

Open Cooperation and Win-win

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Abstract. The article reviews the benefits of open cooperation focusing on the successful examples of HUAWEI. According to the analysis of HUAWEI's Porter's five forces, including the bargaining power of suppliers, the bargaining power of buyers, the threat of new entrants, the threat of substitutes, and the threats of rivalries, there will be the reasons why Huawei choose to cooperate more openly with other companies and how they cooperate. At last, a brief conclusion will show us the enlightenments.

Keywords: Huawei; cooperation; win-win; Porter's forces.

1. Introduction

In the last few years, with the impact of Covid-19, almost every country, enterprise and individual faced a common question that is how to survive and improve with high standard and soundness with all the uncertainties and variables? In another aspects, the prospective digital economy and the combination of digital and environment-friendly industries will give rise to new business models, requiring a more open, diverse and inclusive industrial ecosystem to support them.

Huawei adheres to its ideas of "open cooperation and win-win" and works with industrial and ecological companies in various industries and fields to build a harmonious and green global industrial ecology.(Tao, L. 2022) This article focuses on the active influences of HUAWEI's successful cooperation with other companies, which enlightens us the importance of open cooperation.

2. Porter's Five Forces Analysis

Porter's Five Forces is model that take a large number of different factors into consideration to analyze the basic competitive situation of an industry. The five forces identify five main factors of competition, the bargaining power of suppliers, the bargaining power of buyers, the threat of new entrants, the threat of substitutes, and last the threat of rivalries. To some extent, to make a strategy more competitive needs the considerate understanding from the enterprises' of the competition law. The law of competition in any industry, whether domestic or international, whether producing products or providing services, will be reflected in the force of these five kinds of competition. Therefore, Porter's Five Forces Model is a strategic analysis tool that enterprises often use when formulating competitive strategies.(2018) As most people know, Porter's five forces analysis is the basic analysis for an enterprise before or during their choosing to cooperate with another company. And there is our analysis on HUAWEI.

To start with, there are three reasons why the bargaining power of buyers is medium. Products is widely different within various industries, which means buyers are unlikely to find more companies with more options which can produce designated products for its service. The buyer's income within the industry is also very low, which foretell the great pressure to buy at lower prices. As a result, the buyers will become more sensitive about prices. The quality of the product is of great importance to buyers who buy the products frequently as well. And it turns out to be less sensitive about prices for them. All in all, buyer's bargaining power is medium.

And there is one reason why the bargaining power of suppliers are relatively low. Compared to buyers, Huawei operates in an industry with a large number of suppliers. In another word, suppliers can make little difference in the prices because they need to survive in their competition as well.

The third one is about the threats of new entrants and there are three reasons for it to be low. The industry is highly differentiated and companies in the industry sell not standardized products but differentiated. Customers also look for distinguished products.

Capital requirements within the industry are also high, making it rather difficult for new entrants to start a business because of the extreme expenses that is needed. Due to high R&D costs, capital expenditures are also high. All the difficulties make this factor a weaker force in the industry. Governmental policies in the industry require strict qualification and legality when a company want to begin selling. The strict policies make it even more difficult for new entrants to join the industry and making this kind of threat a weak force.

Then are the threats of substitutes and two reasons for it to be low. The substitutes in the industry where Huawei operates are fewer, so that there is no upper limit to the maximum profit a company can make in these industries in which Huawei involves. Few alternatives are of high quality, but much more consuming. What's more, Huawei has already gained a strong foothold in these industries and it becomes more difficult for other substitutes to replace Huawei mainly due to its prestigious fame.

As for the threats of the rivalries, I figured out two reasons for it to be high. The production in this industry needs to greatly change the productivity. The higher productivity can help the companies keep the balance of supply and balance, which can prevent overproduction, the difficulty that need companies to lower their prices so that their products will not be unsalable. In addition, the existing strong and persevering rivalries such as Zhongxing, Datang and so on can make huge impact on the market which will spread the influences towards Huawei. All in all, Huawei should pay attention to this threats.

Despite of all the forces from market, I think there are many ways that the company should take to hold its footprints. The most important one I think is that Huawei should focus on R&D and try its beat to make meaningful innovation. What's more, Huawei needs to deal with more partners and cooperate more.

