

# Microsoft

## Revolutionizing the Future: Charting a Path Forward for the Microsoft Ecosystem

Team 4



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How will Microsoft capture value from the advancements in Generative AI and ride the AI sea-scape?



How will Microsoft be the orchestrator in reshaping how the world LIVES, WORKS, and PLAYS?

# Microsoft is well positioned with it's diverse product portfolio and is constantly releasing AI-powered solutions through those products

GitHub Copilot X: The AI-powered developer experience  
March 22, 2023



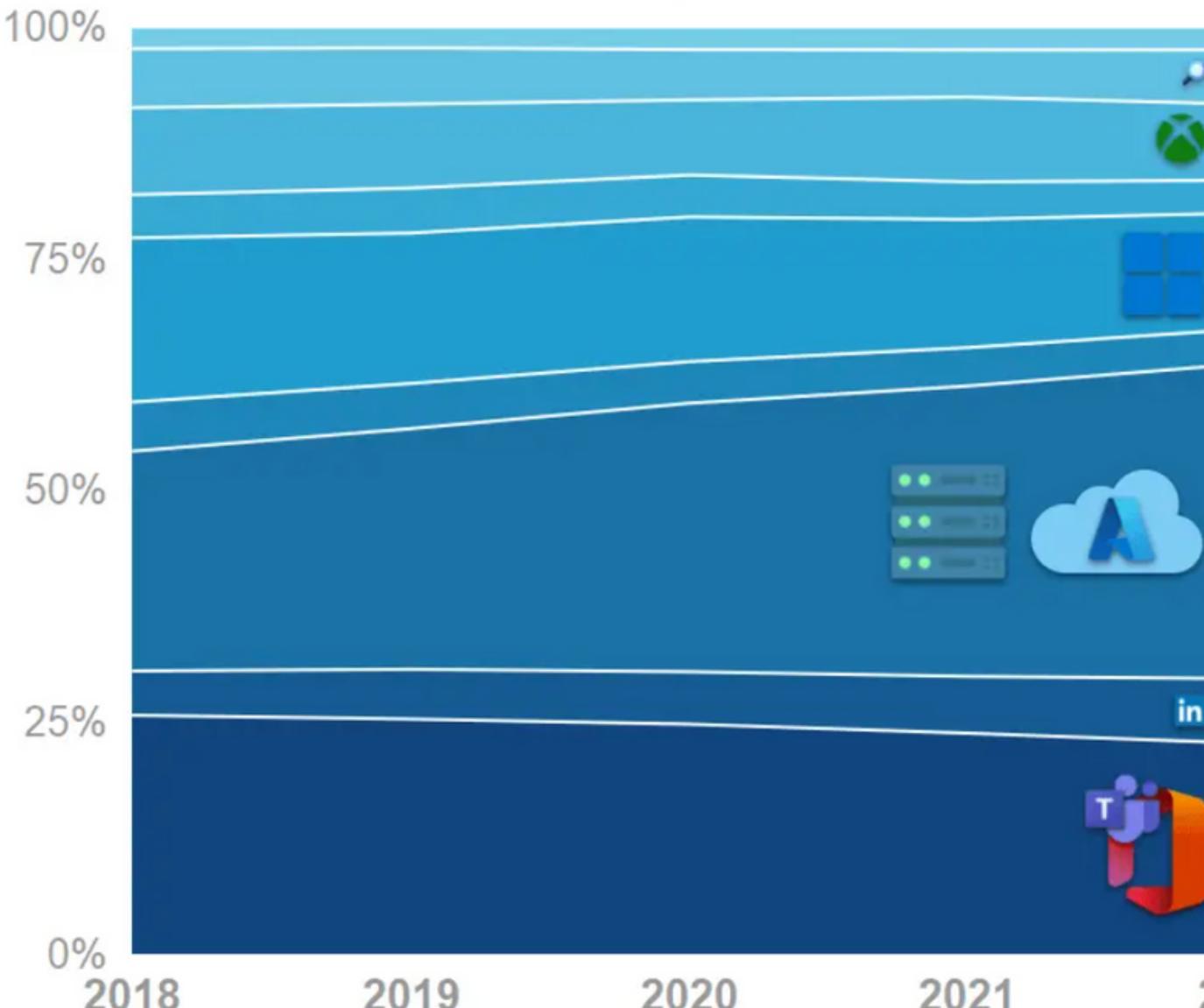
New Microsoft Loop app is built for modern co-creation

