Dell internationalization

1984 to 2004

Ivan Mitringa
Lukas Stecak

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Agenda

1. Introduction
2. Dell Evolution
3. Stopford Model

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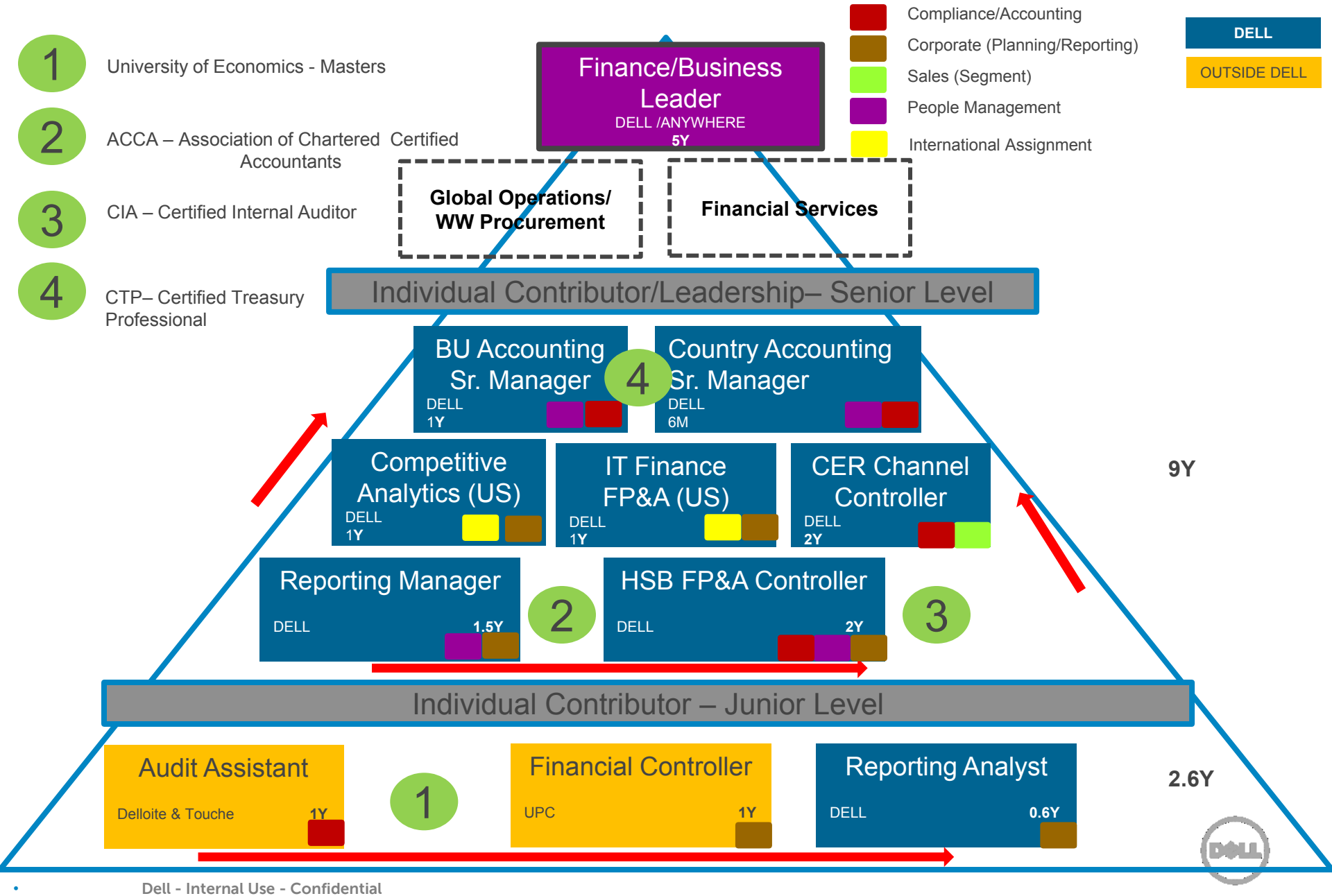
Career Triangle – Ivan Mitringa, FCCA, CIA, CTP



Dell evolution

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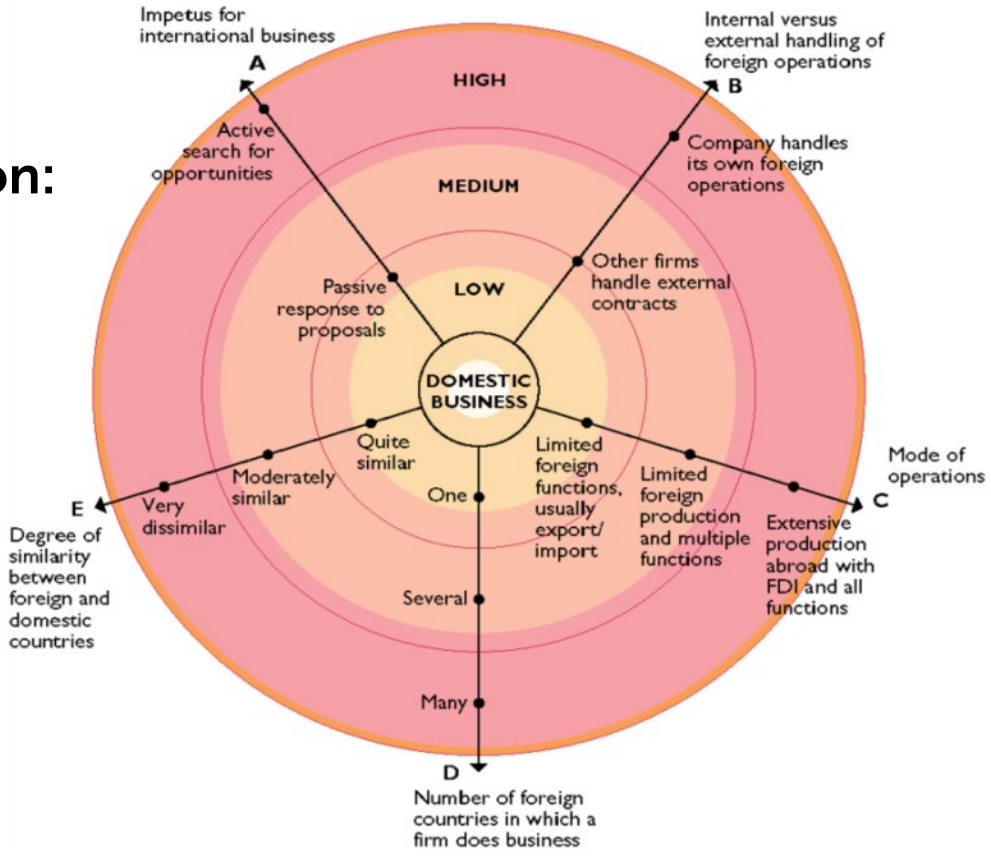
Pattern of International expansion

