Microsoft Corporation: New CEO and New Strategy

Introduction
At the beginning of financial year 2015, the new CEO of Microsoft, Satya Nadella, sent an open email to all employees titled: “Bold Ambition & Our Core”.

“The day I took on my new role, I said that our industry does not respect tradition – it only respects innovation. I also said that in order to accelerate our innovation, we must rediscover our soul – our unique core.”
– Satya Nadella

“We’ll use the month of July to have a dialogue about this bold ambition and our core focus. Today, I want to synthesize the strategic direction and massive opportunity I’ve been discussing for the past few months and the fundamental cultural changes required to deliver on it.”
– Satya Nadella

Satya Nadella outlines a few perspectives on how Microsoft sees the world, and how it has changed. First of all, Microsoft has changed its view on how it expects the market to move. Nadella states that the market is moving to be mobile-first and cloud-first.

“We live in a mobile-first and cloud-first world. Computing is ubiquitous and experiences span devices and exhibit ambient intelligence.”
– Satya Nadella

“Developers and partners will thrive by creatively extending Microsoft experiences for every individual and business on the planet.”
– Satya Nadella

“At our core, Microsoft is the productivity and platform company for the mobile-first and cloud-first world. We will reinvent productivity to empower every person and every organization on the planet to do more and achieve more.”
– Satya Nadella

1 The case was developed and written by Martin Nejstgaard Grøn, Richard M. Burton, Børge Obel and Dorthe Døjbak Håkonsson

2 The case has been written as a basis for class discussion. The case cannot be used as an endorsement for organizing Microsoft or illustration of effective or ineffective management.

3 http://news.microsoft.com/ceo/index.html
“The combination of many devices and cloud services used for generating and consuming data creates a unique opportunity for us. Our customers and society expect us to maximize the value of technology while also preserving the values that are timeless.” – Satya Nadella

Originally, Microsoft was founded on the belief that technology creates opportunities for people and organizations to express and achieve their dreams by putting a PC on every desk and in every home. The former CEO, Steve Ballmer defined Microsoft as a device and service company. With mobile-first, cloud-first, the core of Microsoft remains the same but the market is changing from desk and home to cloud based productivity. By mobile-first and cloud-first, Microsoft is not only thinking of the mobility that consumers want for their PCs, but actually more the mobility of the individual experience. By defining Microsoft’s worldview as ‘mobile-first, cloud-first’, it is moving away from the former CEO Steve Ballmer’s era, where Microsoft’s focus was ‘devices and services’.

As Nadella speaks about Microsoft’s new focus, he knows this change demands change within Microsoft’s culture.

“Our ambitions are bold and so must be our desire to change and evolve our culture.” – Satya Nadella.

This change demands people to shift jobs within Microsoft, and these shifts demand new training. Employees have expressed that such shifts are challenging. Employees can move around the company to roles where the individual has most impact and personal growth.

“We have the right capabilities to reinvent productivity and platforms for the mobile-first and cloud-first world. Now, we must build the right culture to take advantage of our huge opportunity. And culture change starts with one individual at a time.” – Satya Nadella

The History of Microsoft Corporation

In 1975, Bill Gates and Paul Allen formed a partnership called Microsoft. Like most start-ups, they began small, but had a huge vision – a computer on every desktop and in every home. Five years later, IBM approached Microsoft with a request; in response, Microsoft developed the operating system MS-DOS, which was launched with IBM’s Personal Computers in 1981. At this time, the MS-DOS system was different from others as it introduced a completely new language to the general public. After MS-DOS, Microsoft started developing a new operating system, Interface Manager, more commonly known as Windows 1.0. The name Windows best describes the interface, which consists of boxes and windows, much like the Windows system of today. The system also introduced the mouse and the concept of “point and click.” In 1985, Microsoft shipped the first Windows 1.0. Then things moved quickly. Two years later, they released Windows 2.0.

