Microsoft

In Enterprise Software Industry

Team
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Flow of Contents	Learning Objectives
Overview of Microsoft in Enterprise Software Industry	
Introduction	
Role in Society	Role of Organization in Society – Stakeholder Analysis
Ethical Practices	Ethics and Social Responsibilities in Organizations
Porter's Five Forces	Strategic Management Principles
3 Levels of Strategies & Organizational Culture	
Corporate-level	Strategic Management Principles
Business-level	Use of IT
Functional-level	Organizational Structures and Culture
Organizational Culture	Change Management Techniques
Strategic Leadership	
Leadership Competencies	Strategic Management Principles
Leadership Changed	
SWOT & Suggestions for Microsoft	
SWOT	Strategic Management Principles
Recommendations	

Once upon a time, Microsoft dominated the tech industry, especially in **enterprise software industry**; indeed, it was the wealthiest corporation in the world because of its success in enterprise software. But since 2000 it has lost its competitive advantage as Apple, Google, and Facebook whizzed by, during the so called 'lost decade' of Microsoft. Steve Ballmer who led Microsoft from January 2000 to February 2014, is often labelled as a man who led them astray (EICHENWALD, 2012). However, a couple of years ago, Satya Nadella took over and took Microsoft back to the correct path, proven by the continuously increasing stock price since 2014.

Hence, we decided to do an in-depth analysis of Microsoft with respect to changes in 3 levels of strategies, organizational structure (Use of IT) and culture after Satya Nadella took over as the CEO of Microsoft. Our main area of focus is Microsoft's **enterprise software – mobile and cloud technologies,** where Microsoft has been dominant all the time.

Assessment: Why Microsoft Needs To Change?

Following points describe the certain practices and the state of Microsoft in general during it's 'lost decade' during Ballmer's leadership.

- **Narrow Organizational Vision**

Microsoft was heavily dependent on Windows and Office for revenue. Nearly all other products existed to serve Windows and anything that did not serve this purpose died sooner or later due to lack of any meaningful attention with the company (Weinberger, 2016).

- **Cutthroat Industry competition**

Microsoft's core competencies lacked the dynamic nature to maintain a competitive advantage in the IT industry. Newer companies like Apple and Google soon outperformed Microsoft in Mobile and cloud markets (EICHENWALD, 2012).

- **Extremely partitioned organization with limited resources**

Microsoft had a cutthroat competition among its employees and managers fighting for supremacy. Microsoft had grown into a very partitioned organization where each major product line essentially ran like a separate company, competing for resources and attention (Dua, 2016). This resulted in creating roadblocks, competing solutions, and confusion for customers.

- **Limited Innovation**

As a result of excessive partitioning and narrow organizational vision, the product groups in Microsoft didn't work together unless it directly benefited their piece of the organization - regardless of whether it was good for the long-term needs of the company. Many of its products such as Windows 8, Bing search, Windows Mobile, Microsoft Zune were not gaining adoption (EICHENWALD, 2012). In October 2013, two years after Windows 8 was launched, it still had a mere 12% market share, while its predecessor Windows 7, held a 52% market share. Even MacOS had more market share as compared to a Microsoft OS, which was unheard of before. (Bort, 2014).

Overview of Microsoft in Enterprise Software Industry

According to chapter 5 of the textbook, Stakeholder are defined as `the people and groups that supply a company with its productive resources and so have a claim on and a stake in the company'. we used stakeholder analysis to check how the changes across Microsoft benefit its stakeholders.

Microsoft's stakeholders are divided into (Jones & George, 2015):

Overview of Microsoft in Enterprise Software Industry
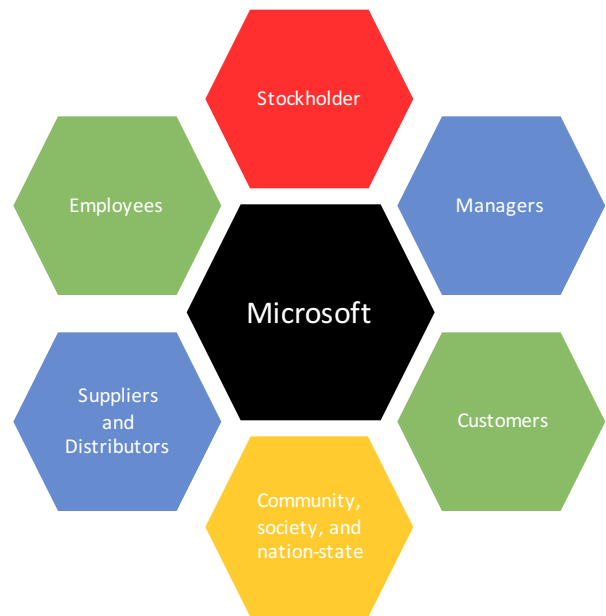
- **Stockholders:**
Microsoft stock has a volume of 27.35 million and a market capitalization of $ 484.84 billion. As of 9/12/2016, their stock trades at $ 61.97. Microsoft's shareholders will benefit if the company reports a profit as a result of the changed strategy.