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



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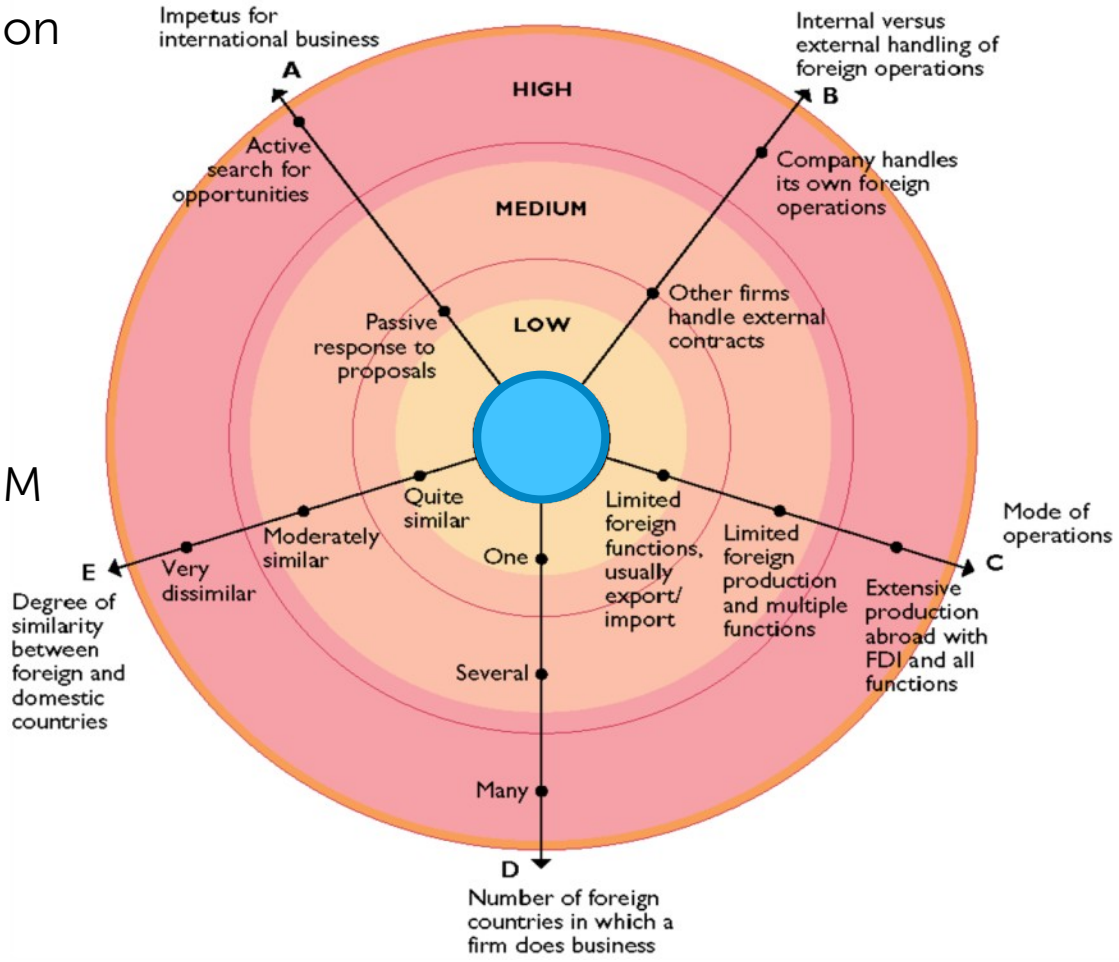
Birth and Childhood (1983-1987)

- 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



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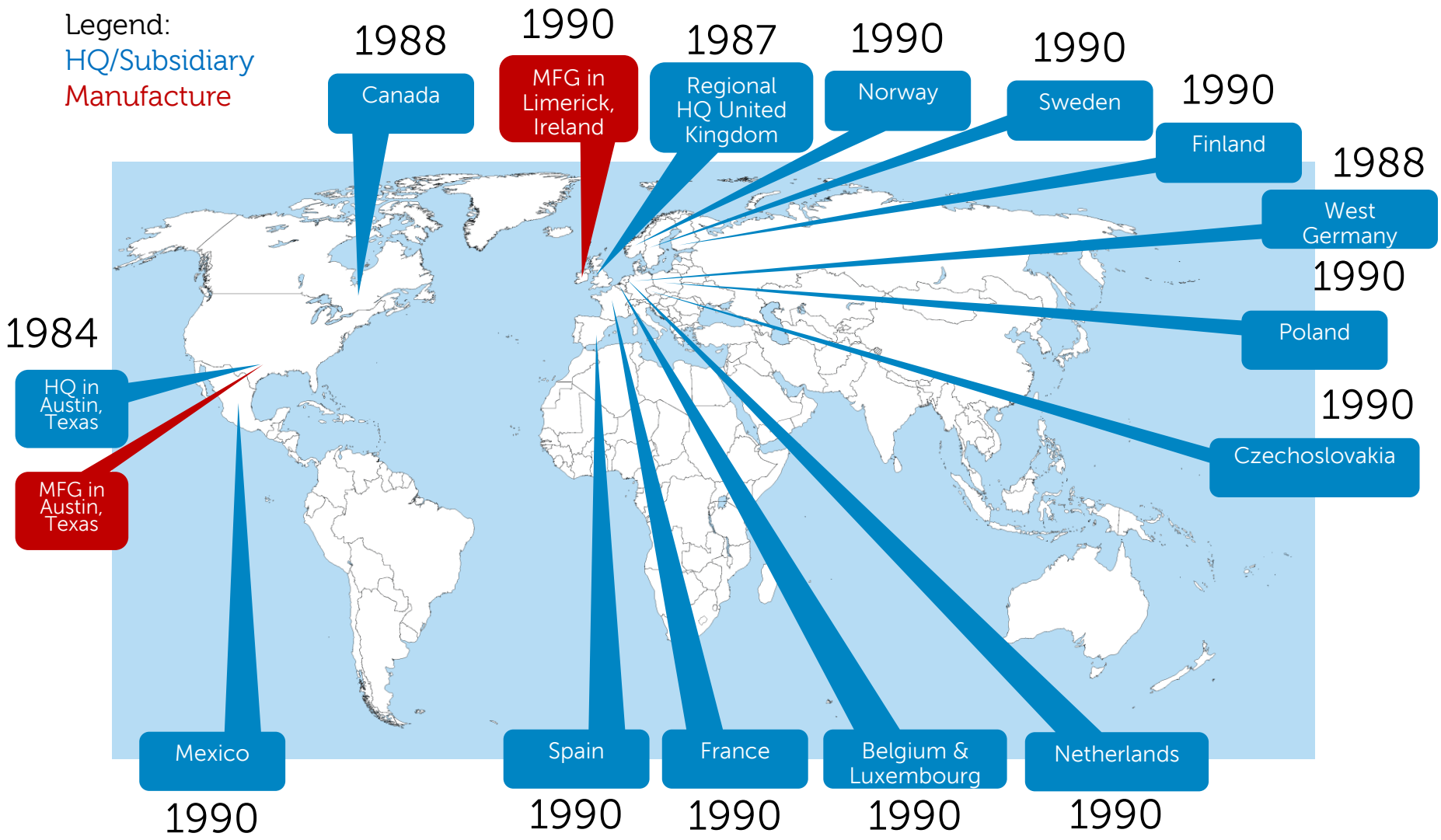
Start of international expansion (1987-1991)



