

We are entering an era that promises more fundamental, rapid and multifaceted disruption than our planet has experienced since the Industrial Revolution. I believe it presents both profound opportunities and daunting challenges to every business, government, community and individual in our rapidly “flattening” world.

We experience this every day at IBM, in our labs and in our work with clients and the community. And I hear it constantly in my conversations with CEOs, heads of state and leaders of academia, communities and nongovernmental organizations from every part of the world. Major forces — most importantly the digital network revolution and the onrushing reality of globalization — are creating new levels of competition, new forms of innovation and far deeper integration of technology, business and society than the world has ever seen.



SAMUEL J. PALMISANO
IBM Business Leadership Forum, St. Petersburg, Russia, June 2007

One very visible impact is a change in the form of the corporation itself. The 20th century “multinational” is giving way to a new kind of institution, what we at IBM call the *globally integrated enterprise*. This is a very different organizational architecture and way of operating any business or institution. Most importantly, it offers hope for a new kind of progressive globalization — one that not only generates new opportunity for innovation and growth, but also extends that opportunity to many more regions and people.

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However, we must not be naïve or complacent. We will not achieve these benefits or navigate our organizations through this disruptive change by operating the way we have in the past. *Only aggressive innovation will get us through* — innovation that changes the enterprise from top to bottom and that engages it far more intimately with a broad societal ecosystem of businesses, communities and institutions.

Let me give you one example of this kind of innovation at IBM. We all hear a lot today about how companies, institutions, countries and regions are learning to succeed in a globally integrating environment. But how does the *individual* compete and win in a flat world? Frankly, this is what makes globalization such an emotional and polarizing issue to many people.

I believe that the answer for the individual is similar to the answer for companies and nations — expertise, skills, knowledge. But simply saying that doesn’t really solve the problem — in fact, it just begins the discussion, because the nature of expertise itself is changing.

In the past, to become an “expert,” you went to school, you studied a body of knowledge, received a degree or certification and then went to work, usually with the expectation that you would stay in your chosen profession or career track for a lifetime. However, the nature of competition and the forces of innovation are shifting the frontiers of science, business and technology continuously. Expertise today is not static. To be competitive, any individual — like any company, community or country — has to adapt continuously, learning new fields and new skills. This is true within any given job, and it’s true across the span of an entire career.

Well, who is in the best position to shape that learning? At IBM, we believe it’s the individual. No corporate headquarters can possibly adapt as rapidly or as specifically as a global marketplace requires. And we believe that this, in turn, requires nothing less than a new relationship among the company, the individuals who make it up and society at large.

At IBM, we've begun our own journey toward this new model, toward empowering and enabling our people to make decisions and to act. We call it "lowering the center of gravity" of the company — that is, trusting IBMers and pushing decision-making authority out and down. This has changed everything from how we manage our client relationships, to our R&D, to our approach to employee learning. It has also changed how we think about volunteerism. On Demand Community, for example, encourages and equips IBMers and retirees to be effective and engaged volunteers in their communities. They have contributed more than 6 million hours since the program launched in 2003, and On Demand Community marked its 100,000th registrant in 2007.

More choice, more control, more responsibility in the hands of the people who are in the best position to call the shots — not headquarters, but the individual IBMer.

We took another step in 2007 with the introduction of something we call the IBM Global Citizen's Portfolio. This new framework is aimed at enabling current and future IBMers to position themselves advantageously as global professionals and global citizens. You can read about its initial programs — focused on skills, leadership development and career transitions — in this report.

We're convinced this is the right path forward for individuals, communities and organizations, but we know it will require some unconventional approaches — innovations that will be every bit as meaningful as the discoveries coming out of our labs. But, then, that's exactly the kind of challenge IBMers were thinking about when we came together to shape our core values four years ago, including "Innovation that matters — for our company and for the world."

This report describes how this new model of global citizenship and the values on which it rests are shaping IBM's point of view on corporate responsibility in the 21st century. It also touches on some of the many ways we're making that vision real. I hope that you will find it informative. And I also hope that it encourages you to join with us in advancing the kind of progressive innovation that is so excitingly possible — and so urgently necessary — in today's world.

A handwritten signature in blue ink that reads "Samuel J. Palmisano". The signature is fluid and cursive, with a long horizontal line extending from the end.

Samuel J. Palmisano
Chairman, President and Chief Executive Officer