

Windows is key to any Microsoft reshuffle, analysts say

July 12 2013, by Rex Crum

A high-level management shakeup is expected at Microsoft Corp. in the coming days, and analysts expect the effort will expand upon Chief Executive Steve Ballmer's stated efforts to turn the software giant into a more nimble business entity.

Various media reports have pointed to Microsoft announcing a [reorganization](#) of its business that would include significant changes to its upper-level executive team. The goal would be better alignment of its devices and services businesses in a [technology market](#) that is being driven more and more by the quick release of applications and mobile devices, such as smartphones and tablets.

The AllThingsD technology blog reported Monday that the shakeup could be announced Thursday, based on the current plan, though the timing, it reported, could change.

Ballmer himself hinted that a new direction was in store for Microsoft when he spoke last month at the company's annual Build conference for developers in San Francisco.

"The transformation we are going through as a company (is) to an absolutely rapid release cycle," Ballmer said, calling this philosophy "the new norm" for Microsoft.

Ballmer was speaking about the upcoming release of Windows 8.1 less than a year after Windows 8 debuted to a mixed response. And it's the

role of Windows in all of Microsoft's main product releases that's seen by many as central to the company's restructuring plans - however they may shake out.

"I think it's going to be more of a realignment around devices and services," said Rick Sherlund, an analyst who covers Microsoft for Nomura Equity Research. "Windows code is in everything, so I think this will be about aligning resources and management that optimizes efficiency and focuses strategy on that."

It's possible that some of what Microsoft has planned has already taken place. Last week, Don Mattrick, head of Microsoft's Xbox division, left the company to become chief executive of social-gaming company Zynga Inc. Microsoft has not yet named Mattrick's official successor; Ballmer said the various heads of the Xbox business will report to him.

Frank Gillett of Forrester Research said the one thing that Microsoft doesn't need to do is rearrange the deck chairs in "a conventional reorg of aligning around a current set of personalities." Instead, Gillett argued that the company needs to better serve its new strategy centered on hardware and services.

"Witness the lack of coordination in marketing between Windows and Windows Phone, despite a common design language," Gillett said. "What Microsoft needs to do is align the organization to customer experiences that focus on the individual and on the IT buyer and enterprise (customer)."

Janney Capital Markets analyst Yun Kim said combining the Windows and Windows Phone business units, in particular, would be "a positive step towards providing an integrated user experience across multiple devices for the consumer market."

Some analysts who follow Microsoft say it would be in the company's interest to take some action that reflects better communication with investors. Sherlund said it's possible the company could bring back its yearly meeting with financial analysts as a signal it is being more transparent about the performance of its business units. Microsoft hasn't had such a meeting for two years.

"They probably need to flesh out a lot of questions people have about each of these business segments," Sherlund said. "I think people want to know what your model is going to do for Windows, and you might have to have a venue to explain in detail how that model might change."

©2013 MarketWatch

Distributed by MCT Information Services

Citation: Windows is key to any Microsoft reshuffle, analysts say (2013, July 12) retrieved 26 April 2024 from <https://phys.org/news/2013-07-windows-key-microsoft-reshuffle-analysts.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.