EXTERNAL FACTOR ANALYSIS SUMMARY (EFAS) – Microsoft Corporation

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| --- | --- | --- | --- | --- | --- |
|  | FACTORS | WEIGHT | RATING | WGTDSCORE | COMMENTS |
|  | OPPORTUNITIES |  |  |  |  |
| O1 | Tablets and Smartphones | .15 | 3 | .45 | Tablets and Smartphones have provided a brand new market avenue for Microsoft. Microsoft is competing in this new sector via their Surface and Windows 8 phone, but they have not quite met market expectation with this (Jones, 2018). |
| O2 | Gaming – Xbox and Kinect | .15 | 5 | .75 | Until 2010 Microsoft has been struggling in the gaming sector behind Sony (PlayStation) and Nintendo (Wii). But the launch of Kinect in late 2010 turned the corner in Microsoft’s favor and Microsoft has excelled in Gaming sector ever since launch of Kinect (Bloom, 2018). |
| O3 | Online Service offerings via cloud | .10 | 4 | .40 | The cloud computing has brought a new era of service offering across the software industry that enable small and medium companies to make use of advance software technologies without large investment. Microsoft has a dedicated online services division to compete in this sector and has been performing relatively well (Microsoft, 2018) |
| O4 | Emerging Markets | .05 | 4 | .20 | The technology sector in north America and Europe has matured, but there is enormous business to be tapped in emerging economies such as India and China as well as South America. Microsoft has done relatively well in getting their foothold in those markets (Smith and Simpson, 2018) |
| O5 | Global Talent pool | .05 | 4 | .20 | Attracting and retaining a very advance technical workforce is the key for success for any technology company. Microsoft has done relatively well to attract technical workforce from across the globe and created an environment to nurture and foster that talent to new heights (jones, 2018). |
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|  | THREATS |  |  |  |  |
| T1 | Competition | .15 | 3 | .45 | Competition is the biggest threat for a technology company. In 80s and 90s Microsoft had performed very well compared to its competitors, but in the new millennium Microsoft had to face fierce competition in every sector from companies such as Apple, Google and so on (Microsoft, 2018). |
| T2 | Piracy | .05 | 3 | .15 | Piracy has been a threat to Microsoft and other software companies ever since beginning of the software industry. Piracy does make significant dent in Microsoft revenue. Companies like Microsoft have to keep developing new safeguard to prevent piracy as best as they can (Nelson, 2018). |
| T3 | Legal challenges | .10 | 3 | .30 | Government regulation and legal challenges cause significant loss of revenue for Microsoft. Most recently Microsoft was fined €561 million ($732 million) buy European Union for failing to respect an antitrust settlement with regulators (Graham, 2018) |
| T4 | Cyber security | .10 | 4 | .40 | Over last decade cyber security has become one of the key challenges for any large corporation and more so for technology companies like Microsoft. Microsoft has done relatively well not only to protect itself from cyber threats but has partnered with its customers including government organization to fight against cyber threats (Jones, 2018). |
| T5 | Dynamic and volatile nature of the information and technology sector | .10 | 3 | .30 | The biggest challenge for a technology company is the ever changing nature of the business. Microsoft was originally focused on Windows operating system and Microsoft office software but over last few years has to change its business model to compete in services (cloud computing) and devices (Tablets, Smartphones). Microsoft has done well to adapt to new business model but often seem to lag behind its competitors such as Apple (Smith and Simpson). |
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|  | TOTAL SCORES | 1.00 |  | 3.60 |  |

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