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**Case Study - Microsoft**

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# Declaration of Authorship

We, Lin Yuan Chong, Zygimantas Gaubas, Lim Shien Han, declare that this case study, ‘Case Study - Microsoft’ and the work presented in it is our own.

We confirm that:

This work was done wholly or mainly while in candidature for the Bachelor of Science in computing module IT Business Management at the Technological University, Dublin – Blanchardstown Campus.

Signed:

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# Summary of Company

Microsoft Corporation, founded in the year 1975, in widely known as an American MNC (Multinational Corporation) Technology Company. The word "Microsoft" is a combination word of "microcomputer" and "software", leading to the explanation of why Bill Gates came up with the idea of naming his company “Microsoft”. Being undoubtedly one of the biggest powerhouse in the IT Industry, Microsoft plays a major role in representing as a global leader in software services, devices and solutions that provide guides and aids to individuals and businesses to achieve full potential. (Zachary & Hall, 1998).

## History

Paul Allen and Bill Gates originally aimed to develop and sell BASIC interpreters for the microcomputer Altair 8800 back in April 4, 1975, which later inspired them to the key foundation of Microsoft. Later in the 1980s, Microsoft targets to run on personal computer operating systems, then finally followed up by Microsoft Windows (Zachary & Hall, 1998). Microsoft emerged into the web from 1995 to 2007, meanwhile also developed Windows 95 and Windows XP, both of the very best and mainstream OS back then. From 2007 to 2011, along with much simple and modern layouts, another two of the most well-known OS ever existed: Windows Vista and Windows 7 were born. Windows 10, the most recent release of Windows OS, has been playing a huge role in the modern era. As of now, Windows has officially confirmed that this will be the final version of Windows OS, and updates will be constantly released from time-to-time to improve and maximise the efficiency and usability of Windows OS (“Facts About Microsoft,” n.d.).

## Founder

William (Bill) H.Gates III was born in Seattle on 28th October 1955, along with his two sisters. He is commonly known as the Founder and Technology Advisor, and board member of the Microsoft Corporation. Up until 2014, Bill Gates has been neither chairman nor CEO of Microsoft. Back during Gates’ junior year in Harvard University, he decided to leave and pursue his work on the foundation of Microsoft with his childhood friend, also another future co-founder of Microsoft Corporation, Paul Allen. (“[The Editors of Encyclopaedia Britannica](https://www.britannica.com/editor/The-Editors-of-Encyclopaedia-Britannica/4419),’’ 2019).

## Mission and Vision Statement

Bill gates, chairman of Microsoft Corporation said, “Our vision and mission is to create innovative technology that is accessible to everyone and that adapts to each person’s needs. Accessible technology eliminates barriers for people with disabilities and it enables individuals to take full advantage of their capabilities.” Striving to generalise its assets and skills into simple and understandable technologies, Microsoft always make sure to make technology a public asset which is fairly accessible for every all walks of life. (Pratap, 2018).

# Product / Service Offered

Playing the role of an economic giant in the industry, Microsoft Corporation is no doubt to cover and provide products across a wide variety of fields.

One of the most popular Microsoft products is LinkedIn, a business social networking service acquired by Microsoft. LinkedIn allows users to register an account online to build up business networks and relationships, unlocking limitless new opportunities for people. Microsoft Edge, previously known as Microsoft Internet Explorer, is the newest browser designed by Microsoft, enhanced for faster and safer Internet browsing. Another very popular and essential tool directly developed by Microsoft is Microsoft Office, a set of interrelated desktop applications specialised for business usage, commonly referred to as an office suite. It includes Visio, PowerPoint, Excel, Word and more. Not only available on Microsoft Windows, but also Mac OS X operating systems. However, the most popular Microsoft product is no doubt to be Microsoft’s very own operating system, the Microsoft Windows. Microsoft Windows is also available on mobile devices, specifically engineered and named as Windows 10 Mobile. Microsoft also powers the widely-used Bing search engine. The main rival company here is obviously Google (Segal, 2019). Other Microsoft products include: Skype, Sway, Wunderlist, Yammer and more (Mohan, 2018).

Asides from software products, Microsoft is also an important player in the hardware field. Its products include tablets, commonly known as a major competitor of Apple’s iPads. The company also makes a variety of computer accessories such as keyboards and computer mice (Segal, 2019).

