**RECOMMENDED STRATEGIES FOR MICROSOFT**

**1**.**Innovative Software Development***:* As competitors with other software firms grow more competitive, Microsoft should prioritize the development of innovative and novel software products. By creating unique software solutions that outcompete rivals, Microsoft ensures it remains at the forefront of technological advances.

**2. Strategic Alliances***:* Microsoft should forge additional strategic alliances with other companies to strengthen its competitive position in overseas markets and counter the threat of increasing international competition. By collaborating, Microsoft can improve its capabilities and expand its reach, strengthening its global presence.

**3. AI as a Core Competency***:* Microsoft can turn artificial intelligence capabilities from a non-core competency to a core capability. By investing in AI development, making it a central focus, and expanding AI services, Microsoft can establish itself as a leading AI provider, aligning with the ongoing industry trends.

**4. Portfolio Expansion for Market Reach***:* As a core competency, Microsoft can expand its product portfolio to other platforms. To meet market demands and ensure compatibility with evolving consumer preferences, Microsoft should consider introducing a wider range of end-user devices beyond smartphones. As a result of network externalities, product compatibility, and customer convenience, Microsoft will be able to strengthen its competitiveness.

**5. Strengthening Positive Externalities***:* Positive externalities and Microsoft's strong brand image are key strengths. To capitalize on this, the company should continue to enhance its brand image and strengthen alliances with other companies. By strengthening positive externalities, revenues and market share can increase.

Microsoft has been recommended a range of strategies to maintain its market position and grow. According to Eitzman (2019), Windows updates and pricing should be based on subscriptions, while Warner (2019) emphasizes Microsoft's cloud initiatives. A few studies stress the importance of product diversification and continuous improvement, including Cusumano and Selby (2016) and Vinayachandra (2019). With Microsoft's current competitive position and ability to shape emerging mass markets (Cusumano, 2016), as well as its successful product diversifications and market stability (Vinayachandra, 2019), these strategies are supported.

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