Chairman’s Letter

In this section, Chairman, President and Chief Executive Officer Ginni Rometty’s letter describes how IBM’s goal to unite its business and citizenship strategies is taking shape. We take a thoughtful, comprehensive approach to corporate responsibility and corporate citizenship at IBM, and we integrate that approach into many aspects of our company.
Innovation that matters

Five years ago, we began a conversation with the world about building a Smarter Planet. It was based on what we were seeing with clients and stakeholders around the world, as a new era of technology and global integration unleashed an unprecedented volume, velocity and variety of data.

We believed this so-called “Big Data” constituted nothing less than a new natural resource. What steam power, electromagnetism and fossil fuels were to earlier eras, data could be to ours. It held the potential to unleash new levels of prosperity and societal progress.

Since then, we have been working with clients, partners, academic peers, government leaders and other constituencies to mine and apply that resource—helping to make healthcare more accessible, education more effective, food safer, transportation more reliable and cities more livable. We have also applied analytics, social networks and cloud infrastructure within our own company—making IBM more valuable and transparent, reducing our energy use, and improving our capacity to innovate for our clients and for the world.

These are important goals—and you can read in this report how we measure our progress against them. But our commitment to Smarter Planet yielded something beyond Key Performance Indicators. To build a Smarter Planet—and to run a smarter enterprise—it turns out that your business and citizenship strategies must be more than aligned. They must become one.

This is a fairly novel way to look at business—and at corporate responsibility. It’s very different from checkbook philanthropy or even traditional notions of “giving back” or CSR. And speaking as an IBMer, I believe it comes from the core of our culture, values and purpose as an enterprise—to be essential to our clients and to the world.
As Thomas Watson, Jr., IBM’s second chairman and the son of its founder, put it: “Corporations prosper only to the extent that they satisfy human needs. Profit is only the scoring system. The end is better living for us all.”

As you read this report, I encourage you to think about how this model of corporate responsibility takes shape in concrete, measurable ways, such as:

• Making better decisions through predictive analytics: We don’t just apply analytics to our clients’ businesses and to our own strategic judgments, but also to our citizenship initiatives. For example, Smarter Cities Challenge, now in its third year, is a donation of IBMers’ problem-solving expertise to 100 cities around the world, helping city leaders solve critical problems as they collect and analyze data from complex urban systems, to reduce costs, improve infrastructure and make cities more livable.

• Creating greater value through social networks: Social environments amplify benefits not just for IBM’s employees and our clients but also for all the stakeholders with whom we collaborate. Consider Supplier Connection, a network of global companies working together to make it easier for small businesses to become suppliers to large companies—helping them to grow and increase hiring. Or take the IBM On Demand Community, in which IBMers share service opportunities and resources, making nonprofit organizations more productive. Through this program, IBMers have contributed more than 15 million hours of service in 10 years.

• Reimagining how services are delivered: On a Smarter Planet, value can increasingly be delivered not just to “segments,” but to individuals—whether customers, students, patients or citizens. One notable example is Pathways in Technology Early College High School, or P-TECH, in Brooklyn, New York, where students are mentored by IBMers. P-TECH was cited by President Barack Obama in his 2013 State of the Union address. This radical new educational model for grades 9–14 leads to an associate degree in applied science to help prepare successful students to enter the workforce or complete a college degree. The P-TECH model is expanding throughout New York State to Chicago and to other cities across the United States.

This list could go on—new approaches to leadership development (as in IBM’s Corporate Service Corps), supply chain, environmental sustainability, citizen engagement, entrepreneurship and more, built by strong collaborations with government and civil society. This strategy brings successful innovations to scale and builds them to last. Many examples are described and quantified in this report.

The pursuit of a Smarter Planet and the resulting convergence of our business and citizenship strategies have resonated both inside and outside IBM—galvanizing our workforce and inspiring other organizations to consider similar approaches. A rising generation of innovators and leaders is making our planet smarter at the local, city and even global level. For more than 430,000 IBMers across the globe, helping them do so is the opportunity of a lifetime. I hope you will join us in seizing it.

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