

Strategic and Policy Issues Intel

December 1, 1997

Dr. Dundar F. Kocaoglu

EMGT 520

Nikhil Deshpande

Boonkiart Iewwongcharoen

Chandra Luchmun

Rajendra Patel

Vivat Pipugs moot

Jose R. Rodriguez



What Is Intel

Date Incorporated:	<i>July 18, 1968</i>
Headquarters:	<i>Santa Clara, California</i>
Number of Employees:	<i>60,000</i>
Chairman Emeritus:	<i>Gordon More</i>
Chairman and Chief Executive Officer:	<i>Andrew S. Grove</i>
Annual Earnings:	<i>\$ 5,157,000,000</i>
Annual Revenue:	<i>\$20,847,000,000</i>
Main Product:	<i>Microprocessors</i>
Share of Global Microprocessor Market:	<i>89%</i>
10 Year Compound-Annual-Revenue-Growth Rate:	<i>30%</i>



December 1, 1997

Initial Strategy, 1968

Robert Noyce & Gordon Moore Left Fairchild Semiconductors

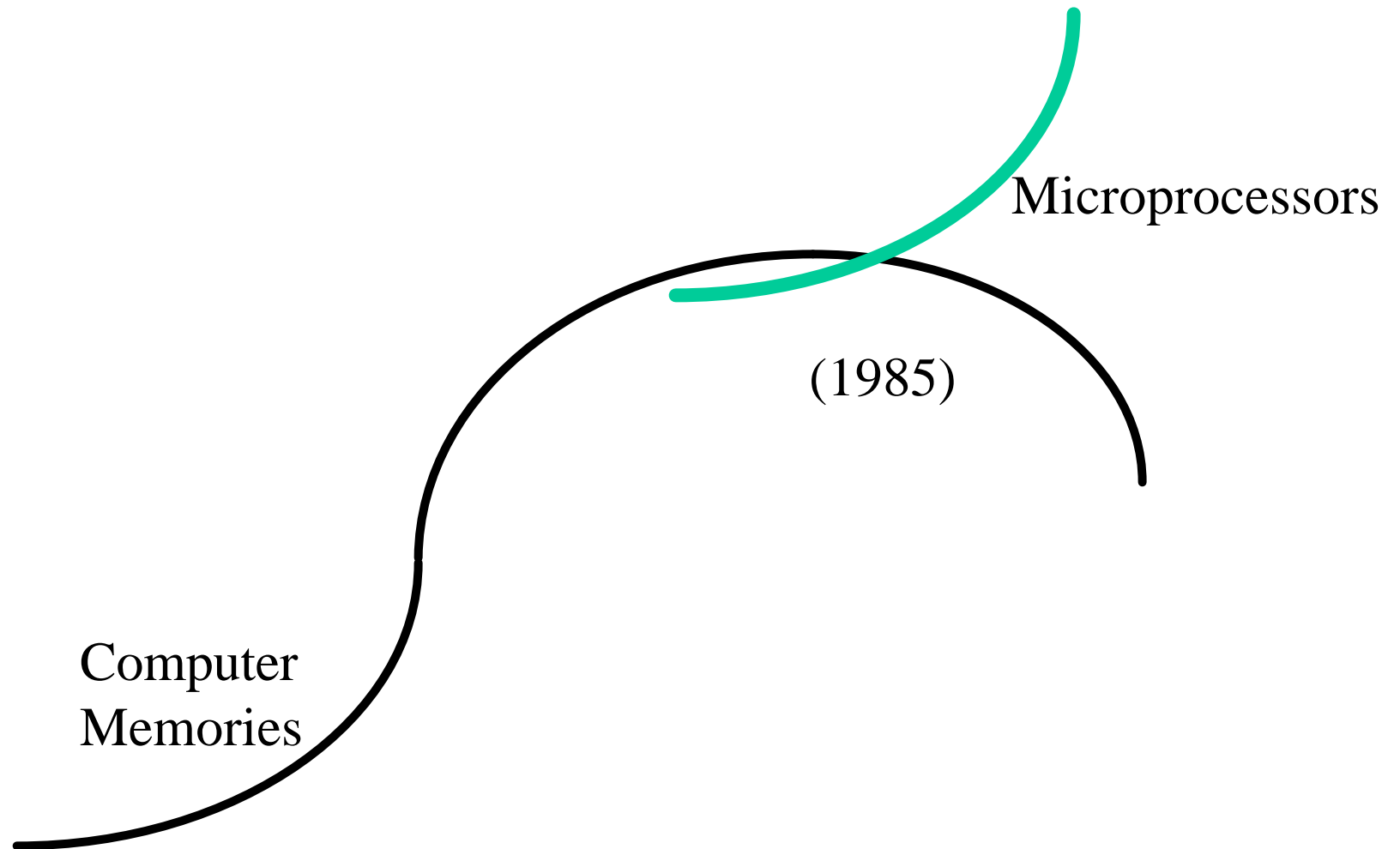
Recruit Andrew Grove “a driven, cerebral engineer”

