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Microsoft under pressure

Microsoft likely to be broken into separate Windows and Applications companies

Things are looking increasingly grim for Microsoft as this issue goes to press. Its share price has collapsed from a one-year high of \$120 (£102) to just about half that amount. This means Microsoft has fallen behind General Electric and Cisco Systems in the company stakes. More importantly, it means Bill Gates is no longer the richest man in the world. The perhaps poisoned chalice has been passed to Oracle's Larry Ellison, whose 689,706,050 Oracle shares are looking good after a 500 per cent leap in ten months.

Showing how Microsoft affects the majority of computer users, the case has been getting extensive coverage in the popular media. Even President Clinton has been briefed on the Justice Department's proposals. Essentially, nothing less than the break-up of Microsoft will satisfy the DOJ. Its plan appears to be a split between Windows and applications and then a further split between Internet and Microsoft Office.

Users have rightly been concerned about the proceedings. Many organisations have IT strategies that more or less revolve around Microsoft. Similarly, the majority of home users employ Windows and at least some other Microsoft software. Support staff know the benefits of having a single supplier taking ownership of a problem. And Professor Stan Liebowitz from the University of

Texas, a senior US economist, believes any break-up could mean a \$30 billion bill for users.

Compatibility could also become a problem – something users currently take for granted. Most expect their Word documents to be readable by anyone who receives them. Similarly, there's an assumption that all hardware will work with Windows. Gone are the days when an application has to have its own printer driver. But if the operating system and applications are effectively controlled by different companies, support problems can be passed from pillar to post.

Some analysts and legal experts believe splitting up Microsoft could be good for the company. The alternative is a consent decree, where every Microsoft move will be monitored by the DOJ – for years to come. This is likely to severely restrict the company and it will probably see customers getting a much-reduced service. A split would almost be business as usual, once the units had become used to the new working arrangements.

Microsoft is appealing against the DOJ monopoly ruling. The majority of analysts believe the DOJ has a 50 per cent chance of its ruling surviving the appeal. But the legal process could run for several years. It was suggested many months ago that Microsoft might try to draw things out until the new US President is in post in early

2001. It's widely known that George W Bush does not favour breaking up the company.

Microsoft could already have made some gestures to solve the current crisis. Windows is such an important product that making its source code available would be seen as a huge change of heart. This could also apply to Internet Explorer. Better still, the non-server forms of Windows could have been given away. This would be the same as with the majority of the world's pay-TV companies giving away set top boxes. After all, Windows does nothing on its own – it's merely a vehicle for running further applications.

There was still some more action to take place in the US, but a UK spokesperson for Microsoft told *PC Plus*: "At this point we cannot speculate on what remedies the DOJ is likely to propose. Microsoft remains committed to resolving these issues as fairly and quickly as possible and we continue to stand by the principles that are important to us – namely the right to innovate and make products that improve people's lives."

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DOJ RULING

Microsoft criticised

What the company has been accused of...

- Microsoft has used tactics that are predatory
- Anti-competitive measures were used to maintain Microsoft's monopoly power
- Internet Explorer was unlawfully tied to Windows
- Netscape Navigator and Sun's Java were prevented from fulfilling their full potential



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Another security hole in Microsoft's Web software

But networking stays in Windows Millennium

A back door has been revealed in Microsoft's FrontPage 98 and Internet Information Server (IIS) 4.0, at a time when the company is keen to stay out of the headlines. The routine is placed in the software by Microsoft programmers as part of the FrontPage upgrade and Option Pack 4 for Windows NT 4. The phrase 'Netscape engineers are weenies' forms part of the access procedure.

Microsoft has admitted the code exists, but says it only allows files to be read. However, anyone with the right knowledge would be able to extract data from Microsoft servers – even credit card numbers entered on Web sites. The code is contained in the file `dwvssr.dll` and



Is your Web server safe?

this provides access to the management features of the server software. Users are advised to rename the file and then delete it. Further information can be found at www.microsoft.com/technet/security/bulletin/fq00-025.asp.

