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TITLE OF CASE STUDY: **"The Cloud: Capturing the future for Microsoft"**

This case study focuses on how fast and structured early research planning enhanced Microsoft's marketing communication of its Cloud Services, and the ongoing measurement and optimization to help continue business success in this rapidly developing market.

Business Context

There is a huge movement underfoot to move software services "to the cloud" as terms like SaaS (Software as a Service),PaaS (Platform as a Service),and IaaS(Infrastructure as a Service) become a part of the business lexicon. With its promise of lowering IT costs and increasing flexibility and information accessibility, this is quite simply the most significant area of investment and development for the information technology (IT) industry in general. Cloud-related services are projected to be worth $150Billionby 2013 at an annual growth rate of 26.5% over the next three years.[1]

Microsoft Context and Challenges

Microsoft is well poised, with its software and developer offerings in this space, to compete in this market which will undoubtedly change computing as we know it. Steve Ballmer has openly stated that "For Cloud... literally, I will tell you that we are betting our company on it" [2].

However research in late 2009 revealed that Microsoft was presented with several communication challenges:

1. While Microsoft was seen as a technology leader, its specific play in the Cloud Space was less clear to IT decision makers (ITDMs).
    -   Worse, there was a strong perception that Microsoft, having a long history of offering traditional on-premises based software, was not committed to the Cloud and the open, agile world it represents. [4]
2. IT Decision Makers (ITDMs) didn't truly understand what the full cloud computing landscape looked like, and were therefore often risk-averse in terms of adopting it. The sheer volume and complexity of offerings was overwhelming, and they had several legitimate concerns around security, privacy, legislative issues, compatibility with existing infrastructure etc.[3]. Add to this a multitude of vendors shouting from all corners of the world about their prowess in the cloud, and it's no wonder that CIOs and CTOs were a little hesitant to fully adopt this set of technologies.
3. This audience is influenced more by organic PR, WOM and peer recommendations than most mass media channels – which indicated that the true challenge was how to "curate" conversations rather than doing simple outbound marketing.[4]

4. Every aspect of Cloud computing and is highly competitive, from collaboration and productivity software (e.g. Google Docs) to infrastructure enablers (e.g. VMware, IBM) – and these marketers are being pretty vocal. IBM alone has a $100MM+ annual media budget in this space.[5]

Campaign Objective

The Microsoft Cloud campaign had the bold objective of driving home the message that **"Microsoft is unequivocally and undeniably THE leader in Cloud Computing for business"**. This was a critical component to help ensure achievement of the multi-billion dollar sales targets that the company has set for itself in a highly competitive marketplace.

Campaign Planning Needs

1. Identify the key blockers to, and enablers for, adoption of Cloud Services, including those particular to Microsoft
2. Understand key communication levers, e.g.:
   a. What does the target audience look like as human beings - their drivers, values, hobbies and interests, expectations from this category, relationship with technology etc.?
   b. How do they receive and processes information?What sources they consider credible and why?
   c. Which media channels are most impactful for them?
3. Develop in-market optimization mechanisms that would allow Microsoft to make major strategic alterations to the media mix and campaign messaging as appropriate

Key Research Contributions

(i) Uncovering the key inhibitors and enablers of Cloud Adoption, particularly for Microsoft

The first challenge was to assess where ITDMs were in terms of their consideration of Cloud services. What were the primary drivers of adoption and what were the primary inhibitors?

We found that across the board, over 75% of survey respondents said that the key motivators were the pay-for-what-you-use paradigm, ease of deployment to end users and standardization of software and hardware – all of which also lead to lower IT staff requirements. The key inhibitor voiced by over 60% of respondents was a perceived lack of accurate information and security/privacy concerns[6].

