

Pride before the fall. The Trials  
of Bill Gates and the End of  
the Microsoft Era

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# Prologue

## The Humbling

United States v. Microsoft was one of the largest, most consequential and most controversial antitrust actions in American history.

Paul Maritz, the most powerful executive at Microsoft after Gates and Ballmer, announced he was leaving. Steve Ballmer became Microsoft's newly elevated CEO.

No corporation in history had ever risen so far so fast. None had attained such stature, power or profitability in breathtakingly short a time.

Microsoft's business practices, once brought to light, would have been enough to convict in any court in the land.

## Chapter 1 The case that almost wasn't

Microsoft's troubles with the Department of Justice began in earnest in the spring of 1996.

The cover of *Wired* in August 1997 declared Gary Reback "Bill Gates" Worst Nightmare.

By the middle of 1995, Netscape Navigator Browser was the world's most rapidly proliferating piece of software.

## Chapter 1 The case that almost wasn't

A team of Microsoft executives had visited Netscape's headquarters in Mountain View, met with its CEO, Jim Barksdale, its marketing chief, Mike Homer, and Andreessen, and offered them a "special relationship". If Netscape would abandon much of the browser market to Microsoft, if it would agree not to compete with Microsoft in other areas, if it allow Microsoft to invest in Netscape and have a seat on its board of directors, everything between the two companies would be wine and roses. If not...

## Chapter 1 The case that almost wasn't

Microsoft had threatened to cancel Compaq Computer's Windows license when Compaq tried to replace Microsoft's browser, Internet Explorer, with Netscape Navigator on some of its machines.

Microsoft's primary objective was not to dominate the browser market for its own sake, but rather to protect its dominance over operating systems. The browser was more than just another software application -it was a potentially rival platform that held out the possibility of turning Windows into a commodity.

## Chapter 1 The case that almost wasn't

The monopolist has vast resources, while its rival has very modest ones; barriers to entry are high; and, once the rival is out of the way, the monopolist's road ahead looks clean.

Microsoft strategy for Internet commerce was to get a "vig" from every transaction on the Net that used Microsoft technology.

## Chapter 1 The case that almost wasn't

Microsoft's \$150 million investment in Apple marked the official end of what was once computing's fiercest rivalry, demonstrated that Steve Job's company was dependent on Bill Gates's for its very survival, and was seen in the Valley as a mortal blow to Netscape, whose browser was being ousted from its last refuge, the Mac desktop.

## Chapter 1 The case that almost wasn't

This is, at bottom, a very simple case, the white paper concluded "It's about a monopolist (Microsoft) that has maintained its monopoly (desktop operating systems) for more than 10 years. That monopoly is threatened by the introduction of a new technology (Web Software) that is a partial substitute -and in time, could become a complete substitute- for the monopoly product. Before that happen, the monopoly decides to eliminate It's principal rival (Netscape)".

## Chapter 2 The Accidental Trustbuster

Netscape white papers was the catalog of abuses that accused Microsoft.

The browser war was about more than two browsers, its about Microsoft protecting its operating-system monopoly.

Microsoft threatened to revoke Compaq's license if it removed IE in favor Netscape.

## Chapter 3 The Shadow of the man

At the *Agenda* conference, Rod Gleaser asked Gated: "Bill, do you really think there is no limit to what should or should not be included in the operating system? If there is a limit, who should it set? Microsoft? The Justice Department?"

Of the trendy Sun software technology Java, a suit in which Sun accused Microsoft of breach of contract, trade mark infringement, false advertising, and unfair competition.

## Chapter 3 The Shadow of the man

Microsoft asserts that integrated means whatever Microsoft says it means.

Steve Ballmer had long been Gates's best friend. They were classmates at Harvard - through Ballmer graduated while Gates dropped out -after which Ballmer worked briefly at Procter & Gamble and then spent a year at Stanford business school before joining Microsoft in 1980. Ballmer had been Gates's number two through most of Microsoft's history. Paul Allen, Gates cofounder, left Microsoft in 1983).

