

Hewlett packard 12822

Technology



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Hewlett Packard started in 1939 in a garage by two people, Bill Hewlett and David Packard with just \$538 of working capital. After a string of failures, their company's first successful product, an audio oscillator better than anything on the market, earned a U. S. patent and an order from Disney Studios

for eight units to help produce the animated film Fantasia. From 1940 to 1950

they moved from their garage to a rented building on Page Mill Road in Palo Alto

and then constructed their first HP-owned building that was 10, 000 square foot.

In 1957, HP had their first public stock offering November 6, 1957 and net revenues were \$30 million with 1, 778 employees and 373 products. In the

1960's, HP was listed on the New York and Pacific exchanges as HWP and had its

first listing on Fortune magazine as of one of the 500 U. S. companies. HP in

1967 started operations in Boeblingen, Germany introducing a non-invasive fetal

heart monitor that helps babies by detecting fetal distress during labor. In the

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1970's revenues increased to \$365 million with over 16, 000 employees.

(HP. com

) In the 1980's revenues again increased to \$6. 5 billion with over 85, 000

employees. They introduced their first personal computer, the HP-85 and

introduced HP LaserJet printers, the company's most successful single product

ever considered a standard for laser printing today. HP moves to the top 50 on

Fortune 500 listing - 1 - at No. 49. Finally in the 1990's, HP opens research

facilities in Tokyo, Japan with net revenues of \$13. 2 billion and over 91, 000

employees. (HP. com) HP also introduced portable computers that lasted on

batteries that would last a flight across the U. S. All these products moved HP

to the No. 2 position in the U. S. market. Today HP has ballooned into a

multinational company with 104 divisions, 123, 000 employees worldwide, 19, 000

products and sales over \$47 billion. (HP. com) Great products ultimately come

from the minds of motivated and capable employees, the second key to HP's

success. After the Second World War, the company began to hire talented engineer

and scientist that were no longer working in the war that were from other technology companies and government funded labs. These were high priced experienced workers that helped HP's development of different successful products. (personal Journal) The company structure looks like a pyramid. At the top are the board of directors followed by President and Vice President.

There are Presidents and Vice Presidents in different divisions of the company.

Finally, there are general managers, middle managers, lower managers and employees. Hewlett Packard's Mission statement is to improve the ways individuals and organizations around the world create, access, use and communicate information on the road or from the desktop, in the office and in

the home. HP is a worldwide leader in personal computing; setting new standards

in such areas - 2- as Mobil computing network management, 3-D graphics and

information storage. Computer products include eight manufacturing divisions in

North America, Europe and Asia, with sales and support in more than 110 countries. These divisions are separated in Mobile Computer Division, Business

Desktop Division, Home Products Division, Asia Pacific PC Division, Workstation

Systems Division and information storage group. (Information Week) As

explained above HP global market place allows the company to expand in different

countries and people in two ways. First HP. com allows virtually anyone with Internet access to log on under the URL and actually order online. One problem

that some companies are having is that 65% of the Internet sites are only in English. (www. firstsearch. com) On Hewlett Packard's website you only need to

choose the country that you live in and the pages will translate the text into that language. There is product information about you future or present purchases, software updates of the product, and also technical support through

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email. Finally HP has 24 hours a day 7 days a week of customer support throughout the countries that have operators to assist you on the product.

People are more willing to buy products and services from a manufacture that can

provide both the support and the opportunity to buy easily from Hewlett Packard,

and HP provides this! One example is that Dell a online company that build computer as they are order from the customers and the business offer one of the

best support and - 3 - warranties in the computer industry. HP is following their online strategy closely to Dell's way of operating the sales and customers. As this company expands in growth it leaves other smaller companies

behind that can't compete with this computer giant. These smaller companies

have trouble to match HP's prices and customer support. One example of this is

a local owned family shops in a country that are not able to compete with they

type of products and services offered by HP and these companies either have to

stop selling or move away from the competition. With communication and technology growth, it will be easier to climb the cultural boundaries that other

companies had trouble overcoming in the past. This would be in having other countries buying an American made product. The Internet is helping in crossing

those boundaries by offering global support and products. With the support and

products offered by HP, other companies may have troubles trying to match or

outperform. This leads to closing down of shops and other smaller retailer that

can affect jobs in that country. People of other diversities may have problem accepting these changes and may not want to make the change. The older

generation that is not ready or unable to use computers may have troubles

adapting to buying over the Internet. Another problem is not all people from

other countries are financially able to pay for a computer like people in the

U. S. This could be another problem that HP is not yet ready to overcome.

Eventually as time goes on technology will be - 4 - available to all and these problems might be solved but new problems will replace the old and there will be

other obstacles to avoid. Hewlett Packard's Response to a Globalizing Economy

HP now has a strong commitment to women's advancement. One prime example of this

would be its biannual Technical and Women's Conference, which last year brought

together 2, 000 female HP scientists, engineers, professionals and managers from

26 states and 12 countries, in order to discuss business issues, especially as they relate to gender. HP picked up the tab for employee travel expenses, too.

