

INPUT

- REPORT -  
PRODUCTION QC SCHEDULE

PRINTING/BINDING SPECIFICATIONS

AUTHOR PLEASE COMPLETE:

Project Code: MMRB

- Cover: GBC Soft Vinyl  — Soft Vinyl Window Cover   
 Hot Strip Paper Cover  — 80 lb. White Paper  Color Cardstock   
 Binder  — 3-Hole Drill  Shrink Wrap

Cover Title—Exactly how it is to appear on the report cover.

Front: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Spine: (1 Line)  
(more than 67 pages only)

(Binder spine may have 2 lines)

Estimated number of pages: < 32  1/16" spine  
Please note: 1/16" spine is too small for title to be printed on it.

- 33-66  1/8" spine  
 67-130  1/4" spine  
 131-196  3/8" spine  
 197-260  1/2" spine  
 261-324  5/8" spine

Executive Overviews:

No. required for Thank-You packages: \_\_\_\_\_

Program Manager Approval: \_\_\_\_\_ Date: \_\_\_\_\_

CENTRAL FULFILLMENT/PRINTING PLEASE COMPLETE:

1. REPORTS: Fulfillment 155  
 Stock 95  
 TOTAL 250

2. EXECUTIVE Fulfillment \_\_\_\_\_  
 OVERVIEWS \_\_\_\_\_  
 Stock \_\_\_\_\_  
 for Thank-You packages \_\_\_\_\_  
 TOTAL \_\_\_\_\_

3. Binding: Cover Color \_\_\_\_\_ Spine Size \_\_\_\_\_ Hot Strip Color \_\_\_\_\_

4. Date to print: \_\_\_\_\_

5. Date to be shipped: \_\_\_\_\_ Complete actual ship date on first side.

6. Fulfillment, PLEASE PRINT:  labels  packing slips



## IBM Global Services' De Facto Strategy

IBM's competitors sometimes dismiss IBM as offering low value-added services that focus on yesterday's technology. In INPUT's view, the reality of IBM's services is quite different from that image. This research bulletin will show where IBM is now, and where it is heading.

IBM services have been organized as "IBM Global Services" since the end of 1995. Global Services consists of six units:

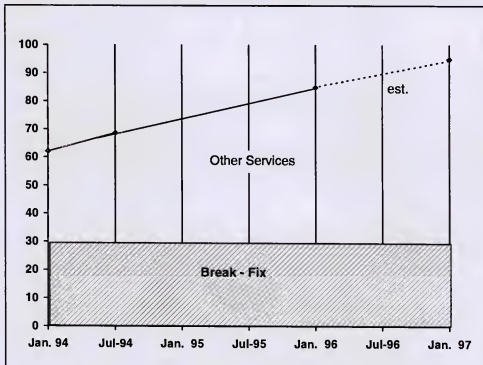
- Managed Operations (commonly referred to as "ISSC")
- IBM Global Network
- IBM Consulting
- Systems Integration/Application Development
- Education & Training
- Availability Services (mostly "break-fix" services)

Global Services is big, and growing: by the beginning of 1997, INPUT believes the Global Services headcount will be close to 100,000. Excluding the break-fix business, this represents a compound growth rate of over 20% (See Exhibit 1).



## Exhibit 1

## IBM Global Services: Number of Employees (Thousands)



Source: INPUT

In the last year, IBM has been aggressively repositioning itself as a service provider. New offerings are aimed at non-traditional platforms and at “sunrise” parts of the business. The following recent announcements are representative of its expanded range of service offerings:

- Environmental health and safety management products and services
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- An array of multimedia solutions
- A selection of desktop and distributed management services
- Intelligent agent-based products for network information searches
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These initiatives have not yet had much impact on IBM’s “mindshare” among customers and analysts:

- There is generally a lag between announcements, sales and delivery.
- IBM has not yet provided a “map” to show how individual offerings or families of offerings fit together.
- IBM’s competitors have been making many similar announcements, raising the overall level of noise and “information clutter”

But IBM’s services initiatives are far from being just talk. Much of the increase in Global Services headcount will come from adding resources for the mainstream outsourcing and systems integration business. However, IBM is also in the



process of adding significant numbers of staff in areas far outside traditional data center outsourcing (Exhibit 2). INPUT believes that these hiring plans exemplify the new look of IBM services.

Exhibit 2

### Selected Hiring Targets of IBM Global Services

Business/Technical Area	Approximate Headcount Target
Network Outsourcing/Network Station Management	1,000
Internet/Intranet Systems Integration	400
Notes Systems Integration	300
Network-Focused Business Consulting	125
Internet Security	75

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### Don't Count Outsourcing Out

Some view IBM's data center outsourcing business as a cow to be milked until mainframes are put out to pasture. In INPUT's view, this is a mistake.

IBM's legacy outsourcing, in fact, represents a significant opportunity for both IBM and its customers to make the transition out of older technologies and practices.

