

Table 5 Profit Increase for Installed Base Advantage

Installed base adv. of Sony	Discount factor (β)			
	0.6	0.7	0.8	0.9
0.025	70	134	370	808
0.050	139	271	732	1,142
0.075	207	410	1,052	1,271
0.100	274	547	1,317	1,381
0.125	339	680	1,529	1,470
0.150	403	807	1,711	1,541
0.175	464	922	1,857	1,589
0.200	523	1,030	1,985	1,617

Notes. This table shows the increase in the expected present discounted value of Sony's profits, measured in millions of dollars, for a given initial installed base advantage. The results are based on 5,000 simulations, and the present discounted value of profits is calculated for a time horizon of 48 months after the competitor (Nintendo) enters the market.