

## Windows XP Starter Edition Shows Good Intent, Poor Execution

Dion Wiggins, Martin Gilliland

Microsoft continues to experiment with different models in emerging markets for selling its products. But the latest official attempt fails to meet the most basic needs or grow with its users.

## NEWS ANALYSIS

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### Event

On 11 August 2004, Microsoft announced the upcoming release of Windows XP Starter Edition (XPSE), a new version of Windows XP for emerging markets. XPSE will sell at a lower price and will contain new functions targeted at first-time users (consumers, not enterprises). Microsoft plans to ship XPSE in October 2004.

### Analysis

Microsoft should be commended for its efforts in simplification for first-time users. The company's development efforts for XPSE included studying 1,000 first-time users in Thailand for nearly a year after the launch of the Thai ICT PC in 2003. As a result, Microsoft has added a number of new features to help first-time users, such as a new support center, tutorials on how to use the mouse, and beginner guides to using Windows and common applications. Several features that have little relevance to a first-time user have been removed from the operating system, such as file and print sharing and local area network support.

Unfortunately, XPSE has fallen short in other areas:

- With XPSE, only three applications can run at any one time. For example, if Yahoo Instant Messenger, Microsoft Instant Messenger and an e-mail client were running, the user couldn't open a Web browser.
- All XPSE users share a single desktop, rather than separate, personalized desktops, which makes some processes more complicated. For example, users of a shared family PC must log in and out of e-mail and chat applications.
- Although XPSE ships with XP Service Pack 2 installed, Microsoft has failed to address security issues, such as providing antivirus software and distributing patches and security fixes without reliance on slow, expensive connections, as well as materials educating users on security risks.

XPSE would have better met user needs if it had focused on first-time owners, rather than first-time users. Many families don't own a PC but include people who already know basic PC use from cybercafes and schools. XPSE will likely frustrate these users, because it will not deliver the same quality of experience with which they are familiar. In addition, Microsoft has not enabled XPSE to grow with the user as he or she gains experience. Gartner believes that this will likely increase software piracy, because the only upgrade path offered by Microsoft requires that the user pay full the retail price for XP Home.

**Recommendations:** Enterprises shouldn't consider this offering. Consumers should steer away from XPSE until it is retooled to grow with the user. With this product, Microsoft could have made a big difference in computer literacy and encouraged wider adoption of PCs among underserved populations. Instead, because of the unnecessary limitations introduced in XPSE, Microsoft will likely be perceived as pushing an upgrade path and frustrating users.

**Analytical Sources:** Dion Wiggins and Martin Gilliland, Gartner Research

### Recommended Reading and Related Research

- "Microsoft Wrestles With Local Pricing, Offerings" — Government projects, piracy and open-source competition are pressuring Microsoft to move away from its global pricing model. **By Dion Wiggins and Martin Gilliland**
- "Thai PC Market May Change Global Windows Landscape" — The Thai government's drive to encourage low-cost PCs has significant ramifications for buyers — as well as for Microsoft — in Thailand and beyond its borders. **By Dion Wiggins and Martin Gilliland**

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