

**Business Case Study
of
DELL vs IBM, THE COMPUTER WAR**

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Dell - IBM Rivalry



The Early Dominance of IBM

- Iconic business war to change the computer industry.
- IBM launched first personal computer in 1981, had 42% market share.
- IBM commanded 61% of the mainframe computers, bought operating system from Microsoft, adopted microprocessor architecture designed by Intel.
- IBM was the first choice to buy computer for B2B sales.

The Beginning of Dell

- Value added resellers → fully fledged widely accessible supply chain to sell its personal computers.
- With the exponentially increasing demands, IBM can't meet the demands, other players get the chance.
- Dell started in 1984, became the leader in 14 years.

Michael Dell



Michael Dell Market Indicators

- Anomalies in sales and markup at the machines, IBM PC sold in store for 3000 USD.
- Component purchased in 600-700 USD, technology not belong to IBM.
- Resellers don't know much about PC.
- He could directly compete with the stores, basis on price and quality.
- Very high commission to resellers and retailers.

Dell's Direct Model

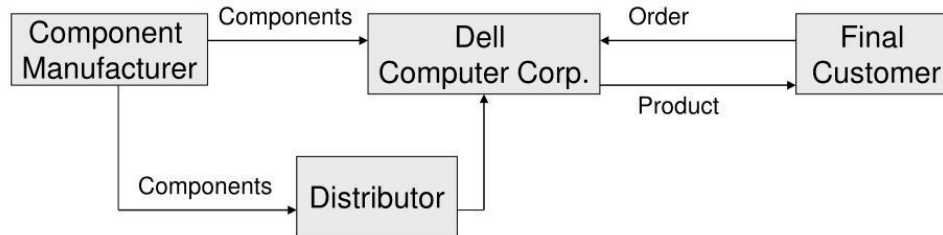
- IBM was not able to match demand.
- Imbalance in supply and inventory.
- Resellers overpaid for inventory.
- IBM started moving away from customer desirability.
- Customized PC market was left out.

