

IBM Shuffles Executives to Focus on Small Businesses

Top executives in several IBM business units have shifted jobs. The changes indicate continued emphasis on small-to-midsize businesses (SMBs) and creating synergies with Lotus within the Software Group.

Event: On 8 January 2003, IBM announced that Al Zollar, former Lotus general manager, will replace Buell Duncan as iSeries general manager. Duncan will replace Bob Timpson, who will retire as general manager of developer relations for the IBM Software Group. Ambuj Goyal, general manager of software and solutions strategy, will replace Zollar as Lotus general manager.

First Take: In their natural career path at IBM, executives broaden their experience in many different areas of IBM. Zollar has had little experience outside of the Software Group, so this change aims in part to broaden his experience in IBM's hardware business. Likewise, Duncan has worked in and around the AS/400 business for years, so this move gives him an opportunity to bring his experience working with AS/400 business partners to the Software Group.

The other significant aspects of these changes include:

- IBM has lately focused more on SMBs in software. Several years ago, AS/400 was IBM's primary product targeting SMBs, and the AS/400 business built a solid organization of business partners (channels and value-added resellers) aimed primarily at SMBs. The Software Group has focused (and succeeded much more) with large enterprise sales but hopes to exploit its technologies to expand into the SMB space. Duncan brings expertise with the SMB market and partners to the Software Group.
- As IBM delivers more integrated software packages for SMBs (such as WebSphere Express), it can first target them at iSeries customers, a large installed base of SMBs. Zollar brings his experience in IBM's software business to IBM's largest base of SMB customers. Duncan has mentioned that IBM will undertake a massive relaunch of the iSeries, in which software will play a big part. Therefore, expect iSeries announcements that include a major IBM software component.
- Although the iSeries installed base remains large and loyal, growth has slowed to a crawl. Thus, Zollar will become responsible for three goals with the iSeries (in order of importance) — maintain the installed base, increase use by the installed base of IBM software (primarily WebSphere and Domino) and generate growth in the business. Domino has contributed significantly to what little growth the iSeries has had in the past few years, so Zollar brings some additional experience in a primary growth area as well as the experience of someone from "outside" the iSeries world.
- Zollar has managed the first phase of integration of the Lotus organization into IBM by focusing on operational systems, service and support. Although IBM created some synergy between Lotus

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and the rest of Software Group, notably in WebSphere Portal, the next phase of the Lotus and WebSphere road maps require much tighter linkage. With a strong technology background from IBM Research and his prior role as strategist across Software Group, Goyal should be in a strong position to drive these challenging changes (see http://www.gartner.com/1_researchanalysis/vendor_rating/vr_ibm.jsp).

Analytical Sources: Thomas Bittman and Simon Hayward, Gartner Research

Recommended Reading and Related Research

- “Diversification Helps IBM Weather a Tough Economy” — IBM continues to be positioned well against its competition — particularly BEA Systems, EDS, EMC, Hewlett-Packard and Oracle. **By Thomas Bittman**
- “IBM Vendor Rating: A Powerhouse Scorecard” — Challenges for IBM lie in its capabilities for opportunistic, rapid software development, and the SMB market. **By Thomas Bittman**

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