Microsoft Corporation

Term Project

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Microsoft's ambitions have been anything but small since its inception in the early 1980's. Microsoft's is the world's number one software company and has controlled an overwhelming share of the personal computer operating system market. Microsoft's products do not stop at just an operating system; the company supplies the world with a number of other products including their Office Software Suite, their video game console Xbox, CRM Applications, server and storage software, and Zune, their digital music player. The company has had acquisitions to bulk its presence in markets such as online advertising, mobile devices, and enterprise software. Throughout this paper, I will be discussing a little history Microsoft, their Technological Strategy, the company's core competencies, industry dynamics, sourcing and innovation, and their strategy to protect their innovations.

Microsoft's History

Bill Gates founded Microsoft (originally named Micro-Soft) in 1975 after dropping out of Harvard at the age of 19 and teaming up with High School friend Paul Allen to sell a version of the programming language BASIC. Gates moved Microsoft to Seattle in 1979 and began developing software that let other write programs, thus the modern personal computer was born in 1980 when IBM choose Microsoft to write the operating system for its new machines. The company went public in 1986, and Gates became the industry's first billionaire a year later. In 1995 antitrust concerns cost Gates a $1.5 Billion dollar acquisition of his personal finance. Later that year, Gates introduced the Microsoft Network that licensed the Java Web Programming Language from Sun and introduced its Internet Explorer Web browser, as well as launching

Expedia.com, its online travel site. After settling a lengthy lawsuit from Sun in 2001 for $20 Million dollars for allegations that Microsoft was creating an incompatible version of Java in 1997, the company in 1999 agreed to invest $5 Billion for a minority stake in AT&T as part of a move to acquire cable operator Media One. In addition, the company also bought Windows technical drawing software Visio for $1.3 Billion, and sold a stake in Expedia to the public.

In 2000 Gates named Ballmer the new CEO of the company and Gates remained

chairman and added the title of chief software architect to himself. Later that year, a judge ruled that Microsoft used its monopoly powers to violate antitrust laws. Microsoft agree to uniformly license its Windows operating system, cease to offer exclusive contracts with manufactures, and allow competing software to be included with its

operating systems. Throughout the next couple of years Microsoft still faced some bumpy roads, with a lawsuit from Netscape in 2002 and announcing in 2005 a reorganization designed to streamline its decision making and speed up execution across its divisions. Microsoft put many of its legal woes behind them after 2008 and partnered with mobile device

makers such as Hewlett Packard and Motorola to develop handheld computers and mobile devices that utilize Microsoft's Windows Mobile and Windows Media software. In 2009, Microsoft overhauled and rebranded its own search business Bing after failure of acquiring Yahoo! in 2008.

Technology Strategy

Microsoft's technology strategy service enables business innovation and helps builds the company's competitive advantage. [1]Microsoft's technology strategy helps organizations improve IT service excellence, lower costs, and build competitive advantage through the innovative application of the Microsoft platform. Microsoft delivers its technology strategy services through Enterprise Strategy Consultants and senior level experts. Using the IT roadmap, IT advisors help organizations successfully plan, deploy, operate, and optimize Microsoft technology solutions.

A Microsoft Technology Strategy Service engagement offers significant ongoing benefits to large organizations that run Microsoft Technologies. The company helps plan for IT governance and compliance by establishing well defined procedures and clear standards for acquiring, integrating, and maintaining IT systems over time. Microsoft's work can lead to:

MTSS BENEFITS:

- IT service excellence with help to improve operational efficiency to lower total costs of ownership
- Help reduce redundancy and streamline IT processes and service deliveries across regions and international boundaries
- Help ensure the success and reduce the risk of future IT upgrades and systems
- Operate from a consistent and executable IT service architecture and delivery plan

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[1] http://www.microsoft.com/australia/services/consulting/strategy.mspx

Core Competencies

A company's core competencies are typically considered to be more than a core technology, a company's core competencies differentiates them strategically from their competitors. Several core competencies underlie an individual business and can indicate an organization's structure. Microsoft's products can be divided into seven main families; these products include Windows, Servers, Business Solutions, Xbox Game Console and Games, MSN, Developer Tools, and Windows Mobile.

