Subject: Strategic Placement

Microsoft Board of Directors

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After more than 20 years of domination in the enterprise technology markets, Microsoft is still one of the largest technology superpowers with signature products such as Office and Windows, but our recent involvements in the consumer product market aren’t so ideal. Our strengths are the massive consumer base and ubiquity products, but they could easily slip away as the global technology market becomes more competitive at a faster rate. The demand of technology products is growing, but our revenue fell 8% between 2015 and 2016. What then? The answer is broken down into two parts—keep growing in the established, and break into the emerging.

**Continue differently with established strategy**

The smartphone and tablet markets are solidly growing at 23% per year, but our market holds of two key products in our consumer technology section—the Surface Pro and Windows Phone OS—are continuing decreasing. With more Eastern vendors joining the market, it’s time to reshuffle. We entered these markets fairly late, only in 2011, and mature market distribution is very hard to change. However, we can take a “soft” approach: Google has taken over the iPhone with Chrome, Gmail, and Google Maps, but we have done nearly nothing on either iOS or Android except for the Microsoft Office 365, which we should also keep developing. The Internet Explorer, Outlook, and LinkedIn are all potential necessities, especially for the Android system.

Although licensing (consumer and commercial) remains the majority of company’s revenue, Office is facing competitors such as Apple’s Keynote® and Google Docs™, and the same with Windows. More than a year after the release of Windows 10, the number of users is not even half of Windows 7; partially because users don’t tend to purchase an operating system. They usually buy a new computer with it installed instead. But up to this October, nearly half of the Windows 8 users haven’t install the update even it is free. The way to get people from “*needing Windows to choosing Windows to loving Windows*”, is to distinguish ourselves by enhancing the idea of *mobile-first*, *cloud-first*, and *personalized the user experience*. Despite the falling tablet and smartphone sectors, the revenue of Microsoft cloud service—Azure—is rising, and is targeted to double by the end of next year. The Cloud industry is introduced years ago but never got widely recognized because of security problems and difficulties in using. It’s our chance to renovate Cloud service into the mainstream of Windows operating systems.

**Re-establish foothold amongst consumer and professional**

The world is changing. **Instead of follow, we must lead**; as an influential international corporation, our step must be big. Competitive markets are often positive feedback loops—when the market share starts decreasing, it is difficult to bring it back, so why not put the resources into something with more efficient outcome? Microsoft is not the only technology giant anymore, but with Project Scorpio and HoloLens, we can get a head start in the emerging fields of augmented/virtual reality—they are the next generation of technology. HoloLens is already establishing reputation among Microsoft’s networks of developers. Our next step is to bring it into every day’s life, starting with Xbox gamers. This will also bring Microsoft products into younger generations. Lastly, I see the future of this product in every professional field—architecture, medicine, engineering, etc. I feel so lucky to experience the dawn of next technology era. The world is waiting for another scientific imagination to come to life.