3. Why Cooperate?

The process of product development and market launch can be accelerated through cooperation. Nowadays, society is becoming more and more competitive, and the market' changing is ever-lasting. When a market opportunity arises, there will soon be many companies competing for it. Enterprises must improve their products as soon as possible in order to catch the precious opportunities, or they will be eliminated by the market, so enterprises must keep pace with the development. Aiming at that, besides the own efforts form the companies, cooperation is also an important role.

Through cooperation, all parties can share the costs and risks. The biggest advantage of cooperation is that we can learn from each other and give play to their core advantages. No one is perfect. Everyone has advantages and disadvantages. Cooperation can solve this problem perfectly. Also, cooperation is also conducive to thinking innovation, and many new ideas are generated in multi-party exchanges. In addition to the fact that it is not easy for a person to have new ideas when thinking about things, he may also be unable to extricate himself from the corner of an ox.

Here I want to point out my opinion that the cooperation can be not only between companies, but companies, customers and the local government. Here is an example that Huawei cooperated successfully with the local government in Yunnan province and made great differences. Since entering Yunnan in 1995, Huawei has become an important strategic partner in the field of informatization and digitalization in Yunnan, and has signed strategic cooperation agreements with the People's Government of Yunnan Province for three times. Lu Yong said that in the future, Huawei will continue to increase investment, seize the major opportunities of Yunnan's digital transformation, give play to the advantages of multi technology integration, and help Yunnan

achieve outstanding results in the digital transformation of government enterprises, the development of digital economy, the achievement of dual carbon goals, and other aspects.

4. Successful Examples from Huawei

Huawei's vision is to bring digital to every person, home and organization to build a fully connected and intelligent world. (M2PressWIRE. 2010) The biggest challenge facing the industry is how to eliminate data silos and enhance resource aggregation, correlation and sharing. In fact, the new pneumonia epidemic in 2020 has greatly stimulated the demand for digital, online and intelligent services across all industries, and cloud services are the only way to enhance government and enterprise intelligence. It will work with digital industry pioneers such as Northwest Air Traffic Control Bureau, Beijing Bureau of Economic and Information Technology, Sina, Netease and europay, as well as customers, domestic and foreign partners and industry experts to discuss how technological innovation can accelerate the upgrade of government enterprise intelligence and benefit millions of households! In my opinion, this is a good time for Huawei to promote its products and digital concepts. At the conference, Huawei can have in-depth exchanges and discussions with leading technology teams to discuss the latest technology and world development situation.

From the other side, Huawei also helped the local incomes. On August 28, Guizhou Artificial Intelligence Association and Huawei (Guiyang, Guian) Digital Economy Innovation Center signed a digital industry cooperation agreement.

According to the agreement, the two sides will improve the cooperation mechanism in artificial intelligence and other fields. Realize the deep integration of industry, academia and research, establish a talent training center and cultivate high-end application innovation talents. It is expected that this cooperation will help Guizhou province's industrial digital transformation and upgrade, and promote the development of Guizhou province's digital ecosystem. Guizhou is a natural cooling room surrounded by mountains. The climate is very cool, and the temperature is suitable all the year round. There will be no sudden cold or heat that will affect the service life of the server. In addition, the server must be used 24 hours a day, and the electricity cost is also a big problem. Guizhou is also the origin of the West to East Gas Pipeline, with rich water resources and relatively low electricity prices. As the result, the cooperation with Guizhou can help Huawei deal with difficulties about the sever lifetime and the consumption of electricity.

Huawei has made great achievements through its win-win cooperation strategy. On the road of future development, Huawei will continue to adhere to the saying that the common victory of the world needs open cooperation, as once said by the founder Mr. Ren Zhengfei, and continue to stick to the strategy of open cooperation to reach win-win goals to the end.

5. Conclusions

The paper discusses the Porter's five forces analysis for Huawei. With the detailed analysis, we can figure out why Huawei can make successful cooperation and how they made it. From this point, it is clear that the open cooperation is essential for enterprises to be more competitive.

When dealing with this article, on the subject of Huawei and cooperation, we emphasis the benefits of more open cooperation not only with other companies but also with the local government, which can help the development of our country either.

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