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5 http://windows.microsoft.com/en-us/windows/history#T1=era0
6 MS-DOS stands for Microsoft Disk Operating System
and the first software developers wrote their first Windows-based programs. They released Windows 3.0 in 1990 and Windows 3.1 followed in 1992. With Windows 3.0 and 3.1, the system was increasingly used at work and home, and now included games like Minesweeper. Windows was a 16-bit operating system, but in 1993 Windows NT 3.1 was launched as Microsoft’s first 32-bit operating system. The release was a milestone for Microsoft. It was a strategic business platform that supported high-end engineering and scientific programs. In 1995, Microsoft released Windows 95, which was the first system to built-in internet support. The first version of Internet Explorer was also released during 1995. At that time, Bill Gates declared the Internet as “the most important development since the advent of the PC”7. By 1998, Windows 98, which was specifically designed for consumers, was launched. Windows XP followed in 2001, Windows Vista in 2006, Windows 7 in 2009, and Windows 8 in 2012. It is clear now that the Windows operating system played a significant role for Microsoft Corporation during the first decades.

Today, Microsoft is known, not only for Windows, but also for their development of applications such as Office (Word, Excel, Outlook, etc.). Microsoft launched their first Xbox in 2001, and followed up with Xbox 360 in 2005 and Xbox One in 2013. Microsoft also developed the search engine Bing, which they launched in 2009. In 2010, Microsoft launched their first cell phone, Windows Phone 7. Microsoft entered the tablet market with Surface in 2012.

Microsoft has grown to be one of the biggest technology enterprises in the world and competes on a global scale. In the fiscal year 2014, the company reached a revenue of $86.833 billion dollars and employed more than 128,000 people. It is a huge company with the challenge to bring the various pieces of the company together:

“Microsoft will push into all corners of the globe to empower every individual as a dual user8 – starting with the soon-to-be 3 billion people with Internet-connected devices.” – Satya Nadella

What does the company do?

Microsoft Corporation is best known for its operating system, Windows, but Microsoft does much more. It develops, manufactures, licenses, supports and sells computer software, consumer electronics and personal computers and services. Microsoft is highly respected in the consumer market for making high quality solutions such as operating systems and applications. It has a long list of products and services.

Windows

Microsoft was founded on the development of operating systems, and today Windows is the most used operating system in the world. Microsoft developed its first Windows system in the early 80s (MS DOS) and has

7 http://windows.microsoft.com/en-us/windows/history#T1=era4
8 People who will use technology for their work or school and also deeply use it in their personal digital life
continued the development until today. Microsoft’s newest operating system, Windows 8.1, was followed by Windows 10 in 2015⁹. Even though Windows is the most used operating system, it is not the only one. Microsoft’s biggest competitor, Apple, has its own operating system for all of its products. Google, too, has developed its own system, Google Chrome OS. Other competitors are Linux from Linux Foundation and Ubuntu from Rackspace. However, Microsoft’s most serious competitor may be the Android system, which covers both smartphones, tablets and smart TVs. 85% of smartphones are using Android. Windows Phone was launched in 2010 but has yet to break the 5% market share mark.¹⁰

**Office**

Microsoft developed the Office Application, which probably is the most used software tool for both home and work. Office is an application package, which includes Word, Excel, Outlook, PowerPoint, OneNote, Publisher and Access. The Office applications are so widely used that it is difficult to say whether there exists any competition in this product category.

**Xbox**

Microsoft introduced their first gaming console, Xbox, in 2001 and released its successor, Xbox 360, in 2005. In 2013, the Xbox One was introduced. Xbox is a gaming console, which connects to the users’ TV. The console was not a new form of gaming, as SEGA already made their first console during the 80s, and Nintendo released their Nintendo 64 in 1996. However, the Xbox Live was the first online console. This made it possible for Xbox players to play online with and against each other. Today the Xbox is competing with Sony’s PlayStation and Nintendo’s Nintendo Wii.

**Hotmail (outlook.com)**

In 1997, Microsoft acquired the first web-based email service, Hotmail. It was re-launched as MSN Hotmail, and later on, rebranded as Windows Live Hotmail. Microsoft re-branded it as Outlook.com in 2013, and refurbished the interface to mimic the interface of Outlook (Office application). Furthermore, the web-mail has integrated Calendar, OneDrive, People and Skype. The design of Outlook.com is now close to the designs of Windows 8 and Office 2013, and makes the integration through OneDrive more complete.