- **Managers:**
Microsoft has 14 senior managers (Microsoft, Microsoft News, 2016). The leader of enterprise software division is Scott Guthrie. `As executive vice president of the Microsoft Cloud and Enterprise Group, Scott Guthrie is responsible for the company's cloud infrastructure, server, database, CRM, ERP, management and development tools businesses. His engineering team builds Microsoft Azure, SQL Server, Microsoft Dynamics 365, Active Directory, System Center, Visual Studio and .NET.' (Microsoft, Scott Guthrie, 2016). Managers are key elements who drive the change across the company. They can benchmark the change and evaluate Microsoft against top performers in the enterprise software industry.

- **Customers:**
Microsoft enterprise software has customers ranging from Fortune 500 companies to new startups. 49 of the Fortune 50 companies are Microsoft customers (Frommer, 2014). Further, Microsoft software is also used by individuals, educational institutes and non-profit organizations. As Microsoft delivers on its vision, enterprise customers will be able to use productive devices and be more productive.

- **Community, society and nation-state:**
Microsoft operates globally, so Microsoft's stakeholders include the global community and societies and countries. Through the social initiatives of Microsoft, non-profit organizations, educations institutions and students can avail Microsoft software for free. As software quality improves, these entities also benefit and will be more productive in their work.

- **Suppliers and Distributors:**

As Microsoft is a knowledge based company which delivers a software product, it does not have any suppliers the supply raw materials for their core product i.e. Enterprise Software. Microsoft relies on distributors and retailers for distributing its software and hardware products. It relies on `EARs ("Enterprise Software Advisors"), large account resellers ("LARs"), distributors, value-added resellers ("VARs"), OEMs, system builder channels, and retailers' (Microsoft, 2012) as well as direct distribution of its software products. As the product quality improves, distributors will see additional sales revenue and it will be more lucrative for them to distribute Microsoft enterprise products.

- **Employees:**

Microsoft consists of 113,616 employees globally of which 64,336 are located in USA and 45,375 are located in the Puget Sound (Washington) area (Microsoft, 2016). A healthy revenue from enterprise software business will provide additional cash to Microsoft to invest in its employees. A healthy enterprise software business also ensure that employees do not get laid off and are rewarded for their efforts.

Since its founding Microsoft has had a significant impact on society at large (Stakeholders and Ethics, 2016), we take a further look at Microsoft's ethical practices to see how Microsoft is fulfilling its ethical considerations.

Ethics and Corporate Social Responsibilities

Ethical concerns about information security in the era of cloud are adessed. In the 'Standards of Business Conduct' document (Microsoft, 2016) the core values of Microsoft are detailed as:

Integrity and Honesty: Microsoft has a strict work compliance policy course which each employee is expected to complete. Furthermore, there is a toll-free business conduct hotline which helps in reporting ethical issues.

Open & Respectful: Microsoft has upheld this value to a certain extent by publishing their privacy and information security policy regarding cloud computing in their 'Standards of Business Conduct' document.

Accountable: Microsoft has strict anti-corruption policies. According to the policies, no Microsoft employee is allowed to launder money or engage in corrupt practices across the globe.

Passion: Since Nadella took over he has started several Socratic initiatives such as "a cloud for good", "CityNext". These, indicate a considerable level of passion to uphold high standards in society.

Big Challenges: Several initiatives have been taken to ensure that enterprise software technologies are being used for the good of the society:
- Microsoft is empowering communities by providing free mobile technologies.
- A cloud for good: Nadella announced this initiative to provide data privacy and security against cyber-crime to its customers. (Bates, 2016)

According to (Strategy Forming Concepts) Chapter 8 of the textbook, planning is a three-step activity in most organizations, determining organization's mission and goals, formulating strategies, and implementing strategies. When formulating strategies, managers analyze the organization's current situation and then conceive and develop the strategies necessary to attain the organization's mission and goals.

Overview of Microsoft in Enterprise Software Industry
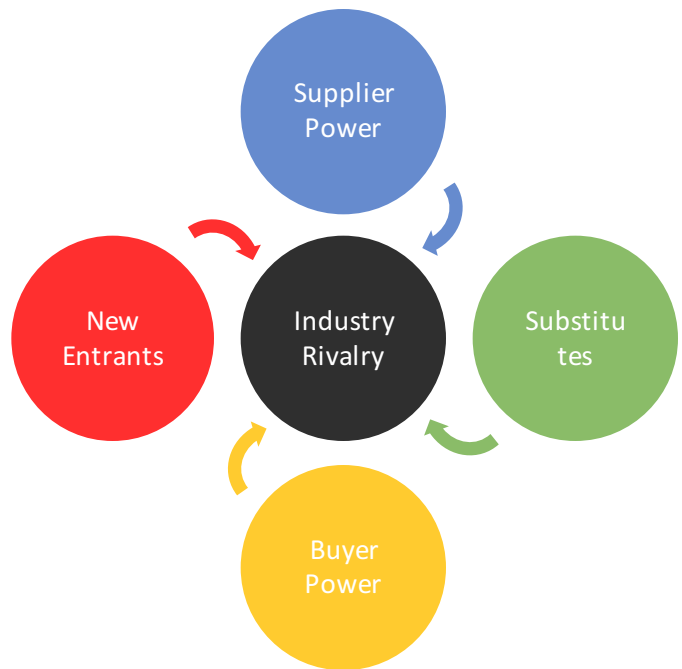
We used Porter's Five Forces Model to have a thorough understanding about the **enterprise software industry**, which Microsoft is currently in. And then we can fully understand how Microsoft should act accordingly to the industry.

