



TAUBER INSTITUTE
FOR GLOBAL OPERATIONS
UNIVERSITY OF MICHIGAN

25
YEARS

Reimagining Microsoft's Incentives Platform



Founded in 1975 and headquartered in Redmond, WA, Microsoft Corporation is a leading multinational technology company that develops, manufactures, licenses, supports, and sells computer software, consumer electronics, personal computers, and services. The company has 114,000 employees and \$85 billion in annual revenue.

Microsoft works to expand its market with help from 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, thereby increasing incentive landscape complexity, it becomes more challenging to measure behaviors and provide timely and accurate financial results. This challenge potentially leads to large variances between forecasts and actual results.

To address this challenge, Microsoft brought in a student team from the Tauber Institute for Global Operations at the University of Michigan, consisting of Mira Sun, a member of the Engineering Global Leadership Honors (EGL) Program, which leads to BSE and MSE in Industrial and Operations Engineering degrees; along with Rob Todd and Eva Xia, both working on Master of Business Administration (MBA) degrees.

The Tauber 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.

In carrying out this project, the Tauber team interviewed more than 20 stakeholders in the end-to-end accrual process, including Microsoft team members who execute the calculation, design, and management of the process, place journal entries, and perform month end financial reviews.

Based on these interviews, the Tauber team mapped out the full end-to-end process while identifying several common challenges faced by all Microsoft team members. Additionally, the Tauber team hosted a kaizen event to brainstorm opportunities and prioritize the implementation of a select few solutions.

"Using kaizen as a mapping, process improvement, and prioritization tool in a financial process was an innovative move in the project," said Daniel Rodriguez Diaz, senior finance manager for small and mid-market service and partners at Microsoft. "It was one that the business stakeholders appreciated as a way to understand the broader ramifications of their work."

By integrating the views across a single database, all groups could make decisions and have discussions using the same data. This provided a level of trust across the groups which had not previously been achieved.



Hyun-Soo Ann
Ross School of Business



Debra Levantrosser
College of Engineering

Reimagining Microsoft's Incentives Platform (continued)



The first challenge was to aggregate the data to generate business insights. “The Tauber team explored different options during the project and determined using SharePoint sites and Power BI as the best tools to increase productivity and reduce communications friction,” said Rodriguez Diaz.

The Tauber team created a dashboard in Power BI, a suite of business analytics tools to analyze data and share insights, 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.

“Even though the finance team has been using Power BI, this is the first time Power BI was implemented in finance team operations,” said Rodriguez Diaz. “Dashboards and data connections were set up from scratch to best provide the means for tracking accrual processes.”

The second challenge was to coordinate communication across six groups, including 12 handoffs at various process steps. To improve this procedure, the Tauber 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.

“SharePoint sites were used previously in the department only to share documents,” said Rodriguez Diaz. “The Tauber team added many new custom features, such as a tracking calendar, customized group or individual emails, and automatic progress tracking alerts using SharePoint Designer.”

According to Rodriguez Diaz, the most unique feature of the project was providing common data visualization across groups. “Historically, all groups made their own visualization tools which would pull from various data sources,” he said. “By integrating the views across a single database, all groups could make decisions and have discussions using the same data. This provided a level of trust across the groups which had not previously been achieved.”

Rodriguez Diaz noted, “The greatest challenge was that a larger project was already underway to address several of the challenges that the Tauber team identified. The Tauber team added value by collecting requirements from various stakeholders and building out a prototype of what the end product might look like. The final implementation will use the prototype as a baseline for final integration.”

While a pilot of the dashboard and tracker were implemented, they were not fully automated and required some manual intervention to upload database outputs. “In the future, the tracker and dashboard will be integrated into the database for automatic updates which would truly improve the process, making it more streamlined and eliminate the need for manual labor,” said Rodriguez Diaz.

“The implementation of the streamlined process and the data tracking, visualization and handoffs is still in its pilot outlined form. However, the process and data views laid out by the Tauber team are being taken into account as important design requirements and use case scenarios by the Microsoft teams involved in the revamp of the incentives platform.”

After implementing these two platforms, the Tauber team anticipates more than \$310,000 per year in labor savings by eliminating manual process steps and rework. Furthermore, the Tauber team estimates an additional \$35 million per year in forecast accuracy improvements. With the efforts from the Tauber team, the timeliness and accuracy of the month end accrual will be significantly improved, leading to a more stable process overall.

“The work performed by the Tauber team allowed the different stakeholders of this particular process and incentive programs to come together and see first-hand what the impact of a problem in their particular areas of focus can be,” said Rodriguez Diaz. “This was one of the most valuable achievements for this project.”

“Another very positive aspect was how the Tauber team was able to work efficiently with stakeholders from a very broad organizational and functional background, and how they were able to navigate the organization, and people’s personalities and calendars, to get their buy-in and collaboration for the project.”

Reimagining Microsoft's Incentives Platform (continued)



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The Challenge

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. To address this challenge, the Tauber 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 stakeholders in the end-to-end accrual process and mapped out the full end-to-end process while identifying several common challenges faced by all team members, and hosted a Kaizen event to brainstorm opportunities and prioritize the implementation of solutions. The team anticipates that the implementation of the two platforms they developed will result in 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.

Microsoft Project Team

Students

Mira Sun—EGL (BSE/MSE Industrial & Operations Engineering)

Rob Todd—Master of Business Administration

Eva Xia—Master of Business Administration

Project Sponsors

Steve Dunn—General Manager,
Small & Mid-market Service & Partners

Andy Miller—Finance Director,
Small & Mid-market Service & Partners

Daniel Rodriguez Diaz—Sr. Finance Manager,
Small & Mid-market Service & Partners

Faculty Advisors

Hyun-Soo Ann—Ross School of Business

Debra Levantrosser—College of Engineering

About Tauber Team Projects

The 2017 Tauber Team Projects resulted in \$575 million in savings according to sponsoring company calculations, an average of \$18.5 million per project over 3 years.

Each two to three person Tauber Team consists of graduate engineering, MBA, and/or MSCM 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.