March 22, 2023



## Microsoft's Revenue Breakdown

Microsoft's revenue share by segments



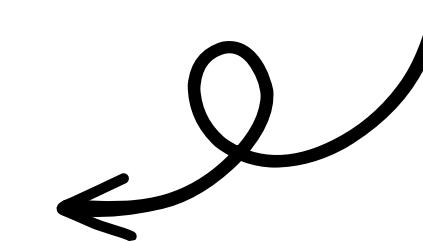
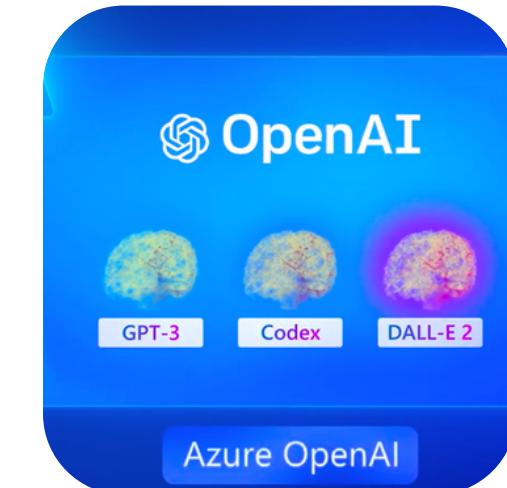
KAMILFRANEK.com



3%	Other
6%	Search advertising
8%	Gaming
4%	Devices
12%	Windows
4%	Enterprise Services
34%	Server Products and Cloud Services
7%	LinkedIn
23%	Office products and services

Source: SEC (EDGAR)