## Chapter 3 The Shadow of the man

Paul Maritz (Microsoft) started that the company goal was to get control of and neutralize Java, which was then being sold as a kind of "digital Esperanto" that would let software coders create programs that could work without changes on many operating systems. Scott McNearly considered the document prima facie evidence that Microsoft had signed its Java contract in bad faith. I asked Ballmer if McNearly was right.

Sun is just a very dumb company, Ballmer said.

## Chapter 3 The Shadow of the man

Microsoft is the greatest corporation of the second half of the 20th century. Two things guaranteed its gorillahood. The first was Microsoft's success, with the introduction of Windows 3.0 in 1990 and Windows 3.1 in 1992, at knocking its graphical OS into decent shape, or at least decent enough shape for most consumers and corporations. The second was the roll-out in the nearly 1990s of Office, Microsoft's suite of productivity software (Word, Excel, PowerPoint), which commenced the process by which the company wiped out most of its rivals at the desktop applications market.

## Chapter 3 The Shadow of the man

The average age at Microsoft was under thirty. "We found it was easier to create a culture with people who were fresh out of school rather than hiring people from other company and other cultures (...) an army of young men (mainly), most of them unusually bright, many of them abnormally, wealthy, working endless hours and pulling frequent all-nighters. Microsoft had always retained the air of a fraternity.

## Chapter 3 The Shadow of the man

Machismo, callowness, and profanity were not exactly unique to Microsoft; they were staples of life in Silicon Valley too. Staffed mostly by folks who had never worked anywhere else, Microsoft was the frat house from another planet.

To most Americans, Microsoft was more than a technology culture: it was *the* technology culture.

## Chapter 3 The Shadow of the man

\$3 billion the company spent each year on research and development, in areas ranging from voice recognition to artificial intelligence. Microsoft people did not take their pride in the company's marketing or salesmanship. They took it on the belief that they were great technologists, confecting great software.

Since the early 1990, the company had devoted vast resources to buffing its image, waging multimillion dollar advertising campaigns, and carefully orchestrating press coverage to turn Microsoft, Windows and Gates himself into household names.

## Chapter 3 The Shadow of the man

Microsoft is a company run by engineers. Engineers like simplicity. They like clarity. They like rules. That's how Bill sees the world, it's how Microsoft sees the world.

An institution is the lengthened shadow of one man.

## Chapter 3 The Shadow of the man

From the moment Microsoft was founded, everything about it -good and bad, strong and weak- had been a pure crystalline reflection of Gate's mind, his personality, his character.

The feelings that many Microsoft employees had for their boss went beyond respect or loyalty or admiration and crept right up to the brink of infatuation.

"There are probably more smart people per square foot right here than anywhere else in the world, but Bill is just smarter"...

## Chapter 3 The Shadow of the man

Blind obedience, the willingness to suspend all judgment and follow the party line, all this zombielike devotion to the Maximum Leader. At Microsoft, they're always asking, "What would Bill think? As if Bill is the Oracle.

After becoming the richest man on the planet, in the mid 1990s, gates underwent by necessity a slight image upgrade, in which he has recast as a still brilliant, still benevolent captain of an industry and technological visionary.

## Chapter 3 The Shadow of the man

The postmodern robber baron, whose sensibilities were attuned to the new economy but whose greed and rapacity were reminiscent of the old.

Gates, the ultracompetitor, has contradictory qualities, brusque but reticent, imperious but insecure, far seen but myopic -depending on what day of the week it was and which angle he happened to be sighted from.

## Chapter 3 The Shadow of the man

Gates was born in 1955, he has two sisters. Gates was so close to his mother, Mary, a regent at the University at Washington and a chair woman of the United Way, who died of breast cancer in 1994. His father, William Gates, was one of Seattle[s most prominent lawyers and civic brahmins, free of ostentation. For a time it seemed possible that young Bill become a lawyer.

## Chapter 3 The Shadow of the man

In summer of 1975, Bill quit Harvard after two years and team up with his high-school chum Paul Allen to start what was know at first as Micro-Soft.