**OneDrive**

OneDrive is a service for computers, tablets, mobile phones, etc. The service is an online folder, where the user can store pictures or files. The files are stored online, which means they are accessible anywhere. This is a flexible solution that eliminates the risk of hard disk failures. SkyDrive was originally known as Windows Live Folders. By 2007 the service expanded, and is well known today. SkyDrive competes with other online services.

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storage services such as Dropbox. The service comes with a limited amount of storage, but additional storage is added when buying other Microsoft products or services.

**Surface**
Microsoft launched Surface at the tablet market with in 2012. Surface is a combination of a computer and a tablet. It relies on the processing power of a PC and the flexibility of a tablet. Surface comes in two versions: the regular Surface and the Surface Pro. The Surface Pro is considered a high-end tablet, whereas the regular tablet is designed to compete in the tablet market. In 2013, Microsoft revealed Surface 2, and the third generation Surface 3 was announced in 2014.

**Windows Phone**
Microsoft entered the smartphone competition with Windows Phone 7. The launch was in 2010, but the success was modest. Microsoft launched the latest version, Windows Phone 8.1, in early 2014.
In April 2014, Microsoft bought Nokia's phone and tablet business. The acquired business was run as a Microsoft division called the Devices Group. Stephen Elop, the former Nokia CEO, heads up the division as its executive vice president.

**Bing**
In 2009, Microsoft unveiled Bing, previously known as Live Search, Windows Live Search, and MSN Search. Bing is a search engine, much like google.com and is a service that enable users to search the Internet.
In 2009, Yahoo! and Microsoft announced the replacement of Yahoo! Search Engine by Bing. Eventually, the Microsoft’s search engine will power Yahoo! permanently.

**MSN**
MSN, originally known as The Microsoft Network, was launched in 1995. MSN is a collection of Internet websites and services. Today, MSN is a popular web portal, which features varied content such as news, entertainment, sports, lifestyle, etc.

**Microsoft Store**
Microsoft Store is both a physical and an online store. The majority of the physical stores are located in the US. The stores sell products from Microsoft such as Windows, Office, PC’s, etc. The stores also sell products from third parties such as HP and Lenovo. The physical stores provide experts, who service customers with technical expertise and know-how. The online shopping sites sell the majority of Microsoft’s products. In addition, the online store sells games for Xbox and accessories for both PC, tablet and Xbox. For PC, Xbox, and Mobile, there exist online stores, too. These are separated from the online store, and sell games for each platform. In addition, the Xbox store provides deals for Xbox Live Gold members. The PC store provides apps for Windows 8 and 8.1 (many of them are free of charge). The mobile version serves as an open store, where third party developers can sell their apps.
Skype

Skype was acquired in May 2013. In a press release Microsoft stated¹¹:

*The acquisition will increase the accessibility of real-time video and voice communications, bringing benefits to both consumers and enterprise users and generating significant new business and revenue opportunities. The combination will extend Skype’s world-class brand and the reach of its networked platform, while enhancing Microsoft’s existing portfolio of real-time communications products and services.*

*With 170 million connected users and over 207 billion minutes of voice and video conversations in 2010, Skype has been a pioneer in creating rich, meaningful connections among friends, families and business colleagues globally. Microsoft has a long-standing focus and investment in real-time communications across its various platforms, including Lync (which saw 30 percent revenue growth in Q3), Outlook, Messenger, Hotmail and Xbox LIVE.*

*Skype will support Microsoft devices like Xbox and Kinect, Windows Phone and a wide array of Windows devices, and Microsoft will connect Skype users with Lync, Outlook, Xbox Live and other communities. Microsoft will continue to invest in and support Skype clients on non-Microsoft platforms.*

*Skype will become a new business division within Microsoft, and Skype CEO Tony Bates will assume the title of president of the Microsoft Skype Division, reporting directly to Ballmer.*

Microsoft organization

Microsoft is organized in product divisions that are responsible for the company’s products. To be more precise; responsible for tracking performance of each unit and delegating responsibility. Microsoft reorganized into seven core business groups — each an independent financial entity — in April 2002. On September 20, 2005, Microsoft announced a rationalization of its original seven business groups into three core divisions. As of 2010, under Steve Ballmer, Microsoft had adopted the divisional organizational structure where each division focused on a specific line of goods and services with their own research and development, sales and customer service staff. The number of divisions has increased by the recent acquisitions.

