



Roundup: What's next for Microsoft? Tech executives speak out

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Opinions vary on the next step for Microsoft after CEO Steve Ballmer steps down. TechRepublic's roundtable of IT executives gives insight on the public mindset about the upcoming changes.



Image: Microsoft

Everyone has an opinion – and some are willing to share it – on the upcoming changes in leadership at Microsoft as Steve Ballmer's tenure as CEO comes to an end, [as announced in August](#).

Many top tech companies declined to comment on the impact to Microsoft (including Google, Amazon, Xerox, Arrow Electronics, Verizon, Intel, Comcast, Citrix, Texas Instruments, IBM, Oracle and Hewlett-Packard), but plenty of other people were willing to talk.

Participating in the TechRepublic roundtable were:

- **Jeffrey Hayzlett**, host of “C-Suite with Jeffrey Hayzlett” on Bloomberg Television
- **Karen Ross**, CEO of Sharp Decisions
- **Ray Potter**, CEO of SafeLogic
- **Shahid Khan**, Mediamorph chairman and co-founder
- **Jonas Olsson**, CEO and founder of Graz
- **Arne Josefsberg**, CTO of ServiceNow
- **Dmitry Bagrov**, managing director of DataArt UK
- **Gene Sohn**, CTO of Intellinote
- **James Sun**, CEO of Anomo
- **Brent Frei**, founder and executive chairman of Smartsheet.com
- **Andy McLoughlin**, Alastair co-founder and Huddles SVP of strategy
- **Martin Ingram**, senior vice president and CIO at Arise

TechRepublic: What will be the main concerns for Microsoft once Steve Ballmer steps down?

Hayzlett: “I think they've got to change the mood in the company into one that shows them as a company with momentum and regains the mainstream. They are still a great company but yet if you bring up their name they're considered old school and they need to be considered progressive, young, hip cool.”

Potter: “Believe it or not, Microsoft will need to fight to stay relevant. The way that we work is changing. Windows and Office have long enjoyed dominance in the workplace, but both run the risk of losing significant market share as newer technologies are adopted.”

Sohn: “It may sound strange, but the thing to ask is how Microsoft will resolve its mid-life crisis. Microsoft is like a responsible businessman (Windows, Office, Server) who wants to join all the cool hip kids at the beach (Phone, Surface, Xbox). Windows 8 is a perfect emblem of their conundrum -- an enterprise operating system that doubles as their “tablet” operating system. Windows 8's identity crisis mirrors Microsoft's. Until they fix Windows 8 or move past it, Microsoft will struggle.”

Ingram: “Steve Ballmer's stepping down may present itself as an opportunity for Microsoft to redefine themselves both internally and externally. With the onboarding of a new CEO, Microsoft will have the chance to point themselves in a new direction, implementing a more innovative style of thinking.”

Ross: “Trying to compete with industry giants, like Google and their extensive service offerings, was a road to nowhere. Instead of trying to innovate, Ballmer was concerned with just keeping up with the joneses. Microsoft will have to change direction very quickly—They have already started to switch gears. But with Ballmer stepping down the ranks will have to adapt that much quicker once a replacement is named. The talk is that the new head will not be chosen right away, which unfortunately may only add time to the turnaround process.”

Frei: “Companies with founder leadership (Gates and Ballmer for the past 38+ years), tend to outperform companies with ‘professional management.’ Founders instill a special level of will to win and emotional rally cry that's tough to match – whether it's a small business or a large enterprise like Microsoft. While you can replace a founder and fill that void with an effective leader, you have to be aware that decisions get made from a different perspective – and that can be detrimental to the business.”

Josefsberg: “Since its inception, Microsoft has been led by two extremely strong personalities: Bill Gates and more recently, Steve Ballmer. Now that Steve is preparing to step down, it’s imperative that the company find Steve’s equivalent in terms of strong leadership, someone that is respected by the troops. Regardless of what many people thought of Steve, he led with strong authority. However, too much of the focus has been around preserving the legacy Windows franchise. This needs to change. The company needs to embrace change and take more risk. The company needs to integrate much better with the next generation companies that are driving innovation for the industry.”

Bagrov: “I think the actual fact that Steve Ballmer has stepped down does not change anything in terms of the biggest problem in front of Microsoft – that is, to take it to the post-PC era. With Michael Dell now in control of Dell and firmly promising to go mobile, it is becoming even more important. Google and Apple are not going to wait around.”

TechRepublic: How will the loss of Steve Ballmer affect the company culture at Microsoft?

Olsson: “Microsoft’s corporate culture has always been held back by the stack ranking system that Ballmer always loved, but thankfully ended. My hope is that the change portends to something more meaningful and significant, and that the new CEO understands how to build, encourage and promote a culture of innovation, cooperation and mutual striving to be the best. The old way of doing things was motivational cancer, and the new CEO has a great opportunity to get rid of that way of thinking for good.”

