On the Cover

Kam Leung, one of the first four employees to join IBM Hong Kong in 1957, ferries an IBM electric typewriter across the Victoria Harbor to a Norwegian ship lying at anchor, where he gave a demonstration. It was never an easy ride on a sampan – for machine or salesperson – but it was the IBM way. That spirit of commitment and dedication to customer service lives on in the company after half a century.
This book is dedicated to all IBMers who have made the first fifty years of our fascinating journey possible.
Anniversaries are occasions for celebrating. But, more importantly, they are milestones by which we measure how much has been achieved and the means to shape and improve onward momentum.

From modest beginnings in 1957, when four Hong Kong IBMers began selling office products, IBM has developed and grown into a leading customer-centric company focusing on high-value innovation-based solutions and services.

Throughout the decades we have worked with Hong Kong companies, the government and the community at large to introduce new products, services and ideas that have helped improve the way businesses operate and, equally important, improve the lives of millions of Hong Kong residents. In recent years IBM has been at the forefront of driving e-business and “on demand computing”, which has benefited thousands of Hong Kong businesses and helped them maintain a global competitive edge.

From our roots in Hong Kong, we have been able to expand our frontiers into the mainland where, through hard work, we have achieved a position of leadership — in our industry and in the larger world of business. Our presence has also allowed us to help the thousands of Hong Kong businesses as they have also evolved and matured on the mainland.
Of course, no journey is without its ups and downs and frustrations, but with our deep-seated optimism – a fundamental belief that IBMers always have the determination to succeed – we are able to advance to new horizons. Through these pages the reader is guided through five decades of determination, progress, and many examples of IBMers displaying the world famous Hong Kong can-do spirit.

The past gives us pride, but the present arouses our excitement and encourages anticipation and ambition. With the foundation of a strong service and partnership culture, and a deep commitment to the community, IBM is in a potent position to build on the proud achievements of the last 50 years. Today, IBM has a focused business model, an industry shift that plays to our strengths, and a workforce that is united and determined to succeed.

Finally, through this book I would like to say thanks to our many valued clients, colleagues, partners, investors, the public at large and, of course, our hard-working IBMers, without whom the first 50 years of our fascinating journey would not have been possible.
Fifty years ago, Hong Kong was a small port on the southern tip of China, just embarking on its industrialization. Today, it has evolved into Asia’s world city, an international and regional business, financial and information hub, a gateway between East and West.

The road that has taken us to this special place is one that IBM has helped pave. Over the past 50 years, IBM has played a central role in driving business and technological change in Hong Kong and China. It all began with a world-class typewriter as the core product of the fledgling IBM Hong Kong in 1957, which enhanced office productivity significantly. A decade later, we contributed to the rapid growth of the financial services and airline sectors through our powerful computing systems.

As manufacturing and distribution drove change in the 1970s and 1980s, IBM was at the heart of these businesses in ways never imagined before. In the public sector, we supported the Hong Kong Government in transforming into one of the most efficient governments in the world. We also enabled the widespread adoption of information technology among small and medium businesses from the 1980s onwards. Our talented employees then helped Hong Kong enterprises and government agencies capitalize on the internet revolution since the mid 1990s.

The decades of success in integrating IT and business have put Hong Kong people at the forefront of IT development in mainland China. Many Hong Kong traits of technical understanding, passion, business savviness and the desire to make businesses succeed combine to play a key role in propelling China’s, and also Hong Kong’s, growth.

I’m pleased to have participated in Hong Kong and China’s development in the past decades, and look forward to the continued contribution of betterment of society through technology.
Hong Kong plays a distinctive and vital role on the world’s stage. Its strategic location, unique eastern / western business sense, and resilient, creative and passionate people have combined to act as a conduit for regional and world trade. Today, this trade is enabled through innovative global business strategies intersected with the latest technology.

For 50 years, IBM has been at the forefront of Hong Kong business and technology innovation, helping our clients to achieve their ambitious local, regional and global goals. Over the past decade in particular, IBM Hong Kong has helped connect many multinational businesses to China through its well-established network.

In the years to come, Hong Kong will increasingly rely on the human and intellectual capital of its people as its true global differentiator. IBM’s unique capability as our clients’ innovation partner is helping to evolve this differentiator into a tangible business asset. It is through our core value of dedication to every client’s success that we are able to assist our clients and help their businesses grow.

I’m proud to be part of a company that has thrived on driving change and making connections for 50 years.
Wong Wing Ping, Joseph

GBS, JP, Secretary for Commerce, Industry, and Technology
Commerce, Industry, and Technology Bureau
The Government of the HKSAR
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IBM’s Hong Kong odyssey began on a balmy day in April 1957 when Mr Pun-Fong Pong, who had previously looked after IBM’s China business, established a 400 square-foot office in Room 403 of the Wing On Life Building in Central. The previous year, Mr Pong had set up a similar operation in Taiwan that initially managed the Hong Kong activities.

On that first spring morning there was a sense of eagerness as sales representative Richard Wai, administrator John Ho, engineer Kam Leung and secretary Ivy Wu began working from the new office. The four friends and colleagues started a legacy that for half a century has seen IBM providing technology and solutions to improve efficiency and productivity for government and business, while transforming the quality of life for individuals and the Hong Kong community at large.

Applying can-do spirit and hard work – two of the essential human factors behind any business success – the close-knit team set about establishing the IBM name and building a reputation for supplying high-quality products supported by
the early years

beginning

IBMers arrive by rickshaw to a meeting of the Hundred Percent Club at the Peninsula Hotel.
exemplary customer service. A strong platform was founded that would become the hallmark of IBM’s commitment to its customers, a concept that firmly continues today.

“We were like a close family working as a team by supporting and encouraging each other’s efforts. It was the beginning of the Hong Kong IBMer spirit,” recalled Mr Leung, who remained with the company for more than 20 years and held a number of senior managerial positions.

In little over a year, as hard work began to pay off and in late 1958, as business grew, the company relocated to a bigger office in the same building and added two more employees to the payroll.

However, business success did not always come easy. Competition was tough and the IBM team had to work hard to win contracts. As a territory under the administration of the British government, many British companies had established
a firm foothold in Hong Kong. Not easily deterred, but by closely following the IBM philosophy of customer-focused services and building long-lasting business relationships, the IBM sales team was soon able to make significant inroads and win new clients.

During the early days the Hong Kong IBM operation mainly sold and serviced office products, including electric typewriters, time systems, weighing equipment and electronic calculators. Demand for high-quality office products was strong and for good reason.

It was during the 1950s that Hong Kong began its transformation to the modern economic success story it boasts of today. An influx of capital and entrepreneurial talent from the Chinese mainland in the late 1940s had spurred the city’s industrial development and laid the foundation for a dynamic future. At the same time, Hong Kong began to attract growing foreign investment, further adding to the rapid growth that helped launch a new era as a manufacturing and industrial center. Textiles, electronics, watches, and many other goods stamped “Made in Hong Kong” flowed from the territory in ever-increasing amounts.

Against the backdrop of a rapidly developing business environment and a myriad of emerging enterprises, IBM’s clients in those early days included the shipping and textile sectors and companies that would utilize IBM products – and, in so doing, would contribute to Hong Kong’s trading success. IBM time recorders were installed in Hong Kong’s busy factories so that employees could record their working hours by clocking in and clocking out. In hospitals, IBM paging equipment provided reliable communications systems that helped to improve healthcare. The financial and legal industries also recognized that
Pun-Fong Pong applies his can-do spirit at the Hundred Percent Club Meeting, 1957
IBM office equipment could help them to run their businesses smoothly and more efficiently.

As Hong Kong’s business community continued to grow and diversify, IBM was also quick to seize opportunities and began branching out in other directions. Smaller companies began to see the potential of how IBM equipment could help them with their business operations.

In offices across Hong Kong, secretaries discovered that the IBM range of electric typewriters was easy to use because of their accuracy and reliability. The typist’s versatility was increased because of functions that allowed different types of work, such as stencil writing and multiple copy work, with the minimum amount of effort. Each model came in both Standard and Executive versions; the Executive differed in having the capability of producing a near typeset-quality result. The availability of typewriters in pastel colors, and with changeable typebars, added a certain elegance and flexibility to many offices.

As secretaries and typists became an important part of the modern glamorous office image, it was important that typewriters not look like plain machines. The electric typewriter helped advance this new, less oppressive, image. Although the first electrics were produced in the 1930s, they did not gain wide acceptance until the 1950s.

IBM had pioneered the development of the electric typewriter to provide increased efficiency for the broadening requirements of modern business and this was reinforced in January 1959 when IBM introduced the Model C Typewriter and the IBM Model C Executive Typewriter. The latest model was equipped with 28 new features geared towards productivity enhancements, including personal touch control. Worldwide, more than 250,000 Model Cs were sold within the first 19
months. “Businesses such as shipping companies and legal firms appreciated the typeset quality and multiple copy facility as they often needed to produce 20 or 30 copies of the same document,” remembered Mr Leung.

As IBM Hong Kong’s client base grew, so did the customer service operation, which ensured that all office product machines would be kept in top-notch condition at all times. Most important, however, was the IBM determination to keep up-to-date with business needs as they developed. This determination engendered a policy of continued product research and development that mainly took place in the United States.

With the new range of typewriters and an expanding portfolio of office products for clients to choose from, IBM salesmen and engineers were kept busy as they met important delivery and service schedules.

With the prospects of increased business growth on the horizon and a growing list of satisfied clients, more staff were recruited to handle the workload. Following several months of intensive training, which included attending training programs in Japan, the Philippines and the US, fresh IBMers would begin working from the Hong Kong office.

In a manner that some companies might find strange today, IBM sales personnel built their reputation by going out to meet new clients in person, usually visiting their offices. During a time before elevators were installed in most buildings, those involved with sales recall starting on the top floor of an office building and working their way down,
floor by floor, as they introduced themselves to prospective clients. The same sales method was used for several years until client referral gradually became another important means of growing the business.

As the 1950s came to a close, Hong Kong continued growing as a thriving metropolis that attracted and generated larger volumes of business and provided new opportunities for IBM to look forward to over the coming decade.
IBM delivers Hong Kong's first data processing system, a tabulating machine using punch cards, to Pan American World Airways, 1961
The arrival of the 1960s brought with it not only a great deal of optimism for Hong Kong’s fast-growing economy, but also many reasons for the three-year-old IBM Hong Kong to be optimistic. In the first year of the new decade, the company moved into 6,000-square-foot premises on the third floor of Shell House in the heart of the Central business district, where the Central Tower stands today.

IBMers who worked for the company at the time still smile when they recall the large sign that dominated the front of the building and gave the impression that IBM had taken over the entire premises.

However, promoting a prominent presence was not without good reason. The move to larger premises coincided with the introduction of new services and products, such as data processing systems, which allowed business to carry out number processing and produce financial documents quicker and more accurately.

With an increase in headcount from six to over twenty, IBM was able to establish a Service Bureau to support the data processing requirements of its growing list of clients, who would deliver documents in the form of punch cards to the Service Bureau for processing.

The punch card machine provided a new means of performing tedious data-sorting functions in a fraction of the time it took human operators. In the offices of client companies, original data was punched into cards by workers, often women, known as key punch operators. Their work was often checked by a second operator using a verifier machine. Cards were also produced automatically by various unit record machines and later by computer output devices.

Through its Service Bureau, IBM fulfilled many corporate functions. Initially using tabulating machines, the Service Bureau largely provided transactional services involving payroll and inventory control that addressed the business processing needs of customers who required information more quickly and efficiently than they could possibly achieve with their own resources.
In 1962 the five-year-old IBM had a major reason to celebrate when Hang Seng Bank awarded it the contract to install a Master and Slave clock system in the bank’s main Central office building.

The IBM clock system was used to ensure that all departments and offices were functioning on the same time schedule. The system relied on a master clock to generate a brief electrical impulse once every minute. The impulse was then conveyed to other “slave” dials over building wiring. “We installed about 200 clocks, which was a big contract at the time,” said Kam Leung, who joined IBM as an engineer but also trained as a salesman.

IBM patented the unique system that assured every secondary or slave clock was supervised electrically to maintain synchronism with the master clock. If, as the hour came to a close, any slave clock was not exactly in step, it would be automatically corrected by the master, by either omitting some impulses or adding extra advance impulses. With each office or department operating on the same clock time, important financial transactions could be timed to the exact minute or second. Additionally, the Master and Slave clock system meant that each time there was an electricity failure the network could be reset automatically instead of by manual labor.

During the 1960s many people viewed the computer punch card as a cultural icon, symbolic of contemporary high technology. Data processing consisted of feeding decks of punch cards through a tabulating machine in a carefully choreographed progression.

To provide clients with the best service, members of the IBM Data Processing team traveled to Australia for specific product training and attended regional seminars to learn new operating, selling and marketing techniques.

