Microsoft

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Overview

- Background

- The Problem

- Recommendations

- Takeaways

Background of Microsoft

- Founded in 1975

- Known Products

- Present Focus

Operating System and Productivity Software

- Industry

- At present

- Competitors

Financials for 2018

- Total Assets- $258.848B
- Cash - $11.946B
- ST Investments - $121.723B
- Total Liabilities - $176.130B
- Total Operating Expenses - $75.302B
- Net Income - $16.571B

Microsoft Problem (Weakness)

- No presence in the smartphone market
  - Has .12% market share
- Organizational culture not suited for smartphone market (too traditional?)
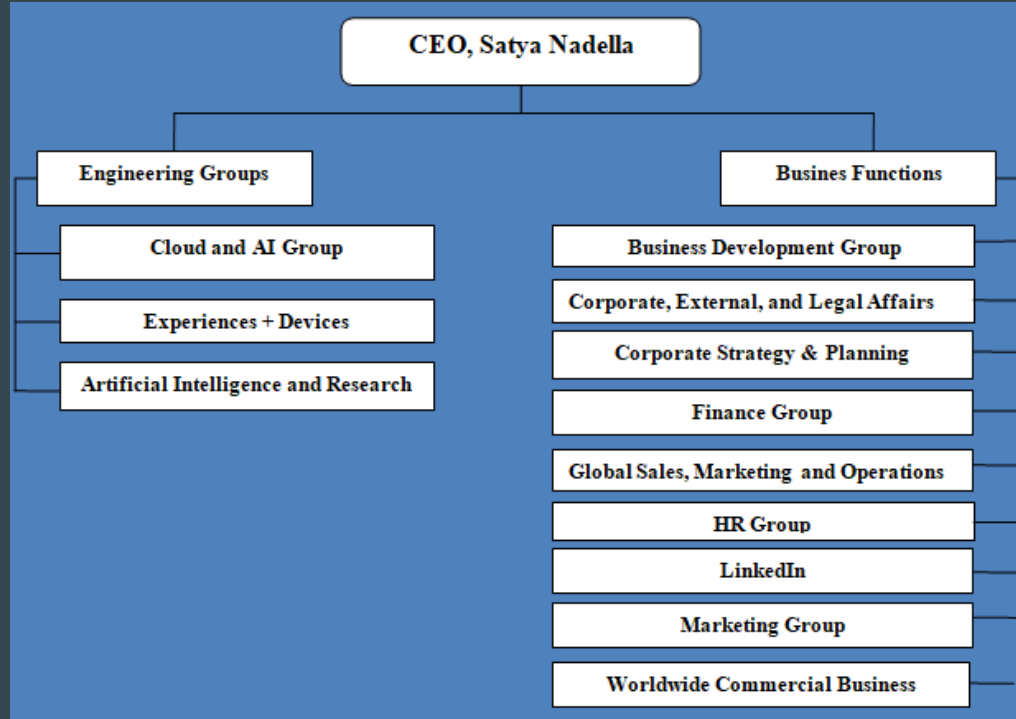- Lack of applications

United States Mobile OS Marketing Share

Other
0.4%

Android
44.9%

iOS
54.7%
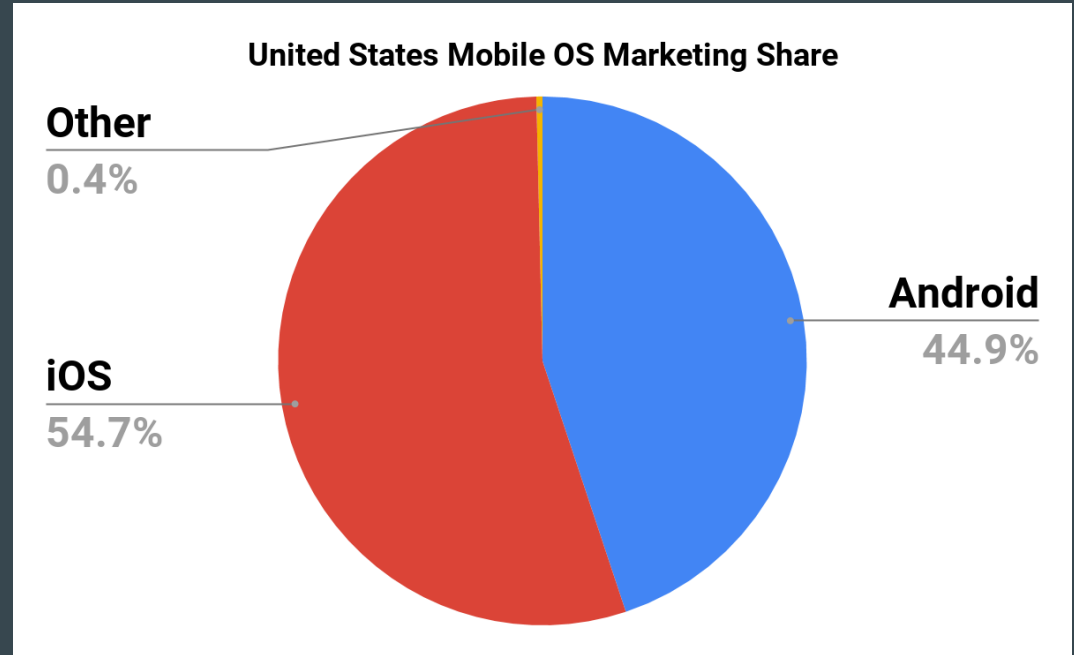
Recommendations

Altering the Current Structure. But why?

