

CASE ANALYSIS ON INTEL

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The Intel case study describes about intel's journey of becoming predominant in microprocessor industry and factors routed it to new industry such as networks, wireless, communication and other online services. Intel began its journey by inventing DRAM in 1971, which later switched to PC industry and captured good market share by becoming leader in making microprocessors. At the close of the case, Intel encountered with challenges to withstand and produce sustainable growth for the company. This analysis will describe about how Intel step into market and transformed from CPU supplier to main supplier of building blocks for internet, and listing down some factors contributed to its struggle, and will then provide some recommendations for its growth.

“LESSON LEARNED!”

Intel launched into semi-conductor industry by inventing first DRAM (dynamic random access memory) to address huge demand of memory chips and successfully seized market for 2 years by well executing its technology strategy of “first to market”. Though it helped in challenging incumbents, it also affected Intel's yield by complex manufacturing process and high-end fixed cost. Whilst incumbents played supply side of economics and mass produced it. example Japanese firms like Hitachi and Mitsubishi mass produced DRAM's and swept good capital. Considering Intel as an entrant and lagging in learning curve, incumbents captured almost half of the world's memory market. These two factors of yield and capital made intel unsuccessful in DRAM production and it barely arrested total market share of 1%. In order to gain good market place companies have to design customized products to get customer satisfaction, they required connections from multiple incumbents as part of peace treaty but due to lack of new designs, Intel lost it advantage of having patent for its new innovation. In this way Intel lost in DRAM business with many learnings. Despite of its loss in DRAM market, Intel developed EPROM which gave them a

profitable outcome to compete and extend its path to manufacturing flash drive memory devices. This invention became a challenge for competitors to produce a substitute.

“INTEL’S SUCCESS IN MICROPROCESSOR INDUSTRY”

After it’s learnings from memory industry, Intel well applied its organized strategy to become a profitable company by including both horizontal and vertical development. It played multiple roles like supplier, competitor, buyer, in microprocessor (PC) industry by aligning with its notion “first to market” strategy. Intel inventing microprocessor 8088 and by intense marketing campaign “Checkmate” grabbed the crucial opportunity of integrating with IBM which resulted in Intel’s tremendous success in a global market. Being a leader in invention and designs, Intel lead the PC market by best designs and avoided the fear of substitute. Intel also implemented second source of manufacturing partners to maintain intel position as industry standard and to deter the new entrants. By this strategical move it understood the drawbacks of having partners and called off the license as part of intellectual property. This move of intel got introduced with competitors like AMD. This situation forced Intel to act as a sole supplier resulted in its yield and vertical development. Intel handled its competition by multiple marketing campaigns like “Intel inside” which increased it brand value by collaborating multiple companies ultimately leading to profits. In addition to this Intel continuous allocation of capital to R&D and its commitment to industry made it possible to tackle all its challenges. During this journey Intel faced many difficulties by its competitors but it well handled them by always-on attitude in updating its options and won the business industry.

WHAT’S NEXT?

After predominantly leading market in PC industry, Intel introduced with a new CEO, Craig Barrett. Who shifted Intel’s goals to new markets by anticipating the growth/yield of PC industry in upcoming future. He induced a technical strategy for Intel to enter a new market by spending around \$12billion for acquisitions and internal ventures to grab new opportunities in markets like network, wireless, communication and online services. In order to grasp good opportunities and be well focused, Craig had

divided Intel to 4 divisions as client platforms, Server platforms, Cellular & wireless and Networking and communication. Though he designed the structure and strategy ahead, there were several reasons that made intel to struggle in new market. I would like to list down some reasons for its fall and some recommendations on how it can be more profitable.

REASONS FOR ITS STRUGGLE:

1. Being a new market for Intel, the strategy and management by which it ruled PC industry will not be that effective since PC industry is more into quality than quantity for example In PC industry the efficiency of the product matters whereas in communication industry the innovation of new devices matters.
2. Intel had to focus on 2 main industries, PC industry for good capital earnings by providing better efficiency devices to withhold its market share and Communication industry by mainly focusing on R&D to develop new product to cross entrant barrier.
3. Allocation of resources in new industry plays a major role in intel's strategy of "First to market" for which Intel had to share it resources in both divisions.
4. Investing major part of its profits in marketing campaigns to get customer interaction is also a big challenge for Intel as an entrant.
5. Barrier for communication market is high and incumbents gave a tough competition in market share

RECOMMENDATIONS:

As its strategy & development goals have remained constant, be the "first to market" and entering the market with best designs can ultimately make Intel a profitable company. Briefly describing some of my recommendations for Intel to be profitable:

1. Intel should invest in manufacturing semiconductors components used in cellular phone as this market is huge and intel got specialization in developing them.

2. Investment on R&D for chip development will help intel to address great demand in entertainment PC industry
3. Intel success of Wi-Fi can pay path to more development in computer technology, which is going to have huge market in internet era
4. Arranging some campaigns to interact with customers to know the required demand and gain customer satisfaction will ultimately help for company growth
5. Irrespective of industry, Intel will be profitable, if it continues to commit for solving the problems in demand by its good assets like development team, culture, operations, research.

CONCLUSION

I would like to say that Intel made a best decision of entering a booming industry by anticipating yield of PC industry. The strategic position was right to the future market and demand, whereas the lost was temporary due to ill-management and unfocused diversification strategy. If intel focus on both industry by perfect balance it can rule the internet era. This attitude and determination of Intel can tackle great challenges ahead and lead the marketplace.

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