
Dell internationalization

1984 to 2004



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Lukas Stecak

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Agenda

1. Introduction
2. Dell Evolution
3. Stopford Model

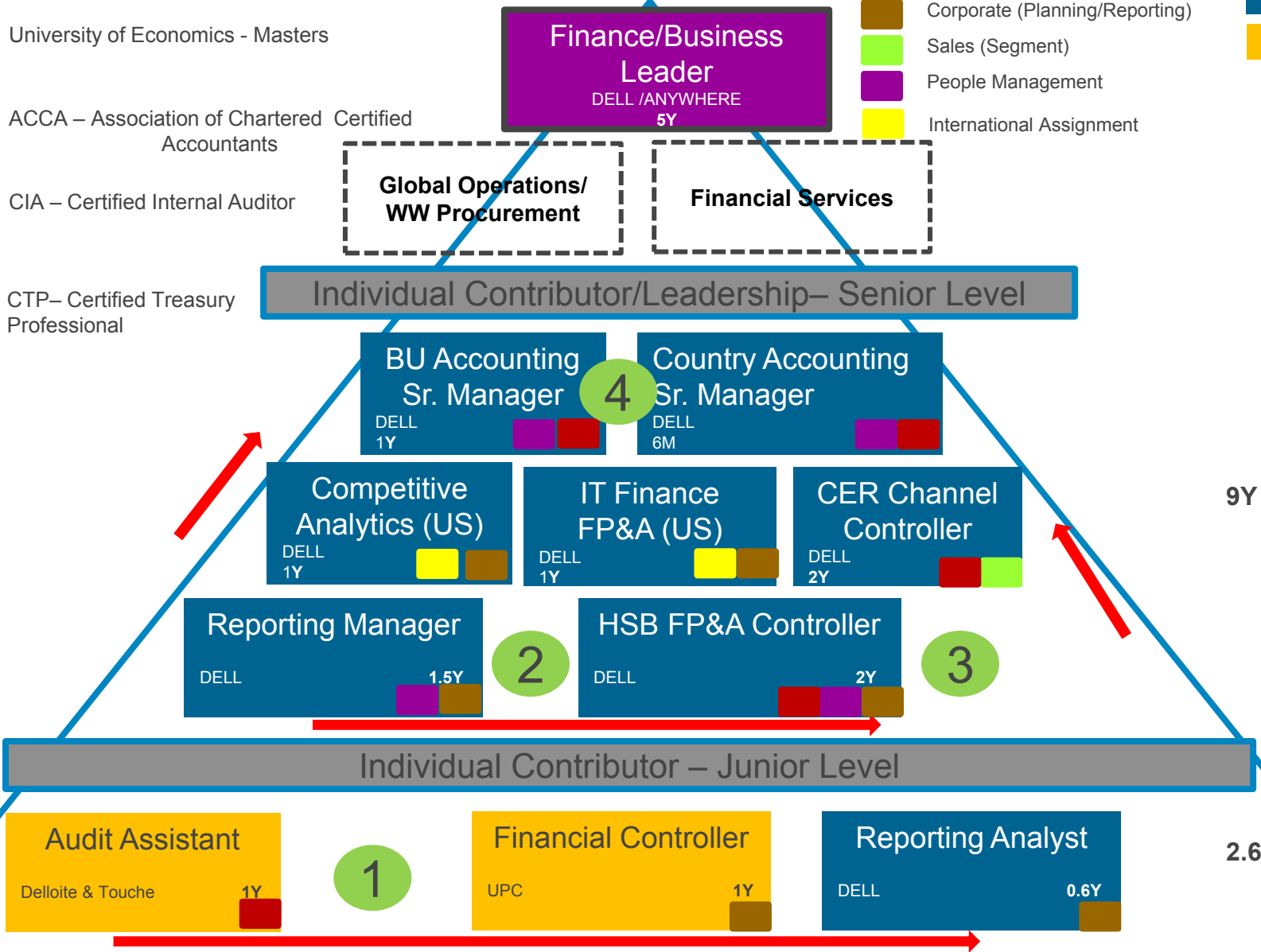


Career Triangle – Ivan Mitranga, FCCA, CIA, CTP

- 1 University of Economics - Masters
- 2 ACCA – Association of Chartered Accountants
- 3 CIA – Certified Internal Auditor
- 4 CTP– Certified Treasury Professional

- Compliance/Accounting
- Corporate (Planning/Reporting)
- Sales (Segment)
- People Management
- International Assignment

DELL
OUTSIDE DELL



Dell evolution



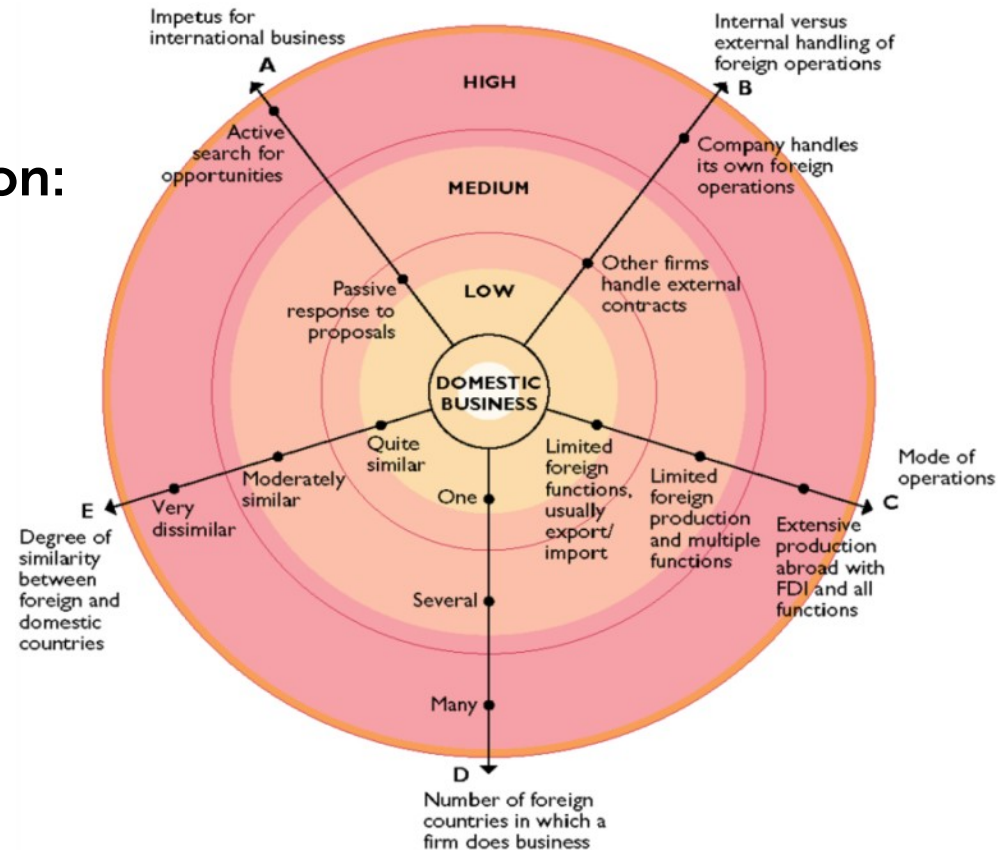
Pattern of International expansion

Daniels & Radebaugh's model:

