MICROSOFT: A REMEDIAL SUCCESS?
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ABSTRACT: Ten years have passed since the imposition of remedies in Microsoft, the most celebrated antitrust case since AT&T. In 2004 the European Commission imposed additional remedies, and in 2009 the Commission secured further relief through formal commitments and an informal undertaking. The various remedies relate to product design, interoperability, including support for technical standards, and contracting practices. The remedies were generally designed to preserve or create opportunities for competitors to build product that might serve over time to reduce the “applications barrier to entry” to competing with Microsoft Windows. The applications barrier to entry was said to arise from the fact that most users prefer a computing platform for which many applications have already been written and most developers prefer to write applications for a platform that already has many users. In the 1990s that platform was Windows. Reducing this structural entry barrier was an important remedial goal because it was the only entry barrier identified to support a finding of monopoly power. Today software development is focused on applications that are delivered via the Internet to PCs running any operating system and, increasingly, to any of a broad range of devices, such as smartphones and slate computers, also running any operating system. Delivery of applications across a range of devices and operating systems was made possible not by any single platform product, such as Windows, but rather by a collection of Internet-related technologies, most of which have been standardized through standard setting organizations and widely adopted. This Internet-centric platform emerged because of a number of important technological advances (such as the ubiquity of broadband connectivity) and economic factors, but may also have been facilitated by the antitrust remedies imposed upon Microsoft. Among other things, the remedies were designed to promote competition in browsers, which is important because browsers often serve as the medium through which users access applications running remotely and, importantly, implement the Internet technical standards that comprise the new platform. Browser competition is vibrant today. Apart from their direct effect, the remedies served as a catalyst for a broader set of changes within Microsoft that rendered its platform technologies, and the company generally, more open to other firms, including competitors. Microsoft itself is one of the prime contributors to the development of the Internet-centric platform, sometimes referred to as “cloud computing,” that has eroded the applications barrier to entry.