

Microsoft adds new chat-based service for workers

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In this Oct. 26, 2016 file photo, Microsoft CEO Satya Nadella addresses a Microsoft media event in New York. Taking a cue from competing online services like Slack, which let workers chat and share information on the job, Microsoft is adding a new program called "Teams" to its Office 365 suite of internet productivity software. Analysts say Microsoft is catching up to a trend in which workers increasingly look beyond email and simple document-sharing services to communicate and collaborate. (AP Photo/Richard Drew)

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workers chat and share information on the job, Microsoft is adding a new program called "Teams" to its Office 365 suite of internet productivity software.

Analysts say Microsoft is catching up to a trend in which a host of tech companies—even Facebook—are competing to offer specialized online networks for organizations, as workers increasingly find that email and simple document-sharing services are too limited for communicating and collaborating.

Like competing services, Microsoft's new "Teams" product provides a central place online for workplace groups to chat, share files and perform other tasks. But unlike competitors, Microsoft is offering the ability to easily transition into other widely used Microsoft programs, such as Outlook for email and calendars and Skype for voice and video conferences. "Teams" can also incorporate artificially intelligent "bots" and other software programs created by outside developers.

Workplace software is a big business for Microsoft. While the giant tech company is best known for making the Windows operating system for PCs, it racked up more than \$26.4 billion in revenue last year from workplace "productivity" programs like Office, which includes software for email, calendars, word-processing and other functions. Although other divisions bring in more revenue, Microsoft's "productivity" division is its most lucrative, with \$12.4 billion in operating profit.

But the company has been threatened by new offerings from big competitors like Google, as well as upstarts like Slack, which provide a central meeting place online where teams of workers can hold running conversations and share files that are easily accessible.

Microsoft bought the workplace social networking service Yammer for more than \$1 billion in 2012 and will continue that service, which some

companies use as an interactive bulletin board. Analysts say newer, competing services have more functions. And new companies like Slack have entered the market by making their services easily available to individual departments or groups.

But Microsoft has the advantage that its email and other programs are already widely used by companies, which could make it easier to add Teams. It's also touting that Teams offers encryption and other security measures, along with the ability to integrate with software from outside developers.

"Yes they are late to the market, but they have recognized that and they have done a lot of work to circumvent that problem," said Vanessa Thompson, an analyst with IDC.

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