

Splitting Microsoft and It's Impact on Our Industry

Being in Silicon Valley, I frequently hear the cry to breakup Microsoft. Perhaps here, more than anywhere the breakup cry is the loudest. Still, it's surprising how many software developers would prefer not to see Microsoft split up. Among the technical crowd, the general feeling is that the breakup can hurt consumers and business more than it could help. However, most also agree that the government's case has real merits and that Microsoft has gone too far in their dealings with other companies. We'll examine what damage a split-up might cause and what that impact will be on our industry.

Back in 1982 when I started my company, I was faced with numerous operating system choices. This may bring back memories for some. Remember CPM and it's different derivatives? There was also Apple DOS and of course Unix was around. Then Apple came out with the Apple III and Lisa, both being incompatible with the Apple II and incompatible with each other. Then IBM came out with PC-DOS, which had a lot of differences when compared to the more popular Eagle-DOS. As a software vendor, it was a nightmare trying to write software for and support all of these different operating systems. For all the customers that were using these systems it was also a nightmare in that each operating system had a very limited number of software applications. Effectively, we could only choose one system to write for (if we had any hope of staying in business). Originally, we wrote for the Apple II and two years later we converted to PC-DOS -which at that time was more popular than Microsoft's MS-DOS. In this environment, there wasn't any question that consumers were hurt by all these choices. Vendors simply couldn't develop robust applications and effectively sell them when the market for any one operating system was too limited. Every software vendor knows that the larger the customer base is the more you can spread out the R&D costs among all customers. These days I don't miss.

Even the programmers don't miss these days. They well remember writing software that by the time it was

completed, the operating system had changed or altogether disappeared from the marketplace – all that hard work went down the drain. We are seeing some of the same problems today. For example, every web hosting company has significant problems building web sites that work for all the versions of web browsers out there. You must expend considerably more resources to build web sites that run both Internet Explorer and Netscape. This ultimately drives up the cost of building the web sites that businesses need. Users must deal with the problems of visiting web sites that don't run as well for their browser. For example, look at all the web sites that have special versions for AOL users. All these compatibility issues don't help anyone. Wouldn't it be great if you could add features to your web site that took advantage of everything that Internet Explorer offered without fear that half your visitors couldn't use it? Most programmers I talk to are just itching to use these latest enhancements on the web sites they build.

On the other side, is it right for Microsoft to so closely tie their browser to the Windows operating system so as to make it nearly impossible for a different browser company to compete? The answer is that it's not fair but the reality is that it's still in the consumer's best interest. When the monopoly laws were created, they were designed to help the consumer and not hurt them. Those old laws really don't apply well to the technology industry.

For the mortgage industry, we have become real accustomed to being able to send a Microsoft Word document to another company and we fully expect they can edit it and send it back. Remember the days of 10 different word processors with no way of exchanging documents with other companies. Many of our first clients use a word processor called The Word Handler (we sold it simply because it had a name similar to our mortgage software products). Once again, Microsoft's monopoly of Word Processors has truly helped our industry become more efficient.

Another example is the secondary markets that now rely on Excel spreadsheets tremendously. Back in the

days of numerous incompatible spreadsheet programs, it was always difficult to share information on loan pools. Now, lenders move spreadsheets all around the industry without concern as to what partners use what spreadsheet program.

If you noticed, there's no formal standard for word processing files and spreadsheets. The real standard is whatever Microsoft uses in their next release. Wouldn't it be nice if all mortgage companies used the same loan origination system. If they did, we wouldn't need X.12 standards or XML standards for moving borrower files around. Instead, we are faced with real difficulty when moving electronic loan files among loan officers, processors, mortgage brokers, wholesalers, MI companies, loan servicers, etc. With so many different systems, we can't just send a loan file to someone and expect them to be able to read it electronically into their system. For the efficiency of the industry, this is a very costly circumstance.

Yes, we all dislike how Microsoft has abused their position and unfairly earned large profits. We don't like some of their tactics either. However, we also don't want to return to the old days where communicating with others was only by telephone. We want to continue on the path of greatest efficiency and be able to rely on vendor defined standards as Microsoft provides for us. I just hope that whatever the government does with Microsoft, they don't end up reversing all the employee productivity gains we've seen in the last five years. Our industry for one, just can't afford that.