ChatGPT is now available in Azure OpenAI Service  
March 9, 2023

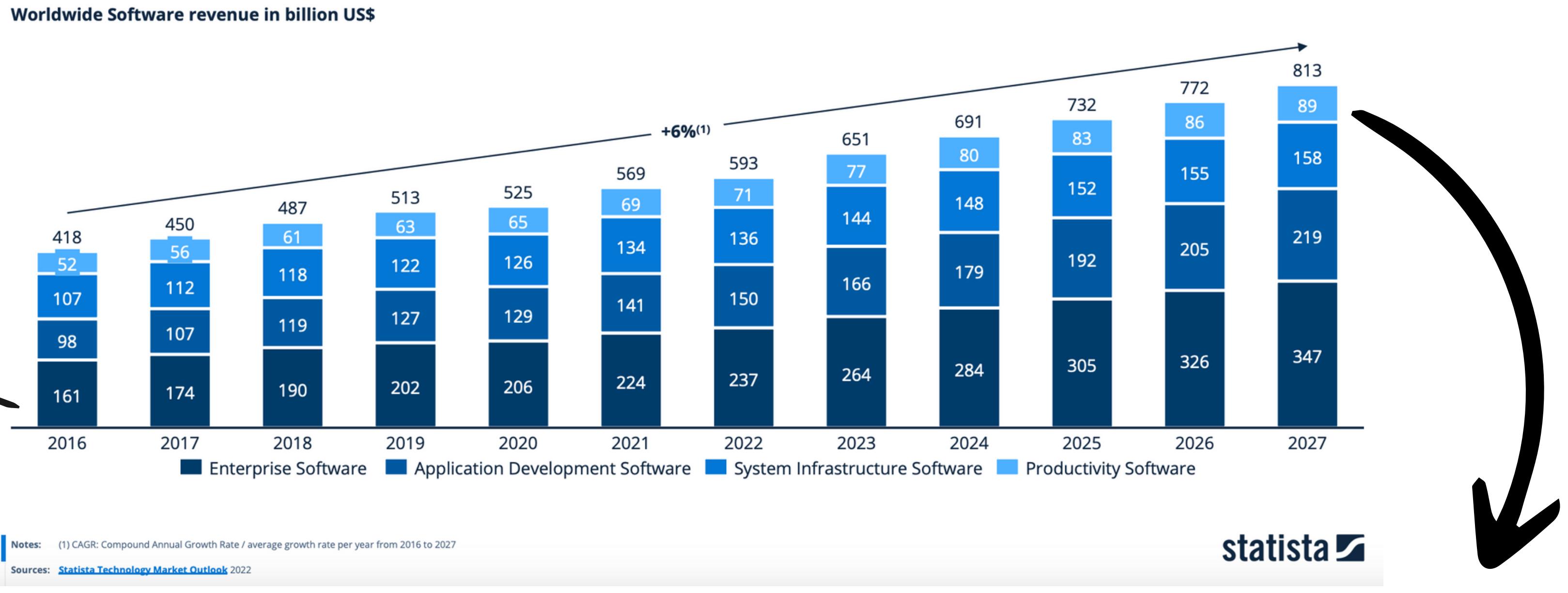


Introducing Microsoft 365 Copilot: your copilot for work

March 16, 2023



# The global Software market is predicted to continue growing at a stable rate with Enterprise Software segment at highest growth rate



Enterprise Software segment is predicted to have the highest growth potential, with a CAGR of 7.6%

**Enterprise Software** segment includes the subsegments of Enterprise Resource Planning, Customer Relationship Management, Business Intelligence, and Supply Chain Management Software.

**The Productivity Software** segment include Administrative, Office, Collaboration as well as Creative and Construction Software

# The AI Revolution faces External Challenges: Keeping Pace with Technological Adoption and Ensuring Economic Viability

## ECONOMICAL

Uncertainties in US financial market after the SVB incident:  
Mass tech layoffs, combined with increased wages and salaries by about 4.5%

Businesses' reluctance to pay until the technology is truly enterprise-grade and the ROI is proven

### Impact on Microsoft:

Cuts into Microsoft's cloud business margin (lower profits)

## TECHNOLOGICAL

AI is rapidly evolving and how it will unfold is uncertain, transforming social interaction:  
This leads to a lack of creativity, higher dependence on AI tools

**Security and data privacy threat:** Data privacy and ethics concerns due to cyber security threats

### Impact on Microsoft:

AI-generated content may contain inaccuracies for sensitive material

## SOCIETAL

Major ethical implications:  
Training data bias, lack of accountability  
fact-checking/

