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GREATEST COMPANIES · RESEARCH SHEET · The Integration Moat

Samsung

The Empire That Makes Everything

KRX: 005930 · Electronics / Semiconductors · Founded 1938 · Suwon, South Korea

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Open the device you are reading this on. There is a strong chance its memory, its screen, perhaps its very processor, was made by a single South Korean company that began in 1938 selling dried fish, vegetables and noodles out of a small trading shop. Its name, Samsung, means three stars, chosen to suggest something vast and everlasting. While the rest of the chip industry spent forty years splitting apart, Samsung did the opposite: it tried to make everything.

Key Facts

Founder	Lee Byung-chul; transformed by his son Lee Kun-hee
Sector	Electronics and semiconductors — memory, displays, devices
Moat	Vertical integration — owning the whole stack, from raw silicon to finished gadget
Founder Archetype	Counter-cyclical nerve — spend into the downturn while rivals retreat
The Strategy	Make the memory, the displays, the processors and the devices, and profit at every layer
Defining Overhaul	Lee Kun-hee's 1993 Frankfurt declaration: change everything but your wife and children
Status	Public (KRX: 005930)

By the Numbers

The world's largest maker of memory chips for decades

Holds only ~7% of the foundry market against TSMC's roughly 70% — breadth is not leadership everywhere

Commits tens of billions of dollars to chip capacity in a single year

Developed its first DRAM in 1983, the start of its memory dominance

Even during the 2016 Note 7 fire and recall, strong memory and display profits kept overall earnings rising

Began in 1938 as a trader of dried fish and produce; into electronics 1969, semiconductors 1974

The Moat

Own the Whole Stack

Samsung's defining bet was vertical integration on a scale almost no one else attempted. It makes the memory, the displays, many of its own processors, and assembles the finished phones and televisions under its own brand, so it captures margin at nearly every layer inside a Galaxy, and when a rival like Apple sells a phone, Samsung frequently supplies the memory or the screen and earns money anyway. This is the opposite philosophy to ARM (which owns only a blueprint) and TSMC (which builds without designing). The advantage is enormous in a deeply cyclical industry: when memory prices crash, weaker rivals cut investment and sometimes die, while Samsung, backed by a vast conglomerate and a willingness to spend like a state, keeps building through the downturn and emerges owning even more of the next boom.

The Crisis That Tested the Empire

From Complacency to a Bonfire, to the Note 7

By the early 1990s Samsung was big but mediocre, a maker of cheap, unremarkable goods. In 1993 chairman Lee Kun-hee summoned his executives to Frankfurt and demanded total transformation, telling them to change everything except their wife and children; soon after, Samsung piled its defective products in front of thousands of workers and set them on fire, a brutal message that the era of quantity over quality was over. From that point it climbed to dominate memory and displays. The most public later wound came in 2016, when the flagship Galaxy Note 7 caught fire, and its replacements caught fire too, forcing a humiliating worldwide recall. Yet even then Samsung's memory and display businesses were so profitable that overall earnings rose, the breadth that makes vertical integration so expensive is also what makes it so resilient.

> ***" The player who is never forced to sell at the bottom captures the recovery the panicked seller misses. "***

The Legendary Scorecard

Category	Score	Notes
Founder Vision	8	A noodle trader's leap to a technology empire
Innovation	8	Memory and display leadership; a follower in advanced logic
Execution	9	Relentless scaling across every brutal cycle
Moat	8	Deep vertical integration few can match
Capital Allocation	8	Spends counter-cyclically, like a state
Wealth Creation	8	Reshaped the Korean economy and global electronics
Durability	9	Survived every cycle for decades; absorbed the Note 7 disaster
Historical Importance	9	The world's largest memory maker and a national champion
Overall Legendary	**8.5 / 10**	Vast, integrated and resilient — but breadth has not won the one race that now matters most

Scores are an editorial verdict on the standard eight-category Greatest Companies scale. The overall is a judgment, not a weighted average.

Timeline

1938	Lee Byung-chul founds Samsung as a trading company in Korea
1969	Samsung enters the electronics business
1974	Samsung enters semiconductors by buying Korea Semiconductor
1983	Samsung develops its first DRAM memory chip
1993	Lee Kun-hee launches the New Management overhaul with the Frankfurt declaration
1995	Lee orders defective products burned in front of workers to enforce quality
2009	Samsung launches the Galaxy smartphone line to rival the iPhone
2016	The Galaxy Note 7 catches fire and is recalled worldwide
2025	World's largest memory chipmaker, but trailing TSMC badly in foundry and racing to lead in AI memory

Lessons — What This Means for You

THE MOVE · Own the whole stack, capture every margin
Samsung integrates vertically until it makes nearly every important piece itself, earning margin at every layer and supplying even its competitors. Understand where the value in a chain actually accrues, and consider whether owning more of that chain, rather than specialising in one link, is the stronger position for your particular advantages, it is not right for everyone, but for a player with the scale to fund it, it can be formidable.

THE MONEY · In a cyclical business, the deepest pockets win
Memory is a brutally cyclical commodity that bankrupts the weak; Samsung's edge is endurance, the willingness and resources to keep investing through the busts so it owns ever more of each boom. The player who is never forced to sell at the bottom, who has the capital and nerve to keep buying when others capitulate, captures the recovery the panicked seller misses.

THE MIND · The discipline to burn what is not good enough
The defining image of Samsung's transformation is a bonfire of its own defective products, lit to force a culture of quality on a complacent company. Real improvement often requires the harsh honesty to reject your own mediocre output, and the discipline to refuse the easy path of good enough.

Related Reading

The focused rival that beats it in foundry: TSMC: The Most Important Company You Have Never Thought About

A giant customer and rival whose chips it fights to build: Apple: Ninety Days From Death to the World's Most Valuable Company

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Sources & Further Reading

Geoffrey Cain, Samsung Rising: The Inside Story of the South Korean Giant (2020)
Samsung Electronics annual reports and disclosures
Greatest Companies (Samsung chapter), The Complete Trader's Edge

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