# Microsoft Touching up Windows 8 to Address Gripes

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SAN FRANCISCO (AP) — Microsoft is retooling the latest version of its Windows operating system to address complaints and confusion that have been blamed for deepening a slump in personal computer sales.

The tune up announced Tuesday won't be released to consumers and businesses until later this year. The changes, part of a software package given the codename "Blue," are a tacit acknowledgment of the shortcomings in Windows 8, a radical overhaul of Microsoft Corp.'s ubiquitous operating system.

With the makeover it released last October, Microsoft hoped to play a more prominent role in the growing mobile device market while still maintaining its dominance in PCs. But Windows 8's design, which emphasizes interactive tiles and touch controls, seems to have befuddled as many people as it has impressed. One leading research firm, International Data Corp., says Windows 8 contributed to a 14 percent decline in worldwide PC sales during the first three months of the year — the biggest year-over-year drop ever.

Meanwhile, sales of smartphones and tablet computers are booming. The biggest beneficiaries have been Apple Inc., the maker of the iPhone and iPad, and Samsung Electronics Co., which sells the most devices running on Google Inc.'s Android software. Google is also benefiting from Android's popularity through increased traffic to its services, creating more opportunities for the company to display ads.

By contrast, leading PC makers such as Hewlett-Packard Co. and Dell Inc., which primarily sell Windows-powered machines, have been mired in a financial funk that has battered their stocks and raised questions about their futures.

Despite the troubling signs, Microsoft insists it's pleased with Windows 8's performance.

The company, which is based in Redmond, Wash., says more than 100 million Windows 8 licenses have been sold so far, up from about 60 million licenses in January. The licensing volume "is in the same general ballpark," as Microsoft's previous operating system — Windows 7 — at a similar juncture of its sales cycle, according to Tami Reller, who serves as the marketing and financial chief for Microsoft's Windows business.

In an interview, Reller said Microsoft still realized changes need to be made to make Windows 8 easier to navigate and capable of taking full advantage of technology improvements that have come out since October.

"Are there things that we can do to improve the experience? Absolutely," Reller said "There is a learning curve (to Windows 8) and we can work to address that."

For now, Microsoft isn't saying what kind of changes will be introduced with the release of Blue, which the company plans to anoint with a different name when the update is available.

Microsoft also isn't saying whether it will charge existing owners of Windows 8 devices to get the fixes in Blue. The company plans to release Blue in time for the holiday season.

Reller said more details about Blue will be released before Microsoft holds a developers conference in San Francisco in late June. Some of Blue's features are expected to be previewed at that conference.

If Blue is meant to make people more comfortable, the changes may incorporate more of the elements from earlier versions of Windows.

A common complaint has centered on the lack of a "start" button in the Windows 8 menu.

Other critics have pined for an option that would allow the system to begin in a desktop mode suited for running applications designed for earlier versions of the operating system.

Windows 8 currently starts off showing a mosaic of interactive tiles tailored for swiping through programs with a finger instead of using a computer mouse.

Blue also might make it easier to find a set of controls — known as "charms" in Windows 8's parlance — that currently must be pulled out from the right side of a display screen.

Besides responding to customer feedback, Blue also will improve Windows 8's ability to work on smaller tablets with 7- and 8-inch display screens, Reller said. She declined to say whether Microsoft intends to make smaller version of its own Surface tablets. In a conference call with analysts last month, Microsoft Chief Financial Officer Peter Klein said the company was working with other manufacturers to make smaller tablets.

One thing that Blue won't fix: the relatively small selection of mobile applications tailored for Windows 8. Reller said the Windows 8 store now has more than 60,000 apps. By contrast, there are more than 800,000 apps available for Apple's mobile's devices and nearly that many for Android devices, too. In one of the most glaring omissions on Windows 8, Facebook Inc. still hasn't designed an app to make its online social network more accessible on that system. Facebook has about 750 million mobile users.

Microsoft's decision to tweak Windows 8 so soon after it went on sale may reinforce perceptions that the product is a flop.

Reller is trying to frame the changes as evidence that Microsoft is becoming more agile and nimble as it responds to a rapidly evolving technology market. Smartphones and tablet computers have been at the epicenter of the upheaval, diminishing the demand for PCs as more people and businesses opt for the convenience of increasingly powerful mobile devices.

The mobile computing movement is the main reason that Microsoft made the most dramatic redesign of its Windows operating system since 1995. Given how different that Windows 8 is from its predecessors, Reller said Microsoft always knew it might have to make some adjustments less than a year after the software came out.

"It had to be a very big change to take advantage of the mobile opportunity," she said.

Analysts say one reason Windows 8 got off to a slow start is because there weren't enough devices designed to take advantage of the system's touch-screen features. But that is about to change as HP, Dell and other PC makers prepare to roll out a wide variety of laptops and tablets with displays that respond to touch. More than 2,400 devices have now been certified to run on Windows 8, up from 2,000 in January, Reller said.

Most of the touch-screen laptops will sell at prices $50 to $250 below the first wave of comparable machines running on Windows 8, reductions that Microsoft hopes will prod more people to check out the system.

"As we look at Windows 8, it's important to remember a lot of its full potential won't be realized until there are more touch devices on the market," Reller said.

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