Threats of work automation and job displacement

## ENVIRONMENTAL

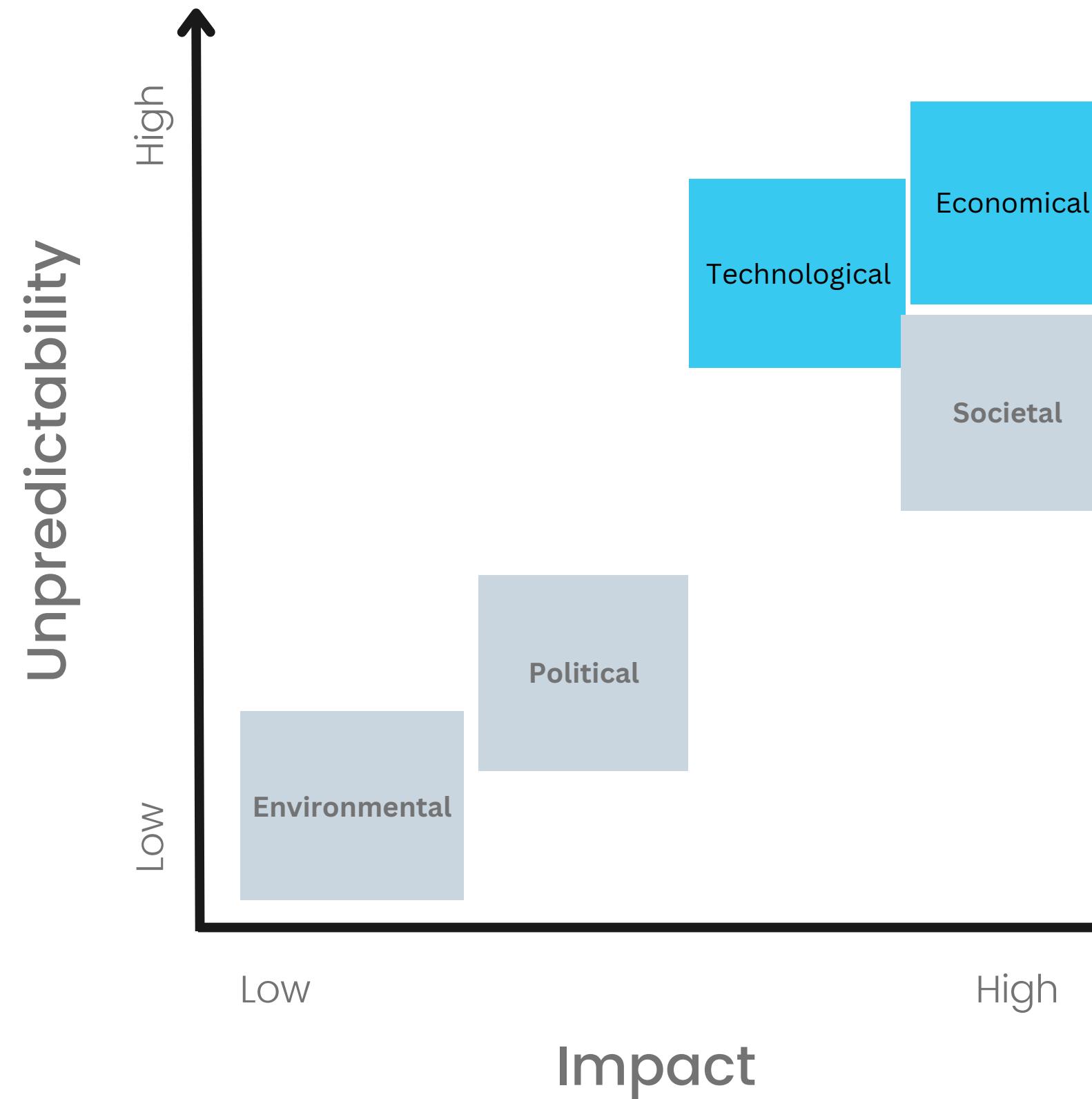
High server running costs: Global tech sector produced 2-4% greenhouse gas emissions

## POLITICAL

Evolution of laws addressing data-privacy issues.  
Potential to influence elections through mass manipulation

