

## MICROSOFT (YEAR ENDING JUNE 3) IN \$MILLION

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sales	28,365	32,187	36,835	39,788	44,282	51,122	60,420	58,437	62,484	69,943	75,000
Of which:											
Enter- tainment and devices	2,453	2,748	2,731	3,110	4,292	6,069	8,140	6,416	6,224	8,716	9,200
Operating income	11,910	13,217	9,034	14,561	16,472	18,524	22,492	20,363	24,098	27,161	28,000
Of which:											
Enter- tainment and devices	(847)	(924)	(1,011)	(451)	(1,283)	426	(1,969)	288	573	1,135	600
Net income	7,829	9,993	8,168	12,254	12,599	14,065	17,681	14,569	18,760	23,150	23,000
ROA (%)	18.8	17.9	10.3	17.6	23.6	29.3	30.9	27.2	27.8	27.9	26.0
ROE (%)	15.7	17.6	11.7	19.9	28.6	16.45	42.47	38.5	43.7	44.8	40.0

**Notes:**

Figures in parentheses denote a loss.

\*Estimated.

## Notes

1. The success of *Angry Birds*, a video game played primarily on mobile phones, was especially salutary to the console makers. Launched in 2009 for the Apple iPhone, 300 million copies of *Angry Birds* had been downloaded by the end of 2011.
2. In 1997, the average PlayStation game sold 69,000 copies; the average N-64 title sold over 400,000 copies.
3. "Delays likely for Sony's PlayStation 3," *Financial Times*, February 20, 2006.
4. "With online sales growing, video game market to hit \$81B by 2016 (exclusive)," VentureBeat, September 7, 2011, <http://venturebeat.com/2011/09/07/with-online-sales-growing-video-game-market-to-hit-81b-by-2016-exclusive/>, accessed September 21, 2012.



A video clip relating to this case is available in your interactive e-book at [www.wileyopenpage.com](http://www.wileyopenpage.com)

## Case 13



On Tuesday, February 14, 2006, the first HD-DVD disc was released. The competition between Toshiba and Sony for the standard of digital versatile disc (DVD) format was surprisingly short-lived. DVD sales were slow to break out until September 2005, when they finally broke down. In April 2006 in the US, the format based upon one standard finally in a mere 18 months. The DVD position crumbled.

## The Technology

The optical disc format was first introduced in 1961. The first commercial system launched in 1978, the compact disc (CD) replaced video cassette tapes. The breakthrough came with the introduction of the compact disc digital audio recordings. The CD was first introduced in the US in 1982, and it quickly became one of an industry-wide common technology.

The impetus for the development of high-definition television (HDTV) came from a wave in consumer electronics. The holding high-definition television (HDTV) formats was the first to use the compact disc lasers used in early digital video disc (DVD) of data that could be stored on a disc.

The key difference between DVD's protective layer and CD's was the

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