For Microsoft in particular, the key enabler was its reputation as an IT behemoth, while the key inhibitor was the perception that Microsoft is not committed to the Cloud and the open, agile world it represents.[7]

These insights allowed the team at Microsoft to take the following actions:

1. Construct engaging experiences in in-unit content delivery vehicles and websites (e.g. www.Microsoft.com/Cloud) that lead the user through a journey that addresses the inhibitors while accentuating adoption drivers. Key content would:
   a. Explain what the cloud is byusing neutral-toned industry experts who reinforce the perceived benefits of the Cloud outlined above. Ensure that plenty of informational material (white papers etc.) is available

        b. <u>Assess</u> exactly which Cloud solutions a company should consider based on its needs and investment outlook using an online tool

        c. <u>Persuade</u> them using Information on how to make the Cloud transition as secure and painless as possible

        d. <u>Reinforce</u>Microsoft advantages using case studies from peers and industry luminaries

        e. <u>Convert</u> to qualified leads using online submission forms

2. Ensure that the campaign creative platform helped dispel the perception of Microsoft's apathy to the Cloud, beginning with showcasing the Steve Ballmer statement that Microsoft is betting its business on the Cloud. The very name of Microsoft's initial Cloud messaging investment - **"We're all in"** – says it all.

(ii) Understanding Key Communication Levers

<u>Audience Profiling</u>: Contrary to self-stated'geeky' stereotypes typically constructed for IT professionals, we found that they were regular people who use technology as a means toan end [9].They over-indexed on social activities such watching sports, going to cinema theatres and rock concerts. Importantly, they rely most heavily on peers to gather information. Implications:

– This helped give the campaign a more human face and 'voice'which contrasted sharply with the dry, product and copy-heavy collateral of past Microsoft (and competitive) campaigns. Illustrations of technical prowess were done through <u>approachable peer figures</u> and issues were spelt out in strategic, humanized terms such as "Laugh in the face of unpredictability", "Concentrate on strategic advantage, not plumbing" etc. which were very warmly received by our target [10]. Triangulation with qualitative exploratory around this creative approach confirmed this to be an effective platform to communicate to this audience.

– It also meant that in media terms, previously ignored channels such as Sports TV became the launching point for our key campaign.

<u>Information Procurement and Valuation</u>: To address this key challenge, we commissioned a very deep marcom mix modeling exercise that used data from past campaigns aimed at our current and adjacent target audience. The idea was to inform future strategy very rigorously using the best data we had from the recent past on the performance of different marcom levers against this audience[10].

This analysis was set up in such a way that we could measure both the direct and indirect impacts of marcom levers. For instance, offline media spend could have an impact on the effectiveness of paid search by stimulating organic search and buzz. A partial view of the analysis construct is in appendix, table 1.

Each of these relationships was measured using statistical modeling techniques. We now had a *true* measure of the impact of each marketing activity. Next, we tacked on media cost and availability data to this analysis to give us the <u>optimal marcom mix</u> to drive our perceptions and achieve the campaign and business goals.

There were two key findings from this research that dramatically altered the way we looked at our media and creative strategy for this campaign:

– Buzz/WOM is by far the most effective channels in driving Microsoft consideration and preference. Coupled with the insight above around peer reliance, this became the key insight that drove subsequent campaign development.We immediately knew that our

task was to curate conversations with sources ITDMs trust, not just deliver marketing collateral.
– Publisher-endorsed information Hubs and Print are the most effective media types and also the best stimulants of Buzz/Organic PR.

This had immediate and very significant implications for the way that we thought about both the communication strategy and media mix for this campaign. For example:

– Social media components were embedded throughout our campaign to both enable information sharing as well as its dissemination using Twitter, Facebook etc.
– Much greater emphasis was placed on strategic partnerships with credible and buzz-worthy publications like IDG, Harvard Business Review, and Forbes to showcase Microsoft offerings in both the natural flow of their editorial as well as custom environments
– Informational, viral online videos as opposed to bland banner Ads were emphasized across channels.
– Navigational aids such as toolbars and RSS feeds that allowITDMs could quickly access industry buzz and provided Microsoft with a persistent tool for hearing and influencing conversations.
– Print was heavily up-weighted at the cost of ineffective media like banner placements.