The threat of new entrants is Moderate

Companies like Microsoft, Google, Apple have achieved economies of scale. The cost to design and develop enterprise software is extremely high due to the large amount of time it takes to do so successfully and the limited availability of people who possess the required proprietary knowledge.

The high cost of developing the brand of a technology business weakens the effects of new entrants on companies like Microsoft Corporation. However, the moderate cost of developing such a business presents considerable chance for new entrants to find success in competing in the enterprise software market.

The threat of substitutes is Low

There are few substitutes that can replace enterprise software applications and services. Substitutes, such as non-online or manual-mechanical processes, tend to have lower performance compared to Microsoft's current products. Based on this aspect of the Five Forces analysis, the weak force of the threat of substitution is a minor issue in Microsoft Corporation's industry environment.

The bargaining power of suppliers is Low

Enterprise software applications are intellectual and intangible products. Compared with physical products, there are fewer suppliers with whom the companies must negotiate. Microsoft, as a global market leader, the supplier power is even lower.

The moderate size and population of suppliers enable them to impose a significant but limited influence on Microsoft's business. The moderate overall supply also creates a significant but limited force on Microsoft. The intensity of this force could increase if the overall supply decreased.

The bargaining power of consumers is High

Microsoft needs to continue satisfying customers, who significantly determine the company's performance. Microsoft must respond to the moderate force of the bargaining power of customers.

The low substitute availability represents the difficulty of access to effective substitutes to Microsoft's products. For example, customers face difficulties in finding non-computer-network solutions that are as effective and efficient as the company's products. However, the moderate switching costs create a considerable force on Microsoft's business. Because of this intensity of switching costs, customers have a considerable tendency to shift from the company's products and start using other firms' products, instead. The external factor of the high quality of information further empowers buyers in terms of adequate information that they can use to compare Microsoft's enterprise software products to competitors.

The industry rivalry is High

Microsoft needs to effectively compete to remain successful. This aspect of the Five Forces analysis determines the effects of firms on each other and the related conditions of the industry environment.

Moderate switching costs have a corresponding moderate influence on Microsoft's business. For example, customers have a moderate tendency to shift to other firms' products. While such shifting is not easy, companies upgrading their systems could opt to use enterprise software products from Microsoft's competitors. On the other hand, the high aggressiveness of firms leads to a strong force that significantly affects the company's industry environment. These technology firms are aggressive in terms of their rate of innovation and their marketing campaigns. Microsoft must also consider the strong force based on the high diversity of firms. For example, the company must innovate products that compete based on a wide variety of features showcased in other firms' products. In this aspect of the Five Forces analysis of Microsoft, external factors support the strong force of competitive rivalry, which is a priority issue in strategic decision-making.

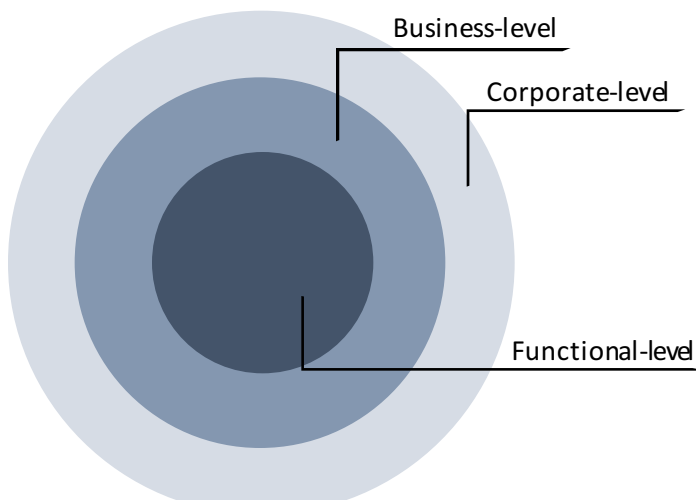## Conclusions from Porter's Five Forces Model

The results of this Porter's Five Forces analysis of Microsoft put focus on competitive rivalry as the strongest force affecting the business and the enterprise software industry environment. In this regard, the company must implement strategies that boost competitive advantage.

