

From: Jacy Odin Grannis
To: Microsoft ATR
Date: 1/14/02 2:34pm
Subject: Microsoft Settlement

Your Honor; Ladies and Gentlemen:

I am writing out of deep concern about the proposed settlement plan. It is my contention that the settlement focuses on remedying what are, in the end, minor issues and does not begin to address the larger issue of Microsoft's true impact on the competitive landscape.

As noted in the findings of the court, Microsoft is a monopoly. The most damaging aspect of this is Microsoft's ability to unilaterally set de facto standards for the computing industry. Microsoft argues that by so doing, it is acting in the public interest. Certainly standards do benefit the industry, but it is also certainly not true that Microsoft is uniquely capable of coming up with the best standard. In fact, it is easy to demonstrate that Microsoft is not truly using this power to improve matters for the consumer, but to further extend its own monopoly. For example, RealAudio was one of the first products to offer streaming media for the Internet. It would not be a stretch to say that, at one time, it was the de facto standard. Microsoft saw that it was behind in the game, but rather than working to improve the standard that existed, it came up with its own proprietary standard that would require the use of its products and which would only run on Windows. Not only that, but it began to bundle its own player as the default player with Windows. Now, while Microsoft's Media Player may, now, be technically the match of other media players, but at the time it was not. However, consumers have demonstrated time and time again that what matters most to the majority is not technical superiority, per se, but convenience. Thus, though Microsoft's player might not have been the best; it was already there, and more or less did the job, so they consumers used it if they could. If Microsoft did not have this huge advantage, however, it is very questionable whether their product could have survived. Nonetheless, it did, and now RealAudio is engaged in a pitched (and, it seems, losing) battle to get users to use its products.

There are other very similar examples such as Netscape, Outlook Express, and MSN Messenger. In each case, Microsoft started behind the competition with an inferior product. However, by bundling their product with the operating system and by, in effect, dumping their product for free, they overtook other competitors whose main revenue was selling a competing product.

Microsoft Office is another huge cornerstone in the monopoly. It has, itself, become a standard. It helps reinforce the Windows monopoly. Anecdotally, and speaking only for myself, I can say that I have become very frustrated with Windows over the past several years. It is not nearly as stable as I would like, and it has too much baggage that slows it

down. However, I find that I am unable to drop it entirely and go to Linux (which is a technically superior system) largely because I use Microsoft Office, and it is not available on Linux. I am certain that I am not the only person in that position, though I can not offer statistics to demonstrate what sort of population I represent. However, the point remains that there is a demand for other operating systems. An independent company would likely want to meet that demand, to give users the software they want on whatever platform they want to run. But Microsoft, which has become a monopoly in so many areas of the software industry, has a disincentive to meet that demand. Rather than develop new versions of their programs for other operating systems, they continue to develop almost solely for Windows. Their statements to the contrary, this is not because of any technical superiority enjoyed by Windows. Their only motivation is to further the Windows monopoly.

In the end, these examples become self-reinforcing. Microsoft Windows enjoys a monopoly position in the operating systems market. Microsoft develops new standards that require the user to be running Microsoft Windows. It pushes these standards and creates new monopolies by bundling its technologies with the operating system. It enjoys other monopoly positions with other products, such as Office. It concentrates its development of these products mostly or exclusively on Windows (Microsoft's support of the Mac is laughable, and only exists to give it a chance to say they aren't doing what they're doing). This reinforces their Windows monopoly. Since users have to have Windows to run software they need, such as Office, they use Windows. Other companies know that users have to be running Windows, so they develop for it. This furthers the OS monopoly of Microsoft. In the end, though, everyone but Microsoft loses. They can dominate any market they enter by virtue of their sheer size and position. All the other companies are forced to scrape along in niche markets because they can't really compete with the position Microsoft has built for itself.

The proposed settlement fails to remedy this situation. Even with the settlement remedies in place, Microsoft will still be able to bundle new products and technologies in to Windows, stifling competition. Indeed, this is currently going on. Microsoft has decided that it does not want to support Java because it does not have proprietary control over it. So it has created a new language, C#, as a competitor. Their whole .NET strategy is a prime example of Microsoft using its position to further its monopoly. And there is nothing in the settlement that will prevent them from continuing to pursue this strategy.

What, then, is the remedy? First of all, Microsoft must be broken up. Windows should become its own company. Office should become its own company. And the rest of Microsoft's products should go in to a third company. Secondly, Microsoft should be forced to devote equal development resources to developing its applications, especially Office, for an alternate platform. Preferably this would be Linux, but the Mac OS X would

do as well. Thirdly, Microsoft Windows source code should be released to the public. Not as free code, but on an open source license that allows people to see the code for free, but requires them to pay a license fee if they want to use it. Finally, the different companies that emerge from Microsoft should be forbidden from entering into any collaborations with each other whatsoever for a period of five years.

Thank you for your time.

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