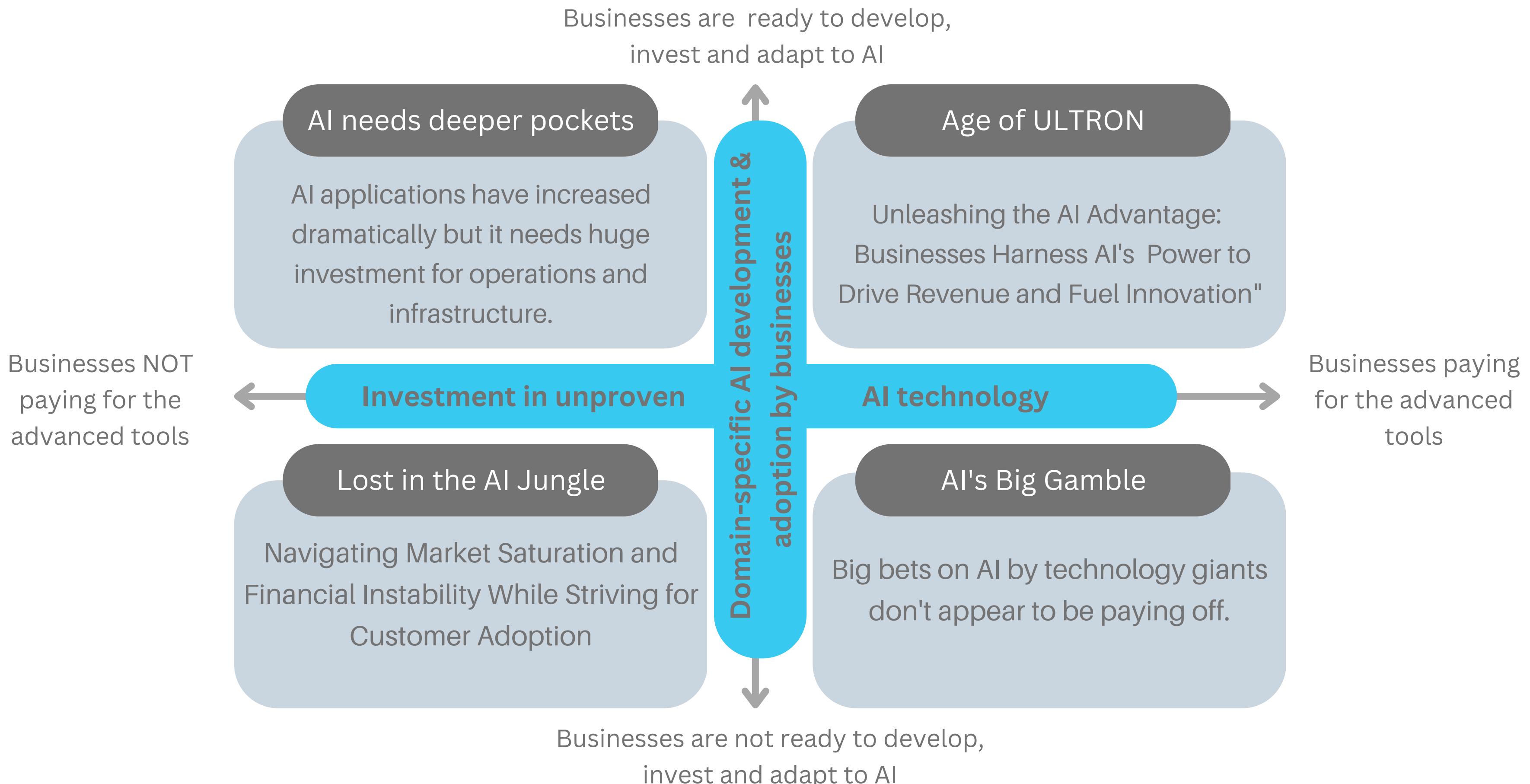
# User adoption of AI-powered tools affected primarily by the technological and economical uncertainties

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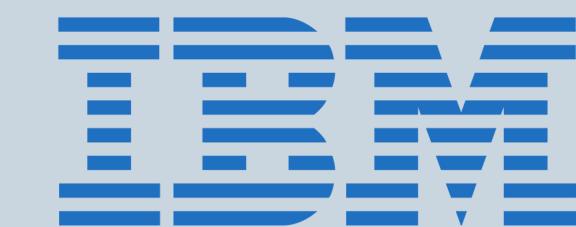
- Economical impact of AI is highly unpredictable with a high impact due to the volatile US market
- The mission of Microsoft is to enable individuals and organizations to achieve more through improved technological efficiency

# From Risk to Reward: Can businesses attract investments and unleash the potential of radical AI through Domain-Specific solutions?

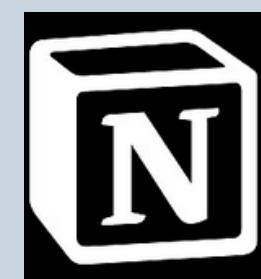
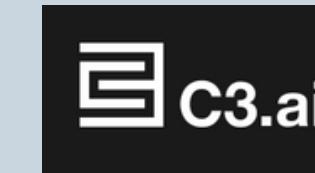
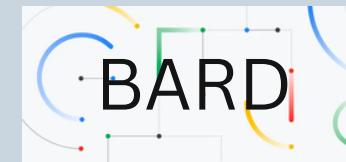


Microsoft has revolutionized Generative AI space with its first mover advantage while some incumbents are trying to play catch-up

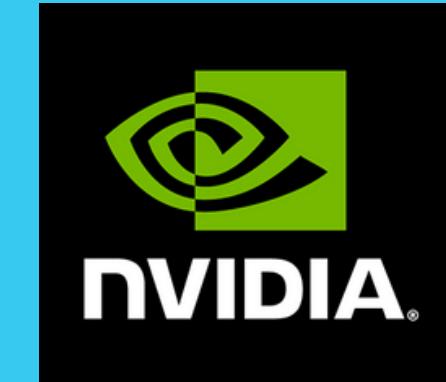
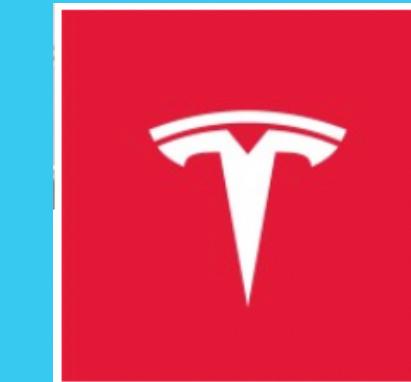
## Incumbents



