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The Principle of Agility

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In Raikes' early days at Microsoft, the strategy was to focus on agility--to have the products run on a number of different computing platforms. To be a successful entrepreneur, you have to learn and respond to challenges that arise and adapt your strategy accordingly, says Raikes.
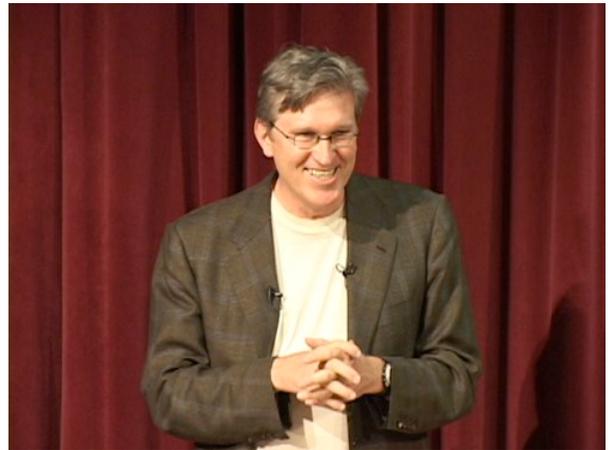
Transcript

My first job at Microsoft was to oversee the product marketing for our applications business. I left Apple at 1981, November of '81 primarily because the thing that I really love was software. And what I learned by working at Apple, very fine company but they are about the hardware devices. In software, certainly then and I think maybe even still today was primarily about how you solve more devices as opposed to a business in it itself. And so for me, it was a lot more comfortable being in a software business. And so I came, as Microsoft was trying to start-up an applications business. I suspect many of you or in the audience might if I ask you the question of, "What was Microsoft's first spreadsheet?" You might think Excel was our spreadsheet. But in fact, we had a product called Multiplan. And that was my job. My job was to be the Multiplan product manager.

I wanted to tell you about a little about our strategy. We thought we had a brilliant strategy to succeed with Multiplan. We have designed some technology that actually used, for you computer science folks, used the P-code technology that allowed Multiplan to be written in C. And then run on lots of different computing platforms. So in fact, Multiplan run on a TI-99/4A home computer, the Apple II, CPM-80 systems, MS-DOS systems, CPM-86 systems that run on the Siemens 32016, a microprocessor that is also a footnoted in history ran on an Apple III. Another footnote in history that run on the Zynix based PDP-11 minicomputers. That was our strategy. Our strategy was to be able to have our application products run on all of those computing platforms because at that time there were literally hundreds of different personal computers. And on January 20th, 1983 I realized, I think Bill Gates also realized we had the wrong strategy. Any guesses to what happened on January 20th, 1983? Lotus, it was the shipment of Lotus 1-2-3.

How many personal computers did Lotus run on in January of 1983? One, and exactly one. And it was a big winner. So what we learned was when it came to customer behavior. It wasn't whether you had a product that run on all of those computing platforms. What really mattered to the customer was, did you have the best application product on the computer that they own. And Lotus 1-2-3 was the best spreadsheet. In fact, it was the beginning of a "formula for success in applications". That I defined around that time called, "To win big, you have to make the right bet on the winning platform." And for us we saw that the IBM PC was going to be the winning platform. Now Lotus 1-2-3 which really advanced the state of the art in spreadsheets was the right bet. And they made the right bet on the winning platform and they won big.

Lotus was not only a bigger applications software company in its first year than Microsoft Applications. It was the biggest application software. It was bigger as the software company than all of Microsoft by Y factor. They went basically from zero to 150 million in just a few months. And so, on February 1st, 1983, so what's that only about 10 days later. We evolved our

strategy. Microsoft Word started up. We started the project on February 1st, 1983. So just less than two weeks after the introduction of Lotus 1-2-3. And Microsoft Word on the PC would design to specifically take advantage of the IBM PC architecture.

To do superscripts, subscripts, fonts, laser printing. We really shifted our strategy. And a year later we completed the shift. We decided that the winning platform was going to be the Graphic User Interface. And so even though a little known fact, Excel was designed for the IBM PC initially. We decided to shift it to Macintosh and Graphic User Interface because we decided we had to focus our efforts on what we thought would be the winning platform, Graphic User Interface. And of course in 1984 and '85 the best incarnation of the Graphic User Interface by far was the Apple Macintosh. So what's the principle? The principle is agility. If you're going to be successful as an entrepreneur what you have to do is you have to learn. You have to respond.

You have to learn some more. You have to respond some more. And that kind of agility is very important. If we had stayed on our old strategy, we would not be in the applications business today. In fact, one of the great ironies of that whole episode is that in the late '80s or early '90s our competitors, WordPerfect, Lotus. What they really should have been doing was betting on Windows. But instead they were betting on and WordPerfect was the best example. Betting on, putting WordPerfect on the mainframe, on minicomputers. In fact, they went to the lowest common denominator software strategy which we switched out of in the 1983 timeframe. So, for my key principle is, make sure that you learn and respond.

Show that kind of agility.