Dell’s Acquisition of EMC

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WPI
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EMC, a primarily data storage company has been recently acquired by Dell. This $67 Billion deal is the largest IT merger to date. With a merger this large, both sides are nervous for the future. This project used a case study, interviews, and surveys to collect data and develop recommendations for EMC to implement during the merging process in order to help make this acquisition a smooth transition.
II. Acknowledgements

We would like to start off by thanking our sponsors at EMC. We were given a great opportunity working with the company during such a large acquisition case. These past several weeks in Beijing, China have been unforgettable and provide much experience that will positively affect our work ethics in future of our career. EMC was very helpful in providing us with ideal interviewees as well as office space.

Next we would like to thank our advisor, WPI’s Professor Jianyu Liang, who has helped a great deal throughout the project and has shown us much of the Chinese culture.

Lastly we would like to thank everyone at Beijing University of Chemical Technology with providing us with this Global Project Center and housing. Especially we would like to recognize the students at this university, Xuchen Guo and Jiaao Yu, that have helped us along the way in translation as well as formulation recommendations.
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Executive Summery

In October 2015, Dell announced to the world that it would be acquiring EMC in a $67 Billion deal (Niccolai, 2015) and form Dell Technologies. This will be the largest IT merger to date. With a merger this size both Dell and EMC employees are nervous.

The goal of this project is to conduct a case study on the Dell/EMC merger. This includes recommending steps that EMC can take to help make this transition smooth.

In order to achieve these goals the following steps were be taken. First a case study of a similar merger was conducted. The merger chosen was between HP and Compaq. This merger in particular has mixed views on whether or not it was successful. This merger was used to better understand what strategies could be implement and have been proven to be successful, as well as, strategies to avoid during the Dell/EMC merger. Next interviews of EMC managers were organized. These interviews were used to gain knowledge about what the company executives expected with the upcoming merger and well as their plans of action. Finally, surveys were administered to general employees. The survey results were used to determine what the general employees of EMC thought about the merger, their concerns and expectations about the merger, and what they believed EMC could do to help them adjust to this merger.

After analyzing the results from the case study, interviews, and surveys, recommendations were formed. The recommendations were separated into 4 categories based on when they should be put into affect. The categories are immediately after merger approval, within 6 months of approval, within 1 year of approval, and 3-5 years after approval.
For immediate action, it is recommended that EMC pushes Dell to make executive decisions. These include strategy plans for the new company, establishing a combined product line, defining how the new company will interact with customers, and bringing up any forms of budget cutting that may take place. It is also encouraged that Dell Technologies communicates well with its customers about any changes or lack there of that may directly affect the customer. It is important to keep a good relationship with current clientele.

Within 6 months of the merger, it is urged that Dell Technologies begin setting short and long term goals. It is important to always be moving forward during a merger such as this and goals will promote this process. It is also recommended that Dell Technologies is very clear about job security. If they fail to be transparent about the sort of thing, employees may become scared and moral could drop. Finally it is encouraged that an education system is established and implemented. This will allow employees to adjust more seamlessly to the new company.

Within 1 year of approval, goals should be reviewed and altered if need be. It is important to continue working toward set goals in order to keep the new company growing. It is also encouraged that Dell Technologies informs its customers about any new changes that have occurred. If job cuts are necessary, it is recommended that Dell Technologies keep its most experienced employees, this way there will not be a lack of knowledge in the workplace. It is also recommended that once layoffs are complete, it is made public to all employees. This way, they will be able to work without fear of losing their jobs. By this time, the merging process is being to come to an end, and Dell Technologies can focus more on growth. It is encouraged that Dell Technologies begins to
apply Dell and EMC processes to each other’s products and customer relations. With Dell’s acclaimed efficiency, EMC’s products could be manufactured cheaper, and with EMC’s excellent customer relations, Dell could begin to tap into larger enterprises.

Finally, within 3-5 years of the merger, it is urged that Dell Technologies look back on the merger objectively and the following questions should be asked. Why did Dell acquire EMC? What was done right? What can be improved on? By doing this, Dell Technologies will be able to correct anything that may have strayed from the original idea behind the merger. It will also be able to improve on any shortcomings that have arisen.

1 Introduction

Last October, Dell announced its plans to acquire EMC in the largest IT merger and acquisition in history. With a deal this large, there will always be concern from both companies regarding cultural and product meshing, and the future of the new company’s work model and structure. Employees also have their own concerns about job security and changing of roles in the new company. In order to lessen these worries, there is much planning necessary. Upon EMC’s request, this project will focus on conducting a case study of this acquisition, and developing recommendations EMC can implement in order to ensure the merging process is as easy going as possible.
1.1 Objective

To conduct a case study on the Dell/EMC merger and to develop recommendations for EMC to implement in order to help make this merger a smooth transition.

1.2 Company Profiles

This section includes a brief introduction to Dell and EMC as well as each company’s role in China specifically.

1.2.1 EMC

EMC was founded in 1979 in the city of Newton Massachusetts. Today, EMC has about 400 sales offices in 86 countries. Approximately 70,000 employees make up EMC’s workforce. The company proudly boasts “the world's largest sales and service force focused on information infrastructure” (Corporate Profile, 2016). EMC primarily works with large enterprises customizing solutions that help store, manage, protect and analyze their most valuable asset — information” (Corporate Profile, 2016) for each customer’s unique needs. In 2015, EMC’s revenue was $24.8 billion. (EMC, 2015)

1.2.2 Dell

Dell was founded in 1984 in Austin, Texas. Today, Dell has dozens of locations worldwide and a workforce of approximately 102,000 employees in its workforce (Forbes, 2016). Dell is currently the world’s 4th largest private company with an annual revenues of $54.9 billion (Forbes, 2016). Dell specializes in products ranging from com-
Computers, and computer servers, to software and networking. The company has a spectrum of customers ranging from the individual consumer all the way up to medium sized enterprises.

