

## REAL WORLD CASE 4

# Microsoft and Dell: The WWW Is Anything but Business as Usual

**M**icrosoft.com attracts 8 million unique visitors a day and usually handles 40,000 to 50,000 requests *per second*. During peak hours, you can double that. It's usually the fourth-busiest site on the Internet after Yahoo, Microsoft's own MSN, and America Online, according to a closely watched Jupiter Media Metrix survey, and is used by anyone from a consumer struggling to upgrade to Windows XP, to a developer cooking up a hot new PC game, to an IT guy with a \$1 million check to write. Each day, millions of people log on to learn about software features, get technical support, and download patches and drivers—in 35 languages.

That part hasn't changed much in the last half-decade, says general manager Tim Sinclair, who's been running Microsoft.com since 1996. What has is that customers aren't just reading anymore—they're writing and watching as well. Sinclair's development team spends a third of its time building "community" features for Microsoft.com—interactive Webcasts, newsgroups, and online chat forums that the company says can better explain its software and even influence product design. "With scalability working, or at least something I don't lose a lot of sleep over, I can concentrate on supporting these 'customer-to-customer' interactions," he says. "We can learn about which product features are working and which aren't."

Microsoft is also adding interactive features to help it tailor upcoming products based on input from influential customers. For instance, the company sometimes handpicks users of its software to participate in Webcasts in which audience members can pose questions to the presenter during a live program, and Microsoft can poll viewers on which product features they like most. "It's generally better to have one hundred of the right people than thousands you don't know," Sinclair says.

Using the Web for live feedback puts new technical demands on Microsoft's developers. Newsreader software includes an interface that resembles a PC app, for example. Developers have to do more sophisticated usability testing. And the architecture of Microsoft's Web pages is changing to cache more data locally on users' computers for better performance. Microsoft is also making heavy use of XML for storing and pulling data, so a user can find the most popular discussion threads without combing through a long index; adding drag-and-drop features to its Web pages for more intuitive navigation; and separating sets of features so a user's Web browser doesn't have to redraw an entire page every time the user follows a link.

"With this new type of interactivity, what we do looks a lot more like application development," Sinclair says. "If it looks like an application, people expect the performance of an application," he says. "People aren't forgiving of saying, 'The Web doesn't have to meet the criteria of the desktop.' They used to be patient about slow pages, long forms, and redrawing the whole page when you click a link. Not anymore."

The trend will likely accelerate when Microsoft releases a new wave of software it's developing for its Windows Longhorn operating system, due in 2006, that more seamlessly combines local and Web computing.

Dell Inc. will sell about \$20 billion of PCs and tech gear on its website this year, but what's worked so far for the No. 1 PC company isn't good enough. In October, Dell launched a redesign of its e-commerce site intended to make it easier for customers to navigate complex custom orders and for Dell to deliver fine-tuned promos anywhere on the site based on the products a customer bought or looked at in the past.

Next up: a worldwide consolidation of the back-end data center and applications that power Dell's site in 80-plus countries. About 30 percent of Dell's revenue comes from Europe and Asia, and global sales need to keep growing if Dell is going to hit an aggressive goal of going from \$40 billion in annual revenue to \$60 billion within three years. Yet it wants to make IT costs a smaller percentage of total revenue by becoming more efficient. "We don't want to develop everywhere," says Susan Sheskey, a VP of IT responsible for Dell's website. "Customers, no matter where in the world, now see Dell the same way."

As Dell grew rapidly through the 90s, it built up lots of static Web pages, many of them country-specific. So adding a new product could require IT staff to cut and paste XML data into sites for each of those 80-plus countries. "The way it worked before was, every night we'd run code to fit what Sales wanted to push the next day," says online development director Ahmed Mahmoud. The October relaunch combined with the e-commerce consolidation will let IT staff update information about a product feature once, so it's available worldwide at the same time. Then regional managers can focus on adding local languages or offering promos tied to the marketing nuances of their country, rather than on building product details from scratch.

It's just the kind of customization and efficiency that have always been talked about for the Web, but proven far more elusive. Unlike many Web promises, this looks like the year the best websites will deliver on them.

### Case Study Questions

1. What is the primary driver behind the Web upgrade activities of Microsoft and Dell?
2. What is the business value of Microsoft's Web-based, live feedback program?
3. What lessons on developing successful e-commerce projects can be gained from the information in this case?

Source: Adapted from Aaron Ricadela, "From Power On to Power Up," *InformationWeek*, January 26, 2004. Copyright © CMP Media LLC.