

## **Microsoft**

— All You'll Ever Want To Know —

Of course it is impossible to discuss the Mac *vs* PC matter without bringing up Microsoft. I will briefly share with you my opinion about Microsoft, and then we'll hear what some others have to say.

Microsoft is a very financially successful company.

To many people, that's the bottom line, and all that matters. I say that this limited perspective is a sad indictment of the values of our society, and is exactly the attitude that has lead to the Enron's and Worldcom's we have experienced.



Microsoft Corporation, 1973

Do you want these people to run the computer world?

Sure the primary reason for a business to exist is to make money, but: 1) there are legitimate and illegitimate ways of making money, and 2) there are other good reasons for a business to exist besides just to make a profit.

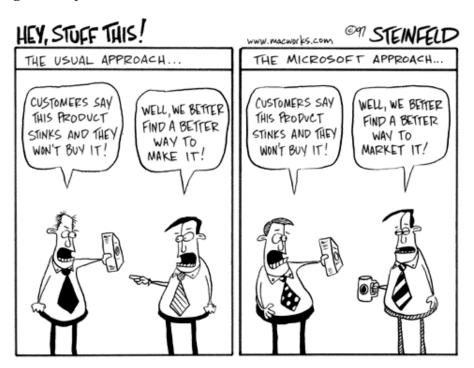
Regarding the first point, in my opinion, making money by **stealing someone else's ideas is not a legitimate basis for a business**. In Microsoft's case, that is essentially what they have done. I would speculate that MsDOS, Word, Excel, Internet Explorer, and Windows would comprise some 90% of Microsoft's income base over the last twenty years. **Yet Microsoft did not really develop ANY of these products!** They (of course) would never say that they "stole" these items. I believe that their favorite euphemism is "**reverse engineer**."

If you are skeptical of the fact that Microsoft has 'reverse engineered' essentially all of their major products, check it out for yourself. For example, as I stated on a prior <u>page</u>, in the extremely important Federal lawsuit of Apple *vs* Microsoft several years ago, **Microsoft officials conceded, under oath, that most of the Windows operating system had been copied from the Mac operating system.** If you would like to find out even more, here is relatively brief, but an **extraordinarily detailed** <u>history</u> of Bill Gates and Microsoft (September 2002), and <u>another</u>.

Ironically (or expectedly) what has been happening more recently is that Microsoft has been aggressively suing companies who Microsoft claims have stolen from them where (for the most part) these businesses are doing no differently than Microsoft did to Apple, WordPerfect, Netscape, etc. Read this informative piece on Microsoft and patents, etc. which says "When CNET News asked Bill Gates about software patents, he shifted the subject to 'intellectual property,' blurring the issue with various other laws. Then he said anyone who won't give blanket support to all these laws is a communist.".

As far as business's having other reasons to exist besides just making profit, this is not some altruistic belief on my part. I have owned a business for many years, and have a strong opinion that a VERY important reason to operate such a business is to provide tangible, genuine, bona-fide benefits to my customers, and society in general. [Ironically, shortly after I originally wrote this, a major article appeared in *Money Magazine*, about the <u>blended value</u> concept. Worth reading.]

In my opinion, **the net effect of using Microsoft products is reduced productivity** (compared to using alternative software). This is no small matter, as the intended (and advertised) reason to buy **any** of their products is to *increase* your productivity. Of course the only way that happens is if the comparison is made to your having no computer at all.



The second big negative consequence of using Microsoft applications is that billions of dollars of computer expenditures are wasted. See <a href="this">this</a>, which says "Microsoft is charging monopoly prices for its operating system, resulting in consumer overcharges of tens of billions of dollars, according to an analysis filed with the Joint Economic Committee by the Consumer Federation of America." Even though this was a few years ago, the situation continues unabated.

But just in case you don't feel that I'm the most objective person on this topic, <u>read</u> what this Stanford University law professor said in April of 2005. Among other things he called Microsoft "a threat to businesses and the economy as a whole."... And for an insider's view on this situation, read what a former Microsoft technical manager has to <u>say</u>: "Addiction to Windows revenue, mediocre products, and missed opportunities could doom Seattle's most successful company." Interesting stuff.

Again, just one example of this is the absolutely **PROFOUND** <u>Gistics report</u> (which surveyed over 30,000 <u>business</u> professionals) and concluded "Due to a more efficient computing environment, the Macintosh business user gains, per year, an average of 234 prime time authoring and composing hours than a Windows user... The Mac user generates 7.14 times ROI over three years, while the Windows NT user generates 2.02 ROI... **Clearly for profit oriented firms, deployment of Macintosh technology constitutes a fiduciary responsibility.**"

Read that last sentence again, s-l-o-w-l-y. Oh yes, I know that this report was done a few years ago, but so what? The relative facts are still the same – if not more so. For instance, the Windows comparison was to NT, which was a big seller until recently. Furthermore, Window NT hasn't changed significantly during this time period, even while the Mac has made **enormous** improvements.