Supplier Power

New Entrants

Industry Rivalry

Substitutes

Buyer Power
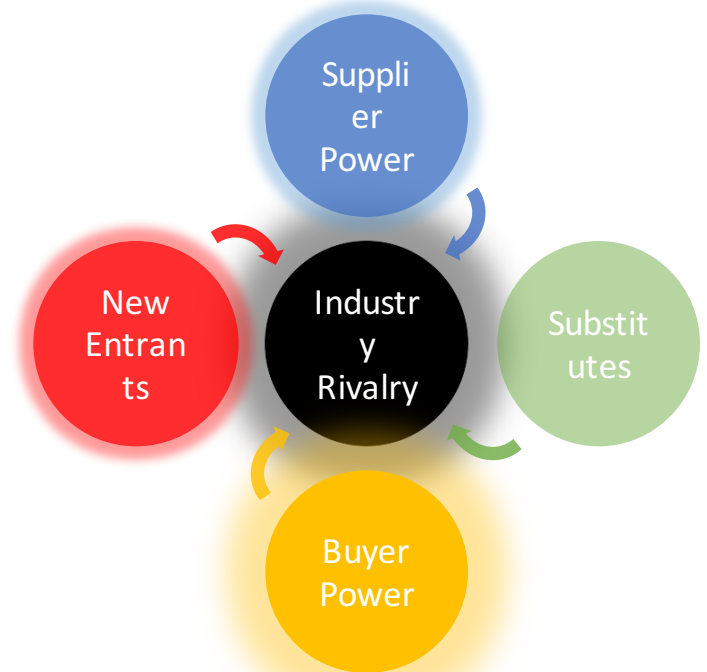
For example, Microsoft must increase its research and development efforts, along with improved product development, to maximize competitiveness against other firms' products. Innovation also supports Microsoft's generic strategy and intensive growth strategies. This Five Forces analysis shows that the company must include the bargaining power of buyers, the bargaining power of suppliers, and the threat of new entry in strategic formulation. These three forces have a moderate and significant effect on Microsoft's performance. The threat of substitutes is a minimal consideration, although Microsoft can also work on this force to enhance product attractiveness.

Levels of strategies

Business-level

Corporate-level

Functional-level

According to Chapter 8 of the textbook, in large organizations planning usually takes place at three levels of management: corporate, business or division, and functional.

After using Porter's five forces model to do the industry analysis, we can see that Microsoft did realize that it could catch up the mobile and cloud trends to regain its competitiveness in enterprise software industry. And this decides the fundamentals of their corporate-level strategies.

Corporate-level Strategies – in which industries to compete

- **Mobile first, Cloud first mantra**

Nadella's first public move at Microsoft was to release Office apps for iPad and make editing Office documents free on the iPhone and Android, a big change from the previous regime where Office for other platforms was clearly not a goal. Apple had tried to position the iPad as a post-PC device that could replace a laptop in most ways, but without official Office apps from Microsoft, the device didn't have the same appeal in the eyes of the enterprise customers. While the old Microsoft would've been happy with that situation - holding back apps and features in the hope users will end up moving to Windows - Nadella's Microsoft has shown it is happy to meet users wherever they are present (Branscombe, 2014). Microsoft learned to look beyond Windows, and is shipping apps for Apple's iOS and Google's Android, something that would've been unthinkable a couple of years ago. Till now, Microsoft has released nearly 80 Android apps and it has over 100 apps active on Apple's App Store (Dua, 2016).

- **Cloud-computing platform supports Linux**

15-years after Ballmer termed Linux as "a cancer", Microsoft has joined the Linux Foundation. Microsoft has been steadily embracing open source recently, leading it to become the top organization with the most open source contributors on Github. Microsoft's cloud platform- Azure' will now support Linux and John Gossman, an architect on the Azure team, will join the Linux Foundation Board of Directors. (Dua, 2016).

- **Windows Universal App platform – Windows 10**

Nadella decided to implement a Windows Universal App platform, through which Windows apps work on all Windows 10 devices- from PCs to mobiles. Hence Microsoft's internal product teams don't have to compete with each other anymore (Branscombe, 2014).
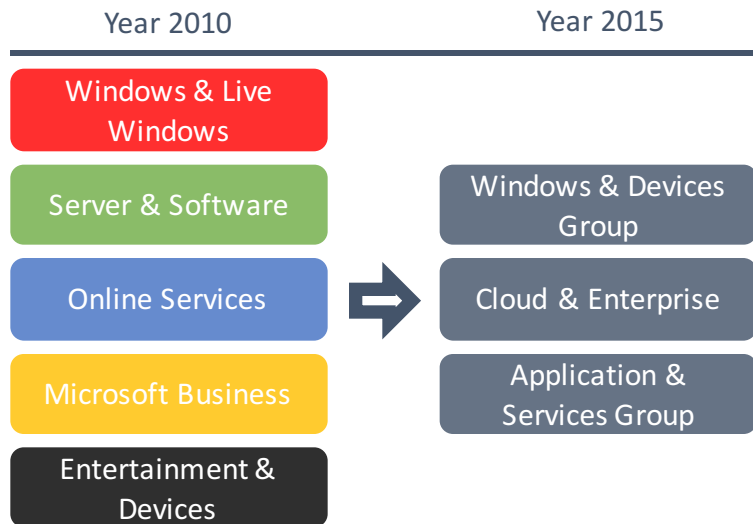
Business-level Strategies

- **Low-Cost Strategy**

We see Microsoft's free upgrade for windows 10 as a leverage of Low-Cost Strategy. Since Microsoft already has a 3-4 thousand engineers and product managers in its core team for system development, the cost for Microsoft to upgrade a system is comparatively lower than any competitors who wants to compete in operational system market. And obviously, the strategy worked because of the good feedback of Microsoft from the market. we avoid to discuss Apple here because their sale of system and hardware is bundled.

