Bill Gates has reportedly agreed that Microsoft could fall behind the technology curve as online services become a leading presence on the Internet.

An e-mail memo from Chief Technical Officer Ray Ozzie that was endorsed by Gates urged Microsoft's leadership to push the development of online services rather than rely purely on new software.

"The coming 'services wave' will be very disruptive (to Microsoft)," Gates said in the Oct. 30 e-mail obtained by the Wall Street Journal. "We have competitors who will seize on these approaches and challenge us -- still, the opportunity for us to lead is very clear."

The Journal noted that such online services as instant messaging and Voice of Internet Protocol telephony had been seized upon by companies that don't necessarily rely on the Windows platform.

Ozzie proposed creating an online products division within Microsoft that would be more aggressive in developing and deploying new services.

Copyright 2005 by United Press International