Microsoft as a monopoly 12350

Technology, Computer

My position today is proving to you, Your Honor, that Microsoft has used monopolistic practices and market power to foster a non-competitive climate.

According to Webster, a monopoly is the exclusive control of a commodity or service in a given market.

Microsoft has achieved their status of being the largest Software Company in America by creating a monopoly and using unfair business tactics. It may seem impossible for there to be only one supplier of any product in the software industry, since there are so many software companies. If you consider the market for a particular software product, such as an operating system, the idea seems much more plausible. In addition, there are several factors that lead to consolidation, which are true to the software industry and the operating system segment in particular.

Three main facts indicate that Microsoft enjoys monopoly power. First, Microsoft s share of the market for Intel-compatible PC operating systems is extremely large and stable. Second, it s dominant market share is protected by a high barrier of entry. Third and largely as a result of that barrier, Microsoft customers lack a commercially viable alternative to Windows.

Microsoft possesses a dominant, persistent and increasing share of the worldwide market for Intel-compatible PC operating systems. Every year for the last decade, Microsoft share of the market for Intel-compatible PC operating systems has stood above %90. For the last couple years the figure has been at %95 and analysts project that the share will climb even higher over the next few years.

The barrier that helps define the market for Intel-compatible PC operating systems protects Microsoft s market share. The applications barrier would prevent an aspiring entrant into the relevant market from drawing a significant number of customers away from a dominant incumbent even if the incumbent priced its products substantially above competitive levels for a significant period of time. This barrier has similar effect within the market: It prevents Intel-compatible PC operating systems other than Windows from attracting significant consumer demand. It would continue to do so even if Microsoft held its prices substantially above the competitive level.

Microsoft s market share and the application barriers to entry together endow the company with monopoly power in the market for Intel-compatible PC operating systems is directly evidenced by the sustained absence of realistic commercial alternatives to Microsoft s PC operating system products.

The message that Microsoft s actions have conveyed to every enterprise with the potential to innovate in the computer industry is at most harmful. Through its conduct toward Netscape, IBM, Compaq, Intel and others, Microsoft has demonstrated that it will use its prodigious market power and immense profits to harm any firm that insists on pursuing initiatives that could intensify competition against one of Microsoft s core products. The ultimate result is that some innovations that would truly benefit consumers never occur for the sole reason that they do not coincide with Microsoft s self-interest.

All of the evidence points to Microsoft as acting in a potentially illegal manner and definitely an unethical manner. Something must be done to prevent further acquisition of power by Microsoft, which would allow more abuse to occur.