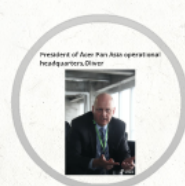
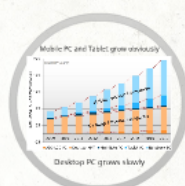




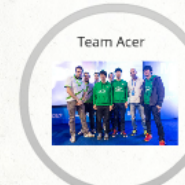
# THE ACER GROUP'S CHINA MANUFACTURING DECISION Harvard Case Solution & Analysis



2014 Perform	2015 Goal
Revenue	Revenue
Profit	Profit
Market Share	Market Share
Customer Satisfaction	Customer Satisfaction
Employee Satisfaction	Employee Satisfaction
Brand Awareness	Brand Awareness
Product Innovation	Product Innovation
Operational Efficiency	Operational Efficiency
Environmental Impact	Environmental Impact
Social Responsibility	Social Responsibility

Item	2010	2011	2012	2013	2014
Revenue	10,000	11,000	12,000	13,000	14,000
Profit	1,000	1,200	1,400	1,600	1,800
Assets	2,000	2,200	2,400	2,600	2,800
Liabilities	1,000	1,100	1,200	1,300	1,400
Equity	1,000	1,100	1,200	1,300	1,400

Year	Revenue	Profit	Assets	Liabilities	Equity
2010	10,000	1,000	2,000	1,000	1,000
2011	11,000	1,200	2,200	1,100	1,100
2012	12,000	1,400	2,400	1,200	1,200
2013	13,000	1,600	2,600	1,300	1,300
2014	14,000	1,800	2,800	1,400	1,400



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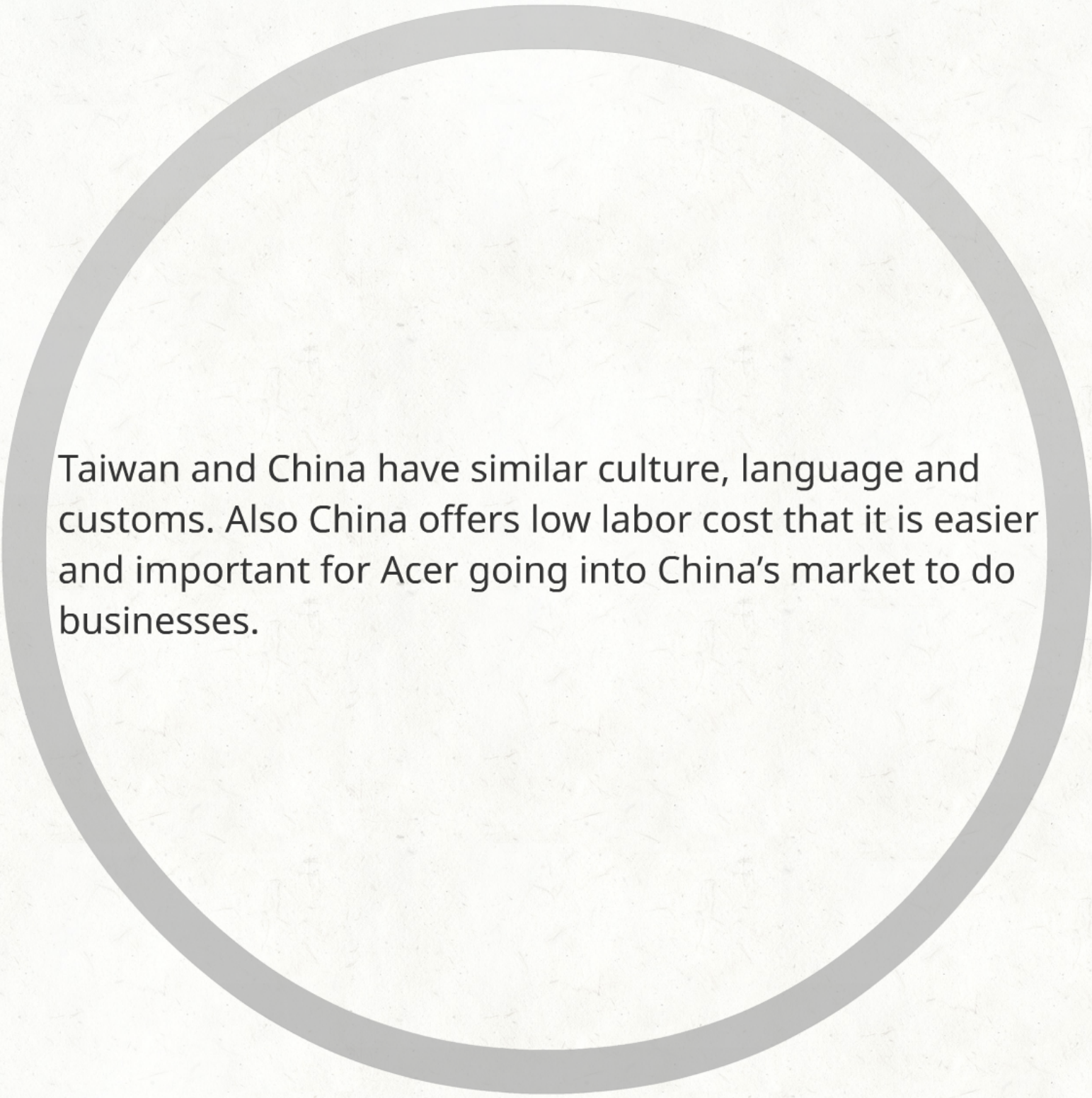
# THE ACER GROUP'S CHINA MANUFACTURING DECISION Harvard Case Solution & Analysis

