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# Dell internationalization

## 1984 to 2004



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Lukas Stecak

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# Agenda

1. Introduction
2. Dell Evolution
3. Stopford Model

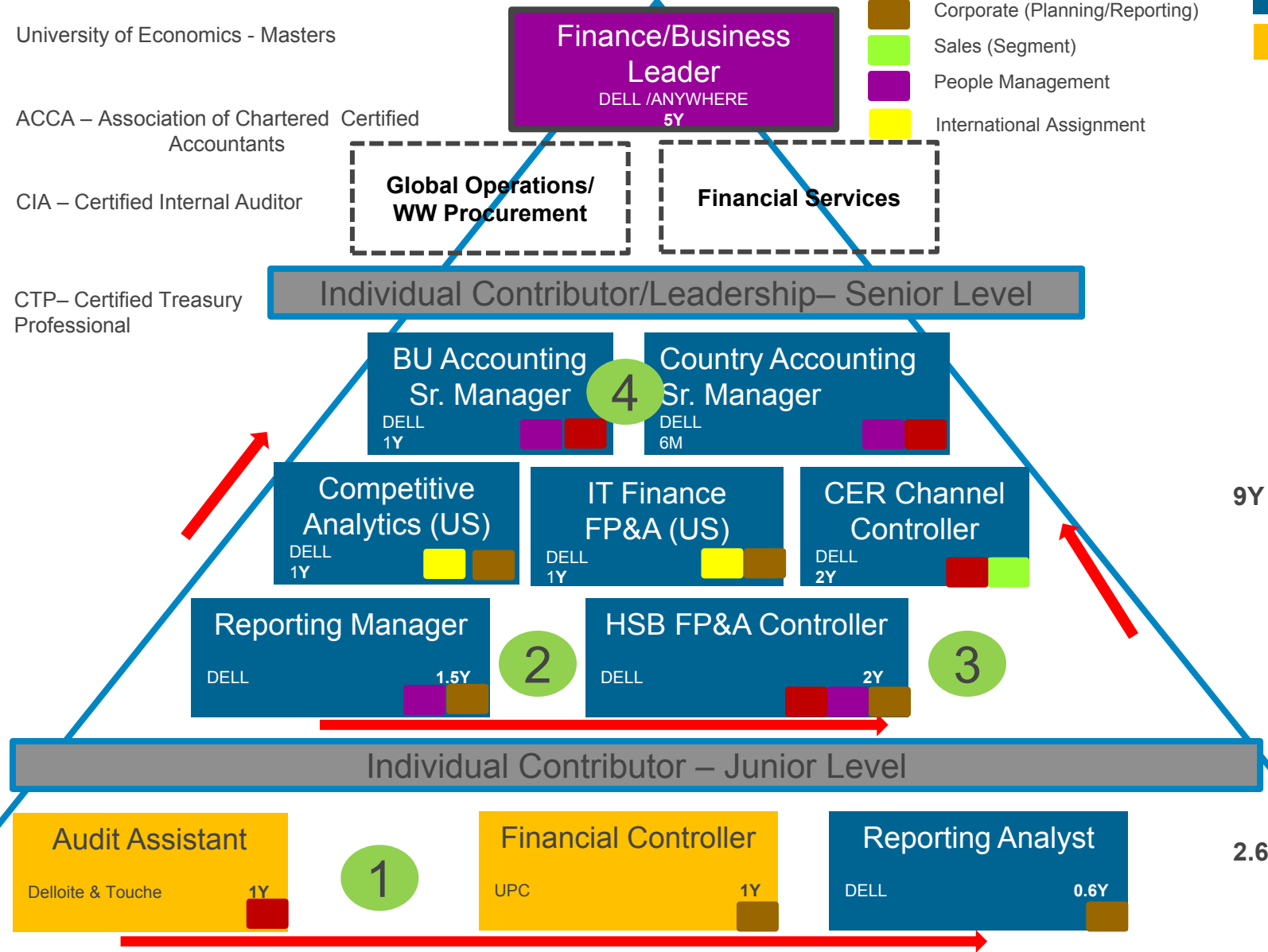


# Career Triangle – Ivan Mitranga, FCCA, CIA, CTP

- 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



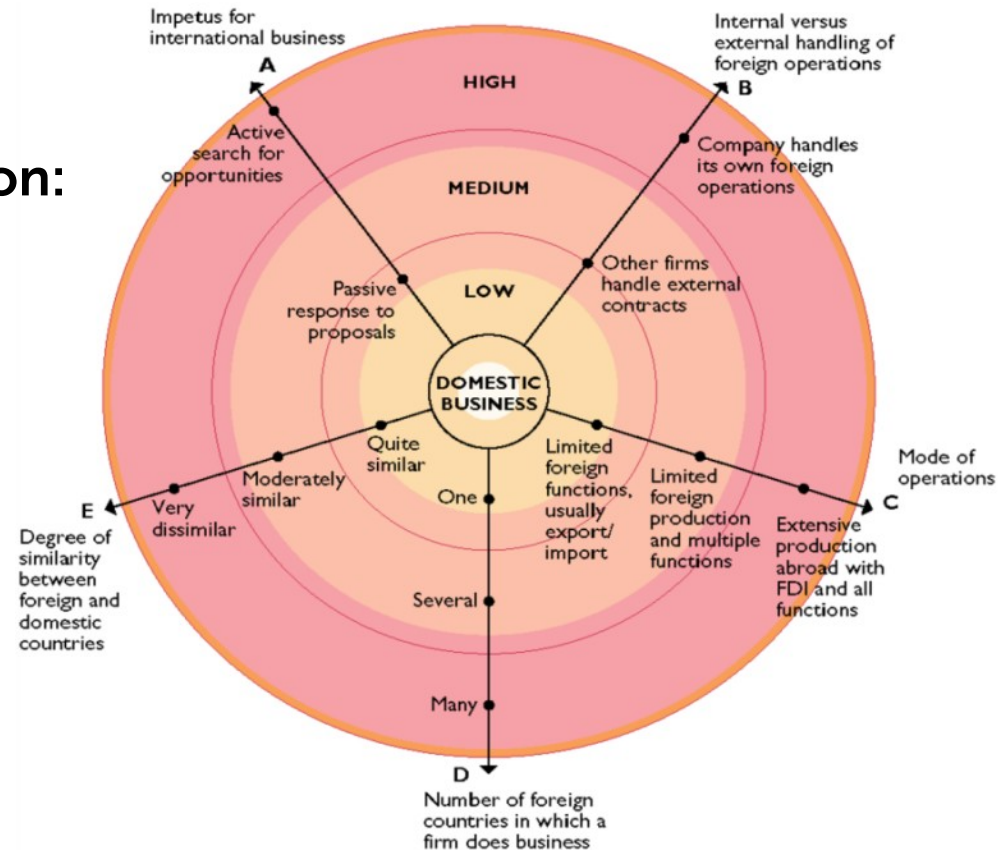