- **Differentiation Strategy**

According to figure 1 Gartner's Magic Quadrant, both Amazon and Microsoft are leaders in the Market. But what Azure offers, thanks to Microsoft's strength in enterprise software, is a seamless hybrid solution in terms of implementation and integration with tools companies are currently using.

Functional-level Strategies

Year 2010 → **Year 2015**

Year 2010	Year 2015
Windows & Live Windows	Windows & Devices Group
Server & Software	Cloud & Enterprise
Online Services	Application & Services Group
Microsoft Business	
Entertainment & Devices	

One major functional level change brought by Satya is in product development function, which is critical in Microsoft's internal value chain. In June 17, 2015, Satya sent out an email both publicly and internally to announce the change of Microsoft's organization structure, as shown above.

WDG-Windows and Devices Group (WDG), focused on enabling more personal computing experiences powered by the Windows ecosystem.

Executive Vice President Scott Guthrie will continue to lead the Cloud and Enterprise (C+E) team focused on building the intelligent cloud platform that powers any application on any device. The C+E team will also focus on building high-value infrastructure and business services that are key to managing business processes, especially in the areas of data and analytics, security and management, and development tools.

Applications and Services Group (ASG) focused on reinventing productivity services for digital work that span all devices

Use of IT in Microsoft

Microsoft has recently admitted to using Linux (Open-source operating systems) to run some of its internal IT operations. While most of Microsoft's internal networking is done using its own proprietary technology: Microsoft Azure, the basis for the network is run on a Linux platform. This is a remarkable change under current leadership since Microsoft has historically been quite hostile toward open-source technology.
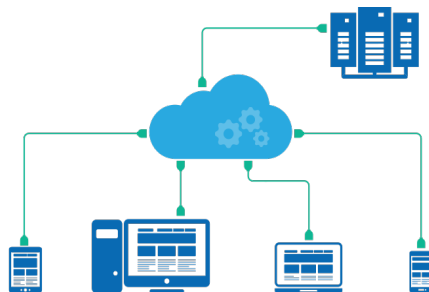
To make the organization more competitive, Azure is more and more widely used internally as an important **IT** infrastructure in Microsoft's business operation and product development.

The most innovative IT strategies under Nadella's leadership include (Finley, 2015):
- Since 1997, for the first time Microsoft is using open source technology to run its Azure networking operations.
- There has been a remarkable shift in attitudes toward open source technology. From one of hostility to openness.
- Linux is also offered as an option to Azure customers and this shift, has been instrumental in greater adoption of cloud technologies.

Organizational Structure Change

According to Chapter 10 in Contemporary Management, organizational structure design is affected by organization environment, technology, strategy and human resources. And we will analyze from these four perspectives.

Factors Affecting Organizational Structure
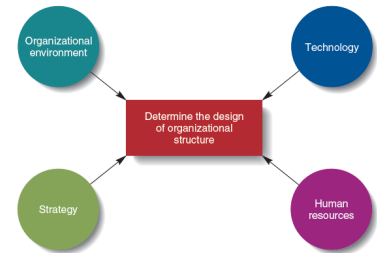
As mentioned previously, upon Satya Nadella's business **strategy** of creating more personal computing, reinventing productivity & business processes and building the intelligent cloud, organizational change took place accordingly. The technology strategy of Microsoft is becoming more open, and it includes promoting data connectivity, open source communities, open connections and enhancing support from industry standards.

Satya also brought change in management team to optimize **human resources**. There was a big change in 2015 in management team, there were got leaders promoted and left.

Change Method

The organization change from Microsoft is top down and evolutionary.

The reason for the **top down** change method. According to a comment from one staff who's been Microsoft for more than 15 years, a general impression of the previous leader and the new leader would be "Steve Ballmer obviously has more attachment to the organization and the brand itself, that is why he was so decided to compete against Google and Apple. He's passionate, perhaps we will never have any CEO who can be so excite about the brand, but it is clear that there is something wrong of his vision of the technology industry and the organization". But for Satya, he apparently has a better sense in business and knows how to play in the market.

The management team reorganization led to changes in mid and lower level of the organization in terms of human resources and structure.

And it is easy to explain **evolutionary** because the size and impact of Microsoft is too enormous for it to take revolutionary change. The resistance force of revolutionary change will be more than evolutionary as well. The last reason is that the financial status of Microsoft is and will remain healthy and stable just by selling license of operations system and office product.