When it comes to gaming consoles, Microsoft is proudly known for its very own Xbox line. Xbox Series X, expected to be released in late 2020, is the next generation of Xbox. It was previously known by its codename 'Xbox Project Scarlett' until it was officially revealed at the Game Awards 2019, along showing off the glory of Xbox with a stunning a trailer (Hood & Thomas, 2020).

# What makes the company unique

The greatest features of Microsoft that made the company stands up among the major competitors (will be discussed in Section 5 below) is under the leading of great leaders, from the corporation founder, Bill Gates to the current Chief Executive Officer (CEO), Satya Nadella. Nadella has made more revenue over the past fiscal year than ever, upwards of $100 billion within few years after he became the CEO of Microsoft (Bariso, 2020). Furthermore, Microsoft believes that long term success is found by following the customer (Finney, 2014). In other words, the products or services offered by Microsoft are platform independent, they can be used on different platform. For instance, Microsoft Word can be launched on MacOS (Apple’s Operating System). Microsoft does not lock the user in their brand, it provides support to different company’s product to give the freedom that user looking for.

# SWOT Analysis

## Strengths

One of the most significant strengths of Microsoft is being a world-leading software technology provider, specifically in cloud computing. It is the world's largest developer of Windows Operating System (OS) and the leading cloud player. Microsoft’s commercial cloud (Azure, Office 365 commercial, dynamics 365) generated annual revenue of $23.2 billion in 2018 (Bstrategyhub.com, 2020). On top of this, Microsoft Office 365 is the most widely used cloud service by user count and it has been widely adopted by industries (blog.goptg.com, 2020). Apart from that, another important asset of Microsoft is having a strong distribution network. Microsoft Corporation has built a reliable distribution network that can reach the majority of its potential market over the years (Fern Fort University, 2020). In addition to this, it has a vast geographic reach where it headquartered at Redmond, Washington and it operates in 210 countries worldwide. 51% of the revenue is contributed by the sales in the United States, and other countries contributed to the rest of the sales (Vault, 2020). Furthermore, Microsoft has earned an excellent reputation over the years of operating and it was ranked 4th by Interbrand as the world’s most valuable brand in 2019 (Interbrand, 2020). The next key factor that drives the business successful is that Microsoft’s software products are easy to use, and they are maintained at the highest quality standard. Over the years, Microsoft has built up a base of customers that loyal to their user-friendly products (Managements studyguide.com, 2020).

## Weaknesses

The major weakness of Microsoft is lacking innovation in expanding hardware product sales. Microsoft has failed to gain a place in the smartphone market which is dominating by Apple and Android. Moreover, Microsoft’s web browser, Internet Explorer starting in 1995, has been revealed with a range of security vulnerabilities. Microsoft stated that attackers can exploit the flaw to launch remote code execution on the targeted device by tricking a user into clicking a malicious website or a link sent via email (cisomag.com, 2020). This security issue would not only harm the reputation of the company but also may lead to threats and lost to the user. Next, destructive investment also considered one of the weaknesses of Microsoft. For instance, Microsoft spent $7.5 billion to acquire the Finnish Corporation, Nokia when Nokia had lost a place in the entire market. On top of that, this act was followed by dismissing around 7600 employees which cost the company an additional $750 - $850 million (Sonak, 2016). At the same time, this deal also resulted in Microsoft’s then CEO Steve Ballmer to resign.

## Opportunities

Microsoft Azure is a very well-established cloud-based service (started in February 1, 2010). Microsoft is sitting in No.2 position in cloud infrastructure market (techcrunch.com, 2019) and it is constantly growing as more and more cloud-based services are being introduced. Future is looking to be built mainly on cloud support and that means that cloud businesses will have a massive growth in the coming years as the demand for services will exponentially grow. In 2019, Microsoft reported earnings for its fourth fiscal quarter of 2019, including revenue of $33.1 billion, net income of $13.2 billion, and earnings per share of $1.71 (compared to revenue of $30.1 billion, net income of $8.9 billion, and earnings per share of $1.14 in Q4 2018). All three of the company’s operating groups saw year-over-growth (venturebeat.com, 2019).

Microsoft has also built a huge capital which means that they can invest in new start-ups or acquisitions. Having a massive team of professional and talented workers of any type means regenerating big, new ideas can be brought to daylight. Facilities and headquarters all over the world allow Microsoft as a company to make risky but possibly incredibly profitable moves in any IT department as they do cover a lot of fields of IT in terms of supplying consumer electronics or certain services, such as, cloud-based services, Enterprise services, Office 365, Windows Defender and many, many more.

