

HP Inc.: Sequencing the AI-PC Portfolio

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Decision scope: Sequencing HP's AI-capable PC assortment across consumer and commercial customers

Case convention: This is a hypothetical strategy exercise based on public information. No private HP deliberation, budget constraint or formal committee assignment is represented.

The decision

On March 1, 2024, a hypothetical HP product strategy team is preparing for the next stage of its PC roadmap. HP has introduced its first laptops using Intel Core Ultra processors and says additional products with silicon and software partners will come in the following quarters. Management describes AI PCs as a gradual product transition, but customers still need capable applications, and HP must explain the value to buyers, sales teams and resellers. The team must recommend how quickly and broadly HP should expand the assortment.

Three paths are under consideration:

1. **Broaden quickly:** Extend AI-capable configurations across more consumer and commercial product lines as new components and applications arrive.
2. **Stage by use case:** Start with selected customer groups and workloads, then expand when evidence shows that applications and customers are ready.
3. **Keep the range narrow:** Offer a limited initial set while maintaining established configurations until customer value is clearer.

These are options for analysis, not disclosed HP plans. The public record does not identify a dedicated AI-PC budget, a binding capacity limit or a required sequence. What evidence should determine the next product decisions?

One company, different demand signals

HP sells commercial and consumer PCs, workstations and related services through its Personal Systems segment. Its Printing segment includes hardware, supplies, services and solutions. These are separate reported business segments, not interchangeable measures of one product market. [P1]

HP's fiscal first quarter ended January 31, 2024. Total revenue was \$13.2 billion, down 4.4% year over year. Personal Systems revenue was \$8.8 billion, down 4%, while units increased 5%. Consumer PC revenue declined 1% as units rose 10%; commercial revenue declined 5% as units rose 2%. HP reported a 6.1% Personal Systems operating margin. [P2]

Printing revenue was \$4.4 billion, down 5%, with a 19.9% operating margin. Consumer Printing revenue fell 22% and commercial Printing revenue fell 12%. Supplies revenue was flat on a reported basis and up 1% in constant currency, while printer hardware units fell 17%. HP realigned its Printing business units to customer markets in Q1 and reclassified prior-period LaserJet revenue from Consumer to Commercial Printing, so the consumer/commercial comparisons are affected by a reporting change. [P2]

Exhibit 1. HP fiscal 2024 first-quarter operating indicators

Measure	Q1 FY2024 result, year-over-year change
Total company revenue	\$13.2bn, -4.4%
Personal Systems revenue	\$8.8bn, -4%
Personal Systems operating margin	6.1%
Consumer Personal Systems revenue / units	-1% / +10%
Commercial Personal Systems revenue / units	-5% / +2%
Printing revenue	\$4.4bn, -5%
Printing operating margin	19.9%
Consumer / commercial Printing revenue	-22% / -12%*
Supplies revenue	Flat reported; +1% constant currency
Printer hardware units	-17%

HP realigned Printing reporting in Q1 and reclassified prior-period LaserJet revenue from Consumer to Commercial Printing; customer-market year-over-year comparisons are affected.

Source: HP Q1 FY2024 results release, segment results and reporting note. [P2]

The figures describe different things: units count products; revenue reflects sales value; operating margin is segment-level profit as a share of segment revenue; supplies revenue is not printer hardware volume. Constant currency adjusts for foreign-exchange movements. The results do not establish how many customers bought an AI-capable PC or why they bought it.

A new product category takes shape

At CES in January, HP launched its first laptops using Intel's Core Ultra processors. On the February 28 earnings call, CEO Enrique Lores said this was the start of a year of AI-PC innovation, with further products planned alongside silicon and software partners. He identified three adoption requirements: hardware that supports new models, applications that use the capabilities, and training for customers and sales teams. [P3]

Lores projected that AI PCs could account for 40%-60% of HP's own PC sales three years after launch. He characterized adoption as gradual, with a modest impact in FY2024 and a larger effect in later years. This was a management projection, not a reported result or a forecast for the entire PC industry. [P3]

HP's reported quarter shows units rising while Personal Systems revenue declined. Management attributed the revenue picture to soft demand and unfavorable mix, partly offset by share gains in consumer and commercial markets. Those statements are management's explanation; the public aggregates do not isolate the effects of price, configuration, customer mix or technology. [P3]

Questions the team cannot answer from the public record

The available disclosures do not show AI-PC sales by customer segment, application usage, realized price premium, productivity or security outcomes, product returns, support needs, or product-level margins. Nor do they show whether consumers and commercial buyers value the same capabilities. A broad launch could increase availability and learning; a staged launch could help HP test distinct use cases; a narrow range could limit complexity while application support develops.

Any proposed pilot, target group, timing, performance threshold or resource assumption is the team's own proposal. The company has not disclosed a fixed pool of AI-PC investment dollars or a requirement to divert funds from Printing or another segment.

Recommendation prompt

Recommend a sequence for expanding HP's AI-capable PC assortment across consumer and commercial customers. State what should be offered first, what evidence would justify expansion or a pause, and how HP should distinguish customer interest from realized value. Present the strongest argument against your own recommendation.

Sources

All evidence is limited to information public by March 1, 2024. Management statements and projections are attributed. No later launch, adoption result or market outcome is included.

- **[P1]** HP Inc. FY2023 Form 10-K, filed Dec. 18, 2023, Item 1 (Personal Systems and Printing descriptions), Item 7, and Item 8 Note 3, Segment Information. [SEC filing](#)
- **[P2]** HP Inc. FY2024 Q1 results release, Feb. 28, 2024, Exhibit 99.1 to Form 8-K, segment results lines 47-50; Printing reporting realignment lines 284-285. [SEC release](#)
- **[P3]** HP Inc. Q1 FY2024 earnings-call transcript, Feb. 28, 2024, PDF pp. 3-6 and 11. [Official transcript](#)