Smarter Planet Perspectives

IBM Transformation: Building an Infrastructure to Support a Globally Integrated Enterprise
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2011 Transformational Efforts

Shared Services, GISPs and IOMs play a critical role in achieving our 2015 roadmap objectives

**Shared Services**
- Deliver Shared Service in-a-box for accelerated growth market expansion
- Optimize our Centers of Excellence through an enhanced location and consolidation strategy
- Radically simplify with a focus on work prioritization and elimination

**End-to-End Process Transformation**
- Enable revenue via sales and business partner productivity and supporting GMU expansion
- Reduce portfolio complexity and optimize software, hardware and labor spend
- Deliver expense savings through horizontal integration and operational efficiencies

**Integrated Operations**
- Draw on significant synergies in our worldwide process, skills, and assets to drive integration
- Optimize productivity through smarter technology including Analytics and Cloud
- Accelerate globalization of leadership and functions

**Pat Toole**
BT/IT

**Kathy Colucci**
Opportunity to Order

**Mary Garrett**
Global Client Centers
IBM’s Ongoing Transformation Journey

The “Smarter” phase of our transformation is underway

2002
Sharing & partnering

- Consistent set of processes worldwide
- Leverage best practices
- Standardize and reduce waste
- Governance and performance discipline

2006
Globally integrating

- Right skills, right place, right cost
- Rationalize support functions for greater efficiency
- Radically simplify processes

2010
Making things smarter

- Instrumented, interconnected, intelligent
- Enable growth and productivity
- Optimize the whole system
Progress to Date

Productivity improvements of $6.2B were achieved through 2010

- $4.8B spending reduction in Shared Services from 2005 through 2010
- $1.4B productivity improvement in end-to-end process transformation and integrated operations
2015 Roadmap: Operating Leverage

Applying transformation principles to all of IBM’s spending to drive $8B in productivity benefits over the next 5 years.

- Shared Services $2.3B
- Globally Integrated Support Processes $2.6B
- Integrated Operations $3.1B

- Radically simplify
- Integrate operations across units
- Drive differentiated innovation
- Enable growth and productivity

Total Cost and Expense

2005: $16.3B
2010: $11.5B
2010: $80B

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Radical Simplification and Integration

Our transformation initiatives play a critical role in achieving our 2015 roadmap objectives

Shared Services
Globally integrated organizational units providing support services to all of IBM

End-to-End Process Transformation
Horizontal, end-to-end process transformation initiatives

Integrated Operations
Programs that draw on synergies in our worldwide enterprise processes, skills and assets to drive integration

Human Resources
Global Sales Operations
Integrated Supply Chain
Real Estate Operations
Finance
Legal
Information Technology
Marketing and Communications
Sales Transaction Hub

Hardware Product Management Transformation
Incentives
Order-to-Cash
Opportunity-to-Order
Service Labor Management Transformation
Service Product Transformation
Business Partner Enablement

Business Operations
Global Client Centers
Center-Based Operations
Sales Management and Support Development