

Nadella must renew the world's faith in Microsoft

February 5 2014, by Glenn Chapman



The Nokia Lumia 920 (L) and 820 Windows smartphones are displayed during a joint event with Microsoft on September 5, 2012 in New York City

Satya Nadella has to renew the world's faith in Microsoft and then deliver on the promise if the aging technology giant is to flourish anew.

Good news for Microsoft was that analysts contacted by AFP were of a mind that the newly-minted chief executive has the skill and resources to

pull it off.

"The first step of getting a company out of the doldrums is to make people believe," Silicon Valley analyst Rob Enderle of Enderle Group said while discussing the challenge ahead for Nadella, who was named Microsoft chief on Tuesday.

"He has got to repair Microsoft's image," the analyst continued. "People have to see the company as an up-and-comer and not as a legacy firm that is past its prime."

Microsoft built its empire on software such as Windows or Office licensed to computer makers or sold in packages for installation on machines in homes or workplaces.

The era of the personal computer is being sunk by broadside hits from smartphones and tablets and could be outright scuttled by "wearables" such as Google Internet-linked eyewear and the coming of a rumored Apple "iWatch."

Microsoft's forays into smartphones and tablets were more akin to stumbles, despite fielding compelling hardware powered by sophisticated software.

Microsoft overhauled its latest Windows operating software to make it friendly to touch-screen devices and lifestyles in which people switch from one Internet-linked device to another through the day.

Apple and Google-backed Android smartphones and tablets have established strong beachheads in the mobile market with the help of "ecosystems" that involve services along with troves of digital content including fun, hip, or helpful applications.



A giant video screen shows the logo for Microsoft's Xbox One game console on November 21, 2013 in New York's Times Square

In a webcast, Nadella told partners that he intended to focus on innovating in areas where Microsoft has unique strengths that couldn't be replicated by rivals.

Business and enterprise focus?

The choice of Nadella appears to indicate that the Microsoft board sees its future in business and enterprise offerings, where the new chief has plenty of experience.

Along with getting businesses to rent popular Microsoft productivity software in the Internet cloud, the technology titan could offer additional services such as security.

During the webcast, Nadella spoke of working with businesses to help keep systems safe in the face of the trend of people using their smartphones or tablets at work as well as at home.

Creative Strategies analyst Tim Bjarin has covered Microsoft for more than three decades and outlined his blueprint for the company's future in a post online at techpinions.com.

Bjarin thought it best to break the company into three parts, one devoted to business and cloud offerings; another to mobile, and the third to entertainment and games along with Xbox consoles.

"By creating three distinct divisions or setting them up as separate companies each would have a clear set of goals, charters and roles with a tighter focus, thus giving them more of a fighting chance to compete especially against Apple, Google and Samsung," Bjarin said in his blueprint.

"If they don't do something drastic along these lines, Microsoft's overall business will continue to decline and their relevance in the future will be seriously in doubt."

Challenges faced by Nadella include keeping Microsoft's revenue from ebbing during a transition from selling lucrative packaged software to cloud service subscriptions that promise steady streams of money spread over time.

Nadella would be wise to liberate popular programs such as Office from the Windows operating system, according to analysts.

The fact that Office software is locked on Windows is a "fatal flaw," one analyst argued, calling for Microsoft to release versions of the program for Apple and Android devices.

Nadella will also need to change a competitive internal culture at Microsoft that promotes torpedoing colleague's projects instead of helping them succeed, according to Enderle.

"There is only one thing they can do, and that is lead," analyst Merv Adrian said of Microsoft.

"There is an impression they have fallen behind," Gartner's research vice president added. "Satya's challenge is to reverse that in perception—and in action."

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