Microsoft Corporation

Student's Name
Institutional Affiliation

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Introduction

- Microsoft is a multinational corporation
- **Mission:** introducing new technologies into the modern world.
- The company has been established in 1957, and since that time it has been growing and developing to provide its users worldwide with new soft, technical devices, etc.
- **Goals**: think on a global scale, taking into consideration the growing demand for advanced yet accessible technologies (Microsoft, 2015).
- **Core values:** honesty, passion about customers and technologies, respect, persistence, excellence (Microsoft, 2015).

Products and Services

▶ The corporation established services (operating systems, apps, games, web security systems, etc.) that help to use PC as well as mobile products (smartphones) to the fullest.

▶ It has developed Microsoft Cloud service, which allows uploading and storing various files without a worry that they might be lost if a device fails.

▶ The most popular Microsoft services and products include:

▶ Windows operating system;

▶ Microsoft Office (Word, PowerPoint, Outlook, Excel, OneNote, OneDrive, etc.);

▶ Skype;

▶ Bing;

▶ MSN;

▶ Lumia (Microsoft, 2015).

SWOT Analysis

Strengths:

▶User-friendly software;

▶Reputation;

▶Established distribution line;

▶Loyalty to the quality;

▶Great financial activity;

▶"Acquisition of Skype" (Jurevicius, 2013).

Weaknesses:

•Slow flow of innovations;
•Dependence on hardware manufacturers;
•Mature PC markets;
•Security systems criticism (Jurevicius, 2013).

Opportunities:

•Establishment of mobile devices;
•New products launching;
•Mobile advertising;
•Cloud based services (Jurevicius, 2013).

Threats:

•High level of competition;
•Rapid change of customers' desires, habits and demands;
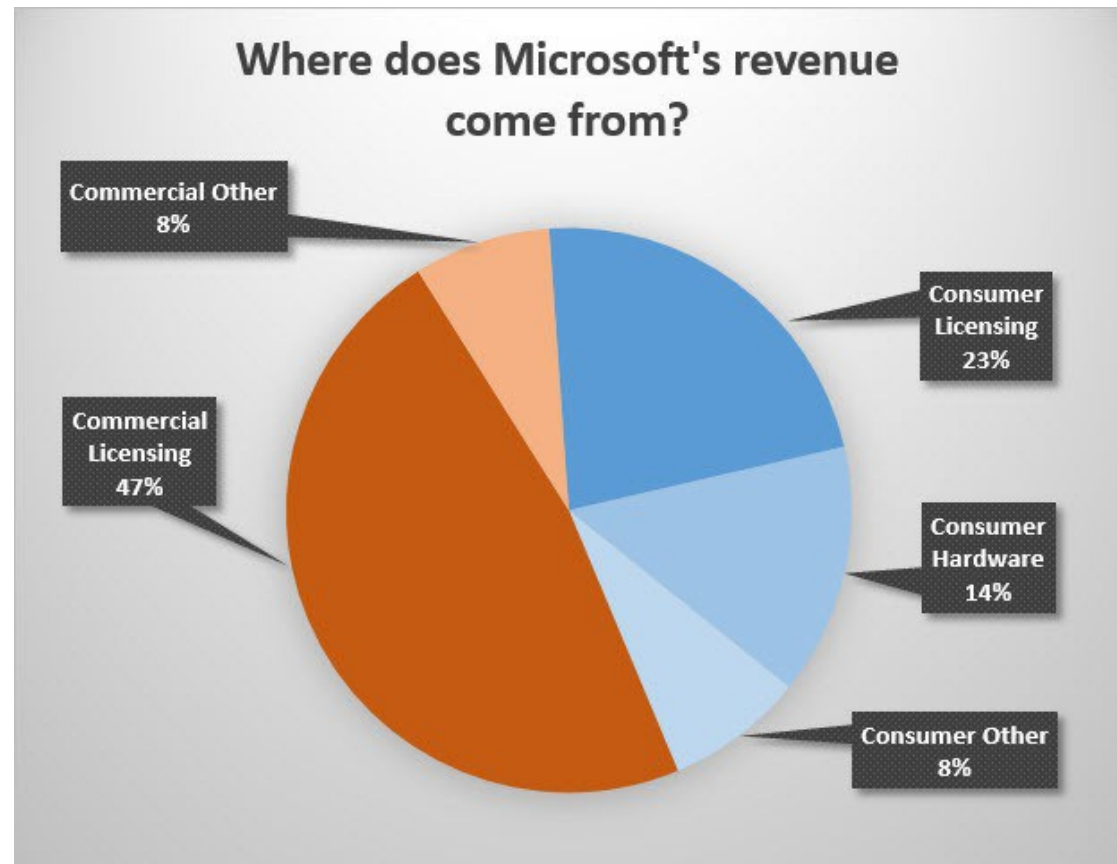•Open access to projects (Jurevicius, 2013).

Five Forces Analysis

▶ **Threat of new entrants**: Microsoft's advantage lies in huge financial capital small companies do not have (Dudovskiy, 2015).

▶ **Bargaining power of buyers:** Microsoft products are accessible to average buyers. The range of products and services is wider than that of some competitors. The company offers numerous apps and services to download for free (Dudovskiy, 2015).

