

## MICROSOFT CORPORATION – INCENTIVES

### PARTNER INCENTIVES MONTH END ACCRUAL PROCESS IMPROVEMENT

**Student Team:**

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**Project Sponsors:**

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Microsoft, with \$85B in annual revenue, is a leading technology company whose mission is to empower every person and every organization on the planet to achieve more. Realizing this mission is only possible with help from its partners who deploy products to consumers. To accelerate product usage, Microsoft pays incentives designed to drive certain partner behavior. As Microsoft transitions from on-premises to cloud solutions, thus increasing the incentive landscape complexity, it becomes more challenging to measure behaviors and provide timely and accurate accrual. This challenge potentially leads to large variances between accrual and actual.

To address this challenge, the team focused on the Online Service Usage and Advisor Sell incentive programs while considering other online programs including Azure, Cloud Service Providers, and Syndication for future expansion. The team interviewed over 20 stakeholders in the end-to-end accrual process including team members who execute the calculation, design/manage the process, place journal entries, and perform month end financial reviews. Based on these interviews, the team mapped out the full end-to-end process while identifying several common challenges faced by all team members. Additionally, the team hosted a kaizen event to brainstorm opportunities and prioritize the implementation of a select few solutions.

The first challenge was to aggregate the data to generate business insights. The team created a dashboard in Power BI to assist Microsoft in automating several reports which were previously created manually every month. This allowed Microsoft team members to focus their efforts on analyzing reports rather than generating them. The second challenge was to coordinate the communication across six groups including the 12 handoffs at various process steps. To improve this, the team developed a process tracker in SharePoint to better organize the handoffs and make the current process stage more visible to the overall Microsoft team.

After implementing these two platforms, we anticipate over \$310k per year in labor savings by eliminating manual process steps and rework. Furthermore, the team estimates an additional \$35M per year in forecast accuracy improvements. With the efforts from the project team, the timeliness and accuracy of the month end accrual will be significantly improved leading to a more stable process overall.