InformationWeek
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Microsoft Observations from the Trenches

By Russ Edelman. *Information Week,* Sept. 25, 2013

www.informationweek.com/software/productivity-applications/microsoft-observations-from-the-trenches/240161695

Despite Microsoft's leadership problems and Windows 8 struggles, there are still huge opportunities for partners and customers.

For all the doomsday headlines, there is much to celebrate about Microsoft lately. But in other cases, yes, it's reasonable to have skepticism about its direction.

As both a Microsoft partner and industry watchdog, I thought it appropriate to share some glass-half-full, glass-half-empty observations from the trenches.

Glass Half Empty

There are currently a number of notable "empties" in the Microsoft ecosystem. It's important to note that what one sees as half empty others might see as half full. But here are examples of what I consider empties.

—Ballmer. Microsoft is a company presently in search of a CEO successor to Steve Ballmer. Interestingly, while a CEO departure is typically thought of as a low point, Microsoft's stock price did jump up 7%, or close to a billion, upon the announcement of Ballmer's resignation. However, there is a void in place at a time when direction and leadership is critical for the company.

—Windows 8.1. While Windows 8.1 is certainly a welcome improvement over Windows 8, there are a number of product features that remain a bit clunky. Windows 8.1 has some nice features such as the Start button, groupings of modern apps, improved search and SkyDrive integration. But there are two areas in particular that require further investment. First, the interface must be fine-tuned to make it more intuitive. There are still too many scenarios where one has to ask: Where do I go to do something? Try doing a search for "printers" and see what you get. Not much! Second, the volume of apps readily available in the marketplace for Windows is still not great. With all of the dollars that Microsoft has in its coffers, more incentives should be offered to partners to get them developing Windows 8 apps. After going with a Nokia Windows 8 phone, I returned to the iPhone due to the lack of quality apps.

—The cloud. For a company with a heritage firmly entrenched in the "un-cloud," its 180-degree turn to the cloud is a massive switch and perceived as disruptive for organizations continuing to invest in their own hardware. I am a fan of the cloud and we see organizations moving to it. However, most of the organizations we deal with—typically global or national—remain fully vested in on-premises technology with a growing interest in an on-premises/cloud hybrid approach.

In truth, Microsoft is really the only game in town that spans both worlds; however, its relentless push to the cloud overshadows the reality of a hybrid story (i.e., Microsoft team members are heavily compensated on cloud sales rather than on-premises, and this influences the messaging).

Slow Release Cycles

Eugene Rosenfeld, CTO of Black Blade Associates, a Microsoft partner based in Virginia, told me, “Many of our federal government clients and clients in regulated industries simply cannot move to a shared cloud environment [like Office 365] due to the management requirements of confidential information. This is in spite of advantages afforded by Microsoft’s shared cloud offering, like low up-front cost, wealth of features and high service uptime. While virtual private clouds [like Microsoft Azure or Amazon EC2] are still an option for these clients, virtual private clouds do not carry the same economy-of-scale benefits as shared clouds.”

—Slow release cycles. At last year’s partner conference, Microsoft introduced an unprecedented volume of new products (Windows 8, Office 2013, Windows Server 2012). This year, there was no new wave of technology. Windows 8.1 and Surface devices took center stage but did not feel significant. Microsoft needs to plan out more frequent release cycles rather than one major hit every few years. The company does intend to remedy this to a certain degree by delivering newer innovation on the cloud platforms first; however, this is not ideal for on-premises customers.

Glass Half Full

On a positive note, most organizations continue to drive a large percentage of their operations on Microsoft platforms. And while Microsoft has eaten the lunch of many competing—and at times partner—companies, the reality is that partners and customers in the Microsoft ecosystem have big opportunities.

—Microsoft platforms are industrial strength. In discussions with global companies over the past few months, it’s clear that many organizations are still “betting the bank” on Microsoft technologies. There are the naysayers who hold out for Microsoft’s demise, but the continued domination of Microsoft’s technologies driving global operations is unprecedented.

In Ballmer’s opening statements at Microsoft’s partner conference in July, he commented on its unique position to be able to invest billions of dollars into its cloud infrastructure. Few other organizations can make such claims. One partner, Gimmal, headquartered out of Houston, evolved from being primarily an EMC/Documentum partner into a premier Microsoft partner. Mike Alsup, Gimmal’s founder and SVP, told me how giant organizations such as Transocean, Marathon Oil and Viacom are relying heavily upon the Microsoft SharePoint platform to store critical documents, records and the associated processes. And while SharePoint relies upon SQL

Server, it is safe to say that SQL Server is another example of Microsoft showing its might and continues to serve as an industrial-strength platform for organizations, as does Windows Server.

—Power BI For Office 365. Microsoft introduced some innovations at its partner conference (e.g., nicer social features, better big data support), but the clear winner was Power BI for Office 365. Power BI—composed of Power Pivot, PowerView, PowerMap and Power Query—makes the visualization of data easier and more engaging through graphs, maps and animation. I was not a believer until I experienced how easy it is to configure these tools. The bottom line is that business people can take more decisive actions using the Power BI suite for Office 365.

—Microsoft Partner Opportunities. Jon Roskill, Microsoft's corporate VP in charge of partner channels, shared some data points at the partner conference. He cited Gartner studies that attribute 41% of budget/investments being held with non-IT executives. Jon's interpretation of this was that the massive Microsoft partner community must learn the language of business and not only "speak IT." Those that do not adapt to this idea will not thrive. When asked about the "Rembrandts in the attic" for the partners, Roskill highlighted that partners can receive approximately $320,000 of partner-specific service and support, training programs, license usage and other such benefits. But few partners fully leverage these resources.

In the end, every IT technology has its advantages and disadvantages and as IT pros, we are charged with the important task of distilling these data points into meaningful actions that will have a positive impact. Microsoft has its good and bad aspects, like any company. Partners and customers should remain skeptical about the half-empty points listed here, but the half-full points are worth pursuing.

Russ Edelman is the President of the Corridor Company, a company focused on Mission Critical SharePoint applications and services. He is also a frequent contributor to InformationWeek, CIO Magazine, CNBC, Huffington-Post as well as a sought out speaker in the content and social space.

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