



Ecosystem VendorSphere **Is this the “New IBM”?**

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Ecosystem Analysts comment on IBM's strategy based on recent analyst briefings



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What defines IBM today?



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Nearly a year after Kyndryl spun out of IBM, the question needs to be asked – “Who is IBM today”? It has always been difficult to say who IBM are and what they stand for. They have always been such a large business – with geographical and local quirks and differences that even IBMers struggled to say what IBM does. But now, they are a leaner, more focused business. So, it is a little simpler to say who they are and what they do. To start with, this is the “elevator pitch” I got when I specifically asked the question.

“We are going to focus all our innovation on AI and hybrid cloud to help you cut costs, get ready for the future, and to scale your business.”

ARVIND KRISHNA, CEO OF IBM

This summarises the two days of IBM analyst briefings that preceded his presentation. Senior executives from across the world said that IBM helps businesses:

- **Automate** to drive productivity at scale
- **Secure** all touchpoints, all the time
- **Modernise** for agility and speed
- **Become Data-driven** to predict outcomes



What is IBM's strategy for 2023 and beyond?



Peter Carr

Principal Advisor,
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IBM is a company with unfathomable legacy; one that is deserving of respect. In recent years, I got the impression that they felt adrift from their usual clarity and unshakeable confidence. But there are few tech companies in 2022 with a clearer 10-year strategy.

IBM's focus areas are now clearly articulated: Automation (through AI); Modernisation (through hybrid cloud); Transformation (through strategic consulting, BPM and containerisation); Data-driven (through prediction capabilities); and Security (through cyber offerings).

These areas are underpinned by a rich vein of technology products (hardware and software) and services (consulting), in a 70:30 portfolio split. This will serve the transformation agendas of thousands of organisations over the next decade and beyond. By then, almost 40 years into the 21st century, a global transition to the new technology order will be complete.



What are the biggest changes in IBM's strategy?



Tim Sheedy

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IBM's current value proposition shows some significant changes. It is clear just how important Red Hat is to IBM's success. They are the glue between the cloud and the infrastructure and the enabler of much of IBM's software business and the cloud development platform that will enable the innovation and agility that businesses – including IBM clients – demand.

It is also evident that partners are key to IBM's success – they have clearly stated that they hope to double the number of partners in Asia Pacific over the next few years. If this strategy is successful, many businesses will be introduced to IBM products and services through partners. This will make partner acquisition, education, and management essential for their success.



Why do you call it a “Simpler IBM”?



Alan Hesketh

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Doing business with IBM has traditionally been complex for technology buyers. Their range of offerings was extensive and often, somewhat confusing. Now, they are looking to present a simpler version of the organisation. With their four layers, i.e., consulting, software, cloud platform, and infrastructure, they are giving buyers a much clearer picture of their offerings. Of course, only time will tell if this truly makes it easier to buy their services.

With these newest changes in their structure and focus, IBM appears to be positioning themselves to serve large companies with significant spend. As an example, it was mentioned that the Client Engineering and Customer Success teams have grown to a combined strength of 2,000 employees – and these are services that will not be charged for. However, to justify this level of commitment, the customers they serve will need to have significant expenditure across IBM's products. I doubt SMEs will get to the level of expenditure required to receive these value-add services.



Where does hybrid cloud and AI feature in IBM's roadmap?



Tim Sheedy

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IBM Cloud is no longer being pitched as a generic competitor to AWS, Azure, and GCP. They are now going after very specific workloads – such as SAP, VMware, and regulated financial services. For other services, they will rely on private cloud and the hyperscalers, but also use Red Hat to build, architect, and manage the workloads across multiple cloud environments.

AI unlocks trillions of productivity dollars for businesses in Asia Pacific alone – and with high inflation, there is more motivation than ever before to unlock that productivity. IBM is identifying their clients who are looking to use AI in many different areas to unlock productivity for business. Being focused on the broader AI toolset gives IBM the license to work across all business teams and units, with a range of automation and AI initiatives. Simultaneously, it locks them out of the growing proportion of businesses that are relying on their enterprise application providers to make tools and platforms more intelligent.



What should IBM focus on?



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The tech talent challenge is impacting different tech companies differently. Large employers such as IBM, can offer attractive work opportunities, compensation, and growth, but there is always a threat lurking. Small, nimble, and highly innovative companies will offer tech talent the excitement and experimentation of working with new tools and concepts. IBM should continue to focus on being a meaningful organisation for their employees.



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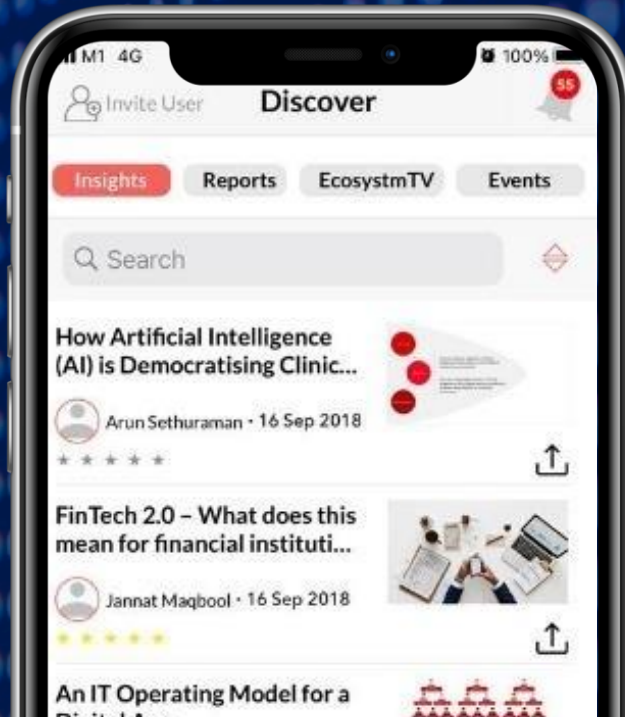
It is clear that IBM can provide value to businesses; and the analyst community is convinced. Their next challenge is to tell this story to the market. They need to be consistent, simple, and succinct. And more importantly, they need their partners to tell their story in their absence.



Peter Carr

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Every organisation must get serious about addressing the under-utilisation and management of business data, modernising legacy applications and automating processes, services, and roles. These are the practical, if not monumental tasks of digitising and virtualising every remnant of 20th century computing technology and management thinking. In this largely unrecognisable future, IBM is once again waiting to lead.



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