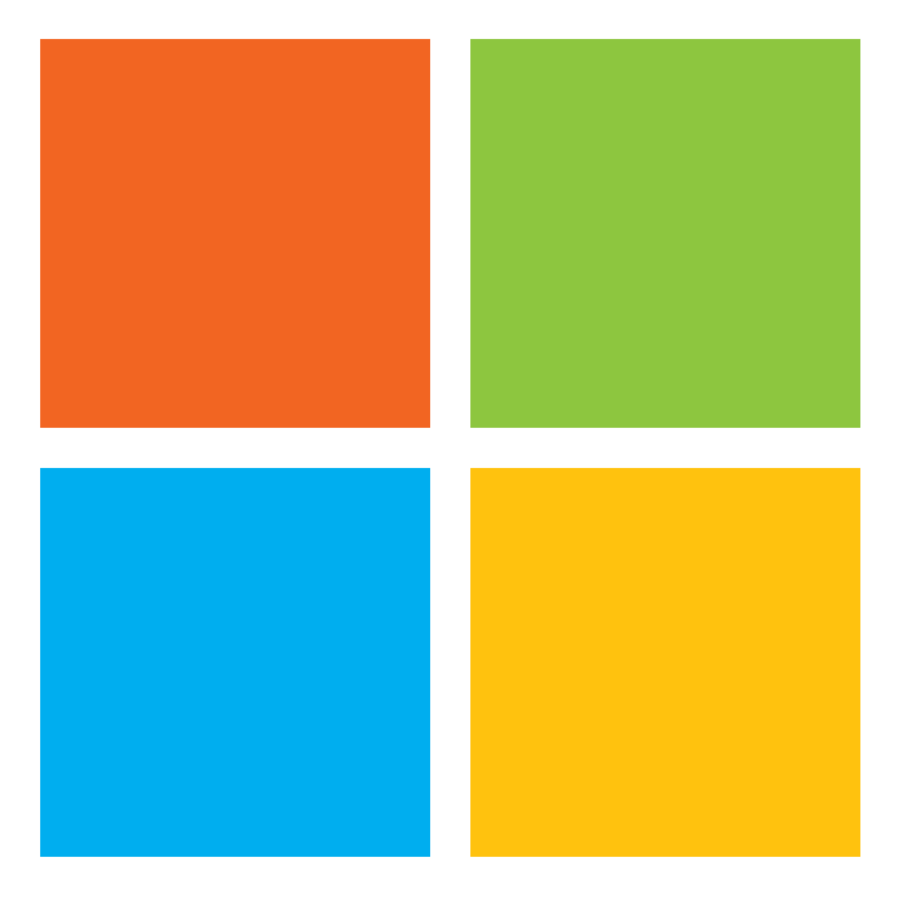
Delegates: Kaya Çelebi

Character Assignment: John W. Stanton

Committee: Microsoft Board of Directors

Topic: Strategic Placement

School: Columbia Grammar and Preparatory School

I, John W. Stanton, am a chairman at the Board of Directors at Microsoft, one of the world’s most valuable companies, renowned for its domination of the computer and software industry, and the original innovators of computer software. I am also chairman of the board of Trilogy International Partners, the founder of T-Mobile USA, and as well as the majority owner of the baseball team, the Seattle Mariners. I was appointed as the chairman of Microsoft in 2014, around the time of the removal of Steve Ballmer. Microsoft has grown tremendously since its founding in 1975. The tech company reached an all-time high of $620 billion market cap in 1999, and was able to diversify into many different divisions such as software, tablets, smartphones, gaming hardware, and cloud services. While the stock price in 2009 had dropped 59% from $37.06 per share to $15.28 per share, it has since returned to the dominating state it was in during the height of the tech bubble. However, the productivity of the company has since slowed down since the dismissal of former CEO Steve Ballmer, because the company is struggling to maintain its original position in the markets they were involved in. Microsoft has been, lately, somewhat unsuccessful in the consumer market, with products such as the Surface Pro and the Windows Mobile (the Surface Pro barely making an appearance in the first quarter of 2013 and the Windows Mobile market share dropping below 1% for the first time since 2011). Even though there have been some struggles in the consumer market, Microsoft still has the opportunity to resolve the problems in their struggling sectors and and invest in new opportunities such as augmented reality to increase their revenue.

While the outcome poses high-risk, continuing down the path of consumer products in a cautious manner could prove to be more beneficial than maintaining a stable position with enterprise. The consumer products can increase Microsoft’s revenue to tremendous amounts, and with some new markets emerging, the possibility of this idea being successful becomes even more probable. However, it seems that it would be in the best interest of the company to veer away from the original products that were not successful, such as the Surface Pro, because the ability for the company to successfully revive these products is not guaranteed. Considering the dominance of Apple, Samsung, and other prominent tech companies in the tablet industry, and Microsoft’s inability to have as successful as a start as its competitors, continuing with that industry will only lead to losses. However, Microsoft should definitely continue with the production of the Windows Phones because it is the only real opportunity Microsoft has to dominate the technology industry, once again. While Microsoft did have a lot of success with enterprise, the market in consumer products is much larger, and considering the interests of the Board lies with Microsoft’s revenue, investing time in consumer products seems to be more worthwhile.

Windows 10 made less than $1 billion in revenue in 2015. This was in part from making it free to use for people who upgraded from Windows 7, and also from deferring revenue which slowed the cash flow. One way Microsoft could reverse the decline in revenues from Windows 10 is by implementing it into new products provided by new markets. By doing this, it could increase popularity with the system, and also draw more revenue from the new markets. One of the newer markets that seems worth investing in is augmented reality. This market is fairly new, and there is a lot to be improved with the current models. So far, Samsung was able to produce a revenue of around $850 million in just 2016. Virtual reality can have many applications, such as playing a videogame, and simulating situations for police officers, soldiers, doctors, and for people who need training in dangerous situations. Considering Microsoft’s ownership of Xbox, investing in virtual reality could create revenue up to $1.5 billion in its first fiscal year. Assuming Microsoft continues to improve this product and implement it into the Xbox and the Windows Phone (or other products), the virtual reality market could definitely add a lot of revenue. These new business ventures in consumer products could definitely bring Microsoft to a higher level.