+ \$2.5 Million Investment from Arthur Rock Venture Capitalist



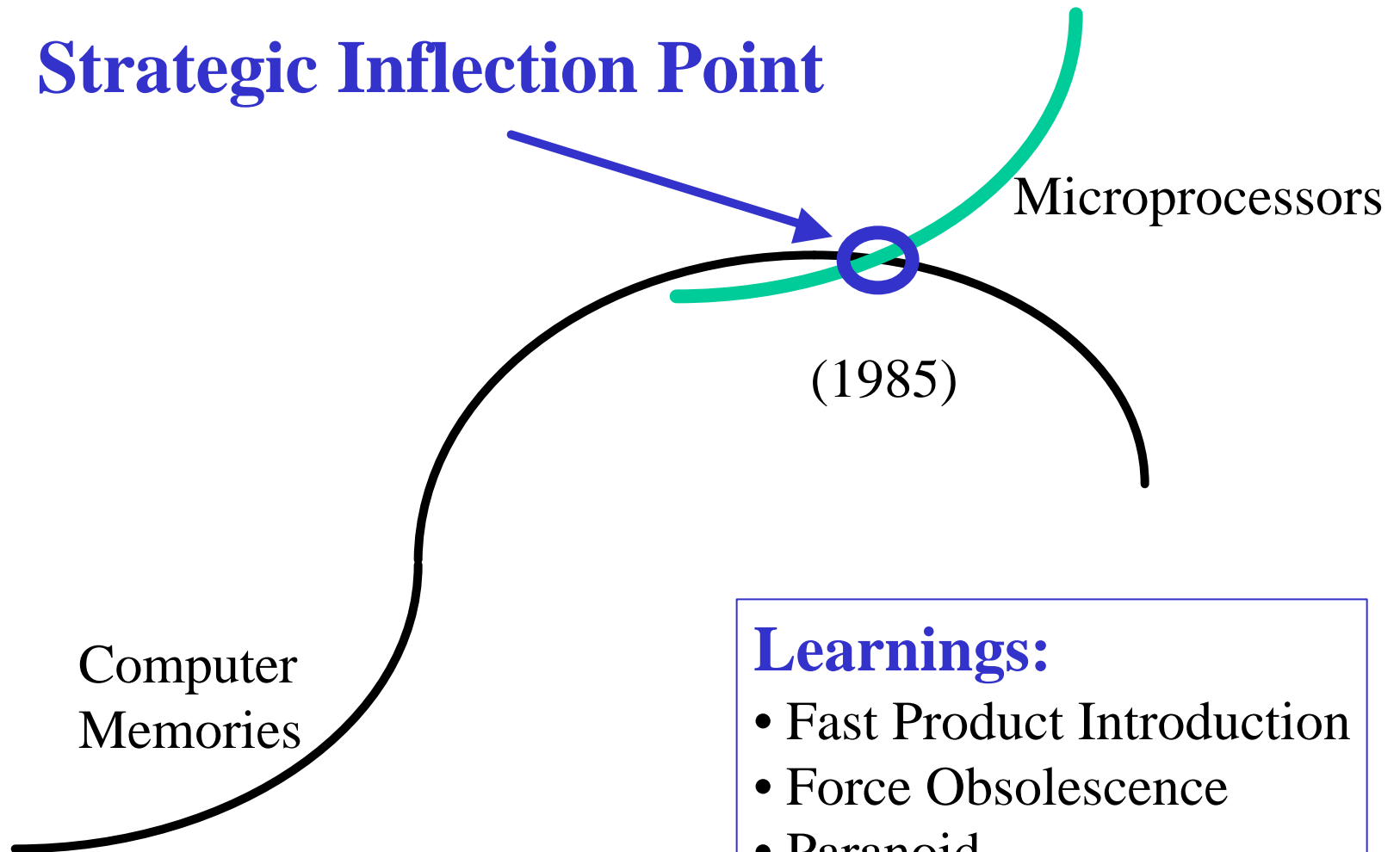
Goal: **Build a business that would use a new technology of storing data on silicon (Memory).**