Dell's Direct Model



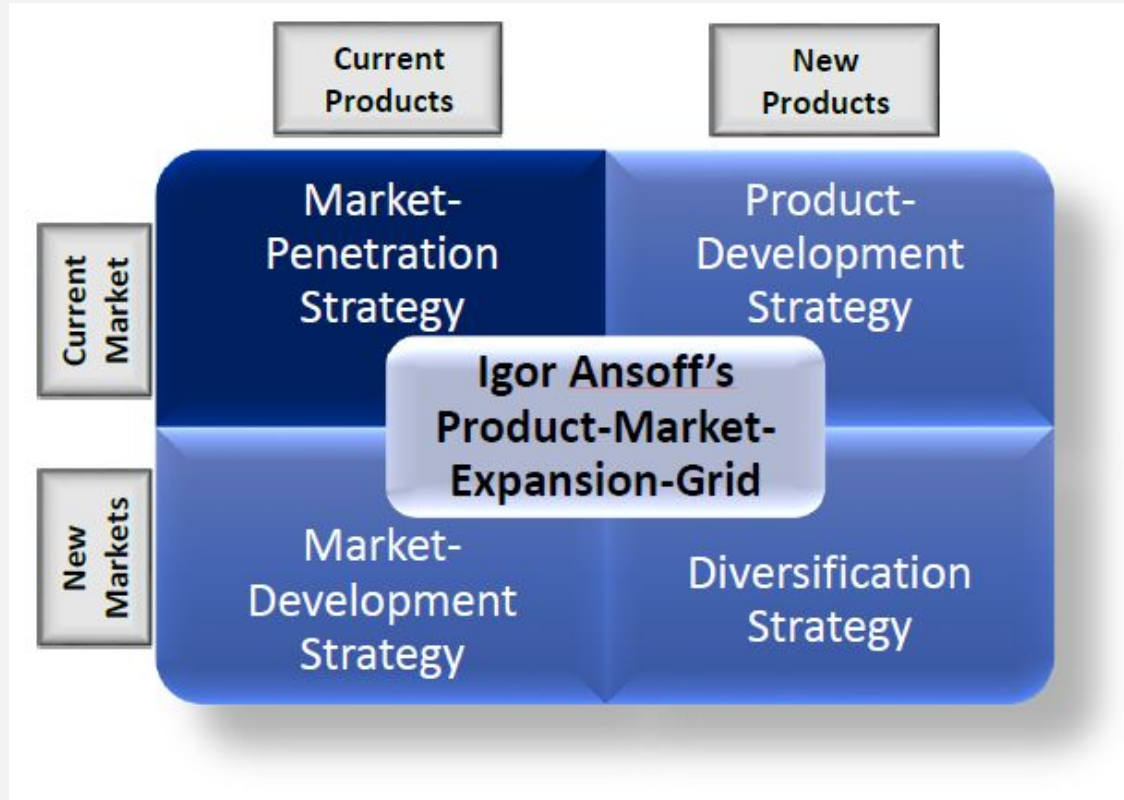
Dell Direct Model

The Direct Model



Bypassing the dealer channel, selling directly to consumer
Focus on *Speed of Execution* and *Minimum Inventory*

Dell's Marketing Strategy



Dell Strategy

Highly talented sales team instead of customers.

- Exact the need of different types of customers.
- Team 1 → Business to Business customer handle.
- Team 2 → Ordinary customer handle.

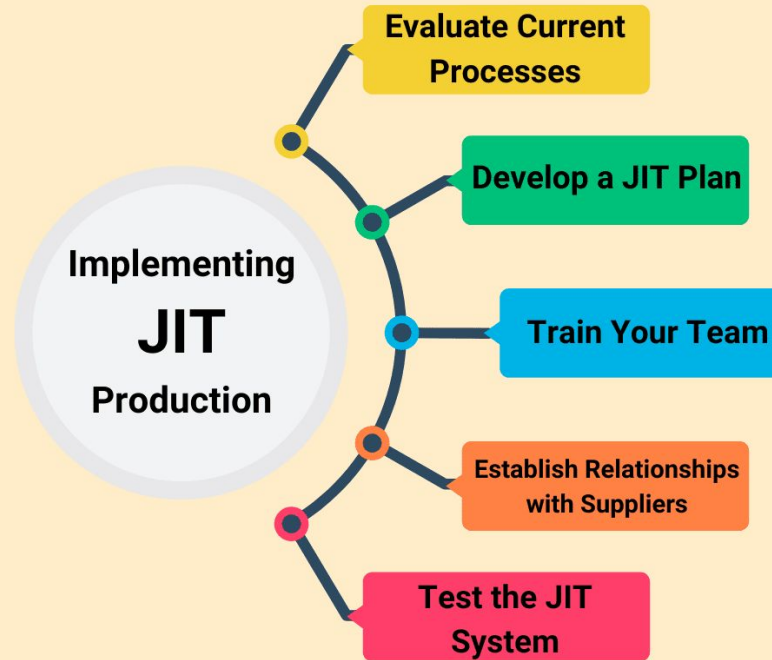
Team 1: Separate Domain

- Federal and state govt. Expert.
- Educational institutions expert.
- Medical industry expert.
- Dells sales team was one of the best in the industry.

Dell Strategies

- Sales team started collecting important inputs based on which the engineering team used to work on meeting the customer requirements.
- Just in time approach.

Just In Time Production



IBM SWOT Analysis



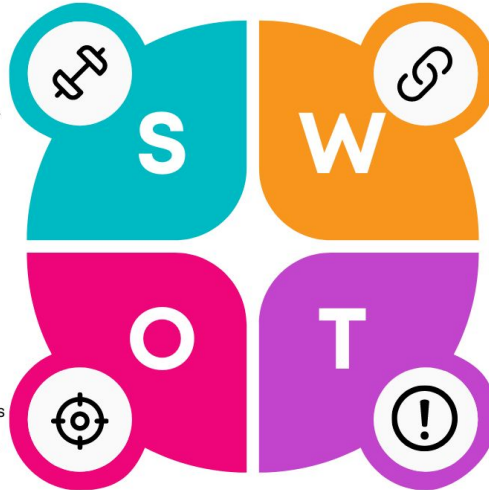
IBM Comprehensive SWOT Analysis

Strengths

- Pioneer of Cloud Technologies
- Strong Brand Reputation and Value
- Diversified Businesses
- Geographical Diversification

Opportunities

- Emerging Markets
- Expansion of Software Divisions
- Growing Demand for Cloud Services
- Accelerated Digital Transformation