C-suite development

Bill Gates resigns as CEO January 13, 2000

Bill Gates and Paul Allen founded Microsoft back in 1975, and Bill Gates was Chief Executive Officer until January 13, 2000. Even though the decision was anticipated, as Steve Ballmer had been running the company

¹¹ [http://news.microsoft.com/2011/05/10/microsoft-to-acquire-skype/]
for some time, the announcement was a surprise. In the announcement, Bill Gates said that he would step down as CEO of Microsoft and hand over the company to his best friend and company president (since 1998), Steve Ballmer. Bill Gates remained as chairman and filled a new post created for himself: Chief Software Architect. Gates would still remain in the company to focus on software strategy and product and technology decision making. Steve Ballmer was announced to be a member of the Microsoft board of directors, on January 27, 2000.

In the October (1999) issue of Forbes magazine, Gates was quoted as saying, "No one should doubt that (Ballmer is) number two in the company. Steve is my best friend." In an interview published the following month, Gates added: "We're both pretty good about being two people with one huge job. Who has what title isn't a phenomenal element of that."

Up to the point where Gates resigned as CEO, several senior managers left Microsoft. On June 27, 2008, Bill Gates left his day-to-day routines in Microsoft to spend more time on his global health and educational work, at the Bill & Melinda Gates Foundation. Bill Gates and his wife Melinda Gates started the foundation in 2000 to help reduce inequalities in the United States and around the world. Gates continues to serve on Microsoft’s Board of Directors and as an advisor on key development projects.

Steve Ballmer resigns as CEO on August 23, 2013

On August 23, 2013, Microsoft announced that CEO Steve Ballmer would retire within 12 months, after a successor was chosen. Steve Ballmer announced his retirement in an open email to employees: parts of the email follows:

“My original thoughts on timing would have had my retirement happen in the middle of our transformation to a devices and services company focused on empowering customers in the activities they value most. We need a CEO who will be here longer term for this new direction.”

“This is a time of important transformation for Microsoft. Our new Senior Leadership team is amazing. The strategy we have generated is first class. Our new organization, which is centered on functions and engineering areas, is right for the opportunities and challenges ahead.”

On February 4, 2014, Satya Nadella was named the new CEO of Microsoft. Steve Ballmer’s departure ended a 34-year association with Microsoft, which he led as CEO from 2000 to February 2014. Under Ballmer’s tenure revenue tripled, even though Microsoft struggled to compete with Apple Inc. and Google Inc.

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Steve Ballmer stepped down from Microsoft’s Board of Directors August 19, 2014\(^\text{18}\). Steve Ballmer remains the biggest individual shareholder with 333.3 million shares of Microsoft, net worth of $20.8 billion\(^\text{19}\).

**Satya Nadella – CEO of February 4, 2014**

Satya Nadella is the CEO of Microsoft since February 4, 2014. Satya Nadella is the third CEO of Microsoft, and he brings a relentless drive for innovation and a spirit of collaboration to his new role\(^\text{20}\). Nadella joined Microsoft in 1992

“Our industry does not respect tradition – it only respects innovation. The opportunity ahead for Microsoft is vast, but to seize it, we must move faster, focus and continue to transform. I see a big part of my job as accelerating our ability to bring innovative products to our customers more quickly”\(^\text{21}\), Satya Nadella.

At the announcement Steve Ballmer said: “Satya is a proven leader.”\(^\text{22}\)

**Important events – preparing for a changed Microsoft**

**One Microsoft: Company realigns to enable innovation at greater speed, efficiency (July 11, 2013)**\(^\text{23}\)

On July 11\(^\text{th}\), 2013 Steve Ballmer sent an open email to all employees. The email contained specific details on how Microsoft as an organization should move forward as a devices and services company.

