

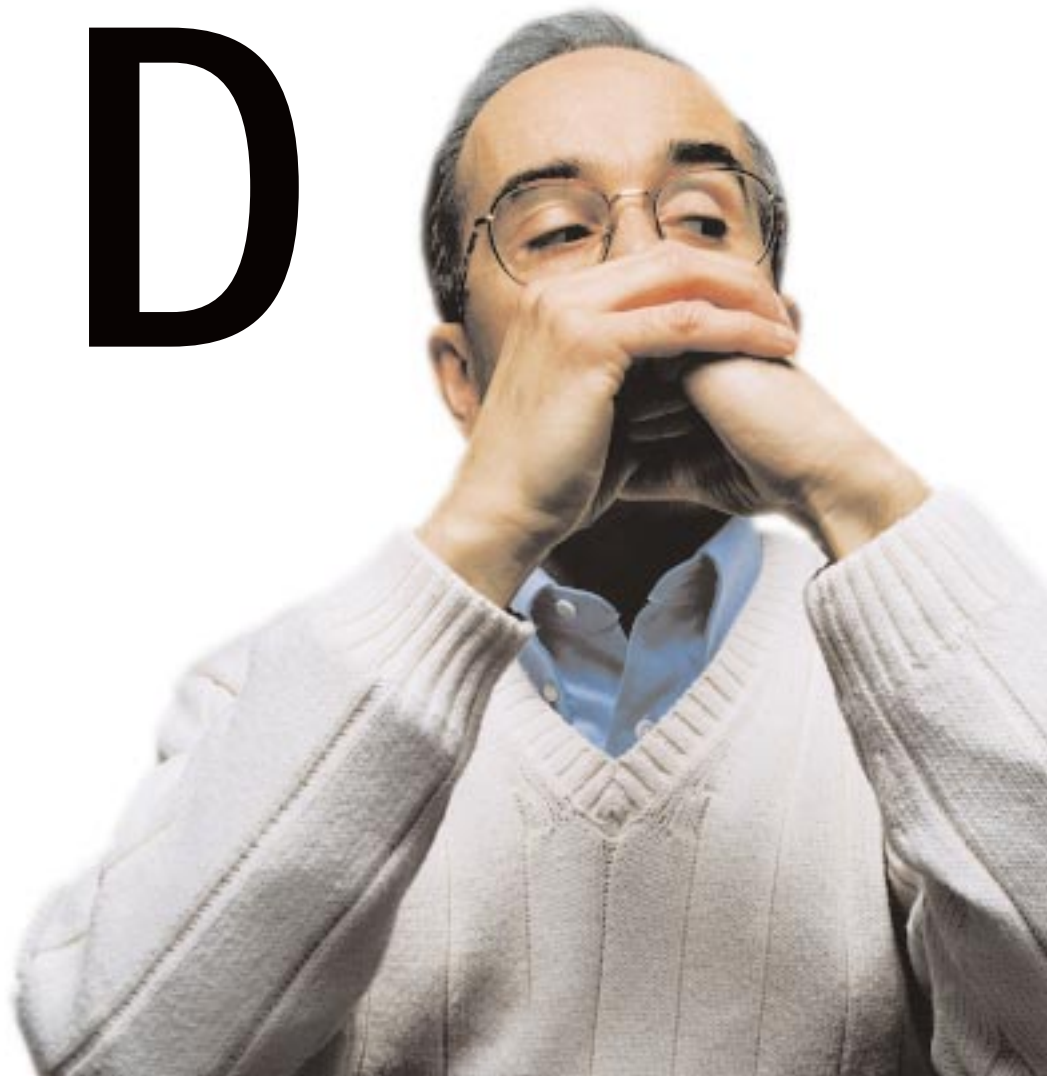
There is a relentless drive in the information technology industry to make things more powerful, less expensive – and always faster. **But for customers, the most important measure of speed isn't found in the machines.** It's in how fast marketplace opportunity arises, and vanishes – and with it, the chance to lead.

# 5. Fast FORWARD

The question they ask is: If everyone has access to the same technology (and they do), what's the real source of competitive advantage? Here's the surprising answer they get from the world's largest information technology company: there is no unique competitive advantage in technology alone.

Today, real advantage is found only when technologies are applied to solve problems, to create new capabilities for customers, quickly and cost-effectively. This requires skills, insight and knowledge – in other words, great people. This is the intensely human business of information technology services. It is the fastest-growing segment of our industry and, not coincidentally, the fastest-growing business in IBM.

ARD



Anthony Rizzi  
*global services professional*



## close the gap

CUSTOMERS SPENT ABOUT \$1 BILLION A DAY on information technology services in 1998. Why? Because there's a yawning void between a big idea - or even a well-crafted strategy - and marketplace execution. To get from one to the other, as quickly and cost-effectively as possible, customers increasingly draw on service

providers like IBM Global Services for assistance in areas spanning consulting and systems integration, application development and Web site hosting. We believe this trend will continue, for some of the reasons described here.

### The world is embracing new models.

New models of retailing, distribution, banking, education. One consultancy estimates that customers will dedicate fully half their e-business investments to services that help them make their moves to the Net. Over the past year, IBM has introduced more than 30 new e-business services - from Web site hosting, to e-commerce, to offerings for employee training and knowledge management.

### Demand outstrips supply.

It's a persistent dilemma that's getting more acute. Many of our customers lack the in-house information technology staff they need, and they can't hire sufficient skills. In the United States alone, want ads for hundreds of thousands of information technology jobs are going unanswered. IBM's 126,000 services professionals - who garnered the industry's top customer satisfaction ratings - are ready to help, and we're hiring more every week.





## Strategic partnerships catch on.

Customers seeking a competitive edge often decide to concentrate on their core business, and entrust the management of the information technology infrastructure to an expert partner. This model, strategic "outsourcing," is well known in the United States. And it's now sparking the imagination of customers like Cable and Wireless in the United Kingdom, Daiwa Bank in Japan and Caricentro in Italy. Of 38 outsourcing contracts we signed last year worth \$100 million or more, nearly half were with customers outside the United States, more than double the percentage of two years ago.

## A premium on security and privacy.

When businesses send valuable intellectual property over the Net, they have to know they can control access to their content, validate the ID of all participants in the transaction and provide a high level of security for the data. That's why five major music labels are using the IBM Electronic Music Management System to test the highly secure sale and digital distribution of CD-quality music over the Internet. This is just one of many IBM e-business solutions across dozens of industries – all backed by services that make e-commerce safe, secure and very real.



## Speed without sacrifice.

Speed or customization? It's not an either-or decision. Through thousands of services engagements, we build insights in one industry, and use them to create tested, proven solutions that can be replicated (and customized) in others – to get our customers going very quickly. In fact, seven of our 10 fastest-growing global offerings – built around opportunities like enterprise resource planning – are less than two years old.



## Not by services alone.

Customers who engage with our services business find they've also tapped a direct pipeline to solutions development teams in 26 industries, as well as the resources of IBM Research. Often, this can provide a competitive edge for our customers – and for IBM. Monsanto's decision to sign a long-term, strategic outsourcing agreement with IBM was based, in part, on the opportunity it saw to team up its genomics scientists with our pattern recognition researchers.