Five years ago, upon joining Microsoft as chief software architect, Ray Ozzie painted a now-famous “Internet Services Disruption” memo outlining his vision for the future and where the company needed to go. That vision came to fruition in part last week with Microsoft Office 365, which was released just a day after the company announced Ozzie would be leaving. Today, Ozzie released a new memo, called “Dawn of a New Day,” his parting gift to the company perhaps, in which he once again paints a vision for the next five years of how technology is going to evolve in the next five years and his thoughts on what Microsoft needs to do to take advantage of the opportunities presenting themselves.

The future Ozzie describes—one of always-on connected devices, where our data and software lives in the cloud—was the topic of much discussion in tech circles today. But for Fast Company readers, the memo’s interest might lie more in how Ozzie goes about envisioning his future—and what they can learn about how to plot powerful strategies for their own companies. Here are some takeaways.

1. **Take time to paint a vision of the future**

   It’s well accepted, of course, that leaders need to step out of the day-to-day, look toward the future, and plot effective long-term strategies. But not all of them sit down and write out what they see—in narrative form, much less, not just a bunch of PowerPoint slides. And when they do take the time to write about the future, they often write about how their company is going to move through the future. Ozzie instead starts with the big picture, the big trends in the industry itself, and then uses that as a mirror to show where Microsoft is doing well—and where it risks falling behind. As the old saying goes, “If your map doesn’t match the actual terrain, it’s not the terrain that’s wrong.”

2. **Put past successes “in perspective”**

   Once a company has done something well, it’s easy to keep doing that thing. In fact, it’s hard to stop doing it, because your company—its structure and incentives—get organized around enabling that successful thing to keep happening. But if the bigger picture in your industry changes, as it is in the tech sector, that successful thing may no longer be optimized to the new environment. Continuing to do it, and not shifting to a product line better suited to the new landscape, will put you at a disadvantage against competitors who do adapt, not to mention new entrants who have designed themselves with the new needs front of mind. In his memo, Ozzie talks about how Microsoft’s historic focus on PCs and software made it great. But he also paints a future in which PCs and software play less of a role. “This will absolutely be a time of great opportunity for those who put past technologies & successes into perspective [emphasis mine],” Ozzie writes, “and envision all the transformational value that can be offered moving forward.”

3. **Recognize what’s inevitable in your industry**

   The flip side of putting past successes in perspective is recognizing what new developments are inevitable. The news industry, for example, spent a lot of time fighting the Web and digital news before finally accepting their inevitability. Think of how much energy would have been saved—and, more, put to better use—had the industry sought to dive into the digital world, rather than fight it. “Let’s mark this five-year milestone by once again fearlessly embracing that which is technologically inevitable,” Ozzie writes, “clearing a path to the extraordinary opportunity that lies ahead for us.”

4. **“Inevitable” is not the same as “imminent”**

   Once you’ve looked the inevitable in the face, it’s easy to get overwhelmed. If the future landscape you see is vastly different than the landscape you originally planned for, it might feel impossible to make the shift. But stay calm. Even changes that are inevitable take time to materialize. That gives you time to plan and shift your strategy in increments. Ozzie says the changes in the tech world will require innovation in the “user experience, interaction model, authentication model, user data & privacy model, policy &
management model, programming & application model”--in other words, in just about everything the tech world does. But, he adds, “these platform innovations will happen in small, progressive steps, providing significant opportunity to lead.”

5. Real transformation has to come from within

If you want to make a shift from the old world to the new, the people inside your company have to see it, believe it, and have a passion for it. You can bring in outside consultants to tell you where the future is headed, but if the people inside your company don’t live it and breathe it themselves, you won’t get there very fast, if at all. “The one irrefutable truth is that in any large organization, any transformation that is to ‘stick’ must emerge from within,” Ozzie writes. “Those on the outside can strongly influence, particularly with their wallets. Those above are responsible for developing and articulating a compelling vision, eliminating obstacles, prioritizing resources, and generally setting the stage with a principled approach. But the power and responsibility to truly effect transformation exists in no small part at the edge. Within those who, led or inspired, feel personally and collectively motivated to make; to act; to do.”

Lesson six: Go back in time and don’t invent Lotus Notes.
Robert Craig West 10/27/2010 03:49 PM

"Why didn’t they take the Camry as a model and build a better one?" They did. The result was the Ford Taurus, which became the best-selling American car for many years, and the best-selling car in America (including foreign models) for four. Not coincidentally, Ford was the only U.S. automaker that did not need bailing out recently.
Jerry Kindall 10/26/2010 05:23 PM

Great piece!
The four points seem simple but they are difficult to do. Why didn’t the US automakers build a high-quality small car like the Honda Civic a decade ago?
Why didn’t they take the Camry as a model and build a better one?
Why can’t K-Mart see the handwriting on the wall and be more like Target?
His most telling point is the 4th: The transformation has to come from within.
I’d love to hear the story of Ozzie’s time with Microsoft
Bud Thompson 10/26/2010 01:49 PM

Ray Ozzie created one of the best pieces of software in the industry, Lotus Notes, marking a new category called groupware, which is a pre-cursor to social networking. I have worked with it for almost 20 years now (Lotus Notes Spam) and have to say that this is a tough act to follow. Not many inventors have more than one big success (Steve Jobs is the exception), but I hope Ray tries his hand at one more big thing. His memo sounds like he has an interest in following Groupware -> social networking -> cloud computing to the next big thing "continuous services + connected devices". And he wants to simplify the technology, which he thinks is removing complexity ("Complexity kills").
I translate his vision as a variety of simple devices connected to very sophisticated "continuous services" managed by experts in that area, so the complexity is spread out across various service providers and not resident on any one device. Interesting ideas, as always, from Ray Ozzie.
Frank Paolino 10/26/2010 10:00 AM