Organizational Culture Evolution

In addition to organization structure change, Satya also initiated culture change within the organization. According to the text book Contemporary Management, organizational culture comprises the shared set of beliefs, expectations, values, norms, and work routines that influence how members of an organization relate to one another and work together to achieve organizational goals. Microsoft changed its mindset and made it more growth focused. As shown by Chart1.3, the new culture centers on customer, diversity and unity.

Customer Obsessed

- Learning with a beginner's mind
- Boundary spanning

• **Customer Obsessed**

Software engineers are encouraged to think more than just build something upon past success. Windows 10 won a good reputation in the market according a report by Business Insider, one of the reason is its new "customer obsessed" windows 10 was set free under this new company value.
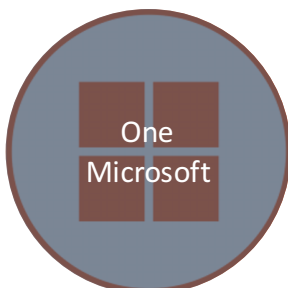
Diverse and Inclusive

- Open to learning and changing
- Value differences

• **Diverse and Inclusive**

Microsoft used to hold a negative attitude towards open source software but Satya changed the mindset, for example for Linux, which Microsoft used to hold a negative attitude, is now embraced by Microsoft. Microsoft also turned some of its most competitive rivals into partners including Salesforce and Oracle. Microsoft used to see these two companies as threaten but now they decided to work together.

One Microsoft

- Single and shared mission
- Ability to work together
- Collaboration

• **One Microsoft**

Engineers were inspired by the new unification of the technology standard of windows 10 among different devices. It has become easier for them to transfer apps from one device to another different.

3 Levels of Strategies & Organizational Culture

How Nadella's Leadership Competencies Foster Strategies

Building Dynamic Core Competencies

- Satya Nadella took over the reins of Microsoft's workings and with this change came numerous changes in tasks, projects and working of the company. Despite the needed changes, under Satya Nadella the company has shown itself to be innovative, nimble, and a pragmatic operator.
- Market strengths of Microsoft have always been Operating Systems and Office Tools and Nadella capitalized on them by taking the strengths on cloud and mobile devices.

Strategic Leadership

Emphasize and Effectively Use Human Capital

- Microsoft's culture was about not only employing smart and retaining most of its work force, but building internal skillset by engaging, empowering, optimizing and transforming talent pool to fit organizational needs. But layoffs and failed ventures had dwindled employee friendly status of Microsoft. Nadella brought that status back being more transparent and gaining trust of his employees ultimately motivating them to work harder.
- One of the first things that Nadella did post the change in leadership was announcing divisional leaders and goals in new sections of market that Microsoft was targeting in the next five years and announced shut down of some sectors giving employees time to show competence in relevant domains or find an organization that would need their skillset.

Invest in Development of New Technology

- Under Nadella, Office has expanded from a set of document-editing tools into a whole range of products and services that people actually enjoy using, from Microsoft Outlook on the iPhone to the funky futuristic GigJam work-sharing app. It is a new age of development under Nadella.
- Innovate smart and grow fast has become a corporate mantra these days and Microsoft under Nadella banks on it effectively. In the current market scenario new and cutting edge technology has become a demand rather than unique selling point for any firm and hence has become a challenge. Innovation needs thinking on your toes and thinking out of the box, which needs to be inculcated in workforce these days rather than just hunting from people with that skillset. Microsoft has successfully leveraged on its workforce and has stepped up in terms of technology advancement constantly. It recently created a wave in the market with its new Surface Studio and this is just one of many innovative steps it has taken recently.

Strategic Leadership

Build and Maintain an Effective Organization Culture

- A strategic leader always places emphasis on core values of innovation, learning, and valuing human capital and team actions all contributing to organizational culture and goal and Microsoft under Nadella maintains a culture that envisions futuristic concepts like 'Vision 2020' and 'Cloud for Office'.
- With a high retention rate of employees it keeps its employees motivated by developing a sense of belonging and innovation.
- Since Nadella moved up the ladder in Microsoft itself, he knew the pros and cons of the firm and strategized his change management strategies by understanding **strengths**, **weaknesses**, **opportunities**, and **threats** of and to Microsoft **aka performing SWOT Analysis**.
- Also "One of Satya Nadella's favorite quotes is 'culture eats strategy for breakfast. At Microsoft, under the new leadership there has been a change from a very fixed mind set, know-it-all culture to a more of a growth mind set, learn-it-all culture. Where there's an openness to learning, the pursuit of acquiring knowledge, rather than imparting your knowledge on others.
- Being a techy himself he attacked the most futuristic technologies that Microsoft could envision with its current skillset and just the right amount of push maintaining the core culture and motive of the company - ***Everybody gets a say and we listen to everybody and then...we build a product that will do everything.***

