

Sanity check: The truth about Windows Vista adoption in 2007

Date: November 4th, 2007

Author: Jason Hiner

Category: Windows Vista

Tags: Microsoft Office 2007, Microsoft Windows Vista, Truth, Microsoft Corp., Microsoft Windows Vista (Longhorn), Microsoft Windows, Operating Systems, Software, Jason Hiner

When Microsoft released its earnings report to Wall Street on October 25, it surprised investors and the technology industry by reporting its best rate of revenue growth (27%) for a quarter since 1999. Microsoft credited its revenue growth to strong demand for Windows Vista, Microsoft Office 2007, and Halo 3.

No one was surprised to hear that Office 2007 and Halo 3 were part of the picture. Office 2007 is a strong upgrade that closely integrates with other Microsoft communications and collaboration products and it features the biggest overhaul of the user interface in almost two decades. As for Halo 3, sales of the latest edition of the Xbox 360 game broke \$300 million in its first week.

However, the fact that Microsoft mentioned Vista as part of the revenue boost caused a lot of people to do a double take. The newest Windows operating system has been received coolly by consumers and with icy indifference by most businesses.

Has Vista been getting a bad rap? Is it quietly gaining mainstream momentum? Or is Microsoft spinning the numbers to make Vista look better than the sobering reality? Let's see.

Vista's tepid reception from consumers

On the consumer side, Windows Vista sales are closely tied to new desktop and laptop sales. At retail outlets, Vista is now pre-loaded on 95% of all desktop PCs and 91% of all laptops, according to News.com. In 2007, worldwide PC shipments have grown by 10% and will clear \$200 billion for the year, according to Gartner.

For the Microsoft's fast-paced first quarter that it just reported on, the client's business unit (featuring Vista) reported \$4.14 billion. So it's clear that a lot of Vista's revenue growth is coming from the momentum in PC sales. The question is whether Vista is driving new PC sales or is simply benefiting from growth in new markets and natural upgrade cycles. One thing that is helping Vista's revenue numbers is that a lot of users are opting for the two higher-priced versions of Vista - Home Premium and Ultimate.

Vista has certainly not gotten rave reviews on the consumer version of the OS, but there are some clear benefits for home users, such as improvements to parental controls and better handling of digital photos that at least make it palatable to most users. On the business side, the benefits of upgrading to - or even using - Vista are not as clear. In fact, there are even some obstacles.

The business response to Vista

Businesses and IT departments are notoriously slow at adopting new software. The benefits have to clearly justify the resources it takes to deploy the software and retrain staff on how to use it. However, it would be easy to chalk up Vista's slow adoption rate in businesses to IT's natural feet dragging. The truth is that there is a deeper skepticism, which can be seen in the InformationWeek Research survey in May in which 46% of IT professionals stated that Windows Vista fell short of their expectations.

When making the pitch to businesses to upgrade to Vista, Microsoft has been focusing on three areas of improvement:

Security - With User Account Control (UAC), users no longer need to have local Administrator privileges on their machine in order to run software and do standard functions. Even for those that have admin access, UAC requires direct consent for a lot of higher-level activities in order to block malware from executing in the background (in theory). There are also important security enhancements to Vista's version of Internet Explorer 7 to block Web-based attacks, which are now among the most common vectors of attack for malware.

Manageability - Vista includes improvements to OS imaging, which IT departments have adopted en masse in order to simplify the standardization and deployment of new PCs. There are also Group Policy improvements that make it easier to centrally control and manage machines.

Mobility - Microsoft has integrated its Tablet PC software into Vista Business and Vista Ultimate, rather than making a completely separate version of the OS as it was in Windows XP Tablet PC Edition. Vista Business and Ultimate also support Ultra-Mobile PCs (UMPCs). The improved mobility support in Vista can reduce total cost of ownership (TCO) by 14% from an average of \$4407 in XP to \$3802 in Vista, according to a Wipro and GCR study, sponsored by Microsoft and published in September 2007.