Gates was skinny, smelly, unkempt, unsocialized. An archetypal hacker. The hackers of the 1970s were grounded in academia, communitarian in their philosophy, and saw software as something to do for fun. Gates was entrepreneurial, an instinctive capitalist, and saw software as a way of making money.

Bill's great gift is synthesis: his ability to accumulate a huge amount of information and then synthesize it on a grand scale.

## Chapter 3 The Shadow of the man

Gates persuaded IBM, when it asked Microsoft to provide an operating system for its first PC, in 1980, to allow his firm to retain the rights to the software, MS-DOS. He understood that Microsoft's control of the OS standard could be leveraged in ways that would give the company enormous advantages in competing for other software markets.

The company never got anything right until version 3.0

## Chapter 3 The Shadow of the man

Gates's hunger for new conquests left a trail of bloody bodies strewn in Microsoft's wake. Digital Research, Word Perfect, Novell, Lotus, Borland, Apple.

But he does what he does out of fear, not sadism.

## Chapter 3 The Shadow of the man

IBM was the environment.

By the early 1990s, not only had IBM's hegemony been shattered, but the company was on the ropes -losing billions of dollars a year, laying off employees by the thousands, struggling for its very survival. In 1993, it surpassed IBM in market value and never looked back, a few weeks later, IBM's board tried in vain to recruit Gates to become the company's chairman. The role reversal was complete. Microsoft was the environment.

## Chapter 3 The Shadow of the man

Bill learned IBM's strengths -its devotion to research, its attentiveness to customers. But during Microsoft's formative period, their opinions were somewhat less favorable. He hated their decision-making process, which was incredibly bureaucratic and stilted. their silly rules and requirements> the red tape was unbelievable. And he had zero respect for their engineering talent, The core of Microsoft is: Great talent matters.

## Chapter 3 The Shadow of the man

At Microsoft we had no process. We had no planning department. Anything that slow decisions down was rejected by design. Bill wanted to preserve a freewheeling style, where you made decisions fast and didn't get bogged down.

From the early 1950s until the early 1980s, IBM had been continually under investigation by, or in litigation with, federal antitrust authorities.

## Chapter 3 The Shadow of the man

Gates unwillingness to implement a thorough antitrust program was a plain sign of his immaturity as a CEO.

Gates said flatly, "The minute we start worrying too much about antitrust, we become IBM">

After years of seeing itself as David, the feisty underdog doing battle with the industry behemoths, Microsoft had failed to realize that somewhere along the way it had become Goliath.

## Chapter 3 The Shadow of the man

"Of course, I have as much power as the president has".

Bill Gates, 1993

## Chapter 3 The Shadow of the man

Gates firmly believed that Web browsing was a natural addition to any OS. Adding IE to Windows for free, he said, was "the most defensible thing we've ever done".

In America and abroad, in the news columns and in editorial cartoons, criticism, sarcasm, and even mockery of Microsoft suddenly appeared where once there had been little besides adulation.

## Chapter 3 The Shadow of the man

The company's polling and focus groups had begun to show that the negative publicity was taking a toll on Microsoft's image.

At the same time, Microsoft insolence seemed only to have emboldened the DOJ and the states as they turned their attention to the question of whether to launch a full-scale antitrust action against the company.

## Chapter 3 The Shadow of the man

Microsoft had paid dangerously little attention to politics over the years. At 1995, the company had no government-affairs office in Washington, DC.

Gore's daughter Kareenna had worked at the Microsoft funded online magazine Slate. Gates believed that he and Microsoft had delivered to the Clinton administration perhaps the greatest political gift of the postwar era: the new economy.

## Chapter 3 The Shadow of the man

After all he had done, the government that should have been showering him with praise and gratitude was casting him as a villain, a scoundrel, a grasping monopolist. It was crazy, infuriating. According to one old friend, "He was going through a period where he kept saying, I hate my job, I hate my life. I hate this situation. I don't know what to do.

His enemies were legion: his defenders, mute.

