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MICROSOFT IT INDIA: A JOURNEY IN BUSINESS MODEL TRANSFORMATION

"I have three goals for Microsoft IT India. The first is to do mission critical work for Microsoft from India... The second is to become the organizational role model for multinationals operating in India... And the third is to role model, showcase and evangelize how technology can be a productivity accelerator for the overall economic growth of India."

- Raj Biyani, Managing Director, Microsoft IT India

As Raj Biyani looked out of his office window at the Microsoft IT India headquarters in Hyderabad, sunshine was spilling through the campus, heralding another bright day in May 2013. Biyani had just reviewed the results of the latest employee poll and was pleased to note that the Organizational Health Index, measuring morale and employee engagement, had never looked better. This was the first and most visible validation that the business model transformation he had worked on implementing over the past three years was beginning to yield results.

Microsoft IT India was the largest center of Microsoft IT outside of its headquarters in Redmond, Washington (U.S.). Microsoft IT's Indian operations had been established in 2002, and had grown from a small team to an organization that worked on almost half of Microsoft's internal IT applications. Additionally, it also supported Microsoft IT's global data center operations, corporate networks, and over 1,100 business applications and a broad set of other infrastructure management activities.

In 2010, when Biyani, a 12-year veteran from Microsoft Redmond, had taken over Microsoft IT's operations in Hyderabad, the results of the employee survey were very disturbing. Morale was low, attrition was on the rise and polls showed that employees were frustrated

This case was written by Professor Indranil Bose and Ashish K. Jha at the Indian Institute of Management Calcutta and Havovi Joshi at the Singapore Management University. The case was prepared solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation.

as they had very little control over the work they did, but instead had to wait for tasks to be assigned from teams in Redmond on a project-by-project basis. The organizational structure at Microsoft IT India also created its own set of challenges, as it was divided on the same lines as Redmond, with several Business Process Units (BPUs) working in silos. All employees at Microsoft IT India reported to Microsoft IT Redmond, with only a dotted line reporting to the one at the helm of Microsoft IT India. This also meant that the teams were fragmented due to a dual reporting structure. Moreover, a peculiar rotational leadership being practiced at Microsoft IT India had resulted in department heads leading the Indian organization in turns - thereby resulting in a serious leadership vacuum.

Biyani was convinced that the only solution to manage this situation was to ensure that Microsoft IT India became a *strategic* offshore operation for Microsoft. The idea was to make sure that the work done in India was relevant, and aligned with the overall Microsoft IT strategy. Furthermore, there was a need for clear differentiation between what was done in-house and what went to suppliers. To achieve this goal, Biyani spearheaded a blueprint to transform Microsoft IT India, and provide its employees with better career opportunities. This proposal had two objectives. The first was to bring together the disconnected Microsoft IT India teams by aligning the organization around processes and services; the second was to develop Microsoft IT India into a Regional Talent Hub (RTH) that would bring engineering resources into a shared pool that could be continually aligned to Microsoft IT's business priorities. Hence, instead of the teams being divided in five silo-like BPUs, all employees would now be combined under the leadership of three discipline leads – Program Management, Development and Testing. Moreover, all discipline leaders would report directly to Biyani. To reassure Redmond stakeholders that they would not lose input into teams delivering their work, new positions of Regional General Managers were to be created, who would report directly to the Redmond BPU Vice President. They would be responsible for bringing in business expertise and ensuring excellent delivery.

By January 2013, Biyani and his team had evaluated several alternative implementations of the RTH model, varying the size of the business domain footprint and its reporting structure. Significant progress was made in the workstreams to operationalize the new model. Plans were prepared to provide a centralized view of the demand coming through the BPUs, and early trends in employee skills demand were identified. Best practices across BPUs in Microsoft IT India were collated, documented and piloted. Key metrics and goals were defined to measure progress in building capabilities. After several rounds of refinement, the model was implemented and successfully validated through early wins.

Biyani was convinced that the new model would transform Microsoft IT India and reenergize the teams. However, while the initial response received from the teams was very positive,

he recognized that much was yet to be done. For the model to be truly sustainable, he would have to create a strong message around the value proposition, and come up with the most appropriate metrics to track and report the progress of his vision.

In the past, even with a strong rationale, it had been difficult to convince Microsoft IT leadership of the merits of change. Many leadership team members were concerned that a change might disrupt delivery, and so often resisted India's change efforts. What else would Biyani need to do to convince Microsoft IT India's stakeholders of the value of the proposition that had driven him to embark on this disruptive organizational transformation at the India offshore center?

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