1.2.3 EMC/Dell China

China has several locations of both EMC and Dell. EMC’s Beijing office deals with anything marketing and finance. It proves to be a powerhouse in this industry in China, with a majority of their competition consisting of the big name companies such as IBM and HP. This allows for rapid growth and the ability to branch out to a variety of potential customers. The Dell location is quite the opposite where so many low end companies sell very similar products which creates a large amount of competition in this industry. With the acquisition, this is hoped to be improved with the combined product line. The China locations of both companies are operated differently than in America. Getting an outside perspective from foreign students can provide new ideas and recommendations for the integration process. With the combination of methods from both cultures, the best results can be reached.

1.3 Overview

This report will begin by providing background information about Dell Technologies and a similar case study of a merger between HP and Compaq. The next section, Methods, will explain the methods used in order to gather informations about EMC, its management, and its employees, as well as on of its customers and their thoughts about the merger. The next section is titled, Data and Analysis, and will discuss the
means used to examine the data collected. Following Data and Analysis, the next section is Findings. This section will report the findings collected. The next section, Recommendations, presents the recommendations constructed based on the findings, in order to assist EMC with the upcoming merger. The final section is the conclusion. Here, recommendations for future projects are discussed, constraints experienced during the project are reported and an explanation of learning experiences gained are provided.

2 Background

This section will discuss the progression of the Dell/EMC merger up to its current state as well as the reasoning Dell has for acquiring EMC. It will also cover the HP/Compaq merger case study.

2.1 Dell Technologies

October 12th, 2015 (Primack, 2015); Dell announced they would be acquiring EMC in order to form a new company, Dell Technologies. However, before the deal is complete, a few steps needed to be taken. After the announcement Dell and EMC were placed under a review period by the U.S. Federal Trade Commission. They would not be allowed to begin merging companies until this period expired on February 22, 2016 (Trefis, 2016). Once this review period was over EMC had another obstacle to overcome. EMC was a publicly owned company while Dell is a private company. The plan for the new company is that it will follow Dells route and become private as well. This
means that EMC needed its shareholders to accept the deal EMC is trying to make. In order to gain shareholder approval, EMC offered $33.15 per share. This consisted of $24.05 in cash and $9.10 worth of tracking stock in VMware (Primack, 2015). In June 2016, EMC announced that the shareholder vote would take place on July, 19th (Darrow, 2016). Shareholders voted in an overwhelming majority to approve Dell’s deal with EMC. 98% of votes were in favor of the merger (Darrow, 2016). Now all that was left was to officially sign the deal into place. This signing took place on August 1st, 2016. All EMC and Dell have to wait for now is the merger to get approved of in China, where regulations have shown the process.

In dealing with a merger and acquisition this large, it is very important to understand the enterprise culture of both companies. There is much knowledge to be gained about the organization of each company before being able to research possible solutions. Dell and EMC are both very different companies with total opposite business techniques and customers. These differences are Dell’s very reason for the merger and acquisition of EMC. Their products are complimentary and can be combined in order to expand the combined company and customer base. With these differences, much management difficulties emerge within the structure of the combined entity. Dell’s customer base consists of two factors; both commercial enterprise and customer enterprise. Dell’s commercial enterprise deals with small businesses, while their customer enterprise is a direct model business that deals with selling to individual consumers (mosaic.com). EMC’s customer base consists of commercial and customer enterprises, as well as large enterprise customers. These large enterprise customers make up most of EMC’s business and is where difficulties in the merging process emerge.
2.2 HP Compaq Case Study

In order to gain a better understanding on the merging process, a similar merger between HP and Compaq Computer Corporation was looked into. This merger was another IT merger on a similar scale. This $25 billion merger was announced in 2001 and had mixed reactions. Michael Dell called it “the dumbest deal of the decade”, and the media and stockholders were divided. Robert Burgelman, the Edmund W. Littlefield Professor of Management at the Graduate School of Business views this merger as an overall success. He says that part of this merger’s success was due to “educating HP managers and employees on how to realize the cost and operational efficiencies and translate those into higher margins for each business.” (LaPlante, 2007) Before the merger was complete, HP created teams that worked on integration planning. More than 1,500 employees worked toward setting short and long term goals for the new company, as well as creating a standard for how decision making processes and operational plans would be carried out. (LaPlante, 2007) “The integration planning process was so successful that on the day the merger was approved, the new company was ready to go,” said Burgelman. (LaPlante, 2007)

Although everything looked good from a planning standpoint, there were a few things HP did wrong. For starters, a major portion of this merger was to cut costs, in which HP exceeded its goal by more than $1 billion (LaPlante, 2007). However, many of these cost saving actions were done through job cuts. HP cut 55,000 jobs with plans of eliminating as many as 30,000 more (Niccolai, 2015). HP also failed to communicate with key customers whom of which had concerns about the new corporate strategy (La-
Plante, 2007). This resulted in the lose of key customers. Below, in figures 2.2.1 and 2.2.2, Positives and negatives of the HP Compaq merger are summarized.

Figure 2.2.1 - HP Compaq Positives

Figure 2.2.2 - HP Compaq Negatives
3 Methods

In this section, the procedure used to obtain data will be described. With the use of a case study of the HP/Compaq acquisition, conducting interviews of five of EMC’s high end employees, one interview from a major EMC customer and administering surveys to the general employees. A lot of information was gained from both an internal standpoint and an external one. Once data was collected, it was analyzed in order to form recommendations. Below, Figure 3.1, is a brief outline of our project timeline.

![Figure 3.1 - Project Timeline](image)

### 3.1 Interviews

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Position</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jack Jiang</td>
<td>Industrial Chief Tech Consultant</td>
<td>7/18/2016</td>
</tr>
<tr>
<td>Shi Feng</td>
<td>Marketing Director</td>
<td>7/18/2016</td>
</tr>
<tr>
<td>Simon Zhou</td>
<td>Global Vice President</td>
<td>7/18/2016</td>
</tr>
<tr>
<td>Dora Wang</td>
<td>Human Resources</td>
<td>7/21/2016</td>
</tr>
<tr>
<td>Renzi Hui</td>
<td>Global Counsel Vice President</td>
<td>7/22/2016</td>
</tr>
<tr>
<td>EMC customer: Sports Lottery</td>
<td>Senior Executive</td>
<td>7/25/2016</td>
</tr>
</tbody>
</table>

Figure 3.1.1 - Table of Interviewees
Before deciding which employees would be most suitable for interviewing, much communication with the sponsors at EMC is needed as well as research of the Beijing location of EMC’s business structure. This EMC location acts as the headquarters for all sales, finance, and marketing in China and will have plenty of potential interviewees that can provide much needed information. The interviewees included EMC’s Global Vice President, head marketing leaders, chief technology consultants, human resources, general consultants, and operations managers. Another interviewee was a representative from one of EMC China’s major customers. In the figure above, 3.3.1, the interviewees chosen are shown.