The Service Bureau was also known for its dedicated people, effective sales force and crisp operating style, and for the special role it played in fostering high-level talents. Companies and organizations including AIA, Caltex (renamed to Chevron since October 2005), the Hong Kong Government Traffic Department and New Zealand Insurance were among the first to utilize the service. Either by buying or leasing an IBM punch card machine, clients could prepare punch cards that could be delivered to the Service Bureau, where they were processed and printed.
Looking up Pedder Street towards IBM's office on the third floor of Shell House in Central
In the 1960s, IBM Hong Kong’s business activities were not confined to dry land. Several times each month, an IBM engineer would climb aboard a sampan (small boat) and chug through the busy harbor sampan traffic to a mooring near Green Island, where large cruise ships would tie up. While passengers were enjoying the sights and sounds of Hong Kong, engineers would take the opportunity to service IBM typewriters that many cruise lines kept on board for office use and for passengers who needed to write letters.

Kam Leung, who began his career as an engineer with IBM, remembered fondly visiting the majestic passenger liners during the golden days of ocean travel. “The journey to and from the liners was always fun because of the views and being out in the fresh air,” said Mr Leung. Slightly less fun was climbing up and down the side of the liners on a rope ladder while carrying a tool kit or a replacement typewriter. Sometimes typewriters were serviced on the spot and at other times they were taken away for servicing and returned when the liner next made a visit to Hong Kong.
At the same time, IBM also introduced a new range of office products, including a new line of office communication items in the form of the IBM “Executary” dictation equipment line.

Promoted and sold through the IBM Hong Kong Office Products Division, the communication line included a combination dictating and transcriber unit, which could be used in or out of the office. The dictating unit recorded more than 10 minutes of dictation on a magnetic belt and allowed the operator to revise unwanted material and completely erase the belt in six seconds so it could be used again. This meant that managers could dictate instructions that secretaries could type at a later stage, adding flexibility to the business environment.

As with the introduction of the innovative IBM electric typewriter previously, dictation equipment required concept marketing – selling the idea first, and then selling the product.

While Hong Kong IBMers honed their marketing skills, the products they sold were gaining a glowing reputation for living up to expectations. But there still remained a physical barrier to reaching potential customers – Hong Kong’s impressive harbor. It may have been the reason for the territory’s early trading success, but each time an IBM salesperson needed to visit a client on the Kowloon side, the harbor had to be crossed by passenger ferry or a hired sampan.

In wet or humid weather conditions, visiting clients in Kowloon while carrying typewriters and other office equipment – and wearing a business suit – could be a tough assignment. So it was little wonder that the Kowloon sales and marketing assignments were usually given to freshmen.

Still, with perseverance and commitment, IBM salesmen were able to make a successful living, as engineer-turned-salesman Kam Leung proved when he bought a new Volkswagen in 1964 for HK$5,000. A top-of-the-range IBM typewriter at the time sold for about HK$4,500.

Mr Leung’s car was useful for more than personal use. He was able to load up his car with

**LEARNING CURVE**

Partnership with Hong Kong’s teaching institutions has always been an important part of IBM’s social commitment to foster innovation among the academic community. In 1964, an IBM 1620 data processing system was installed in the department of civil engineering at The University of Hong Kong, thus starting a long and close collaboration with the university that continues today.

The university’s purchase of the data processing system was part of IBM’s worldwide university grant scheme, which provided a 60 per cent discount on equipment supplied to universities. Gigantic by today’s standards, the 1620 was about the size of a commercial office desk and was more than 400 times slower than the low-end microcomputers produced in the mid-1980s. However, for many civil engineers, the 1620 data processing system was the first introduction to the advanced world of technology that would help shape the future of their profession.
office equipment and park outside the buildings he needed to visit. Crossing the harbor on a car ferry also relieved the burden of hand-carrying products. Mr Leung's car also turned out to be useful in other ways. When IBM executives and VIPs were visiting Hong Kong, Mr Leung chauffeured them around in his gleaming Volkswagen Beetle.

By the 1960s, the effects of the modern shipping and airline industries were being felt. Lines were eager to develop custom-built facilities to provide a vast array of services to their clients. This included installing the latest technology, which consisted of punch card keypunches, verifiers, sorters and collators. With the high cost of tabulators still a barrier, many of these companies used IBM's Service Bureau to process their punch cards. In the Central district, a variety of enterprises quickly emerged to support or take advantage of opportunities created by the booming textile, shipping and manufacturing industries.

The first IBM data processing equipment in Hong Kong, a tabulating machine using punch cards, was installed in the offices of Pan American World Airways (Pan Am), where it was used for compiling passenger schedules and employee wage records. IBM's new data processing equipment enabled new ways of calculating. Other companies soon followed Pan Am's example and installed data processing equipment.

A visit to a company using data processing equipment would mean walking into a room where mostly women sat busily clicking away at gray, IBM proof machines, punching in payment amounts and other financial information.
After keying in the program and data, the cards were fed into a card-reader for transmission to the central system, where they were processed in turn and the results sent back to line printers or punch card output devices.

Unlike today, the standard computing environment was one that involved a central, multi-user computer system. The computer was accessed by typing program source code and data onto 80-column punch cards, using keypunch machines the size of a desk that were either shared between multiple users or were the work location for clerical “data entry” staff.

**THE IBM SUIT**

The professional appearance of IBMers was as important in the 1960s as it is today. Dressed in dark business suits and crisp white shirts with a conservative tie, IBM engineers would arrive at client’s offices with doctor-style briefcases to service equipment. To distinguish themselves from engineers working for other companies, IBM engineers would even wear doctor-style white coats while they worked on equipment. The intention was to impress on clients the high level of service that was being provided.

Wearing cheongsams, a dress code encouraged by secretary Ivy Wu, female IBMers were dressed no less impressively. Around the Central business district, female IBM sales personnel would often be seen accompanied by male porters, between them carrying typewriters and other portable office products dangling from a bamboo pole. Porters, who viewed the job as prestigious, were retained by the IBM office to work exclusively for the company and were a permanent fixture outside the IBM office in Ice House Street.
About 30 minutes was a typical turnaround time for a job that today would require about two seconds of computer processing time. Regardless of the processing speed by providing automation, IBM had brought Hong Kong into the information age.

In the mid-1960s, Asia was also starting to take off as a market for IBM. As part of its efforts to increase cooperation between its country operations, in 1965 IBM Hong Kong became a component of IBM Asia Pacific area, and the South East Asia Regional Office was established in Room 2401 of the Hilton Hotel, with Art Johnston as regional manager. The setting up of the regional office was a strategic move that reflected development within the region and allowed IBM divisions to draw on each other’s strengths and experiences.

While in the US, IBM computers were making a significant contribution to the exploration of space, including the buildup to the historic manned missions to the moon, in Hong Kong, IBM equipment was about to revolutionize the banking system.

The breakthrough that IBM Hong Kong had been looking for arrived in late December, 1965. After several months of working on a proposal, the Hong Kong and Shanghai Banking Corporation awarded IBM Hong Kong the contract to install a ground-breaking Duplex System/360 Model 30 computing system. This was IBM’s first major computer order in Hong Kong.

Launched in the US a year earlier, the IBM System/360 (S/360) series hailed the introduction of the first large “family” of computers to use interchangeable software and peripheral equipment. The S/360 also offered dramatic performance gains, thanks to Solid Logic Technology, a circuitry system far faster and more reliable than earlier transistors.

The revered S/360 has been celebrated around the world as the grandfather of modern computing. It brought such innovations as lookahead, pipelining, branch prediction, multitasking, memory protection, generalized interrupts, and the 8-bit byte to the commercial market.

Since the S/360 line was incompatible with IBM’s previous products, it represented a serious financial risk for the company. The bold departure from the monolithic, one-size-fits-all mainframe prompted Fortune magazine to dub the project “IBM’s US$5 billion gamble”. Other magazines favorably compared the S/360 series with the invention of the Ford motor car and the Jumbo jet.

“The Hong Kong and Shanghai Banking Corporation chose S/360 because it offered a choice of processors and combination of power, speed and memory. The S/360 system was already in use in the US, where it had been well received in the banking industry,” said Anthony O, the IBM sales representative who led the team responsible for marketing and installing the system.

Following the successful Hong Kong and Shanghai Banking Corporation project, IBM became synonymous with a certain way of reliable, serious computing. Technical superiority had become one of the company’s key claims in each of its product divisions: office products and data processing equipment.

Building upon earlier successes, Hong Kong’s first IBM 1130 computing system was installed at
IBMers pose before the backdrop of the Star Ferry for a group photo, 1968

Delivery of IBM products by rickshaw in the 1960s

IBM Typewriter Exhibition, 1968
Eli Sinyak

IBM delivered the first System 360 mainframe processor to the Bank in Hong Kong over 40 years ago to run the Bank’s pioneer computer project i.e. On-line Banking System or OBS (then called On-line Terminal System or OLT) written in the IBM Assembly Language. The interesting thing is that some of the Assembler codes in the core components in OBS remain the same throughout the decades and are still running efficiently and effectively on the latest generations of mainframe processors for delivery of various banking services to the Bank’s customers.

IBM also helped enable the Personal Financial Services (PFS) business unit to jump-start and launch the Personal Internet Banking (PIB) in Year 2000. As a result the Bank won numerous awards such as the Best Internet Banking Services in Hong Kong in the past years. In 2004 as HSBC embarked on efforts to replace this technology with “2G” - or second generation, secure, and highly scalable Direct Banking technology - we once again turned to IBM to be our main supplier with the WebSphere family of products.

IBM is the largest technology supplier and probably the single largest worldwide supplier of anything to the Bank. As an illustration of this, in one single category of products provided by IBM, HSBC Group worldwide spends nearly USD1m per day. HSBC relies on IBM for many of the mission critical technologies our customers and our business colleagues in Asia Pacific use every day.

Lap-Chee Tsui

On behalf of the University, I am pleased to offer my warmest congratulations to IBM Hong Kong on the occasion of its 50th anniversary. Over the past five decades, IBM Hong Kong has grown with the territory, providing IT support, expertise and leadership, and establishing collaborations with a broad range of partners, the results of which have ultimately benefited society as a whole.

This belief in partnerships is one that we share and champion at HKU. Thanks to the endorsement of the community, Hong Kong’s first and foremost university was established nearly a century ago. Generations of our graduates have gone on to demonstrate their leadership in a wide range of sectors and disciplines, united - like IBM Hong Kong - in their desire to improve the lives of their fellow citizens.

As the University continues to strive for academic and research excellence in the service of a global community, I look forward to seeing more collaboration between HKU and international institutions, corporations, governments and, of course, visionary enterprises like IBM Hong Kong, as we work together as global citizens for the benefits of all.
The Chinese University of Hong Kong in 1967. An arrangement was also made with the Aberdeen Technical School to source many of the engineering and technical people required to support IBM’s growth. The company’s headcount had grown to over 50, mainly as a result of the Hong Kong and Shanghai Banking Corporation project.

In a further move to provide an even more comprehensive range of services, in December 1967, the IBM Service Bureau installed an S/360 on the mezzanine floor of New Henry House, the newly occupied office that housed IBM’s expanding workforce. Equipped with the new system, the Service Bureau was able to provide data processing services to companies that wanted the efficiency, accuracy and power of the most advanced technology at the time. Other developments in the late 1960s saw Wing Leung become the first Chinese engineering manager and Anthony O become the first Chinese sales manager. Hong Kong IBMers had brought success to the company and now had an important role to play in shaping its future.

IBM was gaining widespread popularity for its services and products, and the company’s burgeoning reputation for innovation took another big leap forward with the introduction in 1968 of the IBM Selectric Typewriter (also known as the IBM Golfball Typewriter), pushed the electric typewriter into a new age.

The ability to change fonts, combined with the neat regular appearance of the typed page, was revolutionary, marking the beginning of desktop publishing. Later models with selective pitch and built-in correcting tape carried the trend even further. Any typist could produce a polished manuscript.

Together with data processing and office products, IBM equipment was becoming indispensable in the workplace. In one way or another, IBM products touched the lives of thousands of people every day: when they made airline reservations, processed cheques, filled insurance claims and received their pay cheques.

Over 300 IBMers come to Hong Kong for a regional meeting
n much the same way as the microscope transformed the medical world, the installation of an IBM S/360 system in 1967 by The Hong Kong and Shanghai Banking Corporation (now HSBC) forever changed the way that cheque transactions were carried out at the territory’s biggest corporation – and bedrock of its financial system.

Moreover, to its customers the impact on personal banking of the S/360 was equally life-changing. Today, internet banking, cash machines and telephone banking are taken for granted, but in the 1960s the fastest way to withdraw cash was to go to a local branch office, where a teller could access an account. There followed a laborious process of filling in chits and forms. Pieces of paper were passed from counter to counter for checking and verification before cashiers handed over the money. At busy times, it could take more than an hour to process one cheque.

The bank’s management realized changes were needed to improve the customer experience. Executives considered a wide variety of options for upgrading services, including installing one of the various computing systems available.

