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The New York Times

COMPANY NEWS; Microsoft to Introduce New Windows NT

(Sep 17, 1994)

Abstract (summary)

Microsoft officials said that this time its strategy would be much clearer than when the first Windows NT was introduced. "We confused the marketplace last year," said Jim Allchin, vice president for Microsoft's business systems division. "So we've worked on that."

"They're not there yet," said Curt Monash, president of Monash Information Systems, a software consulting firm in New York. "Only recently have they figured out how much they don't know."

Novell, of Provo, Utah, has battled with Microsoft to maintain Novell's leadership in the market for corporate client-server networks. And the new thrust by Microsoft into server computing is certain to accelerate another round of price competition. It intends to price the Windows NT Server 3.5, bundled with Back Office, for $2,199. It will sell the operating system alone for $699, plus $39.95 for each personal computer that will be connected to the network. Previously, it charged a flat $1,500 for an unlimited number of PC's.

Full Text

Special to The New York Times

The Microsoft Corporation plans to renew its bid to become a big player in the network computing software market on Monday by introducing a new version of its Windows NT.

While Microsoft dominates software for individual personal computers, it has never been big in software that links personal computers into large networks and connects those webs with big computers like I.B.M.'s mainframes.

Its first attempt to enter this market, Microsoft Windows NT, was introduced last year to a lukewarm response. So far, the large corporations that use Microsoft's programs for personal computing have tended to shy away from the Redmond, Wash., company's software for corporate-wide computing tasks.

As a result, Windows NT has roughly a 3 percent share of the market for network operating systems -- a field in which the leaders include Novell Inc. and Sun Microsystems. Some market researchers say that only about 120,000 Windows NT copies are used by business clients -- far fewer than the one million target set by Microsoft's chairman, William H. Gates.

But Microsoft is known for its persistence. The new version, Windows NT 3.5, is being released with a suite of applications being marketed as Back Office, an allusion to Microsoft's successful Office set of word processor, spreadsheet and other applications for individual PC's.

Analysts say the new Windows NT performs substantially better than the first version and requires fewer computer resources, especially memory. The first Windows NT was criticized for requiring so much memory that it was impractical for desktop use.

The company will introduce two versions of Windows NT. One is aimed at the market for so-called server computer systems, which are shared by many personal computers in a network. The other is intended for networks of computer work stations used in engineering, scientific and financial markets -- a software field now dominated by companies like Novell, Sun and I.B.M.

Microsoft officials said that this time its strategy would be much clearer than when the first Windows NT was introduced. "We confused the marketplace last year," said Jim Allchin, vice president for Microsoft's business systems division. "So we've worked on that."

Yet industry analysts said Microsoft still had to make up ground in its quest to be a supplier for large corporate networks.

"They're not there yet," said Curt Monash, president of Monash Information Systems, a software consulting firm in New York. "Only recently have they figured out how much they don't know."

Many analysts said they believed that Microsoft was gaining acceptance in the market for big corporate systems and that the new NT version would give some market leaders stiff competition.

"Clearly, Novell is going to take a hit," said Tim Bajarin, a computer industry consultant at Creative Strategies in Santa Clara, Calif.

Novell, of Provo, Utah, has battled with Microsoft to maintain Novell's leadership in the market for corporate client-server networks. And the new thrust by Microsoft into server computing is certain to accelerate another round of price competition. It intends to price the Windows NT Server 3.5, bundled with Back Office, for $2,199. It will sell the operating system alone for $699, plus $39.95 for each personal computer that will be connected to the network. Previously, it charged a flat $1,500 for an unlimited number of PC's.

Mr. Allchin acknowledged that the new Microsoft products were not yet adequate for a direct assault on the largest corporate data-processing systems. But he said Microsoft was taking its first steps to create software that would compete in such markets.

"I'm not prepared to say that everyone should unplug their mainframes yet," Mr. Allchin said. "But will we get there? Yes, we will."

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