First Major Change



First Major Change

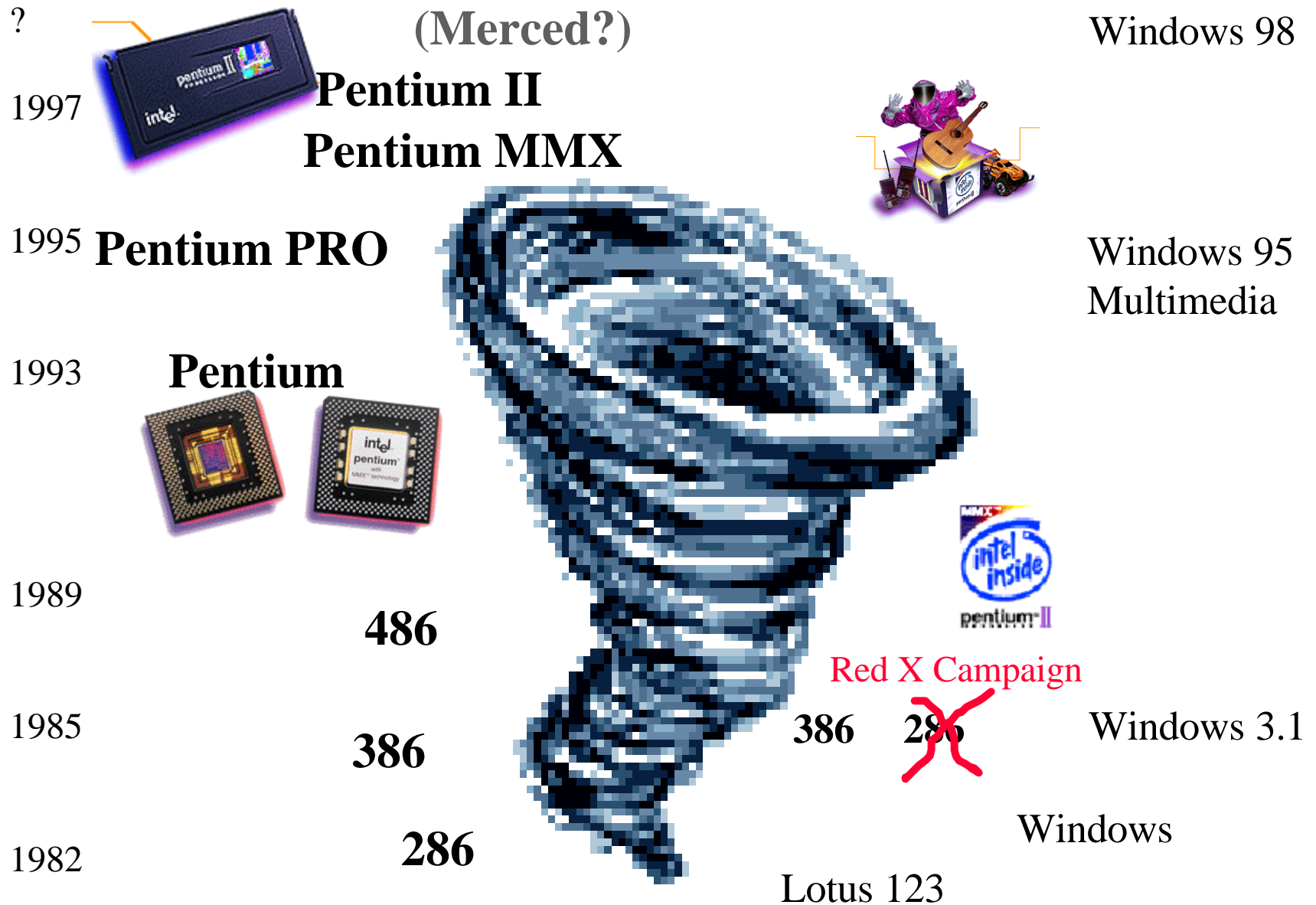
Strategic Inflection Point



Learnings:

- Fast Product Introduction
- Force Obsolescence
- Paranoid

New strategy to the test



Growing the Market

(Problem looking for Solution)

