Cassandra Moschella SSUNS 2016

MariMUN – Marianopolis College November 10-13 2016

Bill Gates

Microsoft Board of Directors

***Strategic Placement***

Over the past few years, Microsoft has been expanding into different technological sectors, mainly cloud storage, tablets, and mobile phones. Microsoft has begun producing, akin to other companies like Apple and Alphabet, both the software and the hardware, which gives them a tactical advantage, in that they can keep 100% of the profits and control on the product. Microsoft expanding may be seen by some as worrisome, but their products are still user-friendly, affordable, and, most importantly, high quality.

Microsoft had a difficult time creating their version of the mobile phone, in that it was a very lengthy process, and, as a result, lost a significant portion of their clientele during that waiting period. They’ve also experienced struggles with the Surface, which is directly competing with Apple’s iPad, who holds most of the market for tablet sales. The Surface is gaining in popularity, as Windows is slowly coming back from its downfall. Where they have been excelling is the cloud storage base, an online platform to store files at a monthly cost. Cloud storage gives the company room for a large profit margin, as there is not much that goes into it in regards to distribution, purchasing materials, and crafting the hardware.

Microsoft should focus on cloud storage, as that market is growing, and cloud storage is in demand. The company also has a good chance in gaining ground in the tablet market with the Surface, and should move its resources from the mobile phone sector to focus on the Surface. Microsoft also has to focus on Office, which makes up half of their overall revenue, especially considering their position as monopolists in that sector. As well, Microsoft has to appeal to the customers not only through quality products, but through sound investments and surety. In the most recent Quarterly Income Statement, it was shown that Microsoft is sitting on $13.928 billion dollars in cash, with much more in short-term investments and accounts receivable[[1]](#footnote-1). In order to secure investors, Microsoft should increase its dividends, not only to liquidate some of its cash, but to make sure that the stock prices go higher, as well, which will prove to be advantageous to the company.

***Microsoft’s Commitment to the Mobile Space***

Despite being pioneers in the computer, hardware and software industries, Windows came late to the game of mobile platforms. Over the years, they have struggled with developing innovative and unique mobile phones and tablets, which also lacked focus on ergonomics and user-friendliness. The acquisition of Nokia did not help matters, either; if anything, that slowed down Microsoft’s progress.

Windows 10 mobile, the newest generation of the Windows Phone, has largely fixed bugs and problems that previous phones had; many are seeing this as a potential comeback for Microsoft in the mobile sector. As previously mentioned, the Surface tablet is also gaining in popularity.

Despite their growing success in the mobile industry, Microsoft should focus on what it does best: computers, software and hardware. However, if they are to continue pursuing the mobile market, it is imperative that they continue their move to creating *both* the software *and* the hardware, in order to keep control and the profits.

***LinkedIn Acquisition***

On June 13th, Microsoft and LinkedIn reached an agreement in the negotiations for an acquisition. LinkedIn, which markets itself as “the World’s Largest Professional Network”[[2]](#footnote-2), was bought for $26.2 billion, all in cash; the companies valued the shares to be 196$ apiece[[3]](#footnote-3). It was made clear that LinkedIn “will retain its distinct brand, culture and independence”, but it will report to Microsoft and work with them on future endeavours.

Microsoft received mixed reactions to the acquisition. Some believe that the merger makes sense, as there is a possibility of LinkedIn being seamlessly integrated into Microsoft’s software. Others, however, are more skeptical, referring to Microsoft’s unsuccessful acquisitions of Nokia and Skype. Critics worry about whether this acquisition will be profitable for Microsoft, and if they will be able to increase profits (as LinkedIn is currently losing money, despite their growing net revenues[[4]](#footnote-4)). Another concern is that Facebook is to launch a new app in which job postings and applications are directly linked to the company’s Facebook page, making it much easier to network and apply for jobs[[5]](#footnote-5); this new addition could pose as a threat to LinkedIn.

Microsoft’s next move in regards to LinkedIn should be to let it run its course, while obviously releasing period updates, improvements and bug fixes. LinkedIn’s user-base cannot possibly grow significantly anymore; it has already gotten a large percentage of its possible clientele over the years, and it is also threatened by Facebook, job boards, and others. However, if Microsoft is insistent upon doing something with LinkedIn, they should create a joint project with the IT Learning branch of the company, which has proven to be successful. LinkedIn can offer the program to a broader demographic, and post their progress and achievements on their profiles, which will attract employers; Microsoft and LinkedIn can also directly contact employers seeking employees that fit their criterion in regards to software development, IT, work ethic, and more, as this will allow LinkedIn to collect more information on its users.

1. “MSFT Company Financials.” NASDAQ. November 8, 2016. Accessed November 8, 2016. <http://www.nasdaq.com/symbol/msft/financials?query=balance-sheet&data=quarterly> [↑](#footnote-ref-1)
2. “World’s Largest Professional Network | LinkedIn.” LinkedIn. Accessed November 08, 2016. <https://ca.linkedin.com/> [↑](#footnote-ref-2)
3. Microsoft News Center. “Microsoft to Acquire LinkedIn.” Microsoft. June 13, 2016. Accessed November 8, 2016. <https://news.microsoft.com/2016/06/13/microsoft-to-acquire-linkedin/#sm.000isl18rkf3dzo11hq2dv12uk8xq> [↑](#footnote-ref-3)
4. “LinkedIn Corp.” Google Finance. Accessed November 8, 2016. <https://www.google.ca/finance?q=NYSE:LNKD&fstype=ii> [↑](#footnote-ref-4)
5. Vomiero, Jessica. “Facebook Launches Open Jobs Feature to Compete with LinkedIn.” MobileSyrup.com. November 8, 2016. Accessed November 08, 2016. <http://grabpage.info/t/mobilesyrup.com/2016/11/08/facebook-launches-open-jobs-feature-to-compete-with-linkedin/> [↑](#footnote-ref-5)