



TCA 1: MOBILEYE

By: Team 7

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Course section CRN, day & meeting time: MGT 4394, TR 8:00-9:15 AM



Executive Summary



Strategic Issue:

How can Mobileye maintain and sharpen its competitive edge while strategically managing partnerships with counterparties driven by different goals in the rapidly growing market of autonomous cars?



Cause:

1. Increasing bargaining power of large OEM customers, fueled by their pursuit for higher margins
2. Competitive Rivalry, as competitors offer less product features for cheaper to capture greater market share



Alternatives:

Segment market by offering tiers of products/bundles at varying price points which will result in maintaining premium pricing for high-end vehicles as well as lower prices for mass-market.

Company Financials

Income Statement Analysis					Common-Sized			
	2011	2012	2013	Jan-Sep 2014	2011	2012	2013	Jan-Sep 2014
Statement of Operations								
Revenues	\$19,168	\$40,285	\$81,245	\$103,979	100.0%	100.0%	100.0%	100.0%
% Growth		110.2%	101.7%	28.0%				
Cost of Revenues	6,863	12,219	21,130	26,392	35.8%	30.3%	26.0%	25.4%
Gross Profit	\$12,305	\$28,066	\$60,115	\$77,587	64.2%	69.7%	74.0%	74.6%
Gross Margin	64.2%	69.7%	74.0%	74.6%				
Operating Costs/Expenses								
Research and Development	\$15,377	\$15,866	\$22,309	\$26,925	80.2%	39.4%	27.5%	25.9%
Sales and Marketing	6,134	6,434	12,331	11,910	32.0%	16.0%	15.2%	11.5%
General and Administrative	2,567	7,418	10,277	59,685	13.4%	18.4%	12.6%	57.4%
Operating Profit (Loss)	(11,773)	(1,652)	15,198	(20,933)	61.4%	4.1%	18.7%	20.1%
% Growth		86.0%	1020.0%	-237.7%				
Interest Income	1,543	1,531	1,059	1,097	8.0%	3.8%	1.3%	1.1%
Financial Income, net	(2,709)	402	1,389	(2,973)	14.1%	1.0%	1.7%	2.9%
Profit (Loss) Before Taxes	(12,939)	281	17,646	(22,809)	67.5%	0.7%	21.7%	21.9%
Benefit (Taxes) on Income	(\$447)	(\$334)	\$2,274	\$9,674	2.3%	0.8%	2.8%	9.3%
GAAP Net Income (Loss)	(\$13,386)	(\$53)	\$19,920	(\$32,483)	69.8%	0.1%	24.5%	31.2%
% Growth		99.6%	37684.9%	-263.1%				
Non-GAAP Income (Loss)		\$1,802	\$33,051	\$33,437		4.5%	40.7%	32.2%
% Growth			1734.1%	1.2%				

Balance Sheet Analysis					Common-Sized	
	2013	Sep 2014	2013	Sep 2014		
Current Assets						
Cash and Cash Equivalents	\$72,560	\$298,209	43.1%	69.7%		
Short-term deposits & restricted cash	51,802	51,029	30.8%	11.9%		
Trade receivables, net	12,490	19,770	7.4%	4.6%		
Inventories	11,354	18,289	6.7%	4.3%		
Other current assets	7,025	22,783	4.2%	5.3%		
Total current assets	155,231	410,080	92.3%	95.9%		
Long-term assets: PP&E	5,697	8,674	3.4%	2.0%		
Long-term assets: Other	7,300	8,897	4.3%	2.1%		
Total Assets	\$168,228	\$427,651	100.0%	100.0%		
Current Liabilities						
Long-term Liabilities	\$15,875	\$30,717	9.4%	7.2%		
Shareholder's Equity	\$25,590	\$45,198	15.2%	10.6%		
Paid-in capital	\$243,525	\$515,823	144.8%	120.6%		
Accumulated deficit	(100,887)	(133,370)	-60.0%	-31.2%		
Total Liabilities & Shareholder Equity	\$168,228	\$427,651	100.0%	100.0%		

PESTEL Analysis



Political

Include elements such as tax policies, changes in trade restrictions and tariffs, and the stability of governments.



Economical

Include elements such as interest rates, gross domestic product, general growth or decline of the economy.



Social

Include trends in demographics such as age, and ethnic mix, as well as cultural trends.



Technological

Include changes in the rate of new product development, increases in automation, and advancements in service industry delivery.



Environmental

Include natural disasters, global warming, pollution, and weather patterns.



Legal

Include laws involving issues such as employment, health and safety, discrimination, and antitrust.

Porter Five Forces

Competitive Rivalry

Bargaining Power of Suppliers

Threat of New Entrants

Bargaining Power of Customers

Threat of Substitutes



VRIO Analysis

SINGLE CAMERA SYSTEM



Valuable



Rare



Easy to imitate



Organized to capture value



Sustained Competitive Advantage

FUSION SYSTEM



Valuable



Rare



Easy to imitate



Organized to capture value



Competitive Parity

Alternatives



Segment market by offering tiers of products/bundles at varying price points which will result in maintaining premium pricing for high-end vehicles as well as lower prices for mass-market.



By engaging in the acquisition of possible synergistic targets, Mobileye could attempt to develop its own self-driving car to compete with others which may have extensive engineering expertise



Shifting a good weight of the company's focus to developing a product from which the most safety can be derived compared to competitors would allow Mobileye to benefit from regulatory tailwinds