

Hp and disney alliance

People



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Walt Disney Company, an international entertainment and media enterprise, and global technology provider Hewlett-Packard (HP) declared a ten-year strategic alliance for the purpose of developing innovative technologies and promoting Disney consumers' experiences. The arrangement was achieved by jointly disclosing "Mission: Space" ride, which had been collaboratively designed and developed by HP and Disney employees for several years, reported by Business Wire (9 October, 2003). "Mission: Space" was located in Walt Disney World Resort at Epcot theme park, Florida, including the following activities: Space Pavilion, Space Attraction, Space Advanced Training Lab and Space Cargo Bay. It was highly praised by Fiorina, then chief executive at HP, that the cooperation was based on both business expansion and technology development when HP wanted to recover from the business downturn and improve its public image (Takahashi, 2003). Meanwhile, by using HP devices and technologies, "Mission: Space" ride provided Disney consumers with weightless simulations and consumers would feel like travelling in space (Takahashi, 2003).

Company Profile Hewlett-Packard Company Hewlett-Packard, established in 1939 by Bill Hewlett and Dave Packard from Stanford University, was initially to produce an electronic instrument called audio oscillator. The Walt Disney Studio was HP's first client who bought eight oscillators to create the movie "Fantasia". It was HP and Disney's first cooperation (Hewlett-Packard Company, 2012). HP, headquartered in California, is one of the world's largest technology companies that provide software, services and technology products to its customers.

During the economic recession in the early 2000s, numerous companies reported losses and it was essential for HP to seek opportunities to sustain its information technology advantages (Chen et al. 2011). The Walt Disney Company Walt Disney and Roy Disney founded Disney Brothers Studio in 1923 in California for cartoon production. In 1971, the first Disney World opened in Florida and several years' later, theme parks and Disney MGM studio were set up subsequently. Then in 1986, the firm's name was changed to The Walt Disney Company (The Walt Disney Company, 2012).

Now it is a worldwide entertainment and media company by operating in five sectors: ' theme parks and resorts, consumer products, media networks, interactive media and studio entertainment'. In the early 2000s, Disney expanded its business around the world by building theme parks, collaborating with Eastman Kodak, Bank One and Visa to attract more consumers. Consequently the ten-year alliance with HP was arranged for both technology and entertainment development (The Walt Disney Company, 2012).

Alliance Design When Disney animation engineers first came up with the simulation of space travelling – Mission: Space ride, they realized it was crucial to find a partner that could perfectly combine the classic Disney adventures with the technology of aerospace simulation (Disney + HP, n. d.). HP then became Disney's partner because it delivered a wide range of supports from Disney's visual effect to animation tasks. Then a contractual alliance between HP and Disney was formed.

HP first offered infrastructure to deliver digital equipment, then it manufactured devices and hardware that serving Disney's consumers (Fried

and Spooner, 2003). Not only did HP highlight Walt Disney in its \$300 million advertisements, it also launched sweepstakes to push “ Mission: Space” into public (Camp, 2004). In return, what HP benefited was that it could acquire consumers’ data for further developments and promotions. Even though the potential benefits for HP was hard to estimate, HP was still quite satisfied with the volume of visitors (Camp, 2004).

Above all, the value – creation logic for this alliance can be categorized as co-specialization. Both parties in the HP and Disney alliance were focusing on their advantages. Disney initiated the thoughts and ideas for the projects because they knew what they would be doing and how they could achieve it. On the other hand, HP provided Disney with information technology support and technological products that help to build up the projects. Apart from the personal computers, web servers, relevant software and 13, 000 printers offered by HP, it cooperated with Disney to develop “ Ears to the world”, which was a handset for non-English speaking consumers (Banke, 2003). As pointed out by Carly Fiorina, HP CEO, ‘ every process is being digitized right now, every physical analogue process will become a digital one – every last one, and the alliance will focus on the creative process and content delivery’ (Sutton, 2003). It is obvious that all HP and Disney desired for the alliance is the combination of traditional Disney elements and new information technology.

