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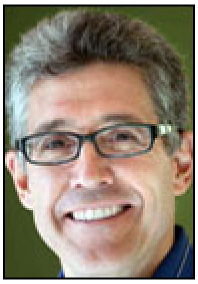
An Open Letter to Microsoft’s New CEO

Last week, Microsoft promoted Satya Nadella to the position of CEO, replacing Steve Ballmer. Nadella has been with Microsoft for more than 20 years, and was most recently in charge of the company’s enterprise computing division, where he oversaw server software and cloud-based solutions. Here is my *unsolicited advice for Mr. Nadella.*



Dear Satya,

I know it is a bit presumptuous of me to offer you advice as you take over one of the most important and prominent positions in the IT industry—OK, very presumptuous—but I really would like to see Microsoft get its groove back, and I think I know how. It’s simple, really: Stop betting on the past and start investing in the future.

What do I mean?

Well, Microsoft has invested a ton of money chasing the last big thing instead of the *next* big thing. After Apple‘s iPod became the most coveted gadget in the world, Microsoft came out with the Zune (sorry, I have to bring these things up). After Google started printing money with search advertising, Microsoft invested a small fortune in Bing. True, Bing has fared better than the Zune, but is a powerhouse company like Microsoft satisfied with only 17 percent of the search market?

Microsoft wasn’t just late to the smartphone party—it showed up when the guests were already leaving with their devices in hand. Google’s Android OS has about 50 percent of the U.S. market, while Apple’s iOS has around 43 percent and Microsoft’s Windows Phone has a paltry 4.7 percent. The purchase of Nokia’s phone business might help boost that number, but you are playing for, at best, third place.

And then there is the tablet fiasco. The Surface might be a good little device, but it has earned less than 4 percent of the market. And yes, with Microsoft's might, you could boost that number up to 10 percent or event 15 percent, but is that what Microsoft is about these days—playing chimp to Apple's gorilla? (I'm sure you've read Geoffrey Moore's books, so you should get the reference.)

As long as you keep going after markets that others create first, you will be fighting over slivers of market share when there are new markets to own. Why not be the gorilla in the radio frequency identification software market? Why not invest $25 million and take over the enterprise market for real-time data, as well as the analytics that will sit atop those applications? You have a good RFID middleware now, and a cloud-computing infrastructure. Why not layer on applications for retail, manufacturing and logistics, enabling businesses to have real-time visibility into everything happening within their four walls? And why not make the system technology-agnostic, so it can handle data from bar codes (1D or 2D), passive and active RFID systems, GPS and other input devices?

I know what you are thinking: The market for RFID software is small, and you want to invest in bigger markets in which there is more money to be made. Dude, wake up! The market for MP3 players was small until Apple made it big. The market for search advertising was tiny until Google made it huge. The demand for smartphones was… well, you get the point. Companies make the markets! That's how you become a gorilla and own a huge share of the market.

Why am I so sure RFID will take off? For one thing, it follows the logical progression of computing becoming more distributed over time—mainframes to minis to desktops to laptops to smartphones to RFID-tagged objects. Second, the only way to reduce the huge inefficiencies that still exist in the global economy are to apply computing power to real-world objects that we don't track and manage now. Third, major enterprises worldwide—Airbus, BP, Carrier, Macy's, the U.S. Department of

Defense (DOD) and the U.S. Veterans Administration, to name a few—are seeing huge efficiency gains through RFID. (See the following stories to learn more: Airbus Leads the Way, RFID, GPS Bring Visibility to Construction of BP Oil Platform, Carrier Takes Manufacturing to a Higher Level, RFID a 'Very Big Part of Macy's Future', DOD Redoubles Its Efforts to Lower Costs Via RFID and How RFID Is Transforming VA Hospital Operations.) And fourth, I just know. That may sound arrogant, but I just know in the same way that Steve Jobs knew people would buy a smartphone with no keys, and a tablet without a keyboard.

RFID hardware has gotten much better over the years. Tags and readers have been adapted to almost any business environment, and there's also some good software available, but not enough to make the market soar. All RFID needs now is a major player to provide the enterprise software layer that would make it easy to use captured data to improve operations and generate value for an enterprise. If you spent 10 percent of the money wasted on Nokia's handset business, you would own the next phase of enterprise computing.

I don't expect you to listen to me, of course. If Steve Ballmer didn't get it, and the CEOs of Hewlett-Packard, IBM, SAP, Oracle and every other large technology company don't get it, there is no reason to believe you will either. I'm just writing this column so that in a few years, after some young entrepreneur figures out the software side and the RFID market explodes, I can write another editorial saying: "Satya, I told you so."

Mark Roberti is the founder and editor of RFID Journal. *If you would like to comment on this article, click on the link below. To read more of Mark's opinions, visit the RFID Journal Blog, the Editor's Note archive or RFID Connect.*

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