Audio Codec (AC) '97



Intel's 3D RSX technology

CAR PC
Technology

Animation

Intel
Video Phone
WITH PROSHARE® TECHNOLOGY



Intel
Business Video Conferencing
with ProShare® technology

Intel
Web Design Effects Software

indeo
INTEL VIDEO TECHNOLOGY

DVD



Intel
InterCast™
technology
TV and the web combining
forces on your pc



PC Cameras



Create & Share
Camera Pack

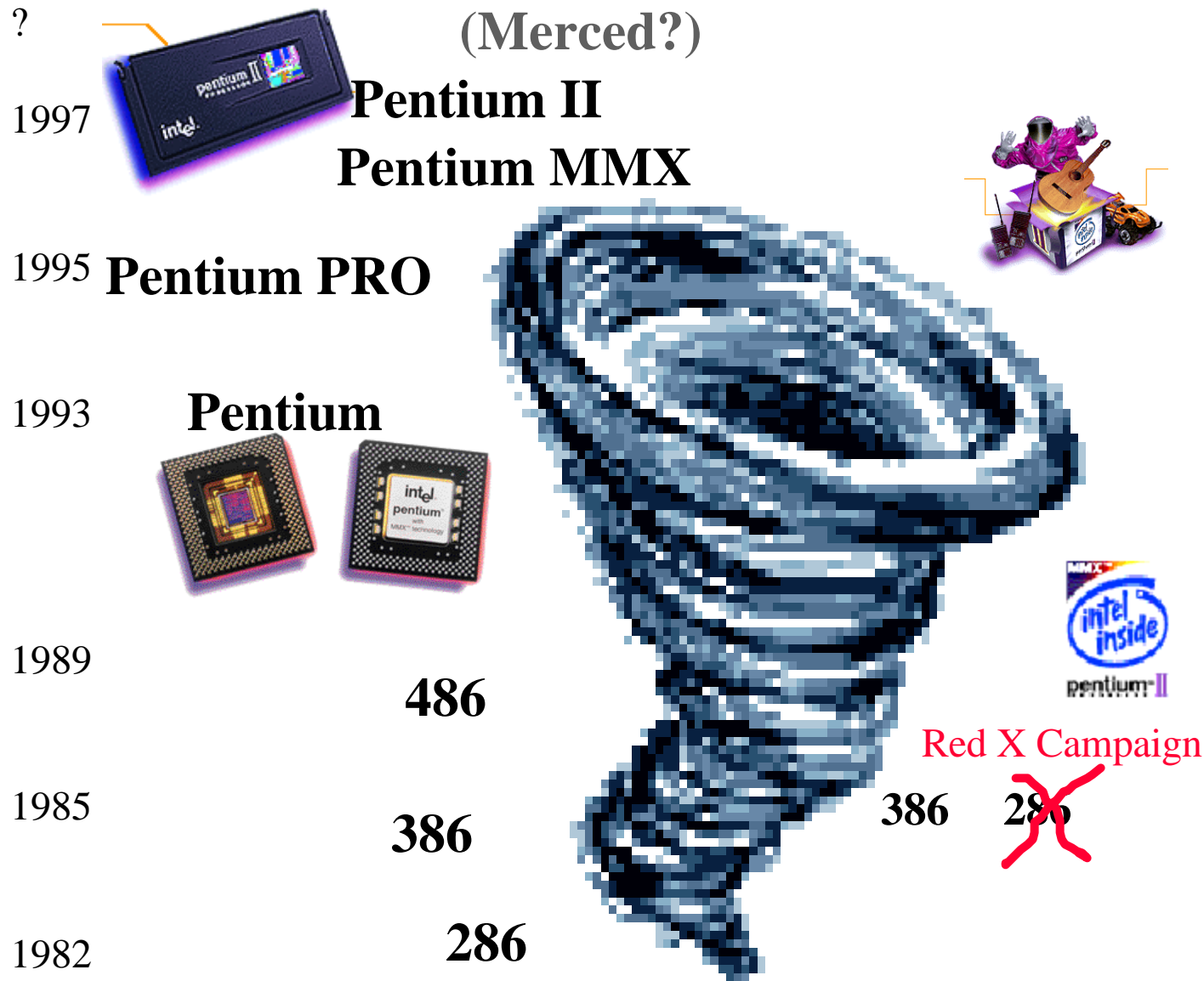


play Sea Racers
a multiplayer game

EMGT
520
S&PI

December 1, 1997

New strategy to the test



Providing Solution to the Customer (The OEM)

“We’ll sell you (the integrator) the complete circuit for less than you can buy the individual components to build your own And from those very simple circuits it’s grown in complexity. We’ve had to bring more and more and more and more of the stuff onto the chip. And the result is, in technology, it often swallows the customer’s added value and gives it back to them for free.” “The customer that understand that, anticipate it and use it, have been very successful. Those that try to resist it find themselves spending a lot of time and energy and money on things

that their competitors don’t.” [31]