Frei: “Microsoft’s culture is Ballmer and Gates. It’s a reflection of these founders which has been instantiated over the last 40 years – it’s very well established. Steve is unique, and a new leader will almost certainly be of a different cultural mold. Culture at that scale is pretty impossible to change without wholesale leadership changes. And while many criticize the Microsoft culture, it’s important to acknowledge they’ve grown a company that surpasses all but a handful in history.”

Ingram: “Since Ballmer announced his retirement three months ago, Microsoft has already begun seeing change. With Microsoft’s stack ranking employees as a means of evaluation, employees are ranked from best to worst, rewarding the top 10 percent for their work and moving out the bottom 10 percent. This method proved not only detrimental to employees growth and success, but also for Microsoft’s success, encouraging a cut throat environment where collaboration and innovation were non-existent. Since Ballmer’s announcement of his retirement, Microsoft’s culture has begun seeing change, moving to a more blended model, where employees and executives are collaborating to find leading-edge solutions.”

Ross: “CEOs, especially in tech, cannot afford to be resistant to change. We should adapt products and services to the changes in market and consumer expectation: Steve Ballmer threw away billions of dollars trying to change the market to fit what Microsoft was selling. That is always a plan doomed to fail. Microsoft has become big and bulky, while its competitors have only become more versatile. Ballmer is very representative of the old, sluggish Microsoft. Executives and influential minds in the company may cling on to that concept after he is gone, which may be a problem.”

Sun: “With the loss of Steve Ballmer, I believe the company will move closer to the consumer space. It will be more creative and less process intensive. Steve Ballmer is an executive more suited for a company like GM or Ford. Microsoft will have more creative innovation with Steve leaving.”

Hayzlett: “It’s going to give them a breath of fresh air and the new executives will need to find a way to honor the past but put them on a path to the future.”

McLoughlin: "I read that they are going to eliminate their ridiculous stack ranking system that Steve Ballmer implemented. This alone would be a huge positive."

Josefsberg: "For far too long, Microsoft has been hanging onto its old legacy: the mentality of desktop PCs and the a Windows operating system is leaving the company in the stone age. With the right leader, I foresee the culture drastically changing, especially if Microsoft takes the necessary steps to integrate with the open source community."

Sohn: "Ballmer, for all his perceived foibles, has been the unquestioned leader of Microsoft during his tenure. The new CEO will need to be able to lead what is in the tech world a conglomerate of enterprise and consumer businesses. Credibility to all divisions of Microsoft will be crucial for the new CEO."

TechRepublic: What is the first thing the new CEO should do at Microsoft?

Hayzlett: "Come in with a plan. Clearly have his/her first 90 days well thought out and very quickly move to put his/her team into place. This person will be under the microscope by analysts, customers and certainly by all the other employees of Microsoft. So decisive action should be at the top of the agenda."

Khan: "While many think Microsoft should be broken up, I think it should stay intact. By bringing in a leader from the outside, with a proven track record of transforming companies, it can embark upon the next era of its growth. In addition to Lou Gerstner's transformation of IBM, some noted examples in recent years include Tim Armstrong's success at AOL and Marissa Mayer's overhaul at Yahoo. Microsoft should follow suit."

McLoughlin: "The new CEO needs to fix the mess that is Windows 8. It had so much promise but – for whatever reason – the decision to go half Metro (sorry, Windows 8 style interface) and half Windows 7 is confusing. There are deep political problems at the heart of this decision and these will need to be addressed first."

Josefsberg: "The first thing the new CEO should do at Microsoft is embrace the consumerization of IT. Microsoft operates in a world clearly divided by enterprise solutions versus consumer solutions – unfortunately, both sets are entirely disjointed. In this new world of enabling IT to become more approachable and consumerized, the company must figure out how to weave consumer assets into enterprise solutions. Companies that have already embraced the consumerization of IT, such as Google or leading SaaS players like ServiceNow or Workday, are driving innovation through open platforms capabilities. These capabilities are based on open platforms that easily integrate into the larger IT ecosystem."

Sohn: "Cast a vision for the future as we see it now, talk up Microsoft's role in that future, and start putting together an execution plan. Microsoft has many distinctives -- it simply needs to know how to leverage those into one cohesive story of how it will play those distinctives to unique advantage."

Frei: "First, let me just say that being the CEO of a company the size and strength of Microsoft is a nearly impossible job. The decisions that need to be made are incredibly difficult and I'm in no position to second-guess what happens inside those walls in Redmond. The company, the market, and end users would all benefit if the various product line groups were turned loose to be more entrepreneurial and innovative. One way to do this is to break up the matrix of dependencies between the units to create more decentralized P&L structure. If they could truly operate freely as independent businesses, I have to believe they'd become more competitive and profitable."