“Today, we are announcing a far-reaching realignment of the company that will enable us to innovate with greater speed, efficiency and capability in a fast changing world.” – Steve Ballmer

In 2012, Microsoft announced a new strategic direction – opening the devices and services chapter. The launch of Windows 8 and Surface promoted continuous product cycles, consistent PC, tablet, phone and Xbox user interfaces. Going forward, the strategy focused on creating a family of devices and services for individuals and businesses that empower people around the globe, at home, at work, and on the go, for the customer activities they value most.

Improving performance has three big dimensions: focusing the entire company on a single strategy, improving the capability in all disciplines and engineering/technology areas, and working together with more collaboration and agility around common goals. It changed the organizational structure on: how to collaborate, how to allocate resources, how to best empower the engineers, and how to market.


“One Strategy, one Microsoft. We are rallying behind a single strategy as one company — not a collection of divisional strategies. Although, we will deliver multiple devices and services to execute and monetize the strategy, the single core strategy will drive us to set shared goals for everything we do.” – Steve Ballmer

The strategy was to reshape all parts of the company to share and contribute to the success of core offerings. All teams within the company were to be reshaped and reorganized to reflect the strategy.

“This means we will organize the company by function: Engineering (including supply chain and datacenters), Marketing, Business Development and Evangelism, Advanced Strategy and Research, Finance, HR, Legal, and COO (including field, support, commercial operations and IT). Each discipline will help drive our overall strategy. Each discipline will also be charged with improving our core capabilities in its area. We must improve in all aspects of the business.” – Steve Ballmer

There were four engineering areas: OS, Apps, Cloud, and Devices. The engineering culture and new structure enabled more cross-group contribution, while maintaining confidentiality of some projects as needed. Organizing for speed and strategic alignment, the teams will be:

- Operating Systems Engineering Group
- Devices and Studios Engineering Group
- Applications and Services Engineering Group
- Cloud and Enterprise Engineering Group
- Dynamics
- Advanced Strategy and Research Group
- Marketing Group
- COO
- Business Development and Evangelism Group
- Finance Group
- Legal and Corporate Affairs Group
- HR Group

“The final piece of the puzzle is how we work together and what characteristics this new Microsoft must embody. There is a process element and a culture element to discuss.

Process wise, each major initiative of the company (product or high-value scenario) will have a team that spans groups to ensure we succeed against our goals. Our strategy will drive what initiatives we agree and commit to at my staff meetings. Most disciplines and product groups will have a core that delivers key technology or services and then a piece that lines up with the initiatives. Each major initiative will have a champion who will be a direct report to me or one of my direct reports. The champion will organize to drive a cross-company team for success, but my whole staff will have commitment to the initiative’s success. We will
also have outgrowths on those major initiatives that may involve only a single product group. Certainly, succeeding with mobile devices, Windows, Office 365 and Azure will be foundational. Xbox and Bing will also be key future contributors to financial success. Our focus on high-value activities — serious fun, meetings, tasks, research, information assurance and IT/Dev workloads — also will get top-level championship.

Culturally, the core values do not change, but how we express them and act day to day must evolve so we work together to win.” – Steve Ballmer

One strategy, in other words, better execution and innovation through strategy and goal and discipline and engineering coherence – One Microsoft all the time.

Starting to evolve: the new Microsoft organization and culture (July 17, 2014)24

On July 17, 2014, Satya Nadella sent an open email to all employees. In this email Nadella gave specifics on what the new strategic direction meant. First of all, building the right organization for the ambitions meant a realignment of the workforce. Within the next 12 months, Microsoft would reduce the overall workforce of 128,000 employees by 18,000 jobs. 12,500 jobs are synergies and strategic alignment on Nokia Devices and Services. Nadella stated that even though jobs are eliminated in some areas, they will add jobs in strategic areas. The reductions are mainly driven by two outcomes: work simplification as well as Nokia Devices and Services integration synergies and strategic alignment.

