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The Internet, Act II: A clash between titans News Analysis

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One year ago, almost to the day, Samuel Palmisano, the chief executive of IBM, delivered a speech in New York that sketched his company's vision of the future of computing, which he called on-demand computing.

On Monday in Los Angeles, Bill Gates, the chairman of Microsoft, was set to present his company's notion of where things are headed, which the software maker calls seamless computing.

Behind the marketing shorthand is a kind of war of ideas over what can be thought of as the Internet, Act II, a technological evolution that has been gathering pace. The next-generation development of the Internet has been helped by the continuing and remarkable progress in hardware. But probably more important has been the embrace of a set of software standards rendered in a nerdy alphabet soup of acronyms, like XML, SOAP, WSDL, UDDI and so on that open the door to widespread machine-to-machine communication across the Internet.

Over the past couple of years, International Business Machines and Microsoft have cooperated closely to reach agreement on the software standards, known as Web services, necessary for this next step. The two companies, however, agree on little else.

The Internet, Act I, was mainly about e-mail programs and downloading digital information to look at or listen to Web pages, animations, video and music. Act II should bring all kinds of automated transactions among businesses and individuals. And those transactions will be able to include a hint of computer-aided intelligence.

An example could be arranging an appointment with your dentist. Your calendar information, with stated time preferences and availability, exchanges data with your dentist's calendar to automatically set up an appointment. Similarly, companies should someday be able to conduct computer-automated auctions with suppliers.

The next-generation Internet can be thought of as the beginning of what researchers have said might be possible with software agents, or bots, performing as human assistants.

Many companies, including Hewlett-Packard, Oracle and Sun Microsystems, have their strategies and marketing campaigns for pursuing this next stage of computing. But IBM and Microsoft are the two with the greatest influence.

The Microsoft vision centers on the individual and technology tools, foreseeing a kind of rerun of the personal computer revolution in the Internet era. IBM sees the computing evolution as helping free companies from the previous constraints of technology so they can focus more on using technology to streamline business processes and seek new markets than on the hardware and software itself.

One implication, IBM says, is that companies need not have so much internal technology. Instead, they can buy computing and technology services from outside suppliers like IBM, almost as if they are dealing with a utility, paying only for what they use, on demand.
Their separate paths provide plenty of grist for debate. Microsoft portrays the IBM strategy as trying to exploit a post-bubble loss of enthusiasm for technology and persuade companies to hand over their computing chores to IBM. But when technology goes out the door, Microsoft insists, so do opportunities.

IBM is talking about taking all the things we do now and outsourcing it, Gates said last week. The utility model suggests that it is not about empowerment. Microsoft executives compare the first stage of the Internet to the mainframe era, with the Web server computer the equivalent of the mainframe and the browser as the equivalent of the simple, dumb terminal of the mainframe days.

The personal computer, they say, brought an explosion of creativity and opportunity as millions of people began using computers and programming themselves. Some were professionals, they note, but many others were ordinary people using the simple programming tools in a spreadsheet, for example, to simulate and test new ideas for a business.

The next stage of computing, employing the Web services software standards, will do the same thing for the Internet, Microsoft executives say. The Internet will be programmable, said Microsoft's chief technical officer, Craig Mundie.

And there's no reason why the bulk of humanity won't be able to apply the tools we're talking about to this new world.

Some 7,000 people have registered to attend Microsoft's professional developers conference, which began Monday in Los Angeles. The turnout is a record, Microsoft says. The computer professionals were shown glimpses of Microsoft's next version of Windows, named Longhorn, which will be built using Web services standards. Microsoft has not said when Longhorn will be ready, but it is not expected to be shipped until late 2005 or 2006. Microsoft will not announce a shipment date at the conference.

At the conference, Microsoft is showing the professional programmers a set of development tools, called Indigo, intended to allow a programmer to write a Web-services application once that can then run on several devices a PC, a personal data assistant, a mobile phone.

This is Microsoft's notion of seamless computing. The devices need not be running Microsoft software, in the same way that e-mail messages can be sent and received by people using different e-mail programs. But, of course, the Microsoft message is that the preferred technology is Windows.

The Windows-centric strategy, IBM executives say, is increasingly out of step in a computing world moving toward technical diversity and open standards not owned by any one company.

Microsoft today reminds me of IBM in the years from 1968 to 1990, said Irving Wladawsky-Berger, vice president for technology and strategy at IBM. We were doing lots of things but the No.1 thing was to protect the mainframe franchise.

Windows will continue to be a superb legacy business, just as the mainframe is for us, Wladawsky-Berger said. It's just that the dynamics change.

IBM clashes with Microsoft not least because IBM is the leading corporate backer of the free Linux operating system, a direct challenge to Windows. IBM regards the spread of Linux as part of the inevitable market of open technology standards.

I regard it almost as a law of nature that anytime an Internet-based standard is good enough, it will take over the volume business from the proprietary standard, Wladawsky-Berger said. He regards Linux as one of those Web-based standards.

Microsoft's Windows is perhaps the most lucrative volume business the world has ever seen.