Ross: "Whoever takes Ballmer's place as CEO needs to immediately be more collaborative—and more realistic about market share. During Ballmer's tenure, there was a chance to make up for losses through releasing Microsoft's top-selling software on competing platforms. The venerable Ballmer held out thinking it would stop people from buying Apple and Google. He was wrong. You must fix your products for the market, you cannot fix the market to fit your products. In that vein, the first choices that his successor will make will set a tone for the investors, the employees, and the Microsoft brand itself going forward."

Ingram: "Microsoft needs to decide who they want to be. Microsoft tried to play in too many areas, where they are second in most, except desktop applications. With the meteoric rise in gaming and companies such as Apple, it will be important for the new CEO to decide which area is most important to focus on, positioning Microsoft as the global leader in that area of expertise. Additionally, they will have to continue to focus on the convergence of the mobile space and the enterprise software/cloud space."

Sun: "Build a very open and friendly ecosystem for developers and startups to work with Microsoft's mobile platform. This will be critical for their success."

TechRepublic: Who do you think would be best in the role as the new CEO of Microsoft?

Sun: "Jeff Bezos ... but obviously, this would never be a reality."

Ross: "Lots of names are being tossed around, a lot of them are internal. Satya Nadella spearheads all things cloud for Microsoft, and may be a logical choice. A board who is aggressive in its rebranding and restructuring of the company could choose Nadella as a symbol of progressive thinking. Ford CEO Alan Mullaly would seem more like a prospect, if not for the media frenzy surrounding his possible move to Microsoft. In the end, Microsoft is better served to choose as quickly as it can instead of waiting for the perfect candidate. They've squandered enough time as it is."

Josefsberg: "The new CEO at Microsoft must understand next-generation open platforms; this way of thinking will energize the troops and reward employees for thinking outside of the box. Someone like Satya Nadella from Windows Azure is a true visionary, and is immensely respected in the industry – he has embraced the new way of computing."

Bagrov: "In my opinion, Ray Ozzie would have been a very good candidate. Two years ago before leaving Microsoft [he wrote a memo](#) that sounds prophetic now."

TechRepublic: What will be the biggest impact at Microsoft as a result of the loss of Steve Ballmer?

Hayzlett: "It's the last touch of the Founders of the company as operating officers and that has good and bad to it. It's good because you can break away and it's bad because you don't have that expertise on "here's how it's done" with a reference back to Microsoft's core. I think it has more on the good side than the bad because the culture is clearly established for the company already. What they need now is some enhancements to their engine, a new driver and possibly a few more pit crew members - which usually results in a winning franchise."

McLoughlin: "Hopefully, his departure will mark the return to a technology-first culture."

Josefsberg: "In the late 1990's and early 2000's, the software industry was led by dominant vendors selling proprietary solutions like Microsoft and Oracle. The world of infrastructure is unraveling very quickly; there is a strong movement to SaaS and cloud. As we continue to see, IT

is now favoring open solutions and one of the most important things Microsoft needs to do is be a much more integrated player in the IT ecosystem between proprietary and open source solutions. The next generation SaaS leaders (ServiceNow, Workday, NetSuite) are all based on open platforms and can easily integrate with other solutions. MSFT needs to take a similar approach. Insularly environments are going away and CEOs aren't accepting this type of world anymore. Microsoft's next leader must be ready to tackle this issue."

Ingram: "The loss of Steve Ballmer will cause change in the Microsoft environment, and with change comes reluctance. The impact of change may cause internal upheaval at first, yet it will open the door to innovation, creating an environment of openness by and between employees and their superiors, while awarding Microsoft the opportunity to rethink and reinvent themselves."

Ross: "While the path he laid for them was rough, Steve Ballmer was a constant for many staffers at the tech giant. Through him they had a sense of stability. It is not likely that the person who takes the helm will provide that same feeling, especially with the burden of investors' expectations. Microsoft will have to play catch up, and the new CEO will not have time to indulge the many things Ballmer devoted time to explore and cultivate, and that includes rapport and relationships. Perhaps this is why the board (together with Ballmer) is looking within. They don't want to lose out on the ties that Ballmer has built in his time."

Sun: "Changing of the face at Microsoft. It's an opportunity for one of the most successful tech giants to redefine itself."

Frei: "As with any change in leadership comes the opportunity to analyze the business with clear, fresh perspective and perhaps reboot some parts, break things up, spin things off, etc. It's a perfect opportunity to set a chart for the next stage of growth. When you take the heart out of an organization – which I would argue the founder is – you can replace it with another and it will flourish. But the new heart has to work just as hard, care just as deeply, and deliver more results for the organization to continue to thrive."

Potter: "It's crazy to think about this giant stumbling. But I know plenty of folks who thought Kodak would be around forever. It will be fascinating to see how it plays out in Redmond."