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## **There's more than meets the eye in Microsoft case**

**Al Gordon**

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Here's something that makes Massachusetts unique in the nation: It is the only state that is still fighting the Microsoft antitrust case. Which begs the question, why?

Attorney General Tom Reilly no doubt is right. Microsoft's cutthroat marketing tactics are predatory, and the settlement agreed to by the company, the federal government, and all other states is relatively wimpy.

But if we apply the age-old test of public policy analysis -- what's in it for me? -- there's not much for the average consumer in the AG's proposed remedies: "require Microsoft to stop unlawfully commingling its software code, do something about the company's 'ill-gotten gains,'" and so forth.

That's the problem with lawyers: They know a lot more about law than about technology.

The federal antitrust case against Microsoft stemmed from Bill Gates & Co. adding the Internet Explorer browser to Windows, thereby checkmating the Netscape browser. Netscape couldn't go ahead with its plans to charge for its product, which was very bad for Netscape. However, for consumers this meant that we didn't have to pay for Windows and a browser.

The same holds true for the current European Union antitrust action against Microsoft because of Windows Music Player. Again, bad for Real Networks, which wants its player to be the industry standard. Consumers, however, have one less computing expense.

If regulators really wanted to do something for consumers, they would look at the issues that affect us: for example, what's an update (revisions to software that companies provide for free) and what's an upgrade (revisions to software that you have to pay for)? There are no standards here; free or fee is entirely at a company's whim.

Which brings us to Microsoft Office.

The product is a major cash cow for the company, and as a result, it seems to have adopted a strategy of bringing a new version to market about every two years, whether anyone wants one or not. In truth, Microsoft is not the worst company around in this regard. However, one of the little noted revelations of the antitrust trial was that Microsoft used its Windows clout to push Office and drive away competitors. So that makes its Office software marketing strategies worthy of a little extra scrutiny.

There was a time when the office suite market actually was competitive. Microsoft's office products weren't even the market leaders in the '80s. Well into the '90s, consumers had a choice of three major office suites -- Microsoft Office, Lotus SmartSuite, and WordPerfect Office. As a result, consumers benefited both from feature innovation and price competition. New releases came out because they actually offered something new.

Now look at the marketplace. In 2001, Microsoft released Office XP, which offered little more than its predecessor (Office 2000) other than a prettier look -- and the upgrade's price was very steep. Then last fall, Microsoft came out with Office 2003, again only a modest improvement over the previous version. (A little buying secret for you: reacting to the backlash against Office XP's pricing, Microsoft has made its much lower priced "Student and Teacher Edition" available to all home users. That version is a good buy for consumers.)

It's not that there is anything wrong with Office XP or 2003. Both are very good packages. But one can't escape thinking that Microsoft tried to sell two upgrades when it only had enough features to justify one. Market pressure can't fix this, because there isn't any market pressure.

Corel recently released WordPerfect Office 14, which has a number of nice features and certainly will appeal to the product's loyalists. But it lacks an Outlook equivalent. As for the one-time Massachusetts home

team, Lotus (now owned by IBM) still makes SmartSuite, but it hasn't been seriously developed or marketed for years.

The truth is that Microsoft Office's most serious competition these days is Microsoft Office ... for the Mac. OfficeMac 2004 was released two weeks ago, and it not only matches the features of the Windows version, it offers some cool features of its own. Word for the Mac, for example, includes a note-taking feature that requires a separate -- extra cost -- application in Windows. Project management, also something that requires more software in Windows, is built into Entourage 2004 (the Mac version of the Outlook e-mail, calendar, and contract software).

But as most of us remember from our school days, intramural contests aren't the same thing as varsity competition. If Attorney General Reilly wants to find an anti-Microsoft cause let him try this: no Office 2005 unless there really is a good reason for it.

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