## Insurgents



## Adjacents



**SONY**

# Microsoft should transform its product portfolio with AI-powered products, exploit its current partnerships, strategically collaborate with market leaders and leverage AI to shape arenas

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Businesses' willingness to pay for a new technology that hasn't yet developed into enterprise-grade and unproven ROI.

Businesses' adoption of domain-specific AI technology to change the way companies/ people work and be more productive.

O

Developing niche AI tools to specific industries like healthcare, gaming, recruitment, etc through strategic partnerships

Grow product portfolio by acquiring startups and SMBs which bring new tech/ skills/ business to enter new markets

T

Ethical/ Data security (B2B) - Any data breach could damage company reputation & business. This might lead to potential law suits

Intense Competition from new startups as well as incumbents developing unique/niche solutions.

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We recommend a 3- phased solution:

Exploit its current Partnerships to its fullest and enhance UI/UX

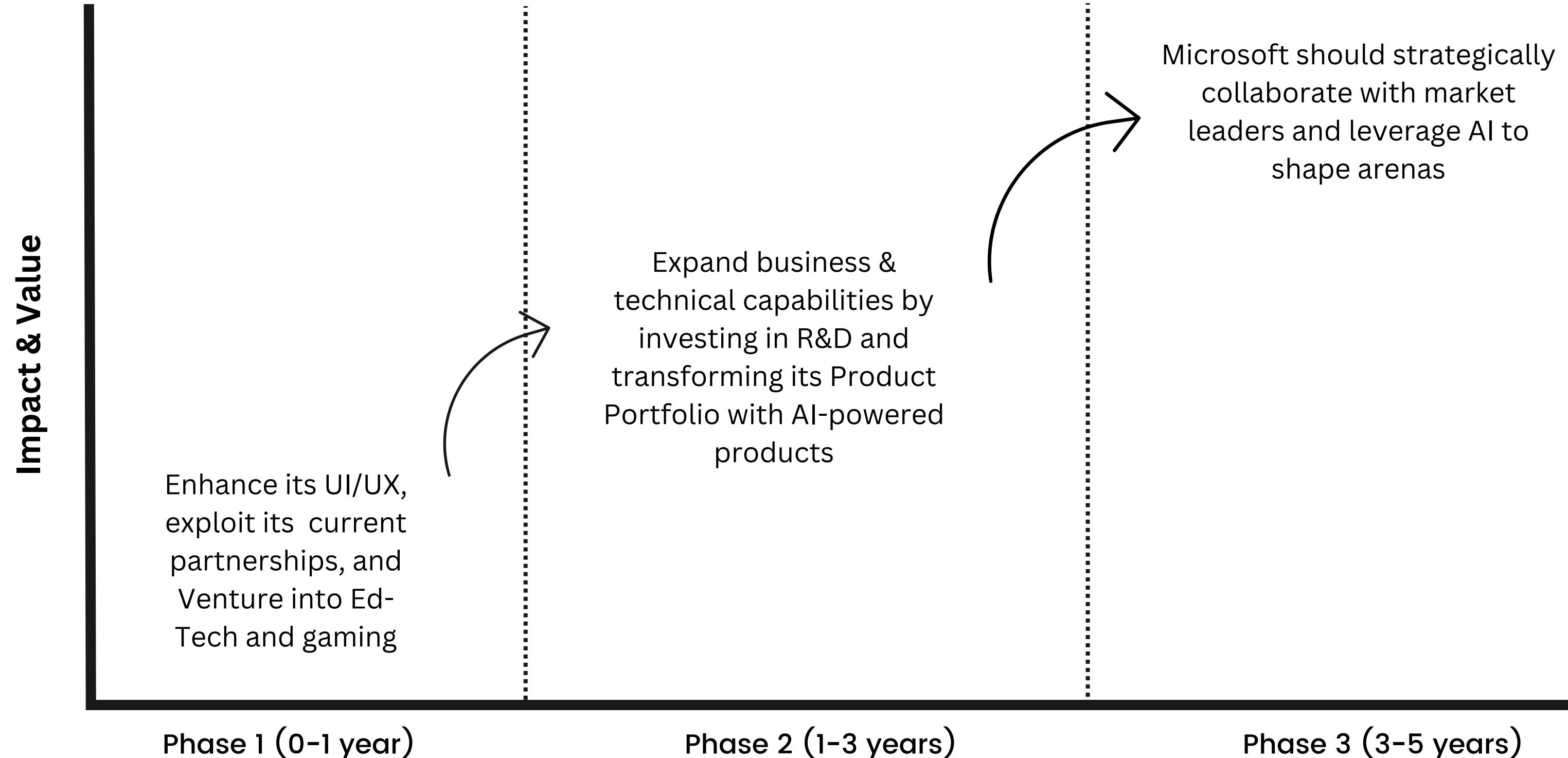
Explore Domain-Specific Use Cases and transform its Product Portfolio with AI-powered products