Success will depend on:

- Expanding (and, in some cases, rationalizing) its service offerings to cover major market requirements.
- Forming solid partnering arrangements to cover other service requirements.
- Seamlessly integrating (from the customer's standpoint) managed operations and other services.
- Retooling some of the Managed Operations (ISSC) employees who were transferred to ISSC from customers to serve as sales support.

### IBM's Implicit *Horizontal Services* Strategy

IBM's services strategy is still evolving. There is no master plan provided to the outside world. The lack of an explicit strategy is in part positive, given the rapid changes in the market and inside IBM. A formal plan could lead to inflexibility.

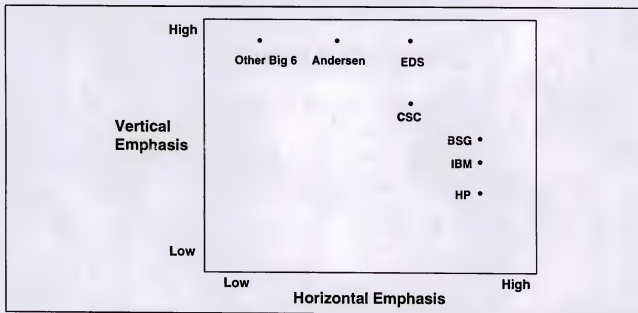
After discussions with IBM services executives, INPUT infers a horizontal services strategy on the part of IBM. This is a strategy that is different from many of its major competitors (See Exhibit 3).





Exhibit 3

## Strategies of Selected IT Services Firms



Source: INPUT

The sales and delivery strategies of Andersen and EDS are primarily vertical, i.e., driven by industry knowledge and specific applications. Andersen has always followed this approach as has EDS since its reorganization in 1989. Their vertical approaches have been very effective in terms of growth, recognition and profitability. CSC's recent acquisition of Continuum underscores its intention to become a major player in vertical markets. (EDS and CSC also have large horizontal outsourcing businesses.)

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Is IBM out of step? Or, is IBM developing positive differentiation? IBM could have a winning strategy:

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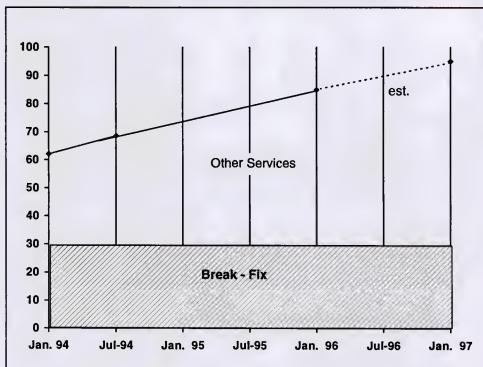
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see



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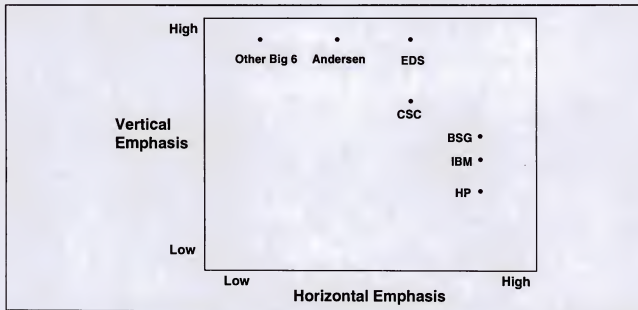
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# MEMORANDUM

06 June 1996

**TO:** Judy Parks  
**FROM:** Janine Crowley  
**SUBJECT:** MAPS Research Bulletin  
**CC:**

File:Chron:  
Adm:  
Contact:  
Other:  
If Other:

---

Enclosed is a hard copy and disk for the June 1996, MAPS Research Bulletin. I have two queries:

1). Tom thought that the volume number should be 4. Could you please check that this is the correct volume number? *OK*

2). On the last page of the bulletin, where it has the contact information, should Bob Goodwin's name be there or should it be Tom's and the NJ office address? *Tom - NJ per BS Goodwin*

If query number 2 should be Tom's name and address, this needs to be changed on the disk before it goes to print.

As always Judy, thank you for all your help!

*Janine*



Please check  
if number is  
correct.

✓

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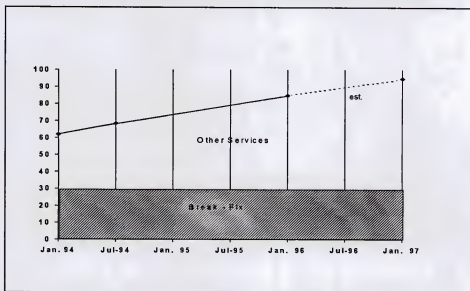
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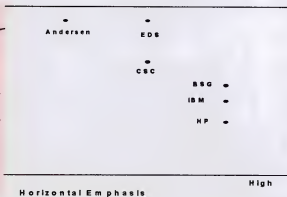
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& address be here?  
Or should it be  
the author's, which  
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