

As Seen On:



## Windows XP Launch - Home Run or Base Hit?

By Khan Klatt

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**Many IT departments will not be upgrading their computers with Windows XP, but instead will try to remain productive using existing systems.**

Through the years, Microsoft (NASDAQ: MSFT) has used some rather unconventional methods to increase adoption of each new release of its operating systems. Sometimes this strategy has even included making disparaging remarks about its previous OS in an effort to sell more of the new one.

While this strategy did aid in the adoption of previous OS updates, I don't believe that it has the capability to be as effective this time around. Windows XP doesn't make as significant a departure from Windows 2000 and Windows NT as these operating systems made from their predecessors.

Sure, there will always be the early adopters and those who expect to cut their IT support costs by jumping on the Microsoft OS bandwagon, but it's the CFOs that sign the checks. It is these individuals who are most aware of the uncertain economic conditions that their companies face. Because of the current climate, it is commonly expected that IT department budgets will be cut significantly, and employees will be asked to do more with less.

It has been suggested that many IT departments will not be upgrading their computers with Microsoft's latest, but instead will try to remain productive using the existing operating system.

The most important opportunity for XP growth is as the incumbent OS on all new computers purchased. Unfortunately, new PC sales have been extremely soft and will continue to be so until the economy picks up. Many industry analysts have concluded that this will occur -- at the earliest -- in about six months.

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## Timing is Everything

All of these factors point to a very soft adoption curve for XP, which comes at a very inopportune time for Microsoft.

Although Microsoft's competitors are working under the same economic conditions, few of them appear to be facing the same hurdles.

Although many Linux companies have experienced significant drops in their stock, these companies should most surely not be counted out. Linux development, although aided by these companies, isn't solely dependant upon them. Linux and BSD development will always continue, regardless of the state of the economy.

## An Apple a Day?

Similarly, Apple recently launched its next-generation operating system. To the surprise of many industry analysts, Apple's OS X seems to defy the current economic sluggishness, with consumers lining up around corners to purchase the company's latest OS update.

It has been said that Microsoft is organizing an advertising push so intense that it will make the Windows 95 launch budget look like chump change. Will this unprecedented expense actually make good financial sense, or will the extra expense make XP even less profitable for Microsoft over the short term?

## At Bat

Of course, it would be foolish to count Microsoft out of the game in any case.

The company has a captive audience of customers -- thanks to its OS monopoly -- but if Microsoft is expecting a home run with the launch of XP, it might be more realistic to expect a base hit.

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