Thumbnail grid containing 21 circular icons representing various case study components:

- Where is ACER??
- Mobile PC and Tablet grow obviously
- The Global Game Market
- Acer Predator 17
- Douyutv
- Lanovo Yoga Tablet - "18 Hours" commercial with Ashton Kutcher
- Background
- Smartphone market saturation
- New Software (BYOC: abPhoto, abMusic, abFiles, abDots)
- President of Acer Non-Consumer Electronics Division
- Acer Predator Gaming Tablet
- COMPETITORS
- Conclusion (2014 Perform vs 2015 Goal)
- Financial Statement
- Using BYOC to connect smartphone, tablet, desktop
- Three strategies within Chinese market in 2015 (market segmentation, Fable/Fablet Products, closer relationship with Microsoft, Intel and AMD)
- Team Acer

TheCaseSolutions.com





Taiwan and China have similar culture, language and customs. Also China offers low labor cost that it is easier and important for Acer going into China's market to do businesses.



# Background

Founder: Stan Shih

Founded: 1976

Headquarters: Xizhi, New Taipei  
City, Taiwan

Area served: World wide

Products: Desktops, laptops,  
smartphones, tablet  
computers, monitors, televisions





# Financial Statement

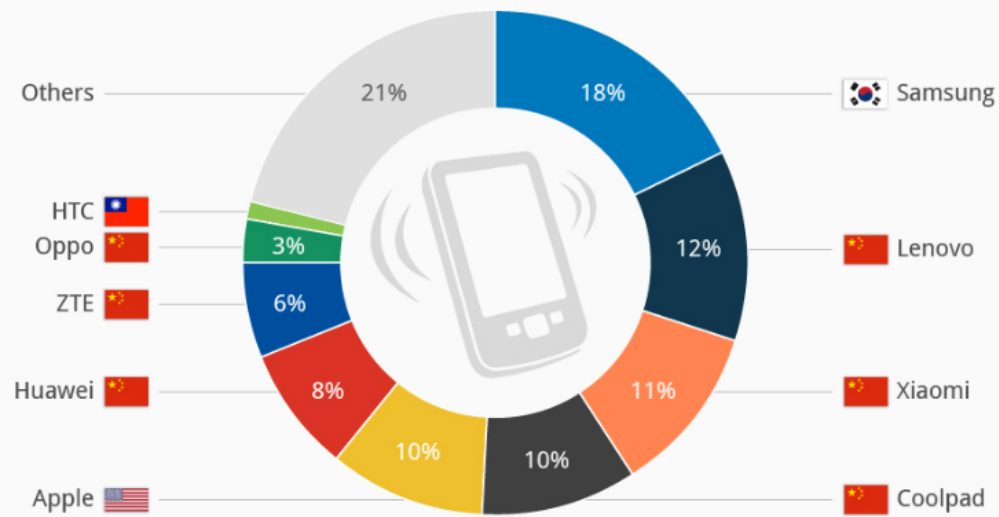
Currency in Millions of Taiwan Dollars	As of:	Dec 31 2011 Restated TWD	Dec 31 2012 Restated TWD	Dec 31 2013 TWD	Dec 31 2014 TWD
Revenues		475,258.1	429,627.2	360,132.0	329,684.3
<b>TOTAL REVENUES</b>		<b>475,258.1</b>	<b>429,627.2</b>	<b>360,132.0</b>	<b>329,684.3</b>
Cost Of Goods Sold		436,735.4	394,405.2	337,581.8	300,742.1
<b>GROSS PROFIT</b>		<b>38,522.7</b>	<b>35,222.0</b>	<b>22,550.3</b>	<b>28,942.2</b>
Selling General & Admin Expenses, Total		43,838.2	31,433.6	29,809.4	24,042.9
R&D Expenses		1,164.6	2,875.8	3,091.8	2,524.4
Other Operating Expenses		--	-197.7	39.1	-332.8
<b>OTHER OPERATING EXPENSES, TOTAL</b>		<b>45,002.8</b>	<b>34,111.7</b>	<b>32,940.3</b>	<b>26,234.5</b>
			⋮		
<b>NET INCOME</b>		<b>-6,602.0</b>	<b>-2,461.1</b>	<b>-20,519.4</b>	<b>1,790.7</b>



