Natural Deselection:

Not Even Microsoft Will Last Forever, but They Plan to Try

By Robert X. Cringely

The step after ubiquity is invisibility. Last week, I wrote about the peculiar business psychology of Microsoft, and this week, we cut to the chase—what it all really means. And the key idea lies in that first sentence. Microsoft's goal has always been to make Windows ubiquitous, but achieving that goal will ultimately be the company's doom. And at the highest reaches of Microsoft, they know it. What was the personal computing revolution has turned into just another part of the electronics business, and even mighty Microsoft risks being commoditized to death. It is already happening. Don't think so? We live in the age of branding and the Microsoft, Windows, and Office brands are among the best-known in any industry, yet how many people actually buy software from Microsoft *because* it's from Microsoft?

See?

As explained last week, Microsoft has many ways of dealing with this problem in the short to mid-term, but the long-term solution will require completely reinventing the company, which is why they are packing away all that cash to pay for a facelift and an identity change. The goal for now is survival and continued earnings growth—objectives Microsoft can fulfill for probably another decade. They will do this by grabbing as much market share and profit margin as possible, squeezing everyone else out of business, then downsizing to cut their costs that were deliberately inflated before, and finally playing the same accounting games that most other mature companies play. Remember that Frank Gaudette, Microsoft's late CFO, said the time to sell Microsoft stock is when the company starts depreciating the value of its software code base. That day will come, but by then Microsoft—like its role model General Electric—will be in many different businesses. Of the original Dow 30 Industrials, only GE survives and this is why.

But in order to make this strategy happen in a flat market, Microsoft will have to take more business from other companies and take more money from us. Here are a couple examples of how they plan to do both.

Symptomatic of this pathological need to take business from other companies, Microsoft is now in competition with the very people who recommend its products—independent computer and software consultants. These Microsoft-certified folks are the guys and gals who got your Windows business systems up and running in the first place, and have often kept them running. Now Redmond wants them to die in favor of its own not very good support system.

The key to that programmed annihilation is Microsoft's TechNet, a support database that is distributed on CDs and online. Microsoft consultants subscribe to TechNet, where they generally find the answers to their technical questions. Or they used to, because today TechNet appears to be broken.

My friend John the Kiwi explains:

> Microsoft TechNet has changed its search on the TechNet web site. Instead of the useful search engine that would bring up all sorts of results that would pertain to such things as event ID errors on different Windows platforms, I now get no results at all. Now when I search the TechNet web site, the results are supplied by the "search Microsoft.com" search engine, which is crap and invariably returns no results. I emailed the TechNet web site comments and my email was forwarded to another Microsoft department a few weeks ago, but of course, I haven't heard anything from them."

If I use the same search string in Google and specify the site microsoft.com for the results, then once again, I get useful results just like TechNet used to provide. As an example let's do a search for some obscure errors that I'm getting on one of my customers servers. The error is from Perflib, the Event ID is 1010, and it mentions the file perfctrs.dll. Here's the search string:

"1010"+"perfctrs.dll"+"perflib"

On the Technet Web site I get no results for this query:

http://search.microsoft.com/search/results.aspx?st=b&qu=
%221010%22%2b%22perfctrs.dll%22%2b%22perflib%22&view=en-us

A Google search brings up a few results on exactly the right topic. I did the exact same search with the exact same search string a couple of months ago and TechNet found this right off the bat for me, too, but no more.

Why would Microsoft hobble TechNet and in doing so hurt its small to medium-sized customers? Microsoft simply wants its customers to buy support contracts. They want the bucks and just don't want third parties interrupting their money flow.

Not that long ago, if you bought a support contract from Microsoft, the support technician pretty much used TechNet to help you when you called in a problem. What you got for your money was someone to type in the query for you and read you the answers. Now TechNet is useless, and if you access support information from Microsoft's public web site you will find almost no useful information. Important problems and answers are not available for free anymore. But Microsoft isn't just making it hard for the small, independent contractor. The big outsourcing firms have similar problems. Even though they buy the expensive support contracts, there are times when even these big companies like IBM and Accenture can't register problems on their customer's behalf. Both the outsourcing firm AND the customer must have a support contract and register the problem before Microsoft will help. You have to pay twice to get help once.