- organization's extent of globalization

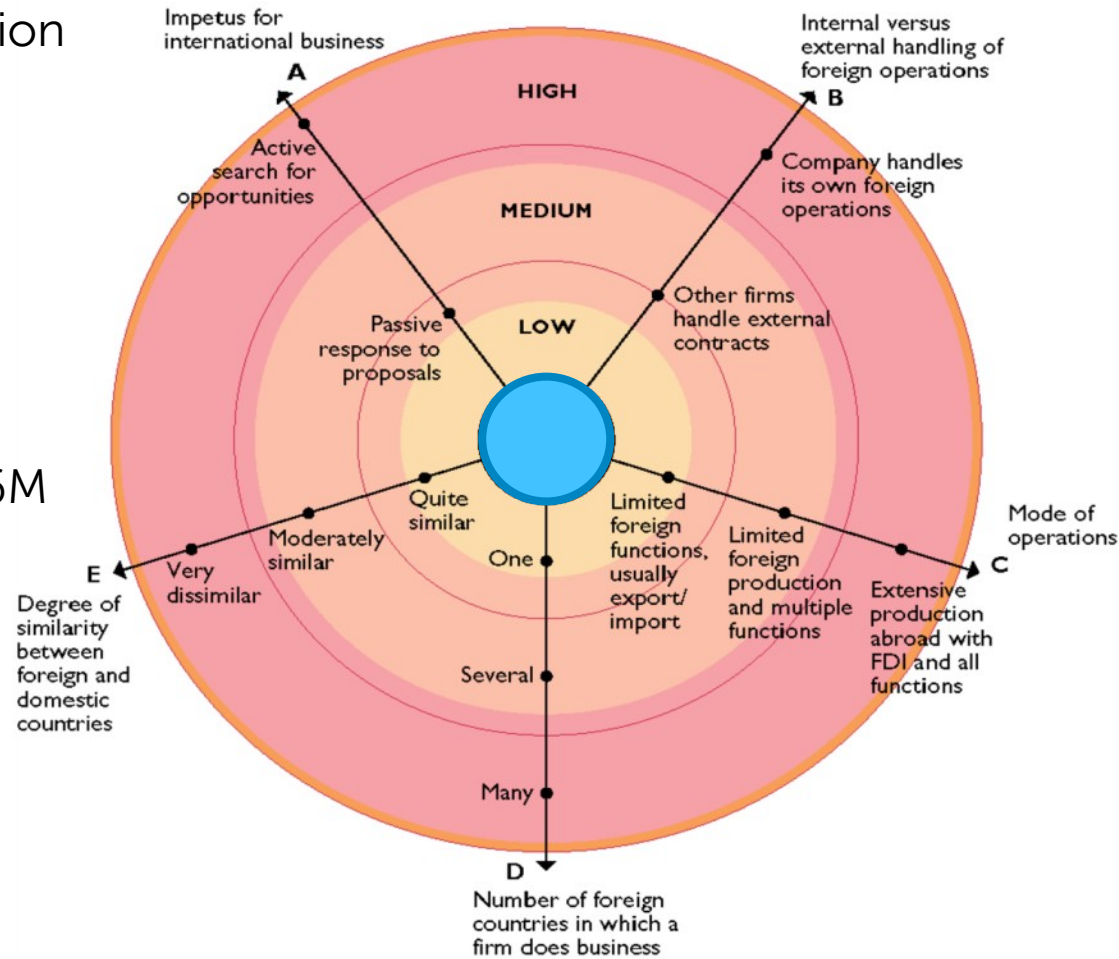
Patterns of international expansion:

- Passive to active expansion
- External to internal handling of operations
- Deepening mode of commitment
- Geographical diversification



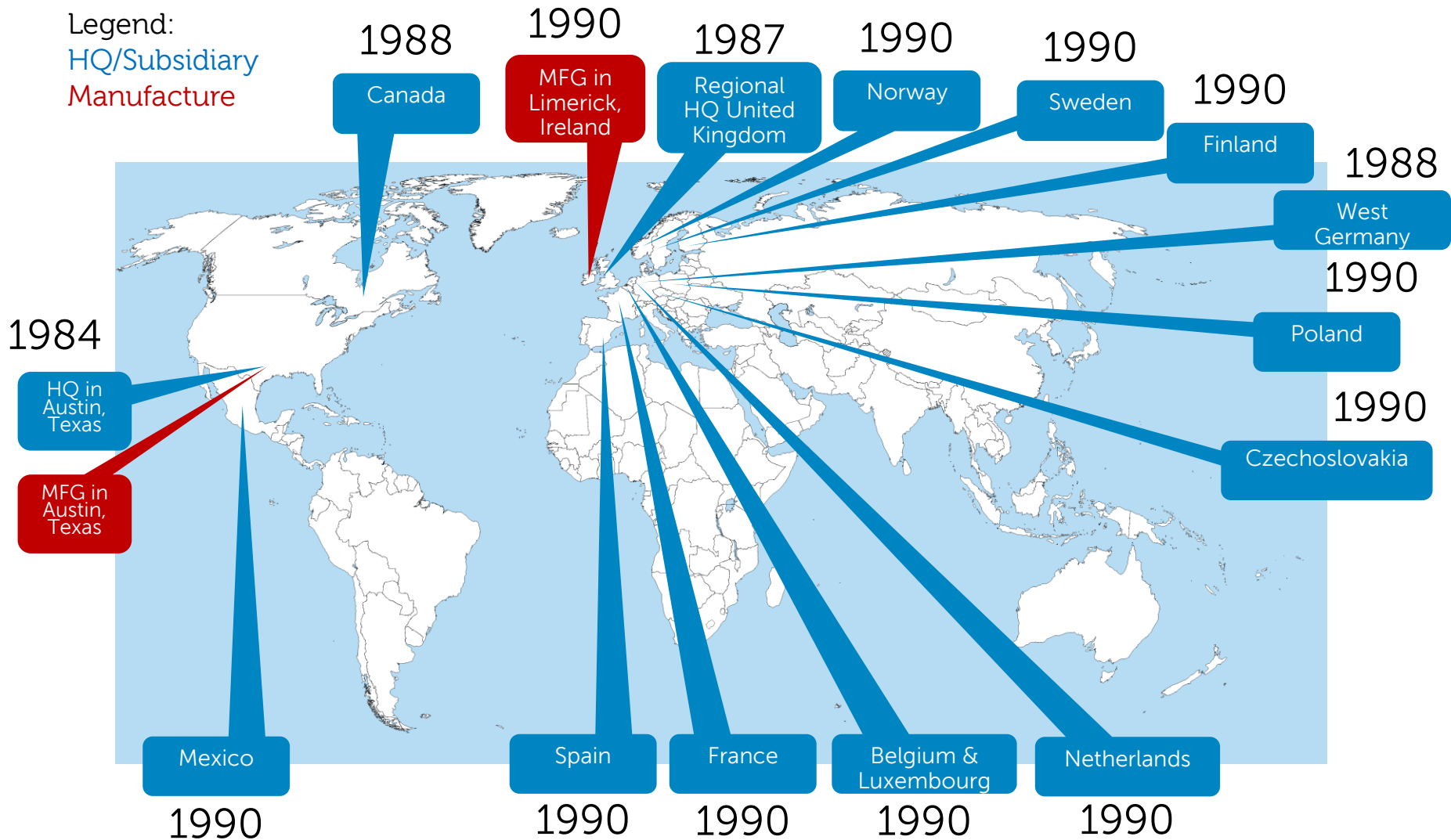
Birth and Childhood (1983-1987)

- 1983-Dorm room business
- 1984-Dell Computer Corporation
- Dell Direct model
- Production only in USA
- Penetrating US market
- 1985- revenue growth from \$6M to \$70M
- Support services introduced



Start of international expansion (1987-1991)

Legend:
HQ/Subsidiary
Manufacture



PC's in the Mid 1990's...

THE FASTEST VIDEO MONEY CAN BUY.


