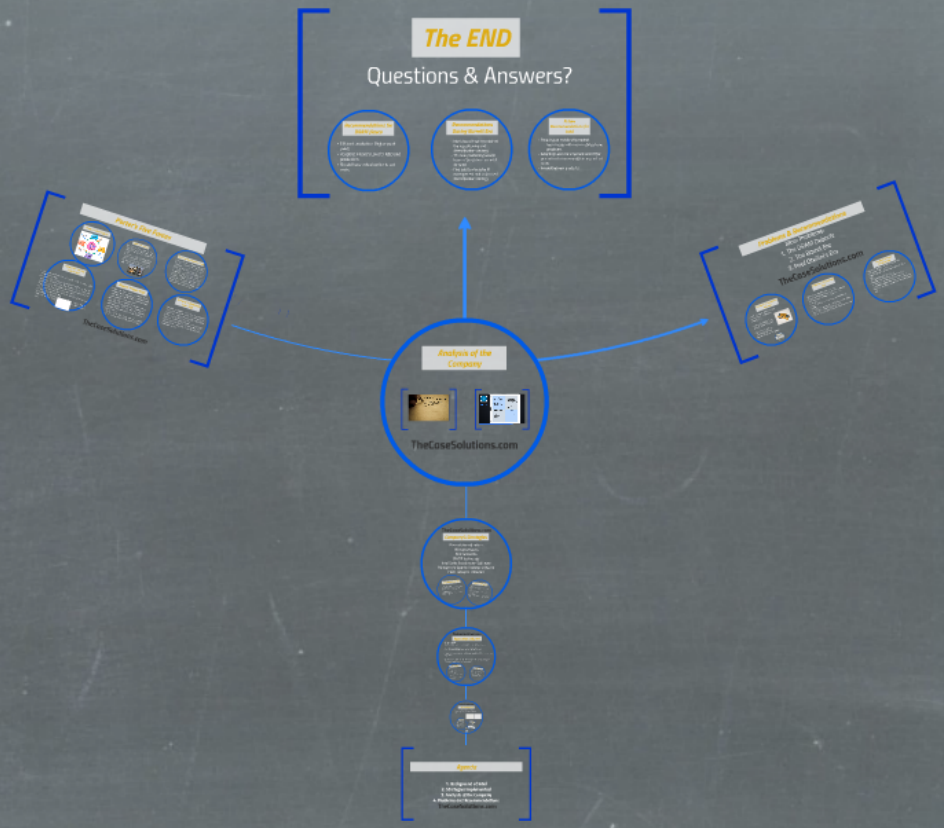
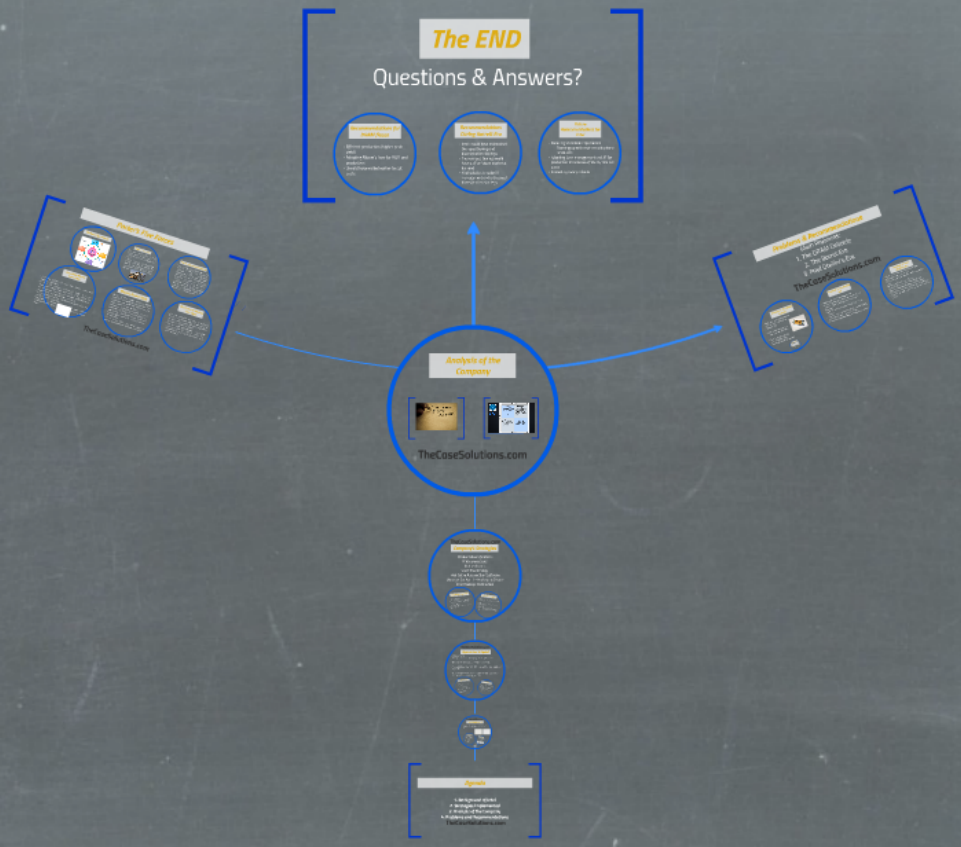


