Dell internationalization

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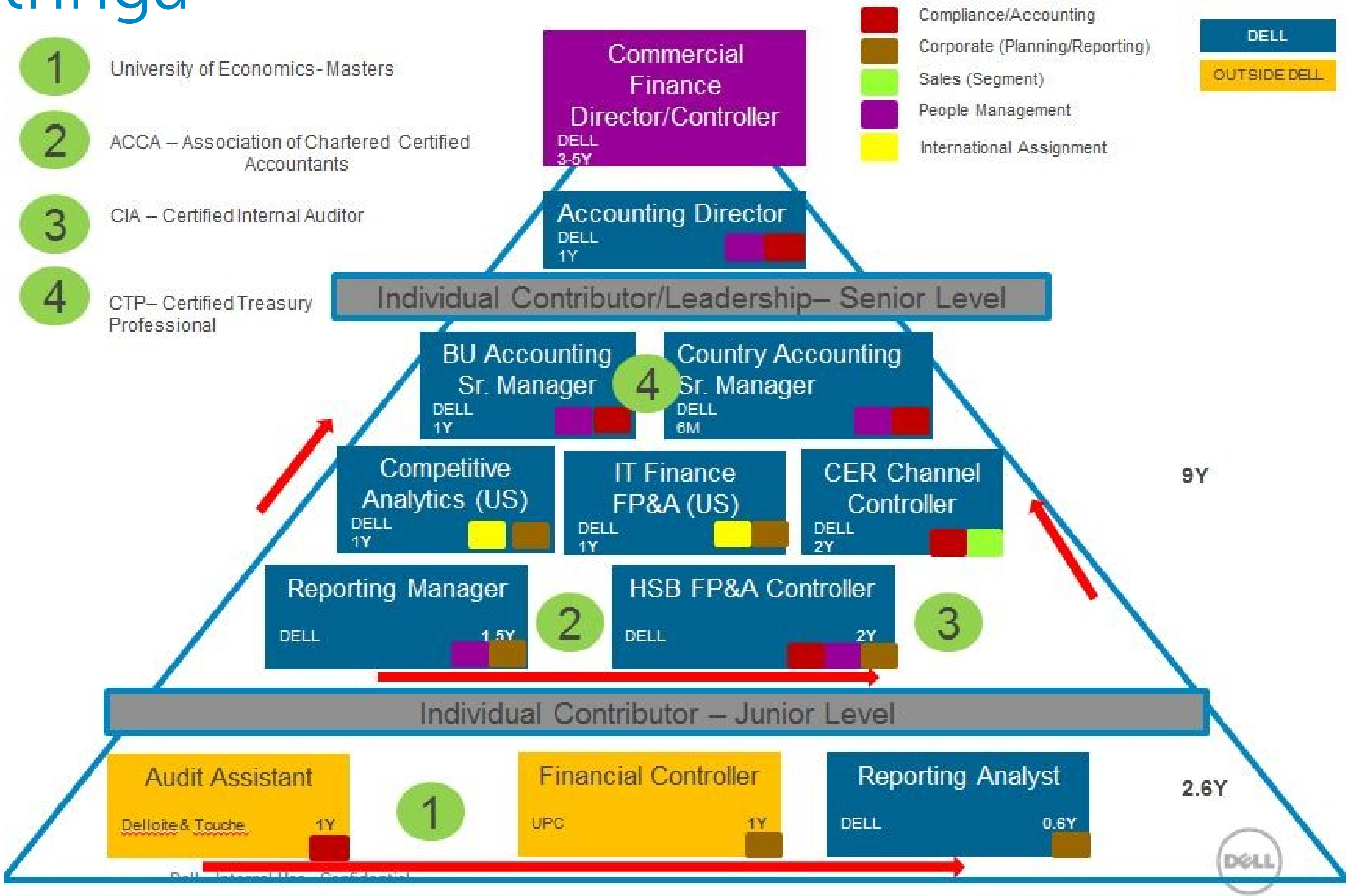
Agenda

