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**The Problem**

Symmantec is an organization that saw rapid growth. Their success led to a rapid increase in the size of the company. As the company grew their IT architecture evolved haphazardly to solve their short-term problems at each phase. As a result, their information flow has suffered and if left as is it will eventually affect their bottom line. Their statement of operations reveals they are spending just 7% of their revenue for 1990 on general and administrative expenses and 15% on R&D while spending 42% of their revenue on sales and marketing.

Some factors to consider:

* There are 5 product groups that act as divisions that are competing against each other for resources.
* Sales representatives were equipped to sell all products and were largely free to divide their time among products in any way.
* Symmantec has multiple offices geographically dispersed.
* The company uses a variety of systems, software, and hardware.

As Symmantec has grown they have become a decentralized organization from a geographic, system, and sales perspective. I will give my recommendation on how they should proceed.

**Industry Competitive Analysis**

## Mission

Symmantec creates and supports software products for information management, productivity, and software development needs. They sell to business users. In the beginning they maintained a competitive advantage by acquiring the best products and incorporating them into product groups. The new product groups retained the same location and workers as before the acquisition. They are inventors and need to have a core competency in HR to attract, hire, and retain the best IT personnel (Barker).

## Market

Symmantec sells its software to business users of all sizes. They have a diverse catalog of software serving both Macintosh and MS-DOS systems. Their software is reasonably priced for even a small business to acquire. Their most expensive product is only $595.

## Strategy

Symmantec has a differentiation focus. They produce and support multiple product lines. Their methodology of acquiring the best products and taking a laissez-faire approach with the exception being managers allows the products they acquire to continue being the highest quality. We can assume that features and service set Symmantec apart from the competition. Their differentiation strategy allows them to generate higher profits than a cost strategy which helps give them their remarkably high margins (Tanwar).

## Porter’s Five Forces

**Inter Industry Competition** is a medium concern for Symmantec. Symmantec has a lot of competition in the software industry. Depending on what kind of businesses Symmantec sells to will impact how intense the competitor rivalry will be. Symmantec will have to improve their product differentiation and improve service levels to protect their market share (Bristoll & Newton).

**Substitutes** are a big concern for Symmantec. As the software industry continues to grow there will be innovations coming from every market. Substitute products could arise that are cheaper and have better quality and performance.

**New Entrants** is another big concern for Symmantec. The amount of capital required to enter this space is relatively low. There are no major barriers to entry and software is becoming a booming business.

**Suppliers Bargaining Power** is low for Symmantec. They are a company that requires little from suppliers. Outside of office supplies most of their expenses will be in-house.

**Customers Bargaining Power** is high. There are a lot of options in the industry and Symmantec does not seem to have any multimarket, multiproduct, or multiyear service agreements. This means the switching costs for customers are low. At Symmantec’s price point customers will be price sensitive. The customer’s own service is also affected by Symmantec service. All these factors lead to a high customer bargaining power (Bristoll & Newton).

**Identifying Stakeholders**

**Symmantec Management** – This group consists of managers at Symmantec. In this company managers play an important role. In the companies that Symmantec acquires they leave almost everything unchanged and just insert their own management. As a public company this group has a primary responsibility to shareholders. This group will prioritize keeping the business profitable.

**Symmantec Employees** – This group consists of all Symmantec employees. Symmantec has been adding a lot of employees and they are primarily interested in keeping their job, making their job easier, and seeing the company grow and succeed.

**Symmantec Shareholders** – Symmantec is a public company and this group will expect it to continue to grow and be profitable.

**Symmantec Customers** – This group consists of all the customers Symmantec serves. Their primary interest is receiving the best product and service from Symmantec at the cheapest price.

**Generating Alternatives**

1. **Do nothing** – The first option is to make no changes and continue with the current systems and policies. Symmantec has seen substantial growth in the last four years. Why change something that’s working so well?
2. **Overhaul Internal Systems** – Symmantec uses a variety of systems across the organization. This alternative would involve consolidating the company to one communication system. This system would also need to be scalable and have the capacity to handle Symmantec’s requirements. The HP 935 system would be replaced with a system they purchase. Designing and maintaining the system has proven to be too much work for Symmantec and they need a reliable system for manufacturing and inventory. The Novell LAN will be analyzed and if there is room for improvement it will be done. The e-mail system will need to allow communication between MS-DOS and Macintosh devices. The phone-mail system will also be replaced with something more reliable to guarantee no service interruptions while employees are on the job. Cupertino’s network wiring needs to be redone. All these changes will drive Symmantec towards a better IT architecture and information flow.
3. **Relocate All Product Groups to Cupertino, CA** – Currently Symmantec has product offices at Cupertino CA, Novato CA, Mountain View CA, and Bedford MA. This geographic dispersion was caused by Gordon Eubanks’ (CEO) philosophy that products will perform better if they are left unchanged after being acquired. This may be a good short-term strategy, but the long-term consequences are a company that is not centralized. Currently product groups do not really interact or communicate with each other. Undoubtedly collaboration between products would reduce costs and lead to better products and services. For example, each product group has its own marketing department; there is no reason the marketing departments shouldn’t be collaborating. They could potentially even be joined into one corporate department.
4. **Adjust Spending** – Taking a look at Symmantec’s Statement of Operations will reveal their priorities are largely on growth. Comparing 1987 to 1990 there was a $35 million increase in revenue and a $345,000 decrease in General & Administrative expenses. R&D went from $2.9 million (20% of revenue) to $7.5 million (15% of revenue) while Sales & Marketing went from $5.65 million (40% of revenue) to $21 million (42% of revenue). Looking purely at financials Symmantec is prioritizing growth over internal stability and as a result they have outgrown their current systems and processes. This proposal will have an increase in spending on R&D as well as General & Administrative expenses while lowering Sales & Marketing spending. Symmantec’s marketing spending is not out of the ordinary, but the lack of internal spending is concerning. (Vital Design)

