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# IBM's Q4 results raise more questions about U.S. IT spending

## Vendor credits overseas business for revenue growth but doesn't mention the U.S.

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January 14, 2008 (Computerworld) -- IBM today credited overseas growth and favorable currency-exchange rates for a preliminary fourth-quarter earnings report that was strong enough to help lift the stock market as a whole. But Samuel Palmisano, IBM's chairman, president and CEO, didn't say anything about the state of the U.S. IT market.

In its announcement, IBM said that it would post \$28.9 billion in revenue for last year's fourth quarter, a 10% increase from the same period in 2006. The company said its fourth-quarter earnings would amount to \$2.80 per share, up 24% year to year. Both the revenue and profit figures are above analyst expectations.

Forrester Research Inc. last month lowered its forecast growth in IT capital-equipment spending in the U.S. for 2008 to 4.8%, which is three percentage points below an earlier prediction that the consulting firm published in September. Forrester also lowered its growth forecast for spending on IT operations in the U.S., from 6.4% to 5.2%.

IBM, which plans to release the full details of its Q4 financial results in a webcast on Thursday, said that six percentage points of the revenue increase were due to currency gains. Beyond that, the company cited business growth outside of the U.S.

In fact, Palmisano didn't mention the U.S. at all in a short statement that accompanied the preliminary report. He said that the higher-than-expected results were driven by "the broad scope of IBM's global business — led by strong operational performance in Asia, Europe and emerging countries."

IBM clearly has been growing and adding employees in Asia, especially in India. Last spring, the company said that about 53,000 of the 356,000 employees in its global workforce at the time were based in India.

Some analysts think that IBM is well on its way to becoming one of the largest IT services providers in India, if not the largest. That's despite the fact that vendors based in that country are themselves adding workers at an accelerating rate.

For instance, Bangalore, India-based Infosys Technologies Ltd., which last week became one of the first of the major outsourcing companies to report its results for the quarter that ended in December, said it added 11,683 employees to its payroll during that period, bringing its head count up to a total of 88,601.

One of the reasons emerging IT markets are so hot right now is investments by companies such as Airprint Networks Inc., a Waltham, Mass.-based a start-up that is developing applications to support printing from mobile devices.

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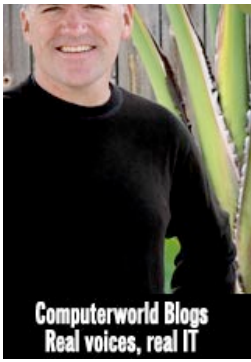
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Submitted by [Franck](#) on January 16, 2008 - 06:30.

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