But let's go back to the time that the Gistics Report first came out. I ask you: why wasn't this a headline story in the *New York Times* or the *Wall Street Journal*? I ask you: how many businesses *did* their fiduciary obligation and changed to the Mac OS? And I ask you: **what did Microsoft do to acknowledge and correct the poor productivity of their products?** 

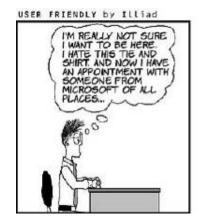
The more I think about it the more I am concerned about *millions* of individuals and businesses giving up **Control** of their computing experience. I wrote a few words to this effect in the <u>introduction</u>.

I remember awhile back reading a surprisingly serious and technically detailed article entitled something like "Why I Hate Microsoft". Since I didn't have a copy I searched for that *specific phrase* in Google. I was genuinely shocked to see that Google reported over **2000 sites** having that *exact phrase!* 

I looked at a handful of these and was very impressed by the fact that these were **not** ravings by some lunatics, but rather were mostly **thoughtful analyses by competent people** genuinely concerned about our computer welfare. Here is a good <u>example</u>... This is a great <u>article</u>. The author goes into details about a variety of Microsoft related issues, like: "Some of Your Cherished Beliefs About Microsoft are Myths". [Note: he also has a section titled "How Microsoft Products Harm Your Productivity", so you can relate that to my prior personal observations.] If you want more, here is a sample <u>collection</u> of anti-Microsoft sites.

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Another intriguing thought is this: if Microsoft programmers are so smart (as some people evidently believe) then (since they START by copying somebody else's RELEASED software products) why isn't Microsoft software MUCH better? One observer's on-point comment is that "their fundamental design flaws are completely hidden by their superficial design flaws." And if you look up the term "bloatware" in the dictionary, you are likely to see a picture of some Microsoft product.







Starting sometime after 2000, Microsoft decided that the next Big Thing that would impose on our society is what they call ".Net". Since it has already begun, you should look at this basic <u>definition</u>, or a somewhat more technical <u>discussion</u> about what the situation is, plus read these very candid *ComputerWorld* <u>comments</u>. Here is an example of typical .Net <u>problems</u> (*ZDNet*) plus an article about other <u>concerns</u>. And this November 2003 <u>concern</u>. The best <u>news</u> is that it looks like Microsoft will not succeed here.

If that threat isn't bad enough, Microsoft's **Palladium** (aka NGSBC) comes in as a close second in the area of upcoming concerns. This <u>report</u> says, "This is the most outrageous thing that has so far happened in the computer world... Palladium requires users to place a huge amount of trust (!) in Microsoft. You don't get to decide what runs on your computer – *Microsoft does*. **You can't even open files unless you've been authorized by Microsoft**, or by a third party. And that puts a huge amount of power into the hands of these corporations." Palladium won the <u>Most Invasive Product</u> of the year award (2003). Here is a ZDNet <u>piece</u>, and a more detailed, insightful <u>explanation</u> by Ross Anderson (August 2003). Although three were several <u>reports</u> that this effort at intrusion had failed, more recent <u>information</u> (April 2005) is saying that it will just be resurrected (not surprisingly) in a different manner.

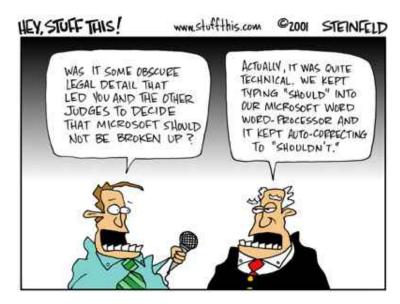
And then there is the Internet. In an email I recently received, the author states "As more and more web based business and content creators move to the Microsoft content creation and development tools, fewer third party operating systems and browsers will work with MS branded sites. Microsoft is set to conquer covertly would it could not overtly. Since Microsoft is stopping standalone development of its Internet Explorer browser and is tying it to its next OS 'Longhorn', if you want to access content or services created with MS products you will need a Microsoft OS with a Microsoft browser."

And in a similar type of scheme, this 2004 CNET <u>article</u> says "Microsoft applies for patents that could prevent competing applications from reading documents created with the latest version of Office... XML-based capabilities have been one of the main selling points for the latest versions of Office. By saving documents as XML files, the new Office will allow back-end computing systems such as corporate databases to retrieve and reuse data from documents. XML support also allows Office to become a client for viewing and manipulating data from Web services and complex enterprise applications, such as customer relationship management software."