# Pattern of International expansion

## Daniels & Radebaugh's model:

- organization's extent of globalization

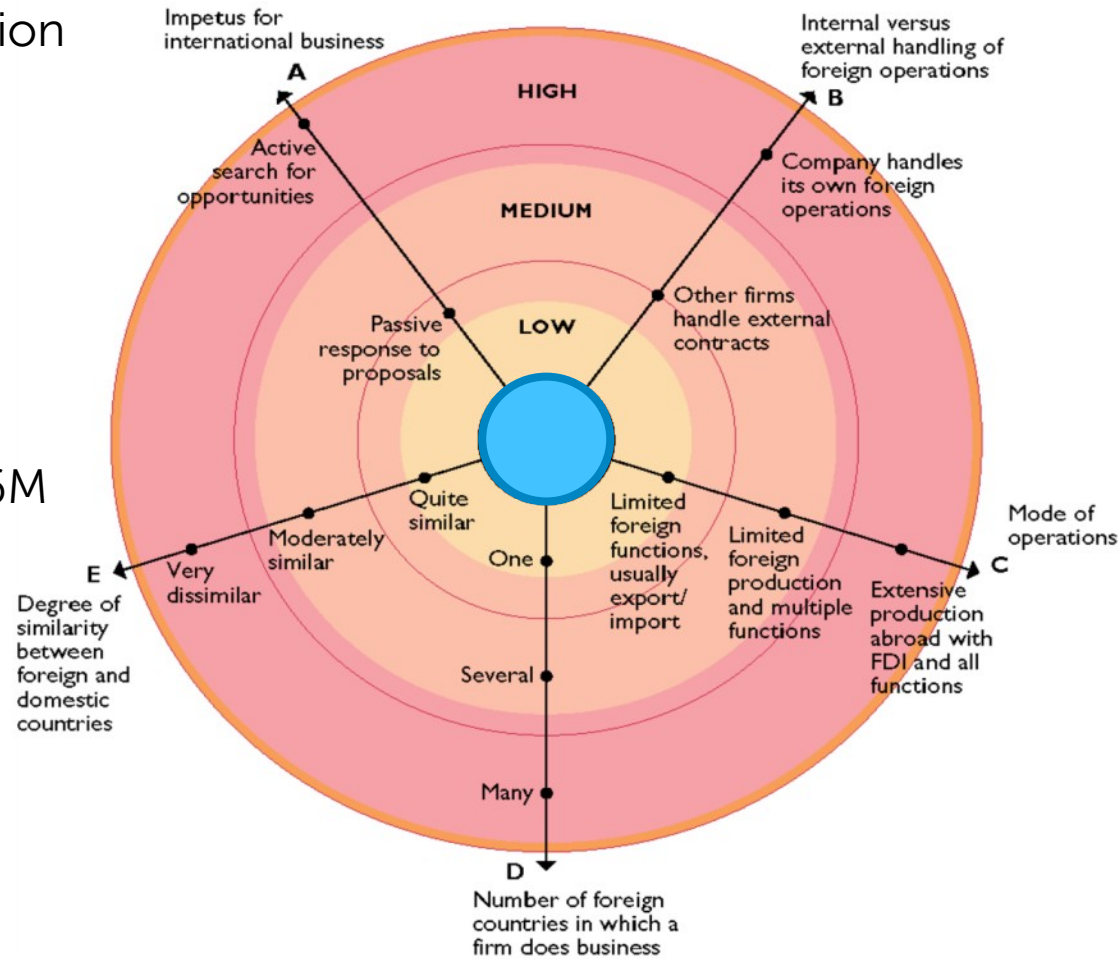
## Patterns of international expansion:

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



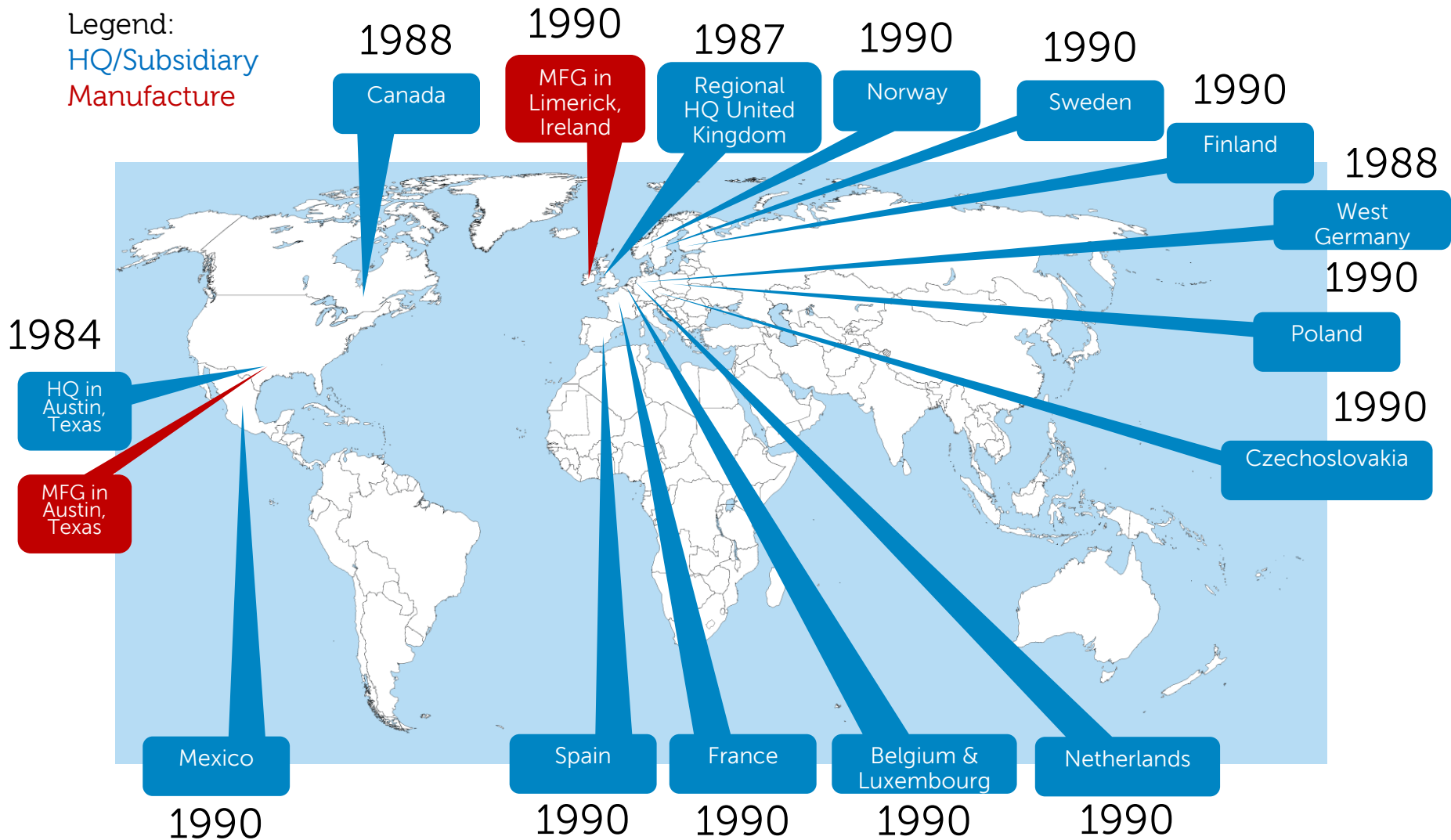
# Birth and Childhood (1983-1987)

- 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 Toll-Free 24-Hour Service Line  
 9am - 5pm EST

Or Contact Us Call 800-468-8225  
http://www.dell.com/

Keyboard #10224



Dell's featured computer sold as Direct Monitor.