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PC's in the Mid 1990's…

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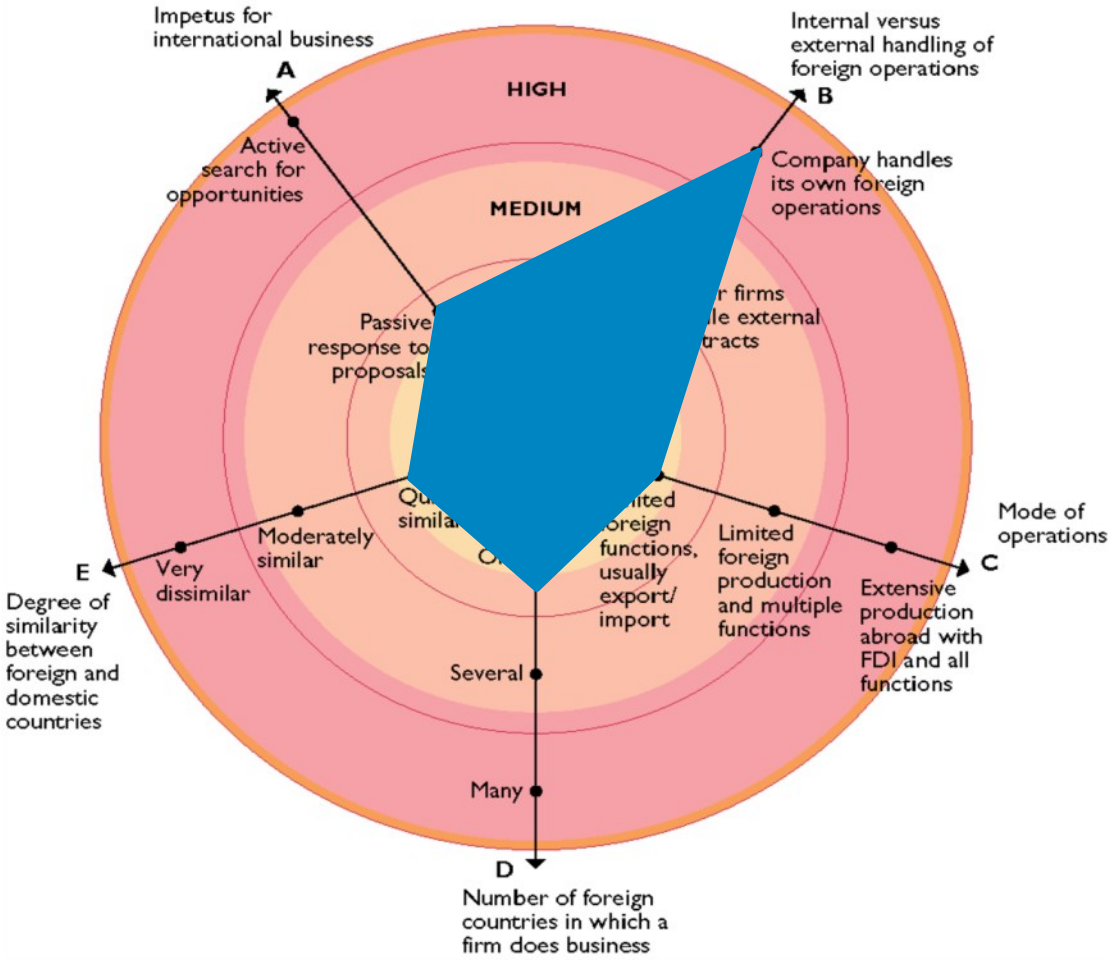
Start of international expansion (1987-1991)

Challenges of internationalization:

