Apple and IBM: A Strategic Intersectional Alliance

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Apple and IBM first collaborated in the 1990s to create a rival to Intel chips, the current industry standard at the time (Rubin, 2014). That partnership didn't create much value for either entity, resulting in the dissolution of the collaborative effort in 2005 when Apple switched to using Intel processors in their computers (Keizer, 2014). In 2014, they announced another collaboration, this time to develop and deploy enterprise apps that leverage IBM's analytical prowess with Apple's user-centric ecosystem. Critics are very impressed with this collaboration (Dignan, 2014; Keizer, 2014; Rubin, 2014), and most see it as a win-win for Apple (Keizer, 2014), although it does have significant advantages for IBM as well.

This collaboration is a highly structured strategic alliance which seeks to combine IBM's enterprise market penetration and analytics prowess with Apple's familiar, user-centric ecosystem to create helpful, informative, and customizable mobile enterprise applications. This is an excellent example of an intersectional alliance, or one where each partner normally has little to no market overlap (“Strategic alliance,” 2015), as Apple has little corporate penetration and IBM even less consumer device support (Rubin, 2014) and they are not forming a separate entity.

Apple has long lagged behind its competitors when it comes to cloud services (Rubin, 2014), with several security breaches reducing confidence in an already slow to market product (Kelly, 2014; Worstall, 2012). In contrast, IBM is a leader in enterprise-level cloud computing services, directly competing with powerhouses such as Amazon and Rackspace (“IBM cloud computing,” 2015). A collaboration with IBM allows Apple to utilize IBM's vast infrastructure as a service to solve cloud computing issues, as well as penetrate the enterprise market more fully without having to invest heavily in enterprise-specific marketing (Dignan, 2014). This also aligns with Apple internal business strategy of penetrating the enterprise mobile market as thoroughly as they have the consumer one (Rubin, 2014).

While extremely successful in the consumer mobile device category (Rubin, 2014), Apple has struggled with breaking into the corporate ecosystem for some time. IBM, on the other hand, has incredible enterprise penetration and use case data, but has little market opportunity at the consumer-level. Working with Apple to develop new industry standard apps aligns with IBM's recent focus on mobility (Dignan, 2014) and allows them to use Apple's vast insight into user experience to help create more user-friendly applications. According to Ezra Gottheil of Technology Business Research, if IBM and Apple can create enterprise apps that demonstrate real value to their customers, the cost of the device to run the app is no longer relevant (Keizer, 2014), which should help boost lagging sales in the enterprise sector.

This strategic alliance enhances the credibility of Apple at the enterprise level and IBM at the consumer level, a strategy which allows both companies more market penetration without the risk of investing in projects that aren't fully aligned with the long-term business goals. Although measuring the success of this partnership will be difficult as neither company is likely to share their profits or user numbers, the collaboration has already made dozens of foundational apps - applications that can be used across an industry and companies, but can be customized for a specific firm if needed (Keizer, 2014) - available to areas of enterprise such as customer service, law enforcement, banking & finance. Educational offerings appear to be the next stage of collaboration for IBM and Apple (Tofel, 2015), and the industry has high hopes for this success of this continued partnership and what sort of innovations we will see as a result.

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