URL: https://stvp.stanford.edu/blog/videos/the-flawed-model-of-the-early-computer-industry

During its inception, Dell explains how the computer industry was run by engineers. Over a thirty-year period however, customers began to have an important role in the industry, but many companies were still being run by engineers working to promote complexity. With complicated products being sold, says Dell, customers had to rent specialized software and hire consultants from the computer companies to get their products to work. As a result, to the advantage of the computer companies, customers spent excessive amounts of money on personal computers; a model that Dell calls fundamentally flawed.



## Transcript

I think Dell is Dell because we found a better way, and we listened to our customers.. And that's not to say that other companies couldn't do that, but they didn't.. That's the remarkable thing, in many ways, is that other companies didn't.. Partly because they couldn't.. They had these cost structures and... why didn't IBM, Compaq, other people.... it's actually not that hard to figure out.. If you go back to the origins of the computer industry, imagine a bunch of guys in lab coats sitting around a laboratory, and these are the smartest guys in the world, and they've invented things.. And they're going to sell you these machines for tens of millions of dollars.. This is like the first computers..

And if you are going to get one of these, you are really lucky.. That's how the industry started, engineers creating the future.. Nothing wrong with that.. That's just how it started, right? And what happened is, over a 30-year or so period, the industry really shifted to be one where industry standards started to come into play, the customers started to have a bigger role.. But many of these companies were still driven by the engineer.. And so this idea of, "You're really lucky to be able to buy this product" .... Still today, our industry is full of big companies who are addicted to promoting complexity.. And they sell you a product which is really complicated.. And the only way that you can get it to work is to rent the software from them.. You can't actually buy, you have to rent it from there..

And then you have to hire an army of consultants that they will supply you to get it to work.. And they will not leave your company until all your money's gone.. And that's the way they like it.. And that's fundamentally a flawed model...