



## Roadmap into the ...

### Global Union Alliance @ IBM calls for a reorientation of the IBM

Since the announcement of the Roadmaps 2010 and 2015, IBM has mutated into a company dedicated to financial management. The most important invention of IBM, the IBMers has degenerated to the means to an end. Earnings per share (EPS) have become the corporation's most important goal. Lack of appreciation of its own employees threatens to undermine the corporation from the inside out. The employees who have made the IT giant a driver for innovation and the world-record-holder in patent applications have already begun to lose their faith in their own employer. The fact that IBM has not published the results of the recent staff survey for six months, is a strong indicator of a miserable mood and motivation of the workforce.

- The changes in MBA and TCR served to slow down the increase of IBM-wages. The GDP in 2013 has failed. The salary increases are lagging behind the general wage growth or inflation in many countries.
- Worldwide many IBM employees fear for their jobs. The discussions about IBMs approach to cloudworking and crowdsourcing as well as annually recurring actions of "workforce rebalancing" reduce the generally perceived job security.
- Internal processes, such as the PBC evaluation process, are seen as unfair or even discriminatory.

In the IBM headquarters in Armonk the roadmaps are developed, announced and controlled. A rethinking has to start there. For this reason, the GlobalUnionAlliance@IBM with the UNI, IndustriALL and their affiliated unions demand from the IBM Executives :

- A roadmap that does not focus on the EPS, but is concentrated on the appreciation of IBMers.
- The participation of all IBMers in a new jam about IBMs future.
- Meaningful investments instead of focussing on the EPS
- Good working conditions, fair evaluation systems, appropriate participation of all IBMers in the success of the corporation by salary increases and other benefits of IBM for its employees.
- Worldwide recognition of trade unions as partners in social dialogue and partners for collective agreements

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In 2003, IBM CEO Sam Palmisano said: "The greatest invention ever created by IBM is the IBMer." IBM's changes in the following decade were dramatic. The roadmaps came: In 2005 the IBM Corporation in Armonk announced its roadmap 2010. In 2010, the announcement of the Roadmap 2015 followed. The central goal

of both five-year plans is to increase the earnings per share - EPS. As a means to achieve this goal IBM defined revenue, margin expansion and share purchases.

- Since 2000 the revenue has gone up from \$ 88 billion to \$ 100 billion – an increase of 13%.  
The best year was 2011 with a revenue of \$ 107 billion .
- The gross profit has gone up from \$ 32.4 billion in 2000 to \$ 48.5 billion in 2013. The gross profit margin has gone up from 37.1% to 48.6 %. IBM's net profit amounted to almost USD 153 billion in this period.  
This is an increase of the gross profit of 50% which corresponds to an increase in the gross profit margin of 31% and represents an increase in net income by 104% .
- Since 2000, IBM has spent an annually average of \$ 10.6 billion for share purchases and dividends – a total of \$ 138 billion.
- Earnings per share have gone up from \$ 4.58 in 2000 to \$ 16.28 in 2013.  
This means an increase in EPS by 255 %.

Considering these figures IBM appears as a profitable operating company . Also it is clear that the IBM has developed into a company that has a strategy based on an increase of EPS. Other targets were subordinated to the increase of EPS. Since 2000, IBM has generated a net income of \$ 153 billion while over the same period \$ 138 billion were spent on share purchases and dividends. From each earned Dollars net income 90 cents were spent on share purchases and dividends. For investments and acquisitions 91 billion USD were paid. This ratio is much too low for a corporation that should be dedicated on innovation.

Innovations , inventions and patents used to be and should be the basis for the success of IBM. Innovations , inventions and patents require a dedicated and motivated workforce that brings it to the customers of IBM. But IBM has played down the importance of its own employees since the beginning of the roadmap policy further and further. Instead of investment for the motivation of the workforce , in 2013 and 2014 IBM has launched so-called " workforce rebalancing " programs to reduce employees. This measure unsettled the employees of IBM. Since a few years ago IBM started to engaged in expanding of cloudworking and crowdsourcing. This is a strong shift to employment uncertainty for IBMers . The global workforce policy of the IBM is increasingly focusing on reduction. An increasing lack of motivation is the result.

Still IBM can count on a dedicated base of employees. But the mood shifts.

If there are no more IBMers who are driving the development of the IT giant with commitment, then the ambitious EPS target is a straw fire, which threatens to be followed the collapse of the company. GlobalUnionAlliance@IBM with the UNI, IndustriALL and their affiliated unions are calling for an IBM to rediscover its most important invention : the IBMer.