

Nadella wraps up first year as Microsoft CEO

February 4 2015, by Matt Day, The Seattle Times

Satya Nadella's first year at the helm of Microsoft is in the books.

A year ago, Microsoft completed its six-month search for Steve Ballmer's successor, announcing Nadella's appointment as the company's third chief executive.

Microsoft officials have hinted that the company won't throw a giant party or anything for the anniversary. So, pending any surprise on that front, here are some of the highlights of Nadella's first year in charge:

NOKIA DEAL, REORGANIZATION

Two months into Nadella's tenure, Microsoft won regulatory approval to seal its \$7.5 billion purchase of Nokia's mobile phone unit. The deal, the last big bet brokered under Ballmer, also led to Microsoft's largest-ever layoffs. A reorganization Nadella announced in July included 17,500 layoffs last year (about 70 percent of these fell on newly bought Nokia businesses), with 500 more to go before the end of Microsoft's fiscal year this summer.

Microsoft's headcount stood at 122,935 at the end of 2014. Of those, 41,489 worked in Washington state, down 4 percent from 43,328 before the layoffs.

A HIT ON WALL STREET - FOR NOW

Investors liked the cost cuts.

They also liked that Nadella took some un-Ballmer steps. From the cosmetic (Nadella has made a habit of participating in quarterly earnings conference calls) to the substantial (expanding Microsoft's partnerships with competitors), Nadella has gotten company insiders and investors to buy into an image of a more nimble, focused company.

There's plenty of evidence to support that Microsoft under Nadella has shifted its strategy. The company last year linked some of its products to those of rivals Salesforce.com and Dropbox, released some of its software development tools under an open-source model, and launched a series of free apps Google- and Apple-powered devices. Microsoft generally impressed a room full of journalists and analysts with its HoloLens hardware at a Windows 10 event.

Microsoft's shares, sluggish for most of the 2000s, hit a 14-year high in November.

But a lukewarm [quarterly earnings](#) report, released last week, served as a reminder that Wall Street's embrace can be fleeting. It's also a sign that Microsoft - whose profitability, aside from rhetoric about strides in mobile- and cloud-computing, rests primarily on a pair of decades-old cash cows in Windows and Office - has a long road to go in reinventing itself.

Microsoft's shares on Tuesday closed at \$41.60 a share, up 14 percent during Nadella's first year.

GRACE HOPPER GAFFE

Go to Google (or Bing, if you prefer). Start typing Nadella's name. On either site, "Grace Hopper" will be among the top suggestions to

complete your query.

At the October conference that bears the name of the legendary computer scientist, one of the most prominent gatherings of women in technology, Nadella put his foot in his mouth. In relating an experience from his own career, he essentially recommended that women trust that the system will reward them fairly in time rather than demand raises.

Nadella backpedaled, but the resulting media frenzy fit into the growing realization nationally that the technology industry that has failed to build a workforce that looks like society as a whole.

Since then, Nadella's made the most of his opportunities to emphasize Microsoft's commitment to a more representative workforce, taking a meeting with Jesse Jackson when the civil rights leader came to town in December and releasing Microsoft's federal employee diversity report later in the month.

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