

# Introducing IBM: "Create value through innovation and partnering"

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what makes you \*  
**special?**

innovation for new answers

**IBM**

# The Global CEO Study 2006 of IBM explores the role of innovation plays on CEOs' agendas

**Innovation refers to newness, market relevance and change.**

- **“The creation of impact, value and differentiation in novel and unique ways, utilizing the many capabilities available to businesses today.”**
- **“Innovation occurs at the intersection of invention and insight. It’s about application of inventions to solve problems.”**
- **Innovation can be about Products, Services, Markets; Operations; Business models**

**765 CEOs\* across the globe were interviewed**

– 84 in banking, 35 in insurance, 44 in Travel and Transport...

**Business model innovation matters**

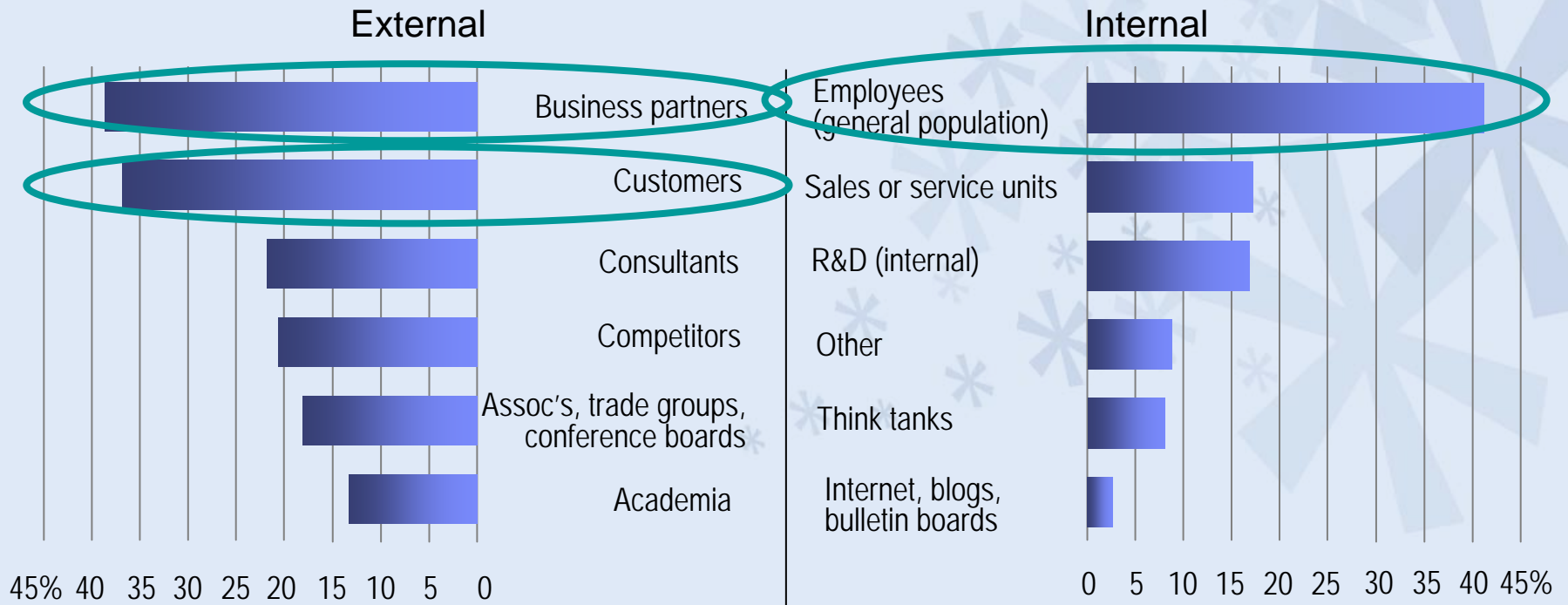
**External collaboration is indispensable**

**Innovation must be orchestrated from the top**

\* References to “CEOs” include CEO, Business Executives and Public Sector Leaders

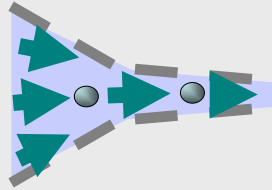
# Some of the most significant sources of innovative ideas reside outside the organization

## Sources of Idea Generation



Source: The IBM Global CEO Study 2006

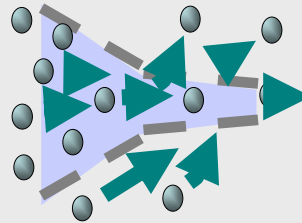
# Open collaborative innovation extends decades of evolution from corporate innovation to networks of innovation



## Centralized inward looking innovation

### Closed Innovation

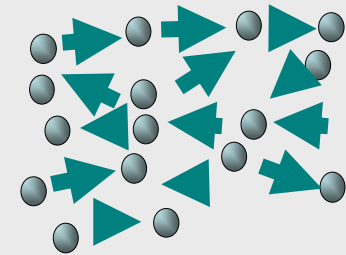
- Scarce technical skills
- Nurtured internal technical skills
- Focused on internal processes and funding
- Optimized for tailor-made innovations of proprietary technology and pre-defined business models.



