



Business Strategy Analysis and Selection: Palo Alto Networks, Inc.

Name

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### **Introduction**

Globally, the business environment is becoming increasingly competitive due to the dynamism in the markets caused by the ever-changing preferences and tastes of the customers. Business leaders and policy executives in the corporate world have to adopt new approaches to run their businesses in a bid to respond to the changing consumer behavior. In this regard, the need for employing a comprehensive strategic business management model has become paramount for the purpose of driving growth and creating demand in new markets. As such, there has been a growing need to align the mission, vision, and objectives of a business organization with the strategic business management model (The Saylor Foundation, 2014). Fundamentally, this involves undertaking a thorough analysis of the internal environment of the business. At the same time, it is essential to carry out an analysis of the business strategy of an organization and determine the appropriateness of the selected strategy. A business executive should be keen to ensure that all the strategic business units in the entity are working in harmony for the attainment of the vision, mission, and objectives of the organization. For the purpose of this discussion, the paper shall focus on strategy selection and analysis at Palo Alto Networks, Inc.; the company's background information, its internal environment, and the strategic business management model in place will be reviewed.

### **Background Information and Analysis**

#### **History**

Palo Alto Networks (PANW) is a public incorporated company based in the United States of America, California. The company was established by an Israeli-American software engineer named, Zuk Nir in the year 2005. Zuk's motivation to start the company was informed by the challenges encountered by enterprises in the USA in their attempts of securing the networks that contained sensitive business information and intellectual property. Having served as one of the key developers for a software solutions company in the USA, Zuk found it wise to focus on network security through the creation and deployment of reliable network solutions for business entities. Palo Alto Networks has its headquarters in Santa Clara (USA) and trades publicly as PANW in the stock market at New York and beyond. The products of PANW include complex firewalls and cloud-based services that are used to facilitate the objective of providing network security to clients. Mark McLaughlin is the CEO of Palo Alto Networks and he has enabled the company to achieve impressive financial results that stood at \$1.8 billion (revenue) for the 2017 financial year (Palo Alto

Networks).

## **Vision, Mission, and Objectives**

Markedly, the vision of PANW is to be the premier network security solutions company in the world through the invention and innovation of advanced cyber security systems for organizations and enterprises across the globe (Palo Alto Networks). In order to adhere to this vision, Palo Alto Networks has established a team of cyber network experts to create innovative technology and drive the company's stability and success. The mission of Palo Alto Networks is based on its objective of developing advanced threat detection technology for its clients around the world. The matter of network security, which forms the core business platform of the firm, is the key to achieving the company's mission (Palo Alto Networks). As long as clients' data may be under a serious threat of cyber-attacks that may disrupt normal business activities for a given entity, Palo Alto Networks is keen on creating and developing complex technology that will facilitate quick and efficient threat detection and will help to reduce the degree of risk associated with information and data loss.

Essentially, the objective of Palo Alto Networks is to solve the challenges encountered by enterprises in process of operating. As such, Palo Alto Networks designs and creates advanced firewall technology that acts as a network security solution for the businesses across various sectors (Palo Alto Networks). To maintain market leadership, PANW has objectively acquired businesses operating in the network security solution market. It is a policy of the entity to ensure that the mission, goals, and vision of the companies under acquisition are aligned with the long-term strategy of Palo Alto Networks (Palo Alto Networks). CirroSecure and LightCyber are some of the companies that have been acquired by Palo Alto Networks in the recent past, 2015 and 2017 respectively.

## **Internal Environment Analysis**

### **Corporate Level Strategy**

Succinctly, the corporate level strategy of an organization is focused on the determination of the industry in which a firm operates. It is the duty of the executives to favorably position a company within a competitive environment through the use of various strategic decisions in the management model (The Saylor Foundation, 2014). Market penetration, product development, and market development are crucial approaches for an organization's concentration strategy that enables growth within a given industry. PANW has a firm corporate level strategy that has enabled the business to be positioned as a key industry player in the networks security industry in the USA and other markets (Palo Alto Networks). Horizontal integration that is executed through mergers and acquisition has helped PANW buy out rival firms, thus increasing its market share in the network security industry.

### **Business-Unit Level Strategy**

Fundamentally, in the business-unit level strategy, executive managers are concerned with the implementation of a generic strategy that will help to counter the moves of rival entities. In this case, a business manager will seek for ways to improve the competitiveness of the business compared to other companies within the same space. Some of the common business unit level strategies include disruptive innovation, blue ocean, first-mover's advantage, and footholds strategies (The Saylor Foundation, 2014). Essentially, Palo Alto Networks has a robust business-unit level strategy that has enabled the company to venture into new markets and develop competitive products. One of the major disruptive technologies created by PANW is the Global Cyber range program that was introduced in 2018. It is a unique product in the market that has

capacity to protect from complex cyber-attacks (Palo Alto Networks). Similarly, Palo Alto Networks employed the first-mover's advantage strategy by developing the Next-Gen firewall technology. The product was new in the industry and PANW has grown its market share in the network security business through the technological innovation.

## **Functional Level Strategy**

Certainly, functional level strategy in a business is aimed at addressing an operational strategy within a particular department in an organization. Therefore, a functional level strategy of an entity may be focused on various departments that perform the main business functions, such as human resources, finance, research and development, planning, public relations, marketing, and information management (The Saylor Foundation, 2014). Taking the case of the public relations office at PANW, the company has played a significant role in advancing the lives of people in the community in which it operates by founding and supporting educational establishments, such as the Palo Alto College.

## **Alignment of Strategies to PANW Mission and Vision**

Markedly, the vision of PANW is to become the prime network security company in the world by inventing and innovating advanced cyber security systems for organizations and enterprises across the globe. Indeed, the mission and vision statements of PANW are properly aligned with the business model as well as corporate and functional level strategies. The management team at Palo Alto Networks has focused on a comprehensive strategic business management approach for driving growth of the company's market share. The concept of market concentration has been implemented at PANW by acquiring rival companies as well as product development and innovation. Thus, Palo Alto Networks positions itself as a major player in the network security industry.

## **Management Model and Strategic Decision-Making at PANW**

Palo Alto Networks maintains favorable relations with its stakeholders: customers, investors and shareholders, employees, regulators, industry players, government, and the community. The company presents audited financial statements for every quarter and end of year results for the shareholders and other concerned stakeholders (Palo Alto Networks). In regards to the customer relations, the company has established a customer feedback platform and customer services department to take care of the concerns raised by the consumers of their services. The organizational structure at PANW allows for collaborative and synergetic relations between the top management team and the junior management team. Additionally, the organizational culture at PANW plays a fundamental role in sustaining the business and its role as a key player in the network security business (Palo Alto Networks). The culture of innovation and market leadership shapes the mission of PANW and supports research and development.

Admittedly, the model of communication between managers at different functional units in the business is both horizontal and vertical: a manager in the research and development department can effectively communicate to another manager in the human resources department to make an inquiry or forward a proposal. Essentially, this is a form of horizontal communication between managers at the same level (The Saylor Foundation, 2014). On the other hand, a senior finance manager at PANW can communicate directly to a junior level manager at the marketing department to make an inquiry on a budgeting model used for advertising and branding; this is a form of vertical communication.