INTEL

Creţu Cosmin
Liceul Teoretic "Carmen Sylva"
2017

Underwater Engineer at Intel Corporation

TheCaseSolutions.com



INTEL

Crețu Cosmin
Liceul Teoretic "Carmen Sylva"
2017

Underwater Engineer at Intel Corporation

TheCaseSolutions.com

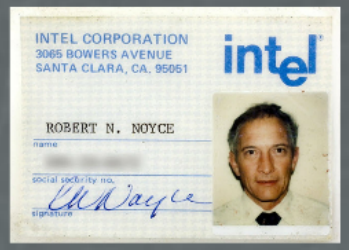
Agenda

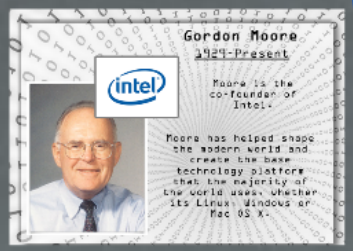
1. Background of Intel
2. Strategies Implemented
3. Analysis of the Company
4. Problems and Recommendations

TheCaseSolutions.com

Intel's Background

Intel is an American multinational corporation. It is one of the world's largest and highest valued semiconductor chip makers.





Intel's Background

In the early development stage
DRAMs(dynamic random access memories)
The company focused on producing memory chips to speed up computers and making them more powerful.

EPROM(erasable programmable read only memory)
And then an accidental discovery at Intel led to a second product line.
ROM was used to store programs, such as a machine operating system, or part of that system.

The 4004 microprocessor
In November 1971, Federico Faggin made efforts to create Intel's third product.

Intel's background

In the 1990s, these memory chips were Intel's main business, After the birth of the microprocessor, Intel became the leader in the supply of PC microprocessors.

However, due to the intense competition in this industry and the revolution in PC market, Intel lost its market share and profits in 2000.

Intel's Background

In 2005, Paul Otellini became CEO of Intel. His platform strategy focused on the creation of the Centrino chip platform for lap top computers.

From 2013 until now, mobile computing has become the trend in the industry. Although Intel is also the leader in the PC market, Intel should catch up with the trend to keep its market position in the industry.

Approaches Adopted

- Making a DRAM
  Develop"clean rooms" for keeping dust out of the process
- Keep manufacturing process secret from competitors
- Succeeded in producing a DRAM chip, named the 1103, in relatively high yields
- By the end of 1971, 14 out of the world's 18 leading mainframe computer makers were using the 1103.

Achievements

- By 1971
- Two revolutionary innovations in the semiconductor industry
- The DRAM and the EPROM chips
- A third, the microprocessor, was also created that year
- "one of the most revolutionary products in the history of mankind"