In the early summer of 1965, the bank invited Hong Kong computer suppliers to submit their proposals. Though it was still the relative newcomer compared to well-established competitors such as NCR and ICL, IBM put forward its idea to develop, install and maintain a purpose-built computing system: the S/360.

Initially, it was intended that the S/360 be used to compile accounts into an online system, a totally new concept in Hong Kong. By having the branch offices online, customers could go to any Hong Kong and Shanghai Banking Corporation office and promptly deposit and withdraw money.

Led by Anthony O, who spent more than 30 years with IBM, the company’s effort to win the Hong Kong and Shanghai Banking Corporation project was concerted and meticulous. IBM staff worked long hours to ensure the proposal would exactly match the potential client’s precise current requirements, and equally important, meet the banking firm’s future expansion plans. IBM staff who had worked on similar projects in the US, the UK and Japan were brought to Hong Kong to share their expertise and help develop the proposal.

Securing the prestigious project provided a major business breakthrough for IBM, but also presented demanding new challenges. The new system had to be designed, built, delivered, installed...
and tested within a tight time frame – and implemented smoothly to avoid any disruption to existing services.

Both companies established dedicated teams for the project. IBM’s was led by Anthony O, while The Hong Kong and Shanghai Banking Corporation also brought in its own team of local and international technology experts led by John Strickland, who at the time was the bank’s chief programmer.

“We had a common goal and worked together as friends and colleagues to ensure the project would be successful,” said Mr O.

Following nearly 18 months of intensive preparation and planning, the S/360 system arrived in the summer of 1967 on a freighter from the US packed in large wooden crates. The precious packages were unloaded and transported to a purpose-built temperature-controlled annex attached to the side of the Hong Kong and Shanghai Banking Corporation headquarters. Work on testing the S/360 took place during difficult times for Hong Kong, when the Cultural Revolution was unfolding across the border and the then-British territory was in the grip of civil unrest. “During tea breaks we would watch protesters marching along Queen’s Road pledging their support for the Chinese Government and their dissatisfaction with British colonial rule,” recalled Mr O.

Finally, after months of hard work and intensive testing, the system went live in March 1968. “The S/360 went active without a single glitch,” recalled Glen Rasmussen, an IBM customer engineering manager who helped to install the system.

John Strickland described the event as having had a major influence on the financial industry. “Its impact was absolutely enormous. It was the most significant event in local computing,” he said. Before the S/360, computers had been designed and created with little thought given to standards or compatibility. The S/360 changed this and provided a system that offered a great deal of flexibility.

Dominic So, Hong Kong and Shanghai Banking Corporation senior programmer during the late 1960s, said the most innovative concept the IBM S/360 introduced was that the whole series was compatible. “You did not need to change programs when you changed computers,” said Mr So, who summed up the S/360’s impact on personal banking as being “simply extraordinary.”
Hong Kong IBMers attend the South East Asia Region Government and Services Seminar in Singapore
With IBM typewriters becoming a corporate standard, innovative new products were promising to change the way offices functioned.

Though not yet a household name in the early 1970s, IBM was continuing to build a steadfast reputation for innovative products, quality and reliability.

“Our products were more expensive than our competitors, but in many ways this was a selling point,” recalled Lorraine Wong, one of the first female salespersons to join the IBM Office Products Division. “The feedback we received from clients indicated there was a certain pride factor attached to using IBM products. People sensed their clients felt they were serious about their business because they used IBM products,” said Ms Wong.

IBM salespeople were told at the time that during job interviews it became common for secretaries to ask if the company used IBM typewriters before accepting a job. In other situations, companies bought IBM typewriters to retain their secretaries, or as a way to show appreciation for their work.

Proud of upholding IBM’s commitment to outstanding customer service, on one occasion Ms Wong remembered waiting overnight in the offices of a leading legal firm to make sure a large number
The feedback we received from clients indicated there was certain pride factor attached to using IBM products. People sensed their clients felt they were serious about their business because they used IBM products.”

LORRAINE WONG, one of the first women to join the IBM Office Products Division’s sales team

of important documents were printed on time.

“We had sold several Magnetic Card Selectric Typewriters to the firm, and of course we had provided training, but the secretary was not one hundred percent confident she could complete the task so an engineer and myself stayed with her until the job was finished,” said Ms Wong.

Magnetic Card Selectric Typewriters featured computer-interfaced typing mechanisms and a magnetic storage device for recording, editing, and replaying typed material. These machines were among the first to provide word processing capability in any form.

Not only did IBM introduce new equipment designed to help businesses operate more effectively, the company also arranged word-processing seminars and group training sessions so that operators could gain the maximum benefits from their equipment. “We really felt we were working as business partners when we saw the difference our products could make in the workplace,” said Ms Wong, adding that building friendships and partnerships was one of the fun aspects of the job.

Seminars and exhibitions were also seen as an ideal way to introduce new products to clients. This was how, in the early 1970s, IBM launched a range of console copiers. The new copier used a “specially developed photoconductor” that IBM
patented in 1965. The 40-inch-high model could churn out letter- or legal-size copies at a 600-per-hour rate from a roll of plain white paper.

The first plain paper copier in Hong Kong was installed at Oak Electronics. “At first it was the larger companies that bought copiers but smaller companies soon realized they could save time and money on printing costs for documents that only needed to be duplicated for reference,” said Ms Wong.

At about the same time as the copiers were introduced, a new generation of dictating machines and typewriters with various input/output word processing features were launched.

“IT was always rewarding when I introduced new products such as the Magnetic Card Selectric Typewriter that visibly made life easier for secretaries and improved the quality of the finished work.”

GLORIA KWONG, who joined IBM in 1967 as a service secretary and later became the first female salesperson for the company’s office products

MOST SELECTIVE

Mark Twain, writing a letter to his brother on an early-model typewriter in 1875, typed: “This is the first attempt I have ever made, and yet I perceive that I shall soon and easily acquire a fine facility in its use.”

Similar to the sentiments of the famous author, the introduction of IBM’s Selectric Typewriter to the Hong Kong office environment created a favorable impact. Unlike traditional typewriters, the Selectric Typewriter featured a sphere no larger than a golf ball, which carried all the alphabet characters, numbers and punctuation symbols.

The system allowed secretaries to type faster and produce outstanding results. Accomplished by merely switching a lever, legal and business letters could be composed in twelve pitch (twelve characters per inch), in place of ten pitch, the more commonly used format for routine correspondence.

As each new model was introduced, they sported even more user-friendly features and time-saving technology. In 1973, the IBM Correcting Selectric Typewriter became the first machine in the history of typing to actually make typing errors disappear from original copies. Equipped with a special “Lift-Off” tape, the typewriter enabled a typist to virtually lift off erroneous characters from typed copy.

IBM Selectric Typewriters became among the most popular typewriters for use in schools and universities, as well as in most aspects of business.

While the Selectric Typewriter became the product of choice for typists, those whose names appeared on business documents appreciated the clear, crisp, high-quality presentation. Businesses of all kinds, but particularly in the legal and financial sectors, relied on Selectric Typewriters to produce their business documents.
Indeed, it was in the 1970s that IBM’s Selectric Typewriter really began to dominate typing requirements in the office environment. Featuring an ingenious combination of typewriter keyboard with the brain of a computer, Selectric Typewriters let typists make mistakes, correct them, move words, sentences and paragraphs around, and change their mind in ways that would require endless retyping on a conventional typewriter.

The term word processing was invented by IBM in the late 1960s. By 1971 it was recognized by the New York Times as a “buzz word.” A 1971 Times article referred to “the brave new world of Word Processing or W/P”. IBM originally used word processing to describe dictating machines and ordinary, manually-operated Selectric Typewriters. By the early 1970s, however, the term was generally understood to mean semi-automated typewriters featuring electronic editing and correction, and the ability to produce perfect “originals”.

With the economy taking off in the 1970s, Hong Kong began building highways, tunnels, reservoirs, and high-rise buildings at a breathtaking pace. Industries diversified to include optical goods and electronics. The financial sector also grew rapidly as Hong Kong banks lent to governments...
throughout the region, fueling the Asian economic expansion. The Hong Kong stock market and gold markets became some of the world’s most active. Within this lively environment, Hong Kong manufacturers were riding high on international success, which encouraged investment in the future.

At the same time as Hong Kong companies were stepping up their manufacturing activities, IBM undertook a major departure from its previous computer technology by introducing a new range of mainframe computing systems such as the System/370 (S/370) series and 3031, 3032 mainframe systems that cost considerably less than their predecessors.

In 1972, the first S/370 Model 145 was installed at China Light and Power. The new hardware was to host new program products supporting database applications using remote terminals. One of the key advantages of the Model 145 was its multiprogramming database capabilities and its ability to use IBM’s newest and fastest disk storage devices.

These were designed to assist users in handling customer account records, inventory status, production and engineering data, enabling online updates directly from the computer terminal.

“Up-to-the-minute information from a computer database is as vital to the people who run medium-sized organizations as it is to those who run large ones,” said Wick Wickersham, IBM Hong Kong’s general manager at the time.

“The innovative technologies in S/370 represent significant engineering achievements,” Mr Wickersham said, “but even more important is how they add up to better performance, efficiency and economy for the user.”

Initially, it was international and larger local companies that were attracted by the possibilities of the S/370 series, but smaller manufacturing enterprises also recognized the potential for speeding up common applications such as accounting, finance,
stock control, shipping, and purchase and sales orders.

Many other firms and organizations latched on to the capabilities of the S/370 series. With demand for computer processing growing, in 1979 The Hong Kong and Shanghai Banking Corporation installed a 3032 system. A compatible member of the S/370 family, the 3032 processor was designed for users who wanted to expand their data processing capability but did not require the capacity or performance of IBM’s top-of-the-line 3033 Processor. The internal instruction execution rate of the 3032 Processor was 2.5 to 3 times faster than the S/370 Model 158-3 used for running similar programs and configurations. In the same year, Hongkong Electric purchased and installed a 3031 system, replacing existing systems supplied by others.

In 1978, the introduction of the mid-range System/34 (S/34) computing system and its periph-
IBM System/34 makes its debut in Hong Kong, 1978

IBM System/34 makes its debut in Hong Kong, 1978

The S/34 was a particularly interesting machine. Considered by IBMers as a mid-range system (although it was the size of a large washing machine and weighed nearly 300 kg), the S/34 could support multi-programming, multiple processors, up to 36 peripheral devices, job queues, printer queues, security and indexed file support. Costing significantly less than its predecessors, the computer proved to be the ideal tool for companies spreading their wings in the alluring mainland manufacturing market, enabling them to take advantage of low-cost mainland labor and manufacturing space while monitoring and controlling costs and inventory with fast and effective computer programs.
Paul M Y Chow

My association with IBM can be traced back to the good old days in the early 1970s when I joined the company as a system engineer trainee. The experience represents my earliest exposure to the commercial world and taught me about the importance of observing discipline, diligence and integrity. During my tenure at IBM, I developed an appreciation for the use of technology in enhancing the efficiency and effectiveness of a business and the importance of balancing business needs with technical needs in generating better returns and improving an organisation’s competitiveness.

HKEx is a highly technology-focused company. In fact, the information technology infrastructure is the cornerstone of our operation. The smooth operation of the securities market, and hence its quality, depends on the reliability, accessibility and security of our systems. We have been striving for the ambitious goal of 100% system up-time and IBM has been one of our partners in achieving this goal since the 1990s.

I am impressed with the agility of IBM in adapting itself to this fast-changing world. In the past thirty years, I have seen the transformation of IBM from a mainframe and data processing giant to a provider of multi-disciplinary hardware and software solutions. IBM has also become ever more customer-orientated, offering leading-edge technology, speedy time to market, and excellent customer service with the highest level of dedication and professionalism.

Congratulations on the Golden Anniversary of IBM in Hong Kong and my sincere wishes for your continuous success in the future.

Steve Lo

JOS began its business as a camera and copier distributor in Hong Kong more than 50 years ago. In the late 1970s, we established one of our most successful, long-standing business partnerships when we became a dealer of IBM electric typewriters.

Our cooperation flourished over the next two decades when we became one of the first IBM PC resellers in the 1980s and extended our relationship to include the mid-range AS/400 and RS/6000 in the 1990s. Today, as the only thriving IBM PC reseller left in the market from the 1980s and a leading player in IT services in our own right, we recognize the role our partnership with IBM has played in our success.

We are delighted, therefore, to congratulate IBM on their 50th Anniversary. Partners for nearly 30 years, we share a long, rewarding history marked by technological innovation and regional growth. IBM has helped JOS evolve from a seller of standalone office equipment to a provider of integrated IT solutions; from a Hong Kong-based company to one of the largest players of our kind in the region.