## As I keep saying, with Microsoft it is all about Money and Control.

One of the most disconcerting aspect of the control issue is Microsoft's dismal record in providing secure software. These experts say MS " $\underline{\text{Deserves an }F}$ " for security. One of Microsoft's pat defenses for the innumerable weak links that have been exposed in its software, is that users should install the fixes (many) provided by Microsoft. As this 2003 CNN  $\underline{\text{piece}}$  explains, Microsoft itself was recently victimized by a severe attack – and an investigation revealed that Microsoft had not installed its own patches.

And hey, whatever you do, don't tell the Truth. This 2003 <u>story</u> states "The chief technology officer for a technology firm that works closely with Microsoft lost his job after he helped write a study critical of the insecurity of Microsoft software." And that the "firing was reflective of Microsoft's far-reaching ability in Washington and across the technology industry to silence experts who complain about weaknesses in its software or its aggressive business practices." This response should come as no surprise as Microsoft has a <u>history</u> of spreading FUD (Fear, Uncertainty and Doubt), which usually flies in the face of Truth.



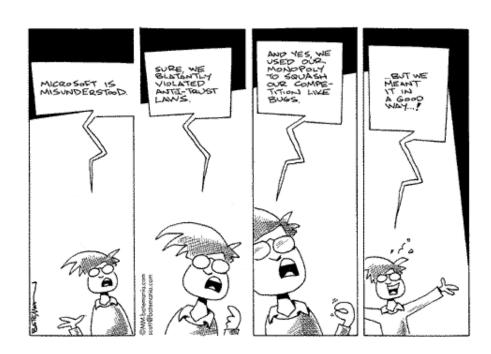
What about Microsoft's legal issues that you have heard about? Some people attribute the monopoly case as some type of "government interference" with an open-market business. **They could not be more misinformed.** If you really want to know some of the truth of the matter, take a look at Judge Jackson's very readable (but long) Findings Of Fact (or PDF), and also the Conclusions Of Law.

Here is a small assortment of **comments** out of the thousands submitted to the Justice Department following the February 2002 proposed settlement – some fascinating reading there! An example is strong words by an executive of one of their Wintel partners: **Gateway** (and in another **report**) said that **"Microsoft contracts keep a stranglehold on computer makers by not letting them give customers a choice of operating systems."** (Duh – this is something new?) Another stunning **exchange** occured, under oath, when a former top Intel executive admitted to calling Microsoft an "evil company." Additionally he recounted a top level Intel meeting where another Intel executive said the company was hungry for new partnerships and another described Microsoft as a "fellow traveler." Putting Microsoft in those terms "made him think of the Donner party" (referring to a stranded group of settlers in the 1800s who resorted to cannibalism).

Here is a good (small) assembly of <u>media</u> reactions... And Microsoft's legal issues have gone way beyond the government: here is an unusually informative historical <u>collection</u>.

In November of 2002, the new judge only marginally increased the penalties on Microsoft. This <u>CNET</u> story gives some details. A good <u>assessment</u> said: "This is a miscarriage of justice, and the Bush administration's DoJ has clearly abrogated its responsibility to the American people. Microsoft has continued the very practices that were found to be in violation of the law, yet the DoJ's settlement does not address any of those practices. During and after the trial, Microsoft has held that it did nothing illegal, despite the ruling to the contrary being upheld by the appellate court, and the company has since behaved accordingly. Today's decision gives the company the green light to continue to do so.

"In short, though Microsoft has been found to in fact be a predatory, abusive monopoly by a lower court and an appellate court that upheld those findings, none of those abusive practices have been addressed in the settlement OK'd by Judge Colleen Kollar-Kotelly... Windows XP is full of such practices, and only the threat of this judgment, which was still in the hearing process, prevented the company from being even more aggressive... We are embarrassed at this turn of events." ... Here is another reasoned <a href="article">article</a> on this serious legal mistake. And <a href="another">another</a>.



Most states threw in the towel saying either that they had better uses of their resources (doubtful considering the implications here), or that we should give Microsoft a chance to become a good citizen (might as well have set up Bonnie and Clyde with an ATM franchise)... Fast forward to January 2004 and the Justice department concludes that Microsoft is still not in compliance (imagine!).