(iii) Pre and in-market Optimization Mechanisms

In order to optimize ROI from the campaigns, several optimization techniques were put in place:

o <u>Copy testing</u> multi-media testing program to understand relative and combination impact of certain media types (offline, online OOH) with an analytical focus on ability to impact key campaign KPIs – leadership communication, Buzz worthiness, perception shifting power etc.[11]These results will be validated with actual in-market data at very granular level.[12]
o <u>Forecasting and Business Planning:</u> This helped us set campaign goals quantitatively against key competitors by deriving linkages between media spend/Buzz and actual business outcomes
o <u>Return on Marketing Investment:</u> This is helping develop the optimal marcom and media mix for the campaign in the context of industry and competitive buzz. Typically, these activities achieve a 10% - 20% improvement in campaign ROI

<u>The Campaign</u>

The campaign was run in two phases: An introductory, informational phase developed to address Microsoft's commitment to the cloud perception challenge called the "We're all in" campaign and then an all out, frontal assault called the "Cloud Power" campaign designed to announce Microsoft's unmatched breadth of innovative solutions and thought leader role in this critical space.

Phase One: "We're All In"

This campaign was run to introduce Microsoft's differentiated Cloud offering in a more tangible way to ITDMs and ran in Q1 – Q2 2010. The campaign had three clear objectives based on insights achieved around Cloud enablers/challenges, Microsoft perceptions etc:
1. Shift the perception that Microsoft is not committed to the Cloud and the open, agile world it represents
2. Provide more detail on what the Cloud is and how Microsoft offerings play in this space
3. Drive consideration of Microsoft's offerings amongst senior ITDMs as they move to the cloud and provide air cover in sales conversations

Campaign Architecture: With only minimal media spend the campaign was laser focused on developing the following:
1. Immersive story telling through viral online Video that aligned to the campaign objectives of educating and persuading ITDMs
2. Driving traffic to the website mentioned earlier which took ITDMs through the entire awareness -> consideration -> lead generation continuum
3. Developing and exposing content such as white papers to educate decision makers
4. Strongly integrate with PR and events to amplify the effects of paid media into owned and earned channels

Results of this effort were very positive in developing an awareness of Microsoft as a credible provider of cloud solutions, as well as driver attributes[15].

Metric – Microsoft	Delta Pre/Post Wave
Awareness as a provider of cloud computing solutions	+6 pts.
Is Innovative	+12 pts.
Is a leading company for Cloud services	+9 pts.
Has Cloud services that are enterprise-ready	+9 pts.

Phase Two: "Cloud Power"

This campaign started in October 2010 with Buzz Generation activities, and live media support kicked in early November 2010 and will run for the foreseeable future leveraging a communications strategy borne from historical campaign performance data and analysis.

The campaign's objectives are to drive a Cloud leadership perception and interest for Microsoft Cloud computing solutions, using the following phases:
- ASSERT what's next by seizing leadership and consistently shifting category conversations to evoke the future made possible by cloud computing.
- PROVE what's possible now by backing it up with persuasive evidence and narratives that help ITDMs decide why, what, when and how to move to the cloud.
- INCITE conversations that foster dialogue and deep conversations that provoke surprise and challenge assumptions about what's possible with Microsoft

In order to do so, the campaign has the following communication framework was developed:

- Buzz and influencer seeding in advance of the launch, created through executive communication opportunities such as Microsoft CEOSteve Ballmer keynotes at CES and utilization of a variety of blog seeding and conversation stimulants