Our partnership is a winning blend of IBM’s experience and investment in technology, and JOS’ unrelenting pursuit of customer satisfaction. We look forward to its continuing success.
and then upgrade to larger systems as their needs grew. This flexibility greatly lowered barriers to entry. With most other vendors, customers had to choose between machines they could outgrow and machines that were potentially overpowered, making them too expensive. This meant that many companies simply didn’t buy computers. The S/34 and the later System/36 (S/36) and System/38 (S/38) computing systems changed the entire nature of the market as companies could now install machines at a lower initial cost.

IBM technology applications were also branching out beyond the realms of Hong Kong’s business and academic world, into the practical, day-to-day world of science. The new direction came about in 1973 when the Hong Kong Observatory installed an IBM 1130 computing system. It was used for weather-chart plotting and helping to numerically compile weather predictions. The installation also marked the establishment of the computer division in the Observatory.

IBM’s close relationship with the Observatory continues today. Most recently, the Observatory embarked on a server consolidation project in 2000. An IBM RISC System/6000 SP server cluster was also installed to replace the existing computer servers, which were becoming outdated.

The server cluster was subsequently enhanced with more nodes to support meteorological data processing, database operation, testing of wind-shear/turbulence algorithms, and processing aircraft downlink data. The server cluster was configured to provide high availability services and a load-sharing facility. An IBM p690 Regatta computer was installed in 2003 to replace ageing servers and to support the implementation and operations of up-to-the-minute weather forecasting activities.

As the 1970s were coming to an end, IBM was able to say goodbye to the decade on a distinctive high note. As business volume grew, so did the Hong Kong IBM employee headcount, which broke the 300 mark at the end of 1979. The company also signed a contract with the Hong Kong government to supply and install a S/370 Model 138, at the Inland Revenue Department.

The last day of December, 1979, was a particularly propitious day, as IBM was awarded a contract to supply the Bank of China (BOC) in Hong Kong and its associate banks with a cutting-edge online network system. The project not only totally changed the way BOC would carry out its banking transactions in Hong Kong, but cemented a successful partnership for the future.

FORERUNNER OF THE INTERNET

Long before the internet would forever change the way the world communicates, IBM Hong Kong was successfully using a World Trade Advanced Administrative System (WTAAS), a forerunner to the internet. In 1979, IBM Hong Kong was one of eight global locations to use WTAAS to process orders, installation requests and product movements. The system was connected by land wires and then by satellite across the Pacific Ocean to a central data bank in New York.

Tucked away on the fourth floor of the IBM Hong Kong office, an IBMer could input data or enquiries via a virtual display terminal. Communicating at a speed of 2,400 characters per second, the answer would appear on the screen of the central data bank in New York almost immediately.

“Thanks to WTAAS, lengthy and complex data flow will be a thing of the past,” said IBM administrative account specialist Peter Lai, who was one of the first to operate the system.

Unaware of the impact the internet would have several years later, Mr Lai said that, with its ability to provide an immediate response, WTAAS would play a positive role in sustaining business volume growth around the globe.
With rapid changes taking place across the finance sector in the 1970s, it came as no surprise when, towards the end of 1975, the Bank of China Group (BOCG) announced it wanted to invest in computerized technology. At the time BOCG was the brand used to denote 13 banks almost entirely owned by the Chinese government that operated in Hong Kong – until their merger in 2001 formed the Bank of China (Hong Kong).

“The prospects of winning the Bank of China project were exciting and huge,” said Anthony O, who played a major role in securing the Hong Kong and Shanghai Banking Corporation project a decade earlier.

When the proposal invitation was announced, it was decided that as many as possible of the IBM team would learn to speak mandarin. This proved popular with their BOCG counterparts, a team of about 30 that had a strong background working with computers in universities and research applications in different parts of China.

However, following months of extensive talks, negotiations suddenly stalled in September 1976 when Mao Zedong passed away. Once Deng Xiaoping emerged as China’s leader, discussions resumed and the contract was finally awarded to IBM in 1978 on the purchase of a pair of the newly announced 3032 processors. Such was the importance of the project that the letter of intent was signed in BOCG’s office at 10pm so that the announcement could be made simultaneously in New York.

In addition to ensuring the BOCG project would meet its client’s high expectations, the IBM Hong Kong team had another important party to consider. During the 1970s, the US government was particularly sensitive about which companies and countries had access to the latest technology developed in the US.

The 3000 computer series, a second-generation model based on the highly acclaimed S/360, was cutting-edge technology. To convince US government officials that the 3000 series would be put to legitimate use, members of the IBM Hong Kong team made several trips to Washington. “We explained to members of congress and concerned parties how the system would be used and there should be no concerns about transfer of knowledge,” Mr O said. After providing a satisfactory explanation, the project progressed smoothly with no delays.

BOCG would be IBM’s first customer to take the 3032 processors. By so doing, it propelled BOCG from a paper-processor to one of the most advanced users of modern technology in Hong Kong.

Ray Chan, the IBM project manager who looked after the installation, said it took close cooperation...
and industrious tenacity to install the system on time. “Right from the start, I had a good feeling about the entire project. I think it was a superb example of IBM customer-partnership philosophy put into practice. This was possible because we received a great deal of cooperation from our BOCG counterparts,” said Mr Chan.

What had been described by cynics as a “mission impossible” was launched in November 1979. The group’s first automated “savings” application installed at over 350 teller-stations meant that 95 different types of “saving” transactions could be performed automatically.

“The Bank of China Group closure was an important milestone that opened up business to non-foreign banking sectors,” said KS (Kam Sing) Ip who joined IBM in 1965 and held a variety of managerial positions including director of business development and regional manager.

“The two 3032 processors formed the backbone of Bank of China’s banking infrastructure for the next two decades, and had deep implications in the development of computing and IT application in China,” said Henry Chow, a member of the project team who joined IBM in 1968. Mr Chow became the head of IBM’s Greater China operations in 1995, and was acclaimed as the “IT Godfather” in China.
The 1980s were a time of tremendous change for Hong Kong, as growth in the economy accelerated beyond expectations. Similarly, challenges were thrown up for IBM Hong Kong in managing its own dynamic evolution, which called for creative solutions. The first of these was where to house a staff that had swelled to well over 350.

Towards the end of 1980, the company made its move, going into five floors covering nearly 52,000 square feet in Gloucester Tower, one of the city’s most prestigious addresses in the Landmark building. Within two years, however, even this was not enough, and in 1982 the Office Products Division moved to the newly completed Sunning Plaza in Causeway Bay, which was fast becoming a bustling commercial district.

Driving Hong Kong’s growth was, in no small part, the mainland’s “open door” policy initiated by Deng Xiaoping in 1979, which re-established Hong Kong as the natural gateway to a vast potential market and fuelled its financial sector.

As Hong Kong companies began to migrate their business operations into the mainland to take advantage of low-cost labor, IBM quickly took steps to provide support. “We were keen to back up Hong Kong companies with their expansion plans and show those involved in China’s computerization drive what IBM had to offer,” said Timothy Cheung, current general manager, Global Technology Services for IBM Greater China Group.

The ability to manage rapid growth proved to be a defining characteristic of IBM at the dawn of the PC era.

BREAKTHROUGH IN SHENYANG

Not long after Deng Xiaoping launched China’s “open door” policy, IBM was involved in the first installation of an IBM computer on the mainland. In 1981, KC Chau, a Hong Kong-based field manager, joined the international IBM team that went to Shenyang, a city in the northeast industrial belt near the border with Korea, to see a System/370 Model 138 being installed in a factory where it was used for the production control of compressors. “It was a thrilling experience,” said Mr Chau, “to see the first of our systems installed in China.”
Local kids get their first glimpse of the IBM Personal Computer, 1984
Like many other enterprises that made an early entry into China’s vast potential market, IBM had a lot to learn about fine tuning its business model to suit the new environment. However, IBM held a distinct advantage. With a strong support team in Hong Kong, IBM activities on the mainland were sensitive to Chinese culture and were able to adapt to the fledgling market. In addition, IBM’s successful installation of two 3032 systems at the Bank of China Group (BOCG) in Hong Kong acted as a first-step platform for future development.

People from the mainland’s financial, government and university departments responsible for working with IBM on the BOCG project were behind the mainland’s computerization drive for the next 10 years.

While IBM continued making inroads on the mainland, Hong Kong’s financial sector took off in the 1980s, and so did IBM’s role in providing technological solutions to the sector’s major players. One of these involved helping the Overseas Trust
Bank (which was acquired and merged into DBS Bank in June 2001) set up an in-house operations system using the IBM 4341 system. It also helped the bank rewrite its online programs tailored to the 4341 system – enabling it to retain its prior investment without disturbing banking services.

In 1980 IBM’s computing capabilities were again exemplified when the company installed a System/370 (S/370) Model 138 at the Inland Revenue Department. The project marked the beginning of a close and continuous partnership with various government departments.

IBMers at the time clearly recall that winning the government contract had a significant impact on the way IBM was perceived in the business community. It demonstrated that the British-run administration was prepared to buy computing products on their merit, regardless of the vendor’s nationality.

It was around this time that IBM won its first word processing order, including a Displaywriter System and the IBM 4700 Finance Communication System, from a consortium of 13 Chinese banks headed by the Bank of China Group. This was but one example of new products and applications that were allowing banks to create new marketing channels and extend their brand in new ways. Another was three large-scale IBM 3800 laser-electro-photographic printers installed by The Hong Kong and Shanghai Banking Corporation. The printer, which was capable of printing 20,000 lines a minute, was used for preparing bank statements, premium notices and other financial documents. And in yet another move that extended IBM’s partnership with the bank, in 1989 it signed an agreement with IBM to install 100 Application System/400 (AS/400) systems and related software, making the AS/400 the bank’s global computing platform. In addition, since 1986, IBM had been providing hardware and system software platforms to Hong Kong Securities Clearing Co Ltd for its development and operation of the central clearing and settlement system.

To meet increasingly complex customer needs, during the 1980s IBM introduced a variety of new products, including large, medium and small terminals and systems. Included in the new lineup of office products was the IBM Electronic Typewriter.
Sales were booming. At the beginning of the new decade, the Office Products Division was selling an average of 17 typewriters a day and the Data Processing Department an average of two S/34 systems per month.

IBM was still facing keen competition in the marketplace, particularly for smaller data processing and word processing machines. And so in 1981, the company embarked on an extensive reorganization, which was to prove far-sighted. Essentially, it pulled the company’s focus squarely towards the understanding that concerted marketing and service strategies were the key to success in selling technology. The reorganization also brought the customer engineering and marketing functions closer together.

Creative marketing techniques began to be introduced. These may seem standard now, but at the time, schemes like the “special bids” strategy typified IBM’s out-of-the-box thinking: IBM salespersons were encouraged to identify customer needs and recommend specially tailored packages which fit their requirements exactly, rather than trying to sell a “one-size-fits-all” approach, which was prevalent among vendors at the time.

Two examples of the scheme’s success were the order of more than 50 Displaywriters for Cathay Pacific Airways – IBM’s first large scale office automation order involving host-linked products – and an order to supply 20 Personal Computers to the University-Polytechnic Computer Center, IBM’s first multiple order used mainly for medical...
research, analysis and storage of patient records by faculty staff. They were also used for word processing.

“This was a good indication that the IBM Personal Computer was a versatile machine and had already gained popular acceptance in the local marketplace, not only in the commercial environment but also in the education arena,” said Wing Leung, IBM marketing and planning manager who originally joined IBM in 1958 as its fifth member of staff.

With hindsight, this was something of an understatement. The emergence of the PC had gotten underway during the early 1980s, thanks to two key applications: word processing and spreadsheet programs. Microcomputers had been around for some time, but had been limited to hobbyists and researchers. Yet it could be said that only once IBM released the PC 5150, in the US on August 12, 1981, and six months later in Hong Kong, did the PC era truly arrive. This was a computer that would not only change IBM’s fortunes, but the way the world worked.

As the planet’s biggest computer company, IBM legitimized the PC revolution by participating in it. Perhaps more importantly, however, from the start IBM also encouraged other companies to build hardware and software for its PC. It literally came with a full set of manuals documenting the entire BIOS and the internal wiring among the chips of the motherboard. The plethora of software and hardware peripherals for the IBM PC enabled it to be adapted to a wide range of useful applications: music synthesis, video games and desktop publishing.

Indeed, once business managers came to realize that these high-tech “toys” could be used to send a personalized version of the same business proposal to 50 different prospective customers, and could also take the drudgery out of management accounting tasks such as preparing budgets, the personal computer became a truly revolutionary technology.

But with the PC revolution came changes. By the mid 1980s, with demand for PCs soaring, sales of typewriters began to slow down. To meet the new industry dynamic, the Office Products Division, for so long a key unit in the IBM operation, was merged with the Data Processing Division. During the amalgamation period more than 30 IBMers were retrained and taught the skills of cross-selling and helping their existing clients join the PC era.

“This was not unexpected, as by then we had seen the power and the increasing popularity of the PC,” said Lorraine Wong, who was a marketing support representative in the Office Products Division. “The Office Products Division employees had to attend classes to learn about data processing, be it PC, S/36, etc. Luckily this wasn’t difficult for us.”