- Introduction
- Dell internationalization 1984 - 2013
- Organizational structure
- Q&A

Ivan Mitringa



Dell internationalization 1984 - 2013

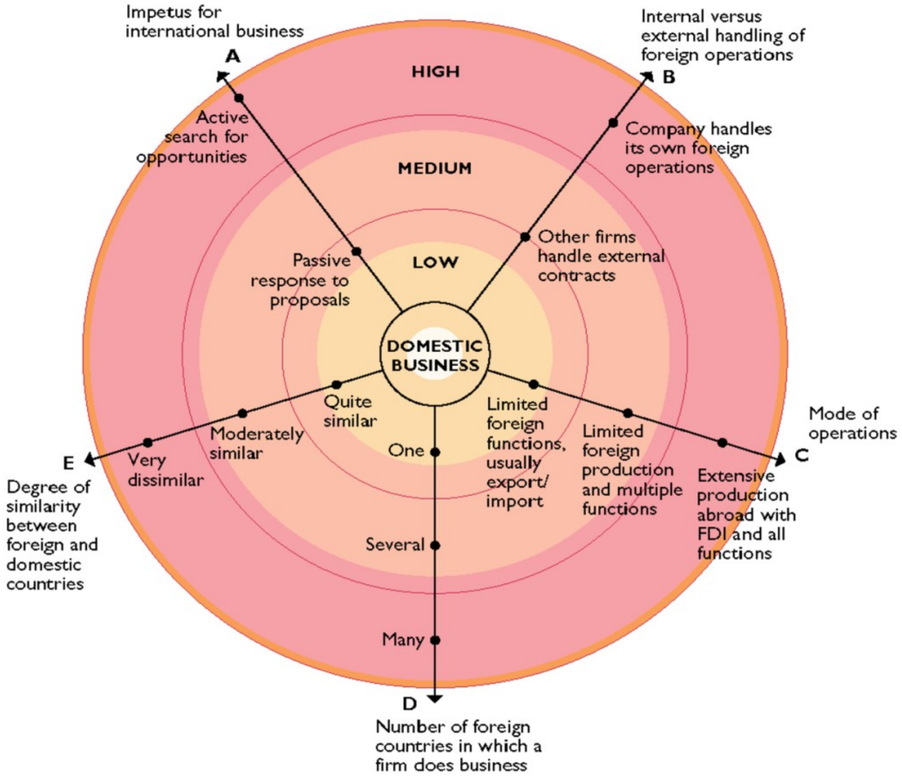
Patterns of International expansion

Daniels & Radebaugh's model:

- Extent of globalization
- 5 axes

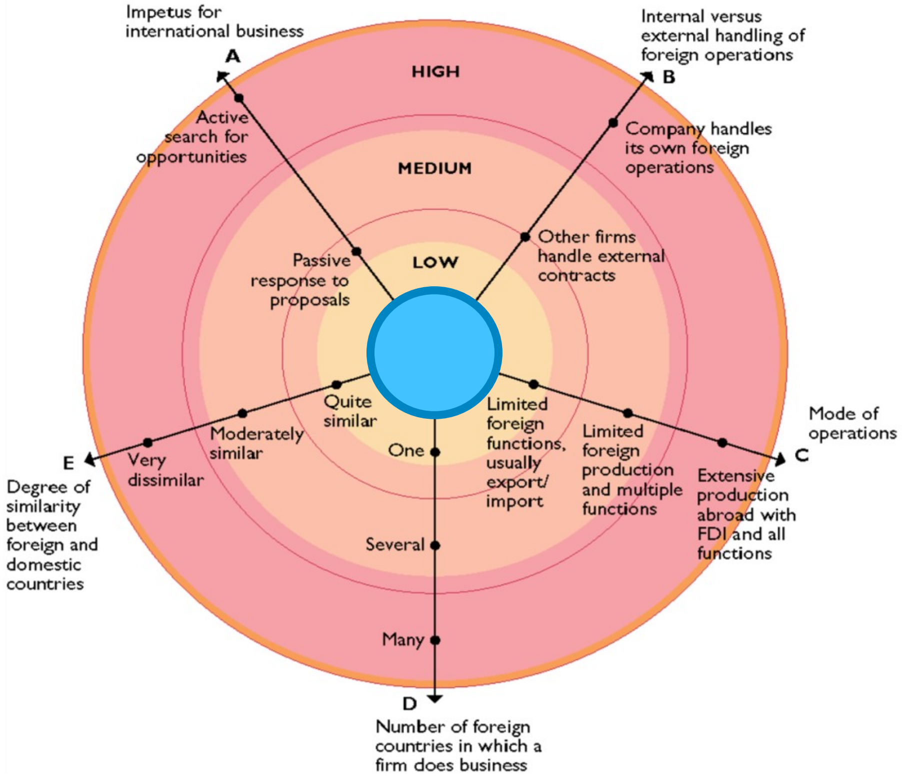
Patterns of international expansion:

