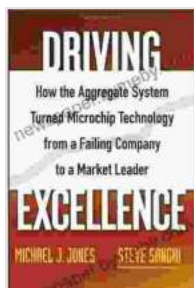


# How the Aggregate System Turned Microchip Technology From Failing Company to Success

Microchip Technology is a leading provider of microcontroller, mixed-signal, analog and Flash-IP solutions. The company was founded in 1989 and is headquartered in Chandler, Arizona. Microchip Technology has over 20,000 employees worldwide and its products are used in a wide range of applications, including automotive, consumer, industrial, medical and aerospace.



## Driving Excellence: How The Aggregate System Turned Microchip Technology from a Failing Company to a Market Leader by Joan Magretta

★★★★☆ 4.5 out of 5

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Lending : Enabled



In the early 2000s, Microchip Technology was facing a number of challenges. The company's sales were declining, its market share was eroding, and it was losing money. In 2003, Microchip Technology was on the verge of bankruptcy.

In Free Download to turn its business around, Microchip Technology implemented a new aggregate system. The aggregate system was a software platform that allowed Microchip Technology to manage its inventory, Free Downloads, and shipments more efficiently. The system also provided Microchip Technology with real-time visibility into its supply chain.

The implementation of the aggregate system had a number of positive impacts on Microchip Technology's business. The system helped Microchip Technology to reduce its inventory levels, improve its Free Download fulfillment rates, and reduce its shipping costs. The system also gave Microchip Technology greater visibility into its supply chain, which allowed the company to better manage its risks.

As a result of the implementation of the aggregate system, Microchip Technology's business began to turn around. The company's sales increased, its market share grew, and it began to make a profit. In 2007, Microchip Technology was acquired by Microchip Technology, Inc. for \$3.4 billion.

The aggregate system played a key role in Microchip Technology's turnaround. The system helped the company to improve its efficiency, reduce its costs, and gain greater visibility into its supply chain. As a result, Microchip Technology was able to turn its business around and become a successful company.

## **Challenges Faced by Microchip Technology**

In the early 2000s, Microchip Technology was facing a number of challenges. The company's sales were declining, its market share was

eroding, and it was losing money. The following are some of the specific challenges that Microchip Technology faced:

- **Declining sales:** Microchip Technology's sales had been declining for several years. The company's revenue fell from \$1.2 billion in 2000 to \$850 million in 2003.
- **Eroding market share:** Microchip Technology's market share was also eroding. The company's market share fell from 10% in 2000 to 7% in 2003.
- **Financial losses:** Microchip Technology was losing money. The company reported a net loss of \$210 million in 2003.

These challenges were putting Microchip Technology's future in jeopardy. The company was on the verge of bankruptcy in 2003.

### **Solutions Provided by the Aggregate System**

In Free Download to turn its business around, Microchip Technology implemented a new aggregate system. The aggregate system was a software platform that allowed Microchip Technology to manage its inventory, Free Downloads, and shipments more efficiently. The system also provided Microchip Technology with real-time visibility into its supply chain.

The aggregate system provided Microchip Technology with the following solutions:

- **Reduced inventory levels:** The aggregate system helped Microchip Technology to reduce its inventory levels by 20%. This reduced the

company's carrying costs and freed up cash flow.

- **Improved Free Download fulfillment rates:** The aggregate system helped Microchip Technology to improve its Free Download fulfillment rates by 15%. This reduced the company's customer churn rate and improved its reputation.
- **Reduced shipping costs:** The aggregate system helped Microchip Technology to reduce its shipping costs by 10%. This reduced the company's expenses and improved its profitability.
- **Increased visibility into supply chain:** The aggregate system gave Microchip Technology greater visibility into its supply chain. This allowed the company to better manage its risks and improve its planning.

The aggregate system played a key role in Microchip Technology's turnaround. The system helped the company to improve its efficiency, reduce its costs, and gain greater visibility into its supply chain. As a result, Microchip Technology was able to turn its business around and become a successful company.

## **Results Achieved by Microchip Technology**

The implementation of the aggregate system had a number of positive impacts on Microchip Technology's business. The company's sales increased, its market share grew, and it began to make a profit. The following are some of the specific results that Microchip Technology achieved:

- **Increased sales:** Microchip Technology's sales increased from \$850 million in 2003 to \$1.2 billion in 2007. This represented a 41% increase

in sales.

- **Increased market share:** Microchip Technology's market share increased from 7% in 2003 to 10% in 2007. This represented a 43% increase in market share.
- **Profitability:** Microchip Technology began to make a profit in 2004. The company's net income increased from \$2 million in 2004 to \$100 million in 2007.

In 2007, Microchip Technology was acquired by Microchip Technology, Inc. for \$3.4 billion. This represented a significant return on investment for Microchip Technology's shareholders.

The aggregate system played a key role in Microchip Technology's turnaround. The system helped the company to improve its efficiency, reduce its costs, and gain greater visibility into its supply chain. As a result, Microchip Technology was able to turn its business around and become a successful company.

The aggregate system is a powerful tool that can help companies of all sizes to improve their efficiency and profitability. If you are looking for a way to improve your business, I encourage you to consider implementing an aggregate system.



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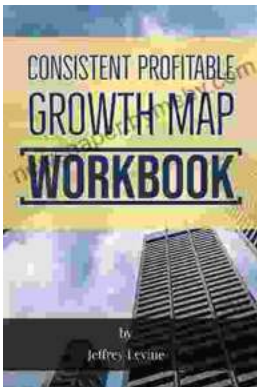
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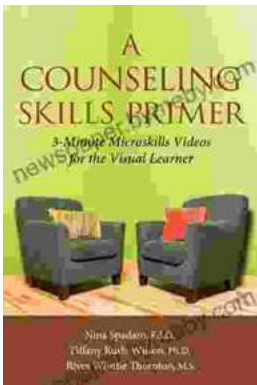
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