Interviewing key employees at EMC in Beijing is a great way to obtain knowledge on how the higher up positions within the company view the merger and acquisition. Establishing the expected benefits and concerns as well as the current and future changes in the employee's role at EMC will play a major role in formulating recommendations for the merging process. Also these employees can create a basis for what information they want to know from their general employees, in order to construct a survey that will fit their requirements. This survey will be discussed in full later in the methods section.

The interviewing of EMC China’s major enterprise customers will also provide very useful information in constructing guidelines for the merging process. It will offer a good understanding of these customers’ current relationship with EMC, if they expect this relationship to change when merged with Dell, and if they will continue to purchase EMC’s product. Below, in figure 3.1.2 and 3.1.3 are some of the interview questions used.
EMC China

Interview Questions
- Your role at EMC? (employee role)
- Operations at EMC China? (current vs. future)
- Role changing during the merge? (consumer vs. corporate)
  • Product line?
- Expected benefits from merger?
- EMC’s role as a whole?
- Dell’s role?
  • Their future plans?
- Expected difficulties?
  • Concerns?
  • Possible solutions?
- Business model changes? (Dell and/or EMC)
- What differences are there between the operations of EMC and Dell?
- What do your existing customers/shareholders think about the merger? Key customers?
- What future business will you obtain as a result of this merger?
- Your role at EMC? (employee role)
- Job/ budget cuts
  • Have they happened?
  • Encouraged by Dell?
  • Innovation halts?
3.2 Surveying

This survey was administered to the general employees in order to get an overall consensus of the acquisition from the stance of the lower paid employees. From the information obtained from the interviews, survey objectives can be established. Some necessary questions the survey will need to address are; if there have been any job or budget cuts at the Beijing location of EMC, if they are fearful of losing their jobs, if they plan on staying with the combined company, and what can be done to better prepare them for expected changes in the workplace. After the feedback from interviewees, this
survey can be finalized and given out. In figures 3.2.1 and 3.2.2 below, the survey that was administered is shown.

Figure 3.2.1 - Survey Questions
1. How long have you been working for EMC?
   • less than 5 years  • 5-10 years  • more than 10 years

2. Are you willing to work longer or shorter for EMC after the merge with DELL?
   • Longer  • Shorter  • No differences

3. What changes in each of the following are you expecting?
   ① Enterprise culture?
      • Yes  • No
      Elaborate if there is:

   ② Work model?
      • Yes  • No
      Elaborate if there is:

   ③ Product?
      • Yes  • No
      Elaborate if there is:

   ④ Working process?
      • Easier  • More complicated

   ⑤ Salary?
      • Higher  • Lower

   ⑥ Layoffs?
      • Yes  • No

4. How can EMC help you adjust to these changes?

5. Have there been any challenges adjusting to the merger?

   a) What challenges can you expect to face in the future?

6. What have you and your team done to prepare for this merger?

7. As this merger progresses how do you expect your role to change at EMC?
   ① Immediate?

   ② 1 year?

   ③ 5 years?
4 Data Analysis

In this section, the process of analyzing the newly obtained data will be discussed. Both methods of the interviews and surveys have provided a great deal of various information. The analyzation process for each method was different and will be talked about below.

4.1 Interviews

For each interview, the audio was recorded and listened to later for analysis. All interviewees had agreed to this making it very beneficial toward the collection of data. This recording would ensure a more personal conversation and allow for more eye contact instead of taking notes the entire interview. During the analysis of the audio, all important information was noted and organized into categories based on the questions asked. When all interviews were completed, a combined list with all the newly obtained information was generated and assessed as a whole. From here, the data collected was put into paragraph form and placed in the findings section of the paper arranged in the categories accordingly.

4.2 Surveys

Once the surveys were collected, they were examined individually by hand. For the most important questions providing a general understanding of the employees’ views, tallies were taken. After this, the creation of bar graphs and percentages for the answers to questions was used to visualize and interpret the data collected. For the
elaboration question, some difficulties had emerged. Some of the responses were written in Chinese, which with the help of the Beijing University of Chemical Technology students, were able to be translated. Also there was not many responses from the elaboration section of the surveys, providing less information than anticipated. From the few responses that were written, they found to be quite useful in understanding the general employees’ recommendations and helped in the formation of such in this project.

5 Findings

In this section, the information gained from both the interviews and the surveys will be reported. The main points of each subsection will be corresponded with the main points in which they were visible in the final presentation.

5.1 Interview

This section will present and explain information obtained through interviewing some of EMC’s management level employees, as well as a customer of EMC.

5.1.1 EMC Beijing’s Role

Through the act of rigorous interviewing of key EMC employees, much information was provided about the internal operations of the Beijing location of EMC. These key employees include several of the top management team in multiple departments such as marketing, sales, finance, and operations of the Beijing location of EMC. This EMC location acts as the headquarters for these departments and plays a major role in
the future of the integration of Dell and EMC. They currently deal with the entire spectrum of EMC customers including large enterprises from China’s banking systems to storage for major television stations.