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



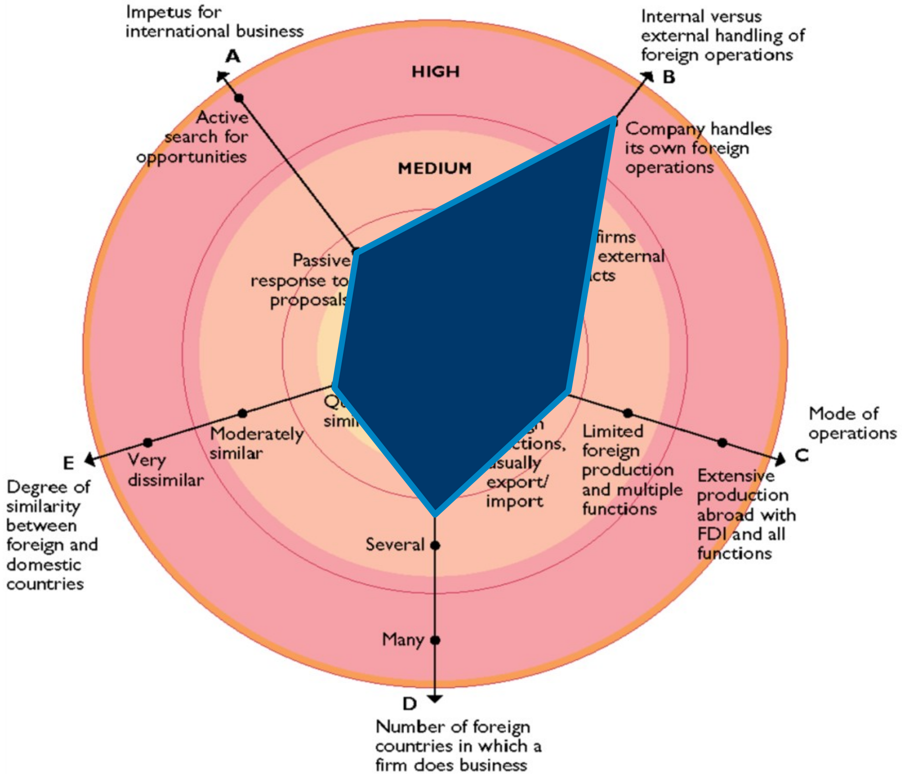
Birth and childhood (1983-1987)

- 1984: PC's Limited, University of Texas
- Dell Direct business model
- Production and focus only on US market
- 1985: revenue growth from $6M to $70M
- Introduction of support services



