

Iowa State University

From the Selected Works of David King

September 16, 2013

More Thoughts on Microsoft

David R King, *Marquette University*



Available at: https://works.bepress.com/david_king/32/

More Thoughts on Microsoft

By **DAVID R. KING, PHD**

Monday, September 16th, 2013

The Graziadio Business Review published ["The Case of Microsoft's Surface Tablet: Going Behind the Strategy with SWOT"](#) in 2013 Volume 16, Issue 2, an article by David R. King, PhD, and Todd Peterson. This post contains some updated thoughts.

The analysis examining "The case of Microsoft's Surface Tablet" was developed in the Spring of 2013, but the predictive ability of SWOT analysis is borne out by current events with Steve Ballmer announcing his retirement and Microsoft's purchase of Nokia's mobile division. The purchase of Nokia's mobile division was enabled by the financial assets of Microsoft highlighted by the article, and it fills two strategic needs.

First, it provides additional impetus to Microsoft's shift to mobile computing. The increased sales of smartphones and tablets have largely come at the expense of PCs running Windows. The development of Windows 8 as a bridge project has not been widely accepted by the marketplace, and better integration of software with hardware by Microsoft is needed. Nokia's mobile division has experience with hardware and designs 80 percent of the smartphones using Microsoft's operating system. A disadvantage of this approach is that it commits Microsoft to sell hardware in market dominated by Google and Apple. It also reduces the probability that other manufacturers will design mobile devices for Windows. Reduced adoption by other manufacturers can be expected, because Microsoft will now be directly competing with them and asking them to pay a licensing fee for its software (at the same time Google offers Android for free).

Second, the strategic shift required of Microsoft requires an experienced leader, and turnover in senior leaders below Steve Ballmer compound the challenge of selecting someone to replace him. The purchase of Nokia's mobile division also brings back Stephen Elop, an experienced Microsoft executive, who has to be considered a front runner to replace Steve Ballmer. Acquisitions are fraught with risk, but having a CEO familiar with both Microsoft and Nokia should help the process and increased importance of mobile computing on Microsoft's future.

In summary, the need for a strategic shift at Microsoft has been clear for months and Microsoft is beginning to make needed changes. It will be interesting to see how these changes continue to develop and how successful Microsoft is in adjusting to market demands, integrating Nokia, and transitioning to a new leader.