Talk with authorized Microsoft business partners and resellers, and you find they aren't too happy either. They'll tell you Microsoft is very good at collecting their money each year. But they also know if they need any help from Microsoft, they won't get it. Basically, the money they spend on Microsoft allows them to market themselves as someone Microsoft likes and that's all.

Microsoft has always treated its partners poorly. The independent consultants are actually lucky because until now, they have been too small to catch Microsoft's attention. If they had been on Microsoft's radar screen, there would have been a more deliberate effort by Microsoft to squeeze them out of business before now.

One thing getting in Microsoft's way with this TechNet thing, of course, is Google. So suddenly, Microsoft is talking about its own searching technology (that's the threat to Google) while rumors fly about Microsoft buying Google (that's the carrot to Google). But Microsoft may not have to go so far or pay so much to get Google off its back. Just look at how www.whitehouse.gov changed their robots.txt file so search engines wouldn't cache documents relating to the war in Iraq. Will Microsoft next be trying to stop TechNet articles being archived by the Google cache? And if they do, what does that say about the way the company views its customers and how will they explain it?

So here we have examples of Microsoft squeezing customers and at least three differ-ent kinds of "partners" to increase revenue. But that's not enough, they need more. No amount of money is enough for Microsoft.

A key part of Microsoft's product strategy for the next decade is Digital Rights Management (DRM), which they couch primarily in terms of protecting the intellectual property of others. But what about the intellectual property of Microsoft, itself? It's nice to get business from protecting movies and music from being pirated, but DRM is for Microsoft mainly a means to get more revenue from customers like us.

Remember that Microsoft is moving to monthly security updates. The next step is denying us those updates unless we pay for them, and the step after that is making our software unusable if we don't install updates that must be paid for. Nearly every Microsoft user is online at some point, and at that point, their system reaches out for those automatic Windows updates. There are many ways to make sure customers pay up, and Microsoft isn't alone in implementing them. I have an old iMac, for example, that runs MacOS System 9.1. Though the iMac runs Software Update every Monday night at midnight, there hasn't been a System 9.X update to download in almost a year. That's Apple's way of forcing me to upgrade to OS X if I want that Mac to remain stable. Microsoft does the same kind of thing.

But with DRM it goes further. Imagine a remote procedure call that goes out every time you are online. The RPC doesn't do anything but act as a key. The call goes out to some Microsoft server, but it is only returned if your OS and applications are legit and up-to-date. This is how piracy goes away, and how Microsoft plans to make more money by turning us all into Windows subscribers whether we want to or not. We'll see it first when you try to play a bootleg MP3 or that VCD image downloaded from Finland, but eventually your system won't work at all if you aren't on some kind of support contract and Microsoft gets paid twice. Products that are late, products that don't work, products that people don't really want or need won't matter anymore as the money flows in no matter what. That's when the price of old pre-DRM Win98 CDs will start to rise.

Reread the Digital Millennium Copyright Act with this in mind, and you'll see that the new copyright law not only enables this kind of behavior, it enforces it. Circumventing this Windows RPC will be illegal.

None of this has to do with making computing more reliable or seamless or more trustworthy or whatever this week's catchphrase is. It has to do with improving Microsoft's financial picture at a time when the company is trying to reinvent itself as a media delivery/DRM outfit. But if they wanted to do this, why didn't Microsoft just buy a movie studio, a record company, and maybe a TV network? Because that's too small a goal. Through this DRM ploy, they'll ultimately try to grab revenue from every movie studio, every record company, and every TV network. And all the while, that cash cache in Redmond will grow and generally remain unspent until Bill Gates can finally figure out what he really wants to do when he grows up. Then look for Microsoft to start doing enormous acquisitions, first with stock and later with cash, as it attempts to pull itself out of the electronics business and into the 21st century.

Maybe, as one friend suggests, they'll see the light and join Netscape founder Jim Clarke building condos in Florida. It's a living.