Alliance Management HP and Disney started their relationship 73 years ago when Disney purchased oscillators for the movie “ Fantasia” in 1939. Clarke and Columnist (2003) believed that now it was the power behind Disney that made HP offer ‘13, 000 printers, 10, 000 servers and 70, 000 personal

computers to Disney'. They also estimated that of the USD 100 million cost on Mission: Space, HP will pay almost USD 50 million according to its 10 – year contract. So in the alliance each party negotiated to contribute equally on capital.

Reported by Business Wire (11 September, 2007), Michael Mendenhall, who had been working in Disney as an executive for past 17 years, was employed as ' senior vice president chief marketing officer' by HP. From then on, Michael would be in charge of HP's marketing operations as well as operations for Walt Disney Parks and Resorts. Therefore, the relationship between the two companies would be closer than ever as Michael was experienced in both industries, and the continuing cooperation of Innoventions Dream Home proved that the alliance was under well management (China Business Newsweekly, 11, February 2008).

Alliance Performance As referred in The Walt Disney Company Annual Report 2004 (2004), the revenues in parks and resorts segment for the fiscal year was USD 7, 750 million. It increased by 21% compared with year 2003. The report stated that the Walt Disney World Resort drove USD 609 million of the total increase, which was attributed to high theme park attendance, reflecting the continued success of Mission: Space as well as the success of the alliance (Appendix 1). Meanwhile, Hewlett-Packard Company Annual Report 2005 (2005) also reported a total net revenue increase in 2004, from USD 58, 799 million in 2003 to USD 64, 046 million (Appendix 2). Therefore, from financial perspective, both companies were successful during the following one to two years after they formed the alliance. From objective and perceptual aspects, the HP and Disney alliance was also successful. When

Mission: Space ride first opened, the continuing promo attracted more than 1.1 million tourists and the ride still drawing more and more customers every year (Camp, 2004).

HP's Karen Jones believed that the alliance was the greatest combination to two famous brands and its success was because of the effort and time that HP and Disney had put into it (Camp, 2004). Al Weiss, president of Walt Disney World Resort, praised the cooperation and approved that HP was the perfect partner to present Disney's ideas and thoughts into reality (Banke, 2003). Evaluation of the Alliance Personally I believed the alliance was a breakthrough for both companies, especially when the US economy was suffering recession in the early 2000s.

The alliance started with a good design because HP and Disney knew what contribution each party could bring. In co-specialization, the alliance scope was well controlled and conflicts were reduced because each company shared their values and information on what they did best, thus increasing productivity and reducing research and development costs. Since HP and Disney had previous co-working experience (Hewlett-Packard Company, 2012), it would be easier for them to manage the alliance. By allying with each other, HP and Disney created a win – win situation.

HP gave Disney the chance to realize its space travelling simulation and reinforced Disney being the world leading enterprise in the entertainment and media industry. On the other hand, Disney helped to strengthen HP's place in the technology industry. Disney developed easier access to its consumers and HP obtained numerous consumer data for further promotions. In addition, they both benefited from the growth of revenues

and market share. Above all, it can be concluded that the alliance is aligned with its performance. Future for the Alliance The future for the alliance is bright and of huge potential.

Followed by the appointment of Michael by HP in 2007, HP and Disney were cooperating on more and more technological entertaining facilities thereafter. Despite of Mission: Space ride commenced in 2003, the alliance was focusing on new technology products in recent years, such as Innoventions Dream Home. In 2008, The Disneyland Resort reached another agreement with HP, Microsoft and Taylor Morrison for the framework of Innoventions Dream Home ('Major Integrators Partner with Disney', 2008). This project aimed to introduce new concepts of home by mixing technology elements into it.

Innoventions Dream Home attempted to create a 'high-tech, high-touch' experience for its guests and illustrate how technology was involved in people's life. The continuing alliance allowed HP to provide its newest products and software to Disney ('Major Integrators Partner with Disney', 2008). As recommended by Ed Grier, president of Disneyland Resort, he believed that it was an inspiring alliance that brought Disney's imaginations and HP's technology together again (China Business Newsweekly, 11, February 2008).

References

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