Engaging in Valuable Strategies

Strategic Leadership

- For the longest time, Microsoft's mission was to put "a computer on every desk in every home." Of course in Microsoft's world, that computer ran Windows. In June 2015, Satya Nadella revealed a new mission statement that's now printed on the back of every employee badge: to "empower every person and every organization on the planet to achieve more."
- Ballmer bought Nokia in hopes of entering the Mobile domain and building an industry value similar or more than that of Apple and Google, while Nadella changed his course from building independent mobile units to building application base to include Android and iPhone applications on windows OS giving Windows enabled tablets and existing Lumia series not just a chance to survive, but build base for promoting Surface series. He also found a way of giving office products a way to penetrate iPhone market.
- One of the first public moves of Nadella's Microsoft was to release Office apps for iPad and make editing Office documents free on the iPhone and Android, a big change from the previous regime where Office for iPad was clearly not a priority.
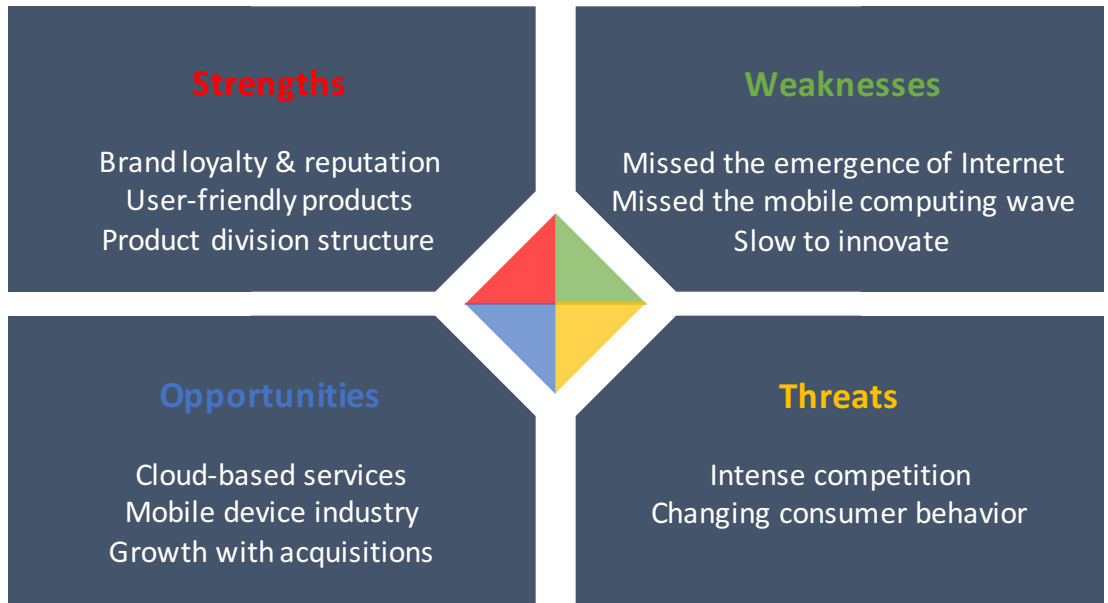
CEO Approval Rating
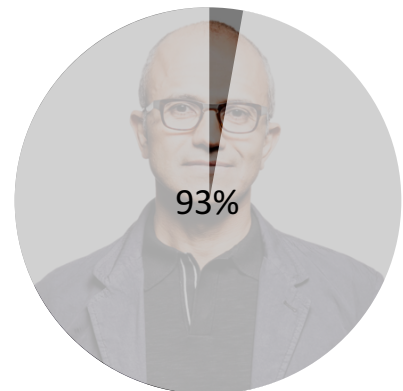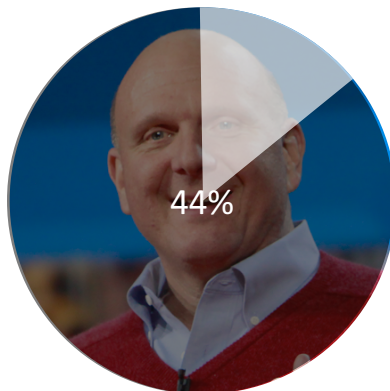
CEO Approval rating percentage

- **Approval Rating: Ballmer vs Nadella**

Nadella enjoys a staggering 93 percent approval rating among current and former Microsoft employees, well above the industry average. Ballmer's approval rating was 44 percent when he left the company. (Dua, 2016).

Strengths

Brand loyalty & reputation
User-friendly products
Product division structure

Weaknesses

Missed the emergence of Internet
Missed the mobile computing wave
Slow to innovate

Opportunities

Cloud-based services
Mobile device industry
Growth with acquisitions

Threats

Intense competition
Changing consumer behavior

Strengths:

- The biggest strength of Microsoft is that it has top of the mind brand recall among all the PC (personal computer) users in the world.

- The other strength and a core competency of its business and readymade acceptance by the users of its products is that Microsoft's software is easy to use which has won it an increasing base of customers around the world. It can also be said that Microsoft and Bill Gates have spawned what can be called a "Second Industrial Revolution" by making computing available to the masses.