Work and family issues remain on the front burner as well. Last year the company

was listed as an ABC Champion, leading to the funding of 25 child and elder care

projects in HP communities. The other news here is the ongoing redesign of work

schedules to provide more flexibility. Managers have been trained to be receptive to these needs while employees have been encouraged to try new options. As a result, HP has some big numbers to show for its efforts. Nearly

3, 000 people work at a " virtual office"; 500 share jobs and 1, 450

employees are on compressed workweeks. HP announced on February 28, 2000 that it

would be supplying computers for its " Wired Workforce" program in which computers are made available for all Delta Air Lines employees at a substantial

discount through PeoplePC. - 5 - The Wired Workforce program was announced

February 4 in a joint presentation with PeoplePC. The San Francisco based company will be responsible for order fulfillment and technical support for the

program. Over the next few months, Delta Technology and PeoplePC will work

closely to test all aspects of the program, including secure access to the

airline's intranet. HP will provide multiple configurations from its HP Pavilion desktop line, the No. 1 selling retail PC. HP is moving rapidly forward with implementation of their 'Wired Workforce' program and look forward to the advantages their people will gain. In 1997, the HP established a dedicated task force to address the issues raised by the introduction of a European single currency (the Euro) for early performance as of January 1, 1999 and during the transition period through January 1, 2002. HP's primary focus has been on the changes needed to deal with a mix of Euro and local denomination transactions from the first day of changeover - January 1, 1999. Since the beginning of the transition period, product prices in local currencies are being converted to Euros as required. At an appropriate point during the transition period, product prices in participating - 6 - countries will be established and stored in Euros, and converted to local denominations. System changes were implemented to give

multi-currency capability to the few internal applications that did not have it yet, or to ensure that external partners facing systems processing euro conversions be compliant with the European council regulations.

(Advertising

Age) The HP has developed plans to support display and printing of the Euro character by impacted products. Most products are currently able to do these

functions while plans are still in process for a few remaining products. HP does

not presently expect that introduction and use of the Euro will materially affect the Company's foreign exchange and escaping activities or the Company's

use of derivative instruments. HP management does not expect that the introduction of the Euro will result in any material increase in costs to the Company and all costs associated with the introduction of the Euro will be expensed to operations as incurred. While the HP will continue to evaluate the

impact of the Euro introduction over time, based on currently available information, management does not believe that the introduction of the Euro

currency will have a material adverse impact on the HP's financial condition or

overall trends in results of operations. - 7 - Hewlett Packard's Response to a Globalizing Political Environment Economic, political and other risks associated

with international sales and operations, particularly in Korea and Japan, could negatively affect HP sales. They sell products worldwide, their business is subject to risks associated with doing business internationally. HP's net revenue originating outside the United States, as a percentage of our total net

revenue, was 54. 4% in fiscal year 1998 and 54. 9% for the nine months ended July

31, 1999. They predict that revenue from international operations will continue

to represent a large portion of our total revenue. In addition, many of their manufacturing facilities and suppliers are located outside the United States. HP

does a substantial portion of their business in Korea and Japan, which have been

subject to increased economic instability in recent years. Their business has <https://assignbuster.com/hewlett-packard-12822/>

declined in 1998 when Korea and Japan experienced economic difficulties.

The

return of weakness in these economies or weakness in other international

economies could and may have a significant negative effect on HP's future

operating results. HP is dealing with various rules and regulations, in

particular is its compliance with the Food and Drug Administration regarding

regulations on a wide variety of product activities from design and

development

to labeling, manufacturing, promotion, sales and distribution. - 8 - The

medical

device products produced by Hip's healthcare solutions business are subject

to

those standards given by the United States Food and Drug Administration

(FDA)

and similar international agencies. HP has received a warning letter from the

FDA in 1996 alleging non-compliance with the FDA's quality system

regulations at

one of our facilities. The FDA's quality systems regulation includes elaborate

design, testing, control, documentation and other quality assurance

requirements. HP had to apply considerable resources to address the FDA's concerns. HP has resolved the issues identified in the FDA's letter and the FDA

is satisfied with our assessment. If HP fails to keep up acceptable compliance with the FDA's quality system and other regulations, HP will be forced to recall

products and cease their manufacture and distribution. (Hoovers. com) The

Global Industry The worldwide personal computer industry grew 21 percent last

year, led by strong demand in the United States. Increasing affordability of PCs

and the growing demand to get " online ", the percentage of U. S. homes with

PCs advanced from 38. 5% in 1995 to 52. 7% in 1999. As a computer Industry as a -

9 - whole had to compete for DRAM in late 1999 because of the Taiwan earthquake.

Prices doubled 100% in August and then again in September. This suspended the

demand in PCs during the holiday season. In entry-level computer HP was again

behind IBM with 12% of market share compared to IBM's 21%. HP has gained market share in the midrange PCs with 21% compared to IBM's 23%.

(Standard

& Poors) HP grew in market share during the end of 1999 from 6.2% to 8.4%.

HP's growth rate worldwide is 39.6%, which is the second fastest growth rate

behind Dell computer. In revenues HP is 2nd behind IBM with \$47 billion and 2nd

again in net income behind IBM with \$2.9 billion. Under operating profit margins

HP ranked 6th with 8.16% and with return in capital of 15.51% also 6th in the

industry. (Moody's Industry Review) One thing that HP does lack in is in computer sales in other countries outside of the U. S., like Canada where they

are not even ranked in the top 5. Globally HP leads the printer market with

their HP inkjet printers and is gaining market share in the PCs. HP is growing

rapidly into the worldwide market and is growing at a faster rate than before because of the global access offered to business and customers over the Internet. - 10 -

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