## Threats

Microsoft is more than ever on the pressure to introduce successful OS both in PC and mobile markets as such competitors like Google and Apple have already established position (strategicmanagementinsight.com, 2013). The company has been heavily criticized in the past for releasing harmful OS updates causing many errors to consumers and even download and installing updates without giving consumer an option to opt out or post pone an update for a more suitable time.

Changing habits of consumers means big threat to Microsoft as for the past few years, smartphone market has changed quite a bit and is providing very capable palm sized computers that have a great functionality. This is the area where Microsoft is miles behind in terms of smartphone market in the industry. Its direct competitors such as, Apple, Samsung, Google and others are leading the way in the industry where as Microsoft, has been only going downhill.

Lawsuits is another very important threat to consider as Microsoft has been a part of many lawsuits in the past of many different cases. It can be very damaging to the company not only financially but also by reputation. Normally, lawsuits drag for a very long time and put a lot of stress on corporation financially. Most cases are discussed on a public media which can attract negative reputation and shifter consumers onto another tech company to be a part of.

# Key Competitors

Big companies like Microsoft is no doubt to cover many different fields in the industry. Positive side of this is wider the coverage, wider the variety and thus more profit. But with great opportunity comes great risks, especially in the fast-growing IT industry, Microsoft is sure to cross paths with many other economy giants, leading to form various competitors.

Some of Microsoft Corporation’s primary competitors include Apple, Google, [SAP](https://www.investopedia.com/terms/s/sap.asp), IBM, Oracle and more. Due to the diversification of Microsoft, the company is forced to not only compete with competitors within the same field, but also faces stiff competitions in several key areas of the [technology sector](https://www.investopedia.com/terms/t/technology_sector.asp). Target Market (Segal, 2019).

One of the most popular competition of Microsoft is its gaming consoles. The Microsoft Xbox One X is commonly taken into comparison with Sony’s PlayStation 4 Pro. Both came with original versions: Xbox One and PlayStation 4. But due to the tight competition between two, both companies continuously seek to enhance their technology and improve their consoles to outplay each other. Such competition can be intense, but positively thinking, it’s a very effective and efficient way for the company to break the limits and achieve higher boundaries.

One of the biggest downsides of Xbox One X compared to PlayStation 4 is its price. Specifically, it’s a $100 question. Starting at a price of $499, although the Xbox One X able to provide better performance and storage, the PlayStation 4 Pro, though, is only $399 and has 1TB (1000GB) of internal storage (Freedman, 2017). Note that big game masterpieces such as “Red Dead Redemption 2” only comes with 150GB size and a minimum 60 hours of gameplay. In other words, 1TB should be more than enough, allowing users to already capable of spending up to 180 hours (approximately a week) in front of the gaming console. More importantly, both support external storage, users can always feel free to upgrade anytime. Thus, when compared in terms of price, Microsoft’s Xbox is sure to cost more that Sony’s PlayStation 4 Pro.

# Target Market

The target markets of Microsoft span from the individual home user to enterprises, which can be further classified into several segment based on the customer type. As mentioned in section 2 above, the services and products offered by Microsoft Corporation are vast. On top of that, products such as XBOX game console, SURFACE laptop, Microsoft Office and Windows operating system (OS) are more relevant to the home user. On the other hand, products and services such as Dynamic 365 and Microsoft Azure aim for small businesses and enterprises. Based on the Microsoft 2019 Annual Report, the productivity and business processes segment which primarily aims at enterprises, generated $41 billion revenue whereas the personal computing segment has made $45 billion of profits (Microsoft.com, 2020).

# Financial Position

Microsoft's financial position is very much rock solid. According to post by Dana Hanson (Hanson et al., 2020) in 2019, Microsoft is the number 2 richest company in the world by capitalization, with it being an outstanding capital of over 928.57B dollars. Microsoft’s greatest competitor “Apple” is in the lead by nearly 20M dollars, though this is a not lot having in consideration how quickly market capitalization changes.

The corporation is in the works of many new upcoming technologies as well as new patented tech being in engineering and development fazes. This means that depending on how well Microsoft will introduce and advertise their new technology, can mean a lot on their financial situation in the upcoming quarters.