With the PC revolution well under way, IBM Hong Kong hit its 25th anniversary in 1982 at top speed. Another 90 people were added to the staff over the previous year – nearly a quarter of the total 407. The company was growing at the fastest
rate of any country unit within the global IBM network.

Henry Chow, current chairman, IBM Greater China Group, who at the time was manager of personnel, recalled those go-go growth years clearly. One of the company’s greatest strengths back then, he said, was its forward-thinking human resources strategy. In particular, initiatives targeting university and polytechnic graduates were considered novel at the time. Moreover, once on board, the company began offering innovative training programs long before similar courses became popular in other industries. Topics such as communications, group dynamics, time management and behavioral science studies were incorporated into professional development sessions. This was the time when the company’s Employee Development Plan was launched, in which a unique career development plan was worked out between each individual employee and his or her manager.

The anniversary year also saw the launch of the Excel Team Project, which consisted of voluntary teams of IBMers who met on a regular basis to discuss areas for improvement and problem-solving techniques for their particular functions. They also proposed recommendations and took part in the final implementation of those that were accepted.

Externally, too, IBM placed increasing emphasis on new technology seminars and training. During one three-week workshop for student members of the Hong Kong Society of Accountants (now the Hong Kong Institute of Certified Public Accountants), more than 300 participants were given the opportunity to enrich their understanding of computers and applications. Another highlight was the development of a “coronary protection game” featuring coronary risk ratings for the Hong Kong Government’s Medical and Health Department.

Meanwhile, IBM customers that signed up to use the company’s Guided Learning Center were provided with advanced terminals and audio-visual facilities so that they could learn about IBM products or work on their own projects. A series of operating and learning courses was offered for customers to familiarize themselves with products and systems such as the S/34, System/36 (S/36) and System/38 (S/38) computer models. Following up on the success of its previous mid-range models, in 1988 IBM introduced the AS/400 family of systems, the successor to all previous models. With its easy integration of hardware and software that could be tailored to meet different business models, the AS/400 soon became the world’s (as well as Hong Kong’s) most popular business computing system.

The choice of mid-range computing systems proved hugely beneficial to all types of businesses as it radically lowered the entry-level cost for access to world class computing performance. The availability of mid-range computing systems meant that small companies that saw the value of world-class mainframe computing could finally...
NETWORKING POWER EMERGES

As interest in personal computing continued to grow, IBM’s most powerful personal computer to date, the PC-AT, was unveiled a few days before the 1984 South East Asia Region Computer Exhibition. Featuring a high-speed Intel 80286 microprocessor, the PC-AT was capable of delivering almost five times the user memory and more than twice the information storage capacity previously available on IBM PCs. The new system’s performance and storage capabilities made it ideal for use with the new IBM PC Network that enabled customers to easily link up to 72 IBM PCs to share information and peripheral devices.

Developed with the cooperation of the Chinese Ministry of Electronics Industry, the multistation 5550, with simplified Chinese language capability, was also introduced at the exhibition, and IBM announced the introduction of function keys on a Japanese keyboard, with easy-to-read “Kanji” characters.

In fact, offering equipment featuring both English and Chinese character capabilities was long considered by IBM to be fundamental in meeting the needs of local businesses. So the announcement in 1985 that the 5550 Chinese/English Multistation could be attached to the S/38 model, and used as a general workstation, was another important breakthrough.

The news came shortly after it was announced that the same Chinese/English language capability was compatible with the IBM printer on the S/36 model. IBM even thought of a novel way to convey the news to the business community.

“Our advertising campaign for IBM’s Chinese language systems in the local press, using the historical and legendary Monkey King figure, was instrumental in enabling local business to identify with IBM,” said Henry Chow, who at the time was director of operations.
fight the prohibitive cost and join the big boys’ club. Equipped with powerful computing tools, Hong Kong businesses were in a position to drive better performance and exercise tighter control over inventory, resulting in better profits.

The impact IBM was having on the workplace was enormous. As computers and other office equipment became more efficient, compact and cheaper, the traditional office started to change beyond all recognition. Rather than one or two computers protected in a temperature-controlled room, individual workstations were becoming a popular concept.

IBM’s new Customer Service Center, three times bigger than the previous center, was designed with custom-built space and features to display and demonstrate a wide range of products, including a mock-up of a miniature bank complete with the IBM 3624 automatic teller machine. IBM customers and potential clients were able to try out products and enjoy one-on-one demonstrations of equipment.

Again, as IBM was constantly thinking of new ways to grow its business through non-traditional methods, it began taking a fresh look at its flourishing and diverse list of customers.

Through its Small Business Unit and fostering closer relationships with business partners, IBM was in a better position to help them pinpoint their business goals and manage their unique and diverse operations.

“It made a big difference to listen to customers to understand their requirements, identify with their problems and learn their plans and ambitions,” said KS Ip, who held various management positions with IBM including regional manager.

Equally important was the need to be knowledgeable about clients’ specific types of business, to provide complete solutions, not just bits and pieces of hardware and software and service offerings. Customers were looking for ways to improve
their business operations, profitability and competitive edge.

In a proactive measure to focus on SME’s particular needs, IBM organized full and half-day industry-specific computing seminars. These included toy manufacturing, electronic applications for hotels, and shipping systems. “Many small businesses knew that they needed to do something; they were looking for help and we took the initiative to work with them to identify the potential of computing and what it could do for their businesses,” said Mr Ip. “We can be proud that we helped them define and implement solutions to solve business problems in the most effective and efficient manner.”

“It is important that the contribution our business partners made is recognized. I founded these relationships in Hong Kong and much of what we did was subsequently adopted in the rest of IBM in Asia, and later in China,” added Mr Ip.

**MEN AT WORK**

The 1980s were golden years for civil engineering and major infrastructure projects across Hong Kong. One of the biggest names then, as now, was Gammon Construction. Due to the need for increased sophistication in the management of its projects, the construction giant turned to IBM for products and systems to streamline its operations.

“The nature of the construction industry dictates that the processes are divided into many independent functions such as estimation, planning, site and project management and control and reporting,” said David Morris, Gammon chairman and group chief executive. He added the introduction of an integrated computer system would assist in closing the information loop by providing accurate and timely information at all stages of the construction process.
Business partners provided the applications, implementation and support services to augment IBM’s advanced system technology. A fine example is Commercial Software Services Limited (CSSL), which joined IBM’s Complementary Marketing Assistance Program in 1983, and became IBM’s top systems partner in South East Asia.

An IBM User Group was also formed, with the intention of fostering the relationship between IBM and its clients, as well as advancing the efficient and effective application of the latest technology. This stepped out of the box of salesperson-to-customer relations, and allowed customers to interact with each other.

Geographically too, IBM was looking further afield for new areas of growth. In 1986, the Macau branch was set up at the Nan Yue Commercial Center, Rua da Praia Grande, to provide solutions to Macau businesses.

The development in China also accelerated. In 1984, IBM China Corporation was established with its headquarters in Tokyo and a representative office in Beijing. Hong Kong people played an important role in exploring the market. In 1986, the IBM China headquarter was moved to Hong Kong and IBM China and Hong Kong operations were consolidated into one organization. Finally, in 1989, after three years of mutual cooperation and support, the IBM Hong Kong Branch and IBM China Corporation were formally consolidated and renamed IBM China/Hong Kong Corporation.

As Hong Kong’s integration with the mainland continued to present new business opportunities for manufacturers in what would later be known as the “workshop of the world,” the city’s position as a gateway for international companies began to grow. This was good news for the local airline, Cathay Pacific Airways. To keep pace with the surge in passenger and commercial activities, in 1982 Cathay Pacific installed the IBM South East Asia Region’s first IBM System 3081 Model D – the most powerful system installed in the region at the time.

The installation was the climax of a year-long detailed planning schedule, allowing the airline to extend its online applications and economies of scale. In addition to adding new functions to its services, Cathay Pacific used the system for scheduling aircraft engineering, passenger services, flight planning, managing revenue and statistics and accounting.

This was the first implementation of the sophisticated Remote Support Facility (RSF), which provided automatic problem-reporting to IBM’s service and support departments. It could also allow remote support center representatives to directly access a client’s computing system under the client’s authorization and control in the event of a problem.

Internally, meanwhile, IBM was using innovative technology to improve its own efficiency. An example was the Professional Office Systems (PROFS). With the advent of email still to be fully
Chan Kay Cheung

At The Bank of East Asia, we have prided ourselves on providing innovative and dependable banking services to our customers since we were founded 1918. While we have witnessed many dramatic events and experienced numerous economic cycles in our 90-year history, one thing has remained constant: Good relationships mean good business. BEA’s 20-year partnership with IBM is an example of a very successful relationship.

We rely on IBM, because IBM’s consultants and technical staff are not just suppliers – they are an extension of our own team. They add value to our operations by allowing us to improve efficiencies and optimise our IT infrastructure. Their effort improves the quality of our information, enhancing our decision-making capability and making us a better partner for all our clients.

Our business has expanded dramatically in recent years, in line with the growing opportunities for financial service firms in Hong Kong and on the Mainland. BEA relies on business partners that genuinely understand our business to assist us in supporting our rapid growth. IBM is certainly one of our key partners, providing both strategic and technical support. We consider ourselves very fortunate to have such a reliable and experienced IT partner.

Our own reputation is only as good as the service we provide. With the support of IBM, we are confident in our ability to deliver the highest standards of service quality.

Anthony C.S. Yeung

Having just celebrated our 60th anniversary in 2006, we at Cathay Pacific Airways take great pleasure in congratulating our partner IBM on reaching its own significant 50th anniversary milestone.

Both Cathay Pacific and IBM have contributed greatly to Hong Kong’s development over the past half century. The airline has made a substantial investment in Hong Kong’s aviation industry and continues to work to enhance Hong Kong’s position as an international aviation hub. Our long-term relationship with IBM has played a part in helping us achieve our goals.

IBM is dedicated to helping Cathay Pacific from the most senior level down and shares our belief in providing “service straight from the heart”. Ever since the airline first introduced information technology, way back in the 1960s, IBM has supported Cathay Pacific with a range of products and services across the full spectrum – from hardware and software to technology and consulting services. We have employed IBM mainframe, server and storage technology, WebSphere and Rational software, and consulting services from IBM Business Consulting. IBM is also helping Cathay Pacific on a Service Oriented Architecture project.

In the fiercely competitive airline industry, leveraging the latest technologies and creating genuine innovation for the business is an important differentiator for Cathay Pacific. IBM is clearly a valued partner that is committed to Cathay Pacific’s success. Together we can work to reach even greater heights.
As the wonders of IBM's technology weaved its way into Hong Kong's business and social community in the 1980s, the company embarked on an innovative project to sponsor the screening of the Emmy award-winning Planet Earth series on local television.

Planet Earth, a seven-hour television documentary series, received sole corporate funding from IBM for the entire production. The program was researched and produced in association with the US channel, Public Broadcasting System (PBS), and the National Academy of Sciences (NAS). Featuring breathtaking film footage of different environments recorded all over the world, it was a huge success when shown on TVB Pearl in 1986.

IBM Hong Kong also supported a school outreach effort in conjunction with the series. More than 400 secondary school science teachers were provided with teachers’ manuals, lab suggestions and classroom materials to accompany each of the seven episodes.

“This is another excellent opportunity to emphasize our presence and demonstrate our involvement in the welfare of Hong Kong,” remarked IBM general manager John Henrickson.

In another community-focused project, IBM partnered with the then Urban Council Public Libraries Office to promote general public computer literacy. IBM donated 20 sets of IBM JX Personal Computers, six Proprinters and nearly 200 software programs valued at more than HK$600,000. The equipment was installed at the City Hall Public Library and the Kowloon Central Library, where it was considered they would receive maximum interest and maximum use.

Commenting on the donation, IBM's general manager at the time, John Henrickson, said: “A willingness to contribute to social education or cultural activities is a tradition with IBM, in fact, one of IBM's most enduring maxims is simply ‘there is no saturation point in education’. Education is the foundation of everything we hope to accomplish in the future – in IBM and in Hong Kong.”
embraced, PROFS provided an electronic mail system that linked IBMers both locally and across time zones. In addition to boosting productivity, IBMers could use PROFS to access on-line information, important communications, marketing announcements and various events and classes available in Hong Kong.

The establishment of the International Procurement Office (IPO) in 1983 marked another milestone of IBM’s presence in Hong Kong. Starting with a five-man team, the IPO concentrated on the procurement and supply of electronic and mechanical parts on behalf of IBM plants and laboratories worldwide. It brought in less than US$12 million in the first year, but within two years that number had ballooned to more than US$60 million.

One of the IPO’s goals was to transfer IBM technology and skills to the local industry by working closely with suppliers. This was done by conducting seminars, bringing in overseas consultants with the latest technology knowledge, and working together with vendors. In turn, IBM benefited from the technical know-how of local engineers and the availability of a competent and skilled labor force. By 1985, IPO orders were providing indirect employment to more than 800 local workers.

