

Tighter Budgets Hurt IBM

Written by Marco Attard
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IBM blames the drop in income during Q3 2012 on tighter IT budgets, as businesses and governments continue to hold back on spending as economic uncertainty persists over Europe and beyond.



Total Q3 2012 IBM sales drop by -5.4% Y-o-Y (exceeding Wall Street expectations of losses reaching -3%) to \$24.75 billion, with every company segment taking a hit in revenues. EMEA revenues for Q3 2012 drop by -9% to \$7.2bn.

The company also admits a number of big software deals in emerging markets slipped into Q4 2012, while hardware sales declined due to the sale of the IBM point-of-sale business (which generated \$1.15bn in revenue in 2011) to Toshiba.

Further dips in Q3 2012 profits came from the recent announcements of upgrades to the System z mainframe (System z EC12) and Power systems (Power7+) lines. The company expects the 2 products will boost the Software and Systems and Technology Groups in Q4 2012.

However when it comes to the future IBM will continue shifting away from hardware-- betting on cloud, analytics, "smarter planet" and emerging markets as areas adding \$20bn in incremental revenue by 2015.

Go [IBM Reports Q3 2012 Results](#)

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