Dell Dimension™ XPS P100c
 A Pentium™ Processor-based 100MHz System
 Business Lease*: \$128/Mo.
 • Updated Pentium Chip
 • Mini Tower Model
 • 16MB EDO Memory
 • 1GB EIDE Hard Drive (10mb)
 • 256KB Writeback Cache
 • 17LS Monitor (17" CRT, N)

• 4x Multi-session EIDE CD-ROM Drive
 • Sound Blaster 16 Sound Card
 • Atec Lansing ACS-5 Speakers
 • 3.5" Diskette Drive
 • Spacesaver Keyboard/Mouse
 • MS-DOS® 6.2/Microsoft® Windows® 3.1/30 Days Free Support

• For the ultimate in high-resolution and refresh rates, upgrade to the UN125 Monitor for just \$200 more.

NOW ONLY \$3549

Order Code #500081



IMAGINE 128-BIT VIDEO.

Now you don't have to because the Dell Dimension XPS P100c system comes with the Imagine 128 Graphics Accelerator. With features such as an awe-inspiring 128-bit graphics engine. And scorchingly fast PCI local bus video.

The result, states PC Computing, is "the fastest graphics ever." The Imagine 128 card provides a 128-bit data path between the graphics controller and the 4MB of high-performance VRAM. Which ensures that graphics performance remains as constant as possible across all color modes, even true color (16.8 million colors).

And who else but Dell would be the first to put this technology in a personal computer. To order the fastest video money can buy, call us today. You'll like what you see.



TO ORDER, CALL NOW.

800-395-2755
 Use the Dell System Configuration Tool
 on-line now!
 Or Contact Us Call 800-468-8225
 http://www.dell.com/
 Keyword: #P100C



Dell's featured computer and its Direct Monitor.

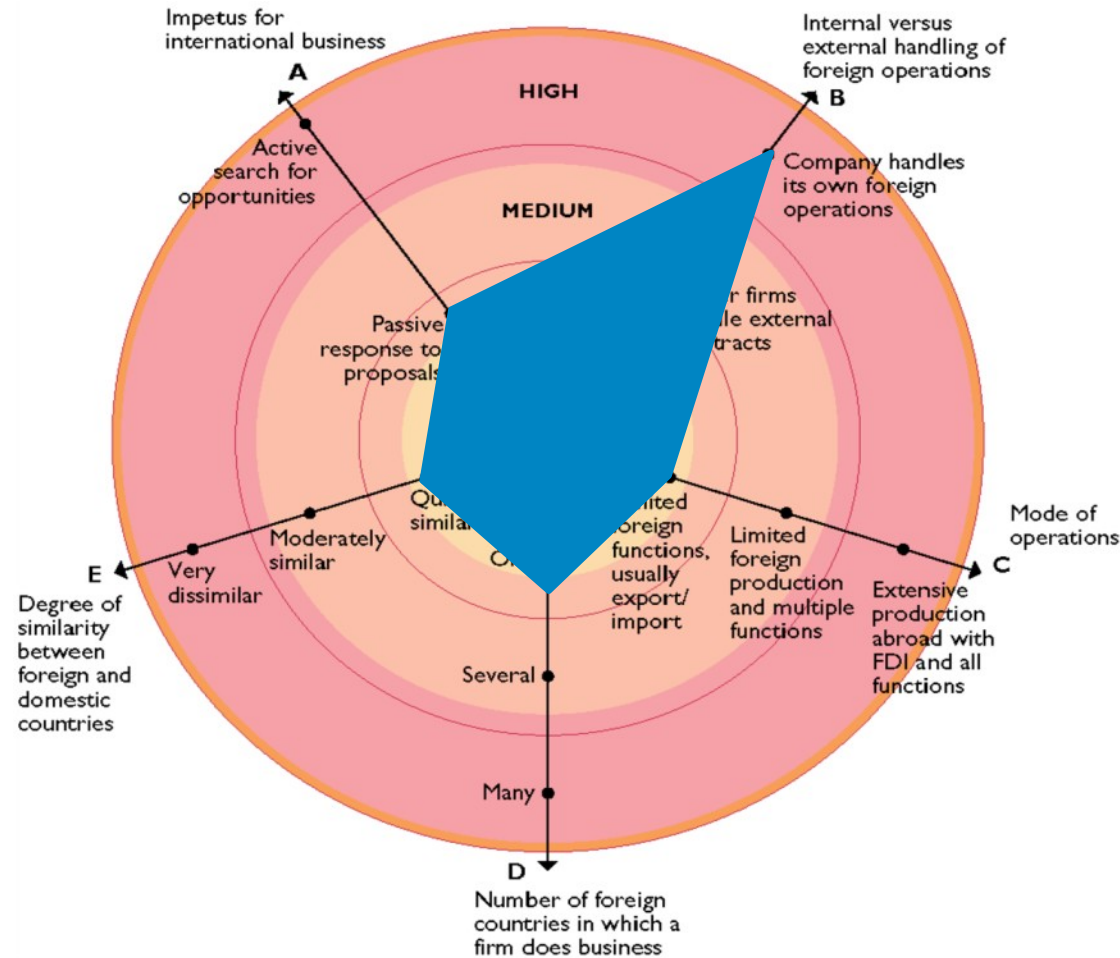
*Some features may be available only on certain configurations. ©1995 Dell Computer Corporation. All rights reserved.



Start of international expansion (1987-1991)

Challenges of internationalization:

- FX Issue
- Logistics
- Geopolitics situation
- Competition
- Language
- Customer behavior