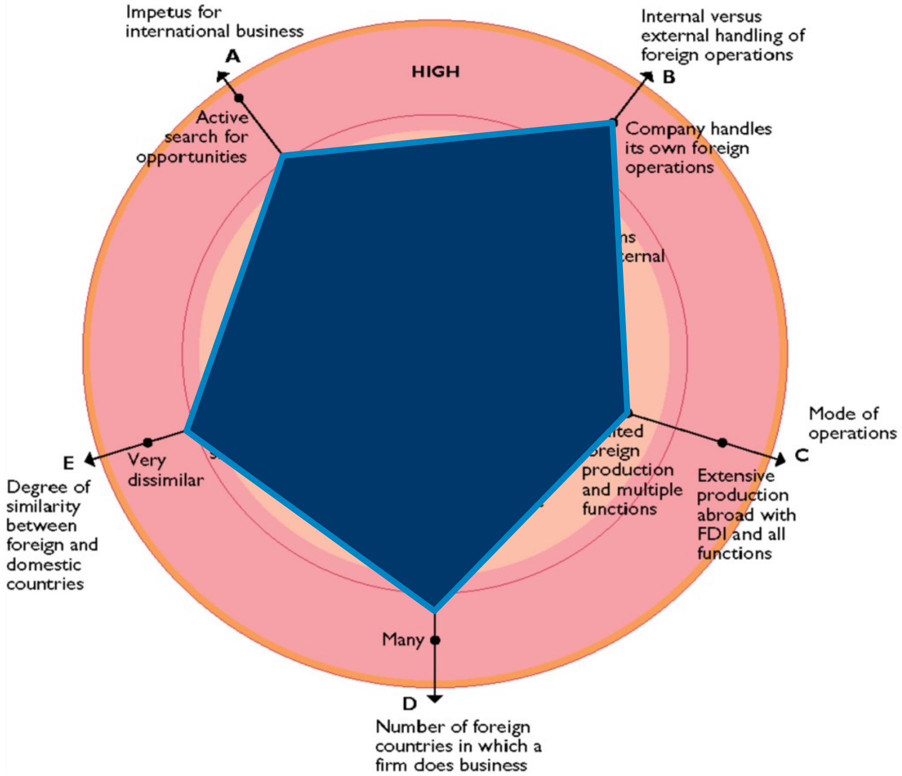
Start of international expansion (1987-1991)

- Challenges of internationalization:
- FX Issue
- Logistics
- Competition
- Language
- Customer behavior
- Geopolitics situation



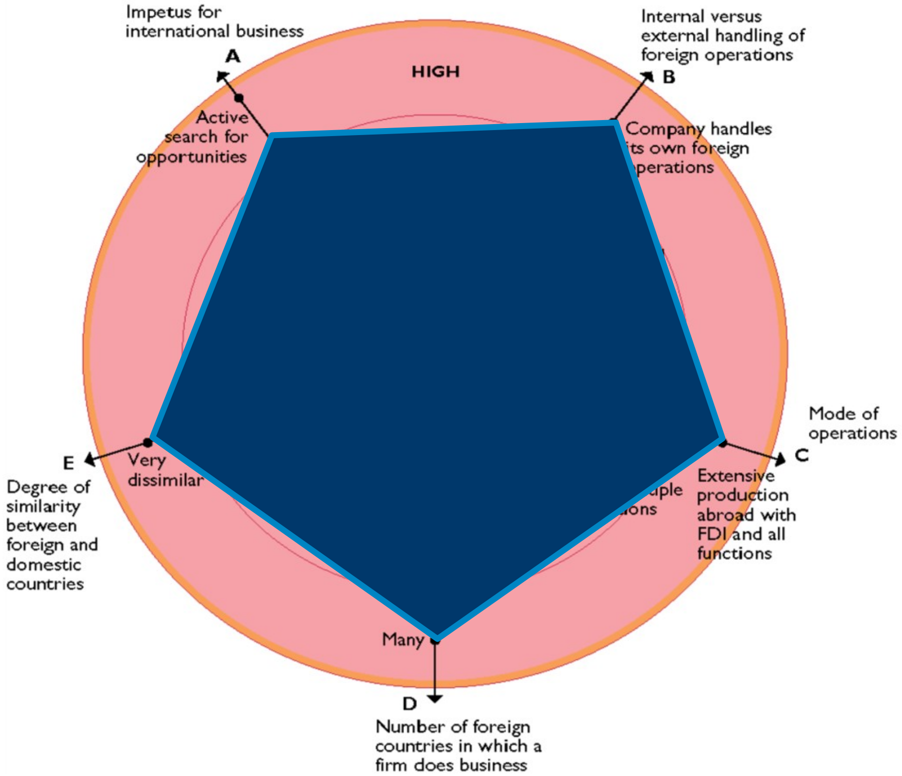
Puberty (1991-1995)

