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What's Microsoft Up To?

It is fair to say that the move by Microsoft into the fresh produce sector has caused quite a stir in the industry. However, it is evident from the questions that I frequently get asked that few people understand what's behind their thinking. In this article, I hope to throw some light on the subject. Two weeks ago in Minneapolis at their Worldwide Partner Conference, the company revealed their strategy for the next twelve months. The conclusions make interesting reading.

Microsoft is now the largest and most successful software company in the world measured in terms of client base and profitability. Hundreds of millions of people worldwide use its products on a daily basis to run their business processes. The sheer scale of its current global operations is staggering. However, there is still a very strong hunger for growth within the company. This year for example, the company will spend a massive \$6,500,000,000 in research and development to improve its product range and produce new software technologies.

The company now dominates the information workers market with its hugely successful Microsoft Office suite. Its Windows technologies are the most widely used server and desktop operating systems in the world. In the database market, the SQL Server product has dislodged Oracle as the number one solution in this important space. Recently, its .NET framework has become the most widely adopted application development toolset by developers worldwide. However, it is the move into the highly fragmented mid range business management solutions market that has shaken the foundations of this rapidly growing sector.

Microsoft has invested £2,500,000,000 in acquiring Great Plains and Navision both leading mid market worldwide suppliers of business management systems. Great Plains has a strong presence in the USA and Navision is the dominant player in Europe. The acquisition provided the company with powerful Windows based business solutions with significant future potential. More importantly it also supplied the company with access to 6,000 skilled deployment partners in over 130 countries. As a company that only supplies products through its partner channel, this was an important factor. It is a major asset in the



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delivery of these powerful wide ranging applications and provides them with a significant edge over the competition.

The initiatives announced in Minneapolis on how Microsoft intends to increase its market share in this sector is based on extensive research on the needs of mid market organisations. This revealed that such organisations seek cost effective rapidly deployed industry specific solutions targeted at the key business drivers of the company. Furthermore, such solutions would ideally be delivered by a deployment partner willing to take responsibility for the complete solution. The days of two to five year implementations costing a fortune and with ill defined returns on investment are over.

In order to meet these needs, Microsoft encouraged its partner community to specialise in industry specific applications. Its research indicated that in future, companies would only engage with partners with an in-depth understanding of the industries they service. Furthermore, the partners were encouraged to invest in packaging the solutions as a means of facilitating rapid implementation cycles. Having one or two opportunistic sales in a sector would no longer qualify as a vertical offering in the eyes of the client.

Two further notable trends emerged from the conference. The importance of understanding the entire range of Microsoft infrastructure products (“the Microsoft Stack”) was stressed. Without these skills, it would become increasingly difficult to deliver complete solutions designed to provide customers with a vital competitive edge. The second was the emergence of a significant demand for mobile business information. Microsoft has made major investments in this space and need their partners to gain the knowledge required to deploy such systems.

To broadcast partners’ industry specific skills, Microsoft will enable a vertical industry web site early in 2006. This will be released to companies seeking partners with the prerequisite industry expertise. They will also release a catalogue of approved packaged applications that have been vetted for compliance with Microsoft standards. In addition, Microsoft has pledged a massive investment in partner marketing funds to increase sector awareness.

In conclusion, Microsoft has successfully made some big bets in the past (Windows, Microsoft Office, MS SQL and .NET to mention just a few). The company is now committed to achieving market leadership in the business solutions sector. It is prepared to invest significantly to achieve this. For example Microsoft’s R & D investment in Microsoft Business Solutions (MBS) in 2005 is \$2,000,000,000. This is more than the turnover of many of their competitors. The strategy on industry specialisation with packaged offerings



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is a new initiative designed to increase client satisfaction with their systems. The message to its partners is to specialise while broadening its skill set to deliver the total solutions that customers need.

Hopefully, this will provide the Fresh Produce Journal readers with a brief overview of Microsoft's future strategy. However, I am pleased to announce that there will be an excellent opportunity for the fresh produce industry to explore this in more detail face to face with Microsoft shortly.

On Thursday September 29th, Anglia and Microsoft are hosting a special fresh produce event at Microsoft's UK headquarters in Reading. Speakers include FPJ Editor Tommy Leighton, UK Head of MBS Jonathan Hughes, Microsoft's RFID specialist Simon Holloway and members from Anglia's fresh produce specialist LinkFresh team.

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