

Hps strategy and economy



Running head: HP'S STRATEGY AND ECONOMY In keeping with the changing trends in the high-tech industry, HP is changing its strategy in favor of software business especially that related to mobile and cloud computing areas. The sluggish growth of the economies around the world is compelling businesses to find more cost-effective solutions to their computing needs, while the explosive growth of hand-held devices is opening up new opportunities. HP's new strategy takes care of its interest in maintaining leadership in the industry. Key words: Cloud computing, mobile devices, strategy, economic recession. HP's Strategy and Economy Introduction Since its inception in 1939, HP has been synonymous with its hardware products for the information technology (IT) sector. This \$126 bn. global company handled the recent recession well and posted handsome gains on all the crucial performance parameters viz., revenues, net profits and earnings per share (Annual Report, 2010). Recognizing that recent trends could result in a reduced demand for its existing lines of products and services, the new CEO Leo Apotheker alluded to HP's strategy for growth stating that, " In an increasingly mobile and cloud based environment, security and storage solutions are critical for our customers" (Annual Report, 2010). Economy and strategy This strategic direction initiates a change of emphasis - from hardware and related software solutions for individuals and businesses to enhanced investment in software technologies of the future, whose hallmarks are cloud computing and convergence of technologies for information storage and access via the Internet (Worthen and Lublin, WSJ, 2011). The recession of 2008 and 2009 witnessed large-scale unemployment. However, its impact on the high-tech industry was less pronounced - at about 5% compared to the average rate of 9.3%, recorded

for the private sector, according to Bacheldor (2010). Within the high-tech industry, the manufacturing sector fared poorly compared to the services. With the slow and sluggish economic growth rates within the US and most of the other developed nations, a paradigm shift is taking place in investments with a view to find cost-effective solutions. Cloud computing is one such trend and is gaining momentum and acceptance of all sizes of businesses and for personal needs. Mullins reported that majority of respondents in a survey confirmed acceptability of public clouding for non-mission critical needs and that by 2015, 30% of Fortune 1000 companies would deploy at least one critical application in the cloud (2011). The debate for the present is public vs. private clouds, security of data, cost-effectiveness for businesses of 'owning a cloud' vis-a-vis renting through service providers etc. Coming to the personal space, hand-held devices like the iPod, iPad and Tablet have become ubiquitous around the world and manufacturers are offering ever-increasing range of applications including gaming and entertainment. Like the mobile phones rewriting the telephone industry with devastating impact on landline telephone companies, hand-held devices are impacting the desktop, laptop computer industries and eliminating the need for investing in and maintaining a host of operating system/application software. While Internet access for these devices is available from mobile service providers, device makers like Apple are offering application software through public/private cloud storage systems. The economic signals since late 2007 and the technological developments of the last two years portend the need for change in HP's strategy for the coming years in the medium to long-term, with emphasis is on maintaining leadership both in technology and in revenues. Conclusion The economic downturn of the recent past is

compelling businesses to find more cost-effective solutions. Cloud computing and mobile devices are opening up new avenues of growth for technology companies like HP by strategically reorienting resources. References Annual Report, 2010. Retrieved from: http://media.corporate-ir.net/media_files/irol/71/71087/AR2010/HTML2/hewlett-packard-ar2010_0004.htm

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