






# How can Microsoft ride the AI Sea-Scape

Ananya, Mahender, Shorya, Snehashish, Varsha






**By harnessing the power of generative AI, Microsoft has the potential to unlock new revenue streams and become a true visionary, blazing a trail through uncharted territories of innovation.**



# Success of Microsoft's generative AI venture depends on social acceptance & flexibility in customer buying power

Social	Tech	Economical	Environmental	Political
				
<ul style="list-style-type: none"> <li>• Can inadvertently learn and perpetuate biases resulting unfair outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• LLMs require significant computational power to support the increased demand</li> </ul>	<ul style="list-style-type: none"> <li>• Imbalance in cost to revenue ratio for this technology</li> </ul>	<ul style="list-style-type: none"> <li>• Increased carbon footprint and unsustainable tech measures</li> </ul>	<ul style="list-style-type: none"> <li>• Future regulations by Government bodies</li> </ul>
<ul style="list-style-type: none"> <li>• Ethical concerns - authenticity of content and the potential misuse of generative AI</li> </ul>	<ul style="list-style-type: none"> <li>• Cybersecurity - Risk of realistic fake content or to bypass security measures</li> </ul>	<ul style="list-style-type: none"> <li>• Recession/Inflation can reduce customer buying power</li> </ul>	<ul style="list-style-type: none"> <li>• Negative impact on users and environment due to huge data collection and management</li> </ul>	<ul style="list-style-type: none"> <li>• Intellectual property concerns for new content or inventions</li> </ul>
<ul style="list-style-type: none"> <li>• Raising issues with job displacement and privacy concerns</li> </ul>	<ul style="list-style-type: none"> <li>• Scalability and infrastructure issues due to growing users</li> </ul>	<ul style="list-style-type: none"> <li>• If technology is unsuccessful, their market position could be weakened</li> </ul>	<ul style="list-style-type: none"> <li>• Possible supply chain disruptions interrupting regular functions</li> </ul>	<ul style="list-style-type: none"> <li>• Interrupted cross-border data flow due to restricted international relations</li> </ul>

# Success of Microsoft's generative AI venture depends on social acceptance & flexibility in customer buying power

Social	Tech	Economical	Environmental	Political
				
<ul style="list-style-type: none"> <li>• Can inadvertently learn and perpetuate biases resulting unfair outcomes</li> </ul>	<ul style="list-style-type: none"> <li>• LLMs require significant computational power to support the increased demand</li> </ul>	<ul style="list-style-type: none"> <li>• Imbalance in cost to revenue ratio for this technology</li> </ul>	<ul style="list-style-type: none"> <li>• Increased carbon footprint and unsustainable tech measures</li> </ul>	<ul style="list-style-type: none"> <li>• Future regulations by Government bodies</li> </ul>
<ul style="list-style-type: none"> <li>• Ethical concerns - authenticity of content and the potential misuse of generative AI</li> </ul>	<ul style="list-style-type: none"> <li>• Cybersecurity - Risk of realistic fake content or to bypass security measures</li> </ul>	<ul style="list-style-type: none"> <li>• Recession/Inflation can reduce customer buying power</li> </ul>	<ul style="list-style-type: none"> <li>• Negative impact on users and environment due to huge data collection and management</li> </ul>	<ul style="list-style-type: none"> <li>• Intellectual property concerns for new content or inventions</li> </ul>
<ul style="list-style-type: none"> <li>• Raising issues with job displacement and privacy concerns</li> </ul>	<ul style="list-style-type: none"> <li>• Scalability and infrastructure issues due to growing users</li> </ul>	<ul style="list-style-type: none"> <li>• If technology is unsuccessful, their market position could be weakened</li> </ul>	<ul style="list-style-type: none"> <li>• Possible supply chain disruptions interrupting regular functions</li> </ul>	<ul style="list-style-type: none"> <li>• Interrupted cross-border data flow due to restricted international relations</li> </ul>



