where they went wrong by moving too fast, and not setting realistic standards and goals. I also thought it was pretty interesting how they took a lawsuit against Microsoft when they had plans to do the same thing ultimately later down the line. However, even though this company made mistakes and was short-lived, the impacts and changes they made will never be forgotten and helped shape how we use the internet today. With that being said, I send out a thank you to Netscape for working hard to change the way the internet was seen and used. The trial and error of the company has also proven to be a road map for future companies as well. The benefits regardless of what happened with the company are too great to let this company fade away from the technology world's history.

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