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



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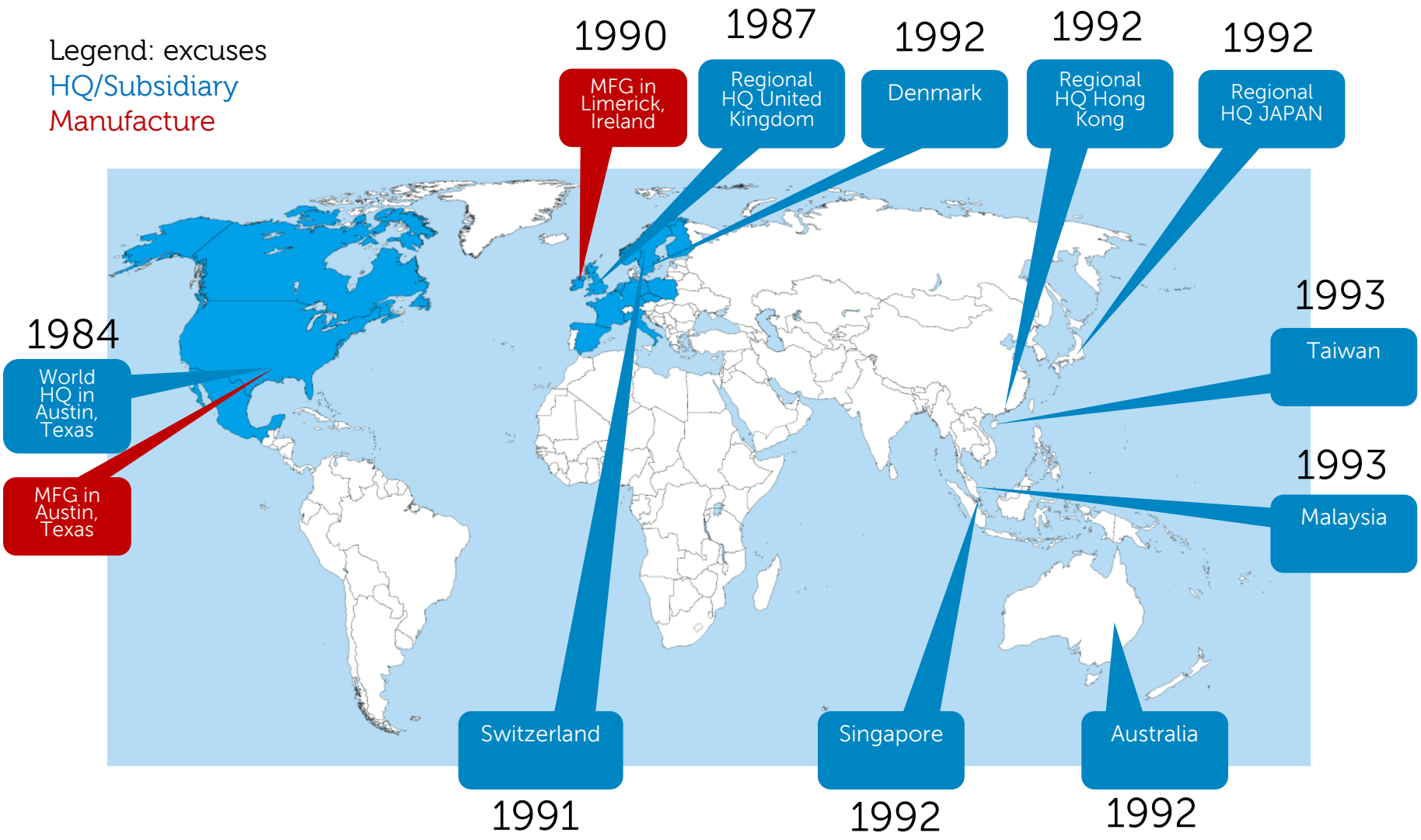
Puberty (1991-1995)



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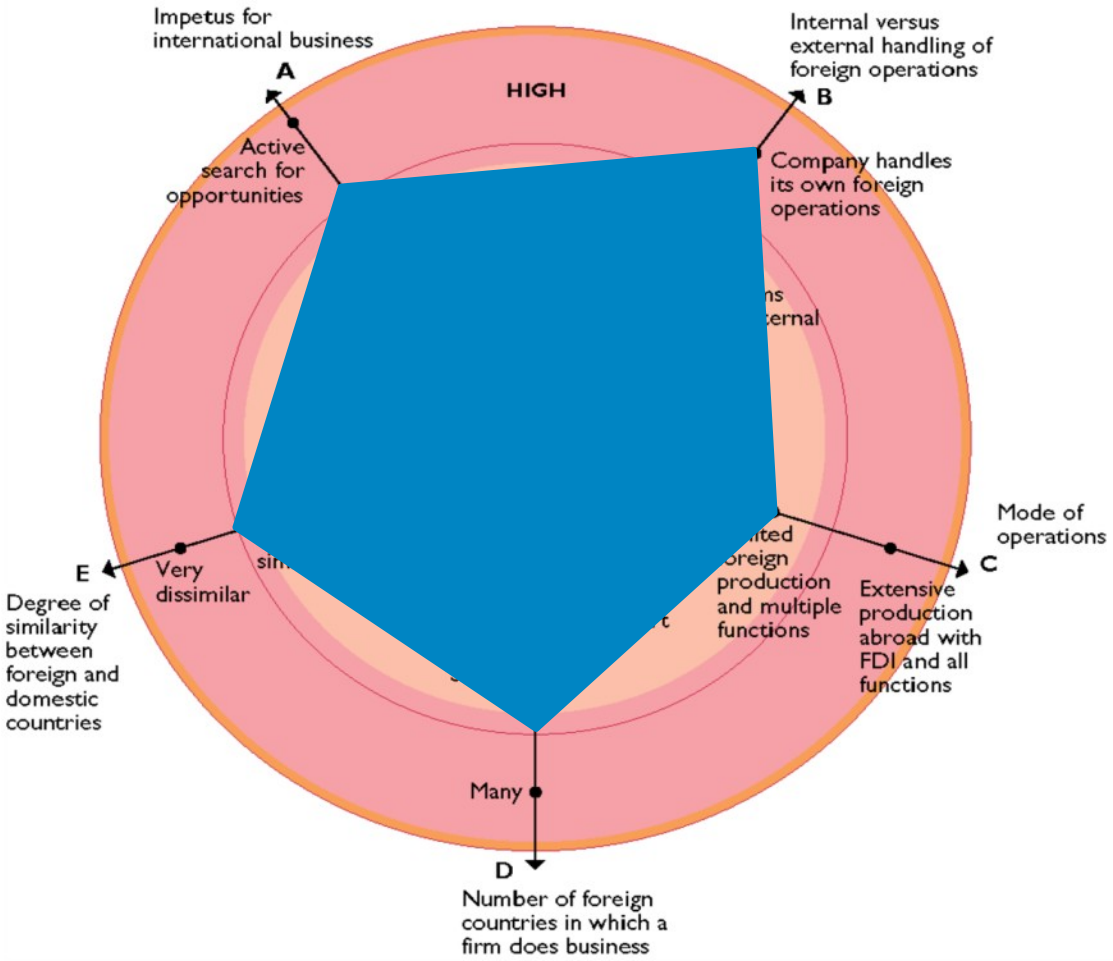
Puberty (1991-1995)

- 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



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Puberty (1991-1995)