strategically collaborate with market leaders and leverage AI to shape arenas

Microsoft should move from visionary to a 'Shaping' company.

# We recommend Microsoft follow a 3-Phased plan to sail high in the AI seascape

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# Microsoft should enhance its UI/UX capabilities and Exploit its current Partnerships to its fullest

## Phase 1

### Keeping up with TECHNOLOGY:

- REVAMP UI/UX:
  - Make MS products intuitive and responsive
  - For instance, MS Word is not intuitive and cloud products have a very slow response time
- MS LEARN:
  - LinkedIn Learning x Xbox: Learning made fun
    - Imagine studying in Harvard classrooms with Harvard Professors
  - LinkedIn Learning:
    - Microsoft can use AI to personalize learning experiences, provide smart feedback, and develop adaptive assessments.

### Keeping up with the ECONOMY:

- GAMING:
  - Netflix x Xbox: Benefit from Netflix partnership to create new games with AR/VR worlds inspired by famous TV shows.
  - Cross-platform game development will benefit both companies and require less development cost
- RESPONSIBLE AI:
  - Use current partnerships to capitalize on Data privacy and Cyber security

# Invest in R&D to Explore Domain-Specific Use Cases and transform its Product Portfolio with AI-powered products

## Phase 2

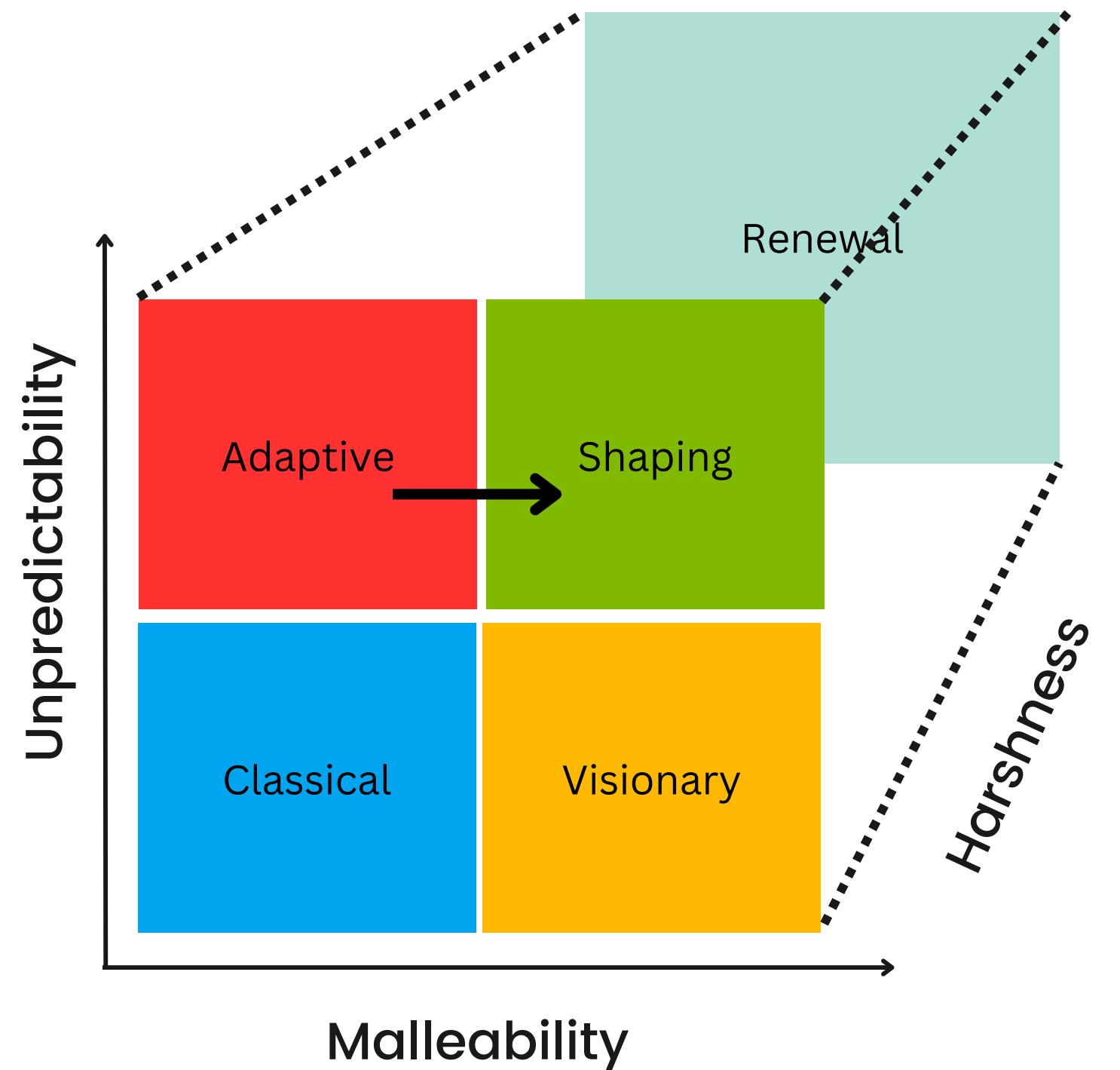
### KEEPING UP WITH TECHNOLOGY:

- Heavily invest in R&D to build and test Domain specific use cases
- LinkedIn: Make LinkedIn a One-stop solution with AI
- MS Health - Healthcare: AI can be used to diagnose early symptom patterns
  - Eg. Develop pre-screening AI booths in the vicinity