▶ **Bargaining power of Microsoft suppliers** is not so high. The components the company orders are not so expensive. However, "in terms of volumes" Microsoft, of course, takes a leading place (Dudovskiy, 2015).

▶ **Threat of substitute products or services** does not affect Microsoft as the company has created some apps like Skype, MSN, Office, etc., which cannot be replaced.

▶ **Rivalry among the existing firms** should not be of a great concern for Microsoft as it occupies a very strong position due to "its core product line and lack of long-term debt" (Clark, 2004).
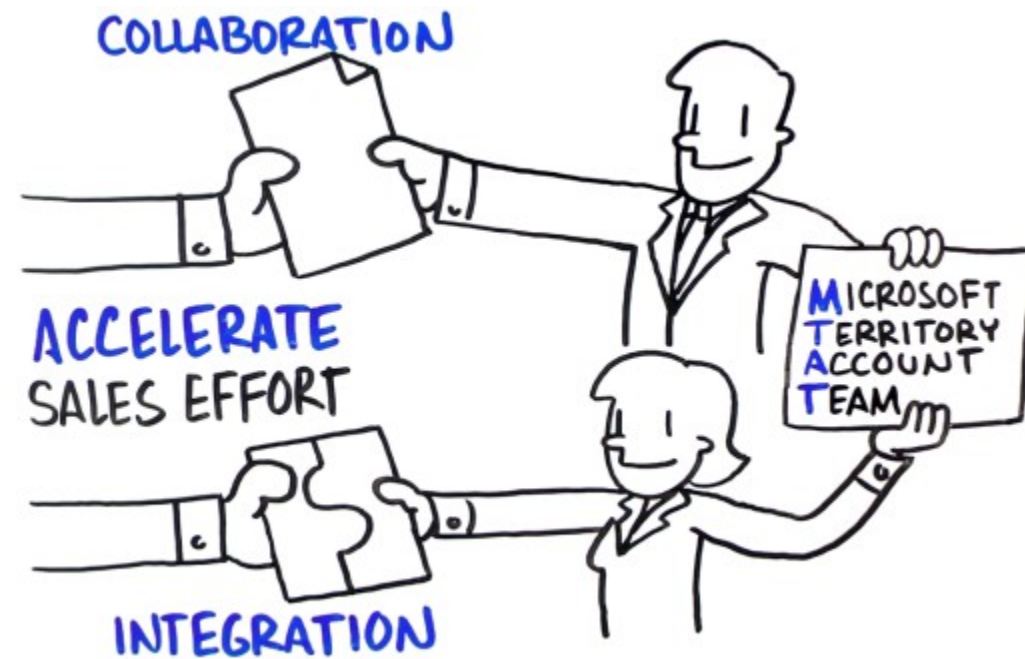
Business Model

Microsoft revenue model:

▶"licensing fees charged for use of the Windows operating system" (Ross, 2015);

▶"paid software is a more difficult sell in an age of low-cost alternatives", hence, providing free software is an advantage(Ross, 2015);

▶customer's engagement and fixation on Microsoft products, like improving and popularizing Skype not only for calls but also for messaging (Ross, 2015).

Where does Microsoft's revenue come from?

- Commercial Other 8%
- Consumer Licensing 23%
- Commercial Licensing 47%
- Consumer Hardware 14%
- Consumer Other 8%

Corporate Strategies

- Introduce innovations to support leadership positions;
- Improve already existing products and services;
- Focusing of needs and demands of the customers;
- Develop products for people from different walks of life and of different health state;
- Constantly monitor the competitors in order to avoid conflicts, lawsuits related to plagiarism or industrial espionage (Clark, 2004).

Strategies Implementation

▶ Constant improvement of the existing apps and services;

▶ Microsoft cares for people, by working with suppliers, who employ "the disabled, war veterans" as well as cooperate with businesses run by women (Dudovskiy, 2015).

▶ Cooperation with research institutes and IT companies to develop more advanced level of technologies (Clark, 2004).

Microsoft Recommendation

App model with add-ins is the future also for on-premises

Move gradually to app model

Avoid Sandbox solutions

Transform end user experience, not code

Understand impact of farm solution

Netwoven

Economic Impact

▶ Additional costs on implementation of changes and improvements;

▶ Funds raised from selling services and products raised the company to the 2nd place of the world's most expensive companies;

▶ Costs on enlargement of the employees' number to provide services or new products;

▶ Inclusion of new investors to develop the strategies (Clark, 2004).

Social Impact

▶ Microsoft is strongly influenced by the following societal factors:

▶ Customers' needs and demand;

▶ Introduction of innovations to support the level of competitiveness; growing popularity of technical devices calls for provision of new and accessible products;

▶ Low-income countries also need access to high-quality products, hence, the pricing should include the purchasing ability.

Ethical Impact

- While introducing innovations, the price should be based also on the location, the goods are to be sold, so than the customers would know the company cares for them;

- Company's support of the disabled people or veterans is a great advantage for the people and for the company as it raises respect toward the corporation in general.

- Research institutes and IT companies today are the most developing and popular spheres due to the establishment of new products as well as due to the comparatively high level of income: this allows people to build up a secure future.

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