

Intel case study

Education



In this assignment we will analyse the pro and cons of the largest player in processor fabrication market Intel. This will help us in understanding the reason behind their success and also predict on their sustainability in the market. Additionally this study will also help in identifying the other possible paths of expansion for Intel. (1 . 1) History of Intel In 1968, Gordon Moore and Nonce decided to leave their job from Fairchild, one of the biggest companies specializing in Silicon Valley, to start up their own business aiming to provide the world with very vital technological components.

Intel gained a major breakthrough with the help of a Japanese calculator manufacturer Bossism. A remarkable innovation in chip manufacturing was done by successful fabrication of the first microprocessor Intel 4004 chip in 1971. In Intel the engineers did not start from the first point, but directly work on developing the microprocessors by making it more complex and stronger. (GROMMETS, 2007) (1 . 2) Approach This objective in this assignment is to understand the strategy and factors behind their success and also predict on their sustainability in the market.

Additionally this study will also help in identifying the other possible paths of expansion for Intel. We will try to focus on the objective of this assignment by understanding the policies and strategies adopted by Intel. The breakdown has been done by using major concepts such as Porters five forces, SOOT analysis PESTLE analysis and key success factors models. Study Intel's 3 environmental analysis and strategic decisions and finally predict Intel's performance and competitive gain in the future.

Environment has a major influence on proper working of any business.

It is very essential for a business to adjust to the environment to be prosperous. Hence, it is necessary to consider both internal and external environment. It is required to conduct a proper internal analysis to recognize the strengths and weaknesses of an organization. Additionally an external environment analysis should be done as it will help in identifying or developing a fixed set of opportunities that could benefit and also help us identify the threats that could be avoided. A proper external analysis can be done by dividing it into two factors namely, macro environment and industry analyses.

A step by step environmental analysis is done for Intel further in the assignment (2. 1) Internal Environment Analysis Internal Environmental analysis supports the organization to identify its resources and its competencies, proficiencies and potentials to utilities them to the finest abilities. The foremost task Of internal analysis for this circumstance is to assess Intel's key successes factors over other key players like MAD, Qualm and ARM. By performing this exercise we can obtain a comparative advantage to the business. The detailed explanations of the top key factors are analyses in section (3) (2.) Macro Environment Analysis There are numerous impacts of macro-environment on Intel as they have ultimate operating and manufacturing locations. Political, Economic, Social, Technological, Environmental and Legal factors creates a significant impact in a macro environment on the company's performance. Basically it is well-known as PESTLE Analysis and it is explained in detail in the section (4). (2. 3) Industry Analysis The purpose of carrying out this analysis is to evaluate the industry environment and understand the responsible factors affecting

profitability in the industry. There are many forces that have major influences on business.

One of famous and very common way of doing industrial analysis can be done by following the prominent porter's five forces model. 4 Porters five forces model has been applied for Intel and the detailed are provided in the section (6). (3) Key Success Factors The primary success driver for processor fabrication companies is to focus on offering the best technology at competitive prices. However, just one important factor is not sufficient to gain success. Intel ran into different complications particularly in its cost structures, in spite of that they managed to survive and grow in the marketplace.

They applied different marketing and business strategy to survive in the competitive market. That helped them gain competitive advantage in the processor manufacturing industry. They have made multiple tie-ups with many other hardware manufacturers and this is their primary base of distribution and that has been very successful for them. Based on the present situation the top four key success factors of Intel are listed below. Intel has a top quality resources and very high preference on people in their organization. The surveys done on the Intel employees suggest that they encouraged people to show case their creativity big or small.

They focus only on finding big brains irrespective of the background of the employees. Intel is capable of taking complete benefits from its workers and utilities them in a very efficient manner. Aggregated (no date, entire survey) (3. 2) Brand Value Intel has been in the number one spot for many decades in

straight and none of the competitors have gained the spot in the recent past. They have a very good reputation and many clients and customers are very loyal to them. They have leading in this industry with a major trust factor. Intel started with the success Pentium series and these microprocessors were very successful.

Every series came with different clock speeds for different needs of their users. They have great leadership team maintaining an amazing link with the Research and Development team. They also introduced Echelon Dual-Core microprocessor the first multi core processor in entry level budget segment.