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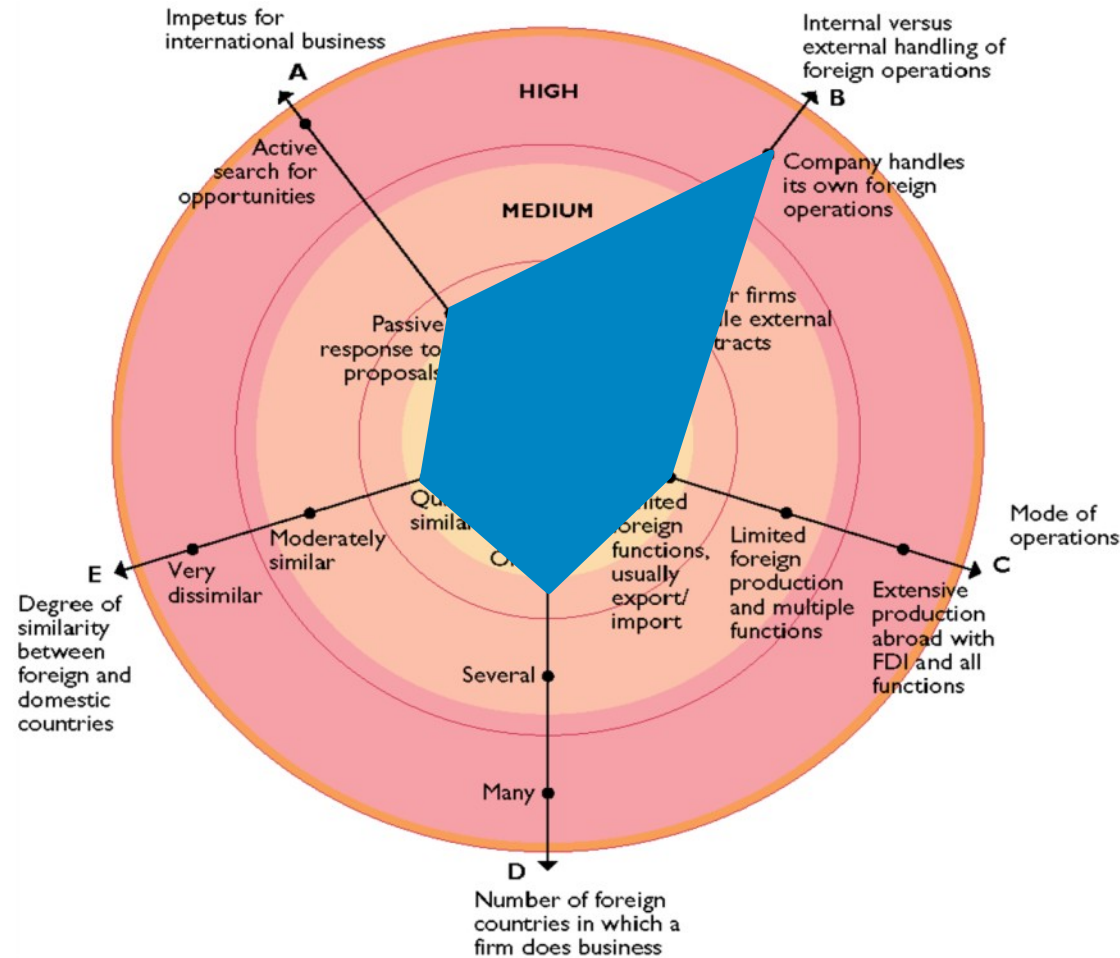




# Start of international expansion (1987-1991)

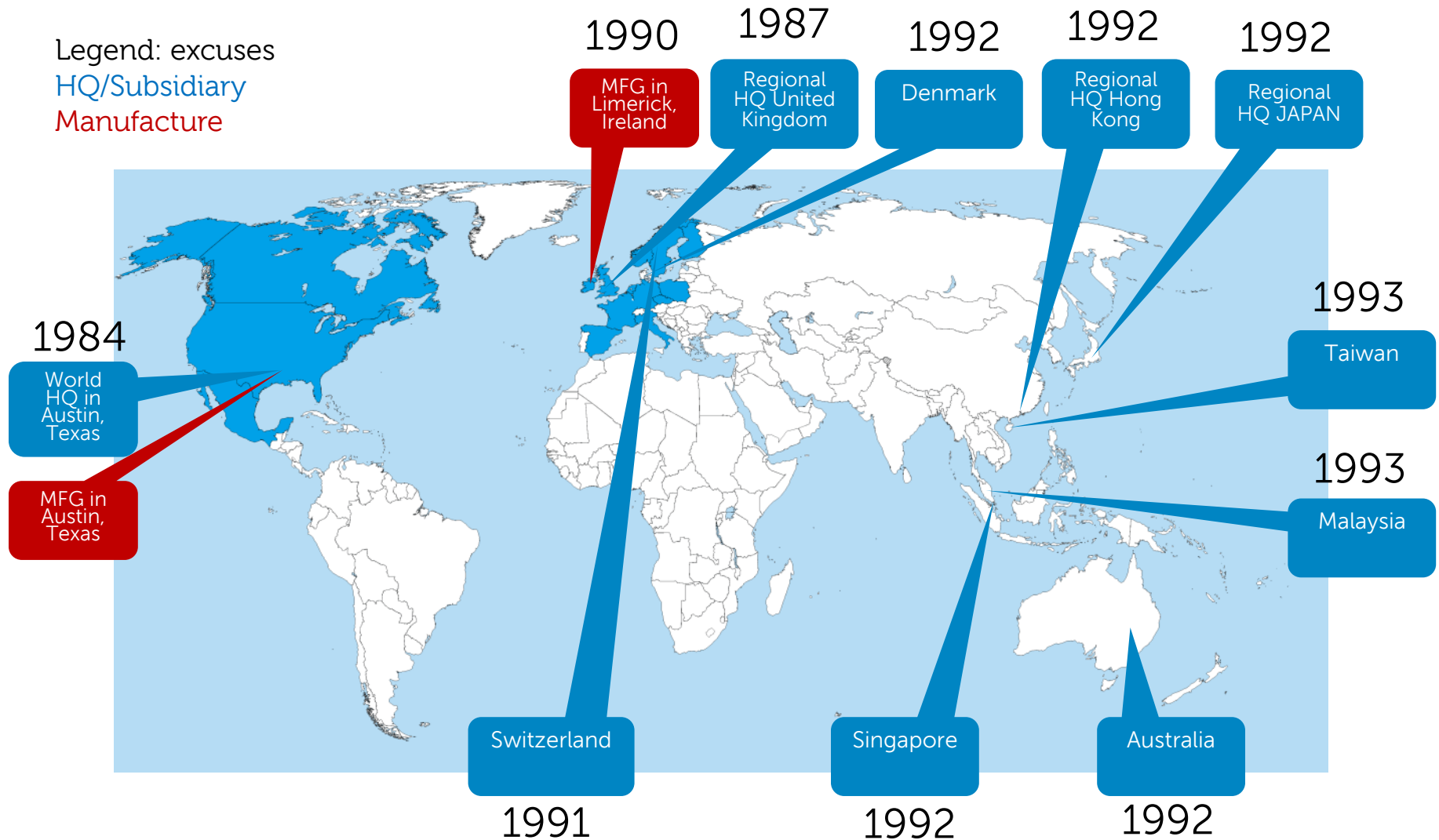
## Challenges of internationalization:

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



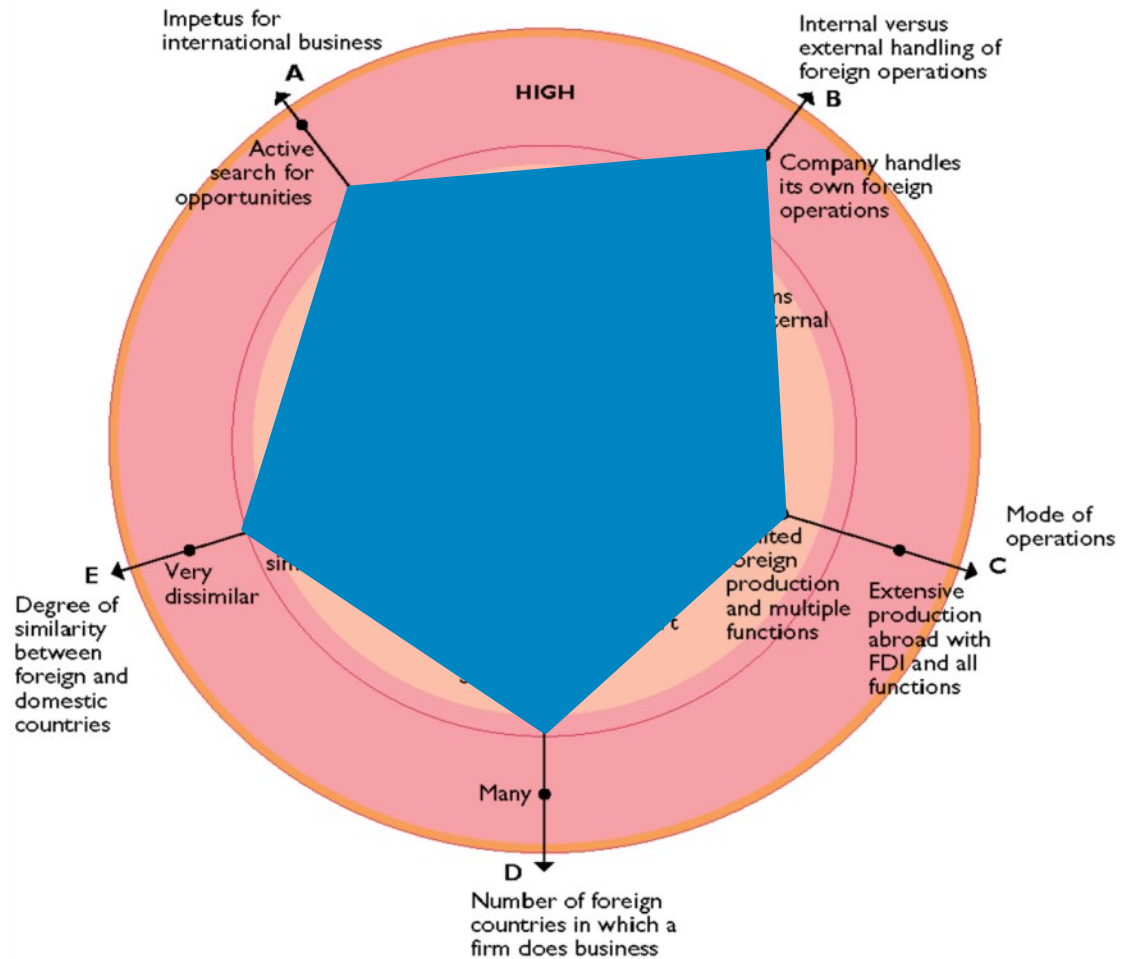
# Puberty (1991-1995)

