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## [Ballmer Talks about Zune and The iPod](#)

*It's brown and it squirts...*

In a recent interview for Business Week, Microsoft CEO Steve Ballmer talked about Zune and the iPod. *BW: Who are Microsoft's top competitors? Ballmer: Guys who can touch us in multiple places probably matter more than guys who can touch us in any one place. And actually we don't really have our big competition from any one company. Any one company, we know how to compete with... there are cases where software gets monetized through hardware. That's what an iPod is. iPod is a software thing. You just happen to collect the money on the hardware. BW: Does Zune fit into the hardware piece of this? Ballmer: Sure it does. Because the value of Zune, if we're successful, is all in the software. It's in community [the ability to share music and pictures with other Zune users]. I want to squirt you a picture of my kids. You want to squirt me back a video of your vacation. That's a software experience. The truth is, though, if it makes money, it will be built into the gross margin on the hardware. We'll figure out how to make money on the community perhaps later though advertising or other means. BW: How much money will you lose per Zune? Ballmer: None. Apple put the hammer down there, dropped the price down to \$249. If they had been \$299, it would have been nicer. They have the advantage of scale. So we're at \$249, too. We don't make a lot of money, not to start out.* The first thing that stands out is the use of 'squirt' to describe the act of sending someone a file over WiFi. Does Microsoft really want that term to be used to describe this process, especially considering what their device name means in some areas of the globe? One can only imagine walking past two people on the street talking about 'squirting' each other... Is this wise? The second thing that stands out is the clarity of Microsoft's business plan. "We'll figure out how to make money on the community perhaps later though advertising or other means," speaks volumes. Words like 'later' and 'somehow' must make investors highly confident about the future of Zune, but it seems that is not a problem as not even Microsoft itself seems to be too convinced... 'if we're successful' clearly shows how much faith Ballmer has in the product. As for Zune not losing any money, it was said that Microsoft would be losing money when the iPod was still priced at \$299, and the Zune was expected to be the same price. Now that the iPod is priced at \$249, Zune miraculously stops losing money. Oh yeah, and, well, I wish the iPod were \$50 more. No real reason....just saying.