Dr. Gordon More



Grow the Entire Market

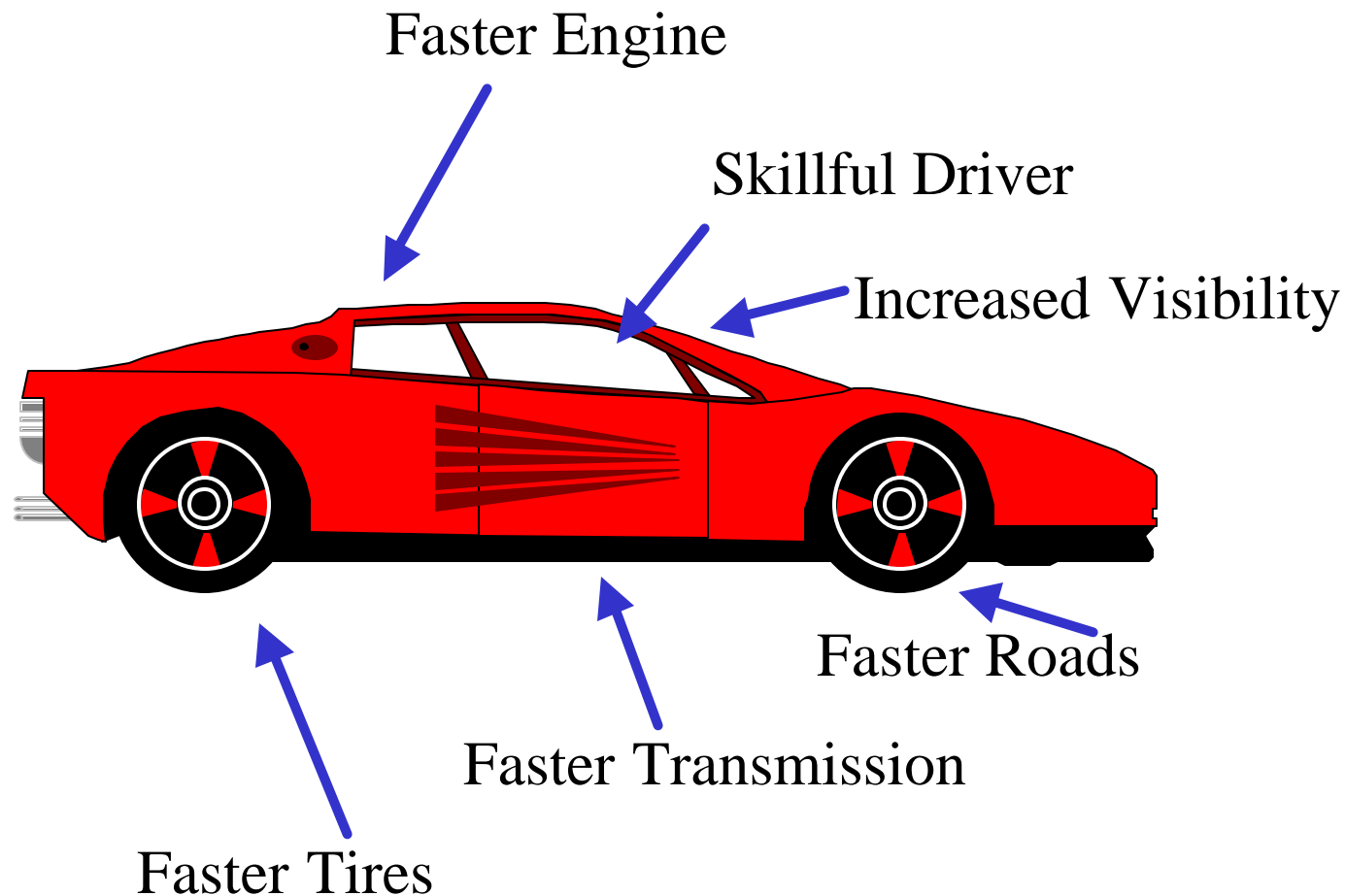
*Will a Faster Microprocessor
Give the End-User a
Faster Computer ?*



