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Embracing Technology

IBM seeks to attract a piece of the \$11 billion expected to be spent by minority businesses this year

By **Damon Hodge**



It's estimated that minority and women-owned businesses will spend \$11 billion on information technology this year and IBM, the world's largest technology solutions provider, is angling for its share of the pie. Since 2002, black businesses have purchased \$80 million in hardware, software and services from Big Blue. IBM executives recently announced plans to increase small business patronage via new offerings, including a Web-based financing program enabling business partners to get financing approved on deals up to \$300,000, in as little as one hour.



David Steward, CEO of World Wide Technologies and Marilyn Johnson, VP Market Development, IBM, at IBM's Partnerworld conference.

Targeted to small business customers, the Financing Advantage program simplifies a once-unwieldy process into three steps: credit assessment, transaction pre-approval, and automatic quote and client pre-approval. Most quotes are completed within an hour and financing can be used to purchase hardware, software, as well as IBM and non-IBM products. (Requirements differ for requests topping \$300,000 or below \$100,000).

IBM officials say the company's financing business has jumped nearly 30% since Financing Advantage's early February rollout. Karen DeRuyter, director of IBM Global Financing for Americas SMB, told attendees of its PartnerWorld Conference in Las Vegas about the benefits of Financing Advantage. "Because we've made financing simpler, faster, and easier," she says, "our constituent businesses make even more money with their products."

For example, the new IBM Express software can be used develop a Web presence, fortify e-commerce offerings, and better utilize the Internet. Express essentially creates an in-house database manager, a luxury few small businesses can afford.

A 2001 Minority Business Development Agency study of e-commerce and Internet use among minority businesses revealed that 90% relied on technology in some form-e-commerce and using technology solutions to access larger markets, lower costs, and improve efficiencies. Nearly half of all black-owned businesses had Websites, the study noted, and 71% of their employees used computers, the highest percentage among all minority groups.

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Page 2 ...continued from previous page



In her role as chief of the MBDA, a subsidiary of the U.S. Department of Commerce, Anita Cook Wells says many black businesses aren't using technology to its full extent.

"A lot of businesses weren't selling online and didn't use technology for such things as automating their accounting functions and using customer service software or market research data to improve their businesses," she notes.

Set for rollout this summer, a pilot program in the MBDA's 34 development centers across the country will focus on helping businesses integrate technology.

David Steward, chief executive officer of World Wide Technology, a **BE 100s** company, began partnering with IBM in 1995, five years after opening St. Louis-based WWT, which specializes in building and deploying IT infrastructure with more than 650 employees today. "Everyone is interested in controlling costs and increasing value and the technology IBM provides allows you to do that."

IBM began targeting women-owned businesses in 1992. Success there convinced company officials to pursue the kinetic small business market, which experienced a 30% growth increase from 1992 to 1997, keyed largely by an increase in constituent-owned businesses.

"We'd looked at the census data and determined where the growth segments were and they were in these markets [Asian, black, Hispanic, Native American, and women]," says Marilyn Johnson, vice president of market development for IBM Americas SMB. Now, she says the number of black businesses currently partnering with IBM is in the tens of thousands. "The constituent marketplace is one of the fastest growing business segments. The \$11 billion spent in IT by constituent business in North America represents a grand opportunity for IBM. It's a pot of gold."

Steward agrees. He says IBM's new small business initiatives bode well for the black businesses that embrace technology. Future plans call for World Wide Technology to work with Big Blue on exploring contracts in government and in the constantly innovating telecom and aerospace industries. His only regret is that some of IBM's small business solutions weren't around in his company's formative years.

For more information, visit www.ibm.com/partner/financing.

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