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## [XP SP3 Downgrades and Windows 7 Are Slaughtering Vista SP1](#)

*Claim analysts from Sanford C. Bernstein & Co*

Windows Vista is going nowhere fast. [SP1 or no SP1](#), Vista is hurt and suffering, with Microsoft giving out the impression that it is fighting in vain to save its latest Windows client from the inevitable. But proclaiming it ready for business and parading Service Pack 1 in front of potential customers have failed to catalyze the acceleration of Vista's adoption or to change the general perception of the product. Responsible for the Vista slaughter, even with SP1, are also Microsoft platforms, but more specifically the downgrades options to Windows XP (now with [Service Pack 3](#)) and the next iteration of the operating system, [Windows 7](#). The conclusion was presented by analysts from Sanford C. Bernstein & Co. (via [SeattlePI](#)). No less than 372 IT decision-makers were surveyed by Ziff Davis Media and Peerstone Research for Sanford C. Bernstein & Co., and Vista simply came out short. Although the first service pack milestone, a traditional maturity stage designed to signal the readiness of a Windows client for broad corporate adoption, has been available since March 18, Vista uptake has been moving along at the same pace as the RTM build, approximately 10 million licenses per month. At the start of June, two months after SP1 and some 16 months after RTM, [Mike Nash](#), Corporate Vice President, Windows Product Management, indicated that now is the right time to give Vista a second try. According to Sanford C. Bernstein & Co., enterprises of all sizes are not convinced. Over a year of support abuse in corporate environments, Microsoft's advertised step to Windows 7 might very well not be a step at all. "The Vista cycle looks likely to be materially less robust than indicated in our prior survey. A year of overwhelmingly bad publicity, coupled with opportunities for continued XP 'downgrades' or potentially skipping over Vista for Windows 7 look to have meaningfully eroded support for Vista and are likely to impair the product's overall adoption. The Vista cycle looks more likely to track in line with the experience of XP than to fall somewhere between an XP-like and a larger Windows 95-like cycle as we previously expected, and which had been indicated by last year's survey results," reads an excerpt out of the report. The largest impediment in terms of Windows Vista adoption is related to the cost of the rollout. Even if Microsoft has advertised a reduced TCO compared to Windows XP, in-place upgrades often involve not only the operating system but also adjacent hardware. High hardware requirements along with the inherent infrastructure upgrade costs were sufficient to steer corporate customers away from Vista. However, the survey also indicated additional negative factors, including lack of driver support, application incompatibility, and poor performance. "Despite the erosion in perceptions of Vista over the last year, it remains possible that MSFT could restore some of the luster to the Vista enterprise cycle. In particular, especially with the release of SP1 for Vista, the company has addressed a number of the performance and compatibility issues that were cited as among the biggest concerns restraining adoption. It is now critical for MSFT to inform and educate IT professionals involved in the Vista decision in order to reinvigorate enterprise interest in the OS. We believe that proactive, open and frank messaging and education on the part of MSFT could very well ameliorate some of the harm caused by negative publicity and performance to date," it is added in the report. Still, one of the things that also contributed to the sluggish adoption of the operating system is Microsoft's failure to convince customers of the imperative need to upgrade. The Redmond company has applied a tactic of pretending that Vista is the best that it could have been when, in fact, this was not the case. With the launch of SP1, Microsoft continued just to give out the impression that it was fixing a product which was already perfect, and perfecting it continuously through Windows Update. Yet end users had a different perspective, and the company's credibility has certainly also

suffered along with Vista. "We are lowering our FY-09 EPS estimate from \$2.20 to \$2.17 on the back of our survey results, which suggest that the Vista cycle is set to mirror a slower product cycle than we had anticipated. However, we continue to believe that MSFT is well-positioned strategically versus its traditional competitors and in a reasonably solid position to fight off its newer rivals. Operationally, we expect continued execution against solid and boosted FY-08 guidance will be positively received by investors," states another fragment of the report.