

**LETTER TO MICROSOFT EMPLOYEES
FROM MICROSOFT CEO SATYA NADELLA
JULY 10, 2014**

From: Satya Nadella
To: All Employees
Date: July 10, 2014 at 6:00 a.m. PT
Subject: Starting FY15 - Bold Ambition & Our Core

Team,

As we start FY15, I want to thank you for all of your contributions this past year. I'm proud of what we collectively achieved even as we drove significant changes in our business and organization. It's energizing to feel the momentum and enthusiasm building.

The day I took on my new role I said that our industry does not respect tradition – it only respects innovation. I also said that in order to accelerate our innovation, we must rediscover our soul – our unique core. We must all understand and embrace what only Microsoft can contribute to the world and how we can once again change the world. I consider the job before us to be bolder and more ambitious than anything we have ever done.

We'll use the month of July to have a dialogue about this bold ambition and our core focus. Today I want to synthesize the strategic direction and massive opportunity I've been discussing for the past few months and the fundamental cultural changes required to deliver on it. On July 22, we'll announce our earnings results for the past quarter and I'll say more than on what we are doing in FY15 to focus on our core. Over the course of July, the Senior Leadership Team and I will share more on the engineering and organization changes we believe are needed. Then, at MGX and //oneweek, we'll come together to build on all of this, learn from each other and put our ideas into action.

Our Worldview

We live in a mobile-first and cloud-first world. Computing is ubiquitous and experiences span devices and exhibit ambient intelligence. Billions of sensors, screens and devices – in conference rooms, living rooms, cities, cars, phones, PCs – are forming a vast network and streams of data that simply disappear into the background of our lives. This computing power will digitize nearly everything around us and will derive insights from all of the data being generated by interactions among people and between people and machines. We are moving from a world where computing power was scarce to a place where it now is almost limitless, and where the true scarce commodity is increasingly human attention.

In this new world, there will soon be more than 3 billion people with Internet-connected devices – from a farmer in a remote part of the world with a smartphone, to a professional power user with multiple devices powered by cloud service-based apps spanning work and life.

The combination of many devices and cloud services used for generating and consuming data creates a unique opportunity for us. Our customers and society expect us to maximize the value of technology while also preserving the values that are timeless. We will create more natural human-computing interfaces that empower all individuals. We will develop and deploy secure platforms and infrastructure that enable all industries. And we will strike the right balance between using data to create intelligent, personal experiences, while maintaining security and privacy. By doing

all of this, we will have the broadest impact.

Our passion is to enable people to thrive in this mobile-first and cloud-first world.

Our Core

Microsoft was founded on the belief that technology creates opportunities for people and organizations to express and achieve their dreams by putting a PC on every desk and in every home.

More recently, we have described ourselves as a "devices and services" company. While the devices and services description was helpful in starting our transformation, we now need to hone in on our unique strategy.

At our core, Microsoft is the productivity and platform company for the mobile-first and cloud-first world. We will reinvent productivity to empower every person and every organization on the planet to do more and achieve more.

We think about productivity for people, teams and the business processes of entire organizations as one interconnected digital substrate. We also think about interconnected platforms for individuals, IT and developers. This comprehensive view enables us to solve the more complex, nuanced and real-world day-to-day challenges in an increasingly digital world. It also opens the door to massive growth opportunity – technology spend as a total percentage of GDP will grow with the digitization of nearly everything in life and work.

We have a rich heritage and a unique capability around building productivity experiences and platforms. We help people get stuff done. Stuff like term papers, recipes and budgets. Stuff like chatting with friends and family across the world. Stuff like [painting](#), writing poetry and [expressing ideas](#). Stuff like [running a Formula 1 racing team](#) or keeping an [entire city running](#). Stuff like building a game with a [spark of your imagination](#) and remixing it with the world. And stuff like helping [build a vaccine for HIV](#), and giving a [voice to the voiceless](#).

This is an incredible foundation from which to grow.

Microsoft has a unique ability to harmonize the world's devices, apps, docs, data and social networks in digital work and life experiences so that people are at the center and are empowered to do more and achieve more with what is becoming an increasingly scarce commodity – time!

Productivity for us goes well beyond documents, spreadsheets and slides. We will reinvent productivity for people who are swimming in a growing sea of devices, apps, data and social networks. We will build the solutions that address the productivity needs of groups and entire organizations as well as individuals by putting them at the center of their computing experiences. We will shift the meaning of productivity beyond solely producing something to include empowering people with new insights. We will build tools to be more [predictive](#), [personal](#) and [helpful](#). We will enable organizations to move from automated business processes to [intelligent business processes](#). Every experience Microsoft builds will understand the rich context of an individual at work and in life to help them organize and accomplish things with ease.

