"It's not a new technology wave, it's a new way of working"

Marcus Fontoura, a Microsoft Technical Fellow, Azure CTO and author of the new book *A Platform Mindset*, sits down with Microsoft's Chairman and CEO **Satya Nadella** to discuss building a culture of innovation within a platform company, and the future of the firm in this accelerating age of AI computing

MARCUS FONTOURA: Satya, thanks for being here. One thing I'd like to discuss with you is the culture of organizations that are embracing AI at an astonishing rate. What is the advice that you have for leaders who want to drive transformation in their organizations?

SATYA NADELLA: When I think about the times we are living in, this is one of the largest transformations I've seen. It's not a new technology wave, it's a new way of working. Look back at the pre-PC era. How did we do even such simple things, like build a forecast? We had no digital spreadsheets or email, so we had to fax interoffice memos around. And little by little a forecast emerged. Then, suddenly, PCs became standard issue. We started attaching a spreadsheet to an email. People simply entered numbers, and you had a forecast. The work, the work artifact and the workflow all changed That's what's happening now with AI. Knowledge work is changing.

If somebody came from Mars to observe my work, they'd think I'm an email typist, but the reality is, I'm doing knowledge work. And that knowledge work now will be accomplished with the help of AI and AI agents.

Satya Nadella, Microsoft Chairman and CEO

When I prepare for customer meetings today, I go to Researcher for Copilot. It's like having a really smart analyst who composes everything from the web, from SharePoint, from my CRM database, and brings it all together so that I'm briefed. Instead of sending five mails, getting six documents, and assembling all of that information, it's now one click away. Same thing with data analysis.

It will mean a significant change to what I describe as the new production function for knowledge work. Whether it's tech and software, or health care, financial services and even the back-office operations of any manufacturing company, production is going to be fundamentally redone, rethought. It's going to be more and more efficient.

The mobile and cloud revolutions were big, but they were incremental. We're doing things 10x faster now. That's convenient but it does require significant change. And talking about that, Marcus,
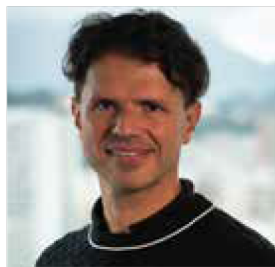
"Platforms have a multiplier effect because they can help us imagine new businesses and scale them quickly"

I love your new book, *A Platform Mindset,* and the way you framed it. You've seen this from a variety of vantage points – from Microsoft to Google, to Stone. What's your take on what's happening and what is the big takeaway for you?

MF: I wrote the book as an examination of how culture can leverage the best skills in an organization to foster innovation. Platforms have a multiplier effect because they can help us imagine new scenarios and new businesses and then scale them quickly. The title was inspired by the growth mindset you've cultivated at Microsoft. How do you create this standardization in the platform so that teams can focus on creative and innovative solutions?

SN: Your perspective is beautifully said. More and more of our work is driven by digital platforms.

An organization improves the more it integrates continuous improvement into the platform. The bottom line is you need a leadership mindset that cultivates this. Investment decisions are not about any single feature. It is about a platform that enables you to build features faster. That's the biggest change. More and more of our work is being driven by these digital platforms. One thing you learn very quickly is the integrative effects; you want to make continuous improvements in the platform to leverage your investment.

MF: I write about an engineering culture that I like to call fearless execution. I want to empower the engineers to be able to just write code and put the code in production without being afraid that they will be singled out for problems down the road. We have such rigorous checks and balances across the stack, throughout the platform. Problems will happen but I want to encourage confidence individually and as a team. I'd love your take on this.

SN: I love all those terms you use. In fact, I'll add one more, which is toil. As leaders, we are responsible for finding the toil of people, our engineers. It's frustrating if they are having a tough time making code changes and getting them deployed because of all the manual processes.

The key thing is to standardize, standardize, standardize; automate, automate, automate. Build processes that you can really depend on so that when you push the execute button there will be lots of checks, there will be lots of tests. And even when you deploy, you will deploy to a small percentage of users. It will automatically revert if it doesn't work, and it will give you a notification to fix something.

