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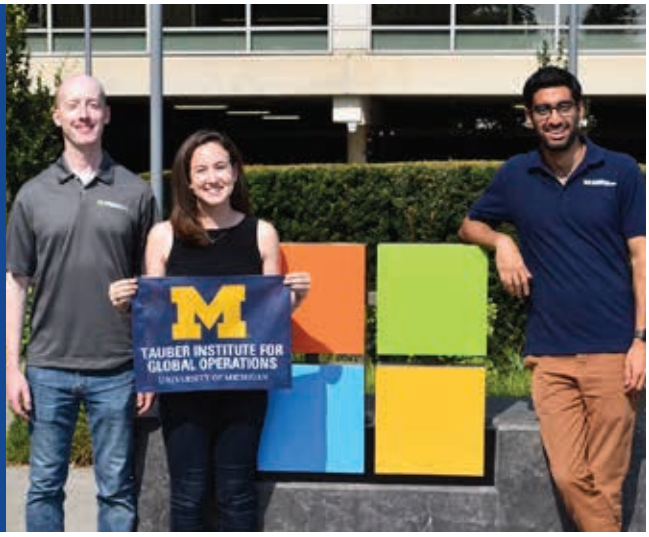
Streamlining Microsoft's Partner Investment Operations through Intuitive Tooling



Founded in 1975 and headquartered in Redmond, WA, Microsoft Corporation is a leading multinational technology company which develops, manufactures, licenses, supports, and sells computer software, consumer electronics, personal computers, and services. The company has 131,000 employees and an annual revenue of more than $110 billion.

Microsoft's stated mission is "to empower every person and every organization on the planet to achieve more." For commercial customers, Microsoft furthers this mission and impact by selling through partners, which are companies that drive adoption of Microsoft technologies, such as Azure Cloud computing. Partner activity is significant. Last year, 95 percent of Microsoft's commercial revenue was earned through partners. In a 2017 reorganization, Microsoft established the One Commercial Partner (OCP) division to centralize teams that recruit, grow, and interact with Microsoft partners.

Currently, OCP manages a large portion of the partner investment pipeline through OCP Investments, an internal web-based tool that allows teams working with partners to request investments in them. While OCP Investments was originally designed for a single investment type, it has expanded to accommodate other funding sources, with further expansion expected.

"Microsoft has many different teams that provide investments to our partners, which are essentially an extension of Microsoft, as they help advise our customers on which products to use, transact licenses, deploy, host and/or migrate systems, and train, sustain, and/or provide support for small, medium and enterprise companies," said OCP Partner Investment Manager Kiwon Clark.

In order to identify all the sources of partner investment funds and recommend how to streamline the investment process, Microsoft brought in a student team from the Tauber Institute for Global Operations at the University of Michigan, consisting of **Sameer Arora**, a member of the Engineering Global Leadership Honors (EGL) Program, which leads to a BSE and MSE in Industrial and Operations Engineering degrees; **Mary Grace Pellegrini**, working on Master of Business Administration and Master of Science in Information degrees; and **Lucas Wilcox**, working on a Master of Business Administration degree.

> "A lot of the focus was around looking at the current tools used and how intuitive they were for the people using them. The team was able to come up with concepts that were simple, yet super-effective."

"The purpose of the Partner Investments project was to help us identify all of the sources of funds, most which come from different organizations within Microsoft, and inspect the processes used to request, process, and pay out the funds," said Clark. "We wanted the team to research what the big gaps were and recommend how to improve the process.

"These partners are able to take advantage of different types of incentives, marketing, training and readiness, etc. to help assist in these activities. The Tauber team dove right in, and used a

Brian Wu
Ross School of Business

Jeff Alden
College of Engineering

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Above, L to R: Kwon Clark (Microsoft), Sameer Arora (EGL: BSE/MSE-Industrial and Operations Engineering), Andy Miller (Microsoft), Mary Grace Pellegrini (MBA and MS-Information), Lucas Wilcox (MBA)

few of our newer productivity enhancing products, such as Microsoft Teams, to interact and manage their workload."

During the project's scoping phase, the Tauber team identified OCP Investments as a strategically important aspect in the overall investment process with both corporate and global effects on the request development pipeline, investment timing, and data management policies.

"They proposed a few different areas for focus, providing a runway for change and gave us data and materials that are used today for reference as we begin the journey to connect the gaps," said Clark.

The Tauber team established a baseline of the user experience and backend operations through a series of 23 interviews, survey of partner-facing stakeholders, and engagement with the operations division to define pain points, elevate best practices, and quantify the process timeline.

"This project was unique in that the Tauber team was able to interact with many different teams at Microsoft," said Clark. "The team worked with folks from Legal and Compliance, Finance, Business Operations, Business Intelligence, Sales and Marketing Strategy, as well as teams around the world.

