Trust: Tips on playing Monopoly

Windows open us to the world that surrounds us. Windows can be found everywhere. Architects love Windows. And my Windows has not crashed in 2 months, a new personal record. According to a New York Times Article, May 14th, 2003, Windows is the primary operating system on 90 percent of the world’s personal computers. It has given millions of people across the world an easy to use computing interface for business or pleasure. Yet, one must wonder if it so ubiquitous because it is a champion in its own right or because its holding other software companies back.

Following the U.S. Anti-trust ruling, one would predict that Microsoft would be flying right. Instead, a recent e-mail leak shows they are indeed ‘flying, right’ underneath the radar of American and European antitrust laws.

One specific e-mail, from Orlando Ayala, the executive in charge of worldwide sales at Microsoft, entitled Microsoft Confidential is particularly revealing. The e-mail laid out a strategy for senior managers to use a 180 million dollar account for the specific purpose of providing an economic incentive for governments across the globe to choose Windows.

From strategies such as giving considerable price discounts to Microsoft Employees, schools, customers of consulting services for Windows servers, and lying about identities at other software companies trade shows, Microsoft has found a way to bypass the anti-
trust rulings. Such tactics coupled with their incredible market shares, means Microsoft could easily operate with losses for many years, long enough to oust its competitors out of business.

Is this legal is it fair? There is no simple answer. It is all based in numbers. While the anti-trust rulings specifically prohibit Microsoft from offering pricing deals and contracts with PC manufacturers, there is no good way to determine whether short term discounts to customers violate anti-trust laws. The fact of the matter is, in Europe, although certain steep levels of discounts are considered a violation, the only way to verify it is to acquire account documentation, something not as easily leaked as e-mail. As Charles Stark, a former antitrust official at the Justice Department put it, “It depends on the market circumstances and how they use them and what their impact is,” three very debatable issues.

The e-mails further reveal plots to eliminate open source operating systems such as Linux through ‘windows’ of opportunities to overtake IBM and Oracle in the server industry. Linux, its primary target in the server industry, was installed on 26 percent of large data-serving computers in 2002. Its open source code allows continuous debugging and improves the ability of companies to modify the system to better fit specific business needs. This level of adaptability, an advantage for corporations, is not Microsoft’s style, which prefers to chase down all the possible needs in its unified Windows server packages. While Microsoft still maintains the lead, 44% in the server industry, it is vying for a larger market share. One could compare Microsoft to a train and its competitors to
cars. Those who ride the train might not do so because of convenience but because they are unaware of where a car can get them. If Microsoft continues to use its personal computing income to offer server discounts, it is in a perfect position to also gain a monopoly on servers.

Will Microsoft win its game of Monopoly? It certainly has the potential to. To the computer savvy, this is a great disadvantage, but to the computer illiterate, the global usage of Windows creates a comfortable working environment. Perhaps the computing industry is prone to the development of monopolies because the learning curve for any one program can be so steep. If you’re standing on K2, why would you ever descend in search of Mt. Everest?