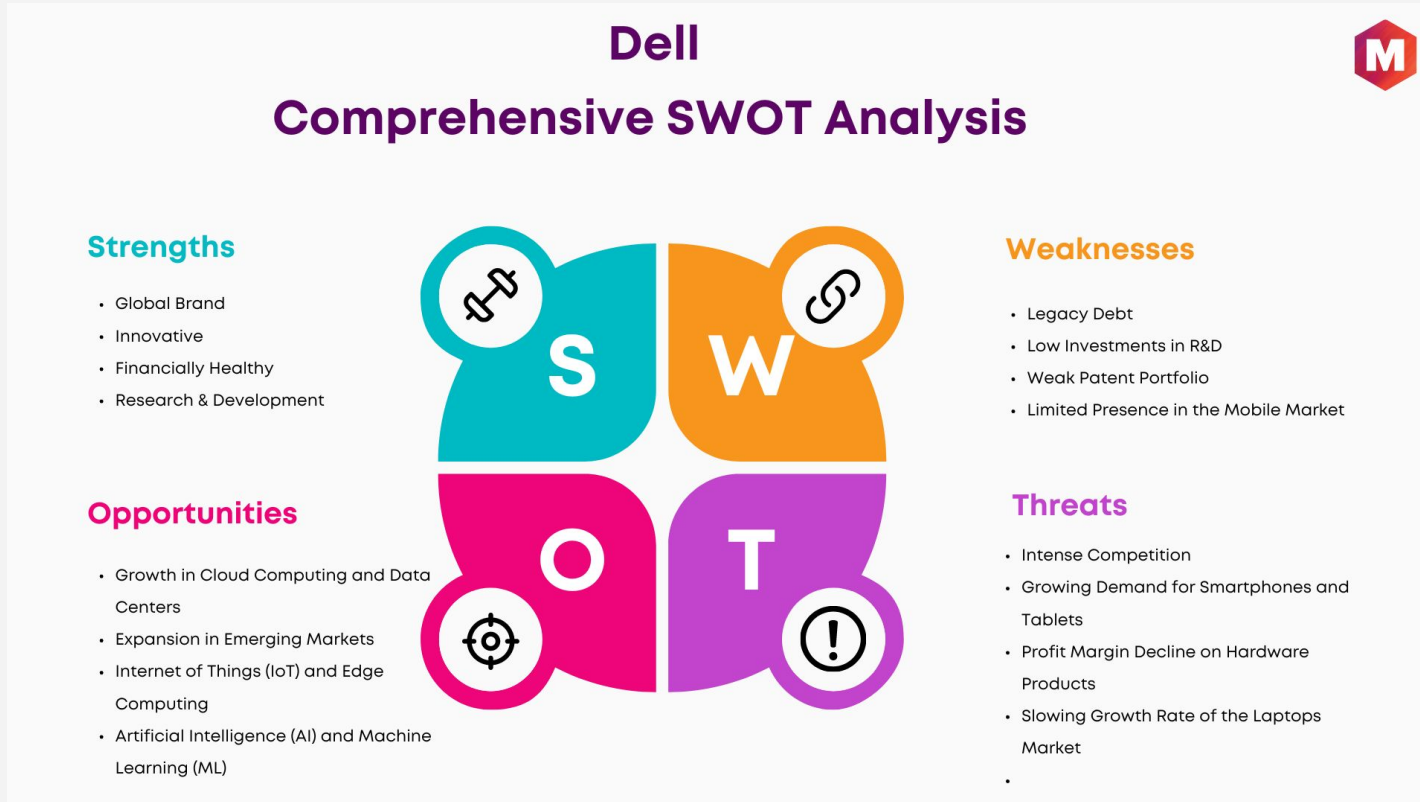
Weaknesses

- Customized Business Model Limiting Market Share
- Declining Revenues in Key Segments
- Vulnerability to Product Imitation
- Burdensome Debt Levels

Threats

- Intense Market Competition
- Innovation Failures
- Economic Recessions
- Challenges in Predicting Market Trends