**Analyzing Impact on Stakeholders**

## Do-nothing

**Symmantec Management** – This will result in no immediate changes for management. Everyone will keep their current positions and business will continue. A potential issue with this is that the problems that have been identified by managers will only continue to worsen over time.

**Symmantec Employees** – This will also result in no immediate changes. Employees would not feel the anxiety that comes with change. Their jobs will not become easier or more difficult. The threat of employees losing jobs is low.

**Symmantec Customers** – Customers will likely not notice a difference soon. They will continue receiving the same service they’ve been receiving for the last few months. If the organization fails to change what it needs to then customers could begin to see poorer service and eventually go to a competitor.

**Symmantec Shareholders** – The company has been growing and profits have been increasing. Shareholders may have no reason to believe that anything needs to change.

## Overhaul Internal Systems

**Symmantec Management** – Management will see a lot of change. They will be responsible for ensuring the new implementation of the new systems goes well in all divisions. They will have to answer to shareholders regarding the costs of these systems.

**Symmantec Employees** – Employees will also see a lot of change. Most of the systems they are familiar with will change. People usually don’t like change, but the new systems will ideally make employees jobs easier. The short-time stress of change will be compensated by having an easier job in the long-term.

**Symmantec Customers** – Customers may not notice an immediate impact. If the problems identified aren’t solved by these systems, they could lose customers.

**Symmantec Shareholders** – Shareholders may not like the increased internal costs. They might argue that the old systems were functioning well enough and that the spending was not justified.

## Relocate All Product Groups to Cupertino, CA

**Symmantec Management** – Some managers will be physically relocated. Otherwise, this will lead to better communication between executives and middle management as they are all closer together.

**Symmantec Employees** – Some employees will be physically relocated and those that are not willing to relocate will lose their job. This could cause a lot of dissatisfaction and while employees are in the same industrial culture, there will certainly be differences between the cultures from their old office to their new office (Morgan).

**Symmantec Customers** – A select few customers that relied on the geographic location of a previous office may be affected. Generally, customers will receive a better experience as the products development and support teams will collaborate to offer a better service.

**Symmantec Shareholders** – This doesn’t affect shareholders very much. The savings of closing offices will be offset by the costs of expanding offices in Cupertino.

## Adjust Spending

**Symmantec Management** – Management will have to answer to shareholders regarding what will likely lead to a slowing of growth and increase in spending. They will have to justify the necessity of this change in terms of business success further out than the current fiscal year.

**Symmantec Employees** – Sales employees may be affected if commissions are impacted by a decrease in sales spending. There may be a growth in total number of employees to help with the additional development and administrative projects.

**Symmantec Customers** – Customers should not notice much of a difference. If anything, the increased spending could lead to them receiving better products and services.

**Symmantec Shareholders** – Shareholders will see the company increasing costs will decreasing growth. This is not something a shareholder wants to see. The immediate impact of this will be a lower earnings per share and unhappy shareholders.

**Solution**

My proposal is that Symmantec adopt all three alternatives. The do nothing alternative is not going to lead to the long-term success of Symmantec. Currently employees and managers are not happy with the internal systems and communication at the company. The decentralized architecture will only lead to more problems as time goes on and they acquire even more products. While they are growing it’s just not sustainable, something needs to change.

The overhauling of internal systems is a necessity. Currently there are constant interruptions in communication from email and phone-mail. The HP 935 and POPS system are also constantly failing. 80 of the 400 company computers can’t currently be connected to the e-mail software.

Long-term all stakeholders will see positive benefits. Managers will have better communication, employees will have easier jobs and less frustrations, customers will receive better service, and as a result stock values should rise. Symmantec has a valuable opportunity to change from a Bottom-Up to a Top-Down architecture which will align the IT architecture with the strategic vision (Cash).

Relocating all product groups to Cupertino should improve efficiency in the company. This will allow a lot more collaboration between products and product groups. Specifically, the marketing and engineering departments could collaborate a lot more and lead to a greater product in all areas. After the centralization there is an opportunity for a central marketing and engineering department to be created. The relocation will ideally address one of the current marketing issues which is that sales representatives basically choose what product they want to sell. This means a product groups’ performance is based on how effectively it encouraged the sales force to promote its products. Management, employees, and customers will likely all see benefits of a relocation.

Adjusting spending is another crucial step that needs to be taken. Symmantec simply isn’t spending enough internally to support the growth it’s been having. The new systems are going to cost a lot of money upfront and shareholders will not be happy, but for the long-term success of the business it is a necessity. The company cannot survive on the current architecture forever. If Symmantec accepts these propositions and places an emphasis on their internal systems and processes than they will be setup for long-term success. Managers, employees, customers, and shareholders will all benefit from the implementation of this solution.

**Citations**

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