Indirect model

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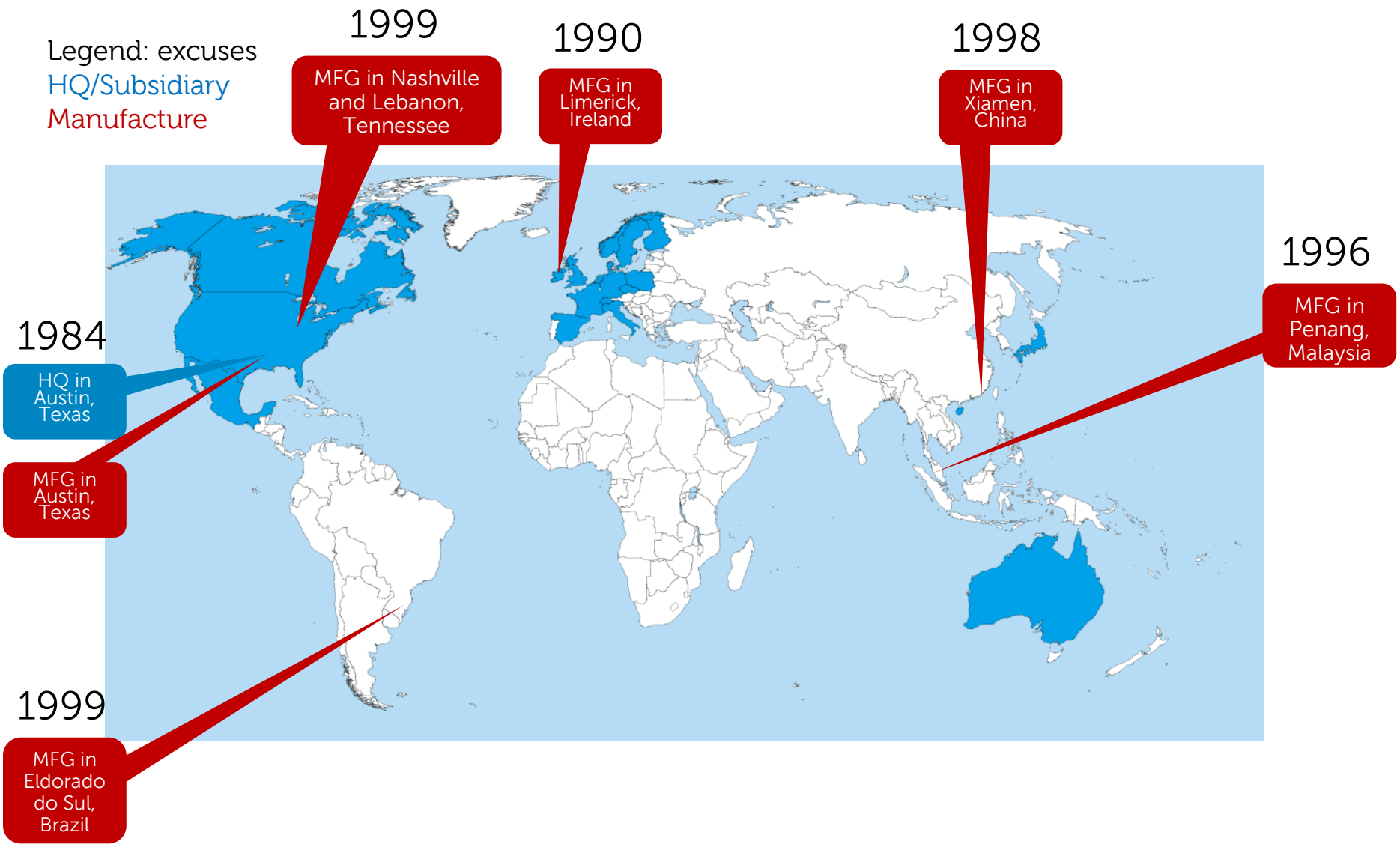
- External sales force, marketing
- Easier coverage of new / minor markets (sales force, customer preferences, market restrictions etc.)
- No need to have too diverse product portfolio
- Ability to provide a solution or consultancy
- Customer can see or touch product

–

- 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)



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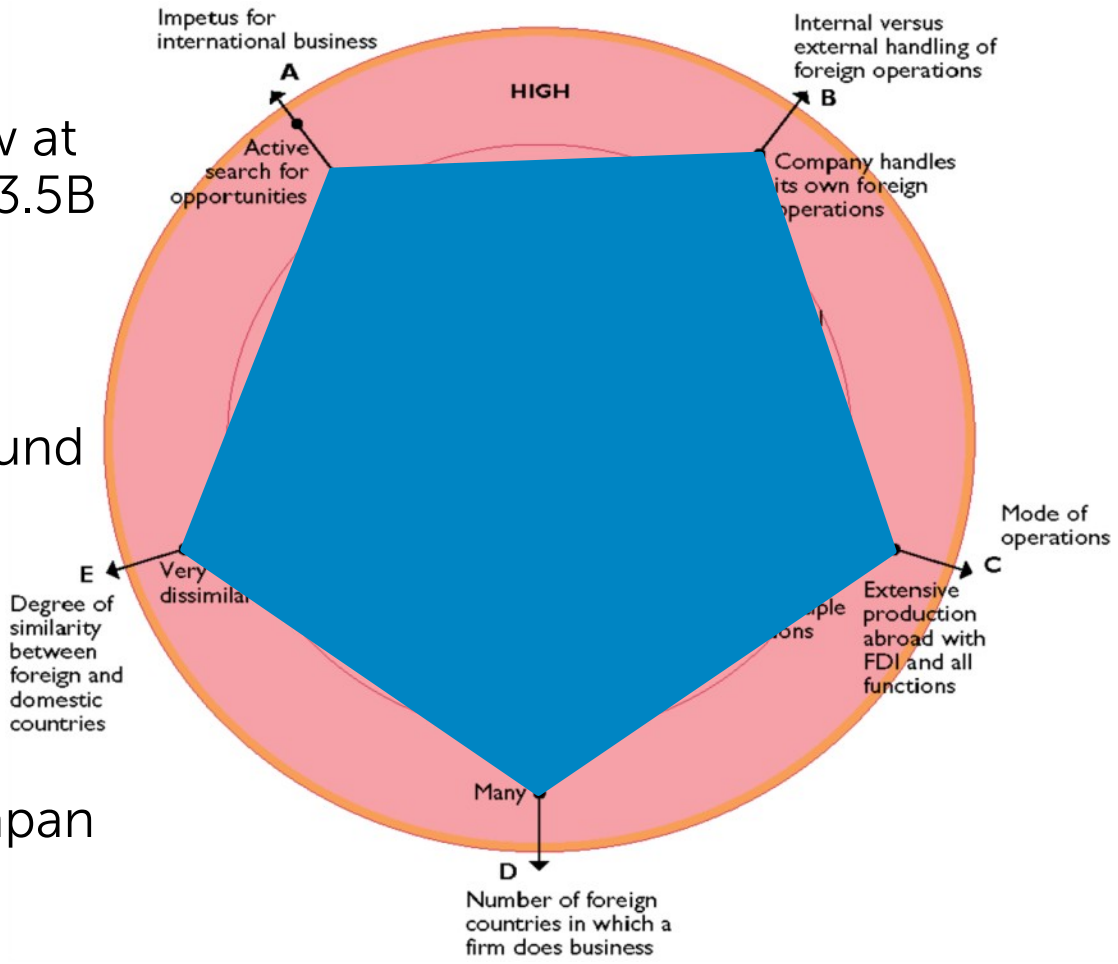
Internet era and exceptional growth (1995-2000)

