

Beating Microsoft at its own game

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Main content

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Vermeer's FrontPage won the first stage of the race to establish a proprietary Internet software standard. Yet after having sold out to Microsoft, its founder now says antitrust action is the only way to keep the giant honest. What about open-source software?

High Stakes, No Prisoners: A Winner's Tale of Greed and Glory in the Internet Wars

Charles H. Ferguson

Times Books, 1999

IN 1993, CHARLES FERGUSON, AN MIT-trained political scientist and high-tech industry consultant, had the brilliant idea of making a software tool for building online information systems. The tool, later dubbed FrontPage, was designed to be user-friendly so the nonprogrammers who were supplying on-line content could use it but sophisticated enough to provide flexibility in how to structure and present that information. Ferguson sunk his life savings into his new company, Vermeer Technologies, assembled an excellent programming team with his partner, Randy Forgaard, and raised venture capital to keep the company going. He pursued the enterprise with a mix of monomania and paranoia. When it was released in late 1995, FrontPage was far more advanced than similar products from any competitors -- including Microsoft, which bought Vermeer soon after for \$130 million.

Ferguson and his company pioneered an important way to interact with the Internet. Because of Ferguson's idea, because he backed it to the hilt, and because others saw what he was doing and imitated him, the public got easy-to-use authoring tools for Web sites a good deal earlier than it would have otherwise. We're all a little bit richer-and because Ferguson managed to carve out a small slice of this new wealth for himself and his colleagues, they're now a good deal richer.

As part of the deal for FrontPage, Microsoft bought Ferguson's silence for two years. That period is over, and Ferguson is now offering society a different kind of product: a detailed, extraordinarily honest account of his experiences in the world of high-tech start-ups. Ferguson names names and launches a great deal of criticism - much of it aimed at himself. But readers who get past the dirt will be treated to a multifaceted case study of how to compete in the software industry. Ferguson's narrative misses the mark only when he argues that Microsoft's strategy of gaining proprietary control over software standards is the only game in town. There is a different approach - nonproprietary, "open source" software-that's also worth considering.

An Entrepreneur's Many Hats

The story of Vermeer is actually the first of three major threads that run through this book. The second is an account of the rise of the Internet and the consequent dilemmas of high-technology corporate strategies, written by Ferguson in his role as a business analyst. The third is a related assessment of Microsoft and its increasingly dangerous power in the computer industry, written by Ferguson the policy analyst - who feels some guilt at having profited from and added to Microsoft's leverage.

Other topics, ranging from privacy law to productivity theory, are also raised, briefly discussed, and...

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Amazon officially passed Microsoft's market capitalization last week, and continues to outperform the market at large. For the next 20 years, despite Amazon's skyrocketing growth, Microsoft maintained its lead. On Wednesday, Amazon officially surpassed Microsoft's market value, making it the third-largest publicly-traded company in the United States. Amazon officially passed Microsoft's market capitalization last week, and continues to outperform the market at large. Amazon's cloud-computing business is growing three times faster than Microsoft's — and the potential market continues to expand. When Amazon came online in 1995 selling books, Microsoft already had two decades of computer-selling experience under its belt. Google is shaking up the Microsoft market by beating it at its own game, as Nick Carr points out. One of the cornerstones of Microsoft's competitive strategy over the years has been to redefine competitors' products as features of its own products. Whenever some upstart PC software company started to get traction with a new application - the Netscape browser is the most famous example - Microsoft would incorporate a version of the application into its Office suite or Windows operating system, eroding the market for the application as a standalone product and starving its rival of economic oxygen (ie, cash). And yes, Microsoft is expanding its compatibility to a range of services and already works with Azure AD, Office 365 and others and will help users in logging in faster and easier with Microsoft Authenticator. Thirdly, they are on a quest to unleash the full power of Mixed Reality to the masses. They released Microsoft Remote Assist and Microsoft Layout. Making a service available on their own platform will limit the number of users who can adopt them. Also, a majority of the industries do not want to go through the process of migrating their whole ecosystem to just to improve on their services. This tends to be really expensive economically as well as in terms of business opportunity cost. Vermeer essentially beat Microsoft at its own game of lock-in. And without that aggressive software code, Ferguson admits, Vermeer wouldn't have stood a chance. The start-up lacked even a minimally adequate distribution operation and sold only a few hundred copies of FrontPage before the acquisition. As Ferguson colorfully describes, the pressures and paranoia of the situation were so great that he was barely on speaking terms with his venture capitalists and his recently hired chief executive officer. Ways to Contain Microsoft. The story of Vermeer is interesting and entertaining, but would-b