



## Stanford eCorner

### Revolutionizing the PC and IT Industry

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Video URL: <http://ecorner.stanford.edu/videos/1756/Revolutionizing-the-PC-and-IT-Industry>

To overcome the flawed model of the early PC industry (which benefited only PC companies, not consumers) Dell talks about how his company made the PC easy to use and less expensive. This approach is being used today to improve the IT industry. Dell, Inc. provides cost-effective IT services and products. In this manner, companies can spend less on maintaining their IT infrastructures and more on creating new capabilities. This allows for new business innovations, says Dell, which can stamp out the competition.



#### Transcript

Well, we have a very different approach. Our approach is, we made the PC easy. We made the PC less expensive, we made it simple. Now we're doing the same for IT, using standards, taking things that are in what's this big bucket known as services and really encapsulating them in the form of services and products, but in a much more cost-effective way, using standards. And so when you start to do this, you can now have a much more portion of your IT spending dedicated to maintenance and sustaining. Most companies in the world today spend about 70 % of their IT dollars on what I call feeding the dinosaurs, just maintaining the old systems. So they only have about 30 % on actually creating new capabilities. So you talked about business models and new business processes, and new business innovations. Now, younger companies aren't so much in that. But as they grow, you get these legacies, and these guys come in with armies of consultants and the software that you have to rent, and the stuff builds up in your company and then you're kind of stuck.