

NBA 6120
Disruptive Technologies
Spring 2014



Assignment #1

Assigned: January 30, 2014

Due: February 7, 2014

In 2011, Intel made a bold decision and began construction of FAB 42 in Chandler, Arizona, stating that the company was investing more than \$5 billion in the facility. The plant was expected to produce Intel's next generation of processors built on its 14-nanometer technology. In January 2012, President Obama commended Intel for creating U.S. jobs and mentioning FAB 42 in his State of the Union address. Last week, Intel Corporation announced a decision to leave the new Chandler building empty for now in what was probably the first time they had backtracked on their original intentions. (References to this publicity are listed in the reference list for the microprocessor technology lecture).

Is this a signal that Intel's basic strategy has changed? Based on the article by the Hutcheson brothers, will Intel's profit decline several years from now? Are there potential causes for this change in strategy that Intel has not revealed and have not been published in the media articles? Is this a wise decision for Intel?

You are to write a two- (minimum) to three-page (maximum) document explaining the wisdom or lack of wisdom in this sudden change. Identify potential reasons which have not been mentioned in the press and what difficulties this decision may portend for future revenues. Clearly back up your arguments and make your statements as if you were a board member voting FOR or AGAINST this decision. (Note that this is not an assignment which requires deep knowledge of the technology

but is more related to strategies in an exponentially changing industry and very difficult future demand predictability).

The assignment should be done individually and submitted at the beginning of class on Friday, February 7, 2014.