

If, like me, you while away the time while waiting for a Tube train by browsing the display ads on the wall opposite the platform, you will have been struck by some recent Microsoft advertisements. They show office workers wearing dinosaur-head masks engaging in laboured banter, in which one worker berates the other for his or her obsolete work practices.

My first reaction was to conclude that Microsoft had picked a turkey of an advertising agency, because the ads and the dialogue are so entirely devoid of the creativity that large advertising budgets are supposed to command. But this rapidly gave way to puzzlement. You see, it's clear that the people in the ads are users of Microsoft software: they have to be because most office workers are. So why is Microsoft insulting its users by portraying them as dinosaurs? After all, treating your customers as idiots is not generally a sustainable business strategy -- though the record and movie industries haven't quite twigged that yet. But Microsoft isn't a brain-dead organisation like Sony BMG or Warner Brothers. Au contraire. So what's going on with these daft ads?

The answer, as it happens, was staring me in the face, but it took a ramble through the blogosphere to realise it. I came on a marvellous essay by John Gruber, a well-known Apple nerd, in which he pondered the malaise that currently grips Microsoft. He begins with the paradox that the company's financial results are still staggeringly good -- \$3.89 billion in profit last quarter. That's more than a billion dollars a month. And yet Microsoft's share price dipped when the figures were released -- and indeed the price has been essentially flat since 2002 and hasn't really moved much since 1998.

Now you might say that if a profit of a billion dollars a month constitutes a malaise, would that we all should be so unwell. But Gruber is right -- something is definitely wrong with Microsoft. In the past, I've put this down to a corporate mid-life crisis: the company (which was founded in 1975) is moving into middle age, and is having a difficult menopause. Gruber, however, has a different interpretation. He thinks that Microsoft's problem is that it has run out of enemies.

The company, Gruber writes, 'is clearly a victim of its own staggering success. What they've done best, historically, is kill and/or neuter their competitors. That's why they're gearing up for a fight against Google; Microsoft, as a company, defines itself by its rivalries. They relegated early PC peers like WordPerfect, Lotus, and Borland to relative obscurity; then, famously, they outright obliterated Netscape. In the '90s, to sell copies of Word, they needed to beat WordPerfect, and they did; to sell

Excel, they needed to beat Lotus 1-2-3.' And they did.

But now, there's nobody left to beat. Or, at any rate, nobody left to beat at the old game. Google refuses to play ball by releasing operating systems or office software, preferring to do everything via the web. Open Source software refuses to play by not belonging to a company that can be intimidated, purchased or exterminated in the old way. And although Apple is a company, it's not a satisfactory enemy because it primarily sells hardware whereas Microsoft sells only software.

For most companies, the absence of competition would represent a kind of nirvana. But Microsoft is a corporate extension of Bill Gates's personality. As John Gruber says, it defines itself by its enemies. Which brings us neatly back to those ads that baffled me on the Tube. Their hidden subtext is this: Microsoft has discovered a new enemy -- its users. Or, more precisely, those who use older versions of its software. Why? Because, for good or ill, they have become accustomed to older versions of Windows and Office. They may not love them, but broadly speaking, the software does what they want. Office is already overloaded with exotic 'features' that 95% of its users never bother to even try. These refuseniks know that upgrading to the forthcoming versions of Windows and Office will bring pain, uncertainty and expense. And an awful lot of them are likely to say 'no, thank you very much' when Vista and the new version of Office finally ship.

Which of course is why they are being depicted as dinosaurs in the advertisements.

And while all of this has been going on, Google's weevils have been gnawing away at the foundations of the Microsoft empire. In a surprisingly under-reported coup, the search engine paid Dell an unspecified sum to have its browser toolbar and desktop-search software pre-installed on the company's PCs and their homepages set to a co-branded portal site.

Last year, Dell shipped more than 37 million PCs and servers. That means Google could conceivably put its search box in front of 100 million new PC owners over the life of the deal. And because most computer users never change the default settings on their PCs, that means they will never see a search engine other than Google. Who said computers were boring?