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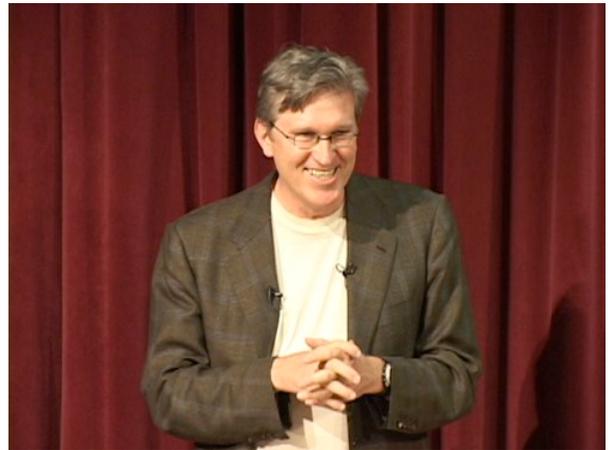
Small/Medium Businesses and the Internet

Jeff Raikes, *Microsoft*

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Video URL: <http://ecorner.stanford.edu/videos/918/SmallMedium-Businesses-and-the-Internet>

In this decade, there will be a shift in the way small and medium companies do business, says Raikes. The next generation of workers will have 15 years of Internet experience when they enter the workforce and will expect great computing tools. They will only hire companies they can communicate with online. Small to medium businesses will need to adopt new business application software to help them communicate with customers, he adds.



Transcript

I believe that during this decade we're going to see a significant shift in how small or medium businesses run their companies. And I think it's going to become part of the Internet. And here's the way I like to frame it. My daughter, I have a son and a younger daughter. I'm going to pick my son because age wise I hope he'll graduate from college and enter the workforce about the end of this decade. He'd be about 22 with that timeframe. By the time he graduates from college, and enters the workforce. He'll had 20 years of experience working with personal computers and more than 15 years of experience working on the Internet. Now what does that say to me? That says to me that he, my oldest daughter, their classmates, their friends, they are a new generation. Where when they come into the workforce they're going to expect great computing tools, the ability to communicate with the business.

In fact, I don't think they'll pick a doctor, a lawyer, a contractor for their homeroom model, their insurance agent. Unless they can electronically communicate with that business, electronically schedule their time, electronic billing and payment, electronic collaboration. That will be the expectation in 2010 for any small or medium business. So what does says to me is during this decade, small and medium businesses will meet to develop or adapt new business applications software that will help them communicate, connect with their customers in that way. So the reason that Microsoft bet so big - \$2 to \$2.5 billion on this business, brought them into Microsoft and create Microsoft business solutions is because we believe that there'll be a huge amount of value created through software that helps support that kind of interaction. And we have the simple, humble aspiration of wanting to be right in the middle of helping to create that software value. So, what's the principle? The principle is to project areas of future value. Understand transcend demographics. See what kind of opportunities that may create. I may end up being very wrong but it was worth the bet.

We like to make big bets, and we think that's going to be an opportunity. And it really comes from that belief. Not that the value was being in the number one counting company for mid-market companies, but to create that whole new set of value for companies during this decade.