Even with a little bit of cost savings, the benefits in manageability and mobility in Windows Vista are still incremental improvements and not enough to drive businesses to upgrade. Most businesses have worked with Windows XP long enough to develop their own tried-and-true manageability and mobility solutions and best practices.

As for security in Windows Vista, it's either the primary factor that makes Vista worth the upgrade or the primary deterrent, depending upon whom you talk to. Former Windows chief Jim Allchin once said, "Safety and security is the overriding feature that most people will want to have Windows Vista for."

ZDNet's Ed Bott recently wrote Vista really is more secure and based his opinion on the lower patch counts for the new OS compared to its predecessor, Windows XP SP2. An Amplitude research study in May stated that half of the companies adopting Vista were doing it for the security.

However, others strongly disagree. Earlier this year, multiple experts rejected the idea of buying Vista for the security. Many IT administrators have avoided Vista because of the flurry of UAC confirmation Windows, which many of them believe users will eventually just click through without reading.

John Pironti, Chief Information Risk Strategist for Getronics, agrees and he believes that UAC goes overboard. "The best security is transparent to users," he said. Microsoft has simply tried to transfer culpability to users for letting malware into a system, according to Pironti. If users click through a bunch of Windows that they don't understand and activate malware, is it the fault of the users or of Windows for letting it in?

One of the signs that a significant number of IT administrators are resisting Vista upgrades is the news in September 2007 that Microsoft agreed to allow PC manufacturers to downgrade Vista PCs to Windows XP. This is especially significant for small and medium businesses. Large enterprises generally buy their systems without an OS installed and apply their corporate desktop image to all of their machines.

Sanity check

I can't conclude this discussion of Windows Vista adoption without briefly addressing the issue of Vista's user interface (UI) problems. Vista has clearly attempted to follow Apple's footsteps by making Windows more intuitive for novice user. However, unlike OS X, Windows has done so at the price of slowing down power users because it now often takes more clicks to do average tasks than it did in previous versions of Windows. For example, clicking into the properties page for a network interface takes 1-2 clicks in Windows XP and 5-6 clicks in Windows Vista. That kind of interface tweaking is not only an annoyance but also a

productivity hit for business users.

Am I concluding that Vista will fall flat and not be adopted by businesses? No. Ultimately, Vista will be adopted by businesses because they simply don't have many other viable alternatives. OS X might see some incremental gains, but it's not prepared to make a full run at mainstream businesses. Linux? Forget about it. If Linux was going to make a move on the business desktop market, it would have happened years ago.

Microsoft admitted that Vista will fail to meet the goal of selling twice as many seats as XP during the same time period after its launch. Still, in its recent earnings release Microsoft reported that it has seen a notable rise in the number of businesses signing long-term licensing deals that include Windows. "They wouldn't be signing these agreements if they didn't have the intent to (deploy Vista)," said Mike Nash, vice president of Windows product management. So there could be a sizeable chunk of companies that are buying Vista licenses with no immediate plans to deploy the OS. There are simply future-proofing themselves for Vista deployments.

Thus, it looks like there are three primary factors driving Microsoft's surprising spike in Vista revenue:

Worldwide growth (10%) in PC sales, featuring Vista on over 90% of them
Consumers buying the higher-priced Home Premium and Ultimate versions of Vista
Businesses signing general licensing agreements that include Vista (future-proofing their PCs for if and when they deploy Vista)

These developments show that Vista might be bringing in a nice chunk of change in 2007 even if the OS is not yet showing up on a huge numbers of PCs or winning the loyalty of IT pros. These developments are not a ringing endorsement of Windows Vista. They merely make it a melancholy inevitability.

What do you think about Windows Vista adoption in business? Join the discussion.

Print/View all Posts

Comments on this blog

Trackbacks

The URI to TrackBack this entry is: <http://blogs.techrepublic.com.com/hiner/wp-trackback.php?p=564>

No trackbacks yet.

Copyright © 2007 CNET Networks, Inc. All Rights Reserved.