5.1.2 How Dell and EMC Differ

When it comes to Dell and EMC, there are many differences between the business model and type of customers each company deals with. Dell has what is known as a direct consumer process which relies on advertising and employee training that focuses on selling smaller services. They use this in order to advance their product line, become as efficient as possible and to increase revenue to its fullest. This works for them because they deal with the lower end customers such as the small commercial market and sales to individual customers. This business model has its negatives for the company as well. It creates much competition in that Dell’s products are commoditized and usually very standard. In China, there are plenty of smaller companies than Dell that sell very similar products of equal quality. This is very contradicting to the way EMC runs their business, which was a leading factor of the Dell acquisition of EMC. What Dell considers to be their large commercial market, is what EMC labels as their small commercial market. Most of EMC customers are very large enterprises with incredible loyalty. EMC employees are trained very differently because of this. They learn how to work for long periods of time in order to create data solutions and storage that best fits each company individually. These solutions will hold an entire company’s critical workload storage. In doing this, long term relationships are created and strategic customers are kept very close to the EMC business. The quality of EMC’s high end product and cus-
customer relations are much better than most companies and will not have much competition in China besides some of the few big names such as IBM and HP. This allows the company to grow incredibly fast and is extremely beneficial. EMC’s low end products are not as successful which is major reason in agreeing to integrate with Dell. In figure 5.1.2.1 below, a summary of the differences between Dell and EMC is shown.

5.1.3 Expected Benefits

In a merger and acquisition this large there must be plenty of quality reasons behind it. Although Dell and EMC are very different companies with opposite enterprise culture and completely different product lines, the two companies complement each other. There are many companies that rely on both Dell and EMC products, such as
China’s railroad companies, that will now be able to interact with the combined entity instead of two separate ones. With this combination comes much more than this single benefit. With Dell’s hardware, servers and networks and EMC large data solutions, Dell Technologies will now be able to provide the total package of solutions to a much larger customer base. With the combination of these products, the creation of better solutions and more specified solutions emerge, benefiting each one of their customers in using EMC’s customer relation business methods. In the past, Dell has made a large amount of profit in reselling storage products from other businesses, including EMC. In acquiring EMC, the access to this storage will increase tremendously and provide a significant amount of revenue in the future. EMC has also found that many of their customers rely on EMC’s storage in order to resell it with their own software, networks, and servers. Introducing Dell to these major customers will be beneficial in that they can potentially provide all products necessary to customers for resale. Dell will now be able to sell to the large corporate enterprises they have missed out on for so long. On the other hand, EMC will be able to take advantage of Dell’s customers as well as their very efficient product line. With the combined product line, EMC will be able to sell their low end products to a larger consumer base. EMC’s current low end storage has not been as successful as it could be. Dell will be able to enhance this aspect of EMC in that they have been dealing with the distribution of low end products for a very long time. They can introduce EMC smaller storage units into their current manufacturing process, making it much cheaper and generate a larger amount of sales for this product. Dell has proven to have a very large customer base in both China and the United States. They sell large volume to individual customers and use a very efficient business model in or-
der to generate the most possible revenue. This will provide EMC with plenty of local customers and create a larger profit margin for the combined company. With this, there will be a larger focus on investments as well research and development of new innovative technologies, putting them one step ahead of the changing IT industry. EMC hopes that this larger profit margin can lower the price of EMC’s storage solutions. Currently the price for EMC’s product is higher than market price because of the quality, customer relation, and specialized products suitable for each customer. If this price can be lowered, then EMC can reach out to a large number of customers that have been purchasing market priced storage of less quality. In figure 5.1.3.1 below, a summary of expected benefits of the merger is shown.

![Expected Benefits](image_url)

Figure -5.1.3.1 - EMC’s expected benefits
5.1.4 Expected Change

There is much change to expected for both companies throughout the integration process. As of now there was been little to none for the Beijing location of EMC. The plan is to attack these changes after the merger and acquisition is complete. From the conducted interviews, many believe that EMC and Dell will remain separated for a period of time where they will focus mainly on the company infrastructure and techniques to slowly adapt to the changing enterprise culture. EMC employees deal with large enterprises for long periods of time and form good relationships with customers. The skill set of EMC employees are very different from Dell employees. There is much employee education that will need to take place in the upcoming months in order to familiarize EMC employees with Dell’s product line, culture, as well as customer service. EMC will be gaining a wide variety of customers and will have to learn a new set of skills in dealing with smaller businesses at quicker rates. Currently there are two main types of management teams at EMC. First is the enterprise team, which makes up a very large portion of EMC customers, including the large businesses. The second is a commercial team, which deals with the smaller businesses. There is a consumer team that deals with the individual customer, providing low end services, but has not been very successful in this field. Dell on the other hand, is very successful in the consumer field. This aspect makes up most of Dell’s customers and will play a major factor in the future of EMC. Once the integration process of these two companies is finalized, there is expected to be three teams which will all play a large role in providing services to a multitude of customers. These three teams consist of an enterprise team, commercial team and a consumer team. Each one of these functions will be gaining a large number of cus-
tomers as they will now be working directly with both Dell and EMC’s current customers. Dell currently has no enterprise sales due to its low end products. With the help of EMC, Dell will now be able to reach out to much larger companies and make sales of larger volume, generating more revenue in a shorter period of time. Also, the quality of EMC’s product will now be improved, allowing their big data solutions to be better and more intricate. The combined company will be able to reach out to even more customers and provide more tailored products specified for almost any company’s requirements and necessities. The combination of the Dell and EMC commercial teams will be experiencing a large amount integration. Both companies have a wide variety of customers in this segment and it will be necessary for employees to learn how to adapt the changing business model. It will take a lot of planning to develop a system to incorporate both Dell and EMC’s business strategies and how to adjust this strategy to certain companies when needed. The consumer team, which deal with sales to the individual customer, will be the biggest change for EMC. Currently at EMC, this segment is having difficulties reaching out to customers. They are more familiar in dealing with larger entities and struggle in this field. This segment for Dell is extremely successful and make most of their revenue in this sense because of their efficiency and well developed product line. Dell will now be able to incorporate EMC’s low end storage devices into this product line in order to benefit EMC’s individual customer sales. The expectations for this change are quite beneficial and if completed correctly will provide EMC will the ability to manufacture products in large quantities in an effective manner. This acquisition could proliferate this segments for EMC and help reach out to a large volume of customers.
that EMC has never been able to in the past. In figure 5.1.4.1 below, a summary of expected change as a result of the merger is shown.