Meanwhile, Microsoft has backtracked on plans to remove 'business networking' functions from Windows Millennium Edition (due out on 26th May). It had previously indicated that the latest upgrade to Win9x would not

be able to connect to Novell or Banyan networks. This caused an outcry from business users, who saw it as an attempt to force them into a Win2000 upgrade.

Microsoft has now agreed to restore this functionality. However, although it has committed to producing Active Directory clients for Win95/98, it looks unlikely that Windows ME will be supported. Microsoft is keen to position Win2000 as the premier desktop operating system for business users.

ADSL prices out

BT finally tells us the cost of going broadband...

BT has unveiled plans to split into several divisions. The current fixed line business will be split into wholesale and retail units. There will also be four separate international units for wireless operations, broadband services, Internet and directory publishing. BT says the move will help shareholders understand its business and it could lead to further possible flotations. Yellow Pages has been a sell-off candidate for many years.

It's not clear how this announcement will affect customers. BT has never been a leader in technology. It's always been down to rivals to make the bold moves – the most recent example being AltaVista with its low-priced unmetered Internet service. BT has received a stream of criticism for the way it's handled Internet access in the UK – expensive day time rates, metered connections, minimum call charges, high ISDN pricing and delays to new technologies such as ADSL.

And on the subject of ADSL, BT has finally announced launch details. From July, a £39.99 monthly subscription will give users an 'always on' 512kbps downstream and 256kbps upstream connection. 25 per cent coverage is expected at launch, rising to 40 per cent by the end of the year. A £150 installation fee applies, although this will be waived for users registering before 30th June.



BT – users have had to look to rivals for the best Internet deals

BROWSERS

AOL unveils Netscape 6

...But its on-line service has to continue with IE

AOL has unveiled the first major new version of the Netscape browser since it took over the company last year. The Netscape developers are no longer part of a slim startup organisation. Now merged into a giant corporation, development times have increased dramatically. The new browser will not be available until October and the company is playing the numbers game by going straight to version 6.0.

But due to contractual commitments, AOL has to continue using Internet Explorer as part of the interface to its proprietary on-line service. Not only is this embarrassing for AOL, it also shows Microsoft in a bad light – the US monopoly ruling said that Netscape had been prevented from fulfilling its full potential.

Netscape 6.0 includes a mini companion browser, language translation, a customisable search and improved speed. The extra speed comes from the company's own Gecko technology – something already supported by IBM, Intel, Sun and Red Hat. The new browser also sports a blue interface. But fewer navigation buttons and more Netscape-specific features means the interface will not be to everyone's liking. (See p 22 for preview).



It's an October debut for the late successor to Netscape 4.

INTERNET

FREE PHOTO STYLE GUIDE

Lexmark and David Bailey have got together to produce the 'Lexmark Photography Style Guide'. Grab a free copy by emailing details to style@lexmark.com or registering at www.lexmark.co.uk.

TRAVEL INFO IN YOUR HAND

UK-based Kizoom is offering a Wireless Application Protocol (WAP) service for on-the-fly travel planning.

One of the first practical implementations of WAP, the service combines a personal user profile with travel schedules to provide recommendations unique for each user.

Only rail information is provided in the first release, but the company hopes to add all forms of transport in the future. Currently running as a free pilot, users can register their details at www.kizoom.co.uk.

MAIL ORDER GOES DOT COM

Proving we're now in a dot com society, two well-established mail order companies are changing their identities. Evesham Micros has become Evesham.com, reflecting the amount of business it now does on-line.

Although it doesn't expect to change its well-established mail order business, it believes the new identity better reflects how its role has changed since it was founded in 1983. And the mail order side of Software Warehouse will be disappearing – in favour of the 1999 high profile startup Jungle.com. Software Warehouse started in 1989 and its 30 shops will now be sold to a management buyout team.

The company is famous for having staff pictured in its catalogue – with the same photo sometimes appearing with different names.

PM WANTS UK ON-LINE

The Prime Minister had said that he wanted all public services to be on the Internet by 2008. This has now been brought forward to 2005.

Services that will be provided this way include tax, national insurance, VAT and vehicle registrations. The whole initiative has been dubbed 'UK Online', much to the annoyance of the west country-based ISP.