(3. 4) Relationship with MOM Manufacturers Intel has one the best relationship with major multinational companies. Almost all leading brands like Apple, Dell, MOM, Leno, HP, Sass, Samsung, Toshiba, Fajitas and many more great brands rely on Intel microprocessors.

Intel has been able to build great relationship by delivering the best quality of supplies and strategic distributions. (3. 5) Exceptional Handling and error management There is a famous old saying " mistakes and failures are the stepping stones to success". In the same fashion Intel gives a reasonable leverage if employees make minor mistakes. This would encourage in developing breakthroughs in technologies. They have very huge global network functioning in a similar fashion across the globe. Aggregated (no date, entire survey) (4) PESTLE Analysis There many external factors that affects Intel, considering their presence in the entire globe.

These environmental factors can be assessed using PESTLE analysis. The below PESETA analysis was performed bearing in mind the present

operations and circumstances of Intel. The perfect way to carry out the PESTLE analysis is by conduct it for every country they are operating.

However, in this brief analysis is performed at a global perspective. (4. 1)

Political Intel is an international company and has to function according to different leslies set by government of all these countries Any political volatility can have direct impact on the economic growth.

The rules of certain countries can obstruct investment agreements and might cause prided market share The variations in tax laws in every country will cause many issues and will be very important for major business decisions 6 Labor laws for all countries are very different from each other and this is a very complicated to manage in such situations (4. 2) Economic L] Inflation rates are one of the primary factors causing economic issues and it obstructs proper functionality Tax rates of few countries are very high and it reduces the profit margin.

One of the primary reasons for Intel to set up their European headquarters in Ireland is to avoid huge corporate taxes Employee wages Of few countries are very high, few countries have minimum wages regulations Silicon extraction is an expensive process. There will be a major economic benefit if cheaper and new ways of extracting silicon are invented. (4. 3) Social The presence across the globe is a major sign of success, but it is not very easy to maintain and manage work force form customs, beliefs, social attitudes and business practices.

The educational standards and levels are very different from country to county. (4. 4)Technology Technological factors provide abundant prospects

but also threats. There is a necessity to consider them into account while formulating strategies. Technological breakthroughs can impact on the products, suppliers, marketing, distribution and competitive edge. It may also open up new markets. On the other hand the change in technology in an industry can make existing products and services out-of-date or obsolete.

Technological changes can create shortages in technical job skills and result in changing the labor market in the country and expectations of customers and employees may not be met. These are of major significance to Intel and it may be the key point for their persistence. There is huge profit potential for Intel in wireless devices like mobile phones and other electronic gadgets. (4. 5) Environment With more and more problems due to global warming and increased energy consumption there is a lot of pressure on Intel to take them in consideration.

Intel has the 7 social responsibility to become more environmentally friendly by designing devices with less wastage and minimum carbon dioxide emissions manufacturing plants. As per the CEO Brian Krzanich, Intel are focusing and investing on innovating new products to resolve the energy crisis as much as possible. (4. 6) Legal There are many rules and regulations with respect to Patents, trade mark rights, product quality and price controls. In few countries laws have become very stringent as industries became more globalized. Intel has been in media for bad reasons for not following these appropriately.

There have been many long running disputes with rival company AMD. This has affected Intel's reputation and Intel had to pay hefty penalties. This will

have a massive impact on boot reputation damage and economic down fall.

(5) SOOT Analysis SOOT analysis is situational analysis to mainly identify internal strengths and weaknesses along with external opportunities and threats encountered by an organization. The below analysis for Intel will help in closely understanding their strategy. (5. 1)Strengths Intel has strong brandloyaltyfrom its consumers and is a globally recognized brand name.

They are global technology company and the world's largest producer of semiconductor chip Intel has around 80% of the processor market share the next largest share is AMD it is roughly 17% of the market Tie-ups with major multinational hardware manufacturing corporations has created a great distribution chain Innovative and top class employees have been making technological breakthroughs World class internal training system with the Intel University for the development of the employee skills Intel listed in top 10 companies, best employer and recognized for the best in sustainability 8 (5.)Weaknesses L] Selling prices are higher compared to competitors like AMD. The processors manufactured by AMD are less expensive and also have same clock speeds C]