

IBM on Service Transformation



1960s Mainframe Computer Specialist



1980s Smaller scale computers and servers



1990s Acquiring software developer

Service Orientation



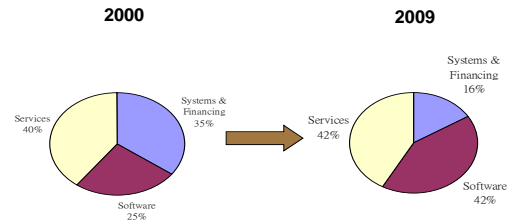
2005s Drop out of PC Market



2010 Acquire SPSS

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IBM Pre-tax Income



Source: IBM, (2010), 2009 Annual Report, [Online] Available at <http://www.ibm.com/servicesreport2009> [Accessed Date 6 June, 2010].

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Service Transformation

- Different economies are evolving from agricultural to industrial, and industrial to service concentration
- IBM is a famous computer hardware designer and manufacturer since 1950s
- After sales customer service differentiated IBM from other competitors since the earlier days
- IBM continues to develop its services since 1990s and gradually focus on software services and consultancy services in the last two decades
- IBM reduces its scale on manufacturing and eventually sold out its profit making personal computer division in order to maximize its return on investment by concentrating on services industry
- In 2008, 90% of incomes comes from service-related products.

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