- 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



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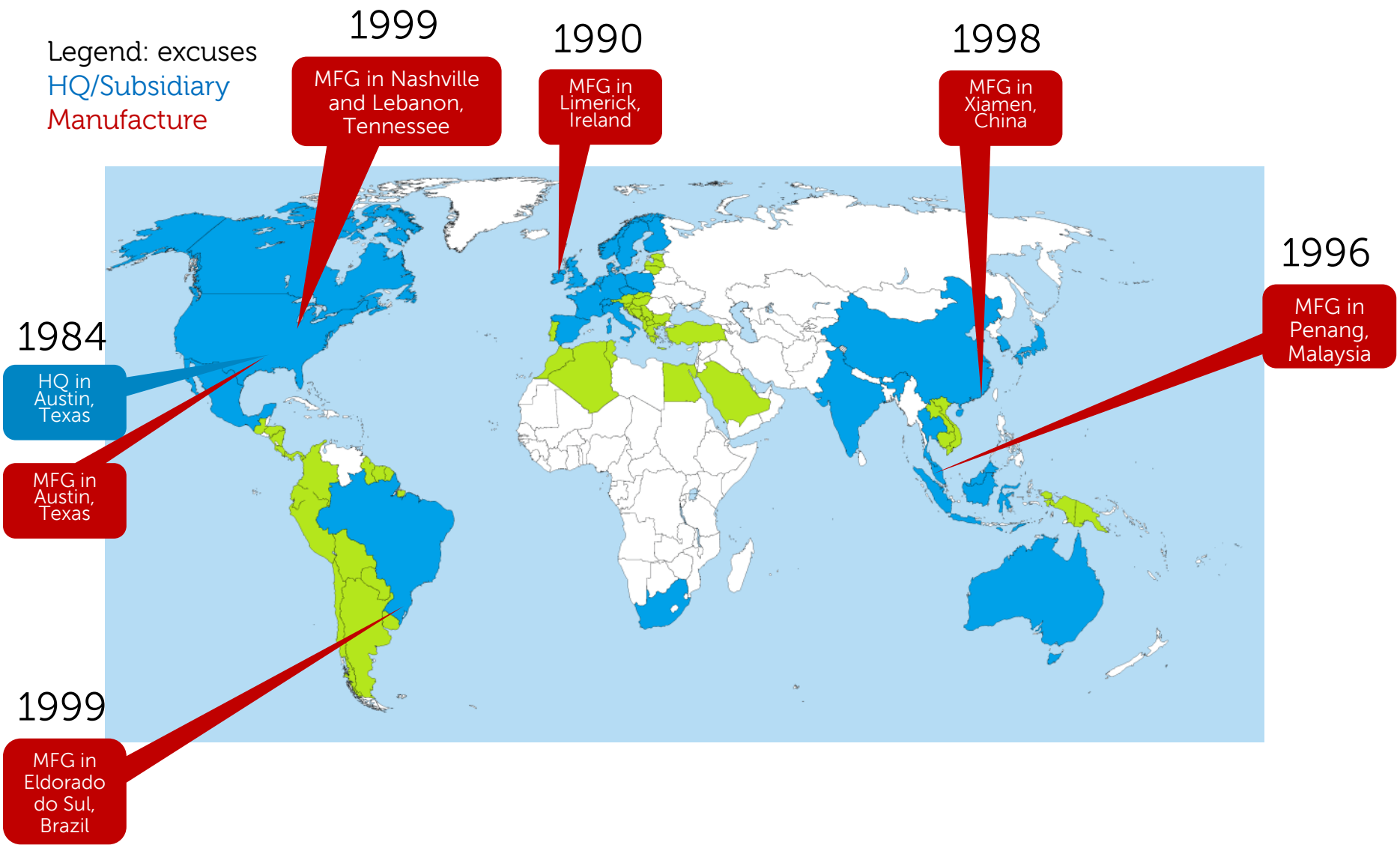
True Global Company (2000-2004)



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True Global Company (2000-2004)