“First, we will simplify the way we work to drive greater accountability, become more agile, and move faster.” – Satya Nadella.

In addition to the workforce reductions, Microsoft plans to have fewer layers of management, both top down and sideways, to accelerate the flow of information and decision making. This means flattening the organization and increasing the span of control of people managers. In addition, business processes and support models will be more lean and efficient with greater trust between teams. The overall results of these changes will be more productive, impactful teams across Microsoft.

Second, Microsoft is working to integrate Nokia Devices and Services teams into Microsoft to realize the synergies, which they committed to, in the acquisition of September, 2013. The first-party phone portfolio will align to Microsoft’s strategic direction. To win in the higher price tiers, the company will focus on breakthrough innovation that expresses and enlivens the company’s digital work and digital life experiences. This builds on Microsoft’s success in the affordable smartphone space and aligns with their focus on Windows Universal Apps.

The actions associated with the plan were expected to be substantially completed by December 31, 2014, and fully complete by June 30, 201525.

Stephen Elop’s email to employees (July 17, 2014)\textsuperscript{26}

Stephen Elop is the new Executive Vice President of Microsoft’s Devices and Services business unit. Before coming to Microsoft, Stephen Elop was CEO of Nokia (announced September 2010).

Microsoft’s strategy is focused on productivity and the desire to help people “do more.” The Microsoft Devices Group’s role is to light up the strategy for people. The team behind this group creates the hardware that displays the finest of Microsoft’s digital work and digital life experiences. The team also has to align with Microsoft’s strategy. This means that all the devices has to be aligned. The most affected area is the alignment of phones within Microsoft as Nokia is integrated.

The plan is to drive Windows Phone volume by targeting the mid-tier market as it is the fastest growing segment, with Lumia (originally a Nokia brand). In addition, they aim to focus on shifting low-cost Nokia phones to Windows Phone devices. To win higher price segments, they will focus on delivering great breakthrough products. As Stephen Elop makes clear, these changes have an impact on the team structure. Teams will be consolidated into one phone business unit, which will be responsible for all phone efforts.

Elop makes clear that the aligningment of Nokia with Microsoft, will affect strategy alignment and rightsizing. More specifically, engineering will be downsized, and manufacturing will be right-sized to align strategy and take advantage of integration opportunities. The estimated result is 12,500 factory direct and professional employees over the next 12 months.

“The team transferring from Nokia and the teams that have been part of Microsoft have each experienced a number of remarkable changes these last few years. We operate in a competitive industry that moves rapidly, and change is necessary. As difficult as some of our changes are today, this direction deliberately aligns our work with the cross company efforts that Satya has described in his recent emails.” – Stephen Elop

Questions:
What are the major strategic changes that Microsoft is going through?

Is there the right fit of the organization configuration with the environment?

How do you see Microsoft’s innovative capabilities?

What organizational design will support the strategy?

How should Microsoft create trust between the various units.

What kind of leadership will Microsoft need to be successful?

\textsuperscript{25} http://news.microsoft.com/2014/07/17/microsoft-announces-steps-to-simplify-organization-and-align-devices-strategy/

\textsuperscript{26} http://news.microsoft.com/2014/07/17/stephen-elops-email-to-employees/
Important events

Timeline:

