

Case Title: IBM at the Crossroads

Unique ID: MHE-FTR-034-1259927628

Revised: April 8, 2015

Abstract: IBM traces its history to its founding as Tabulating Machine Company in 1896. IBM has experienced and survived multiple major technology changes, including the introduction of the personal computer, cloud computing, and growth in mobile technology. At times, IBM has been slow to respond, and following the disruption of its mainframe computer business by personal computers, the company experienced the largest single-year loss (\$8.1 billion) in U.S. history. Following this loss, IBM reorganized and moved into complementary areas of software, service, and hardware. Under current CEO Virginia Rometty, IBM is yet again at the crossroads as it experiences increased competition with moves into new strategic venues. At the same time, IBM revenues are declining in existing areas. CEO Rometty is facing a falling stock price and 12 consecutive quarters with falling revenues. Questions arise whether continuing IBM's strategy will provide sufficient growth.

Concepts: Competition, Competitive Advantage, Internal Analysis, VRIO Analysis, External Analysis, Industry Analysis, Innovation, Technology, Strategic Leadership, Alliances, Business Strategy, Corporate Strategy, Offensive/Defensive Strategy, Internationalization, Government Regulation

Context:

- Protagonist: Virginia Rometty, CEO
- Country: USA, but established international presence
- Sector: Information Technology (service, software, and hardware)
- Company Employee Count: 430,000+
- Company Revenue: \$92.793 billion (2014)
- Ticker Symbol: IBM
- Event Year begin: 2014
- Event year end: 2015

Teaching Note: Available