**RECOMMENDED STRATEGIES FOR MICROSOFT**

**1**.**Innovative Software Development***:* Microsoft should prioritize the development of innovative and novel software products to counteract the rising competitive rivalry with other software firms. This strategy involves creating unique software solutions that outcompete rivals, ensuring Microsoft remains at the forefront of technological advancements.

**2. Strategic Alliances***:* To strengthen its competitive position in overseas markets and counter the threat of increasing international competition, Microsoft should forge additional strategic alliances with other firms. Collaborations can enhance Microsoft's capabilities and broaden its reach, fostering a stronger global presence.

**3. AI as a Core Competency***:* While AI capabilities are currently considered a non-core competency, Microsoft can transition them into a core strength. By investing in AI development, making it a central focus, and expanding AI services, Microsoft can establish itself as a leading provider in the AI domain, aligning with the ongoing industry trends.

**4. Portfolio Expansion for Market Reach***:* Expanding the product portfolio for other platforms can become a core competency. Microsoft should consider introducing a variety of end-user devices beyond smartphones, addressing market demands and ensuring compatibility with evolving consumer preferences. This approach can strengthen Microsoft's competitiveness based on network externalities, product compatibility, and customer convenience.

**5. Strengthening Positive Externalities***:* Microsoft's strong brand image and positive externalities are key strengths. To capitalize on this, the company should focus on enhancing its brand image further and improving alliances with other firms. Strengthening positive externalities can lead to higher revenues and market influence.

**6. Diversification into Novel Hardware Products***:* Acknowledging the weaknesses and threats identified in the SWOT analysis, Microsoft should consider diversifying its business by investing in the design and development of novel hardware products. This strategic reform can create a more robust ecosystem, countering potential threats and opening avenues for growth.

A range of strategies have been recommended for Microsoft, with a focus on maintaining its market position and driving growth. Eitzman (2019) suggests a subscription-based model for Windows updates and pricing, while Warner (2019) emphasizes the expansion of Microsoft's cloud platform. Cusumano and Selby (2016) and Vinayachandra (2019) both highlight the importance of product diversification and continuous improvement through self-critiquing and feedback. These strategies are supported by Microsoft's current competitive level and its ability to shape evolving mass markets (Cusumano, 2016), as well as its successful product diversification and market stability (Vinayachandra, 2019).

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