- Revisiting the problems…
  - Mobile Phones market changes quickly
  - Lack of experience
  - Lack of applications

- What's needed:
  - Adaptability
  - Flexibility
  - Expertise/Specialization

The Current Structure

CEO, Satya Nadella

Engineering Groups
- Cloud and AI Group
- Experiences + Devices
- Artificial Intelligence and Research

Busines Functions
- Business Development Group
- Corporate, External, and Legal Affairs
- Corporate Strategy & Planning
- Finance Group
- Global Sales, Marketing and Operations
- HR Group
- LinkedIn
- Marketing Group
- Worldwide Commercial Business

Altering the Current Structure

- Add height to Experiences + Devices with new divisions
  - Mobile Phone
  - Personal Computing
  - Xbox
  - Hardware and Accessories

- Other divisions:
  - Cloud Computing (Azure)
  - Artificial Intelligence and AI R&D
  - Research and Development

Business Smartphones: Why?

- Companies Adopting Smartphones
- Blue Ocean: No Current Competitors

Business Smartphones: How?

- Applications
  - Microsoft
  - Third-party applications
- Cyber-Security enhanced
  - Smartphones increasingly endangered
- Business financing
  - Short-term investments, net income, and borrowing
- Estimated date of completion: 5-8 years

Business Smartphone: Benefits

- Market Leader
- Launch Platform
  - Tablets
  - Consumer smartphones

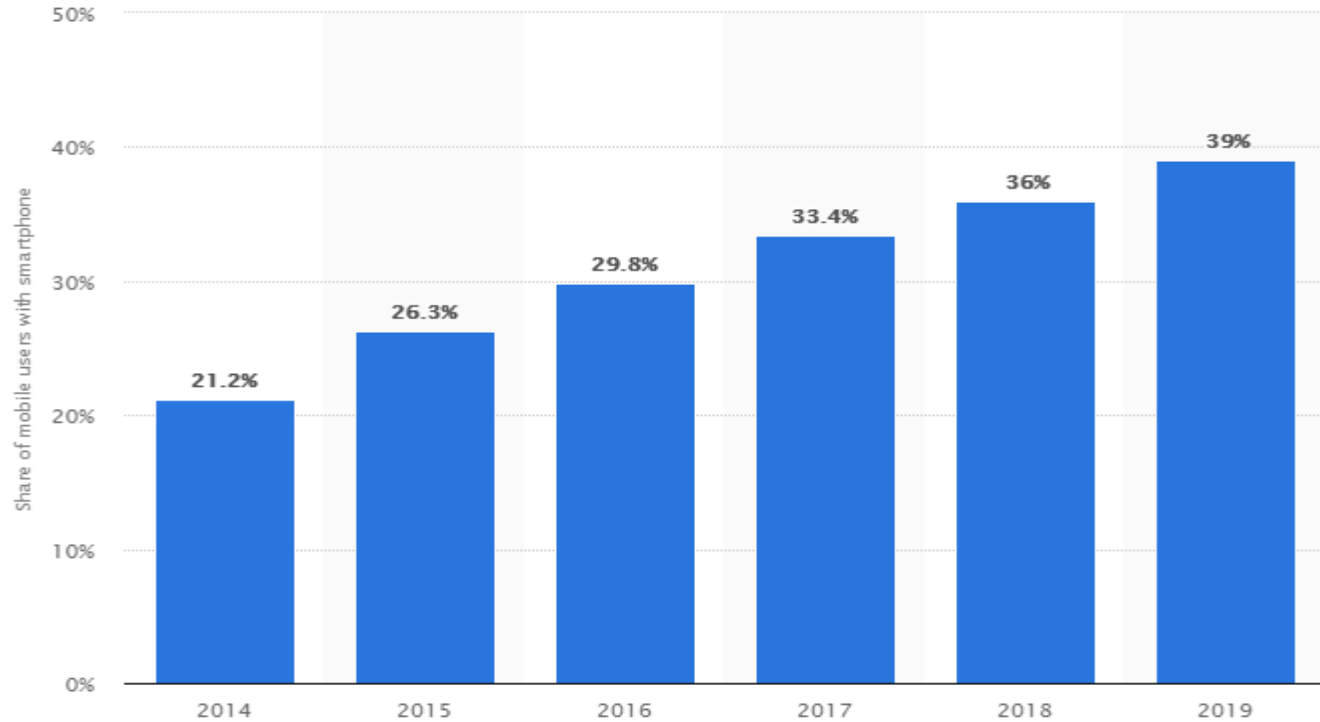If a window of **opportunity** appears, don't pull down the shade.

~Tom Peters

Recommendation: Enter Into Developing Markets

- International Developing Regions
  - India
- The Phone
  - Affordability
    - Range: $249.99 - $449.99 (17,334.00 - 31,201.80 Indian Rupees)
- Long-Term Strategy (10 years or more)
  - Goal:
    - 20% of the market share in 5 years
    - 35% of the market share 10 years

India Smartphone Users

India Smartphone Market Share

India Smartphone Shipments Market Share (%)	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Xiaomi	25%	31%	28%	27%	27%
Samsung	23%	26%	28%	22%	20%
vivo	6%	6%	12%	10%	10%
Oppo	6%	6%	9%	8%	7%
Micromax	5%	3%	1%	9%	5%
Others	35%	28%	22%	24%	31%

Takeaways

- Opportunity to re-enter mobile phone market

- Alter the current structure

- Create a business phone

- Enter into a developing market

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