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### International Business Model (IBM)

IBM is a renowned company that endeavours to lead in innovation, development as well as manufacture of the most advanced information technologies in the industry. Some of its products or technologies include microelectronics, storage systems and systems software. This essay will examine the sources of competition facing the company, through the Porter five forces framework.

The five forces include; bargaining power of buyers, threat of substitutes, threat of new entrants, bargaining power of suppliers, and the existing industrial rivalry. The bargaining power of buyers at IBM is moderately high. The fact that the company operates in a business-to-business market means that most organizations constantly buy in bulk per one time. In turn, this translates to the fact that buyers have power to negotiate with the organization (McGrath 248).

Some of IBM's competitors in the industry that may raise buyers' bargaining power include Microsoft, Oracle, HP and Dell among others.

The threat of substitutes can be said to low. Software is the major element of the computer and it is used to make it possible for a computer to perform particular tasks. At the moment, there is no product that is in a position to substitute or replace computer software. Some of the factors of concern include high switching cost as well as product differentiation for instance performance, functionality and technology (Harreld, Charles and Michael, 28).

Threat of new entrants is the other major force of the model. When it comes to IBM, the threat of new entrants is considered to be low. This is more so since factors such as high budget associated with research and development, high capital investment as well as high technology of production work in one way or the other to avert new competitors from entering into the computer technology industry (Harreld, Charles and Michael, 36). These factors as well as high profitability of IBM, gives it a competitive advantage.

Harreld, Charles and Michael (39) assert that the bargaining power of suppliers with respect to IBM is relatively low. This is more so because the company employs a wide range of components, raw materials, supplies and services from a considerable number of suppliers around the world. Building and maintaining a pool of diverse supplier enhances the company's opportunity to access new ideas, apply various strategies and make use of additional solutions that best cater for the customer needs.

The existing industrial rivalry with regard to IBM is considered to be high. In the current global market, there are numerous computer software manufacturers. They include HP, Microsoft, Wipro Tech and Oracle among others. Every manufacturer strives to differentiate their product (McGrath 256). This could be made possible through the creation of new programmes that in one way or the other make a computer more powerful.

From the above discussion, it is apparent that IBM is relatively competitive in the technology industry. This is an aspect that has made it to be among the leading companies in the industry. However, some adjustments could be made as a way of enhancing its performance and success. This includes manufacturing its own hardware rather than outsourcing and working on modern operating system.

### Works cited

Harreld, J. Bruce, Charles A. O'Reilly, and Michael L. Tushman. "Dynamic capabilities at IBM: Driving strategy into action." *California Management Review* 49.4 (2007): 21-43.

McGrath, Rita Gunther. "Business models: a discovery driven approach." *Long range planning* 43.2 (2010): 247-261