According to David Leung, IPO manager in Hong Kong at that time, many suppliers were proud to have IBM as their customer because satisfying IBM’s very strict quality specifications also meant they had achieved a great distinction among their competitors. “The parts procured from mainland China and Hong Kong have always lived up to the stringent requirements at the plants,” remarked Mr Leung.

All of these developments taken together were adding up to a powerful, well-tuned company as the middle of the decade approached. At the operational functions meeting held in December 1984, Dick Lewis, director of operations, could hardly contain his exuberance when he revealed the year-end performance figures.

“This has been a historic year ... In fact, 1984 has changed the tone and direction of IBM Hong Kong’s operational force, and we are well positioned to excel again in the coming year.”

DICK LEWIS, director of operations

KP Tang, who joined IBM in 1968 and worked in many areas of management, said basic management principles coupled with the introduction of leading-edge applications at competitive prices were well received by new and existing customers alike. “Our solutions in office systems and the new office systems center had been identified by South East Asia Regional headquarters as the model for all others to follow,” recalled Mr Tang.

While the company was riding on high, however, problems for the wider Hong Kong community lay just ahead. Following the signing of the Joint Declaration in 1984, which would see the British territory return to China, business confidence...
The recruitment and retention of high-caliber employees, particularly in key senior positions, was a headache for most companies. IBM’s previous foresight in building up a strong emphasis on human resources and career development, however, stood it in better stead.

Again, as had happened at other times of adversity in Hong Kong, IBM rolled up its sleeves and went to work to find solutions to Hong Kong’s challenges. By the mid 1980s, of course, the company’s products had been utilized by the Hong Kong government for some time, but computerization took another decisive step forward when the Housing Department installed an IBM 3083 computer as one of its departmental mainframes. This was in addition to an IBM processor and several workstations installed 18 months previously to facilitate CADD, a computer-aided drafting and design project.

The system was used for designing and drafting public housing projects. Architects and designers reported that it significantly contributed to increased productivity. Moreover, the system made it easier for those seeking public housing to liaise with the Housing Department. The HATMIS (Housing Applications and Tenancies Information Systems) was used for processing nearly 170,000 applications for rental housing. Each applicant was assigned a reference number, which could be quickly accessed through the computer system.

In addition, the Centralized Project Monitoring application that also ran on the 3083 system processed information on capital budgeting, public housing development planning, the availability of land for building and construction project control. The monitoring and control of construction projects was considered vital, as the cost took a dip and large numbers of talented, experienced people began to seek employment overseas. It was the start of a so-called “brain drain”, which introduced entirely new challenges for personnel professionals.
of building new public housing properties was running at about HK$3 billion per project.

Other government departments had been utilizing IBM products in the 1980s. The Hong Kong Immigration Department in 1984 had installed the first IBM 3270 Chinese Information Systems supporting application for and issuance of Hong Kong identity cards. In 1986, the department contracted IBM to undertake the first and major phase of the largest multiple S/36 systems order in Hong Kong. It was aimed at supporting immigration clearance of travelers leaving and entering Hong Kong at all control points.

Next up was the Hong Kong Trade and Industry Department, which invested in an IBM 4331 System to manage export quota allocations for Hong Kong’s booming textile and garment industry. The complexities surrounding quota allocations were varied and numerous. However, by using IBM equipment, the department’s staff could key in information relating to manufacturing or an exporters’ application and find out immediately whether the applicant still had quota rights for a particular category of products, and for which countries.

Needless to say, the post-1984 brain drain began to reverse itself, and the economy regained its confidence. Certainly, with IBM’s business landscape and employee numbers expanding, in 1985 the view, from a staff perspective, was just about to get better: the company moved its offices into six floors covering 85,000 square feet in Exchange Square II, with its stunning panoramic harbor views.

The relocation was significant for two reasons. First, at the time the Exchange Square premises were the largest office space IBM had ever leased. Second, IBM Hong Kong became the first IBM division in the South East Asia region to install the IBM LAN (local area network) wiring system.

Writing in his monthly general manager’s letter, John Henrickson noted: “No one could ever imagine when construction began that the bare office space could be turned into a fully furnished office complete with education and customer facilities, and product demonstration areas within exactly 42 days.”
Although the end of the 1980s brought a spell of political insecurity in the wake of the 1989 Tiananmen Square protests, it proved to be fairly short-lived. As the old Chinese saying goes, in every crisis there is opportunity. In the early 1990s, just as foreign investment was retreating from the property market in anticipation of the handover to China, so a new wave of domestic investment replaced it, snapping up property at what, with hindsight, were rock-bottom valuations. A booming property market in turn fed into the stock market, which in turn inspired companies to invest in new equipment and upgrade their technologies.

By this time, the personal computer was becoming the primary desktop appliance in every office throughout the developed world. It began to be networked with mainframes and departmental computers and was soon an integral part of the technology infrastructure of every company, small, medium and large. Within a couple of years, the home market would explode with low-cost, high-performance PCs.

With the impact of the PC increasingly felt in business and the society, the nature of IBM’s business was changing from hardware to software and services, from selling boxes to providing total solutions. In Hong Kong, the company’s headcount had grown to over 1,000. Macau was also taking off, and in 1992 the company moved into bigger offices in the Bank of China Building.

During this time, IBM Hong Kong underwent a significant organizational change.

One important development was the establishment of a new function: Account Services in 1991. Setting up the Account Services operation, which later became part of the IBM Global Services organization, was one of a number of major initiatives aimed at positioning IBM as a premier services company in Hong Kong and the mainland.

Account Services brought together under one roof the Professional Services Branch, China and Hong Kong Customer Services, Computing Center and International Information Systems. The rationale, as explained by Bob Savage, IBM
China/Hong Kong managing director from 1988 until 1993, was to tap into the expertise in each of the core areas and provide the best total solution to customers.

IBM also sought to expand its presence and business growth through the formation of strategic alliances with government, commercial and academic institutions.

“Having a healthy alliance program enabled us to meet the challenges of diverse computing environments. Through our strategic partnerships, we were able to leverage our resources, strengths, and reputation to deliver even greater value to our clients,” recalled Mr Savage.

Changes within IBM were taking place as Hong Kong’s economy graduated towards services, particularly in the financial sector. By 1995, Hong Kong was the world’s 10th largest exporter of services, embracing everything from accounting and legal services, insurance and maritime, to telecommunications and media.

Defining an integral milestone during its transformation process from hardware to a customer-centric services and solutions organization, in 1992 IBM established a Consultancy Practices organization to provide functional management and total solutions to clients. To provide customers with expert analysis, IBM consultants underwent intensive training to build up knowledge and specialized expertise, enabling them to work with clients in different industry sectors.

As industries became more competitive and increasingly relied on information technology, IBM consultants were able to help clients solve their business problems with individually tailored solutions designed to provide a competitive edge across a wide range of markets.

IBM was also able to extend its customer services menu by providing clients with data backup protection by setting up a Business Recovery Service in 1992. After developing a recovery strategy or business continuity plan, IBM consultants would validate the plans using walk-throughs, scenario exercises, and crisis management and emergency response team exercises. Consultants monitor the service by ensuring the program is

**CLONE WARS**

Widely recognized as being the first affordable personal computer, the IBM PC spawned legions of clones – many of which were created without IBM’s participation or approval.

As part of a drive to recapture a meaningful share of the PC market, the company set up the independently functioning IBM Personal Computer Company. The new business was structured to deliver new IBM personal system products at a much faster pace and cheaper process, therefore making its product more competitive.

Products included the IBM Personal System/ValuePoint desktop, ThinkPad notebook, Personal System/1 desktop, Personal System/2 desktop systems and servers.

Perhaps the most famous of these are the ThinkPads (above), which have a reputation for being solidly built, dependable, and innovative. Traditionally black, ThinkPads feature unique innovations such as magnesium or titanium composite cases, and the TrackPoint, a red button in the middle of the keyboard providing the functions of a mouse.
Hubert Ng

Hong Kong CSL has had a long standing and trusted relationship with IBM Hong Kong throughout the 24 years that CSL has been providing communication services in Hong Kong.

We have forged even closer ties over the past 5 years as IBM has been a key infrastructure partner in supporting CSL as we have undertaken a complete transformation of our IT environment, such that we remain at the forefront of the industry as the leading mobile operator in Hong Kong.

We have been able to draw from IBM’s strength in terms of providing a holistic solutions suite for a number of our large scale IT development programs, namely with our innovative CRM solutions, such as the Integrated Data Warehouse and Business Intelligence platforms, and being the infrastructure partner on our locally developed wireless CRM integrated front end application.

In the coming years we look forward to providing our combined customer base with more exciting and innovative solutions, such as the current offer of Lotus Domino bundled together with our 1010 and Blackberry for Enterprises service offering.

Congratulations to IBM Hong Kong on a triumphant 50 years in business.

Sin Chung-Kai

As the Legislative Council’s Information Technology Functional Constituency Representative, I’d like to congratulate IBM Hong Kong on achieving its 50th anniversary.

Over the years, IBM has enabled the IT industry to create and unleash new opportunities. By introducing innovative business solutions, creative products and high quality IT services, IBM has helped many public and private sector organizations improve efficiency.

It has been rewarding to see IBM’s promotion of wider IT adoption through its leadership role in initiatives including the Working Group on the Closer IT Partnership with Mainland China and the Digital 21 Strategy. Through this leadership, IBM contributes significantly to the sustainable development of the local IT industry and Hong Kong as a whole.

My office has also frequently partnered with IBM on worthwhile university and secondary educational programs such as the “IT for Youth Campaign”, which promoted IT for secondary students. In addition, IBM sponsored the industry’s initiative - “DO IT! Campaign” that demonstrated the unity of Hong Kong’s IT community during SARS.

I firmly believe technology advancement has the potential to generate new possibilities for our economy by creating jobs and making our industries more competitive. Companies such as IBM are helping make this vision a reality.
While Hong Kong was settling comfortably into its service status role, on the mainland, the environment for foreign enterprises also undergoing rapid change. Cordelia Chung, who joined IBM in 1991 as general counsel for Hong Kong and China, recalled another challenge IBM faced in the early 1990s when its presence was restricted to representative offices in Beijing and Shanghai. “We were only allowed to hand out brochures and introduce the company,” said Ms Chung.

Ms Chung’s main task was to help to obtain the necessary approval and licenses for IBM to legally operate as IBM China Company Ltd. Early in 1992, IBM received approval from the Chinese government to change its business structure to a wholly owned foreign enterprise, which allowed the company to operate in much the same way as other IBM companies around the world.

With assistance from IBM in Hong Kong, the IBM China operation smoothly completed all the necessary licensing requirements and was able to formulate a business strategy that would support companies setting up or already operating their businesses in China.

The establishment of IBM China Company Limited also marked the new company’s long-term development in China. Through optimizing its strong links with the Hong Kong IBM operation, IBM China Company was ideally positioned to understand and help Hong Kong enterprises as they stepped up their business activities on the mainland. At a special banquet held in Beijing to celebrate the launch of the new company, IBM China/Hong Kong managing director Bob Savage told State Councilors and other senior Chinese officials that the new operation not only marked a milestone in IBM’s global operation, but also a new chapter of cooperation between IBM and China. “IBM’s success in China is also China’s success,” said Mr Savage.

A noteworthy example underpinning IBM’s long-term commitment to China was the establishment of a research laboratory on the mainland. As the first global corporation to do so, IBM China Laboratory opened in September 1995 in the Haidian District, better known as China’s Silicon Valley. In addition to its corporate laboratory, IBM also entered into agreements with top mainland universities. Research collaboration between IBM and mainland universities not only provided many benefits to mainland companies but also to Hong Kong companies and various enterprises around the region by helping them to incorporate intellectual property into their products for global and local markets.
Just as a disaster plan for business continuity lays out resources and procedures for resuming operations in the event of a catastrophic interruption to business, a business recovery service (BRS) provides resources and backup for continuing operations with minimum interruption.

Realizing that an important facet of any organization’s business recovery measures is continued access to vital company data and electronic communications, IBM set up a contract Business Recovery Service to provide clients with peace of mind. In the first year of offering, 15 companies joined the scheme. IBM won its first-large scale BRS contract from Orient Overseas Container Line Limited (OOCL).

The BRS scheme provided access to electronic data that could not only minimize the duration, severity and cost of any business interruption, but could also help the organization’s leaders to execute all aspects of crises management.

Under the agreement, IBM would provide disaster recovery facilities to clients and their end-users on a contract basis during prolonged disruptions due to a disaster such as a fire, flood or power failure.
SiS is one of Asia’s largest computer systems, software, peripherals and networking products distributors. We’ve achieved this success through partners who share our vision for innovation and excellence. SiS and long-term partner IBM are committed to helping our clients strive towards excellence in all they do.