- To better align its capabilities, Microsoft organized its engineering effort into 3 groups that work together to deliver their business strategies and ambitions, which enabled Microsoft to operate more efficiently and react more quickly to market changes.

Weakness:

- The biggest weakness of Microsoft is that its fabled team did not anticipate the emergence of the internet as a phenomenon that would take over the world in addition to reading the market signals about mobile computing. In case of the former (internet), Microsoft was slow to respond and even when it did, it was in a manner that attracted monopolistic charges which in earlier years were the mainstay of the company.

- As for mobile computing, Microsoft completely missed this wave and indeed, the success of the other computing revolutionary, Steve Jobs and his Apple Company appeared to blindside Microsoft so much that it has even now failed to come up with a compelling Smartphone device or operating system.

Opportunities:

- Though Microsoft failed to read the emergence of the internet and was completely taken aback by the mobile wave, a ray of hope that is still visible to the company is in the cloud-computing paradigm, which the company is betting big to take on the competition and regain its leader position.

- The company has a huge cash hoard which means that if it cannot grow organically (through normal growth) it can still grow inorganically (through acquisitions) of smaller companies that have good business prospects.

Threats:

- As can be inferred from the industry analysis so far, Microsoft's biggest threat is that it's facing very intense industry competitiveness right now. Microsoft is a giant, which, however, prevents it from being quick and nimble and seize market opportunities by proactively reading market signals.

- Customer bargaining power has been increasing nowadays and Microsoft should always focus on providing customer-centric services and enterprise software applications to maintain its global market leader position.

Conclusions from SWOT Analysis

In a nut shell, the strengths and opportunities far outweigh the weaknesses and threats. However, the preceding analysis has made it clear that Microsoft cannot afford to misread emerging trends and changing customer preferences anymore. Instead, it must be in a position where it senses and intuits market moves and prepares to act accordingly.

After having a thorough understanding about Microsoft current situation regarding to the enterprise software industry, we can give out our recommendations.

Corporate-level & Business-level Recommendations

The enterprise software market is highly competitive. Microsoft needs to focus on `flexibility', `speed', and `responsiveness to customers' in order to build a stronger competitive advantage (Jones & George, 2015). Microsoft is already strong in the other competitive advantage elements: `superior efficiency', `quality' and `innovation'.

`Flexibility'
- There are various licensing challenges that enterprises face when buying Microsoft software for use (Foxen, 2015). Microsoft can streamline its licensing model to make it straightforward for companies to adopt. Many small businesses use Google products (Google apps for work). For example, Google apps for work has only 2 pricing options whereas Office 365 has 7 pricing options which can turn customers off (Singleton, 2016).

`Speed'

- Microsoft does some great research but the process of commercializing these research findings into consumer facing products should be accelerated. This will ensure Microsoft remains competitive in the fast-moving tech market. It gives Microsoft the first mover advantage to capture greater market share.

`Responsiveness to specific customers'

- Compared to its main competitors like Google and Apple, what Microsoft lacks and needs badly is the user information. Despite the LinkedIn efforts, another action can be taken in mailing applications segment. For example, Gmail has 900M active users while Microsoft Outlook Mail has only 400M active users (Ravenscraft, 2016). Microsoft must try to improve competitive advantage in this area and increase the number of active outlook users. This would help Microsoft to compete effectively with Google. As more people use Microsoft's outlook email, they will also use more Microsoft products such as Office 365. As Microsoft is the creator of Office software, gaining competitive advantage over Google drive, which uses office file formats should be achievable for Microsoft.

Recommendations for Change Management

Current change in Microsoft has been proved to be a success in terms of its Market Value in stock market and its feedback from consumer. We think Microsoft should keep on changing on current track.

For Organizational Structure Change, compared to its competitor Google and Apple, Microsoft has more hierarchy in its organization structure. As mentioned, the product division structure is waved into the global structure, which makes the communication between department slow. The "One Microsoft" transition therefore, is what we think critical to Microsoft to get rid of its previous struggle in hierarchy.

According to our interview of Microsoft employee, the development efficiency of Windows core team could be hindered by long communication chain. Microsoft needs to find a way to be more flexible. Either Google's comparatively flat structure and/or Apple's Spoke-and-Wheel structure during development stage can be followed. Therefore, employee in different teams will have better visibility towards stakeholders within the organization.

For Culture Change, We have seen many good signs of change in respect to organizational culture. And we think as the key of technology industry has been set as open and collaborative by giants like Google and Facebook.

Microsoft should continue changing to become more open both internally and externally. Internally, though Microsoft has program called "Garage" to encourage innovation during off time, more actions should be taken to allow teams to see Microsoft as a whole and to add-value upon this understanding.

Externally, in addition to acquisition and working together with downstream implementation partners, Microsoft should also be smart and take advantage of the expertise of each company. For example, developing Office in IOS system is an example of that. We believe that a positive and collaborative attitude towards technology industry will strengthen its position.

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