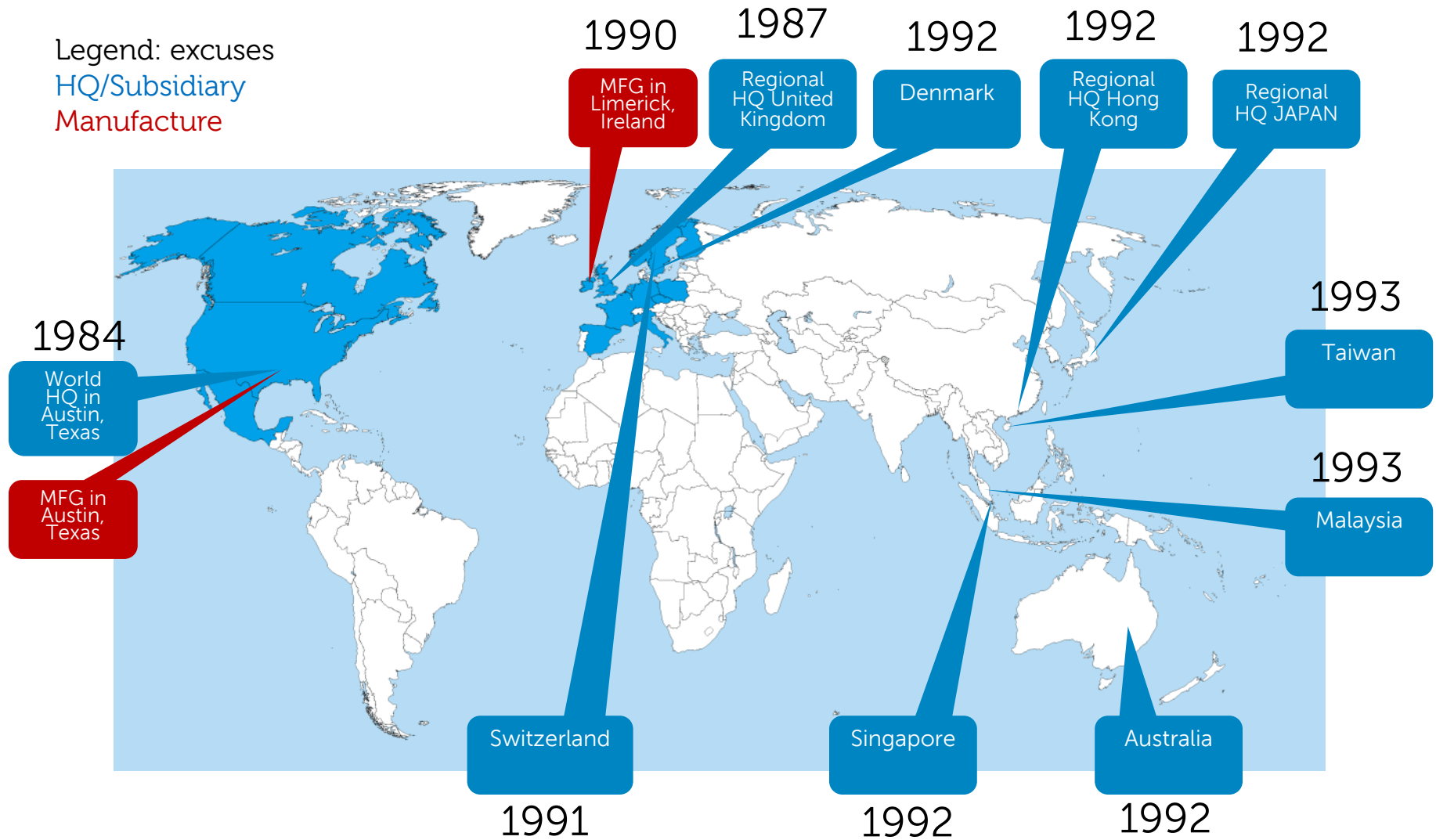


Puberty (1991-1995)

Legend: excuses

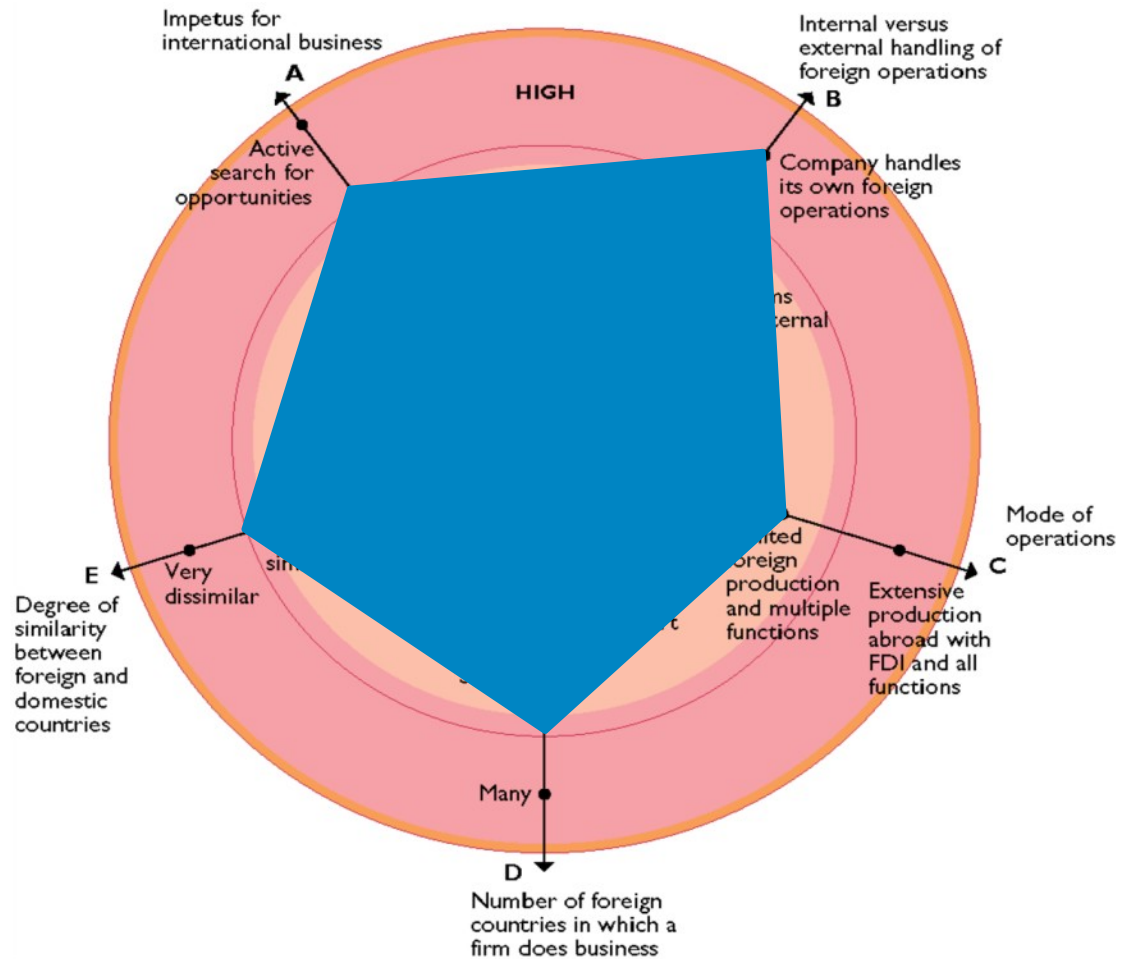
HQ/Subsidiary

Manufacture



Puberty (1991-1995)

- 1991 - Dell entered the retail channel
 - CompUSA
 - Staples
 - Best Buy
 - PC World, etc.
- Reducing suppliers
- 1992- First steps in Asia-Pacific-Japan (APJ)
- 1994- Dell quit the retail channel and focus only on Direct model



Puberty (1991-1995)

Indirect model



- External sales force, marketing
- Easier coverage of new / minor markets (sales force, customer preferences, market restrictions etc.)
- No need to have too diverse product portfolio
- Ability to provide a solution or consultancy
- Customer can see or touch product



- Lack of contact with end user
- Supply chain management
- Risk that reseller will not know the product portfolio well
- Risk that reseller will prefer to sell competitor's products (on shelf placement etc.)
- Need to share margin



Internet era and exceptional growth (1995-2000)

