CPA

Practice **Advisor**

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Windows operating system. The company is betting much on the success of this system, particularly after the lukewarm reception it received to Vista. What's more, System 7 is seen as the base of future generations for the software — leaner, more secure, more capable and easier to use.

For enterprise-level organizations, System 7 is everything they could ask for — a bridge between the more functional Windows XP and the system corporations want and need.

For the rest of us, System 7 is a nightmare. Not because it is a bad system. Not because it is a resource pig that will need upwards of 16GB of RAM to run well. But because Microsoft's marketing departments just aren't doing their job.

The company that built its reputation on savvy marketing and out-maneuvering competitors would rate no more than a C-minus for its efforts. Sure, the company does a great job of promotion, and has its distribution networks in place and functioning. But marketing is a blend of four elements — product, price, promotion and distribution. If the "mix" of these four elements is wrong, it doesn't matter how good the product is. And Microsoft has the wrong mix.

Here's what I mean:

• The product has too many versions. As of release time, there are six different versions that include Windows 7 Starter, Windows 7 Home Premium, Windows 7 Professional, Windows 7 Enterprise, and Windows 7 Ultimate. Windows 7 Home Basic will also be sold, but only to emerging markets. A seventh will be added for European customers. Even if you can figure out which of these to buy,

nearly all will come in both 32-bit and 64-bit configurations. Awk!

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deciding to express themselves and call it Windows Vista. And now, we see a new naming scheme, Windows 7. Surely there is a better way.

- The product costs too much. Sticking it to your customer base is hardly a way to build customer loyalty, and by keeping the price of each new system so high (Windows 7 will carry an upgrade price of more than \$200, while the competitive Mac OSX 10.6 "Snow Leopard" will sport an upgrade price of \$29). All that this pricing strategy has done is to push more consumers, including small businesses, to software piracy in an effort to keep using Microsoft products and stay current. This has then forced Microsoft to resort to increasingly bizarre and draconian efforts to stop piracy that end up punishing users who have actually paid for their software.
- This pricing strategy cripples product distribution. If Windows 7 follows the standard Microsoft pricing strategy, it will offer the initial product at an astronomical price, and then drop the price over time according to how sales are going, how the product is received, etc. This strategy trains consumers not to use the system when it is first released (surely not what the company intends). In fact, the mantra for Windows operating systems is now to wait until the first service pack is released. Microsoft's product pricing strategy therefore encourages customers to help drive up the distribution costs by forcing Microsoft to essentially scrap the first generation of its products in order to replace them with new products that incorporate the service packs.

The danger for any company of the stature of Microsoft is that it begins to believe its own press releases. Far from being the marketing wizard it once was, the company appears to be sitting on its marketing laurels, doing things the way they have done them in the past with no real understanding of how the

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A compendium of ideas, products, rants and raves from the

viewpoint of

the author.

The author has no financial interests in any of the products mentioned.

Feel free to

disagree, or to share your ideas by sending them to davemcclure@cpata.com.

Internet Site of the Month:

eCost.com

We Scots have the reputation for frugality, and I am no exception. I like this site because it carries quality new, refurb and overstock technology stuff at some of the best prices on the web. Check out is "bargain countdown" section, as well, for special deals..

 User Discussion Groups. In a world grown fractious and polarized, it is nice to find civil places where people politely share

knowledge and ideas. These are the forums, which I use extensively to

learn more about accounting, technology and products I use. I belong to

discussion forums for my Goldwing cycle, DirecTV, BlackBerry cell phone

and computing tech support. And I visit them almost daily.

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government to run a National Broadband Plan?

YouTube Rippers. I got dragged kicking and screaming to YouTube, a service that has no clear business model, is burning through money faster

than an ex-spouse, and has a lot of dubious content. But I do find it of value to sometimes take a snippet here or there for personal review

at a later date, and for this there are a wide range of websites and software

solutions that allow you to convert YouTube videos (called ripping the

videos) and store them. What remains to be seen, when the courts finally

rule in on this, is whether it will be deemed legal.

Advertising on Twitter. Okay, let's go over this again.

Really cool Internet services that have no business model must eventually

turn to one of two models to survive — they will either sell your personal information to marketers or inundate you with advertising.

Twitter

is the latest to announce it has changed its terms of service agreement

to enable advertisers to target its users directly. Prediction: Facebook is next.

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