- 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



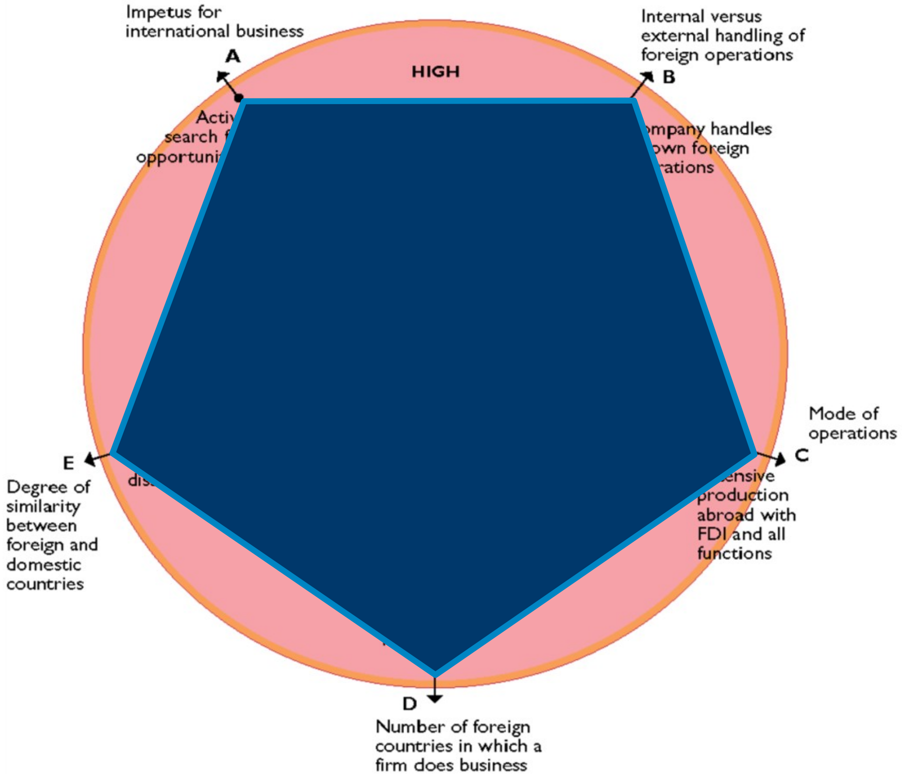
Internet era and exceptional growth (1995-2000)