2000- Community engagement : Michael and Susan Dell Foundation

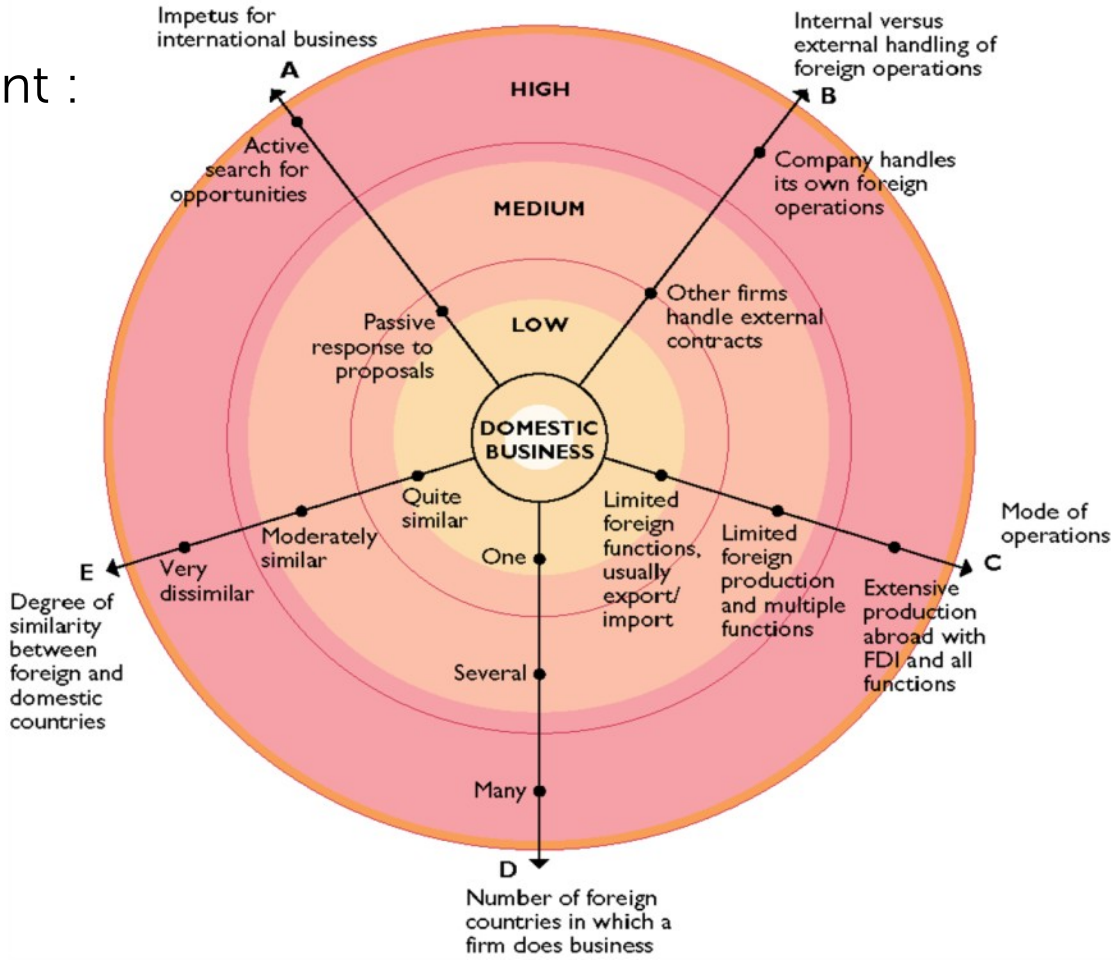
2000 – Environment issues – recycling program

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



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Stopford Model

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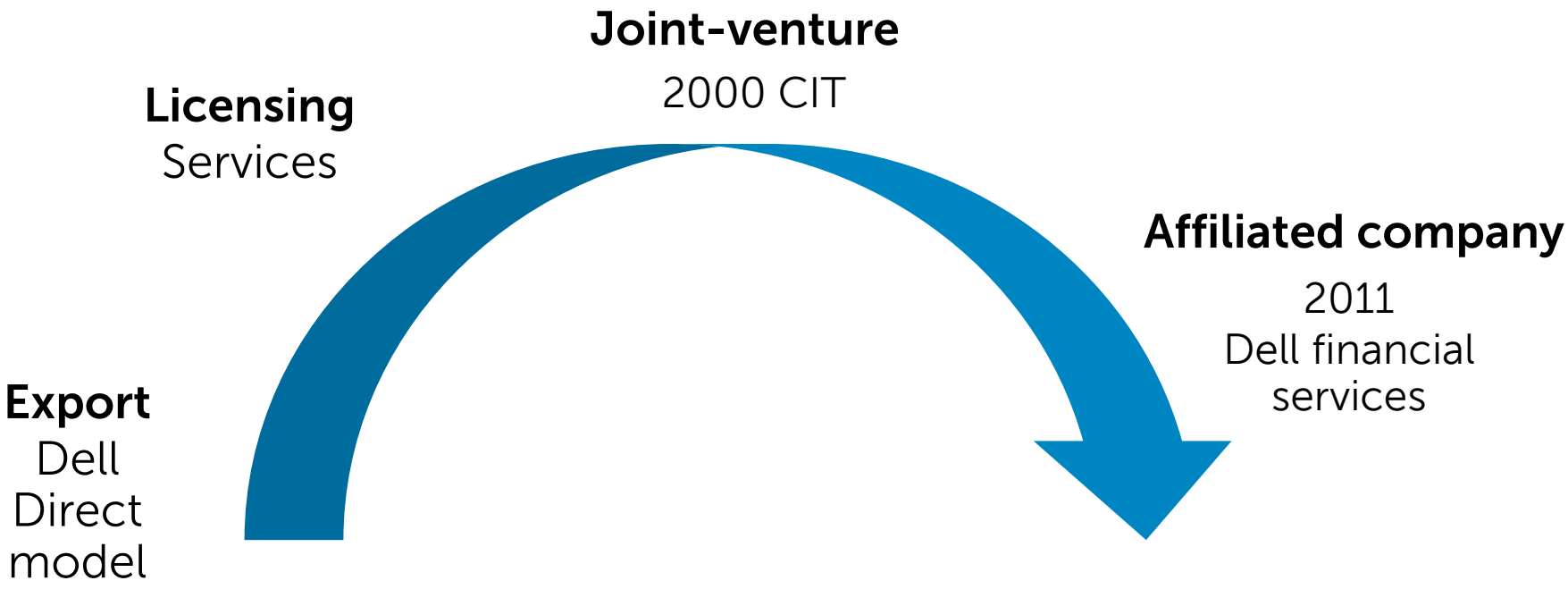
CIT and Dell



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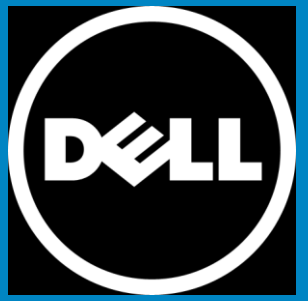
Thank You



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

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How does Michael Dell describe the Dell evolution?

