



Breaking Analysis: Rometty Steps Down - IBM Chooses Arvind Krishna by, David Vellante

January 30th, 2020

IBM's election of Arvind Krishna as its next CEO signals the company's intent to maintain continuity of succession and hire from within, while at the same time promoting new blood in the form of Jim Whitehurst to assist in the transformation of the company. As well it is signaling a shift to leadership with deeper [...]

Breaking Analysis: Rometty Steps Down - IBM Chooses Arvind Krishna



IBM's election of Arvind Krishna as its next CEO signals the company's intent to maintain continuity of succession and hire from within, while at the same time promoting new blood in the form of Jim Whitehurst to assist in the transformation of the company.

As well it is signaling a shift to leadership with deeper technical depth and execs with an affinity toward Red Hat — its clear lynchpin for the future.

History will likely judge Ginni Rometty harshly as she set forth bold transformation goals that never materialized into shareholder value. However Rometty will always be remembered foremost as the first woman to lead the company in a male-dominated business.

Rometty's background was steeped in sales and professional services and despite a spate of M&A - including the \$2B Softlayer acquisition, she was unable to realize her goals of returning IBM to growth.

But the reality is that Rometty inherited a bloated organization from predecessor Sam Palmisano who relied on a legacy of professional services and customer intimacy that got marginalized by technology shifts such as cloud computing, IT Consumerization, and AI.

Rometty invested to keep IBM in the public cloud game, doubled down on software and through a variety of moves, cut its portfolio by selling non-strategic assets. But ultimately the reality is to this day, despite its vast software portfolio, IBM remains reliant on its mainframe franchise/customer base and professional services.

In the end, Rometty's aspirational goals to re-make IBM as a leader in AI with Watson never trickled down to the P&L and led to an imperative to spend \$34B on Red Hat to set up IBM's next chapter.

Ultimately, Rometty proved to be a strong leader who was great with customers and led initiatives in corporate responsibility and privacy rights that unfortunately didn't lead to growth— but she kept the ship from crashing into the rocks.

She should be judged on how well Krishna and Whitehurst are able to leverage the foundation she set and their ability to take IBM into the next decade and beyond. While not a grand slam, her tenure was far from disaster.

Red Hat is now on the clock. Krishna and Whitehurst must demonstrate that IBM will be the leader in hybrid, multi-cloud management, while keeping pace with machine intelligence, next gen cloud and bold industry transformations.

Meet Arvind Krishna:

Breaking Analysis: Rometty Steps Down - IBM Chooses Arvind Krishna

David Vellante is co-CEO of SiliconANGLE Media, as well as co-founder and Chief Analyst at The Wikibon Project, the world's leading open source technology research community. Dave is a long-time tech industry analyst, entrepreneur, writer and speaker. As co-host of theCUBE - "The ESPN of Tech," Vellante has interviewed over 5,000 experts since 2010. He is also a co-founder of CrowdChat, an angel funded startup based in Palo Alto using big data techniques to extract business value from social data. Prior to these exploits, Dave founded a CIO consultancy and spent a decade growing and managing IDC's largest business unit. He lives in Massachusetts with his wife and four children where he is active in town activities including serving as the president of his town's local "Kiddie Sports" association. Dave holds a B.S. in Applied Mathematics from Union College.



David Vellante

@dvellante

david.vellante@wikibon.org