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Annex Bulletin 2007-24

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Updated 5/24/07, 3:30PM PDT

Analysis of Dell's Latest Strategic Moves

The Last of the (PC) Mohicans

Dell (Finally) Embraces Linux, Strikes Wal-Mart Deal

"The Last of the Mohicans" by James Cooper (1826)

The story takes place in 1757 during the [French and Indian War](#), when [France](#) and [England](#) battled for control of the American and Canadian colonies. During this war, the French often allied themselves with [Native American](#) tribes in order to gain an advantage over the English, with unpredictable and often tragic results.

SCOTTSDALE, May 24 - Dell became this afternoon "The Last of the (PC) Mohicans" to jump out the proprietary Windows and into the open Linux world. At the same time, the world's No. 2 personal computer maker threw a gauntlet at the PC champ, Hewlett Packard (see "[Per Ardua Ad Astra](#)," May 2007), by entering the consumer market through Wal-Mart's giant global distribution channel.

Meanwhile, Wal-Mart announced that it would start selling two Dell PC models at 3,400 stores in the U.S. and Puerto Rico. Both PCs run AMD's Athlon X64 dual-core processors. So "goodbye Wintel," hello Linux-AMD!

Both Linux and Wal-Mart moves represent dramatic departures from Dell's traditional business model based on direct sales. As the company lost market share to rival HP, it was forced to reinvent itself. And what better person to orchestrate the reincarnation that the man who invented it in the first place - Michael Dell.

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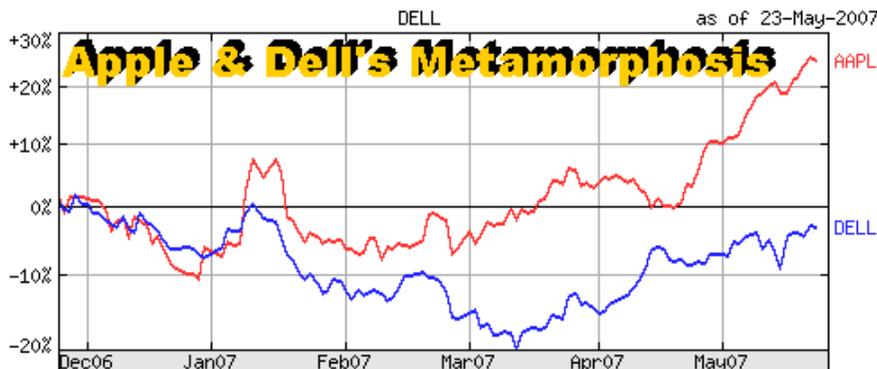
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Apple, Dell: Founders Reinventing Themselves

A series of strategic moves that started in September of last year have sent a clear signal to the marketplace that nothing is sacrosanct at the former top PC seller. So the company first brought in a top EDS executive (Steve Schuckenbrock) in January to run its Global Services unit. Then it bid adieu to the former CEO, Kevin Rollins. This was followed by a wholesale change of its top executive team. And now, the company is trying to reinvent itself through new marketing strategies, too.

This type of a thing does not happen very often, especially not with companies as large as Dell (\$58 billion revenue; \$58 billion market cap). Most enterprise-size leopards have a hard time changing their spots. But there are exceptions. Steve Jobs and Apple are one. And now Michael Dell and Dell inc. could be another one.



Apple & Dell: Steve Jobs & Michael Dell, founders reinventing themselves

What lessons can we learn from that? It takes an entrepreneur to create a successful business. It takes an entrepreneurial revamp a successful business into a Second Life. Alas, that's often easier said and done. That's why Steve Jobs and Michael Dell are exceptions to the general rule.

Happy bargain hunting!

Bob Djurdjevic

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