# Microsoft is a large house of brands and hence has a variety of competitors

## Competitors

### Incumbents



ORACLE®



Sony  
Interactive  
Entertainment



### Insurgents



ATLASSIAN



zoom

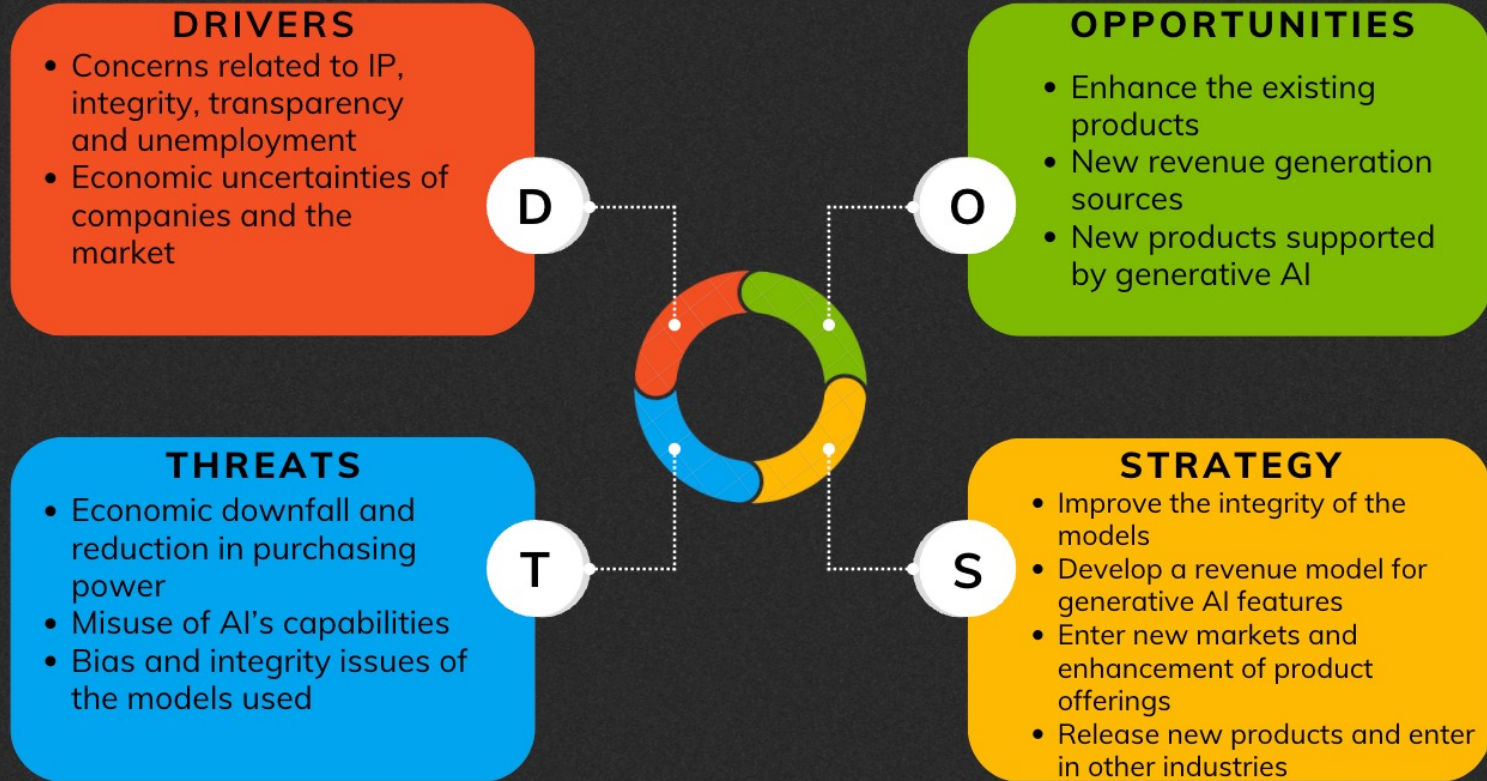


### Adjacent

SONY

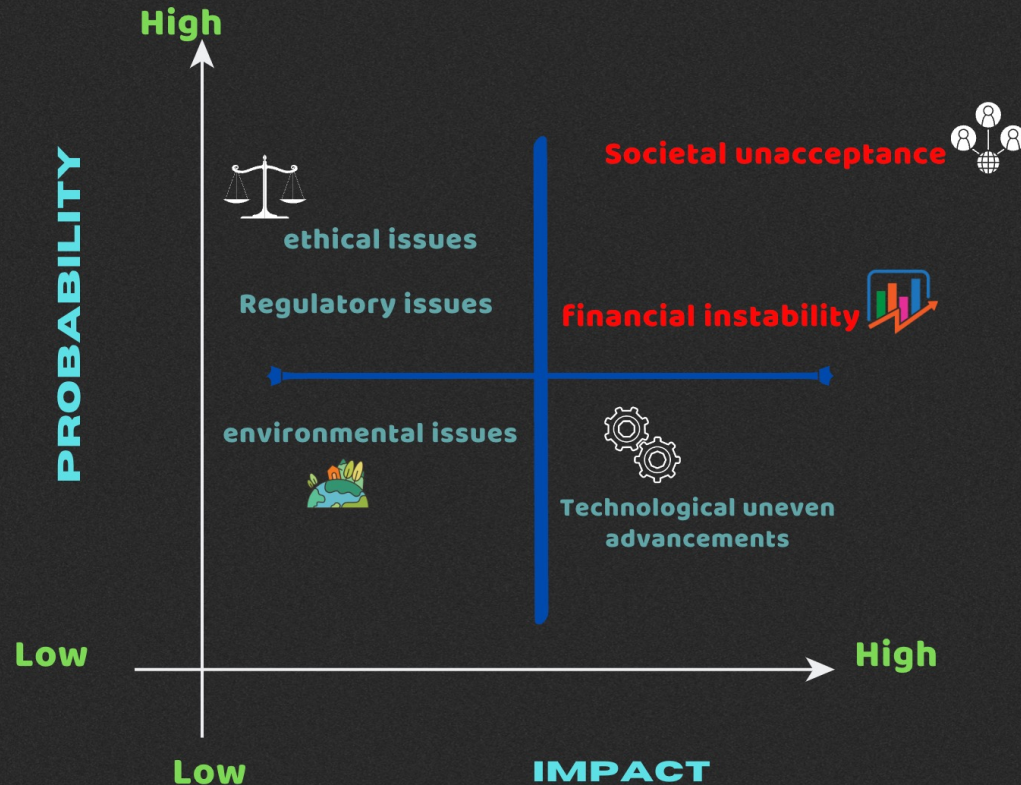


# Microsoft must use their strategic map to steer around potential threats and uncertainties





# Financial stability and social acceptance are the most critical uncertainties



# The uncertainties bring out different future possibilities from surge in generative AI usage to complete boycott of the same.

AI reaches the social expectations

## Divided Army - Market fragmentation

This could create a two-tiered market where some users have access to advanced features and others do not. Increased competition from lower-priced alternatives. Hence, pricing strategy would be key here.

## Game of Thrones in Generative AI

Higher productivity, efficiency, and innovation in various industries and job functions. This could also mean increase in competition and surge in Generative AI applications across the market.

Decline in financial stability

Financial

stability

Financial stability improves

## Panic at the Disco

Limited market potential for Generative AI technology, making it difficult for companies to justify the investment. Some might succumb to more investment to address raising social concerns and build trust.

