News Item #4


Discussion:

Microsoft has decided that it will make the software format behind its best-selling Office programs an “open standard” by licensing the Office Open XML format for free. This move has been the result of the mounting pressure from the European Union and the European Commission as well as from competing software standards, such as Sun Microsystem’s OpenDocument format. By turning to an open standard, Microsoft can enhance the interoperability of its Office programs with software developed by other vendors, thus generating greater value for users by making the network larger. Users will also benefit from reduced lock-in because they can switch to alternative solutions without having to worry about format incompatibility. However, Office program users still face very high switching costs in terms of brand-specific training, so they are likely to stay with Microsoft unless its competitors can produce something that can offer far superior performance.
Microsoft Plans to Ease Format Rules

By VICTORIA SHANNON

International Herald Tribune

PARIS, Nov. 21 - Microsoft said on Monday that it would seek approval to make the software formats behind its Office programs an "open standard" that it would license free to competitors, partners and developers.

Jean-Philippe Courtois, president of Microsoft International, said some pressure had been brought to bear on the company in recent years by members of the European Union and by the European Commission, asking it to be more accommodating of open standards. "They asked us to do more work on our formats, and we've done that," he said.

Open standards are publicly available software or hardware specifications that provide a common method of achieving a particular goal. Under the change, the so-called Office Open XML format could be used by others to make applications and tools that work with Microsoft's popular Office document programs.

Microsoft Office is the best-selling package of business software, but many people complain that they are unable to customize the software for their specific business needs. Or, they say, they need to exchange documents with other word-processing or spreadsheet applications that cannot translate Office documents.

Microsoft said it was putting the format through a "fast track" process that could result in approval next year by the International Organization for Standardization, well in advance of the arrival of its next Office version, code-named Office 12, at the end of 2006. The company finished the first full trial version of Office 12 this month.

Some analysts said Monday's move was an attempt to pacify some parts of the customer base for Microsoft Office, which is the company's biggest source of revenue after its Windows operating system software. Some buyers, especially governments, have considered alternatives like Sun Microsystem's StarOffice word processing programs.
The State of Massachusetts, for instance, decided this fall to use a rival document format supported by Sun and I.B.M. called OpenDocument, although the decision is not final and has been embroiled in its own political controversy.

In some cases, the concern of those weighing alternatives is the amount of control Microsoft holds over the most common document formats, and over which computers and programs can manipulate them.

If the Microsoft Office Open XML format becomes an endorsed standard, "customers will have a choice" between Open Document and Open XML, said Alan Yates, Microsoft's general manager of Office.

The submission to the standardization office begins with an application to Ecma International, the Geneva-based computer manufacturer standards group. Ecma would speed the submission, perhaps as soon as its Dec. 8 meeting, Mr. Courtois of Microsoft International said.

Microsoft said the application was being supported by several partners and customers, including Apple Computer, Intel, Toshiba, Barclays Bank and the British Library.

If approved by the standardization office, the standard would allow documents created under previous Microsoft Office versions (at least as early as Office 2000) to work equally well with the Open XML standard.

Besides generating new support from software developers, Microsoft hopes to obtain the backing of those in the business of saving documents - thus the interest of the British Library.

"It is not too much to say that billions of documents will get a new lease on life," Mr. Courtois said about the ability of Open Office XML to work with older Microsoft software. The company is also working on making Office 97, designed much differently from today's programs, compatible with the format.