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Gates expects 'huge numbers' of Win 98 sales

By John Dodge, PC Week Online
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SAN FRANCISCO -- While forecasters say sales of Windows 98 to businesses will range from mediocre to a complete bust, Microsoft CEO Bill Gates is confident it will sell far more copies, more quickly, than Windows 95.

"There will be a much quicker transition to Windows 98 than there was to Windows 95," Gates said in an exclusive, wide-ranging interview with PC Week Online just prior to the Window 98 launch here today.

"[Windows 98] will generate huge numbers with new PCs. We have a much larger base than we had with Windows 95. And with Windows 95, people had to learn a new UI, transition their drivers and had to buy new applications."

Microsoft has been steering small businesses and consumers to Windows 98 and corporate users to NT 5.0, which is due out next year. But Gates conceded that Windows 98 comes on all PCs and Microsoft really has little control over who ultimately uses it.

"We have to explain to [customers] why spending \$100 and 30 minutes of their time upgrading their PC is a worthwhile thing," he said.

Gates defended pricing Windows 98 at the same level as its predecessor even though it has been characterized as little more than a spruced up Windows 95.

"If you look at the man years and tens of millions of dollars that went into the thing, it's only through the scale of economies that you can come up with product under \$100," he said. He added that Windows 98's cost to hardware makers is the same as it was for Windows 95, and he also claimed Windows 98 is less expensive than most competitive operating systems such as Sun Solaris.

The competition, he said, is "the status quo and staying with what you already have," and that popular newcomers such as Linux pose no threat to Windows. "Like a lot of products that are free, you get a loyal following even though it's small. I've never had a customer mention Linux to me," he said.

As for Microsoft's victory in court earlier this week, Gates seemed gratified but was scripted in his response: "We got a black-and-white ruling from the appeals court that innovating and adding features is an encouraged thing. That the courts are not going to get involved in product development is a good thing."

Microsoft, he said, has returned to the policy of demanding that computer makers include Internet Explorer in every copy of Windows.

"We're back to where they leave the browser in. There's only one case where somebody [disabled