Windows Operating System
- Windows 7, Media Center, Tablet PC, among others

Business Solutions
- MS Office, Project, Visio, SharePoint, Live Meeting, One Note

MSN
- Microsoft Network, Security Essentials

xBox
- Console and games

Developer Tools
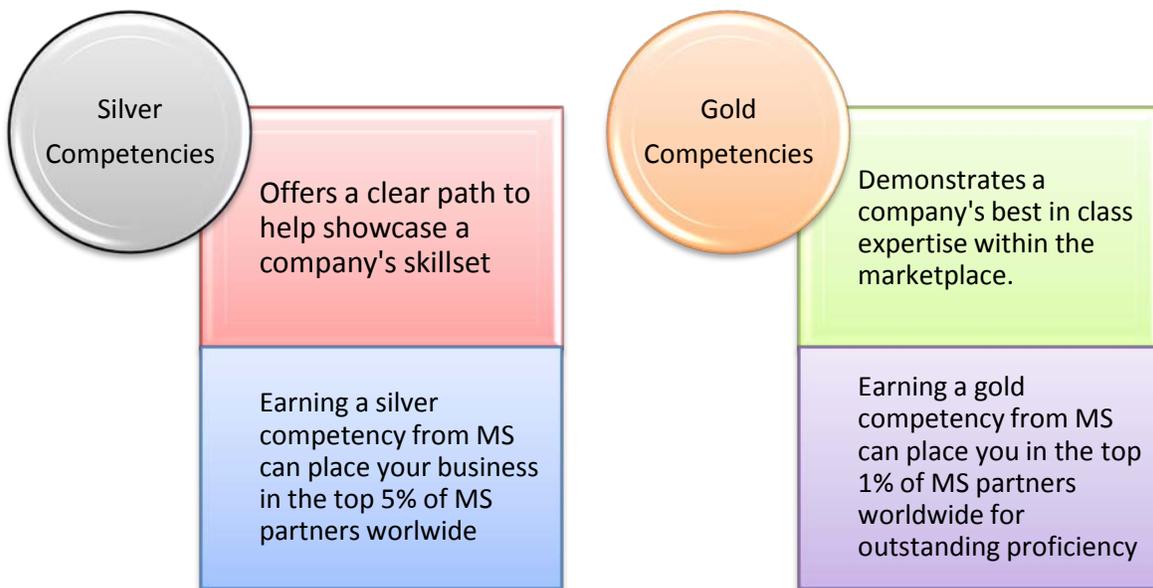- Visual Studio, Expression Web, Web Matrix

Servers
- BizTalk Server, Commerce Server, SilverLight, .NET Framwork, among others.

Mobile
- Smart Phones

Microsoft delivers the right services at the right time by strengthening IT as a strategically focused, business aligned organization. The company offers a competitive advantage through their technological innovations. The company maps IT applications, infrastructures, and operations into a consistent set of services that support business goals. They help eliminate redundancies, service delays, and inefficient processes for faster response times, and they also seize the opportunity to take the competitive lead by applying technology in innovative ways. For a variety of reasons it is difficult to imitate Microsoft's core competencies because customers perceive the benefits associated with the Microsoft products.

Microsoft currently has its own partner network where businesses can showcase their expertise through Microsoft competencies. Microsoft has two types of competencies that they can provide a new business. Gold or silver competencies can help set a company apart from the competition by demonstrating a proven skill set to potential customers. Consumers can easily identify a company's capabilities and expertise because Microsoft is aligned with how customers actually buy a company's products.