Legend: excuses
HQ/Subsidiary
Manufacture

1999

MFG in Nashville and Lebanon, Tennessee

1990

MFG in Limerick, Ireland

1998

MFG in Xiamen, China

1996

MFG in Penang, Malaysia

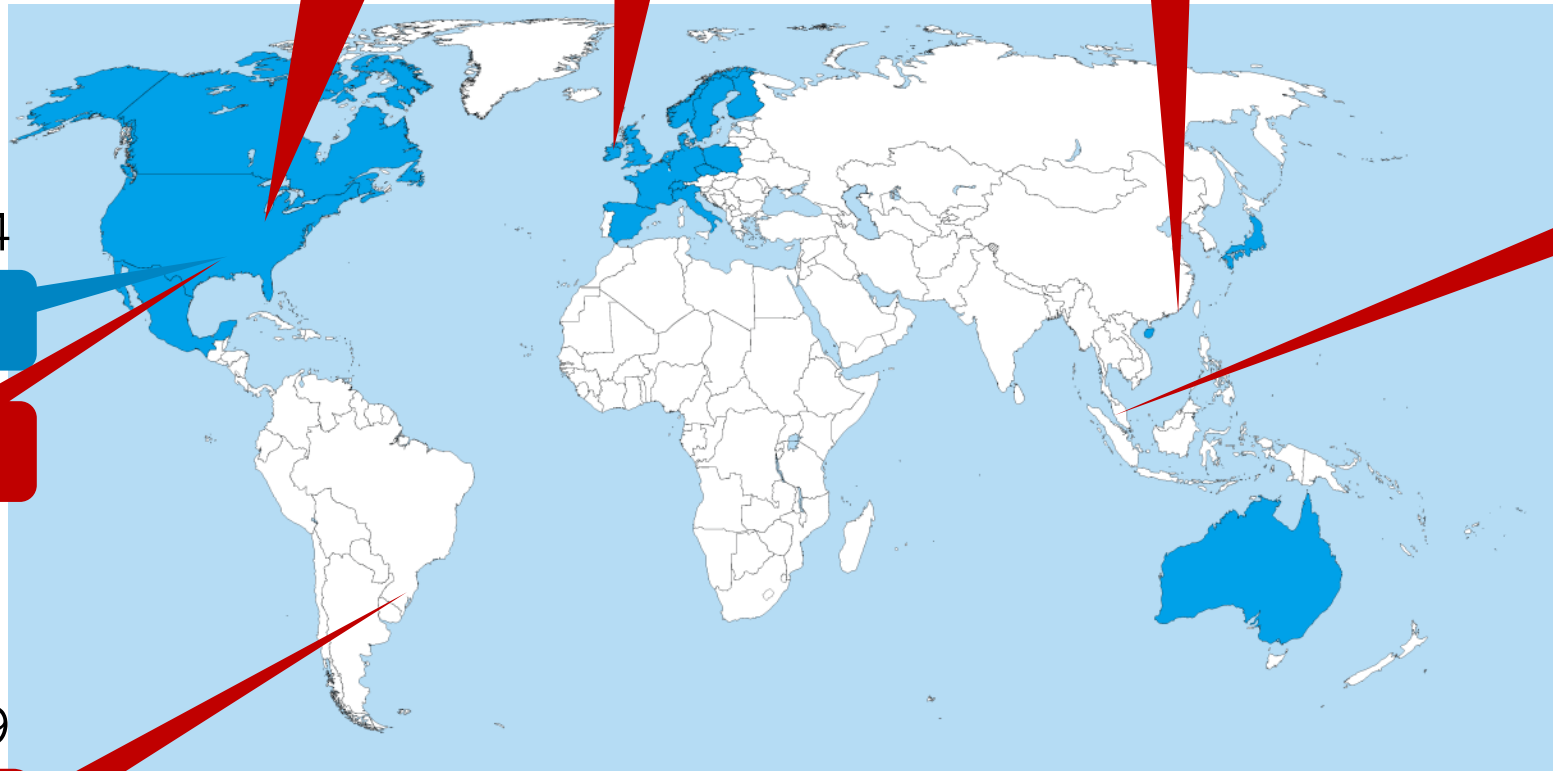
1984

HQ in Austin, Texas

MFG in Austin, Texas

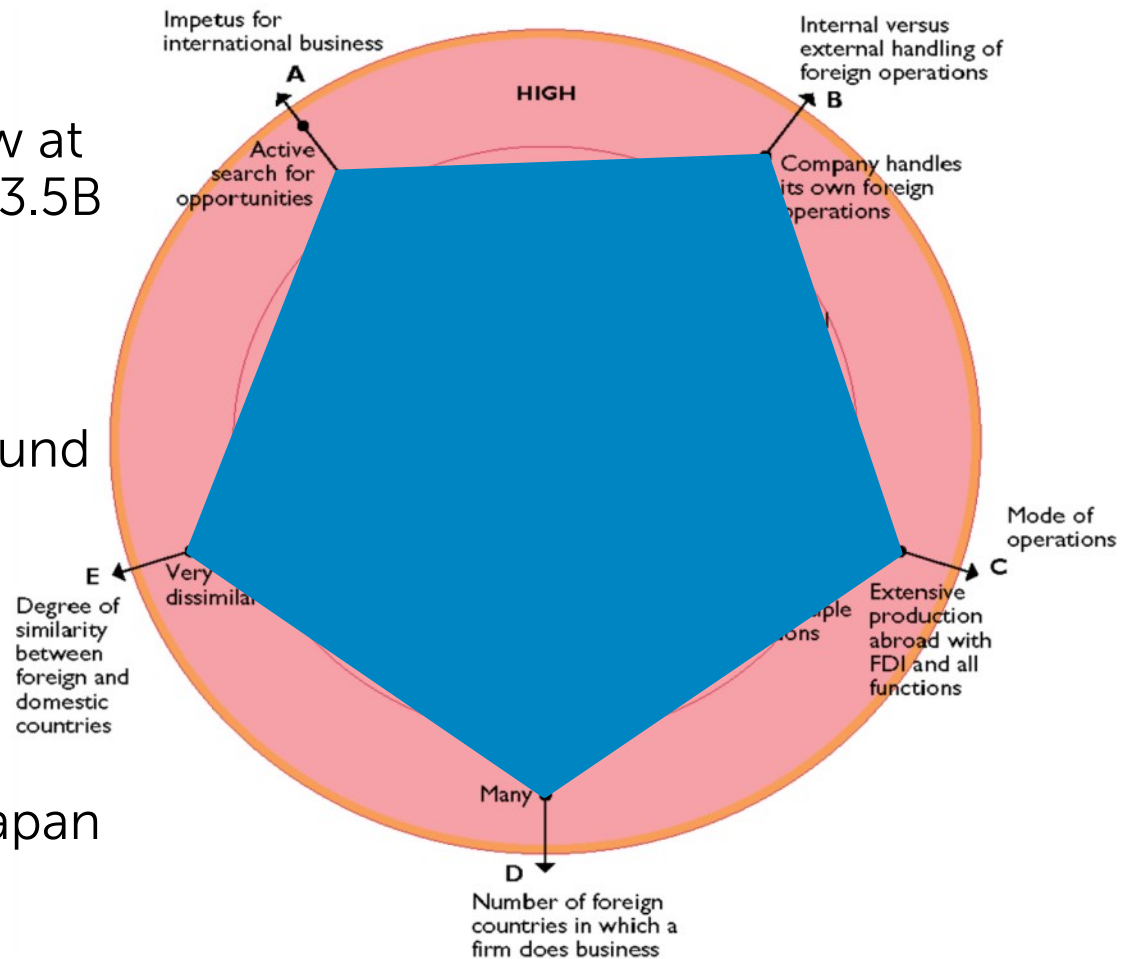
1999

MFG in Eldorado do Sul, Brazil



Internet era and exceptional growth (1995-2000)

- 1995 – Dell.com
- 1994 – 1999 – Sales grew at annual rate 49.5% from \$3.5B to \$25B
- Establishing factories around the world
- Decrease of direct cost by 15%
- Growth in Asia-Pacific-Japan and Latin America



True Global Company (2000-2004)

