

# Startup Sim Gazette

World 2019-2021

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## Q4

### BUSINESS CLIMATE



We are revising slightly our forecast from the previous quarter.

US: While we expected an end to the decline of the US market for chips, we now foresee a continuation of the market contraction relative to Q2. The same happens in the PC market with an index one percentage point lower although the market level is somewhat higher than in Q1. Besides we forecast a sharper decline in Q5 for both products. It looks like the US consumers are getting cold feet with technology.

EU: The picture is a little rosier in the EU. We maintain our forecast for chips in Q4. We also expect a stronger market growth for PCs. Yet, we expect the slowdown of the US market will transfer to the old continent in the following quarter.

Brazil: The B in BRICs is humming along quite nicely. While we confirm our Q3 forecast for Q4 chip market, we increase our forecast for PCs. Q5 should also see an extension of the chip market, but perhaps a slight decline in the PC market relative to Q0.

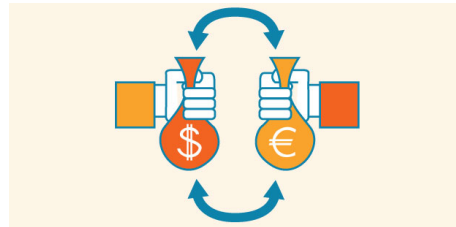
### X-index

		US	EU	BRA
Actual	Q2	103	102	102
Actual	Q3	102	104	103
Forecast	Q4	101	106	106
Forecast	Q5	100	105	108

### Y-index

		US	EU	BRA
Actual	Q2	105	106	104
Actual	Q3	107	110	107
Forecast	Q4	106	108	110
Forecast	Q5	102	105	109

### CURRENCY EVOLUTION



The Brazilian currency continues its rise against the US Dollar, while the US Dollar and the Euro are losing ground against the Swiss Franc.

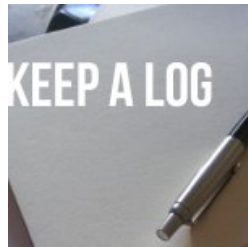
To/from	\$	€	Real	SF
\$		0,971	0,334	0,505
€	1,030		0,344	0,520
Real	2,998	2,911		1,513
CHF	1,981	1,923	0,661	

### MR74 FREE



In Q4 each company will get consolidated income statements and balance sheets for all companies free! So don't order Item 74. Alert market-driven executives will consider supplementing this information with items from our catalog of

Marketing Research Services at half-cost this quarter. Kompetitive Intelligence Kounts!!!!



The idea of Startup Sim is to get something out of the simulation by way of improved understanding of management problems. Your team is likely to get a good deal more out of the experience if during each session, you keep a record of the reasons why you made your decisions and the assumptions behind them. This is especially important when a decision represents a change in policy. You will find this record invaluable in reviewing our experience at the end of the run.

#### **SILICON CHIPS**



The silicon in X0 actually tends to get chipped. Hence the salability in end consumer markets of X0 is likely to come down a cumulative 5 percent from Q4 on. PC manufacturers continuing to use X0 beyond Q6 risk losing same end consumer goodwill as the rumor about the lack of concern for quality gets around.

Never a dull moment in high tech! No sooner has demand for X0 begun careering that industry forecasters are predicting that X1 and Y0 – currently so strongly in vogue – will be the next items hitting the decline phase of the Product Life Cycle.

#### **PRODUCTION SUFFERS IN US & EU**

Production of chips and PCs in the US and EU is negatively affected by a series of incidents in key components supply. In effect, this means that maximum output of each EU PC plant is now 14,500

units. No immediate end to this nuisance is in sight. However Brazil is not affected thanks to more modest production capacities.

#### **Maximum plant capacities (in units per quarter)**

	US	EU	BR
X	40000	24000	12000
Y	20000	14500	9000

**Don't Forget About Area Bank Loans – a Handy Credit Source!**

#### **R&D COSTS UP?**

The sophistication of lab equipment, the complexity of higher grades of chips and PCs, prototype manufacturing cost, and expenses connected with the worldwide patent registration are all increasing. Companies which spend well below the average on R&D may wish to consider abandoning their R&D program, or enlarge it a bit to keep up with the frontier of technology. Too, licenses can often be bought at fairly modest rates. By the way, to find out average R&D spending, you may wish to order MR14.

INTEREST RATES AND SWITCHOVER AMOUNTS (000s, IN LOCAL CURRENCY) FOR SUPPLIER CREDITS (SC) IN AREAS AND HOME OFFICE, QUARTERLY

	US	EU	Brazil	HO
Below Switchover, %	7,5	8	15	8,75
Switchover Amount	1200	1500	5000	3000
Above Switchover, %	8,5	9	16	9,75

INTEREST RATES ON LOCAL CURRENCY OVERDRAFT (NEGATIVE BALANCE)

	US	EU	Brazil	HO
Below Switchover, %	3,5	3,25	6,5	4
Switchover Amount	1200	1500	5000	2500
Above Switchover, %	7	6,50	13	8