Silver
Competencies

Offers a clear path to help showcase a company's skillset

Earning a silver competency from MS can place your business in the top 5% of MS partners worlwide

Gold
Competencies

Demonstrates a company's best in class expertise within the marketplace.

Earning a gold competency from MS can place you in the top 1% of MS partners worldwide for outstanding proficiency

Industry Dynamics

Microsoft offers a competitive advantage through technology innovation by delivering the right services at the right time by strengthening IT as a strategically focused and business aligned organization. From the use of Microsoft industry dynamics, company's can map IT applications and operations into a consistent set of services that support business goals. They can also seize opportunities to take the competitive lead by applying technology in innovative ways. Based on what Microsoft states on their website, [2]"When you want CRM in the cloud that is flexible, scalable, and easy to use, and that delivers outstanding value and business insights, there's no comparison to Microsoft Dynamics CRM." Using industry trends, Microsoft can help a firm drive sales productivity by tracking sales opportunity, boost customer satisfaction, improve a firm's marketing effectiveness, and help firm's reach quarterly goals. One of the most powerful features of Microsoft's CRM dynamic business management software is the native outlook client which allows users to access the full capabilities of Microsoft dynamics CRM right within the Microsoft Outlook interface. And because sales, marketing, and customer service tasks are handled within a familiar application, any team can work smarter and be more productive on any project that they are working on.

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[2] http://crm.dynamics.com/online/default.aspx?tabid=fits-your-business&CR_CC=200008220&WT.srch=1&WT.mc_ID=SEARCH_CRM&CR_SCC=200008220&fbid=MaoDx0DAMmG

Technology Sourcing and Internal Innovation

By using the Microsoft Dynamics CRM online application, firm's have the ability to use a strategy to source their methods. Firm's can improve sales planning and management by setting up territories and teams for optimal organizational efficiency. Firm's can also better coordinate tracking leads within one centralized system and assign leads and tasks automatically based on predefined rules. Firm's who use Microsoft's online CRM application can also mange opportunities effectively by enabling a more effective sales team with team based ownership. They can also create and monitor customized offers and pricing for each opportunity, by more effectively positioning against competition with a seamless competitor tracking tool. A firm can also streamline a proposal creation with embedded document management capabilities and establish consistent sales processes with predefined workflows.

Users of Microsoft's CRM dynamic tool have the ability to streamline account management and enhance pipeline management by increasing the accuracy of revenue projections with individual or rollup forecasting. Firm's can leverage guided dialogues across sales organizations to reduce training and speed up time to simplify workflow processes. Users can also empower their sales force with real time data from any web enabled device to get on the go leverage. And, the use of CRM's analytical tool helps firm's gain visibility and exposure through improved decision making using robust data for insightful trending analysis. Using the intuitive report wizard helps firm's take advantage of the application to instantly create ad-hoc reports.

Product Development Strategy

During a professional developer's conference in 2010, a Microsoft Executive addressed the company's plan to incorporate HTML 5 and Silverlight together. HTML is the only cross compatible solution for both Window's and Apple platforms. Microsoft's Silverlight strategy is Microsoft's development platform for their windows phone. While servers, desktops, and mobile devices have arguably identical issues with compatibility, the solution and answer lies within HTML 5, and the driver in both cases is user demand. Thanks to the steady and regular market share gains, the Mac now has the upper hand of the market, especially in the U.S, where Apple has already exceeded 10 percent of the market share. The problem Microsoft is having is that the demand for Macs comes largely from the demands for I-Phones. If a user has a good experience with an I-Phone, this will lead into repeated trips to the Apple store on site and online, with more and more users considering and purchasing Apple products, including Macs, I-Pads, and I-Pods.

Android has also benefitted from a similar popular demand recently in the mobile device world, and since Google has its own platform now, users have more choice with both hardware and wireless carriers. The problem with these platforms is compatibility, which was a bigger issue in the past than now, but still an issue. No new major PC specific applications have appeared in the past several years, instead, all new apps have been web based and run well on standard based browsers on any desktop computer operating system including Windows, Mac, and Linux.

