

Swot analysis of microsoft corporation essay sample

[Business](#), [Company](#)



Founded in 1975 by Bill Gates and Paul Allen, Microsoft became the most powerful force in today's software industry, earning a significant place in technology history.

StrengthMicrosoft has developed a customer base of 30 million people. Its reputation was built on the successful development of its computer software—the Windows line of products. The breadth of their businesses and product portfolio is a competitive advantage. Throughout last fiscal year, Microsoft made important adjustments to the cost structure and streamlined internal business processes; along with strong pipeline of products, including new release of Windows and Office in 2010, Microsoft is well positioned to weather the current economic downturn.

Due to decreased costs for legal settlements, Microsoft's legal expenses decreased \$1.4 billion this year. This illustrates improved corporate image, which causes improvement in staff motivation and morale, along with the increase in customer loyalty.

WeaknessMicrosoft lacks a strong service support center on the Internet. Since problems must be solved rapidly to achieve efficiency, this will erode the integrity and quality perceived by consumers on Microsoft products.

Chris Liddell's (Microsoft's exceptionally adept CFO) recent departure is a huge loss. He managed Microsoft's finances in better times and bad, overseeing difficult cost cutting as global economic crisis weakened software sales. Liddell has great relationship with Wall Street analysts and had continually offered conservative guidance to them until January 2009.

By withholding guidance, Microsoft let rumors determine perceptions about its performances. Conversely, Apple continued to release guidance and combined with product launches-generated positive perceptions, which lifted Apple's share price to new heights. During Window 7's October launch, Microsoft lost opportunity to create positive perceptions on Wall Street.

Opportunities Political Microsoft's offices in developing countries will have a less strict legislation. Hence, there are fewer constraints on business activities, reducing the possibility of government policies being barrier to business growth.

Economical The impact of the economical recession is minimal in China; hence their consumer buying power remains strong. China's Internet market is a hot spot for global search companies looking to expand overseas and therefore is a vital market for Microsoft.

Social There's increasing popularity for Internet access. More importantly, people use computer at much younger age, which broadens Microsoft's potential market.

Technological Personal handheld devices are in the trend. This opens up new market segments for Microsoft to develop, which provides opportunities to attract different customers and overpower their competitors.

Threats Political Microsoft is faced with different lawsuits made by independent companies and software developers. These lawsuits not only

drain Microsoft's financial resources but also promote negative image and publicity.

Economical Unfavorable changes in economic conditions may result in lower information technology spending and adversely affecting Microsoft's revenue. The impact on Microsoft's partners, such as bankruptcy of a major distributor, can result in sales channel disruption.

Social Society's attitude towards issues like global warming changes recently. To restrain from ruining reputation, Microsoft will follow strict policies with international environmental regulations. However, compliance costs are high, reducing operating income.

Environmental Microsoft's corporate headquarters and critical business operations are located near major earthquake faults. And major earthquakes or other catastrophes will cause delays in completing sales and providing critical services.

Technological Hackers develop viruses that attack Microsoft's products. Security vulnerabilities in products may cause customers to refund, reduce future purchases, or even use competitors' products, which negatively affect revenue and lead to claims against Microsoft.

With competitors growing rapidly in the market, Microsoft can't maintain status quo by offering services and solutions that don't appeal to customers. Research and development of advanced technologies for future software products are encouraged. Lastly, despite the economic recession, Microsoft

continues to grow financially, being the world's leading software provider corporation.

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