Is Skype A Failure?

Recently Microsoft announced that Skype has been downloaded 1 billion times from the Google Play Store. This should be a time of celebration in the Microsoft tech community; however, the moment was met with little enthusiasm. [Only Google apps](https://venturebeat.com/2017/10/27/skype-for-android-hits-1-billion-downloads-on-google-play/), which are downloaded to every Play Store Android, and Facebook’s full app, Messenger and Whatsapp can boost of this milestone. Despite the massive download total, Skype only has 300 million monthly active users (MAU).

Two of the above-mentioned apps; Whatsapp, Messenger and other such as iMessage/FaceTime, LINE has ensured that Skype is longer the dominant communication it was five to ten years ago. Skype has not only been slowed by competition, but also by the numerous bugs that have plagued the platform in recent years; [from notifications not syncing to calls being duplicated.](http://www.makeuseof.com/tag/7-skype-bugs-microsoft-avoided/)

However, if one were to determine the success of Skype, we must first decide what Microsoft bought Skype for. A casual observer would insist that Skype was brought as a consumer play, to be the continued leader in consumer communication. Skype is nowhere close to being the leader in consumer communication. Skype’s 300 MAUs hardly compares to [Whatsapp’s 1.2 billion MAUs and Whatsapp’s parent company’s Messenger, 1.2 billion MAUs.](https://seekingalpha.com/news/3256858-facebook-messenger-matches-whatsapp-1_2b-mau)

By those metrics, Skype has been a failure, given the head start it had over the platforms that are ahead of it now.

It is easy to thus declare Skype a failure, but to proceed like that, we must take into account that Microsoft is an enterprise company who does consumer tech on the side. Microsoft competes in the field of Unified Communications (This is a system that unifies all the communications needs of a company such as voice chat, instant message, screen/desktop sharing and teleconference etc.). Microsoft started out with [Office Communicator](https://technet.microsoft.com/en-us/library/dd637122(v=office.13).aspx) in 2007. Office Communicator was then changed to [Lync in 2011](http://beta.itprotoday.com/blog/microsoft-office-communications-server-renamed-lync?utm_test=redirect&utm_referrer=https%3A%2F%2Fwww.google.com.jm%2F). In 2014 Lync was then renamed to [Skype of Business.](https://blogs.office.com/en-us/2014/11/11/introducing-skype-business/?eu=true)

Microsoft bought Skype for 8.5 billion dollars in 2011 at the time when Lync was establishing itself as a player in the Unified Communication field. Microsoft saw Skype as a possible competitor to its baby Lync. At the time eBay was a willing seller, so in Microsoft’s eyes it could do nothing but buy Skype. It could not afford for Apple or Google to get their hands on it.

Letting it go was risking letting go of the thoughts of being a leader in Unified Communication. That much was clear in Microsoft’s 10-K filings where they assigned a value of 9.8 billion dollars to Skype. Of that 9.8 billion, [9 billion was Enterprise value](https://www.last10k.com/sec-filings/msft/0001193125-13-310206.htm#fullReport) while the remaining 800 million dollars were consumer value.

Lync has been successfully rebranded as Skype for Business. The Skype team created Microsoft Teams (A rival to Slack, which is valued at 8 billion) and Microsoft Teams has been so successful in its rollout that Microsoft will move Skype for Business users to that platform in the near to midterm future. Microsoft had planned to buy Slack for 8 billion, but Microsoft had so much fate in the Skype team to build something better, decided against that.

Given Slack value and the success of Teams so far, the Skype team has saved Microsoft several billion dollars. If one were to look at what Skype has done for Microsoft in the Enterprise in the six years Microsoft owned it, Skype has been a massive success.