- Microsoft founded, 1975
- IBM introduces its personal computer with Microsoft’s 16-bitoperating system, MS-DOS 1.0, August 12, 1981
- Microsoft stock goes public in March 13, 1986
- Microsoft introduces earliest version of Office suite of productivity applications, August 1, 1989
- Steve Ballmer is named President and Chief Executive Officer for Microsoft, January 13, 2000
- Microsoft launches Xbox, November 15, 2001
- Microsoft launches Windows Server 2003, April 24, 2003
- Bill Gates transitions from his day-to-day role at Microsoft to spend more time on his work at The Bill & Melinda Gates Foundation, June 27, 2008
- Microsoft launches Bing decision engine, June 3, 2009
- Microsoft launches Windows Phone 7, November, 2010
- Microsoft closes its acquisition of Skype, October 13, 2011
- Microsoft launches Windows 8 and Microsoft Surface, October 26, 2012
- Microsoft launches Outlook.com, February 18, 2013
- “Microsoft One” reorganization realigns company to enable innovation at great speed, efficiency, July 11, 2013
- Microsoft announces decision to acquire Nokia’s devices and service business, license Nokia’s patents and mapping services, September 3, 2013
- Satya Nadella named Chief Executive Officer for Microsoft, February 4, 2014
- Microsoft launches Office for iPad, March 27, 2014
- Microsoft completes acquisitions of Nokia Devices and Service business, April 25, 2014
- Minecraft to join Microsoft announcement, September 15, 2014
- Microsoft announces Windows 10, September 30, 2014

Microsoft Segments

Last updated: Dec. 31, 2014

Engineering Groups:

- **Advanced Technology**
  Eric Rudder leads Advanced Technology, responsible for cross-company technology initiatives for all Microsoft devices and services.
• Applications and Services Engineering Group
  Qi Lu leads broad applications and services core technologies in productivity, communication, search and other information categories.

• Cloud and Enterprise Engineering Group
  Scott Guthrie is the leader of the Cloud and Enterprise Engineering Group, which leads development of Microsoft’s back-end technologies like datacenter, database and our specific technologies for enterprise IT scenarios and development tools. He also leads datacenter development, construction and operation.

• Devices Group
  Stephen Elop leads the Devices Group, overseeing an expanded devices business that includes Lumia smartphones and tablets, Nokia mobile phones, Xbox hardware, Surface, Perceptive Pixel products and accessories.

• Dynamics
  Kirill Tatarinov leads Dynamics, with his product leaders dotted line reporting to Qi Lu, his marketing leader dotted line reporting to Chris Capossela and his sales leader dotted line reporting to the COO group.

• Operating Systems Engineering Group
  Terry Myerson leads this group, which is responsible for the software platform for Windows, HoloLens and Xbox – as well as many of the apps and games showcased on these platforms, including Minecraft, Halo and Internet Explorer. OSG also builds the Store, enabling customers to buy apps and devices from Microsoft.

• Technology and Research
  Harry Shum leads Technology and Research, including Microsoft Research, Trustworthy Computing and Technology Policy, and is responsible for driving the company’s overall technical directions.

Business Functions:

• Business Development Group
  Peggy Johnson leads the Business Development Group, focusing on key partnerships, especially our innovation partners (OEMs, silicon vendors, key developers, Yahoo, etc.) and our broad work on evangelism and developer outreach. DPE, Corporate Strategy and the business development efforts formerly in the business groups are part of this group. OEM is in the SMSG group with Turner, and has a dotted line reporting structure to Rudder, who works closely with Microsoft’s key hardware partners.

• Finance Group
  Amy Hood leads all product group finance organizations. SMSG finance, which is geographically diffuse, will report to Turner with a dotted line to Hood.

• HR Group
  Kathleen Hogan leads Human Resources.

• Legal and Corporate Affairs Group
  Brad Smith leads as General Counsel with responsibility for the company’s legal and corporate affairs.

• Marketing Group
  Chris Capossela leads global product marketing, advertising, brand, research and communications functions for businesses and consumers.

• Operations
  Kevin Turner leads the company’s worldwide sales, field marketing, services, support, and stores as well as IT, licensing and commercial operations.

• Strategy
  Mark Penn leads Strategy, responsible for core strategic issues across Microsoft’s products, value propositions and investments, and leads the company’s competitive research and analysis.
### Operation Centers

Last updated: Dec. 31, 2014

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<tr>
<th>Role</th>
<th>Location</th>
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<tbody>
<tr>
<td>Licensing, Manufacturing, Operations and Logistics</td>
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<tr>
<td>Manufacturing</td>
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### Financial highlights


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<td>Cash and cash equivalents and short-term investments</td>
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#### Employees

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<td>88.596</td>
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<td>91.259</td>
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**Source: http://news.microsoft.com/facts-about-microsoft/