This year IBM Hong Kong celebrates its 50th anniversary. Innovations since 1957 include the mainframe, personal and mid-range computing, client-server computing, e-business and on-demand computing. IBM has impacted the way we do business in more ways that we can ever imagine. It has revolutionized how we handle information – from data entry to processing, from data storage to retrieval. IBM is integral to industries from medical to education, having established itself as the very foundation of computer technology.

The SiS-IBM relationship is a 10-year plus partnership that extends across five regional offices. Our success contradicts the perception that working with big vendors is difficult. The synergy between our two organizations results from understanding, respect and mutual cooperation. It is about solving challenges together - a partnership defined by working towards a common goal. It is about positive attitude. It is about trust.

SiS wishes IBM success and looks forward to our continued partnership in the years to come.

Onwards to success!
greater than its parts. There was now an executive focus on worldwide sharing and integration across the business process and application portfolio. IBM Hong Kong was part of a companywide transformation effort.

In 1994, IBM realigned its client-facing representatives by industry segments. Through its various Industry Solutions Units, supported by Brands and Services Units, IBM was able to offer specific business solutions tailored to clients in such sectors as financial services, public services, communications, and distribution.

“One of IBM Hong Kong’s outstanding strengths has always been the ability to adapt to clients’ changing needs and help them find the best solutions,” said Mary Lee Turner, who joined IBM in 1993 as director of hardware and software products.

“Whether it is delivering consultant services or partnering with clients to provide software services, IBM in Hong Kong was very quick to climb the learning curve and succeeded in meeting high customer expectations,” said Ms Turner, who had held the position of director of communications at IBM’s US headquarters.

While the overall business environment might have been challenging, IBM still managed to achieve some notable successes in Hong Kong. For instance, the company held the first Government Executive Conference, for 100 executives. Its aim was to provide a forum for discussion of the economy in the 1990s, the dynamics of information technology, and the possible ways in which the government could respond to these changes. A two-year partnership agreement was also signed with the Hong Kong government, endorsing IBM’s System/370 as its core operating system.

IBM also won its first strategic outsourcing project in the territory from Hong Kong Telecom (which later became PCCW) in 1995. This was not only a milestone of IBM’s development in Hong Kong, but also one for Hong Kong’s business landscape. It was the first time the strategic outsourcing concept was introduced and implemented in Hong Kong.

In a separate move to provide clients with a wider range of services and maximize business opportunities, in 1994 IBM Hong Kong became a member of the IBM Greater China Group, together with the mainland and Taiwan operations. As a result, IBM was ideally positioned to support the cross-border growth of clients within the Greater China region, by sharing market insights and industry expertise among the three areas.

“IBM was among the first batch of multinational enterprises to integrate the mainland, Hong Kong and Taiwan operations into one entity. We saw the growing trends of Taiwan and Hong Kong companies to expand into the mainland, and responded with a single Greater China organization that allowed the sharing of people, expertise and resources to support the growth,” said Mr Savage, then managing director for the Greater China Group. “This proved a right strategy that contrib-

“Through our strategic partnerships, we were able to leverage our resources, strengths, and reputation to deliver even greater value to our clients.”

BOB SAVAGE, managing director,
IBM China/Hong Kong 1988-1993
DEEP BLUE’S BRAINS

As the saying goes, behind every successful machine is a talented scientist. And behind IBM’s revolutionary Deep Blue supercomputer, which dealt a blow to humankind in 1997 by defeating chess champion Garry Kasparov, was Dr. Tan Chung-jen, the leader of IBM’s elite Deep Blue team.

Computers had beaten grandmasters before, mostly in games of speed chess, but this was the first time a world champion had ever lost a game played against a computer with regulation time limits, in which each player has two hours to make his (or its) first 40 moves.

“I’m not stretching things to say that we’ve got one of the greatest concentrations of computing power ever focused on a single problem working here today,” said Dr Tan during a visit to Hong Kong with Deep Blue and his team in 1997. He added that at some points during the game, Deep Blue was searching in excess of 100 million chess positions a second.

When Dr Tan and his research team brought Deep Blue to Hong Kong in 1997, industry leaders and academics were able to witness first-hand the power of Deep Blue’s parallel processing computations, which could be used in business such as supply chain management, data mining and forecasting trends. Later Dr Tan joined The University of Hong Kong as its director of the E-Business Technology Institute (ETI). The ETI is a joint partnership between IBM and the University to foster research and development of e-business related technologies and applications that are relevant to the mainland and Hong Kong region.
unveiling in Hong Kong took place in front of hundreds of customers and analysts interested in next-generation computer systems in 1990.

Consisting of a series of nine high-performance workstations and servers, IBM named the new systems POWERstations and POWERservers dedicated to the rapid growth of IBM in the region in the decade to come. It also set an example for other enterprises in the region to follow.”

Employees in Hong Kong have since then been exposed to more career opportunities within the Greater China operations.

It is often debated by economists whether technology initiates structural economic change or is a result of it. Regardless, it was clear that in these times of immense change for Hong Kong, new technology and support services were at the center of one of the most dynamic periods of growth the city had seen. And leading the way was the RISC System/6000 family (RS/6000), which brought a new level of performance to the UNIX workstation marketplace. The RS/6000 operates with an open system running AIX, IBM’s version of the UNIX open system. The unveiling in Hong Kong took place in front of hundreds of customers and analysts interested in next-generation computer systems in 1990.

Consisting of a series of nine high-performance workstations and servers, IBM named the new systems POWERstations and POWERservers

**HONG KONG’S FIRST ‘LOCAL’ GENERAL MANAGER**

In 1994, Paul Moung became the first Asian (and the first Hong Konger) to be appointed to the company’s general manager position in Hong Kong. Recalling the appointment, Mr Moung advised anyone starting out in IBM today to absorb as much as they can: “Upon graduation, I couldn’t think of a better company to work for,” he said. “In fact, I even told my mother that if I got into IBM, I would work for nothing. She told me I was crazy!”
because they offered unprecedented performance. They were aimed at some of IBM’s most demanding clients, such as engineers, scientists, security traders, analysts – anyone who required powerful, high-performance computer power. IBM’s chess winning computer Deep Blue, famous for beating Garry Kasparov, ran on the POWER architecture.

Immediately following the launch, The Chinese University of Hong Kong purchased five of the RS/6000 models for research and development. The first RS/6000 system in Hong Kong had been installed the previous year at the Hong Kong Observatory.

“The new products demonstrate our continuing commitment to open systems and industry standards, and our determination to become a leader in the workstation and open system environment,” commented Mr Savage, after the RS/6000 series was quickly acclaimed by end-users.

Another area of the economy where IBM established itself as a market leader was in the provision of Point of Sale (POS) technology. One highlight was in 1991, when supermarket chain Wellcome announced that it had chosen IBM as the provider of its first fully computerized POS system. The extensive new system would be the first of its kind in Asia outside of Japan.

“We felt that IBM’s system was more flexible and more suited to our needs both now and, more importantly, for the future,” said Chris Walsh, Wellcome’s general manager of Management Services, who worked with IBM on the project.

It had not been a walkover, however. Wellcome initially shortlisted three vendors including IBM, and asked them to complete a live pilot project that would last for nine months. The aim was to see how the POS equipment would stand up to sustained supermarket trials. The pilot project would also allow store managers and cashiers to familiarize themselves with the new machines and gauge customer reaction. From Wellcome’s point of view, an important part of the pilot project was to monitor customer feedback.
SUPERCHARGED STUDIES

Considered by many scientists as a historical breakthrough with wide-ranging ramifications for society at large, IBM’s SP2 Supercomputer was installed at The University of Hong Kong (HKU) in 1996.

“The IBM SP2 Supercomputer is unique in Hong Kong. It is the fastest, most powerful computer in the territory and is capable of providing accurate scientific modelling and industrial design in a fraction of the time and cost of human labor,” said Samuelson Young, who served in a variety of senior executive management roles within IBM, including director of operations of IBM Taiwan, general manager of IBM Greater China Personal Computer Company, and general manager of IBM Hong Kong.

Also known as a parallel computer, because it could process instructions using different processors concurrently, the supercomputer provided computing power similar to putting 32 workstations together and running them at the same time.

At the time of its installation, Professor YC Cheng, the then vice-chancellor of the university, said the supercomputer was not only at the forefront of scalable parallel computing in the territory, but was taking the lead in science and technology.

Two years later, IBM was to deepen its relationship with the university through computers at the other end of the size scale. Maintaining its belief that extensive use of cutting-edge technologies enables enhanced instructional quality and an enriching learning environment, IBM began to supply the latest low-cost ThinkPad notebook computers to first-year students at HKU.

HKU and IBM launch Hong Kong’s fastest supercomputer, 1996

The Assured Access Mobile Computing Partnership is part of a long-term goal shared by IBM and the university to create a state-of-the-art “digital campus” in which all students and staff have access to computing power, network tools and resources from anywhere – on or off campus.
The pilot system was installed at the Wellcome Tai Po Center in the New Territories. Running a live pilot project was no easy task. IBM engineers were stationed in the store throughout its opening hours – 8am to 9pm, seven days a week for the entire nine months.

Finally, the hard work and sleepless nights paid off, when Wellcome awarded IBM with the multi-million dollar contract. By the end of the following year more than 1,000 IBM POS systems had been installed in Wellcome retail stores at the rate of three stores per week. Upon completion, the project formed one of the biggest networks of IBM equipment in Hong Kong.

In yet another demonstration of teamwork, in 1990 IBM Hong Kong concluded a major agreement with the Overseas Trust Bank to supply an IBM 4731 Personal Banking Machine. The project marked a significant step forward by IBM to secure a presence in the Automated Teller Machine (ATM) market.

Account team members, when recalling the win, said the spirit of teamwork had contributed much in putting the deal together. “Everyone involved with the project worked hard to provide the best possible package to the client,” said a team member.

The team was nervous when they first started negotiating with the client because the 4731 was new to the Hong Kong market, although it had been widely used in other countries. IBM also faced fierce competition for the contract from other vendors.

However, IBM won the day after Overseas Trust Bank executives made visits to two existing IBM ATM installations in Europe. “Our position improved considerably when the client discovered just how versatile the 4731 system could be,” said the team.

Nevertheless, despite such successes, IBM was facing a rapidly changing business environment. Instead of a box that provided computing solutions, customers were looking for ways to improve their business operations, profitability and competitive edge through managing their unique and diverse operations.

In the early 1990s, people were starting to talk about the “Age of Networking”, pointing to two back-to-back shifts in the IT industry that had completely changed the nature of the game.
The first was the universal adoption of personal computers, placing technology directly in the hands of millions of people; the second was the coming of the internet.

It seems hard to imagine now, but it was only in the late-1990s that the internet really began to be used commercially – many have pointed to the 1996 IPO of Netscape as the start of the so-called “internet mania”. But it had, in fact, been creeping into the workplace for some years already, as IT managers pounced on the idea that the internet could be used to transform core business functions.

To better understand the impact of the internet, IBM set up a global taskforce that worked for a year on what it really meant to exploit network-centric computing. Their results were released in September, 1995. The primary conclusion was that the internet was going to quickly become more than a tool for browsing, and that using it for conducting transactions would soon become the overriding priority for users. Just four weeks after the taskforce announced its findings, IBM allocated a budget of US$300 million to set up the Internet Division. It became the catalyst for sweeping change in the company.

In his famous keynote speech at the 1995 Comdex, the huge annual tradeshow of the US computer industry, IBM CEO Lou Gerstner brought the full weight of the company behind a concept that IBM is often credited with pioneering. The industry, he said, was about to move beyond client-server and enter a phase of “network-centric computing,” driven by powerful networking technologies. “In a truly networked world, we can share computational power, combine it and leverage it,” he said. “This world will reshape our notions of computing and, in particular, our notions of the PC.”
“Network-centric computing” was later coined by IBM as “e-business”, denoting the implications of the internet as a medium for real business and institutional transformation.

In keeping with its customer-centric strategies, the company began adding to its line of “network-centric computing” products and services and formulating its strategy for the next generation of business. To support its plans, IBM formed its own Software Group, the world’s second largest software company. IBM also acquired leading software developers Lotus Development Corp in 1995 and, the following year, Tivoli.

As the e-business concept took hold in Hong Kong, employees of software companies acquired by IBM came under the company umbrella. Armed with these additional resources, IBM was able to help its customers build applications on the internet.

In 1996, IBM took up residence in the Hongkong Telecom Tower (now PCCW Tower) at TaiKoo Place. The larger premises saw the introduction of the mobile office concept, the first of its kind in Hong Kong.

IBM unveils an e-business Roadmap for Hong Kong, 1999

IBM donates software to the City University of Hong Kong
“IBM has been transforming and evolving over time to sustain its market leadership. But the company’s basic value is the same: Think Customer First. This is how you can get trust from your clients.”

TONY TAI, current general manager for East and Central China, who joined IBM Hong Kong in 1980 as a data processing business assistant

Kong. The same year, IBM set up its internet website at www.ibm.com/hk.