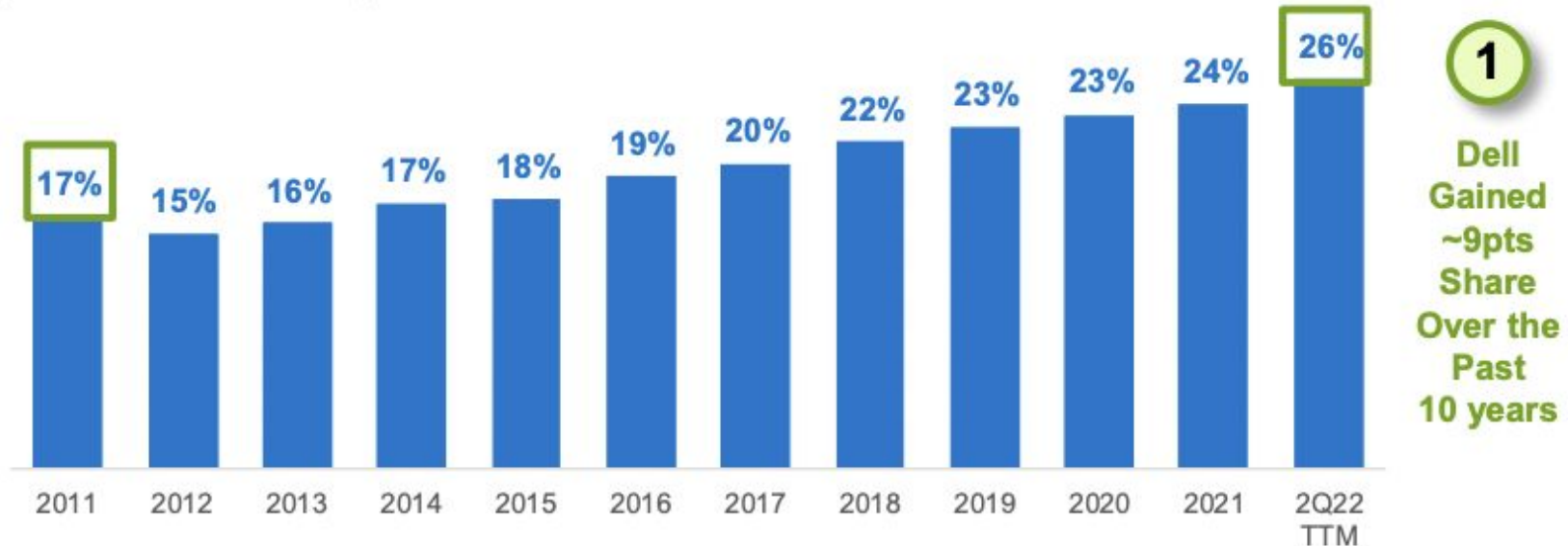
Dell SWOT Analysis



Dell Market Share

Dell Commercial PC Unit Share

(IDC Commercial PC Units)



Dell Growth

- 1998 → The return on invested capital of dell was crazy.
- IBM → 13%, HP → 16%, Compac → 35%, Dell → 186%.
- December 1996, 1 million USD a day in web sales.
- May 2000, 40 million USD in daily revenue.
- 50% of total sales in market.