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



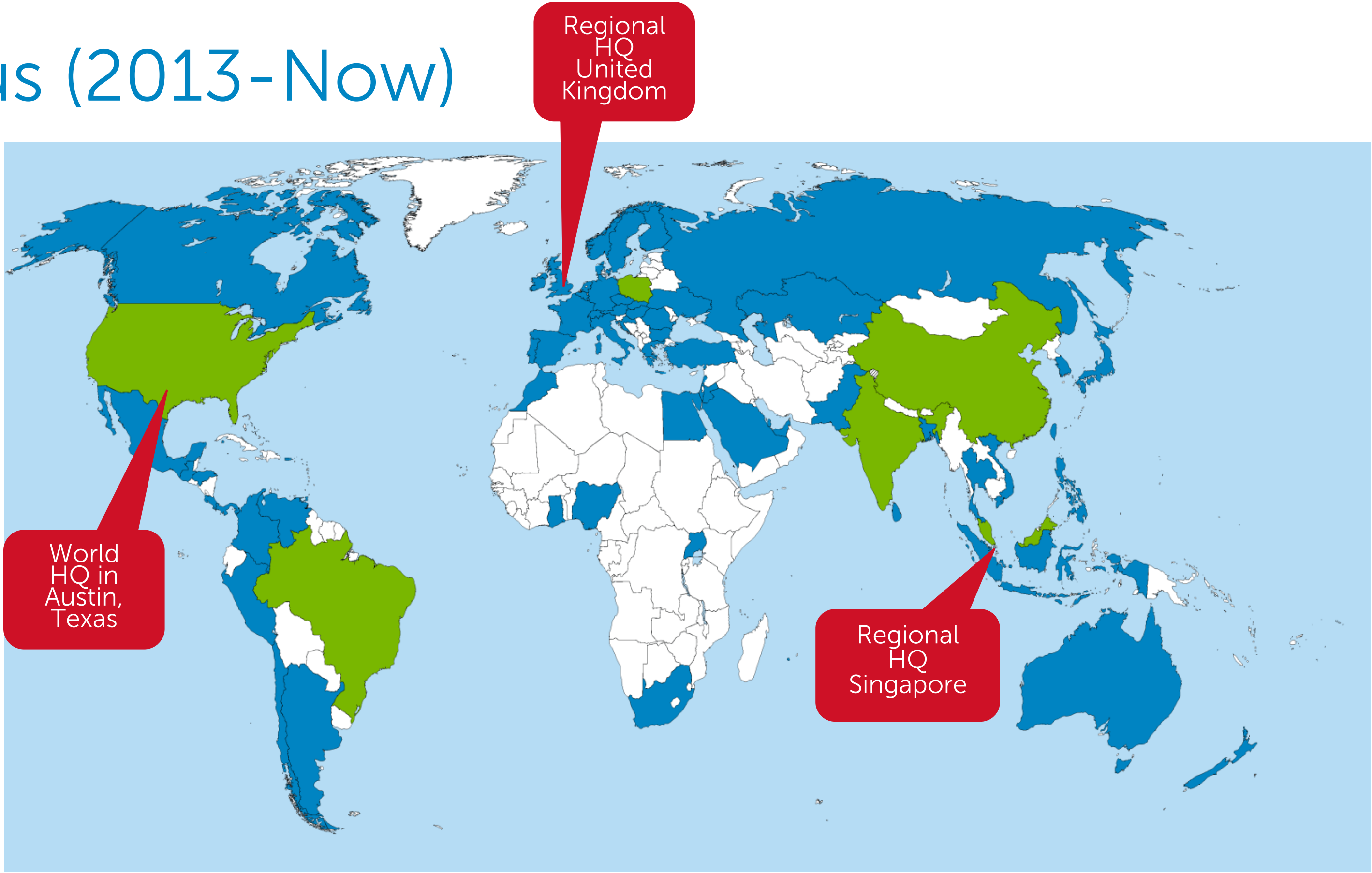
True Global Company (2000-2004)

- 2000: Community engagement - Michael and Susan Dell Foundation
- 2000: Fair practice
- 2000: Environment issues – recycling program
- 2003 & 2004: no.1 PC vendor worldwide
- 2004: Michael stepped down as CEO
- Direct model as successful Global strategy



Current status (2013-Now)