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

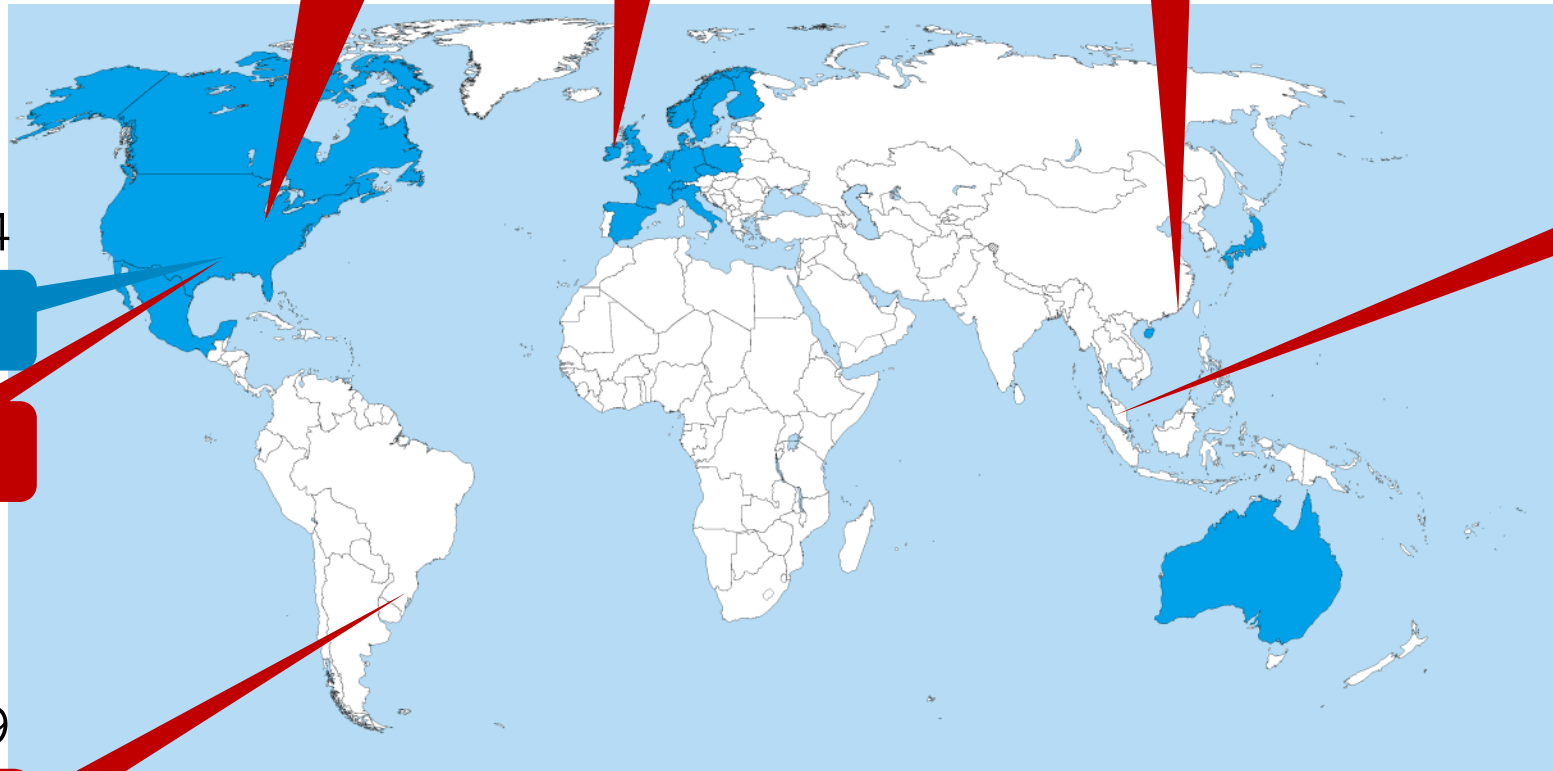
1984

HQ in Austin, Texas

MFG in Austin, Texas

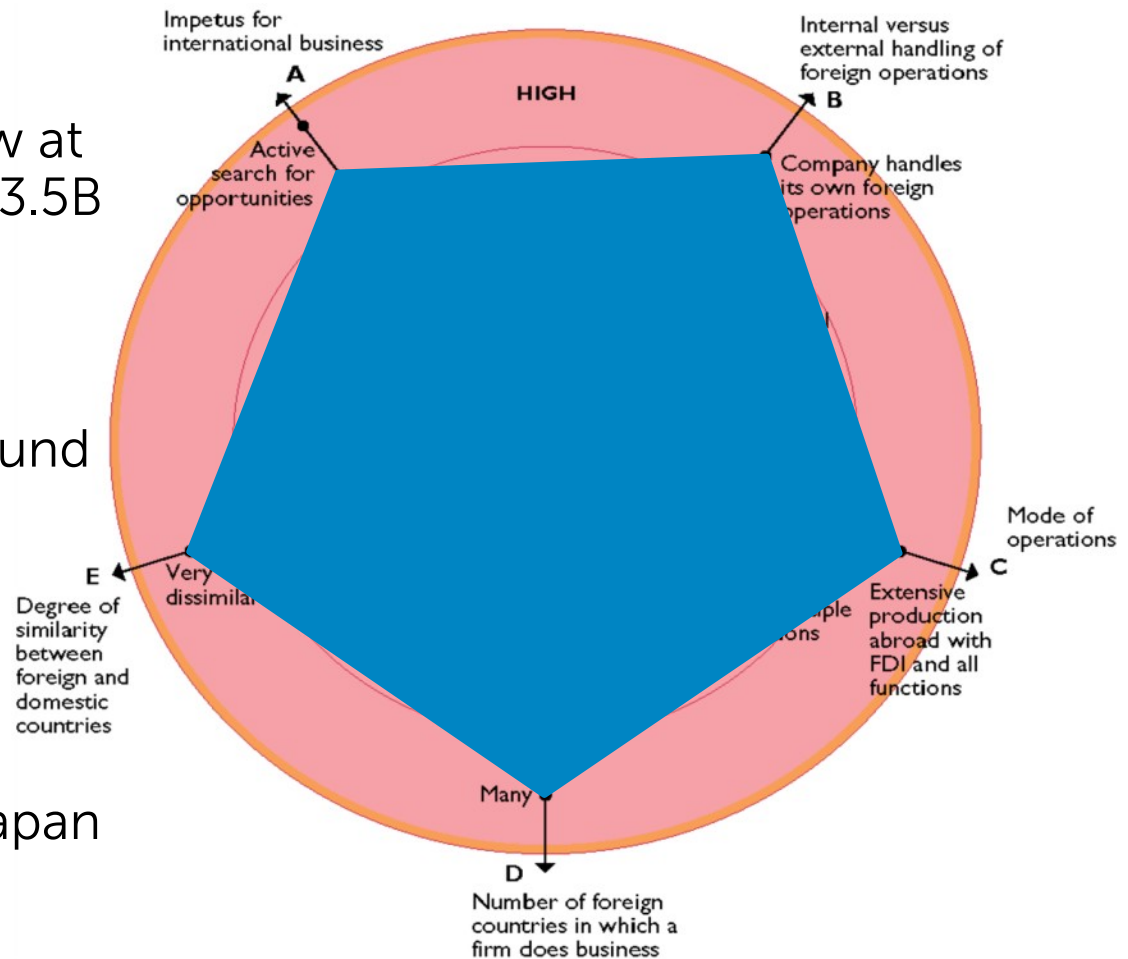
1999

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