Productive people and organizations are the primary drivers of individual fulfillment and economic growth and we need to do everything to make the experiences and platforms that enable this ubiquitous. We will think of every user as a potential "dual user" – people who will use technology for their work or school and also deeply use it in their personal digital life. They

strive to get stuff done with technology, demanding new cloud-powered applications, extensively using time and calendar management, advanced expression, collaboration, meeting, search and research services, all with better security and privacy control. Microsoft will push into all corners of the globe to empower every individual as a dual user – starting with the soon to be 3 billion people with Internet-connected devices. And we will do so with a platform mindset. Developers and partners will thrive by creatively extending Microsoft experiences for every individual and business on the planet.

Across Microsoft, we will obsess over reinventing productivity and platforms. We will relentlessly focus on and build great digital work and life experiences with specific focus on dual use. Our cloud OS infrastructure, device OS and first-party hardware will all build around this core focus and enable broad ecosystems. Microsoft will light up digital work and life experiences in the most personal, intelligent, open and empowering ways.

Digital Work and Life Experiences: We will deliver digital work and life experiences that are reinvented for the mobile-first and cloud-first world. First and foremost, these experiences will shine for productivity. As a result, people will meet and collaborate more easily and effectively. They will express ideas in new ways. They will experience the magic of ambient intelligence with Delve and Cortana. They will ask questions naturally and have them answered with insight from [Power Q&A](#). They will conquer language barriers and change the world with [Skype translator](#). Apps will be designed as dual use with the intelligence to partition data between work and life and with the respect for each person's privacy choices. All of these apps will be explicitly engineered so anybody can find, try and then buy them in friction-free ways. They will be built for other ecosystems so as people move from device to device, so will their content and the richness of their services – it's one way we keep people, not devices, at the center. This transformation is well underway as we moved Office from the desktop to a service with [Office 365](#) and our solutions from individual productivity to group productivity tools – both to the delight of our customers. We'll push forward and evolve the world-class productivity, collaboration and business process tools people know and love today, including Skype, OneDrive, OneNote, Outlook, Word, Excel, PowerPoint, Bing and Dynamics.

Increasingly, all of these experiences will become more connected to each other, more contextual and more personal. For example, today the Cortana app on my Windows Phone merges data from highway sensors and my own calendar and simply reminds me to leave work to make it to my daughter's recital on time. In the future, it will be even more intelligent as a personal assistant who takes notes, books meetings and understands if my question about the weather is to determine my clothes for the day or is intended to start a complex task like booking a family vacation. Microsoft experiences will be unique as they will reason over information from work and life and keep a user in control of their privacy.

Cloud OS: Our cloud OS represents the largest opportunity given we are working from a position of strength. With Azure, we are one of very few cloud vendors that runs at hyper-scale. The combination of Azure and Windows Server makes us the only company with a public, private and hybrid cloud platform that can power modern business. We will transform the return on IT investment by enabling enterprises to combine their existing datacenters and our public cloud into one cohesive infrastructure backplane. We will enable our customers to use our Cloud OS to accelerate their businesses and power all of their data and application needs.

Beyond back-end cloud infrastructure, our cloud will also enable richer employee experiences. For example, with our new [Enterprise Mobility Suite](#), we now enable IT organizations to manage and secure the Windows, iOS and Android devices that their employees use, while keeping their companies secure. We are also making it easy for organizations to securely adopt SaaS

applications (both our own and third-party apps) and seamlessly integrate them with their existing security and management infrastructure. We will continue to innovate with higher level services like [identity and directory services](#), [rich data storage](#) and [analytics services](#), [machine learning services](#), [media services](#), web and [mobile backend services](#), [developer productivity services](#), and many more.

Our cloud OS will also run all of Microsoft's digital work and life experiences, and we will continue to grow our datacenter footprint globally. Every Microsoft digital work and life experience will also provide third-party extensibility and enable a rich developer ecosystem around our cloud OS. This will enable customers and partners to further customize and extend our solutions, achieving even more value.

Device OS and Hardware: Our Windows device OS and first-party hardware will set the bar for productivity experiences. Windows will deliver the most rich and consistent user experience for digital work and life scenarios on screens of all sizes – from phones, tablets and laptops to TVs and giant [82 inch PPI boards](#). We will invest so that Windows is the most secure, manageable and capable OS for the needs of a modern workforce and IT. Windows will create a broad developer opportunity by enabling [Universal Windows Applications](#) to run across all device targets. Windows will evolve to include new input/output methods like speech, pen and gesture and ultimately power more personal computing experiences.

Our first-party devices will light up digital work and life. [Surface Pro 3](#) is a great example – it is the world's best productivity tablet. In addition, we will build first-party hardware to stimulate more demand for the entire Windows ecosystem. That means at times we'll develop new categories like we did with Surface. It also means we will responsibly make the market for Windows Phone, which is our goal with the Nokia devices and services acquisition.