## Chapter 4 Things fall apart

Starting in 1997, a number of prominent Valley figures had begun building bridges to Washington DC, in a manner unprecedented in the high-tech industry. John Doerr, the venture capitalist who funded not only Netscape but Sun, Intuit, @Home, and an array of other Microsoft rivals were using newly minted access in the capitol to lobby the administration and Congress to take on Microsoft.

## Chapter 4 Things fall apart

About technology control, concerns about the concentration of power.

Susan Creighton had drawn a comparison between Microsoft's actions against Netscape and those at issue in a 1951 Supreme Court case known as *Lorain Journal*. In the case, a local newspaper with a monopoly on advertising found itself facing a new technology -radio, a "partial substitute" that threatened the paper's monopoly -and sought to "destroy and eliminate" it by refusing ads from any advertiser doing business with the radio station.

## Chapter 4 Things fall apart

Barksdale began asking how many people in the room had a PC. Maybe three-quarters of them raised their hands. Barksdale asked, "How many of you use a PC without Microsoft operating system? The hands all fell. Gentlemen, that's a monopoly.

It was Netscape that was Microsoft's main victim. And it was Netscape, with its white paper and the indefatigable efforts of Reback and Creighton, that had finally surmounted the DOJ's inertia and got things cooking in the courts.

## Chapter 4 Things fall apart

Then, on the first working day of January 1988, Netscape announced it had badly missed its fourth-quarter earnings estimates; ultimately, it would report an \$88 million loss and fire 400 of its 3,200 employees.

The pioneering start-up was no longer the brain of the heart of the anti-Microsoft coalition. Sun was.

## Chapter 4 Things fall apart

Although McNearly had a reputation as Gates most caustic and unrestrained critic. McNearly's antipathy for Microsoft, which was real and deep and unforgiving.

Sun's boss was also uncomfortable with lobbying the government, even on Microsoft.

## Chapter 4 Things fall apart

McNearly:

"Shut down some of the bullshit the government is spending money on and use it to buy all the Microsoft stock. Then put all their intellectual property in the public domain. Free Windows for everyone! Then we could just bronze gates, turn him into statue, and stick in from of the Commerce Department".

McNarily:

For years, Sun's CEO had been one of a small handful of big-company chiefs who offered a consistent, coherent, and public critique of Microsoft business practices.

## Chapter 4 Things fall apart

Jim Clark, "When I left Silicon Graphics I had a net worth of \$ 16 million and I invested \$5 million to start Netscape. Microsoft has practically killed Netscape. I'll never invest in other thing to compete with them. I'll never touch another market that has anything remotely to do with Microsoft's path. And if I'd known four years ago what I known now -that Microsoft would destroy us and that the government wouldn't do anything about it for three fucking years -I never would started Netscape in the first place."

## Chapter 4 Things fall apart

Netscape white papers had argued, the core of that case was illegal monopoly maintenance and monopoly extension -a violation of section 2 of the Sherman Act. For years, Microsoft had leveraged its power over the desktop to invade adjacent markets, from productivity applications to server operating systems. Controlling the desktop was essential to preserving Microsoft's dominance on the desktop. Browsers were one example of this.

## Chapter 4 Things fall apart

By letting programmers write software that would run on any OS, Java, threatened to render Windows irrelevant, if not obsolete. Microsoft's response had been to license Java from Sun and then, Sun claimed, to violate that license by creating a Windows-only variant of the technology in an attempt to subvert its cross-platform purpose.

## Chapter 4 Things fall apart

Microsoft philosophy was: "We will embrace it, we will make it ours, we will apply it to our operating system, and we will kill it. We will do what we must to protect the mothership -the OS".

Monopoly maintenance, market power, and Microsoft predation.

## Chapter 4 Things fall apart

Asked if Netscape's browser was designed to compete with Windows, Gates shot back, "Not compete. Eliminate".

Gates said that the future of technology was through product integration. And if the government blocked that, it would basically kill his business.

## Chapter 4 Things fall apart

Once the United States government files suit against you, everything changes. People you thought you could trust turn against you. People you thought were your allies turn out to be enemies. Everyone is more willing to question you, to resist you. The whole world changes.