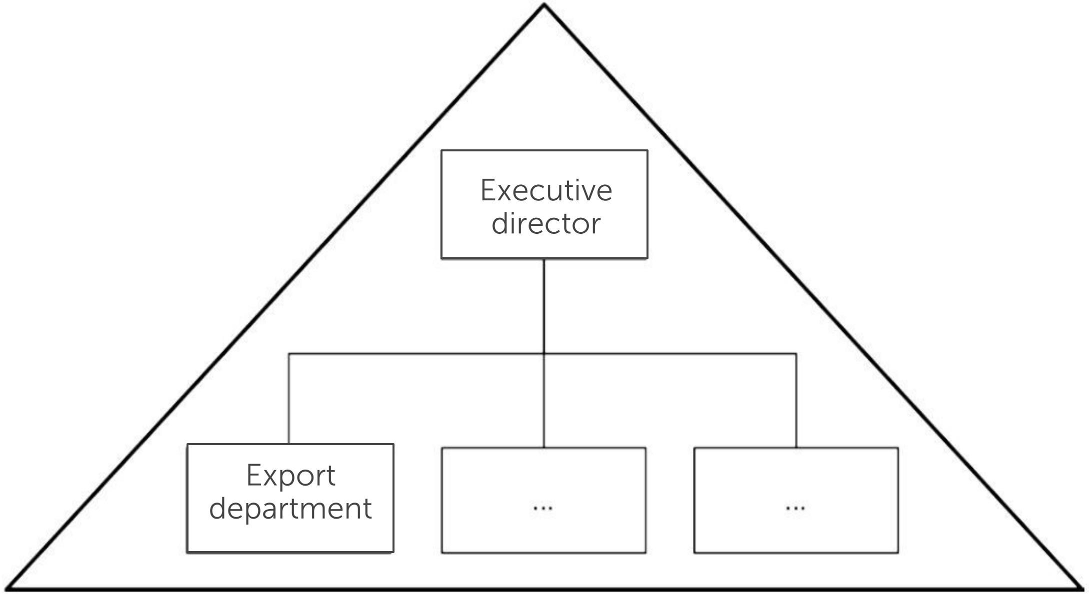
- 420 subsidiaries in 78 countries
- 3 regional HQs
- 7 manufacturing plants
- 111.300 employees WW
- Private company