# Where is ACER??

## Domestic Vendors Stand Strong in China's Smartphone Market

% of smartphone shipments in China in Q1 2014



@StatistaCharts

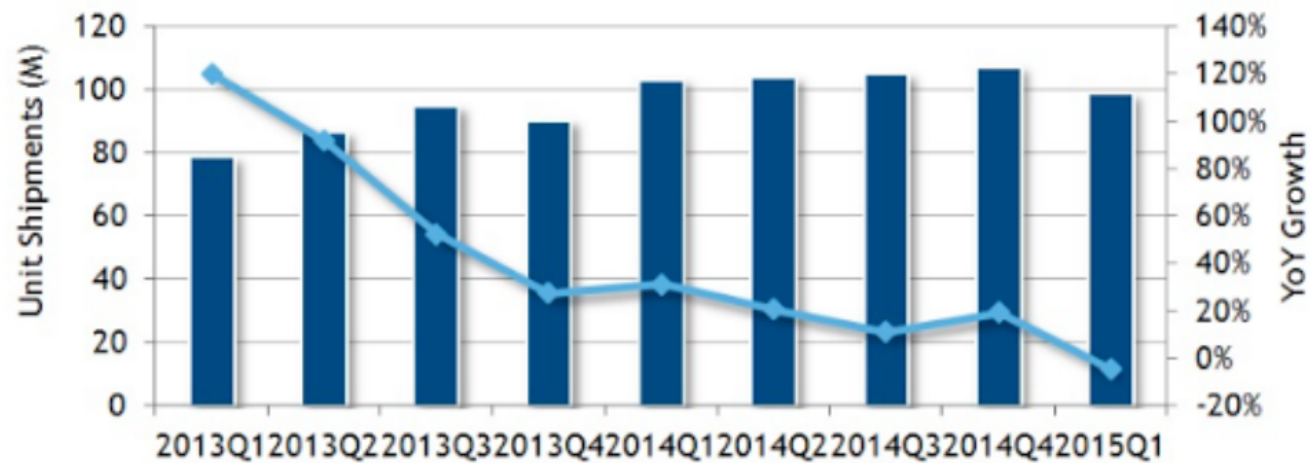
Source: Counterpoint

statista



# Smartphone market saturation

China Smartphone Shipments and YoY Growth, 2013Q1-2015Q1





China Smartphone Shipments by Top 5 Vendor (in millions)

Rank	Vendor	2015 Q1 Shipment Volumes	2015 Q1 Market Share	2014 Q1 Shipment Volumes	2014 Q1 Market Share	Year- on- Year Unit Growth
1	Apple	14.5	14.7%	8.9	8.7%	62.1%
2	Xiaomi	13.5	13.7%	9.5	9.2%	42.3%
3	Huawei	11.2	11.4%	8.0	7.8%	39.7%
4	Samsung	9.6	9.7%	20.5	19.9%	-53.0%
5	Lenovo	8.2	8.3%	10.5	10.2%	-22.1%
	Others	41.7	42.2%	45.7	44.3%	-8.8%
	Total	98.8	100%	103.2	100%	-4.3%