## Externally focused, collaborative innovation

### Open Innovation

- Abundant technical skills and external funding.
- Innovations mostly as components on standard platforms used by many players.
- Knowledge is shared with business partners



## Ecosystem centric, cross-organizational innovation

### Innovation Networks

- Matches global innovation demand with a worldwide supply of talent and ideas
- Ecosystem players: Customers; External innovators; Integrators; Financiers & IP Brokers
- Open source

# The nature of innovation is changing as it is driven by long term fundamental advances in the economy, society & technology

**Globalization, Environment, Developing economies, Rise of services & intangibles...**

**The maturing IT and Communications create stable platforms for innovation**

**Historical precedents show that the scope and pace of innovation grow dramatically as platforms stabilize**

**Five leading innovation trends provide a comprehensive framework for analysis**

## Open collaborative innovation

*Global innovator networks, communities, open source*

## Focus on Intellectual Capital (IC)

*Rising interest in systematic creation management, trade*

## The primacy of the individual

*Autonomy, value are changing*

*Innovating by integration of technology components*

## Integration of existing technologies

*Services, operations, channels, enterprise, business models*

## Growing non-product innovation

# Global groups set strategic focus on accelerating the pace of change and innovation



1. Innovation budgets grow
2. Innovation teams appointed
3. New practices established



## 4. Innovation goals set

- Expand channels
- Grow developing markets
- Innovate delivery models
- Set innovation standards
- Create incubation structures

**“Innovation Intentions exist but the know-how is often missing...”**

# Innovation practices in IBM have evolved into the services business, demonstrating breadth, depth and rich experience

At IBM we believe in innovation that matters to our company and our clients

**“Innovation is a societal -- not a technological -- phenomenon, that arises from the intersection of invention and insight.” Sam Palmisano, CEO**

There are many Innovation activities and initiatives at IBM

**FOAK:** First-of-a-Kind projects; “Proof of Concept” with clients involving IBM Research & Sales

**GIO** and **GTO** – Global Innovation/Technology Outlook involving Communication or Research

**Think Place** - a cross-organizational platform for sharing ideas and promoting them

**On Demand Innovation Services (ODIS): IBM Research** works with GBS in client projects

Innovation workshops, **Industry Solution Labs/Centers (ISL/C):** discuss future technologies

**EBOs** – Emerging Business Opportunities: Long term innovation at the corporate level

**Venture Capital Group** invests in start up companies and helps link them to IBM’s businesses

**GTU – Global Technology Unit** – Connecting technology (startup) companies to IBM’s business


**Services Science, Engineering and Management (SSME)** – a new academic discipline

# Emerging Business Opportunities are Portfolio based

- Life Sciences
- Linux
- Pervasive Computing
- Digital Media
- Network Processor
- e-Markets
- Blade Servers
- Bus Process Integration
- Dynamic Workplace
- Flexible Hosting Services
- Storage Software
- STI Cell Processor
- Product Lifecycle Mgmt
- Autonomic Computing
- Business Trans. Outsourcing
- Engineering & Tech. Services
- Learning Solutions
- Grid Computing
- WebFountain
- Retail on Demand
- Sensors & Actuators
- Info-based Medicine

# The Global Technology Unit (GTU) - Partnering with the Israeli High – Tech results in Win / Win relationship

**IBM gives** 

- Market access / reach
- Marketing and sales channels
- Implementation resources (IBM Global Services)
- Access to IBM's R&D
- Technology support (IBM Hardware & Software) 
- IBM's Global Technology Outlook
- IBM's brand name

**Israeli Developer gets**

**IBM gets** 

- Rich industry solution portfolio
- New markets headlights and opportunities
- Innovative, cutting edge technologies
- Integration of IBM HW & SW in the developed solutions
- Services business opportunities (IGS / BCS)
- Access to specific industry sectors / markets
- The Israeli entrepreneurship and innovation – brand name