## Walking on thin ice

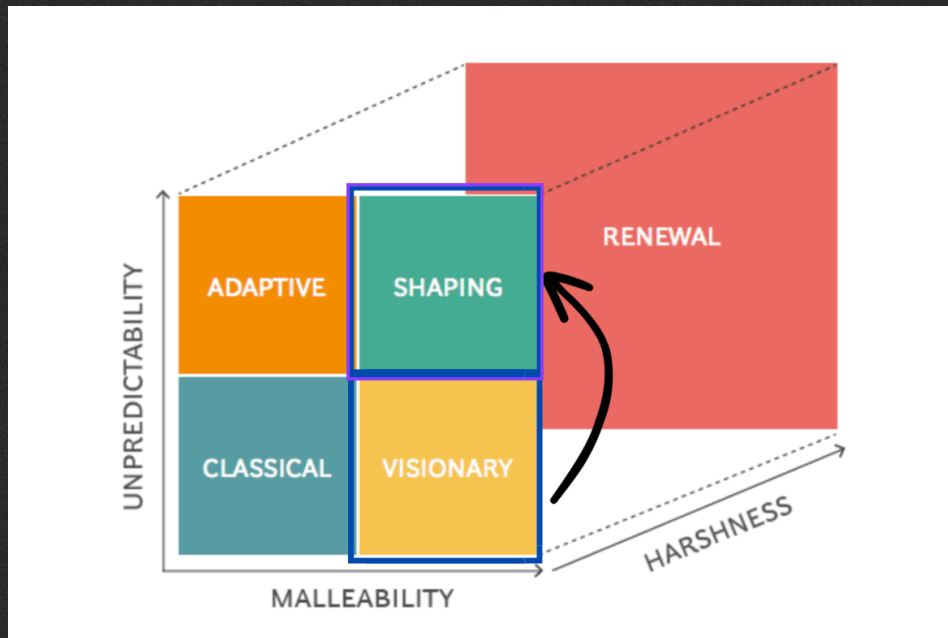
Companies would carefully weigh the potential benefits and risks of the technology and assess whether it aligns with their strategic goals and values. Significant investment in education, communication, and engagement with stakeholders.

Social Implications

AI raises social concerns



Microsoft must keep riding the wave of generative AI innovation to stay afloat in the vast ocean of competition, lest they get swept away by the tides of change



Unpredictability = Medium to High  
Malleability = High  
Harshness = Medium

## From "Being First" to "Being the Orchestrator"

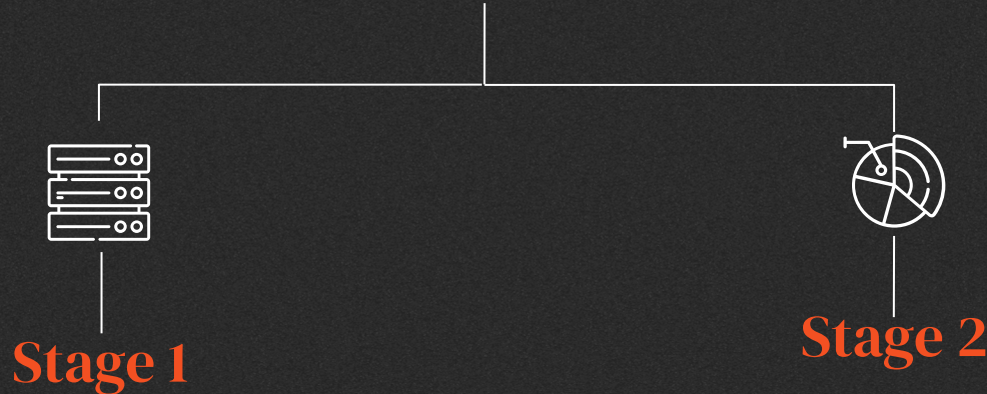
Microsoft identified new markets to target by incorporating Generative AI into its products, giving it the first mover advantage.



Stay on top of the market by using Generative AI in ways that do not get affected by the competitor's new emerging products.

