



Microsoft: Strategic Opportunities in a Globalised Digital Economy

COURSEWORK 1 – STRATEGY IN THE GLOBAL MARKETPLACE (6BM505)

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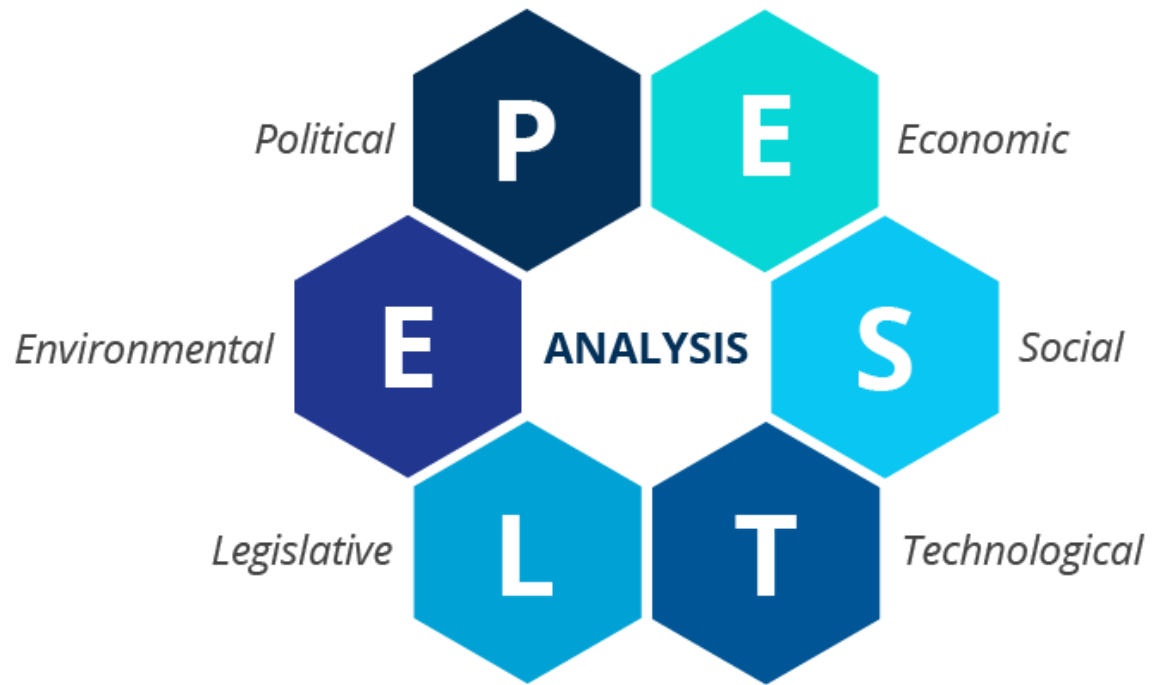
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Introduction to Microsoft

- ▶ Microsoft Corporation is an international firm that deals with technology founded in 1975. It is the leader in software, cloud computing, and artificial intelligence with an operation of more than 190 countries.
- ▶ The market value of the company is measured at 3 trillion dollars because of its dominance and influence in the enterprise and consumer sector (Business Strategy Hub, 2025).
- ▶ This technology or innovation, scalability ability of Microsoft shows that it can be flexible to respond to changing forces in the world.

PESTLE Analysis – Political & Economic

- ▶ The global strategies of Microsoft are influenced by political tension especially in the relationship between the U.S and China. Its business in cloud computing is threatened by data sovereignty and localisation laws.
- ▶ As far as economy is concerned, there was inflation and risk-averse business. The demand is affected by IT spending even after the pandemic.
- ▶ Its mergers and monopoly behavior are reviewed by the authorities in the US and EU, which affects the strategic growth of the firm across the world (Crowjack, 2024).



PESTLE Analysis – Social & Technological

- ▶ The flexibility of the Microsoft is displayed by its reaction to the trends of hybrid work in the form of Teams and Viva. Differentiation is possible due to rapid changes in technology specifically AI and automation.
- ▶ Digital inclusivity and ethical technology are some of the social trends required in the current world where Microsoft has been investing in artificial intelligence, especially Open AI, and software-as-a-service (SaaS), propelling continued global validity and digitalization (Csaszar, Ketkar and Kim, 2024).