5.1.5 Going Private

Before this acquisition, EMC was a publicly held company while Dell was privately owned. After the acquisition takes place, Dell Technologies will be a private company. Given the circumstances of the merger, all of the interviewees believe going private is the best option for the company for a few reasons. The number one reason the interviewees believed going private is the best choice because once private, they will no longer have to worry about pleasing shareholders. Without having to worry about shareholders, Dell Technologies can put more resources into redefining its business model so that it encompasses the positive traits from both EMC and Dell. This will be
crucial in making sure this merger is a success. Dell Technologies will also be able to focus more on innovation and company growth. In figure 5.1.5.1 below, a summary of outcomes as a result of going private is shown.

![Figure -5.1.5.1 - Going Private](image)

5.1.6 Concerns

When making a decision this large, many concerns emerge due to the changing culture. There have been no announcements made by Dell or EMC on what the adaptation process will entail. This raises the concerns even higher because the offices of EMC will not know what to expect in the near future and will not know how their job might change over the course of the next few years. In the way Dell and EMC works with their customers, there are several different techniques and approaches. First of all,
they have much different target audiences and alternate ways of expanding to new customers. Dell uses mainly commercial advertisement to target the individual customers, while EMC uses international expos to gain new large enterprise customers. Because of this, there is a difference in customer service. This is another main concern that has come up in several of the interviews. The way Dell operates is a significantly faster, more efficient process, where EMC will decide if a company is strategic enough to sell its product to and will spend long periods of time with one customer in order to fully satisfy their needs. Dell looks heavily into the revenue aspect while EMC looks more into which companies will provide long relationships and rely on EMC storage for the structure of their large data storage. At Dell, the business model relies on weekly reviews to reach profit margins and will push customers in making final decisions. EMC’s business model works in quarter year assessments, triggering better customer service and long periods of research in providing the best possible solution for its customers. Many of the interviewees are concerned that Dell will continue their business model and rush large enterprise customers into making decisions and potentially diminishing customer loyalty toward the combined company. Dell will have to be able to incorporate both business models in the future and perhaps adjust their policies in dealing with large customers. If the relationships with EMC’s current major customers is ruined, this will prove to be a major issue and perhaps lose some of these customers, making it difficult to reach out to more large enterprises and expand the company. In figure 5.1.6.1 below, a summary of concerns for the merger is shown.
5.1.7 Current Actions

As of now there has not been any changes in the Beijing location of EMC. Many of the interviewees do not expect the merger and acquisition to affect this office for several months after the completion of the merger. Dell has not made any announcements regarding a plan to solve the integration obstacles, but currently has several corporate level teams targeting such difficulties. These teams consist of some of the top of the line employees from both Dell and EMC working together in order to reach the expected goals of the acquisition in a timely and efficient manner. They have a large focus on adjusting the product line and enterprise culture to best suit the future customers in a way that will combine both services and take full advantage of the services the two companies have to offer. They are also looking into the future benefits for employees because there will be necessary changes on both sides of the acquisition with regards to the cur-

Figure -5.1.6.1 - EMC's Concerns
rent employee benefits and how to keep the employees satisfied throughout the integration process. Another important aspect these teams are looking into is the altering of the current recruitment process. Both companies have very different styles for recruiting new employees and require a different sets of skills. The new company will need to adapt in order to combine their current approaches to gain a much larger variety of new employees with a larger range of skills. All the progress that these teams make, is very confidential and is only known on the corporate level. With this being said, many offices, including the Beijing location of EMC is unaware of their progress and will not hear of any announced plans until the ideas are closer to completion. This seems to be quite troublesome for the lower level employees because it raises the fear of losing their job or having to switch work ethics to completely different mannerisms.

5.1.8 Possible Solutions

In conducting the interviews, it was necessary to understand the candidates’ ideas for some possible solutions. It will assist in formulating recommendations by providing guidelines that are detailed to the obstacles the Beijing location of EMC will be facing in the near future. The candidates have much experience and have gained a wide range of knowledge in business management and the infrastructure of EMC. The information obtained is very useful and cannot be reached from a case study due to the specifications of this exact merger and acquisition. The suggestion that was stated the most the desire for employee education. Employees are wondering if their role will be changing throughout the next year and how they can adapt. The main way to help the adjustment is by cross training both EMC and Dell employees. It would not need to be
done for all, because the company still wants a good number of workers focusing on strictly larger enterprise and EMC’s current customers. For this cross training, teams from all segments of EMC will be trained to deal with Dell customers using the new business model and Dell customers will be educated in dealing with EMC high end products. From the information provided from the interviewee it was understood there will be a critical transition period between the months of August and February. This would be the best time to engage in the education of the employees to progress toward the initial goals of the acquisition. Once this is done, management teams consisting of both Dell and EMC experienced employees can be located in every location. This will provide a strong leadership for every office at EMC with a combined knowledge of all aspects of the new company and will be able to guide the general employees in making decisions based on their experience. The locations of both EMC and Dell will remain separated at first, but eventually combine over time. An acquisition this large cannot simply assimilate in a few months.

5.1.9 Budget Cuts

One key factor that sets this acquisition apart from most failed mergers is that the sole reason behind it is to expand each company, combine complementary products and increase the ability to innovate and adapt to a changing, more competitive IT industry. Some of the interviewees, through case studies, have seen that many previous mergers and acquisitions have failed because of different motives behind the initial agreement. In these failed cases, two companies would combine, in order to terminate competition with each other and to cut costs. They offered very similar products, would
combine office space and have to lay off a significant number of workers. For the case of EMC and Dell, there is very little overlap in the products and, in fact, will work well together to better the quality of both sides of the product line. Although this will create a substantial amount of work to finalize the new product line and services, there is a very high level of confidence among the higher up positions and could prove to be very successful. In figure 5.1.7.1 below, a summary of possible budget cuts is shown.

![Budget Cuts](image)

Figure -5.1.7.1 - Budget cuts

5.1.10 EMC Partners

EMC has a plethora of partner companies, some of which are growing at an alarming rate. VMware for example. Although these companies work so closely with EMC, they do not have a significant role during this merger. Dell already has a close re-
relationship with some of EMC’s partners and Michael Dell is committed to leaving EMC’s partners to themselves. However, they are a few minor benefits that emerge from this merger. Although Dell already works with some of EMC partners, they will now have direct access to them. This will make business much easier than is has been in the past and it will enhance efficiency.