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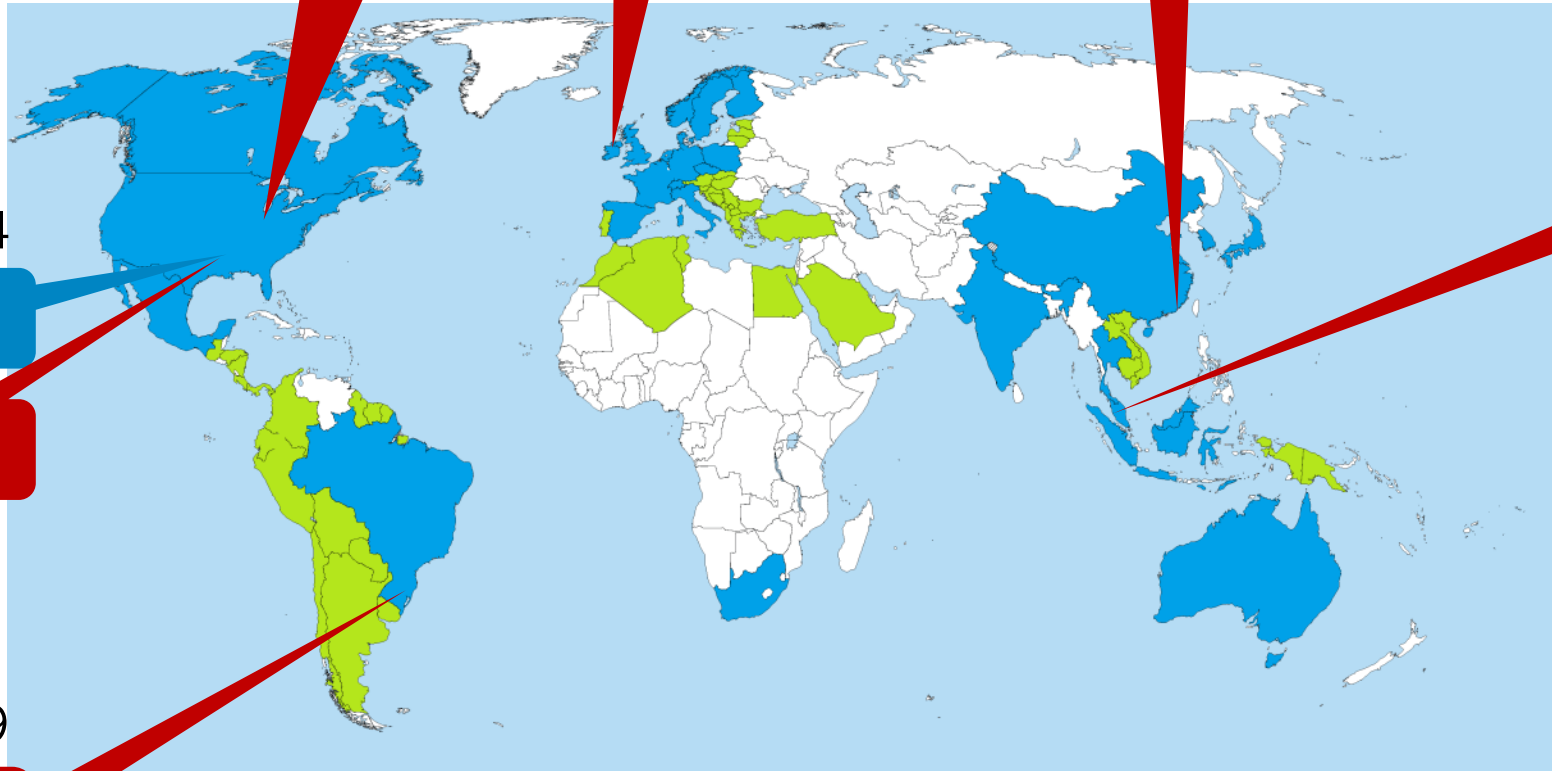
1984

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

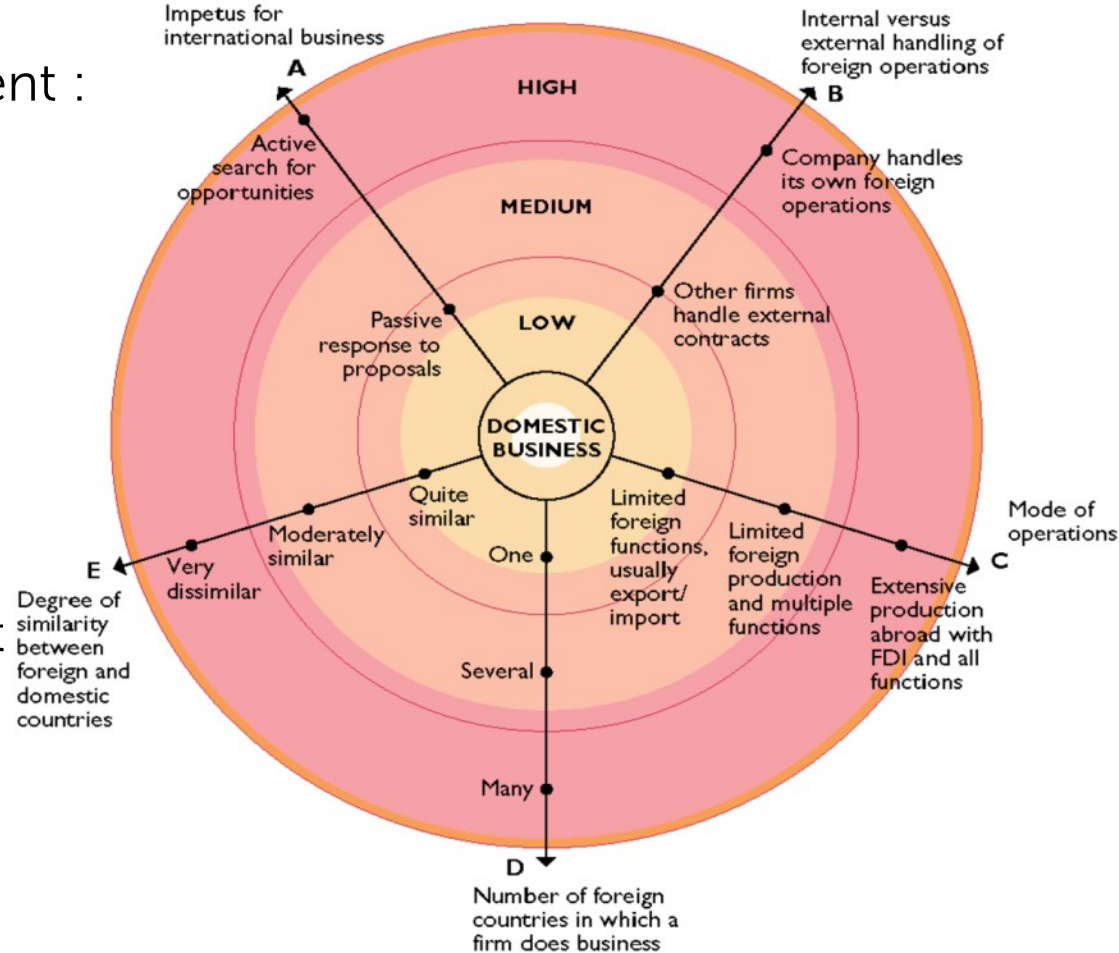
2000 – Environment issues –  
recycling program

