

Fall of ibm



CASE 15: THE FALL OF IBM Justin Marc C. Tariman B. S. B. A. MKTG 4 March 14, 2013 EXECUTIVE SUMMARY Purpose The purpose of this case study analysis report to understand and formulate a set of actions for the case of a company that is experiencing rapid environment changes and difficulty in protecting its core business such as how IBM perceived its mainframes as king of computers. Problem IBM biggest problems include its huge size, highly bureaucratic decision making approach, and its management's difficulty in accepting the fact mainframes become obsolete sooner.

The company lost on its focus toward meeting the needs of customers and instead over-emphasizing the needs of the mainframes. Methods of Analysis Methods of analysis used in the case were S. W. O. T. Analysis and Porter's 5 Forces of Industry Attractiveness to identify IBM's competitive advantage in a rapid changing environment and where in particular area the company failed to achieve in maintaining its position as market leader. Alternative Course of Action

Take advantage – Enter into systems integration, outsourcing, and consultancy services to fully provide a package of IT products and services. Sustain – Using IBM's “contention” system to achieved scale economies in production and cost advantages. Build – Building competitive advantage on every division while maintaining interdependence among these divisions and prevent rivalry among these divisions. Avoid – Avoid building one-side selling on product lines by giving each division its own sales force instead of having a separate division for sales force.

Recommendations It is recommended for IBM to ready its company in entering into systems integration, outsourcing, and consultancy services to

fully provide a package of IT products and services. It's a new business but it could greatly give more value on its products. This is also an advantage for IBM to use the size of its organization to outsource some of its resources to successfully create a niche in the industry. Outline of the Action Plan

Objective	Activities	Targets	Resources	Indicators
To enter into systems	Going into outsourcing and	Within 5 years, IBM will be	Research and development	The changes of demand in
integration, outsourcing, system integrations business	able to take lead in outsourcing and consultancy services to	outsourcing and integrate	Talents and skills of IBM's	fully provide a package of this business to other employees
Market share IT products and services. product lines	Global divisions	Share of revenue earned from	outsourcing and services.	IT infrastructures