Microsoft's Windows chief leaves in power struggle

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Microsoft CEO Steve Ballmer isn't going to let anyone get in his way.

Not even his presumed heir apparent, who runs the software maker's Windows empire, can stop Ballmer as he pushes the company in a new direction.

That was the underlying message of a power struggle that led to the abrupt departure of Steven Sinofsky, who oversaw the Windows operating system that has been the foundation of Microsoft's success.

The fissure announced late Monday came less than three weeks after Sinofsky and Ballmer appeared on a stage in New York to hail the long-awaited release of Windows 8, a radical overhaul of the operating system. The Redmond, Washington-based company designed it to make its products more relevant in an age when more daily computing tasks are shifting from desktop and laptop machines to smartphones and tablet computers.

Microsoft Corp. didn't elaborate on the reasons behind the end of Sinofsky's 23-year career at the company. But all signs point to tensions boiling over as Ballmer tries to weave Microsoft's products more closely together so the technology is easily accessible whenever and wherever people want to work, play and communicate.

That's a goal Microsoft rivals Apple Inc. and Google Inc. have been pursuing for the past few years, giving them a head start in a battle that's immersing technology even deeper into people's lives.

To achieve his objectives, Ballmer is trying to dismantle fiefdoms within Microsoft that date back to the 1990s when co-founder Bill Gates ran the company. According to industry analysts, Gates divided the company into different engineering silos devoted to each of Microsoft's key franchises — Windows, the Office suite of software, online services and corporate servers. When Ballmer became CEO nearly 13 years ago, he inherited the structure and even expanded it to include new divisions to house new products such as the Xbox 360 gaming console.

Now that Ballmer is trying to tie Microsoft's operations more closely together, he is likely facing resistance from company veterans such as Sinofsky, said long-time technology analyst Rob Enderle.

"Sinofsky is an empire builder who is not going to look kindly at someone coming in and telling him he has got to start sharing," Enderle said. "But Ballmer needs everyone to do the Kumbaya thing and come together. They were likely increasingly bumping heads in terms of the future of the company."

As part of Ballmer's strategy, Microsoft is expanding beyond software into device-making. The company's first tablet computer, the Surface, went on sale with the release of Windows 8 and now there is speculation that Microsoft may also make a smartphone, too. By selling hardware, Microsoft risks alienating the device manufacturers who license Windows 8.

Ballmer, 56, isn't the only to CEO facing friction within the ranks. Last month, Apple CEO Tim Cook announced he was replacing Scott Forstall, a long-time company executive in charge of the software that runs the iPhone and iPad.

Like Sinofsky at Microsoft, Forstall was considered to be a leading candidate to become Apple's next CEO.

Sinofsky's departure will likely increase the pressure on Ballmer as he tries to restore some of the luster Microsoft has lost during his tenure as CEO. The company's stock price has been depressed for years, largely because investors aren't convinced Microsoft will make the technological leap needed to accelerate its revenue growth once again.

"Steve Ballmer sees these very remarkable changes that Microsoft helped build and now he wants to make sure that Microsoft is as successful in this new environment as it had been in the past," Forrester Research analyst Charles Golvin said. "That's his greatest challenge. If he didn't think he had the right people in leadership positions to make it happen, he had to make a change."

The shakeup didn't go over well on Wall Street. Microsoft's stock price fell 90 cents, or more than 3 percent, to close Tuesday at $27.09.

The sell-off may reflect worries that Sinofsky's departure could be tied to some perceived shortcomings in Windows 8. But analysts say it's far too early to draw any conclusions about how Windows 8 will fare in the market, making it unlikely Sinofsky's exit has anything to do with the new operating system.

Sinofsky, 47, had been widely seen as Ballmer's likely successor. After joining the company as a software engineer in 1989, Sinofsky eventually became a technical adviser to Gates and later oversaw the Office package that includes word processing, spreadsheet and email programs. He took charge of Windows in 2006 and helped the company recover from the buggy Vista version of the operating system with the release of Windows 7 in 2009. More than 670 million licenses of Windows 7 have been sold since then.

Sinofsky "is a good manager and a guy known for getting things done, but if you are looking for someone who plays well with others, he is not your guy." Enderle said.

Ballmer praised Sinofsky in an upbeat email sent to company employees Monday.

"What we have accomplished over the past few years is nothing short of amazing, and I know we have more amazing in us," Ballmer wrote. "I am excited about our

people, I am energized by our ability to change and grow, and I look forward to the success which lies ahead."

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