# Microsoft needs to perfect its models to enhance and expand its product offerings

## Embracing & Expanding Generative AI



- Train the LLM model with more holistic datasets to reduce bias and increase efficiency
- Developing legal frameworks and procedures to remain compliant and use AI responsibly
- Enter GAI into all products inclusive of products from all profit sectors
- Develop a revenue model to price the new features offered as a part of the existing products
- Aggressively implementing multiple generative AI software in the healthcare and defense industry
- Rebooting second-tier institutions and online schools through personalized curriculum



# Stage 1 (0 to 3yrs) – Refining & fine-tuning existing products & services



# Stage 1: Recommendations

## Improve datasets and continuous training

- Identify and collect diverse and rich datasets.
- Create acceptable retraining schedules to keep the LLM networks up to date.
- Continue the recursive data procurement and training.
- Develop an AI regulatory.
- Increase the variety and frequency ethics regulatory activities to all Microsoft employees monthly.

## Revenue Model

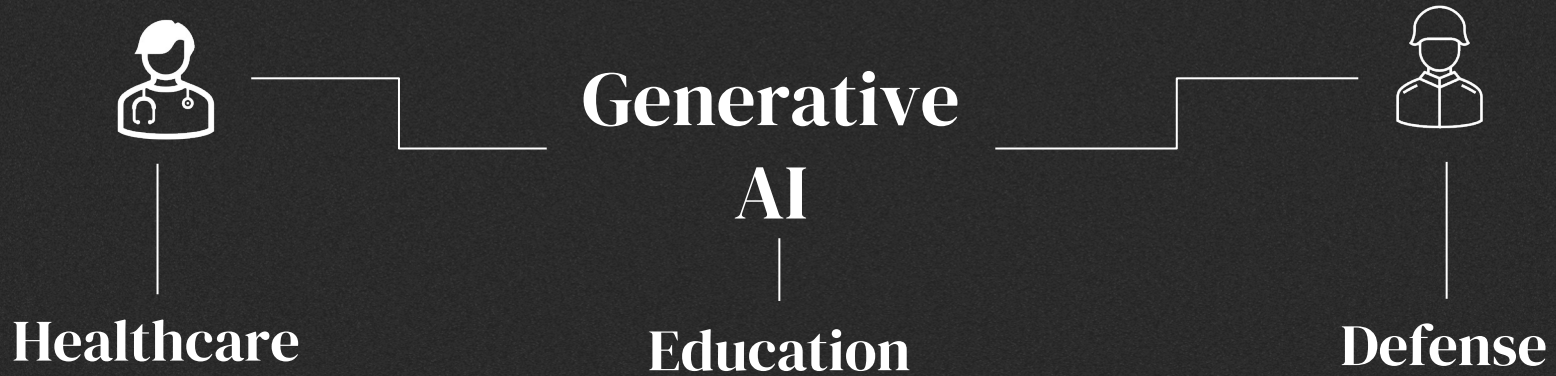
- To start with Microsoft would be providing Generative AI features free of cost to current long-term clients as a stress testing exercise.
- Microsoft can create a subscription base model for the existing products which consists of the extra features such as Co-pilot.
- Microsoft can use AI to advertise more targeted ads to customers, which can increase customer engagement which concomitantly increase the revenue

## Introducing GAI in all products

- Introduce chat bot capabilities into revenue streams like gaming, windows, server products.
- Increase the offerings in each revenue streams after fair testing.
- Finally aim on increasing the revenue of each individual instance of product/service offering.



# Stage 2 (6 months-3 years) - Exploring new markets to maintain competitive edge



# Stage 2: Recommendations

## Healthcare

- Deploying generative AI in hospitals for administrative purposes.
- Generative AI to assist in initial screening and scans.
- Clinical trial optimization for appropriate candidate selection.
- Create medical procedure simulation for pre surgery practice for the surgeon.



## Education

- Microsoft should introduce “**EduGenie**” to provide adaptive curriculums.
- Provide personalized learning program for students.
- Generate real-world business case simulations.
- Use generative AI for research and experiment simulations.



## Defense

- Use AI supported systems in headsets, surveillance and reconnaissance.
- Autonomous systems for surveillance, reconnaissance, logistics and combat purposes.
- Use generative AI to create war like simulations and assist in training.





**Yes!**  
**Invest in Microsoft.**