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Digital Age: Strategic inflection point

The phenomenon is nothing new. The development is not surprising. But the implication of Microsoft in an antitrust case for 'anti competitive and predatory behaviour' is sure to redefine the business paradigm in the high tech arena all over again.

It is almost a replay of sorts of the well-known AT&T case. AT&T - 'the telephone company', held complete monopoly over end-to-end telecom service in the US in 1960s. It designed, manufactured and even bundled its own equipment, from handsets to switching systems apart from providing local and long distance telephone call services to its customers. The US federal communication commission's ruling in 1968 effectively removed the monopolistic hold of AT&T over the telecommunication market. Not just that, AT&T was forced to break up paving way for smaller players to flourish in the burgeoning US telecom market. This redefinition of business landscape is what Andrew Grove calls the strategic inflection point in his best seller 'only the paranoid survive'.

The ruling against Microsoft is something similar to AT&T case but with far reaching consequences in the present convergence era. To use Grove's terminology, it has a 10x effect on the business of technology.

The Microsoft case itself has got nothing to do with the realignment of business forces. This development along with the volatility of high tech markets point towards two broad developmental patterns. At one end we are witnessing the collapse of monopolistic approach to business practices. On the other end we see the merger of large corporations to form mega corporations like the coming together of Time-Warner and AOL. Aren't these megamergers creating even bigger monopolies?

Keeping the business angle at bay, it is interesting to note what these broad

development patterns mean to the business of technology at large. The Time Warner - AOL merger has definitely created a large business conglomerate. But underneath the business benefits, one can see the willingness to share knowledge, ideas and intellectual properties. It is in fact a true convergence of thoughts and an overwhelming shift towards a free knowledge society where knowledge is nobody's sole preserve.

There cannot be a better beginning to the new millennium than the realisation that the knowledge convergence is inevitable for the technological and business progression, even if it is at the cost of putting the most loved corporation in the world to sword.

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Federal Court's ruling against Microsoft: What next?

A US federal judge this week ruled that Microsoft Corporation had violated Anti-trust Law. How will this ruling against the most successful software company in the world affect the IT scenario worldwide. Would Microsoft break up? What'll be the impact of this on Indian IT sector? Is this the end of monopolistic business? Nagesh Joshi spoke to Aditya Sapru, Director, Frost & Sullivan, Sanjay Morab, Associate with Strategic Partners and Suhas Pathak, Vice President, System integration Division, Tata Infotech for their reactions to this development. Excerpts

Would this lead to the break up of the company?

Sanjay Morab - My feeling is, it will lead to the break-up of the company; Microsoft doesn't have too many options now.

Aditya Sapru - From the declaration of the Federal judge it appears that a split is imminent, but I personally don't anticipate a break up in Microsoft too soon. The case is likely to be heard in the circuit court before it goes to the Supreme Court.

Traditionally, the US government has not interfered in the business processes. Much of the economic expansion in USA in the

last eight years can be attributed to its government's "analyse-and-act" policy. It is likely to be the same in this case. I doubt if this judgement is going to be allowed to determine the future of the path breaking technology companies that hold a significant market share.

Suhas Pathak - I don't think this will result in a split. There definitely will be restructuring of the company, but the courts will try to arrive at a mutually acceptable solution to the problem. If the company is divided into different units, then the problems related to control would arise.

Is it a setback to the route of mergers and acquisitions?

Sanjay Morab - Certainly not. Mergers/Acquisitions are a way to build market-share and improve efficiencies and not only to maintain monopolies

Suhas Pathak- I think, it is using its monopoly for squashing competition, which is bad, and not the monopoly itself. Microsoft was saying, "Everybody should buy our solutions". They left no choice to the customers. In a market economy a customer should be the king. The choice should be with customers.

Aditya Sapru -The specific strategies or practices you adopt are likely to be different and therefore can always be judged favourably or otherwise in hindsight.

Look at this issue from a purely business angle: Every business organisation in one way or the other is driven to achieve a superiority position in market. The firms try to obtain strategic control of the micro or macro issues that influence them.

Would this boost the spread of Linux?

Sanjay Morab- There are other issues, which are linked to the spread of Linux, like support and training availability. Microsoft will continue to dominate even in the medium term. Realize that Microsoft is an excellent marketing company in addition to being a technology company

Aditya Sapru - Microsoft has made available a Windows, a common platform. A significant amount of development that has happened today can be attributable to the

fact that there was this common platform available.

However, this will definitely give a shot in the arms for the Linux operating system. It will certainly get a psychological advantage.

Impact on Indian IT-sector

Sanjay Morab -This is unlikely to have an impact on the Indian IT sector, as we are still more dominant in the services space.

Aditya Sapru -This verdict is not likely to have any drastic influence on the growth of the Indian IT sector. The IT-industry in India is well hedged for that to happen.

Suhas Pathak- The effect of this verdict in the long run will be very negligible. Nevertheless, it will have a positive influence on the growth and spread of Unix and Linux all over the world.

we got mail

Your last issue was quite an eye-opener, especially the events page and changing role of CIO made interesting reading. Digital Age should concentrate more on latest products, ISPs and computer literacy.

Col (retd). B C Halan, Faridabad.

The Network Age section is interesting which helps to enhance our information base. dotcom articles were very enlightening but you should now carry more articles on convergence and digital economy

Adarsh Bir, Dehradun.

Guidelines for Contributors

If you wish to send an article, here are some guidelines that will help you get your article published quickly in Digital Age.

Get in touch with the Editor at manoja@mm.strategicnewspapers.com with an outline of your article.

The article should :

- Be highly focused, Cover the subject in depth
- Give practical examples illustrating the points
- Divided into sub-sections with appropriate subtitles
- Accompanied by relevant photographs and diagrams
- Include your name, email address, occupation and city.