Microsoft has been releasing its new “Surface” line up laptops in the beginning of the 4th quarter along with a new updated version of Windows 10.  Release of a new product is very important to be successful as it normally does bring in a big part of quarterly/yearly income.

In addition, Microsoft has announced its new upcoming 3D video gaming console to be released for this year holidays (most likely, Dec 2020) and it is rumoured to be a very successful console. This release for Microsoft will be a big deal, as with a new generation of Xbox gaming console, the income generated is very meaningful to Microsoft.

# Leaders / Followers in Industry

It is a fact that Microsoft’s Operating System “Windows” is world’s leading OS. It is not perfect and has its flaws, but it does offer many good features that its main competitors like Apple’s macOS or Unix (more known as Linux, free, open-source OS) do take note of and implement very similar features on their own product. With that said, Microsoft does the same thing and takes inspiration from its competitors too.

Azure (Microsoft’s cloud-based service) has been making huge strides in growth over the past years and is the leading provider in the industry for cloud service (telegraph.co.uk, 2019). As more and more companies are wanting to make deals with Microsoft since cloud business is booming, the corporation keeps climbing up the ladder in terms of market share in cloud services (kinsta.com, Jan 2020).

Microsoft corporation is at the very top of most successful companies in the world. And with upcoming tech as well as current standings of certain services that are provided, it seems like Microsoft is going to stay there, at the top, for quite some time.

# Additional Relevant Information

The Corporate Social Responsibility (CSR) of Microsoft Corporation focuses in four areas, privacy & cybersecurity, skill & employability, environmental sustainability, Microsoft philanthropies. In the year of 2008, Microsoft launched a CSR project titled “Bringing the benefits of technology to every charity in Ireland” to help the charity and Non-Profit Organisations in Ireland. This project aimed to help the NGOs to increase the range of services available to the most vulnerable in the society (Business in the Community Ireland, 2020). This CSR initiative adhere to the vision of the corporate through the project that has a clear focus of bringing technology advantages accessible by everyone.

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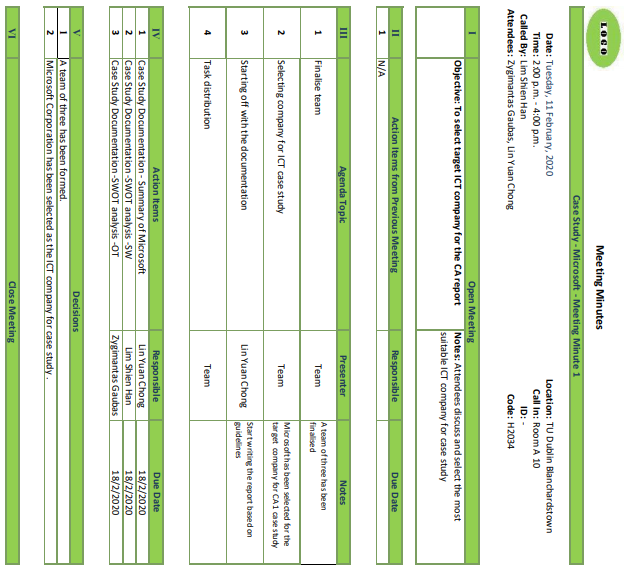
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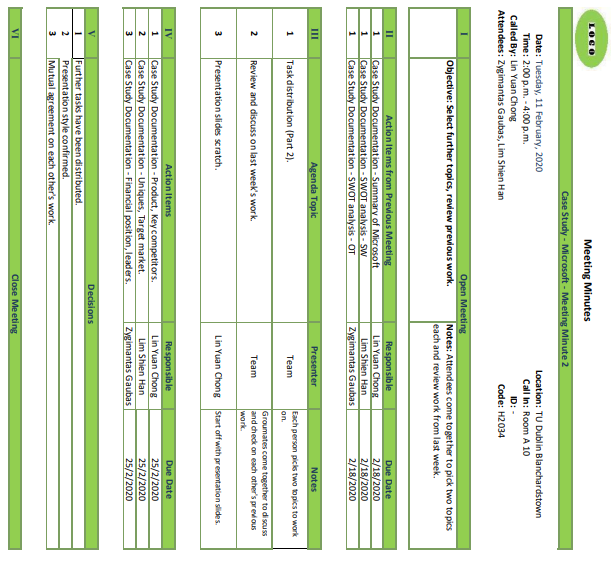
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# Meeting Minutes

*Meeting 1*



*Meeting 2*



*Meeting 3*