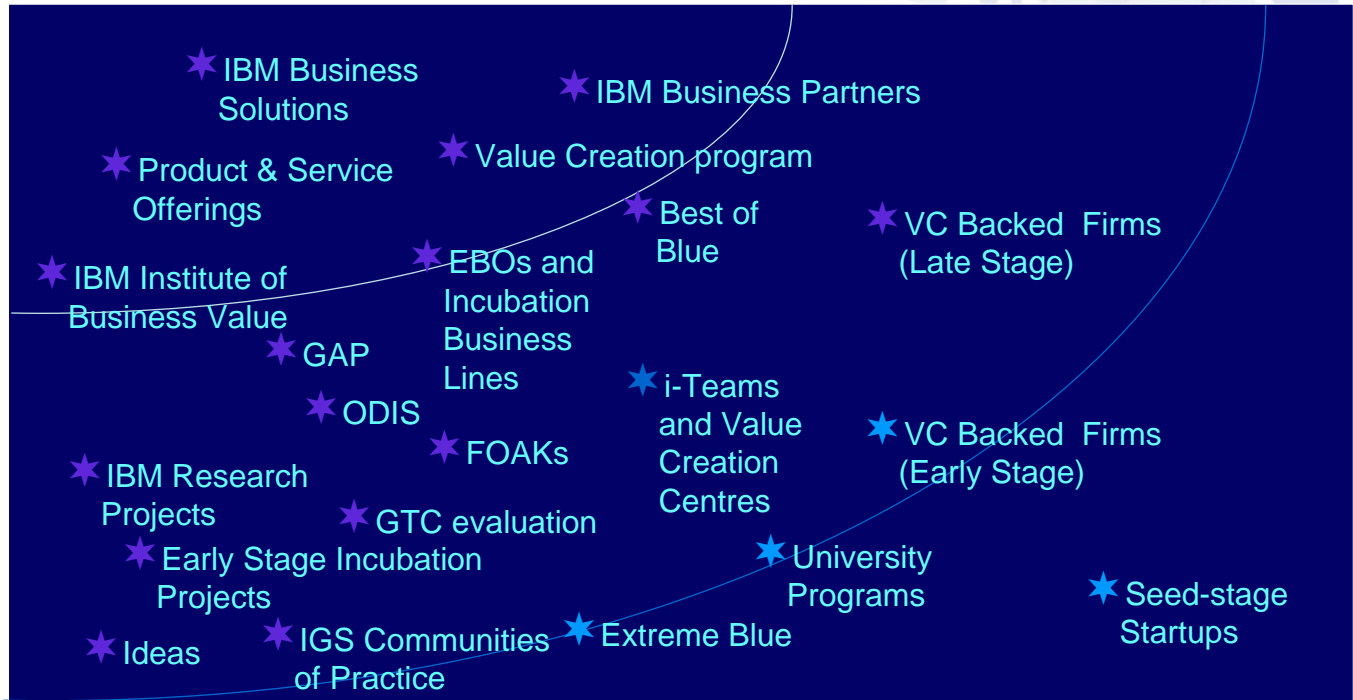
**Israeli Developer gives** 

# IBM's innovation portfolio is both broad and deep

Generally Available

Maturity of Technology/Solution

Bleeding Edge



**IBM-led Innovation**

**Involvement of External Partners**

**External-led Innovation**

# Panel participants

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***Global Leader, Innovation Management Practice, IBM Research***

**Dr. Klaus Neumann**

***Director ISV Business Development and Sales Germany (IDR)***

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# IBM and the Venture Capital Community

## IBM



IP

## IBM



expanded ecosystems



Strategic insights

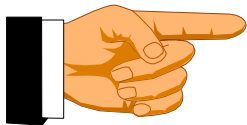


Acquisitions

# Importance of partnership and external innovation

*“A dwarf standing on the shoulders of a giant  
may see farther than a giant himself”*

**(Didacus Stella 1524 – 1578)**



**Creating relationships for mutual benefit**

***END***

# Possible questions (IBM internal only 😊)

## IDR

- what are the benefits of a start-up working with IBM in the IDR programs? Why should they do it?
- Do you have special center where a company can come and have architecture / design help
  - link to the IICs and PSCs
  - recently two newly opened: Dublin and Barcelona
  - Dublin IIC as well as European Venture Capital Center
- Some question to the on-demand service
- How can IBM support a start-up to become an international company?

## Research

- How is Research "handling" IP / IP licencing?
  - also link to the VC IP licencing program
- Is IBM research here in Europe somehow linked to the VCs
  - link to the VC Innovation days we do in Zürich and Böblingen; tailored agenda for the requirements of VCs; deep insides; per invitation only;
- How does IBM Research manage Innovation - How does they achieve the move from Invention to Innovation

# Possible questions (IBM internal only 😊)

## VC

- What is the strategy and model of the VC group to work with VCs and startups
  - the Give and Get model with the top ~ 200 VCs (Some may know it; some doesn't)
- Do we invest directly in startups and if no, why not?
  - No, ....
- Can IBM be seen as an "Exit" channel for VCs?
  - Not really; it happens, but ....
- How do you work with start-up not always to have an exception process
  - link to the IDR programs; stick to an existing process; use existing resources; promote start-ups in the program to achieve a higher degree so they can use the technical and business benefits of the programs
  - Is the IBM VC model a good example for other companies.
- Anything we are doing particular in Europe
  - "co-organizing / sponsoring entrepreneurial conferences; deliver content to these conferences
- Do we just try to influence Portfolio Companies, or does the work with VCs change the IBM strategy?

## Generic questions:

- Do you see entrepreneurial spirit in your jobrole? Or is it missing?
- What can we do to support better penetration of european start-up in the global IBM?
  - maybe DANGEROUS; have a bad ration so far.

# More Information on IBM Venture Capital & Partnerships

➔ Internet:

<http://ibm.com/venturecapitalgroup>

➔ Success Stories:

<http://www.eetimes.com/showArticle.jhtml?articleID=172901188>



Partnerworld:

<http://ibm.com/partnerworld>

