

# Lenovo's bid to challenge Dell

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The Chinese computer group that bought out the personal computer unit of IBM earlier this year said late Tuesday its chief executive officer would step down after only eight months on the job. Stephen Ward will be succeeded by William Amelio, who was until now senior vice president and president of Asia-Pacific and Japan at Lenovo's biggest rival, Dell.

"With our integration of IBM's PC division on track and our organizational integration complete, we are accelerating our planning for our next phase of growth," said Yang Yuanqing, chairman of Lenovo.

He added that "now is the right time" for a transition to get the former Dell executive on board, given that Amelio has "the perfect profile to lead Lenovo from the important stability we have achieved in the first phase of our integration, to the profitable growth and efficiency improvement to which we are committed in our next phase."

Certainly, industry analysts were initially wary of Lenovo's buyout of IBM's high-profile unit, especially given the often sensitive relations between the United States and China when it comes to technology. As a result, appointing a career IBM executive such as Ward was regarded as a strategic move needed to ensure a smooth transition to combine the two companies with two very distinct cultures.

"Steve Ward successfully helped to create a single, global PC company from two distinct organizations. As a result, we have created significant value for our shareholders over the past year, and Lenovo is in a strong

position to make continually better progress against our goals," Yang said.

Given that many agree that the buyout has largely been a success for both companies, however, it appears that Lenovo is now preparing to make big strides in penetrating the U.S. market and hiring away one of the most senior executives at its biggest rival to achieve that goal.

While overall demand for personal computers is rising and most manufacturers have been seeing stronger sales, Dell continues to dominate the market both in the United States and overseas. According to research group IDC, the Austin, Texas-based company had 17.9 percent of the market in 2004, followed by Hewlett Packard with 15.8 percent. While the 2005 figures will not be available until January, it seems unlikely that Dell's position will be shaken and Lenovo will trail behind the big U.S. names.

But the company has made clear that it wants to make it into the major league sooner rather than later, especially as whatever internal turmoil it faced initially appears to have gone.

"A year after we announced this historic transaction and partnership between IBM and Lenovo, we are pleased with Lenovo's progress and prospects for the future," said Robert Moffat, IBM's senior vice president for integrated operations.

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