

Globalization 3.

Impact on International Technology and
Industry Transfer

Perspectives from a Global Manufacturer

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Globalization Evolution

Globalization 1.0

- International trade and commerce
- Supported by good banking and financial systems facilitating the “free flow of capital”
- Driven by Industrial countries
- Acquisition of natural resources
- No / little technology or industry transfer

Globalization 2.0

- Facilitated by information and communication technology
- Cost efficiencies and financial returns derived from labor arbitrage and “optimization” of local tariffs and incentives.
- Access to emerging markets
- Sophisticated risk management products
- Transfer of manufacturing and supply chain management

Globalization 3.0

- Information and communication technology drives paradigm shift, “location independence”
- Agile business models that support real-time portfolios of products and services
- Virtualization of capabilities and resources (cloud sourcing etc.)
- Supported by sophisticated intellectual property recognition
- Technology Transfer: “Best Shoring” based on specific (transient) market conditions

Why Globalization 3.0?

Which of the following areas of activity offer the greatest potential for productivity gains over the next 15 years?

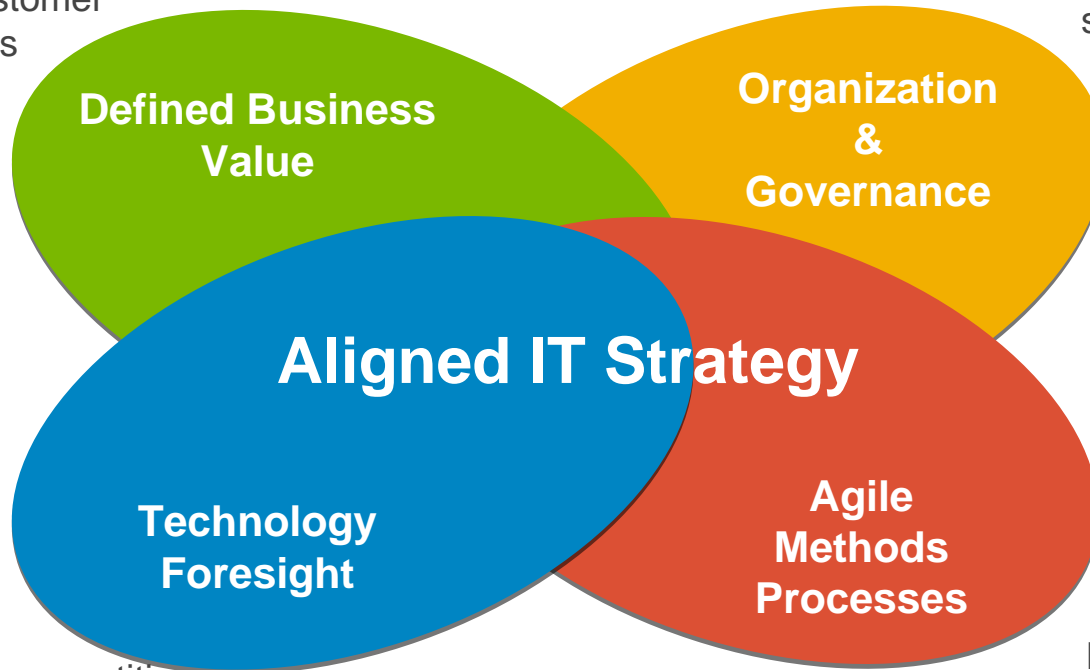
- Low costs will matter less as a source of differentiation.
- Collaborative relationships will multiply and intensify.
- Technology spending will shift to enabling knowledge workers to do their job better.
- Organizational structures will change



Business Capabilities Required to be Successful in Globalization 3.0

Dynamic
Need to Sense and Respond
markets and customer
preferences

Skills and resources located,
combined and dissolved on
specific projects



Critical for sustaining competitive
advantage

Based on required
organizational response to
market conditions

Implications of Globalization 3.0 on Technology and Industry Transfer

Reducing
physical transfer
of technology

Virtual networks
of innovation

Commoditization
of prototyping
(3D printers etc.)

Physical means
of production will
continue to
remain close to
resources

- Natural resources
- People

Nation states will
compete through:

- Access to natural resources
- Virtual networks of capability (virtual value chains)

World is Flat

Dell's Story in Globalization 2.0

Taking this Dell Alienware notebook as an example, it illustrates the complex global nature of Dell's supply chain:

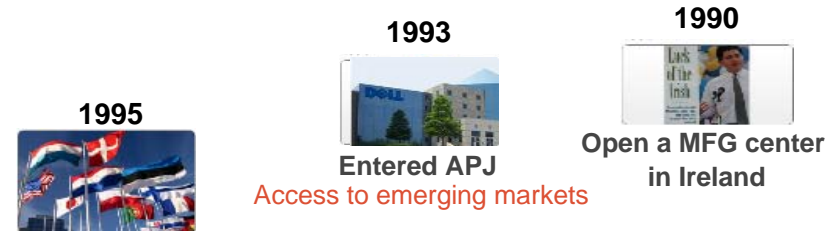
- The machine was designed by Dell engineers in Texas and Taiwan and assembled in China from parts made in China, the Philippines, Germany, Singapore, Costa Rica, Israel, India, Thailand, and Mexico.

Global Production Network

- Minimize stock
- Lean manufacturing
- Just-in-time

Location

- Minimize cost
- Build to order
- Direct model



**A Glance of Dell's Actions
in Globalization 2.0**

Globalization 3.0

Dell's Vision

Globalization 3.0

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Dell 3.0

- IT Strategy drives business strategy which in turn drives IT strategy
- B2C and B2B systems capture and drive product / service innovation
- Collaborative tools and knowledge management make expertise globally pervasive
- Thought leadership and ALL intellectual property is leveraged, including manufacturing and supply chain expertise
- Move from low cost to best value where value includes cost, access to markets, access to capabilities

A close-up, low-angle shot from the deck of a sailboat. The main sail is a vibrant golden color, illuminated by the setting sun. The sun is positioned behind the sail, creating a bright glow and casting long, soft shadows. The sky is a mix of light blue and orange, with scattered white clouds. The sea is dark blue with white foam from the boat's wake. The deck is visible in the foreground, showing various rigging lines and a net. The overall mood is serene and peaceful.

Thank You