- MS Learn (Immersive learning experience):
  - LinkedIn Learning x Xbox: Learning made fun
    - Imagine studying in Harvard classrooms with Harvard Professors
  - High-risk simulation training
- MS Planner - Microsoft can leverage AI to develop smart cities

### KEEPING UP WITH THE ECONOMY:

- Market and tap Microsoft Accelerator's true potential to target niche markets.

# We believe that Microsoft needs Co-opetition to shape the future with responsible AI



Microsoft has reached maturity in the ADAPTIVE domain, it should shift its focus to SHAPING through co-opetition.



GAMING



## Complementers NOT Competitors



Microsoft

AGRICULTURE



JOHN DEERE



LEARNING

RESPONSIBLE AI



HEALTHCARE

=O= DIAGNOSTIC  
ROBOTICS



# Microsoft should strategically collaborate with market leaders and leverage AI to shape arenas

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## Phase 3

### KEEPING UP WITH TECHNOLOGY:

- Create a task force and identify the potential areas and start co-creating solutions. Eg. AgriMind - Partner with John deere to create an AI assistant tool for farmers.
- Gaming:
  - Sony X Microsoft: Develop a Cloud-based streaming platform for gaming, which would allow players to stream high-quality games without needing a powerful gaming console or PC
- Creating domain-specific AI and cloud-enabled solutions to increase Productivity:
  - an HR tool for hiring and operational needs eg. Partner with Workday HCM
  - a marketing tool and sales tool (LinkedIn Sales Navigator x HubSpot)
  - tool for market research (Gartner)
  - A finance tool like SAP can help with a range of financial management tasks



# Thank You!