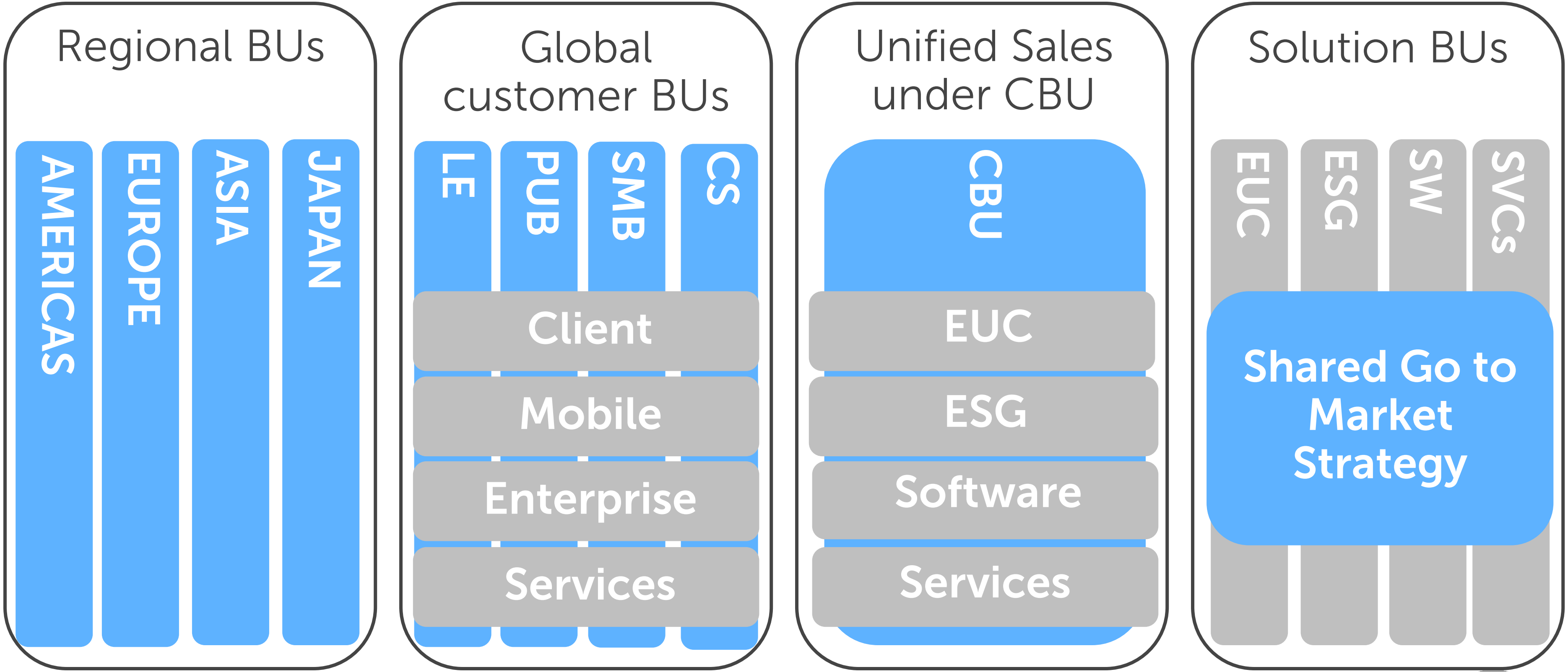
Organizational Structure

Organizational structure of international company

- Export department
- Strategic partnership
- International subsidiary
- International division
- Global Structure
- Multidimensional structure
- Matrix organizational structure



Dell organizational structure development



Thank you!

Q&A

Backup

Dell in Czech Republic

Dell Praha

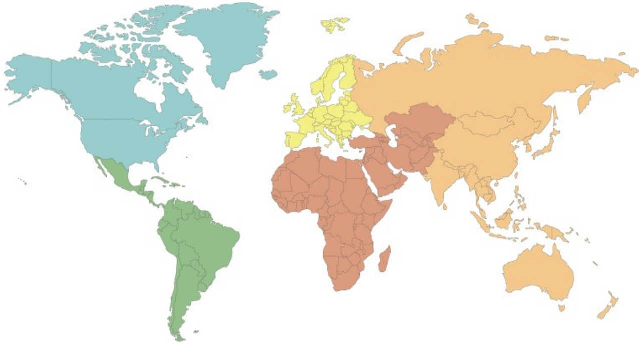
- Headcount: 108
- Departments:
  - Sales & Solutions
  - Services & Delivery
  - HR
  - Finance
  - Marketing

Dell Ostrava

- Headcount: 40
- Software group
  - Architecture blueprint
  - Design
  - UI Specification
  - Programming
  - Final realization

Regional structure to global SBUs

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



Dell customer based organization

LE

- Large corporations

PUB

- Healthcare
- Government
- Schools

SMB

- Small business
- Medium business

CS

- Consumers

World-wide view

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

Direct model

Pros

- Direct contact with customers
- Ability to provide customized products (build-to-order)
- No need to share margin

Cons

- High costs of demand generation (marketing, sales force, after sale support etc.)
- Higher transportation costs
- Supply chain management and cost
- Customer has to wait for product
- Too complex for non expert customers
- No ability to see or touch product if selling via net or phone

Indirect model

Pros

- 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

Cons

- 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

Summary Compensation Table 2013

NAME / Compensation	Salary	Bonus	Stock Awards	Option awards	Non-Equity Compensation	Other Compensation	Total
Michael S. Dell	$ 950,000		$ 11,597,790		$ 1,330,000	$ 19,122	**$ 13,896,912**
Brain T. Gladden	$ 747,692		$ 5,850,435		$ 523,385	$ 13,870	**$ 7,135,382**
Jeffrey W. Clarke	$ 769,808		$ 5,824,796		$ 538,865	$ 18,452	**$ 7,151,921**
Stephen J. Felice	$ 772,115		$ 5,928,727		$ 540,481	$ 16,459	**$ 7,257,782**
Stephen F. Schuckenbrock	$ 772,115		$ 5,916,713		$ 540,481	$ 34,001	**$ 7,263,310**
John A. Swainson	$ 725,000	$ 1,000,000	$ 1,547,118	$ 6,495,582	$ 507,500	$ 88,423	**$ 10,363,623**

Headcount development