## Chapter 4 Things fall apart

What the Valley had long feared and the political class had long expected finally seemed to be coming to pass, at the eleventh hour, Joel Klein was caving. Klein wanted a settlement and he wanted it badly.

Microsoft's CEO remained an icon of the new economy.

## Chapter 4 Things fall apart

Didn't the government realize that the browser war was over? "If they'd done two years ago what they did today, it might have been useful".

## Chapter 4 Things fall apart

For nearly 20 years, Intel and Microsoft had collaborated so closely that they were often regarded as a unitary being: "Wintel".

Because Intel was hugely dependent on Microsoft, and vice versa, keeping peace with Gates was one of Grove's prime priorities.

## Chapter 4 Things fall apart

In August 1997, Microsoft had threatened to cancel Office for the Macintosh unless Apple replaced Navigator with IE, as the Mac's default browser.

Also Apple multimedia technology Quick Time. The Apple white paper alleged that over the previous two years Microsoft had engaged in a passel of predatory tactics to stifle Quick Time.

## Chapter 4 Things fall apart

Microsoft had proposed carving up the multimedia market with Apple; it had pressured OEMs to drop Quick Time; it had inserted technical incompatibilities that disabled Quick Time in Windows; and it had struck exclusionary deals with content providers to develop only for Microsoft's competing Net-Show technology.

## Chapter 4 Things fall apart

Jobs uncorked a vintage screed against Gate's company, about how its monopoly was "chilling innovation" and fundamentally poisoning the software industry.

To Jobs, "real" meant one thing: breaking Microsoft up.

## Chapter 4 Things fall apart

From now on, Ballmer and Bob Herbold would be responsible for running the company day-to-day while he would spend his time on product development and new technology.

Gates blamed Clinton for his antitrust woes.

The Gates who showed up was petulant and passive-aggressive, obfuscatory and obscurantist. He was a quibbler, an amnesiac, a baby.

## Chapter 4 Things fall apart

Among Microsoft executives a commonly repeated conceit was that Gates was not only smarter than his lawyers but had a greater mastery of the law than they did. It was a conceit Gates himself seemed to believe.

"They were going to sell the judge and the public an image of a company that couldn't be trusted and ought to be penalized.

## Chapter 5 In the dock

At the end of 1994, Netscape's sales were zero, its capital was evaporating, and it was facing a potentially crushing intellectual-property lawsuit by the University of Illinois (where Andreessen had studied and led the browser-building team). But six months later, everything was different. In a heartbeat, Netscape had become the fastest-growing software company in the history. Its company ignited the Internet boom.

## Chapter 5 In the dock

Microsoft had tried to divide the multimedia market with Apple; had pressured OEMs (and Compaq in particular) to drop QuickTime, even when Apple was letting them bundle it for free.

## Chapter 5 In the dock

Steve McGeady detested Microsoft. He testified for 3 days. "It's important to Intel to maintain a positive working relationship with Microsoft. My appearance here, obviously, creates a problem here".

Gates replied "I don't think Intel ever did any Internet software work".

## Chapter 5 In the dock

Did you, Mr. Gates, ever yourself try to get Intel to reduce the support of Netscape?

Steve McGeady :

Bill made it very clear that Microsoft would not support our next processor offering if we did not get alignment on platform software.

## Chapter 5 In the dock

Microsoft had created high barriers to entry in the operating-system and browser markets, and that the company had the ability, even if it didn't use it, to raise prices almost at will -two key test of monopoly power-.

We are going to live in a Microsoft world, its not a competitive world.

## Chapter 5 In the dock

Back in 1995 AOL planned to acquire Netscape and then to team up with Sun Microsystems to create an Internet powerhouse aimed squarely at challenging Microsoft.

## Chapter 5 In the dock

Microsoft was losing the PR war, and badly. In early December, Gates himself appeared, via satellite hookup, at a hastily arranged press conference at the National Press Club.

"In the software industry, success today is no guarantee of success tomorrow (...) The government is trying to increase the cost that consumers have to pay for browsers (..) Three of our biggest competitors band together to compete with Microsoft, yet, amazingly, the government is still trying to slow Microsoft down.