December 1, 1997

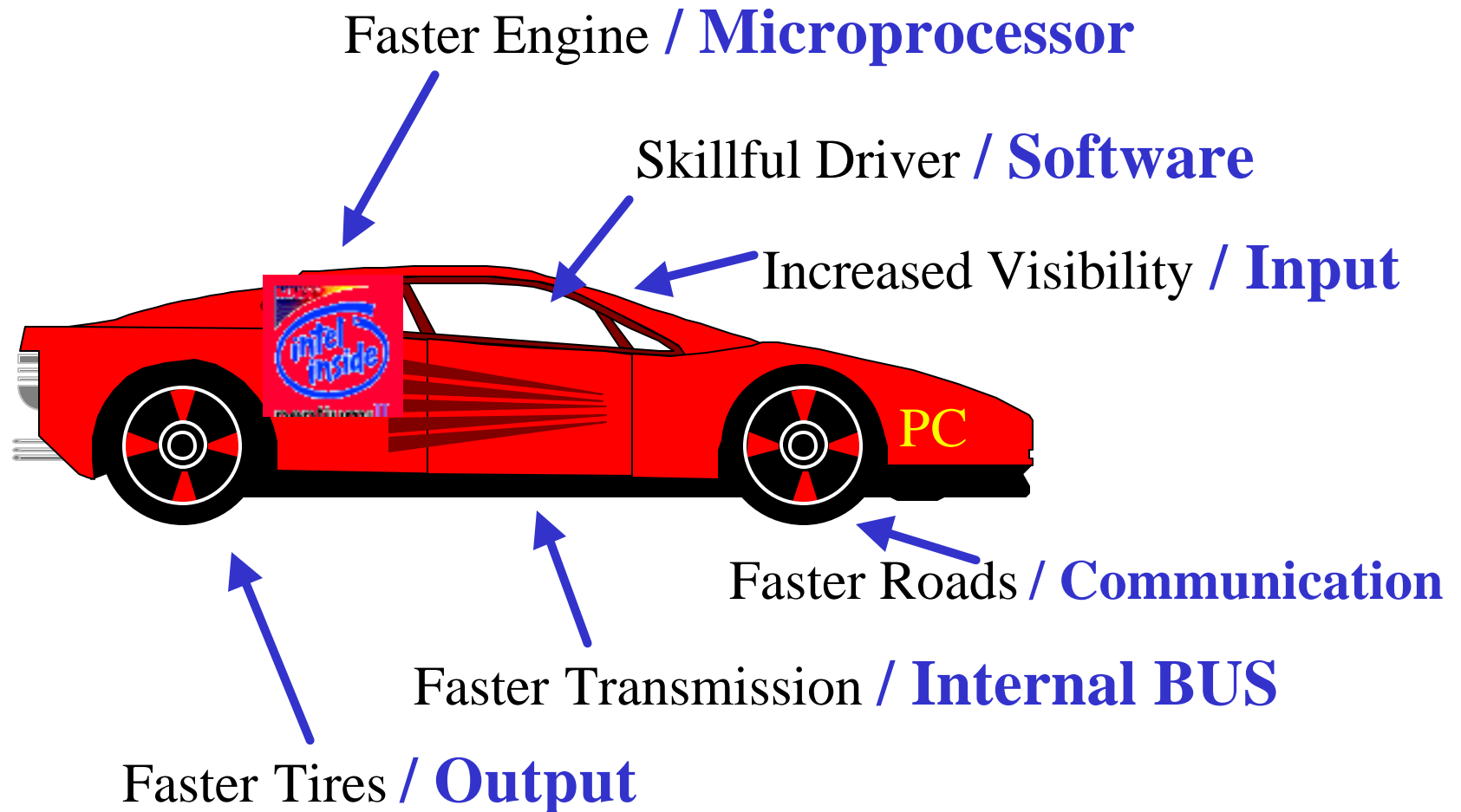
Grow the Entire Market

(Eliminate Processing Power Limitations)

