Cyber Security

The security tech titans owe their customers

We accept these monopolies so long as the products keep improving

FT View

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Cyber security has become a shared responsibility between tech companies and customers." So wrote Brad Smith, Microsoft's chief legal officer, after the WannaCry ransomware infection debilitated computers around the world last week. All software becomes obsolete where security is concerned, and customers who use outdated technology are taking a risk that Microsoft cannot eliminate. This is true — but does not relieve Microsoft of the unique responsibilities it has in virtue of being a hyper-profitable oligopolist.

Microsoft XP, the operating system that was particularly vulnerable to WannaCry, was introduced in 2001. Microsoft provided support for XP, including security "patches", until 2014. Thereafter the company charged for patches. Customers who had not paid were left exposed to WannaCry. As the attack spread, Microsoft made a free patch available. But Mr Smith emphasised that upgrading to modern software is the only way for customers to stay safe.

Few products have infinite lives. Anyone using a decades-old toaster does so at their own risk. For a long time, Microsoft sold its software under perpetual licences. It sells lots of such licences today. That was never, however, a guarantee that the software had an infinite life.

The situation is not simple, however. Nearly two decades after its major battles with antitrust authorities, Microsoft still has 90 per cent of the market in desktop operating systems. Yes, it lost the battle for consumers' primary computers, which are now their mobile phones. For most businesses, however, upgrading an operating system still means buying another Microsoft product. When Microsoft extols the virtues of upgrading and "shared responsibility", it is extolling the virtues of giving Microsoft more money — to an audience of customers with little choice.

Microsoft's exhortation will grate for businesses and government offices where creaking operating systems are woven into webs of specialty software, all of which will have to be rejigged in an upgrade, at great expense. There is a reason big institutions use the same software for decades.

There is an unsavoury smell to this, the more so because Microsoft charged quite high prices for the XP support after 2014 — as much as $1,000 per device per year. Does this amount to exploitation?

It depends on more than just Microsoft's market position and the prices it charges. The tacit deal that customers have cut with dominant, money-spinning technology companies is that the products will become either better or cheaper with every passing year. The metronomic pace at which microchips grow more powerful, and clever coding, have allowed this pact to be kept.

The problem — for both customers and for Microsoft — is when the old products worked just fine, and the performance of the new ones is only marginally better. If the sole substantive upgrade is better security against attack, being forced to pay the old prices amounts to the tacit agreement being broken.

Worries about Microsoft's dominance in computing have faded, with reason, with the rise of Google and Apple. Yet its shares (at all-time highs) and its profits (twice what they were at the turn of the millennium) still reflect a dominant company in an industry that tends towards oligopoly. That is no cause for alarm, so long as the customers caught in its mighty gravitational field are getting big performance improvements at stable prices — or cheap updates for their ageing software. If not, those customers are being very badly used.

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