

Company of the Month: Microsoft

It is fitting to choose Microsoft as our company of the month because it is celebrating its 25th anniversary. It is strange to think that one of the richest and most powerful businesses in the world is only 25 years old.

But the story of Microsoft is not just unusual for its rapid success. In the past great fortunes have been made by making things which people wanted to buy. Microsoft does not make things – well not things which you can touch and see. Microsoft makes and sells ideas.



The beginning

Early in 1975 Bill Gates and his friend Paul Allen, both undergraduates at Harvard University, ordered a 'personal computer' called the MITS Altair 600 from Popular Electronics magazine. When it arrived they had to assemble the different parts and try to make it work.

In less than one month, Bill and Paul had written their first computer language, BASIC, and sold it to the manufacturer MITS. One month later, Paul Allen was appointed Director of Software at MITS.

Bill Gates and Paul Allen formed a partnership under the name Microsoft.

By July 1975, they had already developed version 2.0 of their BASIC software.

Two years later, Microsoft published its second computer language, which was called FORTRAN-80, and by the end of 1978 Microsoft's annual sales were more than \$1 million US dollars.

MS DOS

For the next few years, Microsoft produced further computer languages including COBOL and Pascal, but their big breakthrough came in 1981 with Microsoft MS-DOS, the disk operating system used by the new IBM PCs (personal computers). In 1983, we saw the first Microsoft word processing program, Microsoft Word. In the same year Microsoft announced Windows, an extension of MS-DOS which provided a graphical 'point and click' operating environment similar to the one developed by Steve Jobs for the Apple Macintosh computers.

Even though the early version of Windows did not work very well, most computer users were happy with MS-DOS. By 1985, Microsoft was celebrating its tenth anniversary and annual sales of \$140 million.

When shares in Microsoft became publicly available in March 1986 they raised \$61 million.

The following year, Microsoft Excel, a spreadsheet package for Windows was published. However, the basic Windows software was still having problems. These were not resolved until 1990 when Microsoft Windows 3.0 became available. In the same year Microsoft sales reached \$1.18 billion.

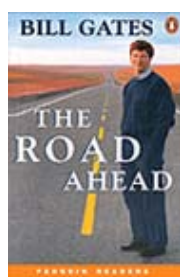
Over the following years, Microsoft continued to grow. By 1993 10 million people around the world were using Microsoft Word in its various versions.

In 1993 we saw the first Multimedia Encyclopaedia, Microsoft Encarta, produced on CD ROM.

Microsoft continued to develop new applications software including the internet browser called Internet Explorer.

Microsoft's critics

Many people in the computer world have pointed out that Microsoft have never been great innovators in software. Most of their best products have been developed from ideas created by others. The success of the company, they say, has been based on the public's need to use common software and Microsoft has frequently had to defend its business practices in the US courts.



Read more about Bill Gates and the ideas behind the Microsoft story in two books by Bill Gates [The Road Ahead](#) and [Business @ the Speed of Thought](#) which are available in simplified English from [Penguin Readers](#).