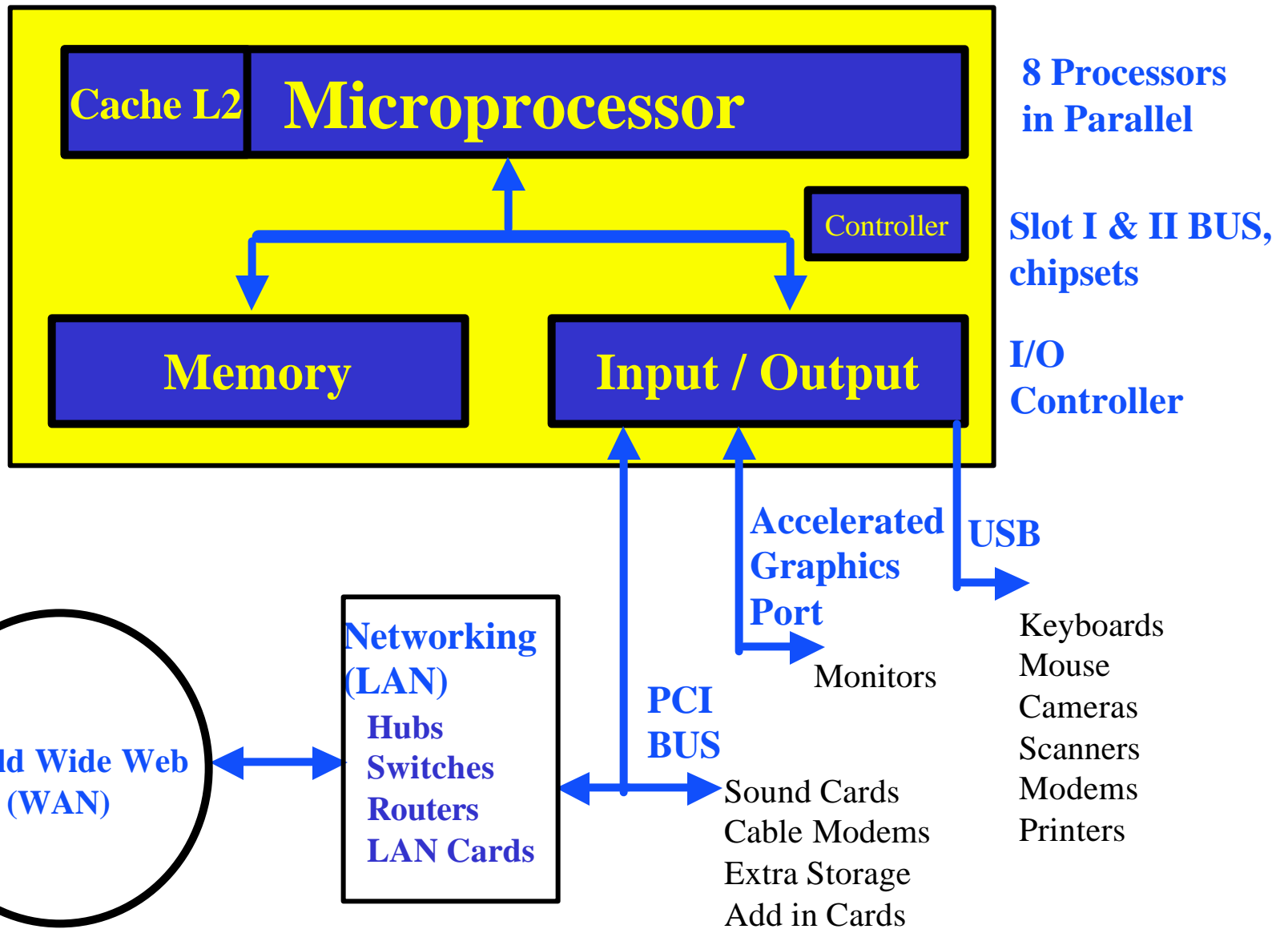


Grow the Entire Market

(Eliminate Processing Power Limitations)

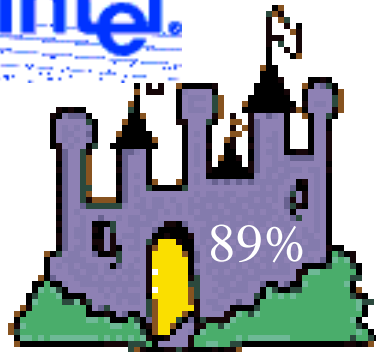


Grow the Market (Eliminate Processing Power Limitations)



Survive by Being Paranoid

intel.



AMD

K6

Cyrix

6X86MX



SPARC

AMD

Alpha



MOTOROLA

Power PC



HITACHI
MOBILIZED

SH7708R
SH771R

Competitors Defense:

- **Antitrust Laws**

Sherman Antitrust Act and Clayton Act

Intel Defense:

- Fast Product Introduction
- Force Obsolescence
- Paranoid
 - Technical Excellence
 - Manufacturing Volume
 - Quality
 - Service
 - Pricing

Perception of the Future

- Intel has grown from a start up company, to be the biggest player in the computer industry by learning the strategy of:
 - **Fast Product Introduction**
 - **Create New Markets**
 - **Force Obsolescence**
 - **Paranoid**
- Intel constantly embrace change in overcome market conditions.
- Intel has recently announced a reorganization order to focus on a changed computer market. (Nov. 24, 1997)
- Intel has proved that as a corporation, it has the strength, knowledge, and flexibility to succeed in the years to come.

Strategic and Policy Issues Intel

December 1, 1997

Dr. Dundar F. Kocaoglu

EMGT 520

Nikhil Deshpande

Boonkiart Iewwongcharoen

Chandra Luchmun

Rajendra Patel

Vivat Pipugsmoot

Jose R. Rodriguez