5.1.11 EMC Customer

EMC’s customers primarily are large enterprises who are extremely loyal. Although they are loyal, they still do have some concerns. Their concerns for the most part, are focused on the quality of service they will be receiving from Dell Technologies, and will it be to the same caliber as EMC’s service has been. EMC spends a large amount of time with each customer in order to customize a solution to their unique needs. Dell on the other hand, works primarily with small to medium sized enterprises and has less of a personal interaction with customers. None the less, with the new combined company, customers could potentially be craving for more complete solutions to their needs. Overall, the majority of EMC’s customers are confident in EMC’s decision to merge with Dell and are excited to see what innovations Dell Technologies can bring forward. In figure 5.1.8.1 below, a summary of customer thoughts as a result of the merger is shown.
5.2 Surveys

In order to gain an employee’s perspective on the merger, short surveys were administered to 28 employees that asked about expected changes, and difficulties employees believe they could see in the future. Participants were also asked what EMC could do to help employees adjust to these expected changes and difficulties and what employees have been doing to prepare for the upcoming merger.

Results of this survey could potentially be skewed because of employee unwillingness or inability to answer certain questions and or a lack or understanding of certain questions. There were also a few questions that were unanswered by the majority of employees therefore data was not collected for a select few.
Figure 4.10.1 shows how long the survey participants have been working with EMC. The majority of the participants have been working with EMC for less than 10 years. This shows that they are relatively new to the company. Figure 4.10.2 shows that the merger actually has encouraged the majority of the surveyed employees to stay longer with the company. When these two statistic are put together, it is evident that although the majority of the participants have been working for less than 10 years, they have confidence with EMC’s decision to merge and potentially see opportunities for themselves in the future of the new company.
Are you expecting change in enterprise culture?

61% Yes, 39% No

Figure 4.10.3 - Employee expectations regarding change in enterprise culture

Are you expecting change in product?

68% Yes, 32% No

Figure 4.10.4 - Employee expectations regarding change in product

Are you expecting change in work model?

57% Yes, 43% No

Figure 4.10.5 - Employee expectations regarding change in work model

What changes in working process are you expecting?

64% Easier, 36% More Complicated

Figure 4.10.6 - Employee expectations regarding change in working process
In figures 4.10.3 - 4.10.6, participants were asked about their expectations for changes that may occur throughout the upcoming merger. In figures 4.10.3 - 4.10.5, the majority of participants expect a change in the enterprise culture, in the type of product sold, and in the working model. This can be viewed in both a positive and negative way. On one hand employees realize that there will be change and can prepare for it. On the other hand, knowing that change is quickly approaching, they may be nervous about how their role in the company may change and if they will even have a role at all. In figure 4.10.6, participants were asked about changes in the working process. The majority of survey participants believe the working process will actually be easier after the merger is compete. This is good news because it shows that employees are confident that the results of this merger will, in the end, be positive overall.

Figure 4.10.7 - Employee expectations regarding change in layoffs
In the figure above, 4.10.7, employees were asked if they expected any change in layoffs throughout this merger. Surprisingly, the majority believed that there would not be a change in layoffs. This could be largely due to the fact that EMC has promised that there would be a 6 month period where no layoffs would take place after the merger was approved.

Employees were also asked about what they thought EMC could do to help its employees adjust to changes that may occur during the merger. The majority of those who answered this question agreed that more education was needed in order for employees to fully understand the direction of the merger. If the employees were properly educated about the progress and direction of this merger, they would feel less nervous about the upcoming changes, which could potentially lead to more confidence and efficiency from them.

This survey was also used in order to gain a better understanding of what challenges employees have faced thus far during this merging process and what they have done to prepare for the upcoming merger. There were no reported challenges that employees have faced so far, most likely because the merger has not been fully approved. But surprisingly enough, it seems that there has also been no preparation by the general employees for this merger. This was shocking news because EMC is on the verge of the largest IT merger to date.

6 Recommendations

In this section, the recommendations for EMC will be provided and broken down into four critical periods of time. These include what the Beijing office of EMC should do
immediately after the approval of the acquisition, six months after, one year after, as well as three to five years after.

6.1 Immediately After Approval

In a merger case this large, it is very important to be strategic as soon as possible. Since Dell has not made any announcements from the corporate level for the future plans of EMC and their product causing much anxiety from the employees. From the surveys, it can be concluded that a majority of the employees are expecting to experience a large change in every aspect of their role at Dell Technologies. There is not much understanding of the direction of their company and what will be changing or remaining the same. It is necessary that EMC pushes Dell into making executive decisions based on the future strategy, changes of product and customer relations, and if budget cuts will be taking place. From here, EMC must communicate very clearly with all employees for a better understanding of the changing culture and to relieve them of their anxiety. From these executive decisions and communication, it will be easier integrating the company’s infrastructure. The next step would be the planning of job assignments and constructing ways to adapt the employees to the potential shift in their working process. If there will be a change for a specific employee, there must be clear communication in order to explain what they will be doing in the future and inform them on the necessary steps EMC will take to prepare them for the changes. If there will not be a change for other employees, informing them is also necessary to prevent distraction and to keep them focused on their current role. EMC employees should also be working closely with Dells locations in China to gain some of their customers. Dell will
be able to nominate their higher end customers as well as their companies they have close relationships with. From these nominations, EMC’s sales teams can figure out which companies can be strategic future customers and contact them to offer their services, products, and data solutions. Dell has close relationships with some high end companies such as Microsoft. They can potentially become a major customer of EMC’s current product. Because of the quality of EMC’s product, solutions and customer service, it can be expected to gain a few high end customers as well as several middle end customers. This resource sharing between Dell and EMC can prove to be extremely beneficial toward the company growth and revenue. Although the expansion to new customers is very important, EMC must keep very close relationships with their current customers. These customers should be more of a priority because of the long relationships in the past. It is better to keep current customers than to expand to new ones, but do take advantage of any possible new customers. If old customers are unhappy with a change of customer service they could potentially end the relationship with EMC, depending on how critical their dependency is on EMC’s product. If this begins to occur, possible future customers will see this and be hesitant using EMC’s product and services.