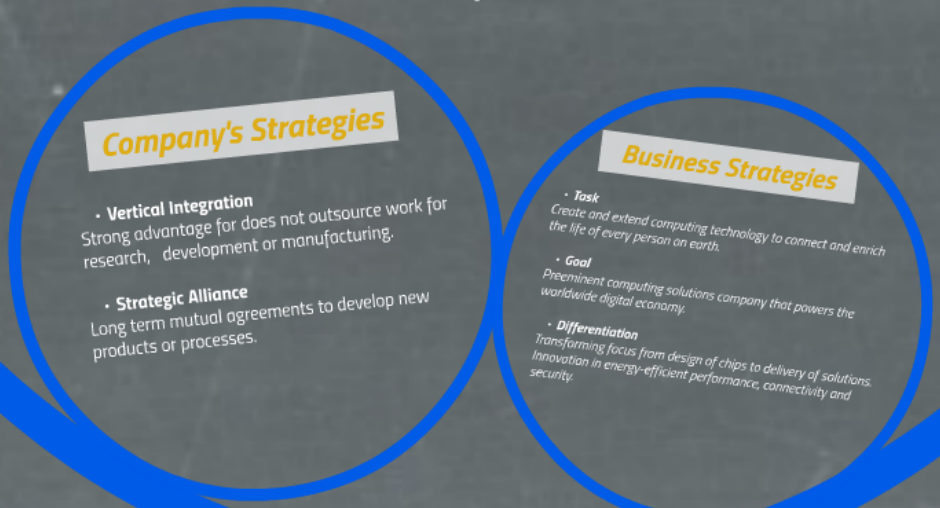
Revenues

- In 1984
- Revenues of $1.6 and almost $200 million net profit
- Up from $134 million in revenues and $20 million in net profit a decade earlier
- The growth had been dramatic
- However, Intel's share of the DRAM market had been sliding for years

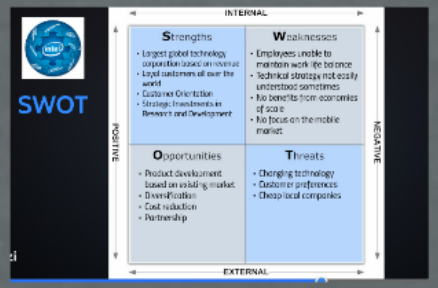
TheCaseSolutions.com

Company's Strategies

Product diversification :
Microprocessors
Motherboards
ViivTM technology
Intel Cathe Acceleration Software
Manager for Apache Hadoop software
Intel Hadoop Distribution



Analysis of the Company



TheCaseSolutions.com

Porter's Five Forces

Porter's Five Forces

Supplier Power: Low

The basic material used to make semiconductors is silicon which is a constituent of sand and is abundant in nature.

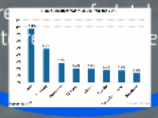
Suppliers cannot alter the prices of this primary commodity to significantly influence Intel Corp's business because the company can afford to have several suppliers..

Threat of New Entrants: Low

- It is not easy to be capably supposed to find the potential ones immediately. Developing and manufacturing microprocessors and chipsets will require the immense capital expenditures-the insuperable entry barrier for almost any company that wish to join the battle. Companies willing to penetrate this industry need to consider Intel capitalized power before affordability finding other industries to successfully occupy

Competition Rivalry: Low to High

- Intel Corp continues to enjoy large market shares with minimal competition.
- In 2011, the company commanded 79.3% of the PC Processors market share and 84.4% of the mobile PC microprocessors. These figures were however indicated of 2% drops from the first quarter of the year 2012.
- These companies sell their products at reduced prices and conduct aggressive marketing.
- Competition is therefore [illegible] Corp's biggest challenges in their quest t[illegible]ease their market share.



Buyer's Power: High

- Buyers of Intel Corp's products include computer and mobile phones manufacturing companies such as HP, Dell, Samsung, Acers, Nokia, and Alcatel among others.
- However, several of these companies such as Samsung and Toshiba are now making their own processors and can therefore demand for lower prices and set the terms of business for Intel Corp.
- This is because they have several suppliers for the same products Intel Corp is providing.

Threat of Substitution: Low - High

- Currently, computers and other technological devices are principally reliant on processors to function meaning that the threat of substitutions to Intel Corp's business is minimal.
- However, recent advancements in technology could usher into the electronics market other improved devices that may become threats to the current processors

Problems & Recommendations

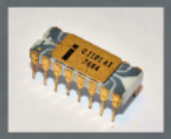
Main Problems:

1. The DRAM Debacle
2. The Barret Era
3. Paul Otellini's Era

TheCaseSolutions.com

Problem 1: The DRAM Debacle

- Intel's share in the DRAM market decreasing due to Japanese Entrants (1%)
- Intel's Peak Yield (50%) vs. Japanese peak Yield (80%)
- Slow in developing more powerful DRAM chips (Developing Cycle 1 yr behind)



Problem 2: The Barrett Era

- Barrett succeeded Andy Grove as CEO
- Had a vision that Intel should reposition company and diversify networking gears and wireless headsets
- Spent $12 Billion on acquisitions & internal new ventures
- Failed to yield quick returns (6% chips in networking gears & 7% in chips in wireless phone)
- Embarrassing product delay and capacity constraints

Problem 3: Paul Otellini's Era

- Helped reassert Intel against resurgent AMD
- Introduced Centrino for laptops
- Revenue growth from 39 Billion USD to 54 Billion USD
- EPS growth from $1.40 - $2.39
- However, Missed the move towards mobile computing despite introduction of Atom Chips
- Struggling to Gain market share against ARM chips
- PC sales now decline as demands switched towards tablets