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

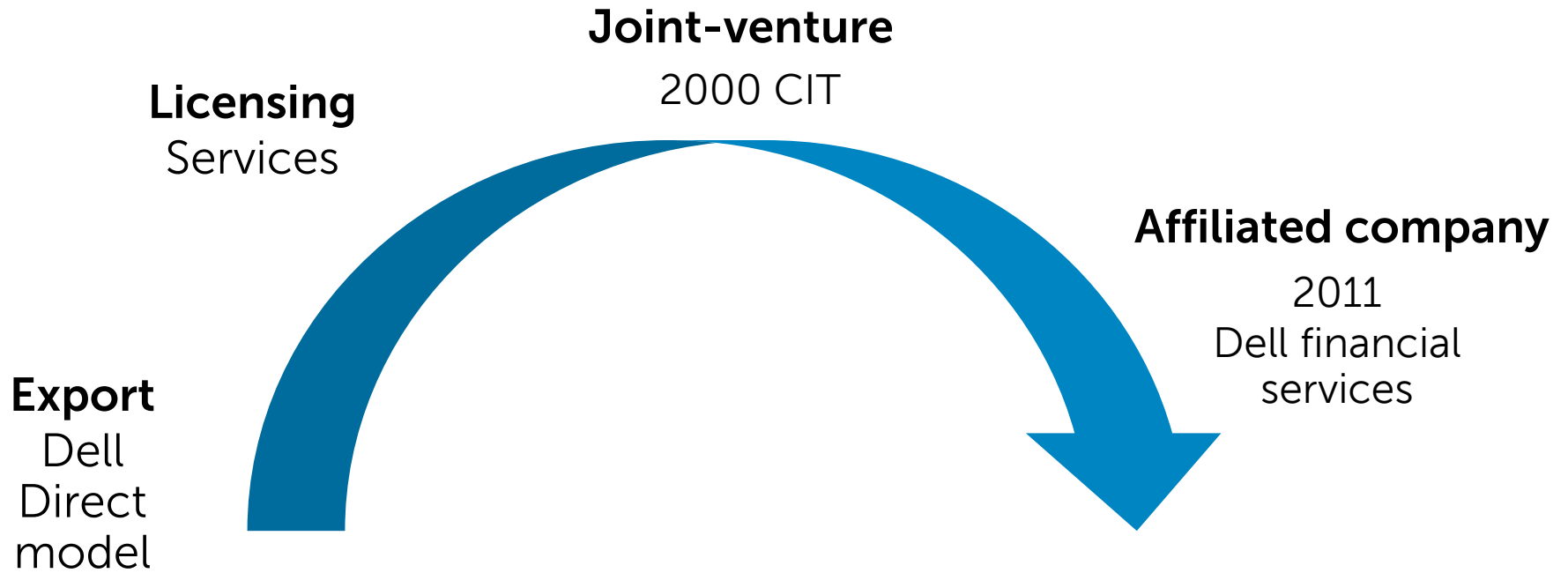




# Stopford Model



# CIT and Dell



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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

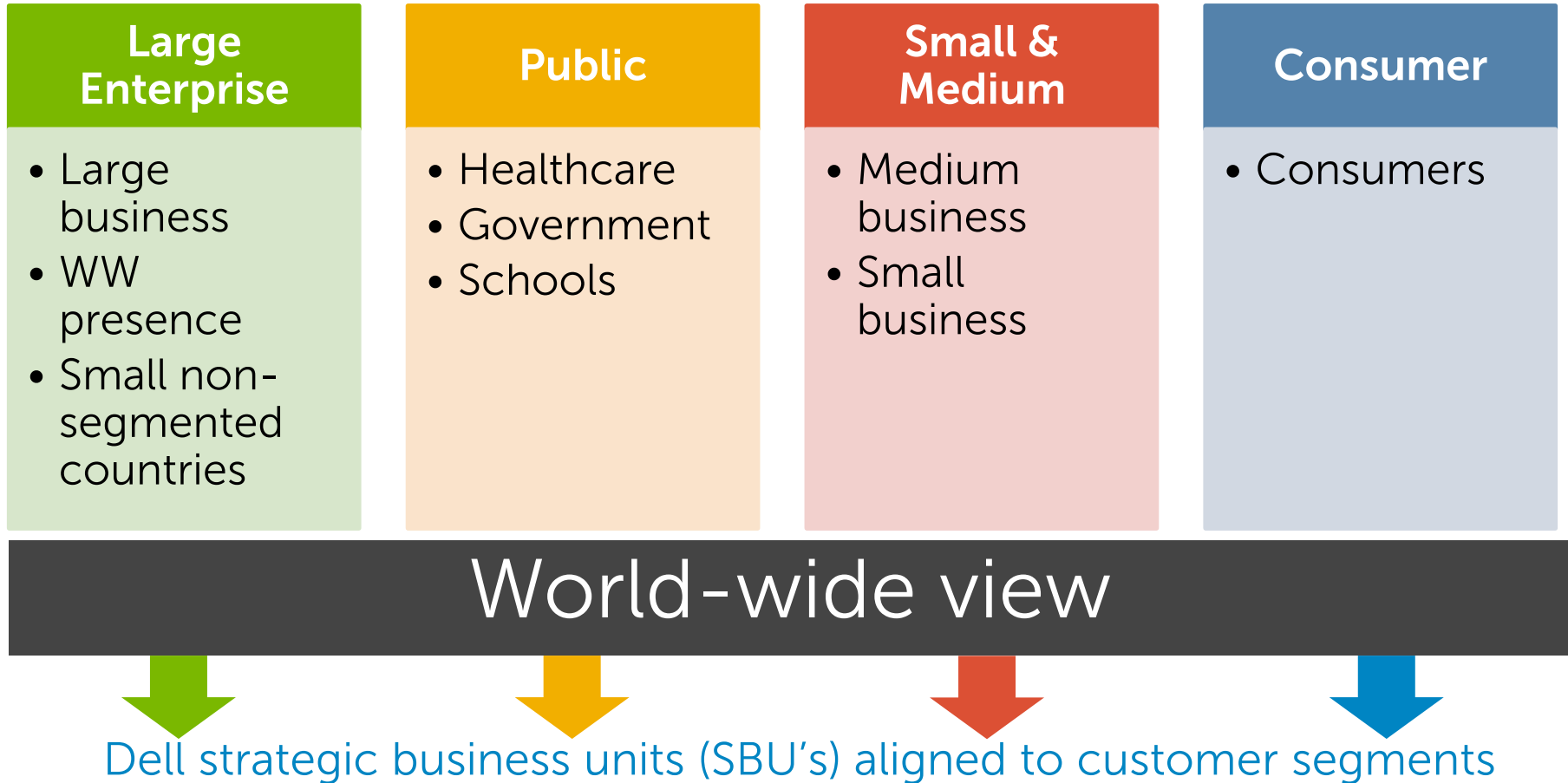
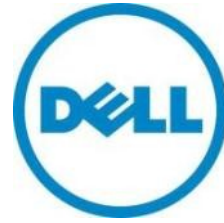
- <http://www.youtube.com/watch?v=-5-3t4RAaio>



# 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.”

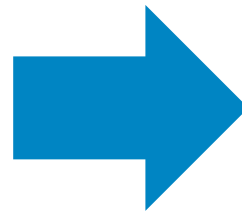
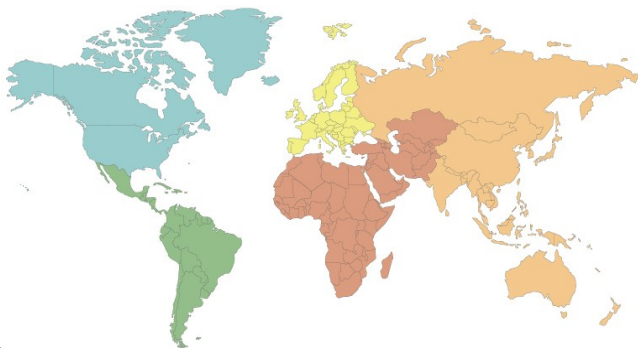
Michael Dell <sup>1)</sup>