Legend: excuses
HQ/Subsidiary
Manufacture

1999

MFG in Nashville
and Lebanon,
Tennessee

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MFG in
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MFG in
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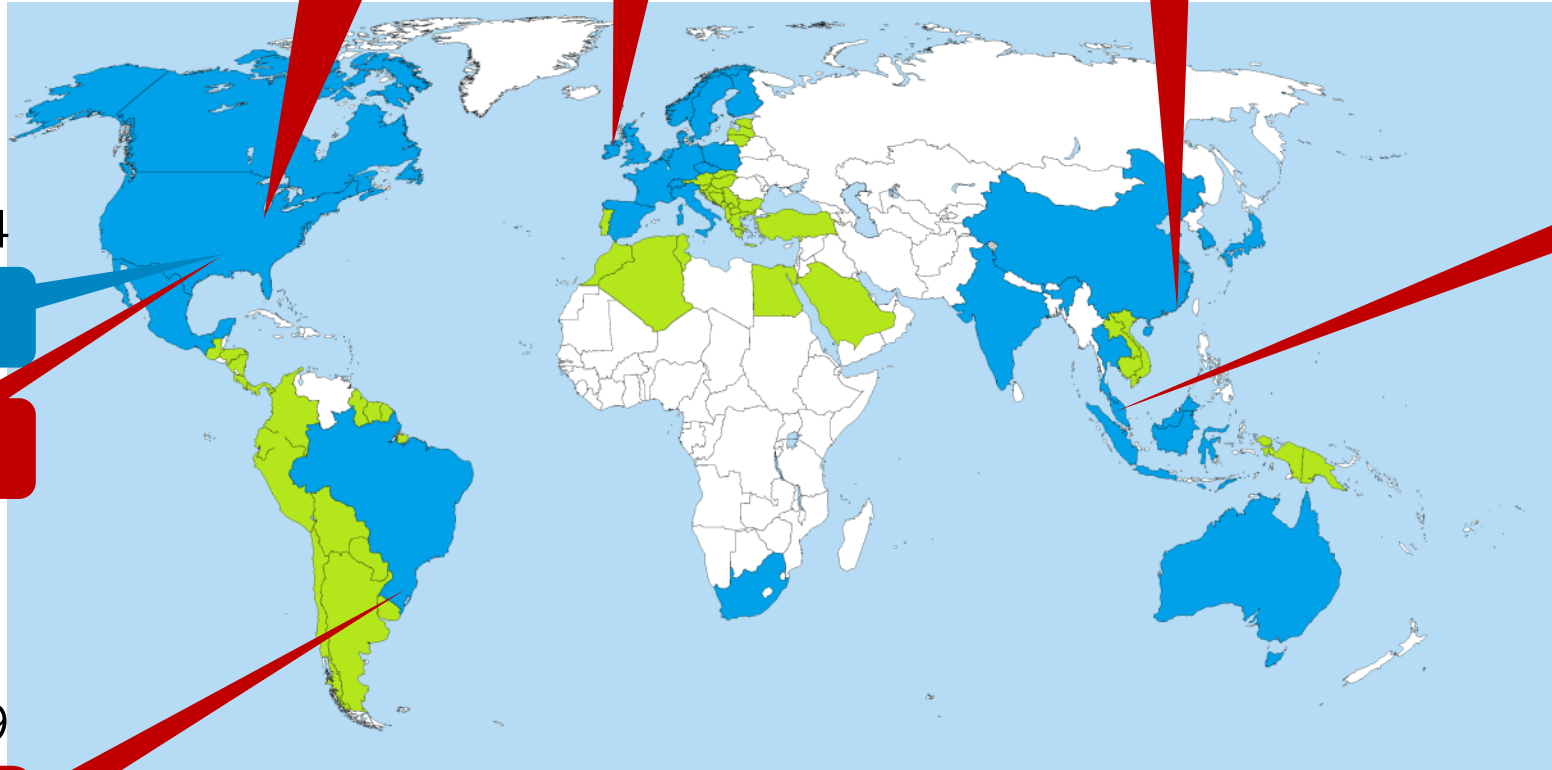
1984

HQ in
Austin,
Texas

MFG in
Austin,
Texas

1999

MFG in
Eldorado
do Sul,
Brazil



True Global Company (2000-2004)

2000- Community engagement :
Michael and Susan Dell
Foundation

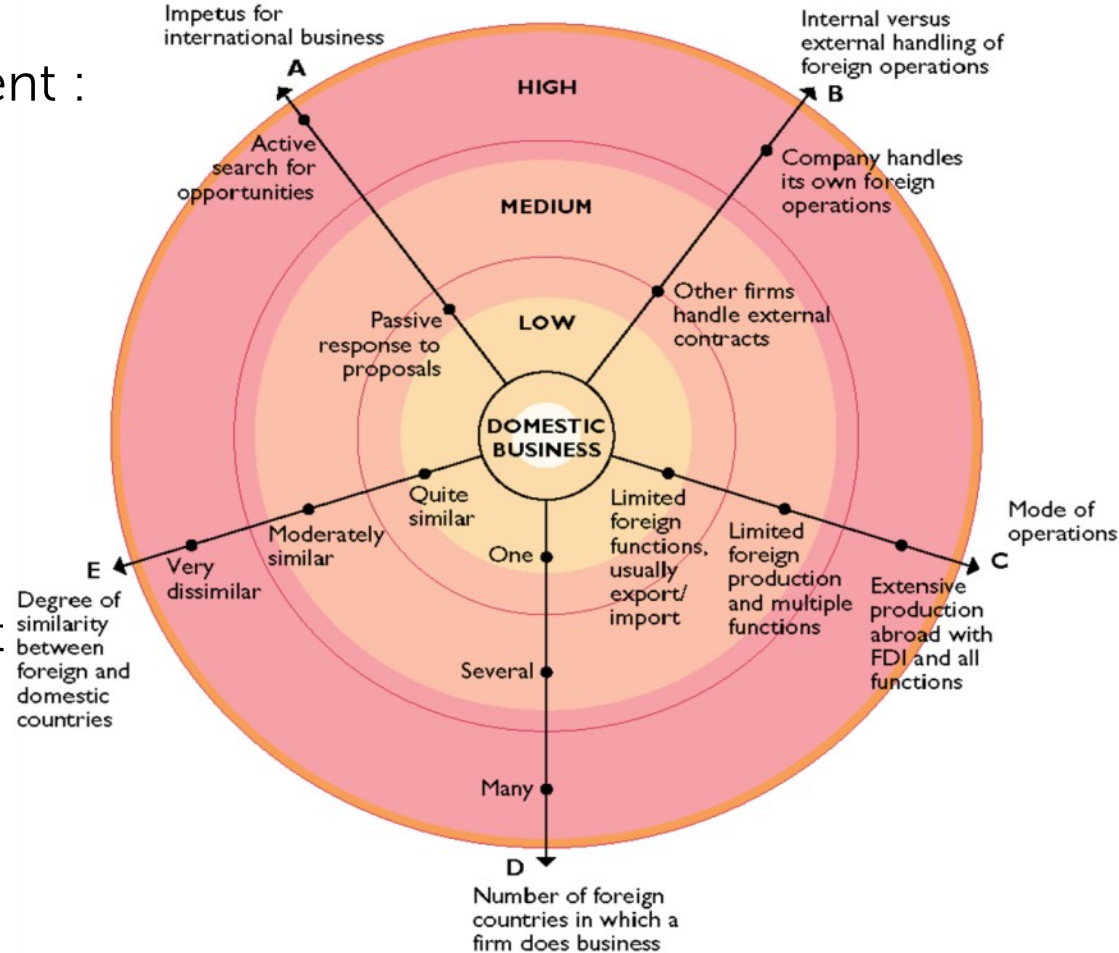
2000 – Environment issues –
recycling program

2001- Market decrease but...