Dell vs IBM

Dell Technologies vs IBM



76 / 100
CEO Rating
Winner by 14%

Michael Dell



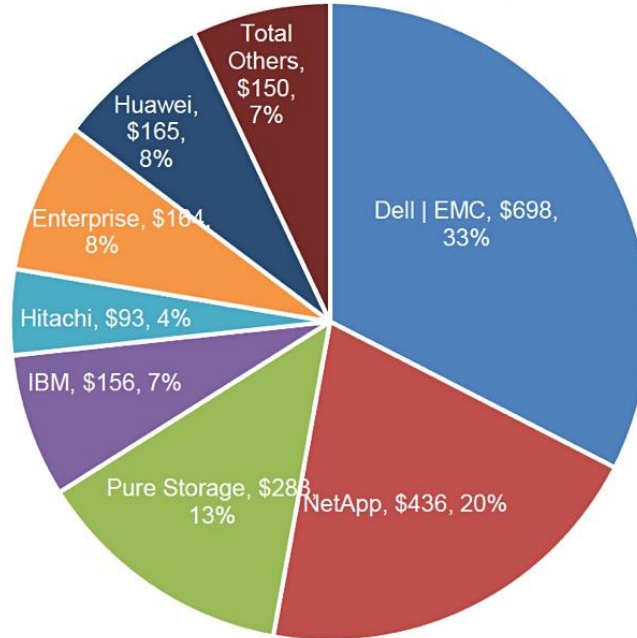
62 / 100
CEO Rating

Virginia Rometty



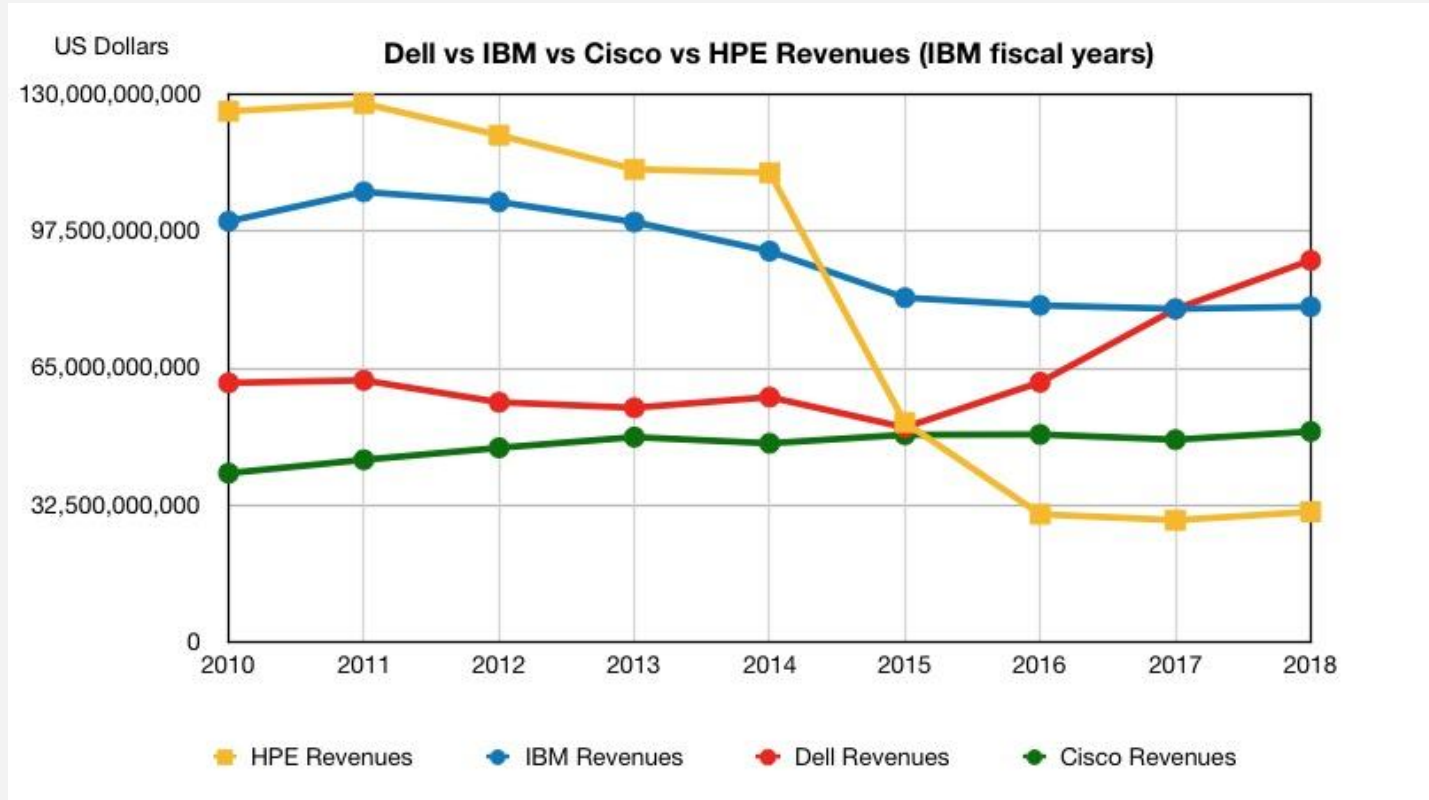
Dell vs IBM

Total All-Flash Storage Revenue Share (\$M) (1Q21: \$2.146B)



Source: Gartner, Wells Fargo Securities, LLC

Dell vs IBM Revenue



Business Lessons

- No matter how young or smaller player you are in your industry, if you keep learning about your industry, your chance of finding your opportunity will keep in each passing attempt.
- If you want to make a name for yourself, always try to compete with the best of your market.
- Always keep reading about the emerging markets in your vicinity, keep an eye on those markets which are growing fast.

Emerging Markets

- Creator Economy
- B2B Software Space
- Renewable Energy Space
- AI Application Space
- Fintech Space