## Before

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

## After

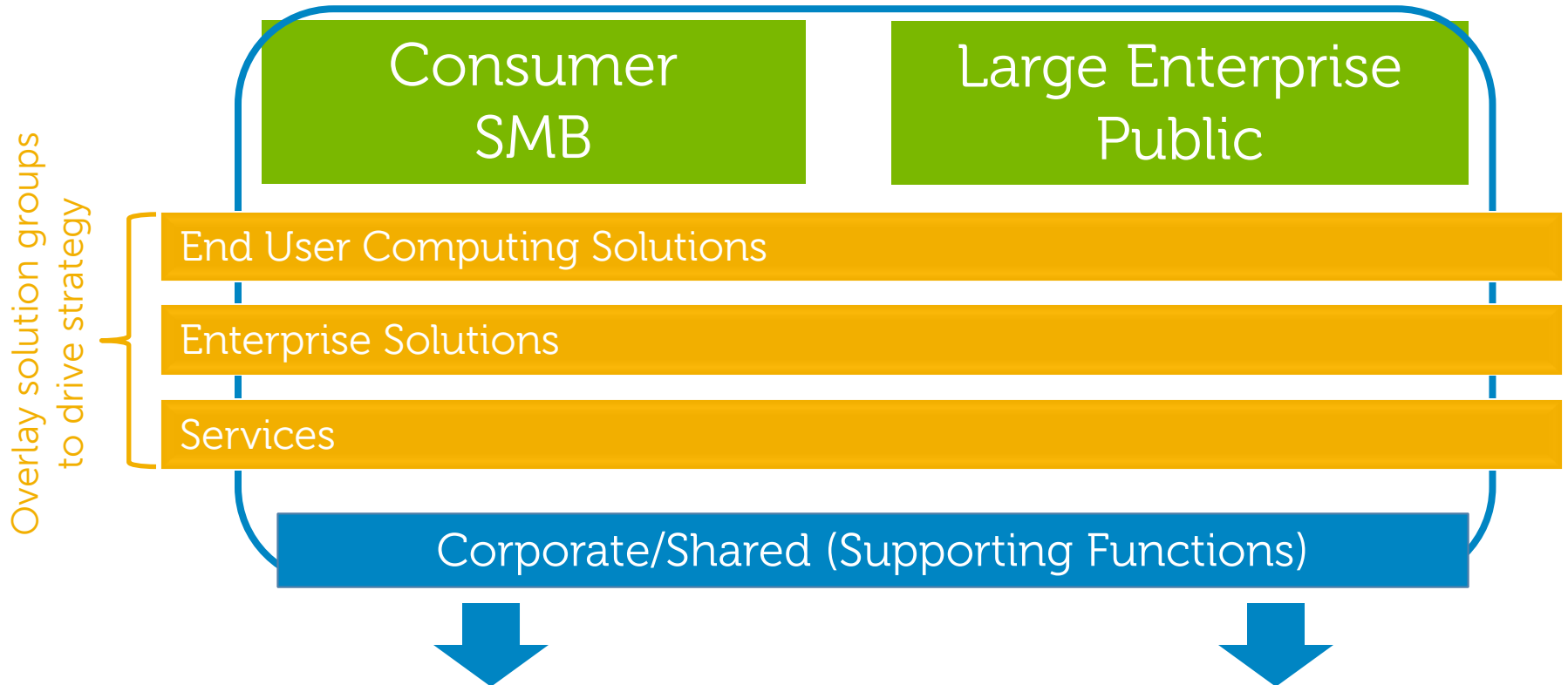
- Global business structure
- Lower complexity
- Simplified hierarchy



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



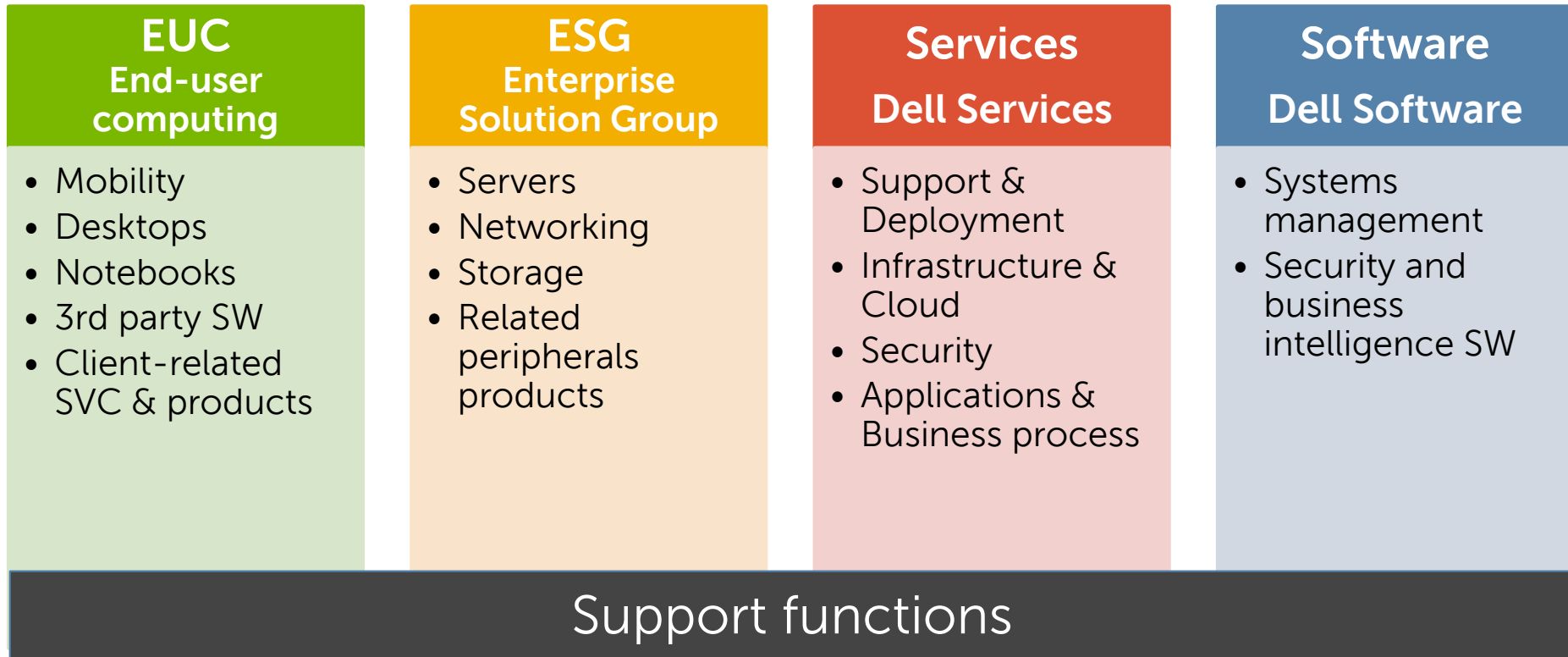
# Dell organization based on customers



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

