1. Describe Hughes Electronics. What are the Hughes’ strengths and weaknesses?

Hughes Electronics was formed on December 31, 1985

Owned subsidiary of General Motors Corporation.

Consists of:

(Delco Electronics Corporation; Hughes Aircraft Company; Hughes Telecommunications and Space Company; Hughes Network Systems, Inc.; and DIRECTV, Inc.)
Strength of Hughes:

- Hughes Net is the best provider of the high speed internet access to customer and small business customer in North America tapping the market of millions of household underserved by terrestrial broadband.

- Hughes is the leading way in providing broadband network and services to enterprise and government. Customer around the world, bringing the best of satellite and terrestrial Technology.

- From system to terminal to components, Hughes continue to innovate advanced technology that enable our customer to reap the powerful benefit of broadband.


Weakness of Hughes:

Challenging with System development life cycle and decentralized R&D (Take longer system development life cycle. According to international market demand, need to be decentralized R&D. May also be required for new product, instead of R&D method)

Limitation with law and Government regulations.
(As an strongest satellite communication business, Hughes may have applied by government law and regulations more seriously)
Opportunities and risks associated with the alliance with PanAmSat subsidiary and SatMex

Opportunities:
- PanAmSat had created new valuable market in Mexico.
- Benefit for the customer in Mexico.
- Continuously develop with vertical integration and the expectation for new products.

Challenges:
- Strong cable business is the competitor.
- System development time frame. (Five years)
- Challenges with long term contract as technology development is high risk and great opportunities for big gains in a new market.
  (On time to market pressures, accelerating technologies, innovation, resource limitations, technical complexities, social and ethical issues, operational dynamics, cost, risks and technology.)
Hughes’s distinctive technological competences:

Decentralized R&D:
• Globalised approaches to generation.
• Use of technology in multinational companies.
• Multinational Enterprises (MNEs) use their foreign R&D facilities to foster ideas which will shape the future competitiveness of the firm.
• MNE will develop new products which better meet customers’ needs.
• In the long-term, these foreign R&D centers will create new knowledge which will benefit the firm.

By the beginning of 2004, how well is Hughes Electronics?

• “Hughes had very successful business at the beginning of 2004. (DBS has grown is subscriber base by 10.7 percent over the past 12 months.)”

• “Since 1985 Hughes has been controlled by General Motors, which had little clue about how to run a media company. Plagued by high customer turnover, Hughes has struggled to break even.”

• Stock is worth $21 a share.
Why it planned to sell DIRECTV business?

• **The company developed in technology.** (that enabled everything from communications satellites to lunar landings before getting into the TV business. But only a little idea about media.)

• **Risk is a matter**
  - Advanced technology business had a lot of challenges, such as (System Development time frame, competitive marketing demand)

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**Question Please!**

Thanks,