There's so much rigor that has been applied to standardization and automation to help make sure that you are not going through so much toil. If we can get that, then we've enabled our people to produce more and more innovation. We can focus on how we are going to get better.

Something obviously will go wrong. That's where you embrace the red. You want to see scorecards that are mostly red, so that you can go back and say, what should be standardized? What should we build that is robust? How should we make sure our flighting system or experimentation system allows us to test things on small sizes before we have a massive blast radius?

"**Leadership** is all about picking, deciding. It's not about *doing all things.* It's about **making choices** on what to do"

MF: I love that. I want to ask you about innovation. We all live in this world of tight budgets, and we need to do the next thing, the next feature that our customers are demanding. On the other hand, you also have to plan for the future. How do you balance that?

SN: The constraints are very real. There are time-to-market constraints, cost constraints, and many others. But leadership is all about picking, deciding. It's not about doing all things. It's about making choices on what to do. What will add value for customers and what will competitively differentiate. Start there, but then really use the platform effects to your advantage. One of the classic things we all fall into is the trap of, "Oh no, my competition is doing x, now I've got to do x", so therefore I need incremental revenue. You've got to reframe that: in order to do x to match a competitor or customer expectation, how can I do that better than anybody else because of the platform investments I've already made. Build that strength.
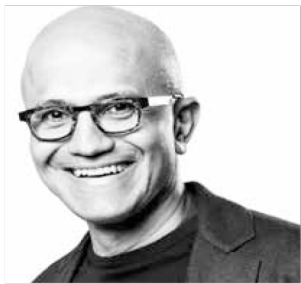
"We have to become very good at constraint solving, because, of course, all of us can be great if there are no constraints"

And so, we have to become very good at constraint solving, because, of course, all of us can be great if there are no constraints. But the reality of leadership and business is all about managing constraints and yet remaining competitive.

MF: It's like using platforms and the leverage that you get from platforms to create efficiencies that you can then reinvest to innovate; to do things in a different, more productive and scalable way.

SN: Exactly. You had a good reference in your book. You called it the bicycle for the team. You want to talk a little bit about that?

MF: Yeah, the idea is that there is always this time-to-market constraint. But think of a long race, a marathon. If I start running in front of you the fastest I can, you should probably stop to build a bicycle. It's worth "wasting" the time needed to build long-lasting bikes – the races are long, and those bikes will help us win not only the current races, but also the ones we cannot yet foresee. I'm convinced technology companies need generic, reusable platforms to have a competitive edge.

SN: It's a nice metaphor. I know Steve Jobs had that metaphor of computers being like bicycles for the mind. And this is another way to say it. Platforms are bicycles for teams to get ahead. That's a great way to describe the leverage of a platform mindset.

MF: This requires a cultural change. How would you go about doing that, and especially in a large organization?

SN: Ultimately, I think a lot of leadership challenges come down to not being clear. So having that ability to bring teams together and drive clarity around what the ultimate goal is, is critical. It's not about any one thing. It's about ultimately doing something of significant impact and value to customers, and being able to get back to framing that with clarity, creating the capability that is needed for it, which is, how do you build? In order to win that race, let's make the right investments and really constraint-solving for what ultimately is the winning play and that building the right expertise in the team, the right platforms in the team to go after it, and then bringing, quite frankly, culture and the energy to your point.

And so, ultimately, I think of this as getting clarity on the concept, having the capability to go after that concept with this platform leverage, and then I would say the culture that allows you to build that capability to go after the concept. I always go back to those three Cs

MF: Thank you so much, Satya. I think this was great.

SN: Fantastic. I'm so glad you wrote this book. And I think this would be a very useful thing for a lot of people, because, quite frankly, as both computing and AI becomes so much prevalent in all walks of life, in all organizations, I think this idea of really empowering people with the latest tools and then having a platform mindset, I think will allow us to drive, ultimately, what is our collective goal of driving economic value and growth all around the world and so I'm really looking forward to it. ●