Go East workshop
The Microsoft Experience

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15 May 2008

THE FUTURE IN YOUR HANDS
Globalization Phases

• Why do companies go global?
  • First phase: Increase market size and reduce costs
  • Second phase: Increase talent pool
  • Third phase: Enhanced innovation via cultural and economical diversity
Global R&D Talent Pool is Shifting
(Numbers in 1000s)

Sources:
** Talent Supply Deck for US, China and India 4/07
*** Majors in CS or master’s degrees in computer science or majors in software engineering
† Candidate pool defined as new CS/Math (first) degrees per year i.e. 4-5 year degrees

- **US**
  - Labor Pool*
    - 2,530 (2005)
    - 2,890 (2009)
    - 3.4% CAGR
  - 99k (2005 CS/CE & Info Science grads)**

- **EU – Non-Ireland**
  - Labor Pool*
    - 3,700 (2005)
    - 4,700 (2009)
    - 7.2% CAGR
  - Candidate Pool
    - 65k (2006†)

- **Russia**
  - Labor Pool*
    - 740 (2005)
    - 1,230 (2009)
    - 13.5% CAGR
  - Candidate Pool
    - 68k (2006†)

- **Brazil**
  - Labor Pool*
    - 90 (2005)
    - 131 (2009)
    - 10.2% CAGR
  - Candidate Pool
    - 19k (2006†)

- **India**
  - Labor Pool*
    - 970 (2005)
    - 2,200 (2009)
    - 22.8% CAGR
  - 100k Candidate Pool (2005 CS/CE deg. excl. MS, PhDs***)

- **China**
  - Labor Pool*
    - 450 (2005)
    - 1,060 (2009)
    - 23.4% CAGR
  - Candidate Pool
    - 200k (2005†)

- **Israel**
  - Labor Pool*
    - 24 (2005)
    - 28 (2009)
    - 4% CAGR
  - Candidate Pool
    - 2.5k (2006†)

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- **India and China >20% CAGR**
- **Russia - largest untapped talent pool**
- **By 2010 BRIC > EU, 50% > than US**
- **Relocation #1 reason for offer declines in U.S.**
Hiring is Focused on a Shrinking Talent Pool

Global Campus Talent Pool
(Annual CS / Math Degrees)

2006

- USA: 88,000
- Russia: 68,000
- India: 100,000
- China: 200,000

2010

- USA: 55,000
- Russia: 113,000
- India: 227,000
- China: 464,000

Qualified For Interview and Actual Campus Hires

2006 (actual)

2010 Hires and QFI Pool (projected)
What is Microsoft doing about it?

• Established 3 strategic Global Development Centers
  – India
  – China
  – Israel

• Each GDC is a strategic R&D center
  – Independent product development
  – Mergers and acquisitions
  – Academic Research
  – Innovation centers
Microsoft R&D Facilities Worldwide

**US**
- FTEs = 20,000
- Forecasted as of 1/07

**Ireland (IRDC)**
- FTEs = 80
- As of 1/07

**China (CRD)**
- FTEs = 1400
- As of 1/08

**Israel (ILDC)**
- FTEs = 500
- As of 1/08

**India (IDC)**
- FTEs = 1200
- As of 1/08
Microsoft R&D India (IDC)

Startup Phase
- Started with small self-contained products: VJ#, SFU
- Focus was on getting remote dev model right

P&L Alignment, Scale Up
- IDC teams aligned with each major product line / P&L
- Strong pipeline of sr. Redmond managers moving to IDC
- Rapid expansion

IDC Next-Gen
- Targeted growth around Focus Areas
- Driving global businesses and strategic technologies
- Emerging Market incubations

1998
- 20 FTE

2002
- 100 FTE

2006
- 1100 FTE

Today
- 1400 FTE
IDC: Highlights

• Several major end-to-end products and Focus Areas
• Ranked #1 tech company among Indian eng. grads – fourth time in a row
• Microsoft ranked “Best employer in India” in a leading survey (BT-TNS) in 2007
• Strong record of IP creation
  – 180 patent filings in past 3 years
  – Dataquest India award: Top Innovator for 2006
Microsoft R&D China (CRD)

• Data sheet
  • Formed in January 2006
  • Operations in Beijing, Shanghai, Shenzhen
  • Currently 1500+ FTEs

• Focus Areas
  • Microsoft Research Asia (MSRA, Beijing)
  • Microsoft Advanced Technology Center (ATC, Beijing)
  • Microsoft Server & Tools Business (STB, Shanghai)
  • Microsoft China R&D Strategic Partnership Group (SPG, Beijing)
  • Microsoft Business Division (MBD, Beijing)
  • Microsoft Asia Center for Hardware (MACH, Shenzhen)
Thank You

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