2003 & 2004 – no.1 in market
share of computer vendors

2004 – Michael Dell Stepped
down as CEO

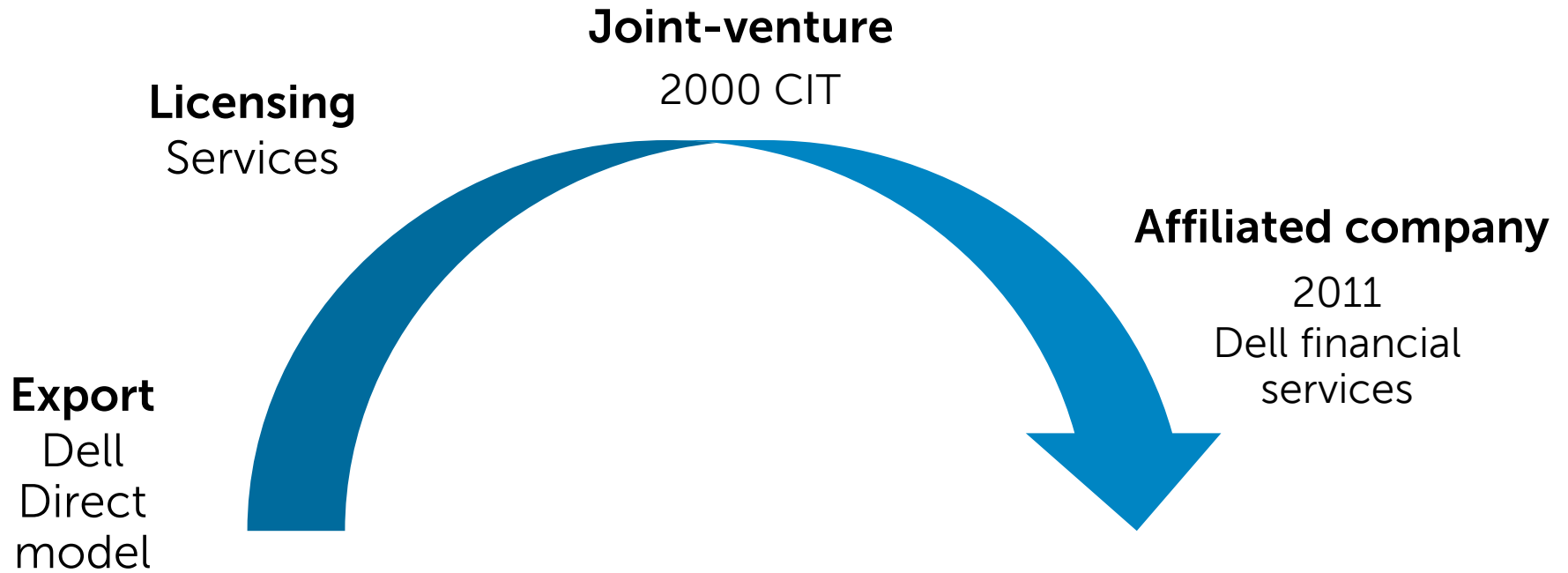
Direct model as successful Global
strategy



Stopford Model



CIT and Dell



Thank You



Dell approach – Global commercial channel



Registered Partners

- Entry program for most partners
- Grants access to Dell's partner portal and customer support
- Access to trainings and certifications

Preferred Partners

- Assigned account manager
- Better return and payment conditions
- Requires Dell certifications and minimal revenue threshold

Premier Partners

- Highest level of support from Dell
- Requires two or more Dell certifications and higher revenue threshold than Preferred

Level of cooperation



How does Michael Dell describe the Dell evolution?

- <http://www.youtube.com/watch?v=N3VOR31Hrn4>



Dell's commitment to customers

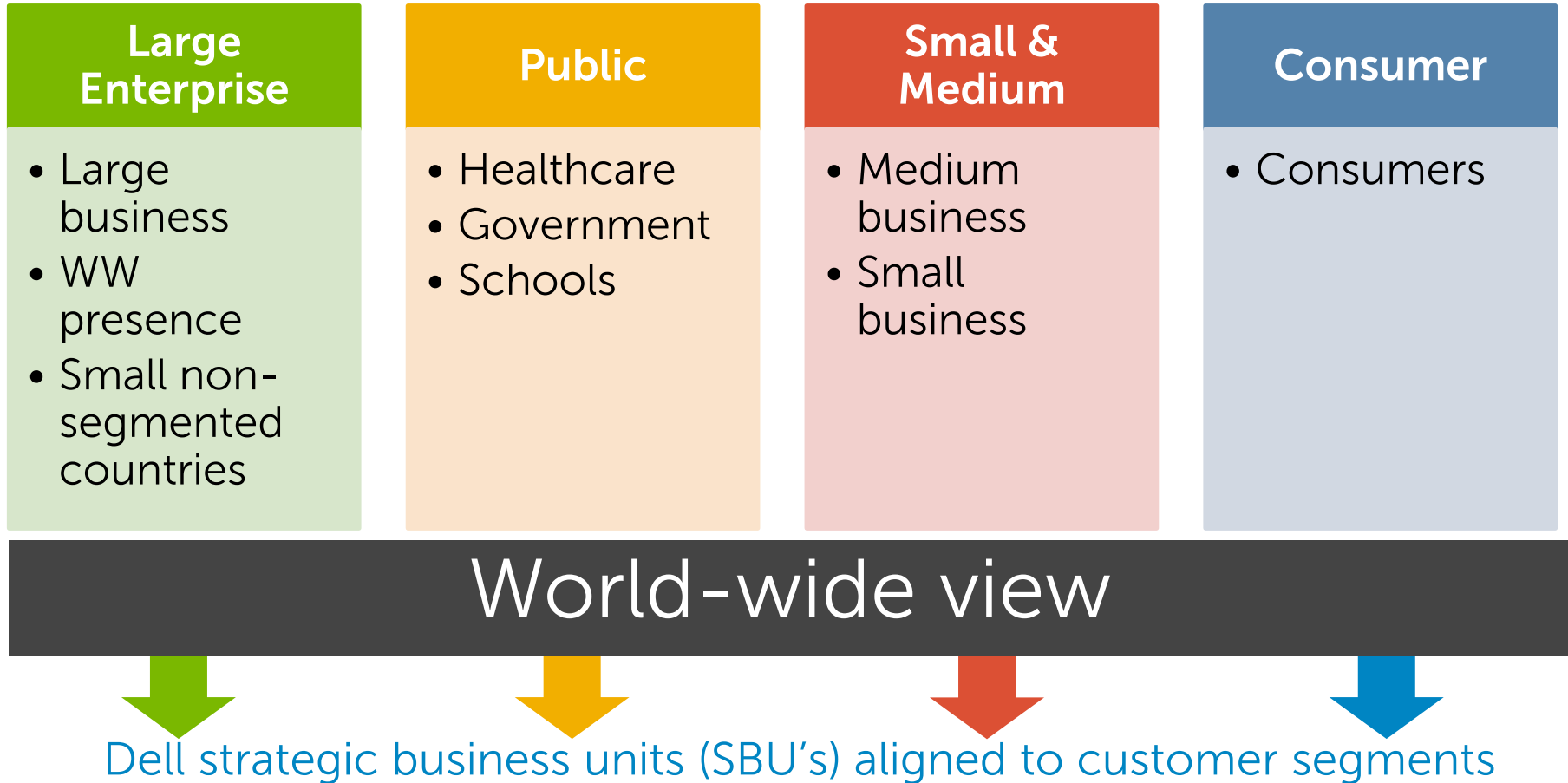
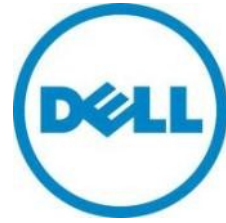
- <http://www.youtube.com/watch?v=-5-3t4RAaio>



Creating global business units



Dell organization based on the customer



Regional structure to global SBUs

“We have laid the foundation for the transition from a global business that's run regionally to businesses that are really globally organized.”

