



First Solar Executive Summary

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This case focuses on the early 2010s when First Solar, a leading photovoltaic (PV) solar manufacturer, faces a profound threat from subsidized Chinese PV manufacturers and must decide whether its capabilities are sufficient to maintain a competitive advantage.

Prior to the time of the case, First Solar was the low cost producer in the market, an advantage derived from its use of a patented cadmium telluride thin film technology to make solar panels, rather than the traditional crystalline silicon method. In 2009, First Solar broke cost records with its technology, producing panels that could generate a megawatt of power at a manufacturing cost of less than \$1.00 per watt.

At the time of the case, First Solar faces a series of important challenges: expanding production by subsidized Chinese PV manufacturers, declining purchase subsidies in important European markets, and declining prices for silicon, the key input raw material for its competitors' panels. These challenges threaten both overall profitability and First Solar's competitive advantage.

The broad areas of discussion for this case include industry attractiveness, competitive advantage, and how First Solar should respond to key challenges. The case is rich in data, allowing students to quantify their arguments, and indeed such quantification is needed for students to understand how First Solar should respond.

This teaching note was prepared by Professor Neil Thompson and Jennifer Ballen (MBA 2017).

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