## Chapter 6 In the bunker

What Lady Diana is to *People*, Bill is to *Fortune*.

The first edition of Gates's first book, *The Road Ahead*, which was published in the fall of 1995, had barely mentioned the Net.

## Chapter 7 Showtime

The default browser issue, the Apple guys all said; if they hadn't given in, the whole deal would have fallen apart, and Apple would have lost Microsoft's commitment to Office. Apple had a reason to fear the cancellation of Office Microsoft had bought \$150 million in Apple shares as part of a deal - "We invested in the company when people had lost faith", Gates would boast-

## Chapter 7 Showtime

Microsoft's first witness was Richard Schmalensee, a professor from MIT. Schmalensee had claimed that Microsoft did not have monopoly power because of potential competition from platforms such as Linux and the Palm Pilot.

Schmalensee told a fellow economist privately, "The lawyers are not in charge. All the shots are being called by Gates".

## Chapter 7 Showtime

Microsoft had offered to divide the browser market with Netscape in June 1995, and it had tried to dissuade the start-up from turning its browser into a platform. It had employed similar anticompetitive tactics toward Intel over NSP, toward Apple over QuickTime, toward RealNetworks over media streaming software, and toward IBM over OS/2 and its SmartSuite package of productivity applications, and created a Windows specific version of Java that was incompatible with Sun's -all in order to preserve and protect its monopoly power.

## Chapter 7 Showtime

Some innovations that would truly benefit consumers never occur for the sole reason that they do not coincide with Microsoft's self-interest.

We've been saying for so long, 'I swear! I swear! We've seen it! But nobody believed us. Now it's like, Oh my God, they were right. Nessie exists!

## Chapter 7 Showtime

Having told themselves over and over that the worst was surely coming, the company's leaders were still unprepared.

## Chapter 8 Rough Justice

Market forces and new technologies were insufficient to restrain Microsoft predacious power.

Splitting Microsoft into two or three separate operating/system companies, each with the same intellectual property and then leaving its applications-software and Internet business to comprise either one or two additional firms.

## Chapter 8 Rough Justice

McNairy's preferred remedy was no longer the Baby Bills -or any other breakup- but placing a ban on Microsoft's mergers and acquisitions: no takeovers, no minority investments, no joint ventures, for the foreseeable future.

McNairy's constant refrain is that Gates's company was incapable of building innovative new products so it had to buy them instead.

## Chapter 8 Rough Justice

Today's Microsoft is the number one operating-system and Sun (with Solaris OS) is the clear number two. But if Microsoft is broken into 3 OS companies, Sun immediately drops to number 4. And if Microsoft is broken into six OS companies, Sun falls to 7th.

## Chapter 8 Rough Justice

Mitchell Kertzman, the CEO of Liberate, often compared Microsoft to a great white shark: "All it knows is its appetite; when it gets hungry, it eats".

Each of the companies would form a political action committee, to offset the millions of dollars that Microsoft was said to be pouring into Republican campaign.

## Chapter 8 Rough Justice

(Klein) ... Whenever he invoked Microsoft's name in the press, one of Novell's products would soon stop working smoothly with Windows.

Without Microsoft Office, Apple is dead. Dead. Is Steve Jobs going to risk losing Office? C'mon."

When it comes to remedies, you're on your own.

## Chapter 8 Rough Justice

Jackson delivered his findings of law, which ruled against Microsoft on three of the four charges - monopoly maintenance and attempted monopolization of the browser market under Section 2, and illegal tying under Section 1- and in its favor on exclusive dealing under Section 1.

## Chapter 8 Rough Justice

"What we found in Microsoft was a serious pattern of practices and behavior that clearly by any stretch of the imagination was predatory, lawless, and indefensible.

17 of the states signed on -only Ohio and Illinois dissented, asking exclusively for conduct remedies. The government presented the breakup proposal, together with a long list of conduct remedies to be implemented in the meantime.

