

Opening Up a Pandora's Box?

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The most simplistic way to measure the growing influence of open source software is by observing Microsoft's evolving strategy towards the movement. Luckily for those living in Asia, we are fortunate enough to have front row seats to one of the best shows in town: the battleground known as India. Linux's growing footprint in the country can no longer be denied, and the high stakes game has prompted Microsoft to take potentially risky measures to protect its interest.

India presents a massive long-term opportunity for Linux development and the government is helping fuel the trend by acting as an early adopter. The Department of Information Technology is actively promoting the use of free or open-source software (FOSS) as a de-facto standard in academic institutions. The National Knowledge Commission is urging governments to embrace FOSS for e-Government projects. State Governments are campaigning for the migration from Microsoft to FOSS. And these efforts are gaining steam.

The Government of Kerala recently announced full support for FOSS and preferential treatment for companies working in the FOSS domain. Although it is the first to launch a FOSS statewide program, Kerala is not alone; approximately 64% of India's state governments are using or testing Linux in some form. The States of New Delhi, Maharashtra, West Bengal, Tamil Nadu, and Karnataka, etc. have also begun major Linux implementations, and the Indian Army is just one of the federal institutions joining the Linux bandwagon.

India's federal government has, however, declined to take a stand in favor of either proprietary software or FOSS. But the government's target of achieving "IT for all by 2008" better aligns itself with the open source movement and federally backed initiatives are being implemented in support of FOSS, including one that distributed free CDs containing open-source applications. These actions, combined with Microsoft's participation at Linux Asia 2007 for the first time ever, are signs that Microsoft is keeping a closer eye on competition from the open source community.

In light of these events, Microsoft has introduced a slew of initiatives under its "Unlimited Potential" program to counter the adoption of Linux-based software in India - including the introduction of a low cost Windows initiative, Windows Starter Edition. Perhaps a natural extension of this initiative, or in an effort to offer affordable computing solutions

and technologies to meet India's needs, Microsoft recently announced a game changing move: the software giant's first-ever foray into the low cost PC sales business.

Microsoft's "IQ PC" is manufactured in partnership with Zenith and AMD and comes bundled with Windows XP Starter Edition. The US\$525 PCs are targeted primarily at students and are currently in trial projects across Pune and Bangalore.

Conceivably an extension of Microsoft's business model to get students hooked on Microsoft products when they are young, or a response to the flood of low cost PC projects aimed at developing markets, or even a philanthropic endeavor to use IT as a key enabler of social development, Microsoft's ambitions remain unknown.

However, what is known is that Microsoft's entrance into the PC market has changed the game and may potentially lead to repercussions. If Microsoft competes on white boxes and does not have to pay licensing fees, it is less attractive for OEMs to exclusively sell Windows. One possible reaction is to start selling more PCs preloaded with Linux customized to run best with their own hardware.

If Microsoft's trial is successful in India and it expands its program to other lucrative emerging PC markets, it could soon find itself with very little popular support for the strategy from its OEM partners. In this controversial move, Microsoft may be closer to opening its Pandora's Box than closing it.

But what is bad news for its OEM partners is good news for government CIO's. A common theory is that if CIO's can make Microsoft believe that they are legitimately considering FOSS, they will get a much better deal (especially come license renewal time). The tactic of playing the Linux card, or "doing a Newham," has proven exceptionally successful in negotiating down software licenses across geographies (China, England, Germany, Malaysia, Mexico, Peru, Thailand, and the Ukraine to name a few). The threat of governments defecting to FOSS with the objective of ensuring greater cost savings, security, flexibility, and growth of the local software market, combined with reduced software piracy and monopoly "lock in," has prompted Microsoft to offer a host of incentives, rebates, and concessions to limit the inroads being made by open source.

In a turnaround of company policy, Microsoft now promotes an increase in interoperability, open code, and customer choice. Through its Shared Source Initiative, Government Security Program, and the bridging of interoperability between its Open XML and ODF, Microsoft is attempting to win back customers in academia, government, and defense by providing access to previously proprietary source code. It is also strengthening ties with governments by offerings funding for major ICT implementations. In India, under its Unlimited Potential program, it has launched Projects Shiksha, Vikas, Jyoti, the MSN IQ

Beta Educational Channel, Digital StudyHall, Windows Starter Edition, and many more. With the introduction of these new initiatives, it is getting harder for CIO's to play the Linux card; however, the Government of Kerala's recent move may be unsettling enough to encourage a wave of similar scare tactics in India.

With Bill Gates' recent concession that tolerating piracy turned out to be Microsoft's best long-term strategy in China, it may be time to do the same in India. Instead of filing lawsuits under the India Copyright Act, 1957, promoting its Original Software Initiative, or launching its "Asli Windows ka Asli offer," Microsoft may want to consider fighting FOSS by simply stomaching intellectual property rights violations. Until then, CIO's are likely to continue exploiting Microsoft's vulnerabilities and OEMs are apt to expand their support for Microsoft's competition in light of IQ PCs success.