6.2 Within 6 Months Approval

This time period, will be the transitioning stage of the merge. A lot will need to get done in terms of the enterprise culture, job shifts, defined products and business model. It will prove to be very advantageous in creating both long and short term goals. These goals should be assigned a length of time in which the completion is desired. This will
make it easier to design plans in order to reach in the desired time period. These plans should be very detailed and specific with almost a schedule-like foundation. In doing this, the ability to review the progress of reaching the goals can be quite easy. Short term goals should have a much shorter reviewing process, perhaps every month or every two months, due to the lack of time to complete them. This will guarantee the best result in a very efficient manner. For long term goals, the reviewing process can be quarterly or every six months depending on how far along in the future they wish to be achieved. The short term goals should be strategic and work toward the long term goals for the best results.

Although Dell has corporate level management teams working on plans for integration, they have not yet finalized the decisions nor have they made any announcements to the non-corporate level offices. This lack of communication was found to be the cause of much concern within the Beijing office of EMC. One thing Dell has announced is a pause in job cuts for the half year after the approval of the acquisition, which will provide some security for the employees. Most if not all, are still wondering what will be happening to their jobs after these six months. For employees that are assets to the company and have worked very long at EMC and possess a significant amount of skills and experience, it is vital to communicate their importance to the company and make sure they are aware of their job security. These employees should continue working at EMC because of their experience and understanding of the company’s operations. They will be able to provide respectable recommendations throughout the acquisition from an internal standpoint. It will be suitable for the Human Resources departments to work even closer than before with the employees that have not worked very long at EMC and
to not possess as much experience as the higher up positions. From this, the depart-
ment will have to explain any major changes or decision, report the progress of the ac-
quision, gain a better understanding of the depth of employee concerns and start to
generate detailed plans to help employees adjust to a changing work place. Working
with the general employees in this aspect will ensure for the best education process
from the obtained information and perhaps reporting back to them with ideas and re-
ceiving feedback to adjust the plans of action. In doing this, the employee relations will
strengthen, making them feel more comfortable and easing some of their concerns
which will keep distraction in the work place minimal. The plans for integration should
begin to be developed once Dell has announced future changes and this information
from the employees is obtained. It will consist of teaching the employees techniques in
working with Dell customers and familiarization of their business models. Dell and EMC
should be calibrating and learning from each other to assist in the integration of cultures
and customer relations. Dell management teams should be coming into EMC locations
to effectively teach the employees of their current company infrastructure and expected
changes. EMC should be doing the same with their management teams at Dell loca-
tions. This type of cross training will prove to be very useful and strategic in that both
sets of employees will have a wide range of skill set, improving the customer knowledge
and increasing the ability to work with all companies that Dell Technologies will be expe-
riencing in the future as the combined entity. During this process, there is a possibility of
employee moral changes, where the employees might find it difficult to adjust to the
changes and are not as willing to learn these aspects of the new enterprise culture. In
this case, it will be the responsibility of the Human Resources department to establish
new incentive policies to increase the employee’s incentive to adapt. Promoting competition in the workplace will also have a similar effect, where employees adapting the quickest or providing practical recommendations are rewarded. In this case, employee interest will increase and they will compete against each other in order to reach their individual goals as well as the goals of the integration itself. Maybe, with the use of small bonuses or better benefits as rewards to the employees making the most progress and the one making the most amount of sales to new customers. In this way, the standard of effort will drastically increase ensuring in the best possible results and push toward the goals of the acquisition at a rapid pace.

Not only will communication internally be needed, communication externally will be required as well. Customers are concerned if their relations to Dell Technologies will be altered throughout the acquisition and how their company will be effected by these changes. Dell is known to sell their services at a very rapid pace, where EMC works for a long period of time to focus on the best possible solutions tailored to each specific company’s needs. If this is drastically changed then the customer will have trouble adapting to the new services. Some customers can actually benefit from Dell’s quick paced business methods. For the most part, the two business models of Dell and EMC should remain somewhat separate at first, but may need to combine strategically in some areas in dealing with certain customers. Future customers may need Dell’s approach of quick business with no long lasting relationships for EMC’s products and some may need a combination of both strategies. It will take some planning depending on the customer’s needs in order to form a unique plan for each new customer. In this way, Dell Technologies can now sell high end storage and solutions with either a long
lasting relationship approach or a faster approach in a more efficient manner. This will be the best way to expand EMC’s product to a much larger scale of customers and increase revenue significantly. Also from interviewing a current customer of EMC, Beijing’s Sports Lottery, it was found that they are expecting better solutions due to the combined product after the acquisition. They are also hoping that the solutions can be provided in a quicker manner due to Dell’s efficiency. The acquisition will prove to not only benefit Dell Technologies’ growth, but can also benefit the current and future customers of the combined entity. The quality of product will increase as well as the number of products. The current quality of EMC is much higher than the market quality. Once the acquisition is complete and the quality get even better, finding new customers will not be difficult.

6.3 Within 1 Year of Approval

At this point in the merger, things should begin to settle down as far as adjusting goes. Dell Technologies should start by looking back at the goals they set earlier on in the merger. By doing this, the company will be able to see its progress thus far and make adjustments to its goals if necessary. At this time Dell Technologies should also be continuing communication with EMC’s customers about any changing policies and or operations. EMC’s customers have grown to love EMC’s high quality of service, and if this quality were to deteriorate under Dell Technologies, customers may become upset. If Dell Technologies communicates well with these customers, the customers will be well informed of changes they should expect and if there is a negative change in quality, they can let Dell Technologies know before it becomes a problem. Unfortunately, be-
cause the 6 month pause on layoffs will be over at this point, Dell Technologies may be looking to save money by cutting a few jobs. If this route must be taken, Dell Technologies should be looking to keep experienced employees. If the company were to cut the experience it has, it could suffer from a lose of talent in the workplace. This would be a disaster if it were to happen, especially during critical stages of this merger. Once these layoffs are complete, Dell Technologies should announce that no more jobs will be cut. This will allow employees to feel secure about their positions and they can work with some peace of mind. At this time, Dell Technologies can also look to begin incorporating some of Dell’s strategies into EMC’s way of doing things. Dell is very efficient at manufacturing and selling products and if they were to take measures to apply this to EMC’s product line there could be a few benefits. For starters, EMC’s products will be able to be made more efficiently. This could lower the cost for manufacturing its products. This may also allow Dell Technologies to distribute some of EMC’s products to customers more efficiently. Dell also has a tremendous marketing advantage when it comes to smaller enterprises and individual consumers. Historically EMC’s lower end products have not sold as well as they would like. With Dell’s advantage in these fields, it is recommended that Dell Technologies leverages this advantage in order to boost the sales of EMC’s lower end products. One reason EMC’s customers hold them in such a high regard is because of the company’s unmatched customer service. It is recommended this quality of service is used with Dell’s medium sized enterprises. Providing this level of service to some these customers can help build loyalty and may even gain Dell Technologies new customers.
6.4 3-5 Years After Approval