A **BIG THANK YOU** goes to Massachusetts Attorney General Thomas F. Reilly for being the state attorney general who has persisted most in this important matter. His position is <u>this</u>. As of early 2004 this Washington Post report says that he is investigating Microsoft being "engaged in a campaign against Internet search engine and document companies reminiscent of its efforts to crush the Netscape Navigator web browser." Translation: **Google and Adobe are now in Microsoft's sights.** 

My question to YOU is this:

## at what point will YOU become concerned enough to do something about this?

In one of several semi-positive articles on this topic, this September 2002 NewsFactor piece asks "Are the Floodgates Opening on Microsoft?", and then gives several citations that might be indicators that it is... Contrary to the layperson's perception, Microsoft has had many product failures. This Seattle Weekly piece lists quite a few and says "some observers say Microsoft's biggest failures are still in progress." And this November 2003 PBS story has the optimistic theme about Microsoft not being forever (but they will be milking every dollar from you that they can in the meantime).

And **Microsoft doesn't always win in court**. In July 2003 "A California judge gave preliminary approval to a landmark settlement under which Microsoft will pay \$1.1 billion to settle a class-action suit that claimed it overcharged consumers for Windows." And in this 2003 <u>verdict</u> Microsoft was fined \$750 million for their actions against Netscape. And another encouraging <u>article</u> mentions one of the several important ongoing lawsuits against Microsoft (this was the <u>latest</u> I could find: June, 2003) – in which the judge also ruled **against** them.

And kudos to the European Commission, which, based on pathetic situations like <u>this</u>, fined Microsoft **\$665 million** in 2004, and in 2005 has not only denied Microsoft's <u>attempt</u> to undermine the settlement, but <u>threatened</u> to increase the fine amount. It also has two more substantial cases pending against Microsoft.

In April 2004 this *CBS News* story says "Microsoft is paying \$440 million to InterTrust Technologies to settle a 3-year-old patent infringement lawsuit over technology for protecting music, movies and other digital content against piracy. Monday's announcement marked the second settlement this month by the world's No. 1 software company. Microsoft agreed about two weeks ago to pay Sun Microsystems \$1.6 billion to settle a private antitrust suit and resolve patent claims."... In December of 2003 RealNetworks sued Microsoft, accusing them of "unlawful tactics including product bundling, restrictive licensing, exclusive dealing, predatory pricing, refusing to sell unbundled operating systems and discriminatory disclosure..."

In 2005, a US District Court is blocking Microsoft Corp. from using a networking feature planned for the future operating system code-named Longhorn as well as a service pack for Windows Server 2003 that had been scheduled to come out in 2004. This *ComputerWorld* report says that the injunction is based on evidence that Microsoft stole another company's technologies. Imagine that! (Speaking of *ComputerWorld*, they have published this extensive (but not comprehensive) <u>list</u> of Microsoft's "Legal Battles".)

You might think that you would need BIG bucks to even stand a chance against Microsoft in a lawsuit, but this 2005 case says otherwise. "Microsoft's army of lawyers was no match for a kid from Kent State" is the title of this quite revealing story.

And one more, because it could affect you, personally. In late 2003 a potentially important class-action suit was <u>filed</u>. The attorney is no ambulance chaser, but is Mark Rasch, a former head of the U.S. Department of Justice computer crime unit. His words: "This represents the first salvo for consumers to say to software makers: 'Wait a second, if you are going to put out software that needs be patched three times a week, take responsibility for it.'" *You go Mark!* 

One might conclude that these legal results would give Microsoft pause, and that they might consider changing their ways. Not likely. In fact one of their most recent responses has been to get one of their lawyers appointed to head up the American Bar Association Antitrust Committee. Read about some of the implications of this move.
With all this in mind, maybe you can relate to this Bill Gates <u>movie</u> , a take-off on the Matrix films.
Just in case you feel I have an unreasonable bias here, please read this very serious and <b>remarkably</b> detailed <u>dissertation</u> about Microsoft, from a Wintel person.
Please read it ALL!
The author's no-holds-barred parting comment is:
"Mr. Gates, Mr. Ballmer:
I've upped my standards, so up yours."
After reading this section, the clear question that SCREAMS OUT is: "how has this whole Microsoft mess been allowed to happen?" Unfortunately the equally clear answer is:
we have seen the enemy, and it is us.
Four unrelated camps have been the major contributors: 1) millions of technically challenged laypeople have mindlessly bought into the Wintel charade, combined with 2) thousands of self-promoting semitechnically competent business MIS persons who continue this farce, 3) IBM (in the 80's and 90's), and 4) two or three judges who are clueless (NOT the courageous and insightful Judge Jackson).
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I am here to tell you that the emperor has no clothes!
Get a Mac and your vision will be remarkably restored.
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This section's Haiku (see the bottom of page 1 for more explanation):
A crash reduces Your expensive computer To a simple stone.

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