



Positioning for a total business monopoly

Business Commentary

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With the dust settling on the Microsoft anti-trust case a few lone voices have been heard saying, “it addresses desktop computing but what about the Internet”. Well it is not the Internet that matters but the ability of one company to monopolise standardised marketplace computing through an operating system and set of killer applications.

To trade, companies have to operate within marketplaces. The need to lower costs has seen standardisation within companies and parts of their operations within markets, e.g. automobile parts. The Internet will see the full standardisation of business operations within marketplaces (between companies). Those that provide the operating system and killer applications for these marketplaces (marketplace computing) will be able to control market access. Any one company achieving market dominance within and between marketplaces is in a position to achieve a total business monopoly. Pressure could be brought to select who stays in business, who will partner with the provider of marketplace applications and operating system, preferential discounts on transaction costs to selected companies and more.





Just as a set of tightly integrated killer applications and operating system has seen standardisation of the desktop and people now use the software just because every one else does, the same is set to occur with marketplace computing. Though with marketplace computing there is no higher level.

Simply, different marketplaces need to work together and so achieving standardisation in one marketplace will see it across all marketplaces. There is no level higher than marketplaces.

One company has achieved a monopoly in the desktop operating system and killer applications. The resources brought through this are being used to standardise and obtain market dominance in enterprise applications, Web browser and more. Marketplace computing comes next.

If one company wanted to achieve market dominance in marketplace computing, what strategy would they adopt?

- Leverage the existing resource base and market share to integrate and standardise other applications;
- Bundle products within and between applications;
- Align with a leading provider of professional services, e.g. Accenture, to determine the requirements for marketplace applications;
- Develop an operating system and related killer applications for marketplace computing that are tightly integrated and standardised;
- Develop tools for the use of XML¹ and to standardise the transfer of information with the ability to charge on a transaction basis;
- Use your XML tools to integrate existing but rival applications, like SAP and Seible, and make them dependent upon you;

		Standardized
	Desktop O/S	✓
	Desktop killer applications	✓
	Enterprise killer applications	?
	Marketplace O/S and killer applications	✗

¹ XML is eXtensible Markup Language – a self describing format for the structuring of information.



- Align with hardware providers to ensure optimisation of the hardware to meet the needs of your software and ensure the distribution of your operating system and applications with the hardware (computers, PDAs, phones etc.);
- Use a Web browser to provide a common interface for accessing marketplace computing on any device;
- Use a leading provider of professional services, e.g. Accenture, to implement marketplace standardisation and to provide the information required for ongoing developments;
- Make applications available across the Internet using an ASP (hosting model) where users pay by the transaction or for the download of the software and data (like the models used for electricity and phone calls).

This series of steps for achieving market dominance in marketplace computing may seem obvious and all too familiar to those who closely follows the trends in the IT industry. Once again, Microsoft has had the vision to gain a competitive advantage over its rivals and is currently leading the marketplace computing race.

Since content is effectively raw data distributed by killer applications, content will follow the applications. By developing the applications, a competitive advantage over the content providers is obtained. Whilst providers of content can replicate the operating system killer applications for marketplace computing, it should be noted that these take longer to develop than individual content elements. Microsoft is positioned to acquire content providers.

Since the operating system for marketplace computing will operate over VoiceOverIP networks and all Internet applications and communication via the Internet are ultimately dependent upon bandwidth, the role of the Telecommunication companies (Telcos) within marketplace computing is critical. Telcos can replicate content, the killer applications and operating system but the cost and time required to duplicate a Telco network is prohibitive. Once the Telcos are aligned with the marketplace computing killer applications and operating system, who can compete. Is Microsoft going to align or acquire a few Telcos before any one else?

Have the regulators missed all of this in the anti-trust cases against Microsoft? Well it seems that way but then does any one remember the threat of Microsoft to move operations over the boarder to Canada?