Embracing web standards can eliminate a lot of problems currently, and when it comes to web standards, the industry is rallying around HTML 5, JavaScript, and CSS 3 (Cascading Style Sheets). Microsoft embraces HTML 5 because they feel it is the future of web technology that they are exploring by using Internet Explorer 9 and within the next few months Windows 8. On the mobile side HTML 5 is leaned more towards the future of mobile devices, but at the same time will bridge the gap between disparate and incompatible platforms like the I-Phone, Android, and Windows phones. Today's smart phones all run on different operating systems with incompatible apps for each, but if developers create mobile solutions instead of native apps, there would be no need to develop three completely different types of apps in different environments, and with several different languages. Instead they can create and users would embrace a single web app that is cross compatible on all operating systems. Microsoft is wise with its goals for Silverlight, but at the same time the software giant is welcoming HTML 5 with arms wide open as its path to the future of the company.

Microsoft's aim with Windows 8 is to make the user experience a natural extension of the device. This attempt is a design that Microsoft hasn't attempted since the days of Windows 95. The new user experience also extends to how applications will run on the Windows 8 software. Developers will also be able to use common web technologies, such as HTML 5 and JavaScript to create applications for the PC to further ease integration and adoption. To aid developers in building applications for the new Windows 8 platform, Microsoft has opened a new developer conference called BUILD which will take place in California later on this year 2011. Needless to say, Microsoft is keeping up with technology and innovation by embracing new technologies that can be implemented into their existing platforms that will make the Microsoft brand even bigger and better than it already is.

Strategy to Protect Innovations

Although Microsoft lags behind Apple in innovation, during 2010 Microsoft was granted the third most patents of all companies with almost 3,100 patents behind the leaders IBM and Samsung. Apple checked in at number 46 with only approximately 560 patents, but Apple was also cited with the greatest increase of patents in 2009, up by 94%. Microsoft in general doesn't release innovative products, except for the Kinect gaming system for X-Box, which is an exception to that rule. Microsoft spends approximately nine billion dollars a year in research, development, and acquisitions, totaling over sixty nine billion over the last decade, which for Microsoft has not brought the breakthroughs to the public like they wish they could.

Innovator evangelists believe that Microsoft is suffering from a innovator's dilemma, which occurs when a company focuses on protecting their existing markets, rather than trying to create new ones. Although Microsoft never quite ranked among famous labs such as Bell Labs and the Xerox Palo Alto Research Center, Microsoft itself still feels that they are one of the few remaining companies that still do pure research and development, including kinds that may not turn into products for several years to come.

Microsoft has a problem when it comes to protecting innovations, Steve Ballmar, who is Microsoft's current CEO is not a visionary and simply does not have the vision to create innovative products. But, when we look at the CEO of Apple Steve Jobs, we can see that Steve Jobs is a brilliant forecaster and knows what people want even before the public realizes it and then having great products designed to fill their need. Another problem the company faces is corporate culture. Apple focuses on new innovative products, while Microsoft focuses on protecting their turf, which is no way to be innovative in today's market.

Although Microsoft does deserve a lot of credit for the amount of money it is willing to put in their research and development, and their researchers also deserve credit for the number of patents they receive, the company needs to rethink its approach to innovation and product development, so that it can also reap the rewards and benefits of their work.

In conclusion, Microsoft will go down in history as one of the most innovative companies that have changed the way people go about their daily lives. Microsoft has come a long way from the days of settling lawsuits with numerous companies to being the powerful software giant in the world today. With technology comes innovation, and Microsoft has proven that it can be technological innovative with all of the great products that we have seen from them over the years. Given the company's strategies, core competencies, dynamics, and innovative breakthroughs, it is no wonder why Microsoft has lasted this long, and will be around for many more years to come.

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