I also want to share some additional thoughts on [Xbox](#) and its importance to Microsoft. As a large company, I think it's critical to define the core, but it's important to make smart choices on other businesses in which we can have fundamental impact and success. The single biggest digital life category, measured in both time and money spent, in a mobile-first world is gaming. We are fortunate to have Xbox in our family to go after this opportunity with unique and bold innovation. Microsoft will continue to vigorously innovate and delight gamers with Xbox. Xbox is one of the most-revered consumer brands, with a growing online community and service, and a raving fan base. We also benefit from many technologies flowing from our gaming efforts into our productivity efforts – core graphics and NUI in Windows, speech recognition in Skype, camera technology in Kinect for Windows, Azure cloud enhancements for GPU simulation and many more. Bottom line, we will continue to innovate and grow our fan base with Xbox while also creating additive business value for Microsoft.

While today many people define mobile by devices, Microsoft defines it by experiences. We're really in the infant stages of the mobile-first world. In the next few years we will see many more new categories evolve and experiences emerge that span a variety of devices of all screen sizes. Microsoft will be on the forefront of this innovation with a particular focus on dual users and their needs across work and life.

Our Culture

Our ambitions are bold and so must be our desire to change and evolve our culture. I truly believe that we spend far too much time at work for it not to drive personal meaning and satisfaction. Together we have the opportunity to create technology that impacts the planet.

Nothing is off the table in how we think about shifting our culture to deliver on this core strategy. Organizations will change. Mergers and acquisitions will occur. Job responsibilities will evolve. New partnerships will be formed. Tired traditions will be questioned. Our priorities will be adjusted. New skills will be built. New ideas will be heard. New hires will be made. Processes will be simplified. And if you want to thrive at Microsoft and make a world impact, you and your team must add numerous more changes to this list that you will be enthusiastic about driving. I am committed to making Microsoft the best place for smart, curious, ambitious people to do their best work.

First, we will obsess over our customers.

Obsessing over our customers is everybody's job. I'm looking to the engineering teams to build the experiences our customers love. I'm looking to the sales and marketing organizations to showcase our unique value propositions and drive customer usage first and foremost.

In order to deliver the experiences our customers need for the mobile-first and cloud-first world, we will modernize our engineering processes to be customer-obsessed, data-driven, speed-oriented and quality-focused. We will be more effective in predicting and understanding what our customers need and more nimble in adjusting to information we get from the market. We will streamline the engineering process and reduce the amount of time and energy it takes to get things done. You can expect to have fewer processes but more focused and measurable outcomes. You will see fewer people get involved in decisions and more emphasis on accountability. Further, you will see investments in two new or combined functions: Data and Applied Science and Software Engineering. Each engineering group will have Data and Applied Science resources that will focus on measurable outcomes for our products and predictive analysis of market trends, which will allow us to innovate more effectively. Software Engineering will evolve so that information can travel more quickly, with fewer breakpoints between the envisioning of a product or service and a quality delivery to customers. In making these changes we are getting closer to the customer and pushing more accountability throughout the organization.

Second, we know the changes above will bring on the need for new training, learning and experimentation. Over the next six months you will see new investments in our workforce, such as enhanced training and development and more opportunities to test new ideas and incubate new projects. I have also heard from many of you that changing jobs is challenging. We will change the process and mindset so you can more seamlessly move around the company to roles where you can have the most impact and personal growth. All of this, too, comes with accountability and the need to deliver great work for customers, but it is clear that investing in future learning and growth has great benefit for everyone.

Finally, every team across Microsoft must find ways to simplify and move faster, more efficiently. We will increase the fluidity of information and ideas by taking actions to flatten the organization and develop leaner business processes. Culture change means we will do things differently. Often people think that means everyone other than them. In reality, it means all of us taking a new approach and working together to make Microsoft better. To this end, I've asked each member of the Senior Leadership Team to evaluate opportunities to advance their innovation processes and simplify their operations and how they work. We will share more on this throughout July.

A few months ago on a call with investors I quoted Nietzsche and said that we must have "courage in the face of reality." Even more important, we must have *courage in the face of opportunity*.

We have clarity in purpose to empower every individual and organization to do more and achieve more. We have the right capabilities to reinvent productivity and platforms for the mobile-first and cloud-first world. Now, we must build the right culture to take advantage of our huge opportunity. And culture change starts with one individual at a time.

Rainer Maria Rilke's words say it best: "The future enters into us, in order to transform itself in us, long before it happens."

We must each have the courage to transform as individuals. We must ask ourselves, what idea can I bring to life? What insight can I illuminate? What individual life could I change? What customer can I delight? What new skill could I learn? What team could I help build? What orthodoxy should I question?

With the courage to transform individually, we will collectively transform this company and seize the great opportunity ahead.