PESTLE Analysis – Legal & Environmental

- ▶ Legal pressure in terms of GDPR and antitrust measures is becoming more significant regarding Microsoft. It is also environmentally-led where the objective of becoming carbon negative by 2030 comes in. The area of AI ethics and privacy is experiencing increased accountability in legal terms (DCFModeling.com, 2024).. The sustainability approaches (e.g. green data centres) can be used to enhance the image of Microsoft in front of environmentally-sensitive global stakeholders and regulators.

Porter's Five Forces

- ▶ Competitive Rivalry: High , intense competition from Apple, AWS, Google.
- ▶ Threat of Substitutes: Moderate , open-source and alternative platforms.
- ▶ Buyer Power: Moderate , enterprise clients demand flexibility and integration.
- ▶ Supplier Power: Moderate , reliant on advanced chip suppliers.
- ▶ Threat of New Entrants: Low , high barriers to entry.
- ▶ The framework highlights the need for product innovation, strong ecosystems, and service differentiation in a mature industry (Strategy Finders, 2024).



VRIO Analysis of Microsoft

- ▶ VRIO analysis reveals that AI capabilities and cloud infrastructure of Microsoft are valuable, rare, and cannot be easily replicated.
- ▶ The collaboration with OpenAI is something special. Innovation is provided on a large scale through organisational structure (Strategy Finders, 2024).
- ▶ The sustained competitive advantage that these internal sources bring to Microsoft is that Microsoft has been a global leader in digital transformation in the long term.



Potential Competitive Advantages

- ▶ The competitive advantage of Microsoft consists of a global cloud share (24%, by 2024), thorough integration with AI, and B2B orientation.
- ▶ Customer lock-in is increased by a solid brand equity and by embedded software ecosystems.
- ▶ Its flexibility to technology disruption and digital government makes it more differentiated in terms of strategy in relation to other tech firms across the globe (Tomeczek, 2025).

SWOT Analysis

- ▶ Strengths: Strong brand, cloud dominance, innovation culture.
- ▶ Weaknesses: Regulatory scrutiny, weak mobile presence.
Opportunities: AI integration, green cloud, emerging markets.
- ▶ Threats: Cybersecurity risks, global legal challenges (Van de Wetering, Mikalef and Pateli, 2021).
- ▶ SWOT helps consolidate findings from internal and external analysis, guiding Microsoft's global strategic direction.



WEAKNESSES



THREATS

STRENGTHS



OPPORTUNITIES



Ansoff Matrix – Opportunity Analysis

- ▶ According to the Ansoff Matrix, the company should consider growing through the market development (expanding Azure to Africa and Latin America), product development (tools with AI), and diversification (develop cybersecurity offerings).
- ▶ The current capabilities of Microsoft and market confidence allow new strategic growth and change (Csaszar, Ketkar and Kim, 2024).
- ▶ Entrance into an under-serviced market is an ambitious and viable revenue source, considering the global digitisation.

Strategic Opportunities Identified

- ▶ The major strategy opportunities are the growth of the Azure, integration of AI generation technologies in the products and sustainable operations strengthening.
- ▶ Open AI can be monetised in terms of leadership in services. By taking the lead on digital infrastructure in the Global South, Microsoft can also focus on making ESG initiatives a strategic differentiator in procurement and partnership (Crowjack, 2024).

Recommendations

1. Invest in enterprise AI : expand Copilot across Microsoft 365.
2. Enhance cybersecurity services : promote Microsoft Defender and Sentinel.
3. Strengthen ESG leadership : accelerate green data centres.
4. Expand in emerging markets : with affordable cloud solutions (Csaszar et al., 2024).

These recommendations align with Microsoft's strengths and global trends.

Conclusion

- ▶ Microsoft is a world leader in technology with its internal resources and responsiveness to the world trend. Strategic analysis reveals the necessity of changing at the regulatory level and investing into ESG and AI. By putting emphasis on enterprise productivity, green cloud, inclusive innovation, Microsoft will be able to maintain a competitive advantage on the international landscape (Strategy Finders, 2024).

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