

Microsoft opens a new Windows in the 'cloud'

Richard Waters

Microsoft yesterday unveiled an early version of its Windows operating system that is designed to run over the internet, marking a milestone in the company's attempt to reposition its core software business around the web.

Ray Ozzie, chief software architect, called the new software "Windows in the cloud" a reference to "cloud computing", which relies on running applications in massive centralised data centres, rather than on a company's own servers or on desktop PCs.

In spite of releasing a limited version of the software for developers to experiment with, Microsoft did not say when the full version would be released or disclose how it would make money from the project.

For Microsoft, the web-based operating system, named Windows Azure, signals a potentially disruptive shift to a world in which it tries to make money from internet-based computing through subscriptions and advertising.

"The significance is immense," said Sandeep Aggarwal, an analyst at Collins Stewart.

He said that the new revenues the company would make from its web push would be complementary to its traditional software licensing business, rather than replacing it.

But he also warned that the experience of other companies that have tried to create subscription businesses around software - an approach known as "soft-ware-as-a-service" - showed that "margins are very low and it takes years and years to show profitability".

Mr Ozzie said that Windows Azure was aimed at "an entirely new tier of computing: the web tier".

The software was intended to support a new web-based software infrastructure on which mass-market services could be built and deployed, making it far more ambitious than earlier generations of centralised computing, he said.

Mr Ozzie outlined a vision for web-based computing with Azure as the basic foundation, in much the same way that other versions of Windows support computing on PCs, servers and mobile handsets.

To run on top of this, Microsoft outlined web-based versions of its existing tools for software developers so that they could create applications to take advantage of the new web-based computing power, and said the technology would also underpin Microsoft's own online consumer and business services.

"We ourselves are betting on our own platform with our own apps," Mr Ozzie said.

The announcement was made before an audience of several thousand independent developers at a Microsoft conference in Los Angeles.

Fonte: Financial Times, London, October 28 2008, Companies & Markets, p. 20.