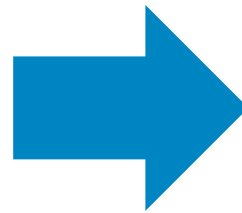
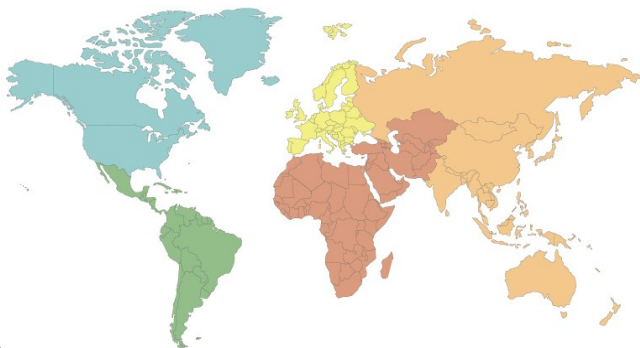
Michael Dell ¹⁾

Before

- Regional business structure
- High reporting complexity
- Complex Internal Tree

After

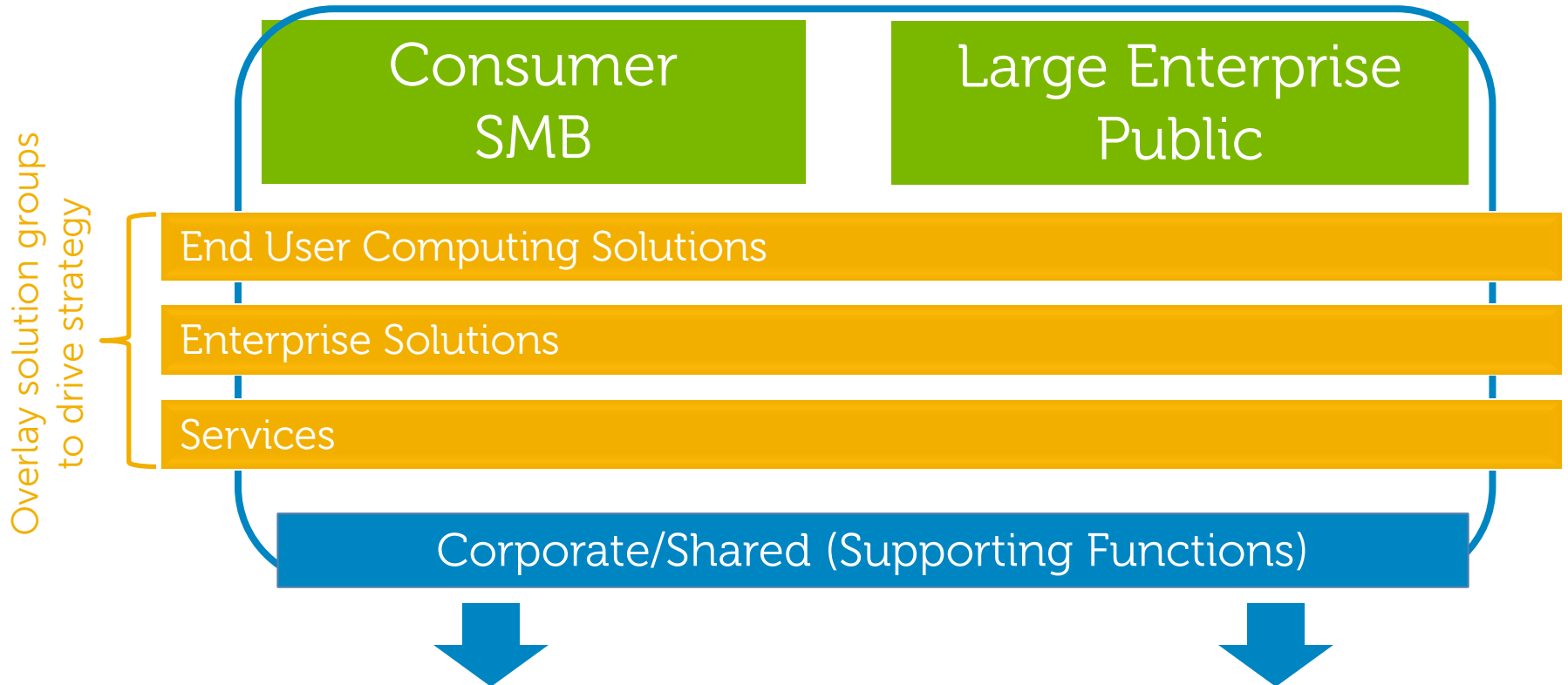
- Global business structure
- Lower complexity
- Simplified hierarchy



¹⁾ <http://www.itexaminer.com/dell-implements-restructuring-plan.aspx>



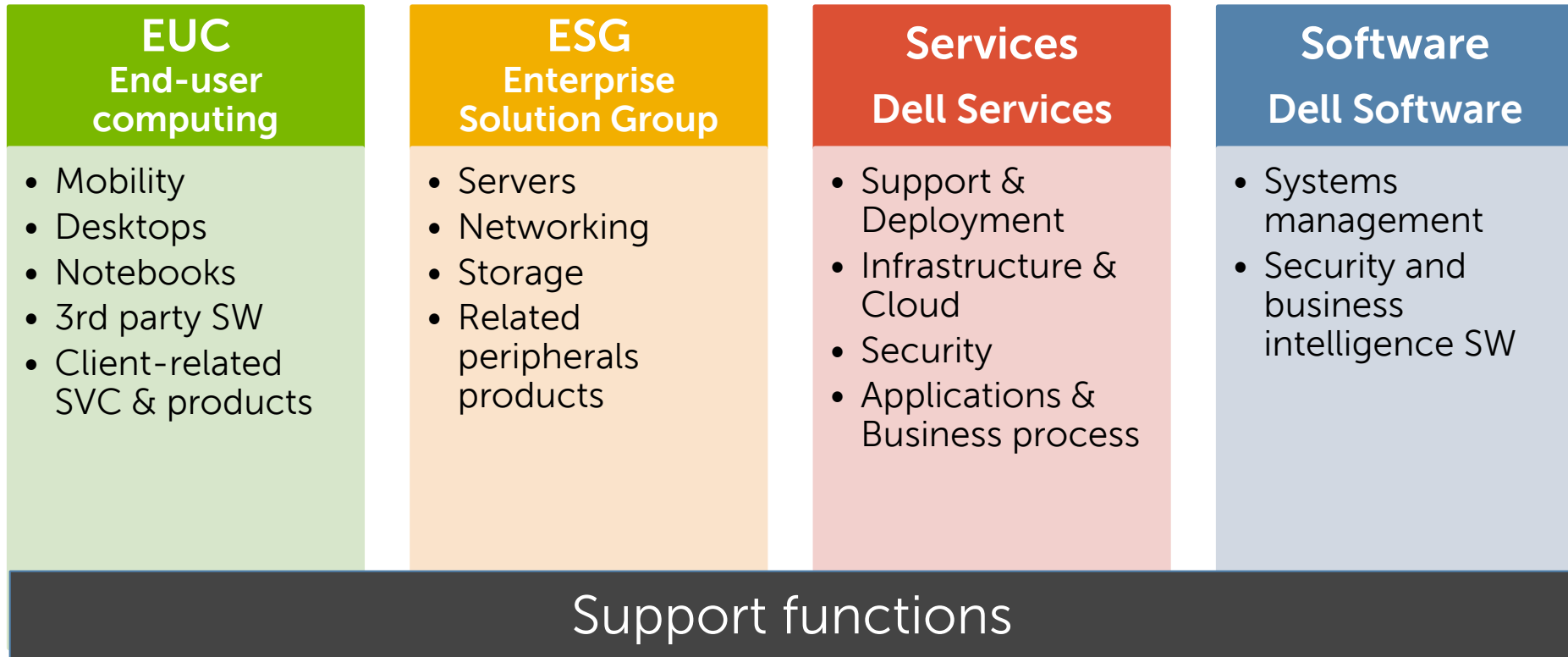
Dell organization based on customers



Dell strategic business units (SBU's) aligned to customer segments



Financial reporting changes to reflect strategy



Dell reflecting current IT trends



Major IT trends

Consumer

- Ubiquitous computing
- Always On connectivity
- Anywhere Anytime mobility



Rise of Smartphones, Tablets, Ultra-books and Cloud Services

Enterprise

- Mobility
- Increasing IT Complexity
- Cloud Computing
- Large Data Analytics



Rapidly increasing storage requirements, services instead of in-house solutions

Global industry trends

- BRIC country IT market growth
- Consumerization of IT – change of traditional work/life patterns