- The ASSERT layer: To stimulate thought leadership forums/Buzz in line with research learnings about how critical this is, we used:
  - Large scale Print presence in publications where the ITDM thought leader target is overrepresented – we own 70% of Premium Placements across these publications
  - Online video and other high-impact digital media to engage this tech-savvy audience and facilitate dissemination of information. These have effectively acted as micro-sites and in many cases helped place toolbars, RSS feeds and other navigation aids on host computers that benefited both parties – ITDMs can quickly access industry buzz and Microsoft had as a persistent tool for hearing and influencing conversations
  - Mobile advertising to target an audience that increasingly relies on mobile for information while on the road
- The PROVE layer: To provide proof points of our prowess, we used:
  - Several strategic partnerships with credible publications like IDG and Forbes to showcase Microsoft offerings in both editorial as well as custom units that incorporated both editorial as well as Microsoft content. ITDMs were provided tools through which they could create their own custom white papers that were developed on the basis of a handful of strategic questions, thereby showcasing how Microsoft answers their business needs
  - Various high profile and credible distribution mechanisms for informational white papers including micro-sites sponsored by key technology publications, blogs etc. that got ITDMs in environments they trust and engage heavily with
- The INCITE layer: To generate a "virtuous cycle" of favorable conversations, we used:
  - Custom media environments on Forbes etc. which allow us to aggregate both custom content as well as published content from around the web to engage our audience
  - To harness the power of peer-to-peer influence, we will weave in social media components into units to incite conversations about Cloud Power. Custom units will allow for us to not only push out our own content, but also aggregate relevant cloud related content from Twitter and push out Tweets to empower ITDMs with immediate social interaction.
  - Events sponsored by the likes of the Harvard Business Review, Forbes and Bloomberg where luminaries such as Charlie Rose and Rick Kalgaard will host forums to talk about the future of cloud computing and (subtly) introduce the power of Microsoft in this space

Business Successes to date

Data-driven strategic planning helped construct a multi-phased media and communication plan that deliberately addressed key communication challenges.

Early indications are that the execution ofthis framework has positioned Microsoft as the leader in the Cloud space relative to rivals, and set up new product entrants like Office 365 in the SaaS space and Windows Azure in the PaaSto succeed in the market place.[13]Per the table below, progress has been made relative to communication goals and KPIs since launch[14]:

Metric – Microsoft	Delta Pre/Current
Leadership	+5 pts
Has Cloud services that are enterprise-ready	+6 pts

- Over 30% of the target audience has been exposed to or participated in conversations about Microsoft's Cloud offerings online.[14]This is, as we found, a leading indicator of business results.
- Visitation to informational sites (both owned and paid) is strong and climbing, indicating interest in our offerings. The Cloud Power site on Microsoft has seen over 300K downloads of white papers/case studies, which also means ~100K qualified leads into the sales pipeline.

Moving forward we'll continue to assess impact via measurement and optimization in-market while continuing to assess the need for new research to inform marcom strategy as this expanding Cloud services marketplace continues to evolve and mature.

Sources:

[1] Gartner Cloud Market Sizing 2009 *[2]* Keynote Address Microsoft MGX Event, 2010 *[3], [7]* Penn Schoen Berland research, July 2009 *[4]* Intelliquest Study Spring 2009 *[5]* TNS Stradegy pull *[6]* IDC enterprise research Q3 2009 *[8] [9]* Intelliquest Study Spring 2010 and Microsoft focus group research *[10]* Microsoft + Universal McCann proprietary research, April 2010 *[11]* Microsoft + Mu Sigma research Q2 2010 *[12]* Hall and Partners tracker *[13]* Metrix Lab tracker *[14]* Hall and Partners tracking Nov, 2010 [15] PSB perception tracking Mar/Oct, 2010.

Appendix:

Table 1.

Legend:
- Blue arrows indicate direct impacts
- Orange arrows indicate indirect impacts

Diagram elements:
- **Paid Media**
  - Offline spend
  - Online spend (e.g. Display, SEM)
  - Custom Programs, e.g. Forbes, IDG partnerships
- Landing site visitation
- Buzz/WOM
- PR
- Competitive Spend
- *Key Outcomes*
  - Leadership perception
  - Consideration
  - Preference

Legend boxes:
- Activities
- Activities & Outcomes
- Outcomes