

EDITORIALS

Office for mobile is key to Microsoft's future. Anyone home?

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Each day's headlines are dominated by the key movers and shakers in mobile – Apple, Google, eBay's PayPal, Amazon, Facebook, Twitter and Samsung. Left out of this discussion is the one company that once set the agenda for business tools and processes and now threatens to join Kodak and Polaroid in the hall of has-been pioneers: Microsoft.

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While cofounder Bill Gates stepped away from the CEO's job in 2000, handing over the day-to-day running to lieutenant Steve Ballmer, he cannot be blind to the obvious: his legacy is about to be undone. Unless Microsoft gets its product and customer focus right, it will wither on the vine.

Windows open, but doors shut

Each smartphone and tablet sold is another vote for mobility. Eventually, consumers will learn to live without personal computers and, by association, the need for a Windows operating system and the Office suite comprising Word, Excel, PowerPoint, Outlook and Exchange.

No matter how much revenue Microsoft makes from its Xbox and ancillary ventures and enterprise efforts, if it cannot keep pace with where consumers are conducting their work, play and home lives, it will teach its audience to live without its core products.

Microsoft's strategy should not be to produce a better phone or tablet or to be the best mobile content provider. It cannot out-Apple Apple. Instead, it should focus on what it used to do best: make easy-to-use software tools that enabled business to do business better.

In other words, Microsoft should focus on making Windows, Internet Explorer and Office the best applications on mobile devices, including smartphones and tablets, and at some point, extend them to television when that medium becomes truly interactive and linked to mobile.

As things stand, the Windows operating system has won few fans among handset and tablet manufacturers that worry about investing in a platform that has little traction from the broader consumer market.

It is a chicken-and-egg situation. If Microsoft cannot land enough phone and tablet manufacturers ready to install its Windows OS, it does not have enough opportunities to reach the mass market.

All may not be Microsoft's fault.

Same old story: galaxy domination

Wireless carriers such as AT&T, Verizon Wireless, Sprint and T-Mobile may not want to face the fate of computer manufacturers who are largely beholden to Microsoft for the software guts of PCs. Carriers want to keep control and not let Microsoft extend its PC dominance to mobile.

That is one reason.

The other reason is manufacturers such as Samsung and HTC who prefer an open OS versus a controlled system. It keeps them in charge of their total phone and tablet package. Apple is an exception in that it makes the phone, tablet and the operating system, as well as controlling content, commerce and payment.

So, right off the bat, Microsoft is faced with these two challenges. Carriers and manufacturers are leery to let Microsoft into their ecosystem – of that there is little doubt.

Add to that a public relations battle that Microsoft has lost to Apple, Google, Samsung and Amazon.

However, what the media raises high, the media brings low. Not a day goes by now without virulent criticism of Apple and its CEO, Tim Cook. His main fault: he is not Steve Jobs.

Soon, the knife will turn on Samsung. Already the reviews for the Galaxy S 4 smartphone are tepid: the screen is too brittle, too much gimmickry and it is a mild improvement over Galaxy S 3.

Once-dominant BlackBerry and Nokia have been humbled in the market and the media. Google, too, faces its fair share of censure over privacy issues and lack of focus – or how

it passes off its various sideshows including Google Glass.

Facebook Home, so far, has failed to hit a home run. And Twitter is a media vehicle in denial banking on sponsored posts and display ads – Facebook’s weakness too – for revenue and investor returns. Good luck.

Suite nothings

While it would seem presumptuous to tell a \$71 billion, 37-year-old company what to do, common sense is itching to break the banks of this river: Microsoft should stick to its knitting and focus on what it does best. So here goes.

First, cut back the time spent on the Windows Phone operating system.

Make it easy enough for manufacturers to use Windows should they choose to offer variety other than Google. Because, at some point, Google turns from friend to frenemy of all its partners. So does Apple. And that is when Windows will look attractive. Its ambitions or usurpations will be clear for all to see.

Next, make Office extremely mobile-friendly and easy to use on tablets and smartphones. That will be the single-biggest tipping point for consumers to switch their production tasks to mobile devices.

The downside to making Office mobile is the devastating impact it will have on PC sales worldwide. But the proliferation of cheaper, smarter and lighter tablets has already convinced many consumers that their next upgrade from home PCs and laptops is a tablet.

So the die is already cast – consumers are adopting tablets for play and mild work, even in the absence of Office apps such as Word for documents, Excel for spreadsheets, PowerPoint for presentations and Outlook for email. They are turning to paler imitations from Apple, Google and other developers, paying way lower prices. Further inaction will reduce that work-tools category to commodity status.

Microsoft, in other words, will not be able to charge a premium – or at least keep the price consistent with Office on PCs – for its Office version on mobile.

A smart leader at Microsoft would make this call: release the best version of Office for smartphones and tablets, charge the same price as it does for Office on computers and then offer cloud-based services to handle the data load and cross-device access to apps and programs.

Then Microsoft should take the next step and tackle the retail point-of-sale software market as more retailers and small merchants turn to iPad tablets and Square for last-mile use. That is where Microsoft’s colorful tile-based Windows operating system will be perfectly at home.

That said, Office for mobile should be tailored to smartphone and tablet usage, and not just simply adapted. Consumers use mobile devices differently than they do PCs and laptops: it is a two-finger world versus two hands.

IT IS BETTER for Microsoft to cannibalize its own products on PCs rather than wait for Apple, Google and Amazon to wean consumers and businesses off Office.

Indeed, Microsoft should focus on the part of mobile that makes the consumer's life better, regardless of phone, operating system or carrier. Office adoption on most smartphones and tablets will do what others have failed to do: make devices and operating systems commoditized.

At that point, only the guts of the devices will matter. Microsoft's play should be for the guts, not the skin.

Office and the development of similar app and mobile Web software suites for mobile is the future of Microsoft. Let others build the shell. Let them clamor to be gatekeepers. Best for Microsoft to be the diamond that is guarded than be the building, door or glass box.

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