

Microsoft: swot analysis

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



Microsoft is an American multinational company that was started in 1975 by Bill Gates and Paul Allen in Albuquerque, New Mexico. Since Microsoft's founding, the company has risen to be a technological giant, especially with its introduction of the Windows operating systems. The strong points of Microsoft are in operating systems, productivity software, gaming consoles, tablet PCs, and cloud computing.

There is no doubt that Microsoft is one of the leading technology giants in the world. Microsoft Windows OS is one of the most user-friendly operating system, one of the reasons for its very fast adoption and usage across the world. It is also the reason that Microsoft is one of the toughest brands in the software market to beat. It is literally dominant due to its Office software and Operating system.

Microsoft is omnipresent. Its Windows operating system and Office suite of productivity software dominate their markets. The company's cloud computing platform, Azure, is one of the leaders in that burgeoning market. Customers range from individuals and small businesses to the world's biggest companies and government agencies. Microsoft makes tablets (Surface), game consoles (Xbox), and even laptop computers (introduced in 2015), and it also owns Skype, the video meeting service. And in 2016, Microsoft added LinkedIn, the business-oriented social network, to its portfolio in a \$26 billion deal. Microsoft's software is included in most personal computers including those from Dell Technologies, HP Inc., and Lenovo.

SWOT Analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieving that objective.

Strengths

The Microsoft brand is one of the strongest in the computer hardware and software market. This strength contributes to the company's ability to attract customers, especially those who view brand strength in relation to reliability.

Diversified product portfolio is a considerable strength possessed by Microsoft. Microsoft offers a comprehensive range of software, services, and hardware solutions across different customer classes, which enable it to enjoy a leading market position. Microsoft generates revenue by developing, manufacturing, licensing, and supporting software and services across a wide variety of computing devices. Microsoft also provides consulting and product and solution support service, and trains and certifies computer system integrators and developers.

The company works with all the major computer hardware producers such as Lenovo, Dell, Toshiba and Samsung and major computer retailers to make sure computers would be sold with already pre-installed Windows software. The company has a worldwide network of distributors, and also it indulges in co-branding with hardware makers of computers, which enables it to have strategic depth and a breadth of a user base that is unparalleled.

Microsoft is an undisputed leader in the global marketplace in cloud segment. Microsoft offers a wide range of cloud-based computing services that include Bing, Microsoft Azure, Microsoft Dynamics CRM Online, Microsoft Office 365, OneDrive, Skype, Xbox Live, and Yammer. Moreover, public announcement of plans by Satya Nadella that Microsoft will be earning USD 20 billion per year from cloud business by 2018 is a clear illustration of further commitment of the company to further increase its presence in the highly profitable cloud business.

Weaknesses

Microsoft has lagged behind of its major competitors such as Apple, Samsung and Google in terms of introducing innovative products and services and adding innovative features and capabilities to its current portfolio of products and services. While competitors have been busy to introduce innovative products such as Apple Watch and Samsung SMART TV, Microsoft has not launched an innovative product or services during the past several years. Moreover, several companies are offering software's which are free and more user-friendly thus offering stiff competition to Microsoft.

Loss of leadership position in Internet browser segment is a noteworthy weakness associated with Microsoft. Microsoft's Internet Explorer was a leading browser application with a market share of more than 90% for about two decades since the beginning of the 1990s. However, Internet Explorer has been quickly losing its market share since the launch of Google Chrome in September 2008.

Also, Windows OS, the main Microsoft product has been heavily criticized for being so weak against various viruses' attacks. Compared to other OS, Windows is the least protected against such attacks.

Opportunities

Microsoft seems to have plenty of money lying around. They have a great opportunity to develop the world's best software with their talented programmers and large chunks of money to invest. Microsoft is widely accepted by customers, so if they can bring some dynamic to the status quo, then there is plenty for them to earn. In essence, Microsoft has the ability to convert their existing customer base, who typically pay for expensive products only every few years, into more active spenders.

Microsoft Corporation is primarily a software business that heavily relies on the popularity of the Windows operating system. In this regard, the company has the opportunity to grow based on diversification.

Microsoft has made nine acquisitions worth over one billion dollars: Skype (2011), aQuantive (2007), Fast Search ; Transfer (2008), Navision (2002), Visio Corporation (2000), Yammer (2012), Nokia (2013), Mojang (2014) and LinkedIn (2016). Microsoft can capitalize on the growing demand for smartphones which is emerging as a major growth opportunity in both developed ; developing nations. Microsoft acquired Nokia, but the deal did not prove a major success. Still, the brand has major opportunities open before it in the smartphone market. Microsoft will likely keep growing its business with additional acquisitions in the near future.

Threats

The software market is highly competitive, which may impact the company's performance. The company faces tough competition in all its segments. The company's server and tools products compete against the related offering of IBM and Oracle. Internet Explorer product faces stiff competition from the browsers developed by Google (Chrome), Apple (Safari), Mozilla, and Opera Software Company.

Every product of Microsoft is priced at a premium, thus it has a fewer customer base as compared to the competition. Certain products which are offered free of cost to the customers are highly priced by Microsoft which derails the customer away from Microsoft. A little more flexible pricing can help build a higher customer base.

Microsoft has already been sued for many times and lost quite a few large scale lawsuits. Lawsuits are expensive as they require time and money. And as Microsoft continues to operate more or less the same way, there is a high probability for more expensive lawsuits to come.

Conclusion

Microsoft Corporation has the necessary business characteristics to remain one of the leading players in the computer hardware and software industry. The strong brand image and positive externalities are among the major contributors to such market position. Microsoft must focus on competition and new areas of growth. Only new innovative products and services can help the brand see faster growth.

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