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

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Dell's commitment to customers

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

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Creating global business units

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Dell organization based on the customer

Large Enterprise	Public	Small & Medium	Consumer
• Large business • WW presence • Small non-segmented countries	• Healthcare • Government • Schools	• Medium business • Small business	• Consumers

World-wide view

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

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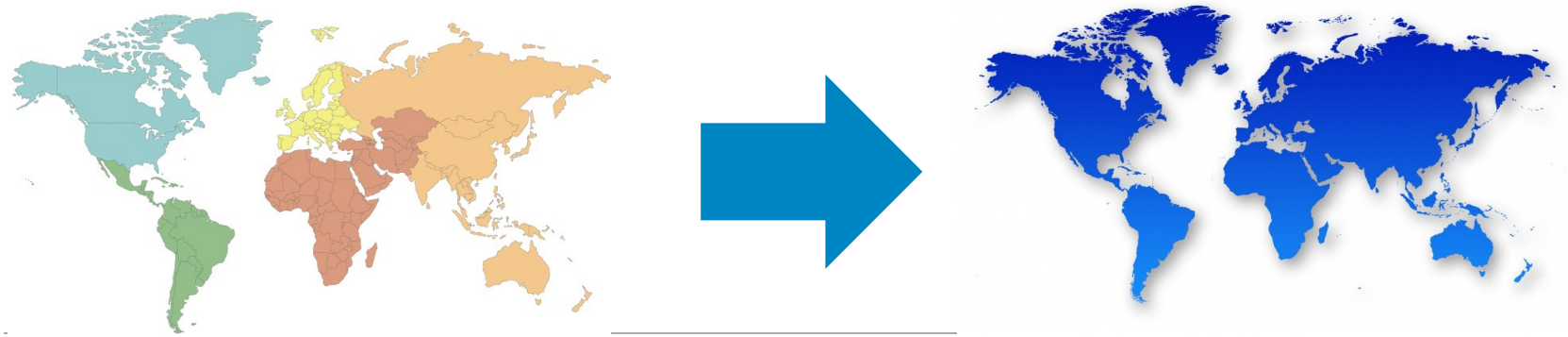
Regional structure to global SBUs

"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	After
• Regional business structure • High reporting complexity • Complex Internal Tree	• Global business structure • Lower complexity • Simplified hierarchy



[1)] http://www.itexaminer.com/dell-implements-restructuring-plan.aspx

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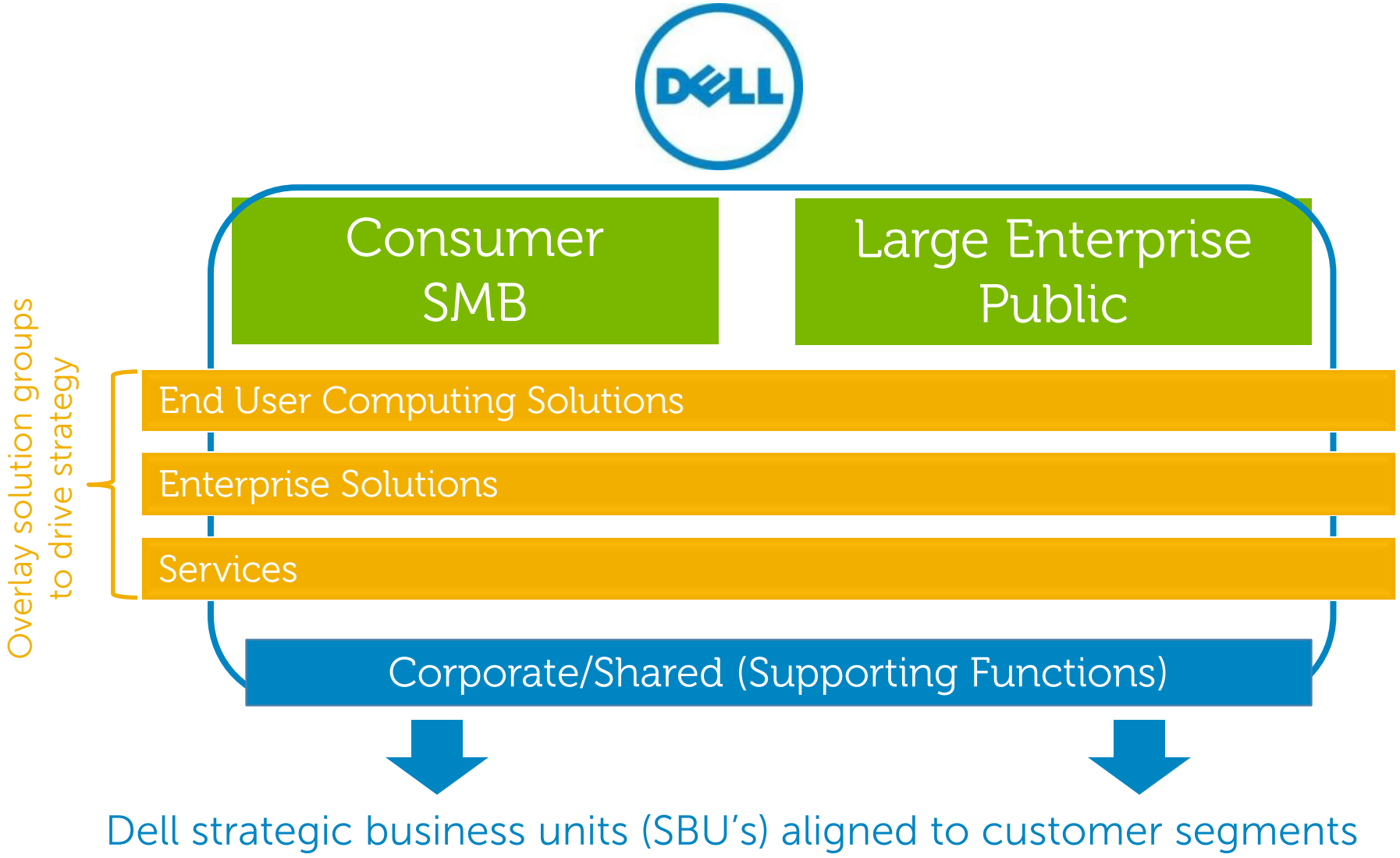
Dell organization based on customers



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Financial reporting changes to reflect strategy

EUC End-user computing	ESG Enterprise Solution Group	Services Dell Services	Software Dell Software
• Mobility • Desktops • Notebooks • 3rd party SW • Client-related SVC & products	• Servers • Networking • Storage • Related peripherals products	• Support & Deployment • Infrastructure & Cloud • Security • Applications & Business process	• Systems management • Security and business intelligence SW

Support functions

http://en.community.dell.com/dell-blogs/dell-shares/b/dell-shares/archive/2013/01/10/financial-reporting-change-product-and-service-based-p-amp-l.aspx

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Dell reflecting current IT trends

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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

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