**Microsoft Board of Directors Position Paper**

**Topic I: Strategic Placement**

With an ever-expanding global market, the needs of power and usability of enterprise and commercial cloud based systems has increased immensely. With that said, Microsoft’s cloud computing sector proves to be a promising one, and its growth and development is necessary for the prosperity of Microsoft. Although other divisions such as commercial licensing, devices and consumer licensing, or computing, gaming, and phone hardware, could potentially be viable for growth, it is necessary that we focus on our fastest growing sector, the intelligent cloud.

As the executive vice president of business development, driving strategic partnerships and transactions that accelerate growth are vital to my role. Therefore, I have firsthand experience of the masses of new startups and large conglomerates that are turning towards enterprise cloud computing for many reasons: cost, scalability, and collaboration. With enterprise cloud computing, costs are decreased due to the rapid elasticity of data centers. Cloud computing also boasts scalability, where, especially for startups, risks and expenses can be cut due to the lack of a need for capital for new projects and ideas. Also, with cloud computing comes collaboration. Cloud computing allows for companies to collaborate in new ways and not be bottlenecked by accessibility to information and workspaces. The expansion of cloud computing can be seen in many areas of Microsoft with Q4 2016 data showing revenue of the Intelligent Cloud segment has grown about 7%, and Microsoft Azure revenue has increased 102%. However, this sudden increase in the need for enterprise cloud computing systems is not all good news. With the growth in demand of enterprise cloud computing systems, comes a growth in competitors ranging from Amazon Web Services to Google’s Cloud Platform. Currently, Microsoft’s Azure platform is the No. 2 public cloud provider falling behind Amazon Web Services. To give a bit of perspective, Amazon Web Services generated about $2.6 billion in revenue in the first quarter with about a 64% year-over-year growth rate in Q4 2016, with Azure coming in at an estimated $800 million with a 102% year-over-year growth rate. Having said this, it is necessary that resources are invested heavily in order to sustain this fantastic growth and to try and gain an edge on Amazon Web Services.

Although enterprise cloud computing is where the most resources should be spent, it is necessary not to neglect other revenue streams and promising sectors. With Windows running on about 80% of computers, it is critical to maintain a majority market share and not lose ground to operating systems such as MacOS. Also, Office must be maintained and invested into in order to not lose headway to competitors such as Google Docs. Microsoft’s hardware division has been flourishing with the Surface Book and Surface Pro lineup selling quite well, and it is definitely vital to continue and keep investing into the hardware division. Finally, the mobile space has been one filled with many twists and turns for Microsoft. As of now, Windows phone comprises of only about 0.4% of the market a 50% decline from Q1 of 2016 and is basically nonexistent in today’s mobile tech sphere. Given the current state of Windows phones, it is clear something must change drastically. Overall, with the right decisions, Microsoft is poised for immense growth.

**Topic II: Microsoft’s Commitment to the Mobile Space**

Microsoft’s mobile space has been quite a tumultuous one, filled with many failures and few successes. It is necessary that this downward spiral towards a nonexistent mobile space be turned around. With that said, there are many routes and positions to be taken on the current issue of Microsoft’s commitment to the mobile space. Many believe that the Windows Phone platform has dug a grave for itself too deep to arise from, whereas others, believe there is still hope for the Windows phone.

With the release of Windows 10 mobile, the vision was to merge seemingly disparate devices and hardware such as Windows desktops, Xbox, and mobile devices into a large ecosystem with interoperability. This effort was taken, partially, to spur developers into creating applications and programs for what was poised to be an expanding, growing platform under the umbrella of Windows 10, which included many different devices. Frankly, with Android and iOS already having over three times the number of apps on their respective platforms compared to Windows, it is impossible for Microsoft to keep up, and app developers are still not incentivized enough to develop for the Windows Store. This may have been, in part, to programming difficulties due to the inability for the development environment to scale for different devices and UI elements, but with new releases of Windows 10 mobile these issues have seemed to decrease. In Q4 2016, phone revenue fell 71%, nearing a loss of about $870 million, and this in turn decreased devices revenue by 35%. Having revealed these staggering figures, we must look at why the Windows phone flopped. With the acquisition of Nokia and integration of new features such as Continuum, the Windows Phone could have become a great device, but due to lack of applications and antiquated software that could not even compete with the likes of iOS and Android, the Windows Phone failed. Personally, there are many steps that can be taken to revive the Windows Phone.

It is vital to assess Microsoft’s vision for the mobile tech sphere and build upon it. If the Microsoft Board of Directors deem it fit for Microsoft to compete on the hardware spectrum against an already saturated market, there are many routes that can be taken. These different paths could come in many forms: partnering with other companies and OEMs to roll out Windows 10 on their devices, offering incentives to do so. Another strategy could be scuttling Windows 10 mobile entirely and moving to Android. Furthermore, Microsoft has many tools, software, and resources at its disposal, and with that said, the integration of a preexisting Microsoft innovations may prove to be fruitful in efforts of attracting customers and consumers towards purchasing Windows phones. In my opinion, the hardware route is not one which should be taken, rather, Microsoft was built as a software company, and it should continue to be one. It is necessary that Windows 10 mobile progress. With the development of Windows 10, already innovative features such as Continuum and Cortana, can soon overshadow other operating systems such as iOS and Android and allow for a driving force for OEMs to partner with Microsoft. Windows 10 mobile is the future of mobile computing, but it is necessary that Microsoft not lose itself on the way, and that we should stay true to our roots and develop truly revolutionary software like we have done numerously in the past.

**Topic III: LinkedIn Acquisition**

The largest acquisition in Microsoft history, LinkedIn. With LinkedIn, Microsoft opened itself to an immense database of professionals, many who are directly in the market Microsoft seeks to implement its enterprise cloud systems into. LinkedIn has the potential to increase the value and purpose of Microsoft’s software offerings. LinkedIn, could be combined with Microsoft’s already well-known productivity suite, thus providing an even more multifaceted and differentiated experience to consumers and enterprises alike. Furthermore, LinkedIn also contains an extremely large user base, one that with enough incentives, could be open to using Microsoft’s ever-expanding software offerings. This acquisition, in essence, is a union between the professional cloud and the professional network. LinkedIn’s user base overlaps with Microsoft’s core demographic in an almost predestined way, and in order for the acquisition to be of any real use, it is necessary to mesh this market into one that is fully integrated into the Microsoft ecosystem. LinkedIn also has access to an exorbitant amount of data on the insights and thoughts of the exact demographic which Microsoft is pursuing and trying to convince to join the Microsoft ecosystem. The potential for Microsoft to monetize on this data is one that is worth millions. All-in-all, the LinkedIn acquisition, in my opinion, is one of the few potentially profitable and very savvy acquisitions by Microsoft in the past decade, and there is much that can be done.

Personally, LinkedIn is not one of the foremost and pressing issues facing Microsoft at this time, and it is necessary to focus on other aspects of the business before moving onto the implications of the LinkedIn acquisition. Additionally, Microsoft gave a degree of autonomy to LinkedIn, so business will seemingly proceed as usual without any halt if the issue is not paid attention to as soon as possible.