

IBM outlines plan to revamp business for investors

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(AP)—IBM's CEO says the company's plan to revamp its business to shift away from hardware and focus on business analytics, cloud computing, mobile services and security is on track.

In a media briefing ahead of an investor conference in New York on Thursday, Virginia Rometty said the company plans that the new tech markets should make up 40 percent of IBM's business, or \$40 billion, in the next 4 years. That's up from 13 percent five years ago and 27 percent by the end of this year.

Once the dominant PC-maker known as "Big Blue," IBM is confronting a sales slump as it struggles to adapt to big changes in the way businesses buy software and other commercial technology. It issued another disappointing earnings report in January, as both revenue and profit fell in the December quarter.

But Rometty said the sales decline has been largely engineered by the company as it restructures its hardware business and sells off less profitable units. Hardware now makes up less than 10 percent of the company, she said.

Looking forward, IBM plans to spend \$4 billion to invest in the new areas of focus like data analytics and [cloud computing](#), excluding acquisitions.

It also plans to focus on partnering with other businesses. It pointed to its

recent partnership with Apple, once its staunch rival, to develop new mobile software. And last week IBM said it would partner with Japan's SoftBank Telecom Corp. to develop apps and services with its Watson artificial intelligence unit.

But so far, analysts remain skeptical of the turnaround plan.

"The fall-off in the traditional businesses is dwarfing IBM's ability to capture new revenue opportunities as the market shifts," Bernstein analyst Toni Sacconaghi Jr. wrote after the company's earnings report in January.

IBM shares rose 53 cents to \$163.34 on premarket trading 30 minutes before the market opening.

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