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Through a combination of tactics that many people would consider monopolistic Microsoft is now involved in almost every aspect of the computer and computer-related telecommunications markets and is emerging as a major player in Internet commerce and on-line media ventures.

As of March 1997, 87% of all the software developers were actually developing the Windows bit 32 platform, which is the operating system for Microsoft. Fifty three percent of 2.4 million US Professional developers use Microsofts visual basic program as their primary development language(1) Microsoft is playing an increasing role in their technical education, forging commercial partnerships with both commercial and academic training institutions.

Microsofts Internet Explorer desktop browser has overtaken Netscapes software for navigating the Internet. Microsoft also has made many alliances with banks and its financial software, Money and Personal Investor, along with its financial server software, Microsoft is emerging as a key player in shaping the on-line financial transaction system of the future. Its ownership of the Microsoft Network(MSN) and its partnership with NBC, which has created MSNBC venture has given Microsoft strong distribution outlets for its emerging range of media content. Its investment in Dreamworks gives it a position in Hollywood movie and music production that can be assembled into its on-line ventures involving interactive multimedia as computers and television combine in coming years.

Also Microsoft is working to control the way people connect to the Internet from work and home. Its \$425 million purchase of WebTV gives it control of a major avenue for non-PC internet access. Its \$1 billion investment in the cable company Comcast and proposed investments in US West cable now make it a major player in designing standards for accessing the Internet over cable. Microsofts Bill Gates is in partnership in a \$9 billion venture to create a low-orbit satellite system called Teledesic that could give high-speed Internet access to anyone anywhere in the world, an investment supported by the US government through a massive free giveaway of radio spectrum to the company. Microsoft has used that financial clout consistently over the last few years to acquire companies and their software and human assets, while sealing financial alliances with a range of partners. While many of the financial details have not been made public, Microsoft spent an estimated \$1.5 billion between 1994 and 1996 on acquisitions.(3) Microsoft has purchased many companies buying or investing in over twenty companies in 1996 alone.

Its investment have not only been with the \$1.5 billion spent on WebTV and Comcast, the \$150 million invested in Apple, and the hundreds of millions invested in additional Internet-related companies, including its key investments in audio and video streaming. It has been acquiring key strategic technologies at a rate of over one per month. Surprisingly Microsoft is not at the peak of an industrys size but at an early stage in markets that are expected to explode in the next decade.

If unchecked, there is a real possibility of Microsoft becoming a financial and technological mountain dominating more markets and industries than any
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monopoly has ever dominated. The nature of high technology makes each individual market linked to other markets through a combination of software standards, training skills, development tools and physical architecture that must all be able to work in combination. The key to the economics of networked technology is that products and markets do not stand alone in these high-technology markets but instead reinforce one path of innovation versus any alternative path.

An operating system attracts software developed around that operating system, which discourages new competition since any alternative faces not only the challenge of creating a better operating system but competing against a while array of already existing software applications. Businesses train employees in one technology and are reluctant to abandon that investment in training, while the existence of a pool of people trained in that technology encourages other businesses to adopt that technology. And as desktop software has to be able to work with client-server networks and an array of other technologies, it becomes nearly impossible to abandon an established set of technology standards that tie those different parts together. These so-called network effects give an incredible anti-competitive edge to companies like Microsoft that