

# IN THE NEWS

## TECHNOLOGY

# Wall Street Slow to Warm to Windows Vista

BY MARIA TROMBLY

Even before the credit crisis hit, adoption of Microsoft Corp.'s oft-criticized Windows Vista operating system was slow on Wall Street. And with IT budgets tightening across the financial services industry, many firms are not rushing to make the switch.

For many it is not just about the money—there are concerns about Vista's performance when it comes to business productivity applications. According to a testing report issued late last year by Devil Mountain Software, Vista, compared to Windows 2000 and Windows XP, "is easily twice as demanding and requires state-of-the-art hardware in order to perform adequately."

For Hold Brothers On-Line Investment Services, a Jersey City, N.J.-based direct-access trading firm, that was a significant consideration. "In our mission-critical environment, where latency is extremely important, Windows XP Professional was the better choice because it has lower latency than Vista," asserted CEO Greg Hold.

Vista is more "bloated" than Windows XP, said Hold, requiring more memory and processing power. The firm tested Vista, he said, and decided to stay with the older operating system after determining that it runs trading software faster.

Speed, emphasized Hold, is critical for his firm and its clients—mostly day traders. "In trading, milliseconds are extremely important to users, where they might not be important to the general public," he said. "Some kinds of day trading are extremely latency-sensitive—a fast news trader may make millions a year, but one who's just a few milliseconds slower might not make any money at all. That's why we're sensitive to the speed of an operating system, its CPU utilization" and how much memory it takes to run.

Hold Brothers is sticking with XP on the desktops of its 300 employees and contractors, and on the 450 client desktops it controls. "There are only a couple of remote users whose choices we can't control who use Windows Vista," he said. "We will support it, but we really try to push people onto Windows XP Professional. Our relationships with our traders are very strong. They rely on us to make a living, so they are very prone to listen to our software recommenda-

tions. We have more input in what operating system our clients would use than a typical brokerage firm."

Hold said his firm hasn't decided whether it will eventually upgrade to Vista—or its successor Windows 7, due in late 2009 or early 2010—or go in a different direction entirely. Hold Brothers is small and agile, he said, and there's plenty of time to decide before Microsoft cuts off support for Windows XP, currently scheduled for 2014.

### XP Support

Many firms are opting to hold off on migration, a decision eased by Microsoft's announcement in October that it will continue to offer XP downgrades. Microsoft spokesperson Ted Ladd noted



Stevan Vidich

that the Windows Vista Ultimate and Business editions come with downgrade rights, and Microsoft will provide XP disks to manufacturers through July. The hardware companies can continue to install the downgrades past that point, he said, as long as they have enough disks.

In fact, according to Devil Mountain, 35 percent of all PCs sold are downgraded to XP at the point of sale or shortly after being purchased. In the financial services sector in particular, companies looking for increased performance are shifting to the 64-bit version of Windows XP. "If you look at Wall Street types of activities, they can't afford latency, and they can't afford downtime," observed Rod Nelsestuen, research director for financial strategies and IT investments at Needham, Mass.-based TowerGroup.

Despite the eventual removal of XP from the shelves, added Nelsestuen, the

extended support will continue to slow adoption of Vista. "Windows XP is operating well and companies are happy with it," he said. "And you've got the issue of what you need for new hardware. Vista, like any new operating system, has a bigger footprint."

Some firms also prefer to standardize all their desktops, said Matt Rosoff, analyst at Kirkland, Wash.-based research firm Directions on Microsoft. "A lot of companies enforce a consistent image on all their PCs, and if they already have a wide deployment of XP, they will downgrade new PCs to XP as well," he explained.

In the fiscal quarter ended Sept. 30, Microsoft's client segment, which includes its Windows operating systems, saw a year-over-year revenue increase of 2 percent. The Redmond, Wash. giant had expected 6 percent to 7 percent growth, said Rosoff. Microsoft attributes the numbers to retail consumers opting for lower-cost versions of Vista, or Internet machines without the OS.

Vista currently accounts for 19 percent of operating systems in use, according to Net Applications, up from 10 percent at year-end 2007; 68 percent are XP. "We are seeing Windows Vista make steady growth among business users, with receptiveness for the product growing," said Al Gillen, an analyst at Framingham, Mass.-based research firm IDC. "However, the market has not broken wide open with a sudden shift or acceleration to favor Windows Vista over Windows XP. At the moment, the story for Windows Vista continues to be one of linear growth."

### Trading Up

There are, however, factors that may push companies to upgrade. Service Pack 1—released in February for enterprise users, and March for everyone else—has fixed most of the bugs and other problems associated with Vista, said Stevan Vidich, Microsoft's industry technology strategist for capital markets.

Generally, larger organizations are slower to swap operating systems since they tend to have a lot of proprietary software and sizable technology ecosystems comprised of computers, networking equipment, servers, security devices and peripherals, as well as the protocols, standards and tools that link the various pieces. All of a company's applications and tech-

nology components have to be tested against a new operating system. If anything doesn't work, it has to be upgraded, replaced or worked around.

"There's a lot of application compatibility testing, a lot of regression testing that has to take place," said Vidich. For example, he said, Citigroup has publicly committed to deploy Vista on 325,000 corpo-

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rate desktops, but because of the size of the project, implementation will take three years to complete.

The biggest compatibility hurdle, he added, is Vista's tighter security. "Windows Vista security has been improved considerably compared to Windows XP," said Vidich. Under XP, typical desktop users have administrator privileges, giving them and their software access to key information such as the registry. Under Vista, that security hole has been closed off, creating compatibility problems with older software.

To solve the problem, Microsoft created virtual system resources for applications to play with, noted Vidich. Instead of changing a real system registry, for instance, the software changes a dummy registry. "This is making it more difficult for malware and viruses to attack Vista," he said.

In both units sold and market penetration, Vista's adoption is slightly ahead of where XP was at the same point after its release, said Rosoff of Directions on Microsoft. However, it's impossible to make accurate comparisons because the industry has changed—there are more PCs and new customers every year, noted Rosoff. "I wouldn't read too much into the numbers." ■