## Chapter 9 Whistling in the dark

For the first time in the Microsoft's history, the company was hemorrhaging talent. The bleeding went from top to bottom, from high-profile pashas like Nathan Myhrvold, Greg Maffei, Brad Silverberg, and Tod Nielsen, to browser warriors like John Ludwig and Ben Slivka. By Microsoft's count, around 50 employees were peeling our every week, but other estimates put the number 3 times that high.

Paul Maritz announced his resignation.

## Chapter 9 Whistling in the dark

Mich Mathews, remarked: "We could lose 40 percent of the IQ in this company and still be the smartest.

The smartest of the smart guys announced in January that he was handing the CEO reins to his best friend and taking the title of "chief software architect".

Greg Maffei said. "I think the reason he's no longer the CEO is directly attributable to this experience with the court and the government.

## Chapter 9 Whistling in the dark

Gates:

"The business model of Sun is to sell overpriced hardware (...) We have a team here that is the best software development team in the world".

The trial has significantly diminished our ability to attract and retain people of the highest caliber.

## Chapter 9 Whistling in the dark

In private, Gates was telling a gathering of Microsoft employees that the company was a victim of a "travesty of justice".

The conventional wisdom was that Microsoft and its lawyers had made a hash of the case from start to finish. They had failed to settle before the trial started and after it was over. They had defended a position -that Microsoft was not a monopoly- that even pro-Microsoft economist regarded as untenable, if not downright loopy.

## Chapter 9 Whistling in the dark

How does it feel to have the US government calling your company crooked and calling you a lawbreaker?

Gates...

The law is interesting The US judicial system, like, 98 percent of the time works extremely well. This case, in the final analysis, will be part of that 98 percent.

## Chapter 10 The verdict

Microsoft was a matter of great public import, with implications for the national (and perhaps global) economy, the stock market, the technology sector, and the business world at large. If ever there was a case for which the Expediting Act seemed to have been written, Jackson believed, *US v Microsoft* was it.

## Chapter 10 The verdict

At Silicon Valley, there was a plethora of sensible, intelligent executives who thought the government was right: that halving Microsoft would unleash competition and let innovation reign. But there were also plenty who believed the opposite: that the industry would simply be saddled with two Microsoft monopolies instead of one.

Only one thing was certain: a breakup would mean the end of Microsoft as we knew it.

## Chapter 10 The verdict

.NET is a bet the company thing

At the end of 2000, IBM was still the biggest manufacturer of mainframe computers in the world. It had stock market customers, happy employees. Yet few people feared it or followed; nobody considered Big Blue a leader anymore.

## Chapter 10 The verdict

PC desktop is the most valuable territory on the digital map.

For a long time in the 1980s, IBM was everything to Intel. Then around 1990, I woke up one day and it wasn't so anymore.

This time, instead of Microsoft being replaced by another company, its being replaced by the Internet, by a whole bunch of things happening at once.

## Chapter 10 The verdict

Yet by the late 200, Microsoft had become a very big company with 40,000 employees world wide. Though that 40,000 included the largest concentration of skilled coders anywhere on the planet, the culture of the company begun to smell as much of marketing and sales as it did of technology -a distinctly IBM-ish aroma.

## Chapter 10 The verdict

Other parallel between Microsoft and IBM: IBM's entanglement with the government had paralyzed the company.

Not surprisingly, the suggestion that Microsoft might wind up as the new IBM was one that Gates and Ballmer were unwilling to countenance.

## Chapter 10 The verdict

His \$21 billion charitable foundation had made him a hero in the world of philanthropy.

Before the Microsoft trial began, Gates was more than a high-tech hero. He'd come out of nowhere, consumed with ideas and a pure burning passion. He had launched a company that unleashed an industry, and then led that industry as it transformed an economy. Gates represented everything that was inspiring about this protean phenomenon taking shape in our midst.

## Chapter 10 The verdict

But he failed to develop his peripheral vision. In his arrogance he lost whatever perspective he once had, and in his monomania he was unwise to the ways of the world. He began his journey as an aspiring god, an illusion his universe nurtured and sustained. And final Gates was mortal