At this time, a lot will have changed in the way the combined company’s business operates. By then, the integration of products and customer relations will be fully defined. Since this will be the case, expanding will be much easier because there will be less of a focus on the company’s infrastructure and a greater focus on obtaining new customers from every aspect the market has to offer. From here there can further innovations and proposals of new technologies to change the IT industry and to get ahead of the competition. It is important to not let these changes effect the long term goals that were set in the beginning of the acquisition. Keep in mind the initial reasons for the integration and do not lose track of the expected benefits that drove the commitment to the acquisition in the first place. It will be necessary to reflect on the years prior objectively and to keep working on achieving these goals and reporting the progress. It is necessary to look back and understand what has been done correctly and strategically in order to apply similar methods for obtaining future goals. Also these reports should look into what was been ineffectively so that the same mistakes will not be repeated. The goals may be altered during these stages because it is unpredictable what will happen within three to five years after the approval of the acquisition. The constructing of new long and short term goal is recommended as well. There is a lot of confidence in the potential of the future of Dell Technologies and will prove to be extremely successful if done with a good strategy and intensive planning to attack all aspects of the initial concerns.
6.5 Recommendations Overview

6.6.1 Immediate

- Push Dell into making executive decisions
  - Strategy Plans
  - Changes in product
  - Change in customer relations
  - Budget cuts

- Communicate to employees about changes/ or lack of

- Begin designing educational system to adapt employees

- Begin contacting Dell’s customers

- Keep good relations with current customers

6.6.2 6 months

- Create long and short term goals
  - Plans of achieving
  - Periodic reviews

- Reassure employees who are assets job security

- HR works closer with employee
- Understand all concerns
- Work with employees to develop education system
  - Finalize education system/ initiate if possible

6.6.3 1 year

- Continue reviewing goals
- Communicate with customers about confirmed changes
- If job cuts are necessary
  - Keep most experienced employees
  - Announce end of layoffs to employees
- Incorporate Dell’s efficiency
- Keep expanding to new customers

6.6.4 3-5 years

- Keep reviewing long term goals
- Create more short and long term goals
- Look back at merger objectively
  - Initial reasoning/expected benefits
7 Conclusion

Through much data analysis, it can be concluded that there are several concerns within the integration process that needed to be addressed. They include the fear that Dell will be unable to keep the same relations with EMC customers resulting in the loss of some large enterprise customers, the lack of announcements from the corporate level in dealing with the final product and business model, and the general employee distress due to the expectation of job losses in the Beijing office of EMC. From this obtained knowledge as well as a few expected benefits provided by the interviewees, recommendations were able to be formed to address the issues that will ensure a strategic plan of reaching the expected benefits. These recommendations are broken up into a few different categories including what will need to be done immediately after the approval of the acquisition along with plans for the following six months, one year, and three to five years after. This organization of this planning is easily understandable and provide valuable information from an external standpoint.

7.1 Recommendation For Future Projects

Since this project is only offered in the summer, EMC should be taking full advantage of this opportunity. In one year from now another group of Worcester Polytechnic Institute students can be back in Beijing to pick up where our project left off. The
projects will be very different due to the amount of changes that will occur between the two projects. This can be very beneficial for the future of the company. The next project group should have a great deal of focus on what has been done internally from this project and the start of their own project. Also it is recommended to review and analyze the long and short term goals set by Dell Technologies and the progression toward them. It will be necessary to have a full understanding of this project to better understand the initial expectations and concerns for the company in the pre-integration stages. It will provide a lot of useful information and make it easier to form recommendation in the year to come. They should be looking into the recommendations formed in earlier sections of this project and see which ones were actively being followed and which will need to be worked on. The adjustment of recommendations will need to occur because a lot will change in a year as well as the company’s expectations for the future project. Lastly it is important to work with the sponsors at Dell Technologies very closely, they have been very helpful and have provided much needed assistance throughout the entire duration of the project.

7.2 Constraints

Being given seven weeks to work on a case study as large as this one was definitely one of the main constraints. With the given time, much was accomplished, but there is still much more to do in the upcoming years. Another problem that was faced came from the surveys. There were only 28 participants available to take the survey and a large number of the responses were incomplete. There was very minimal elaboration responses and skipped questions. Also, it seemed there were some misinterpretations
of certain questions. Overall, a good amount of was collected from this method, but could have definitely have improved with more participants. The last constraint came from the language barrier. It was noticed that some interviewees may had difficulties fully explaining what they wanted to say. One of the interviewees did not use any English, therefore we needed to have the sponsor present in order to translate the responses. In the end, this wasn’t a major roadblock in the work place. In keeping an audio recording of the interview it was easy to collect the needed information.

### 7.3 Learning Experience

Much was gained from this project with EMC in Beijing. It was a great opportunity in working with such a large, well-known company in an acquisition process like this one. We learned a lot about the culture of a large businesses and how they operate. Also we gained experience with constructing surveys and interviews as well as recording the responses in an organized manner. Additionally, business management experience was obtained through research and formulating recommendations. Getting comfortable presenting in front of such well acknowledged employees improved our presentation skills and confidence. Working in a different country was also a great learning experience. Learning the culture of both business and life in China will make this project an unforgettable experience. We have learned a lot and have met some great employees at EMC. This has been a great networking opportunity from getting familiar with high positions in a large company. Overall, it has been a great seven weeks in Beijing and have gained a lot of new knowledge and experience.
References


