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IBM's Enterprise Process Transformation

CIO Academy
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IBM at a Glance

$107B Revenue, $16.3B Income 2011

Operations in over 170 Countries

Key Business Segments

- Services
- Software
- Hardware
- Research
- Financing

Business Model

Helping clients succeed in delivering business value by becoming more innovative, efficient and competitive through the use of business insight and information technology (IT) solutions, and providing long-term value to shareholders

A highly inclusive workforce:

Over **425,000** employees operating in **170** countries:

50% less than 5 years of service

40% work remotely

Approx. **5,000** employees in the CIO globally

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IBM's Transformation: An Ongoing Journey

- Keep company together & stabilize business
- Bring massive decentralization under control (e.g., 128 CIOs to 1; 70 ad agencies to 1)
- From country to global brand P&L statements
- Move to integrated solutions
- Dramatic growth in services

Changes in world markets

Changes in information technology

Changes in client needs

- Focus on open technologies and high value solutions
- Deliver integration and innovation to clients
- Become the premier Globally Integrated Enterprise
- Move to values based culture
- Lower the center of gravity for decision making

1993 1995 1997 1999 2001 2003 2005 2007 2009 2011 2012

Gerstner era ('93 thru 2002)

Palmisano era ('03 thru 2011)

Rometty era ('12 to present)

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Governance and Prioritization Enable IT

How we did it

- Began with a **massive consolidation**:
  - 128 CIOs to one
  - 155 data centers to 5
  - 16,000 applications to 4500
- **Capitalized on open standards & virtualization**
  - 6500+ servers consolidated since 2008
  - Created GenO **-** global, virtual community uses collaborative practices to develop software
- **Leveraged Cloud** to share resources, rapid scaling & self-service
- Transformed intranet into **robust social networking platform**
- **Prioritized investment spend @ Enterprise level**

Impact

- **$1.75B in IT savings since 2005**
- **Project Green** to deliver 80% energy cost savings & 85% floor space reduction
- **Develop/Test Cloud** server supports 5000 images, 500 projects and 1000 developers
- **Blue Insight** worlds largest private cloud, supports 200K + users
- **GenO model** delivers cycle time reductions of 30%; 1/3 decrease in development costs
- **Social Computing** fuels collaboration
  - 155K employees in Technology Adoption Program (up 48% from 2010)
  - 600K+ users in Lotus Connections
  - **Growth market branch offices** increased significantly to 222 branches through 2011

TAP: Driving Early Adoption

Application Portfolio Mgmt

SOA for Enterprise Flexibility

BlueInsight Analytics Cloud

Security for Global Business

Project Big Green

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Our strategy to become the premier Globally Integrated Enterprise has influenced our shift to a centralized CIO organization

IBM IT $ IN BUSINESS UNITS

IBM IT $ IN CIO

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