Apple and Microsoft, the eternal rivals, have made yet another move on the online music market, but with different strategies: while Bill Gates’s company has opted to licence Janus, its digital rights management technology, to other manufacturers, Apple has decided to limit the use of its software, called FairPlay, to files played from its platform (iPod and iTunes).

Some analysts fear that Apple is repeating the attitude that led its Mac OS operating system to turn into an option for a minority and resign itself in the hegemony of Windows. The fact is that betting on a proprietary system, Apple not only lost out on a juicy bite of the computer users who opted for compatible and more economic devices but it also closed the doors on a series of complementary markets such as peripherals. John Scully, CEO of the company between 1985 and 1993 admitted in 1992 that the company had missed out on an opportunity of 7,000 million dollars by simply refusing to let its printers work with PCs, something that HP did recognise and went on to practically corner the market.

A lot of water has gone under the bridge since then and Apple has learned one or two tricks. To start with, from the very launching of the iPod in 2001 the company has managed to win over the market. The product once again proved Apple’s ingenuity and superior technology while it convinced users and even the industry that online music could be both legal and profitable. However, since 2002, the new “walkman” opened up to downloads from Windows systems and soon set up distribution deals with equipment manufacturers like HP. In 2003 the company had 25% of the legal download market and 60% of those who bought iPods were PC users.
Everything pointed to the company understanding the value of opening up to users of any platform. Why then doesn’t it open its DRM technology to all the manufacturers? Because, although it may look the same, it is not like the PC situation. In the computer market, opening up the system means taking advantage of and strengthening the externalities of the network: the more developers that work on your platform the more users you have and the more value your network will have. In the case of music, the value does not reside in the device in itself nor in the DRM technology, but in the content and the use made of it by users. Opening up the technology lets third parties develop applications to use protected music files. However, it is quite clear that the possible applications are more restricted than in the case of computers, where everything works from word processors to spreadsheets to games. What is more, the control of the rights of that content is essential to convince the sector to offer digitalized music with a limit on its number of uses, and Apple is well aware of that. That is why there is less pressure on having a rights management standard. What is important is to get the rights on new songs. Lastly, and unlike the bygone days of the battle between PCs and Macintosh, Steve Jobs’s company has a good head’s start with a market share and a growth rate well above its competitors, which lets it take its time before deciding on new commitments.