

Competitive marketing: the acquisition of eds

Business



Hewlett Packard acquired EDS for \$13.9 billion dollars in an effort to increase its market share in the service industry. Prior to the acquisition EDS was ranked second to IBM in technological services. Some people believe that the transaction is going to be problematic, but I tend to disagree. HP made a good strategic move to better compete with IBM and other Indian vendors. By combining forces the revenues of Hewlett Packard increase to \$38 billion annually. Both companies that joined forces must reorganize and restructure the firm in an effort to lower operating costs. Outsourcing projects and hiring more laborers from India in telecommuting arrangements can help HP lower its cost structure. Another way to reduce costs is by sourcing materials from low cost nations such as China.

One of the main reasons that people think that the acquisition of EDS by Hewlett Packard would not work is due to differences in organizational culture. Organizational culture can be defined as the system of shared actions, values, and beliefs that develops within an organization and guides the behavior of its members (Schermerhorn and Hunt and Osborn). The culture of HP is relaxed and casual style, while EDS has a military discipline and staid culture. Since the dominant culture, Hewlett Packard, is the easy going relaxed one it should not be difficult for EDS employees to buy in to such a culture. The use of change management will also be critical into shaping the new organization. "Change management entails thoughtful planning and sensitive implementation, and above all, consultation with, and involvement of, the people affected by the changes" (Businessballs).

Works Cited

Businessballs. com. 2014. "Change management." 3 April 2014.

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Schermerhorn, John, and James Hunt, and Richard Osborn. Organizational Behavior (8th ed.). New York: John Wiley & Sons. 2003. Print.