"The Tauber team looked at all angles of the operational processes, looking at the time between requesting an investment to the payout of the invoice," Clark continued. "The students were able to go to many differing levels of depth, looking at the end to end views and objectives with our team, and also being able to narrow the conversation to details. They were looking at the trajectory of partner growth and seeing if there were possibilities in modeling scenarios where utilization of dollars become more efficient. If we are able to make more efficient use of investments, what other investments and risks might Microsoft make?

"A lot of the focus was around looking at the current tools used and how intuitive they were for the people using them. Surprisingly, we were not doing a great job at this, and the team was able to come up with concepts that were simple, yet super-effective."

Throughout the project, the Tauber team analyzed performance data from requests submitted through OCP Investments. The team proposed and piloted three areas for improvement to solve users' largest issues of getting to and through the investment process. These were developing a central landing page to direct requesters to the correct funding tool or function, designing an improved process flow within OCP Investments to intuitively guide users through the application process and mitigate opportunities for user error, and integrating a monitoring system within OCP Investments to provide performance feedback to managers, operations, and users.

"The Tauber team built a tool which helped identify the right investment sources for the partners, said Clark. "They were able to pilot with more than 30 individuals, who loved the easy design. What they were able to model was, if we used the dollars effectively at the beginning of the fiscal year, then the return on the results would be realized much more quickly."

Wilcox said, "This was one of the few Tauber projects that didn't revolve around physical products. The Tauber education has traditionally focused on the operational systems and processes associated with manufacturing, and the manipulation or movement of physical items. That being said, we were able to apply many of the same concepts and principles to the virtual world as we would have at an actual plant or warehouse.

"The investment requests were treated as products moving through a line, where we analyzed a number of different metrics that would have also been used in a plant, such as time to failure, number of human touches, throughput at each station, differentiation between each request, and rejection rate. Our pilot and recommendations were built around creating improvements to those metrics with the objective of addressing Microsoft's goals for the project."

The project expects to shorten the average investment development and approval timeline by 31 days, with a total increase in revenue for the fiscal year of approximately

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$30 million. Improvements to the request development process would result in projected annual labor savings of $260,000. These recommendations underpin visibility on the new process globally, which will help to increase the pipeline of potential investments, and a single-entry point to allow for better evaluation of investments and more informed strategic decisions made by OCP leadership.

"Given the scale that Microsoft operates at, small improvements applied across large systems potentially have large impacts," said Wilcox. "We were able to show leadership and other stakeholders how improvements that might seem negligible by themselves could have significant impact when aggregated."

Clark said, "We are actually building a web-app version of the same concept. We began with a very low tech version and are building on top of this. The Engineering team has also adopted the name for it, One Front Door, which was coined by Sameer Arora.

"The sheer amount of programs that are offered to partners can be overwhelming. Investment tools and processes vary across teams, and everyone has a different point of reference, such as local versus headquarters, the type of services the partner requests, and the product SKU type. The Tauber team did a great job maintaining their scope and schedule, working effectively together with other teams to check in and ensure they were on the right track.

"My hope is that with the internship, they were able to form an opinion about where they may fit in as a returning full time employee, and that they were able to get a sense of the potential opportunities ahead for their careers. The two main goals for the internship were to complete deliverables pertinent to the tasks at hand, but also to make sure the Tauber students were able to see a possible future for themselves at Microsoft and in Redmond, Washington."

Microsoft Project Team

Students
Sameer Arora–Master of Science, Industrial and Operations Engineering

Mary Grace Pellegrini–Master of Business Administration and Master of Science in Information

Lucas Wilcox–Master of Business Administration

Project Sponsors
Andy Miller–Director of Finance, Worldwide Commercial Business

Erez Wohl–General Manager, Incentives and Investments, One Commercial Partner

Kiwon Clark–Senior Business Program Manager, One Commercial Partner

Faculty Advisors
Jeff Alden–College of Engineering

Brian Wu–Ross School of Business

About Tauber Team Projects

The 2018 Tauber Team Projects resulted in $564.4 million in savings according to sponsoring company calculations, an average of $28 million per project over 3 years.

Each two to three person Tauber Team consists of graduate engineering and/or graduate business students. Along with receiving high-level corporate support from the sponsoring company, each team is advised by a College of Engineering and a Ross School of Business faculty member and overseen by a Tauber Institute Co-Director. The projects begin on-site in May and continue for 14 weeks. Students present the results of their projects and compete for over $40,000 in scholarships at the U-M Tauber Institute's annual *Spotlight!* event, held each September in Ann Arbor, Michigan. *Spotlight!* provides outstanding opportunities for students and corporate partners to establish relationships while exploring innovations in operations and manufacturing.

To learn more about the Tauber Institute for Global Operations, visit tauber.umich.edu or contact us at 734-647-1333.

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