Ray Ozzie Will Join Executive Exodus from Microsoft

Microsoft Chief Software Architect Ray Ozzie will leave the software giant, joining an exodus of executive talent. Ozzie led Microsoft's move to the cloud and will focus on the troubled entertainment unit before he leaves. Many of Microsoft's personnel losses may be related to technologists being replaced by executives loyal to CEO Steve Ballmer.

By Jennifer LeClaire

Ray Ozzie is leaving Microsoft. The software giant's chief software architect, who was hand-picked by Chairman Bill Gates, on Monday announced plans to step down. Microsoft CEO Steve Ballmer sent an e-mail to employees announcing Ozzie's decision, and analysts are speculating about the impact of his departure and why so many executives are leaving.

"We have seen many Microsoft technologists leave recently. Robbie Bach and J. Allard's departures earlier this year, reportedly over clashes on technology direction, are now followed by Ray Ozzie's departure, again reportedly over clashes on technology direction," said **Dora Vell**, principal of **Vell Executive Search.**

"They are, however, significantly different, as Windows 7 did extremely well under Ray Ozzie, but the entertainment and mobile divisions led by the Bach-Allard team were suffering," she said. "On the other hand, there are rumors that Bach-Allard perhaps were not given as much full rein as they needed to win against Apple."

Fruit of Ozzie's Labor

In the internal e-mail, Ballmer said Ozzie's work has stimulated thinking across the company and helped catalyze Microsoft's drive to the cloud over the past five years.

The fruit of Ozzie's leadership includes Windows Live, which now serves as a web-based services complement to both Windows and Office. SharePoint and Exchange are now also in the cloud. And then there's Windows Azure, which offers a foundation for more cloud-based innovations.

"With our progress in services and the cloud now full speed ahead in all aspects of our business, Ray and I are announcing today Ray's intention to step down from his role as chief software architect," Ballmer wrote. "He will remain with the company as he transitions the teams and ongoing strategic projects within his organization -- bringing the great innovations and great innovators he's assembled into the groups driving our business."

Transition Plans

After transitioning his teams -- and before he retires -- Ballmer said Ozzie will focus on the broader area of entertainment. As Vell noted, Microsoft shook up its division focused on video games, mobile phones, and other devices in May after continued losses to Apple and Google . It's unclear what Ozzie will do in that division, or when he will leave the company. But Microsoft's Xbox Kinect and Windows Phone 7 appear to have traction in the market.

"We have tremendous opportunities in the entertainment space overall, and I'm excited about what we can accomplish. Beyond that, Ray has no plans at this time," Ballmer said. "While he'll continue to report to me during the transition, the CSA role was unique and I won't refill the role after Ray's departure. We have a strong planning process, strong technical leaders in each business group, and strong innovation heading to the market."

Microsoft's Mojo

As **Vell** sees it, many of Microsoft's personnel losses stem from the departure of Gates himself. Deep thinkers in the space are now being replaced by operating executives who appear loyal to Ballmer. With Gates' departure, she added, many Microsoft employees seem to have lost their mojo.

"Microsoft execs are an extremely smart bunch. Without a supreme technical brain and reverence within Microsoft like Gates, no one can really rein them in and get to consensus technically," **Vell** said. "Ballmer is a very strong manager and perhaps needs an equal like Bill Gates to change his perspective and persuade him of an approach. Some execs in the space that know him have called him a bully, but then again this is perhaps required to rein in all these extremely bright executives on the business side."

Dora Vell is the CEO of Vell Executive Search, a premier retained technology executive search firm in Boston. Ms. Vell is an internationally recognized expert in recruiting technology executives including: CEOs, COOs, CTOs, CMOs, CROs, board members and others. She works with VC-backed, PE-backed private companies and public companies. She can be reached at dora@vell.com.