This was the time when the term “e-business” was coined. Put simply, it described electronic business methods that enabled companies to link their internal and external data processing systems more efficiently and flexibly. Today, most of this is achieved through web-based technologies.

As businesses began to embrace new technology and processes with the help of IBM products and support, the economy began to boom again, helped in no small part by a dose of “China fever” in the financial markets as Hong Kong moved inexorably towards its return to Chinese sovereignty. Indeed, as fireworks burst the Hong Kong’s spectacular harbor on the night of June 30, 1997, and the new Hong Kong Special Administration Region’s bauhinia flag fluttered on government house, it seemed as if the only way for the economy to go was up.

With hindsight, it would be fair to say that the next day was the beginning of the mother of all hangovers, as the Thai baht began to collapse, triggering the Asian financial crisis. The next few years were to prove extremely painful ones for Hong Kong, as property and stock prices slumped.

At times like these, there are companies that look immediately to their own bottom line. And then there are companies that look at the bigger picture. IBM, for its part, decided to do what it does best: it had a good think, and then it came up with a plan. Not just any old plan, but the “e-business Roadmap for Hong Kong”.

“The impact of the internet was starting to be seen in the community, but was mainly on business-to-consumer e-commerce,” recalled Tony Tai, general manager at the time. “We saw that the internet would transform the ways of doing business fundamentally, and would become a critical factor for a business’ success in the network era. We wanted to help the business community understand the potential of e-business in enhancing competitiveness, and arouse their interest in embarking on their e-business journey. After discussion with the e-business team, we decided to publish our first-ever technology roadmap for Hong Kong.”

IBM’s roadmap suggested and identified ways that different industries could form clusters among themselves and through e-business channels share information and conduct business. The IBM roadmap also set out ways the e-business concept could be developed so that eventually Hong Kong would become an integrated business community with business and government departments all interconnected. The rationale of working together and sharing information would then create strategic alliances that could be capitalized on and turned into competitive advantages.

A year after IBM published its e-business roadmap, the dotcom boom began in earnest.
Just as Hong Kong has grown, developed and matured over the years, so too has Macau, with its long and rich history of Portuguese influence. IBM has been a part of this growth since its early days in the region.

At first, Macau was serviced from Hong Kong. Yet in 1985 – long before the casino market was opened to international operators who are now piling in – IBM saw the potential for sustained growth in business, and so established an office in what was then a Portuguese territory. It was set up by Richmond Lo, who joined the company in 1974 as a system engineer trainee and went on to hold a number of key managerial positions including director of services for IBM Hong Kong, director of government industry for IBM Asia Pacific, and director of sales operations for Greater China Group.

The Macau Special Administrative Region Government has clearly defined its strategy for economic development, with gaming and tourism leading the way. It is also striving to develop the city’s strengths in three main areas as a business-service center: as a promoter of economic cooperation between China and the world’s Portuguese-speaking countries, as a gateway to the western side of the Pearl River Delta, and as a platform for networking by Chinese entrepreneurs seeking to do business internationally. In each of these, IBM is playing a supporting role.

As Macau has developed and grown, IBM’s presence in the former Portuguese enclave has also grown. From its original branch office in the Nan Yue Commercial Center on the picturesque Rua da Praia Grande, in 1992 the company moved to larger premises in the Bank of China Building. Again, as demand for IBM’s products and services continued to grow in 2005 IBM relocated to a new and bigger office in the Bank of China building.

One of IBM’s principle objectives is to enhance IT applications in Macau, driving its development towards a networked economy and thereby further strengthening its competitive position as an international gaming and tourism center. To move the concept forward, the International Institute of Macau and IBM World Trade Inc have agreed on a protocol of collaboration focusing on research of new information technology and its use by Macau’s government departments in the context of Macau’s e-government development plans. IBM
Betting on Macau

and the Institute have also agreed to collaborate on the organization of technical training activities in Macau.

IBMers have been working closely with public administration leaders, chiefs of departments, representatives of higher education institutions, banks and local business leaders. IBM has provided detailed explanations on the potential of services in information technology, innovation, human resources management, financial management and specialized training.

Dominic Tong, general manager, said the focus in Macau is on helping Macau’s organizations innovate to grow. “Our Macau team is also focused on growing IBM’s partner ecosystem in the city to provide local knowledge and tailor-made solutions,” Mr Tong said he predicts IBM’s Macau presence developing in three major sectors: entertainment and tourism, government and banking.

“Our presence in Macau reflects our confidence in Macau’s growth potential. IT services and solutions that help address the needs of Macau’s booming tourism and gaming industry will help businesses there to innovate, and to position Macau as Asia’s entertainment hub,” said Mr Tong.

“Long before other IT vendors landed on Macau, IBM had already started to support the banks and the public sector’s growth initiatives. For instance, all banks were using the IBM System/38 in their core banking applications,” recalled Richmond Lo. “I’m pleased that IBM had played a pioneer role in enabling the development of the information infrastructure of Macau.”
IBM has long recognized that it is competing not only in the marketplace of the present for ideas, technologies and solutions – but in the unfolding future, through the education of both its own staff and those it plans to recruit.

At the most direct level, IBM scholarships have been awarded to students at The University of Hong Kong, The Chinese University of Hong Kong, Hong Kong Baptist University, Hong Kong Polytechnic University and City University of Hong Kong, to help them pursue computer or computer-related studies.

Through various forward-looking programs, IBM also works with schools and universities throughout Hong Kong to develop and implement innovative programs designed to stimulate interest and help solve some of science and education’s toughest challenges.

“Ensuring a well-educated and talented student community is key to the long-term prosperity and growth of Hong Kong,” said Dominic Tong, general manager, IBM Hong Kong. “We are committed to championing efforts to support our local education community.”

IBM considers its involvement with Hong Kong’s universities to be part of the company’s continued commitment to the community. As such, it provides both expertise and cutting-edge technology to help develop and increase the talent pool for future employment.

For instance, as a major supporter of the Hong Kong initiative for local technology development, in July 1999, IBM signed an agreement with The University of Hong Kong (HKU) to establish an E-Business Technology Institute (ETI). ETI’s goal is to foster an environment where people across disciplines can work together for the community through research in e-business applications and development. The institute’s aim is to leverage the foundations provided by HKU and IBM to become the preeminent center for e-business research, development and solutions.

According to HKU, few commercial enterprises can afford such a department. However, it is essential for them to have access to technological innovations to pro-
mote and market relevant IT research and development in Hong Kong and throughout the Greater China region. “IBM not only provided the University with the technologies, advanced equipment and software necessary to create the institute, it shared our vision of encouraging IT innovations in this part of the world. With this combination, we were certain IBM was the best partner for us,” the university said at the time.

As has been noted already in previous chapters, IBM’s relationship with HKU dates back a long way, right to the 1960s when an IBM 1620 data processing system was installed in its Department of Civil Engineering, and later when it was the first higher education facility to adopt the IBM ThinkPad University program in Asia. HKU requested proposals from various notebook manufacturers, and selected IBM for its strong technological expertise as well as for its experience in higher education.

In various ways, IBM is also involved with Hong Kong’s other universities. For example, Lingnan University, renowned for its unique liberal arts or “whole-person” approach to education, uses an IBM RS/6000 system, the common mainstay in banking and other industrial sectors, to tie its different systems into one unified campus infrastructure. The RS/6000 system automates the critical administration processes in the university, such as enrolment and registration, and integrates them for easy information access and content management across the campus systems.
During the 1970s and 1980s, The Chinese University of Hong Kong (CUHK) installed various IBM mid-sized computers such as the IBM 4381 and IBM 9370, which were used to run the University’s administration, human resources and the payroll accounting systems. The 9370 system was also used to process statistics and run engineering and scientific applications.

A partnership program was also successfully initiated with the CUHK to computerize large volumes of information relating to Chinese medicine. The use of advanced technology made possible cross-referencing, retrieval and link-up with western computerized medical and scientific databases.

The project also included computerizing and creating an organized database for many of the most important Chinese journals in the medical field. Subsequently, the CUHK frequently received requests for information on Chinese medicines from researchers, medical doctors, and government departments and manufacturers worldwide.

For 2006, IBM and the Faculty of Engineering at the CUHK organized a week-long initiative in support of Engineers Week (EWeek), a private and public sector coalition focused on increasing awareness and appreciation of engineering disciplines. During EWeek, participants were invited to participate in a series of hands-on activities to spark enthusiasm and cultivate interest in studying engineering. As part of the program, CUHK professors presented topics ranging from the history of microchips to peer-to-peer networking, while IBM volunteers guided students through games and competitions focused on applying science and mathematics skills.

IBM’s tertiary education support is also wide-ranging on the mainland, where IBM China is involved in a number of programs that support science, education and cultural development.

In a recent technology development initiative, IBM, HKU and the South China University of Technology (SCUT), have jointly set up a research center for the development of a new breed of e-business technology, including the increasingly pervasive Radio Frequency Identification (RFID) technology. SCUT, which is situated in Guangzhou, is one of China’s key universities operating under the direct leadership of the national Ministry of Education. The laboratory is well known for

**EX.I.T.E. CAMP**

In 2005 and 2006, IBM organized the EX.I.T.E. (Exploring Interests in Technology and Engineering) Camps in collaboration with HKU, PolyU, CUHK and Hong Kong Institute of Vocational Education. Here, girls aged 11 to 13 participated in a week-long program of activities designed to inspire them to broaden their horizons in the field of technology and engineering, and to pursue the exciting career opportunities in technology and engineering when they grow up. The camps feature female role models and fun and educational hands-on technical activities.
its cooperation with businesses to commercialize its research results for the benefit of IT development in China.

It is not only at the ivory-tower level that IBM is involved with supporting education. In fact, the company is looking all the way down the line of education in Hong Kong. Its support extends from early childhood, through middle and high school, to provide a comprehensive set of leading-edge solutions to the world’s most pressing educational challenges.

Since it was rolled out in 2001, IBM’s KidSmart Early Learning Program has utilized the most effective up-to-date hardware, software and educational materials, in order to give young children who are attending early childhood settings an effective jump-start in their education.

The KidSmart program integrates new interactive teaching and learning activities using the latest technology in the pre-kindergarten curricula. Program donations from IBM include Young Explorer™ centers equipped with IBM PCs, Little Tikes PC furniture and Edmark software.

The program also consists of educational and training materials for parents, teachers, and administrators – and training sessions for teachers. Additional support includes a website for teachers, which provides guidance on early learning and technology. There is also a dedicated telephone hotline and channels for feedback and information sharing.

Realizing that young people can learn and benefit from those with experience in the workplace, IBM Hong Kong MentorPlace (www.mentorplace.org) provides a secure, internet site which enables students and mentors to collaborate on a range of business activities and workplace subjects. The scheme involves IBM employees volunteering their time to mentor school students by providing advice and guidance. This online mentor/student communication also provides an opportunity for students to gain real insight in the business community and increase their confidence around future career options. IBM works with teachers and schools to ensure a meaningful “e-mentoring” experience.
As Hong Kong embraced the new millennium, it began to shake off the slump caused by the Asian financial crisis that had begun in 1997. The rise of “dotcom” businesses was spurring investments in new technology like never before, and the economy was booming.

Synonymous with projects that help the wider community, IBM has continued to introduce new products, solutions and civic programs outside of its immediate client base. For instance, to help young people gain an insight into web-based enterprise and to nurture e-business leaders of tomorrow, in 2000 and 2001 IBM held the “Gen-I” Program, an e-business project design competition for university students.

Cross-border initiatives are also actively encouraged, through such schemes as the IBM Visitorship (China) Program, conducted jointly with The University of Hong Kong since 2001. Its aim was to pull together IT expertise from both Hong Kong and the mainland through regular exchanges. A fund was set up under IBM’s name to sponsor
Dominic Tong leads over a thousand IBMers in the kickoff for 2006
the living expenses in Hong Kong of the successful applicants.

However, as is now well known, the sunny period did not last. The bursting of the dotcom bubble in the second half of 2000, the 9/11 terrorist attacks in the US in 2001, followed by the devastating impact of the severe acute respiratory syndrome (SARS) outbreak in 2003, once again severely dented Hong Kong’s usual can-do spirit.

As Hong Kong struggled to make headway through a particularly challenging low point, IBM threw its full weight behind rejuvenating business confidence and supporting a technology-savvy community.

Once again, through sharing its knowledge, expertise and in-depth analysis, in 2002 IBM unveiled the second chapter of its e-business Roadmap for Hong Kong. Under the theme “Breathing New Life into Hong Kong: A Technologically Empowered Society”, IBM continued from the first chapter unveiled in 1999, outlining its vision for Hong Kong and the actions Hong Kong needed to realize the vision.

Senior executives, led by general manager Cordelia Chung, urged the adoption of grid computing techniques to establish a “community computing model”, which would help reduce future IT investments and result in greater efficiencies from a rational distribution of computing power in Hong Kong.

Reflecting on the launch of the Roadmap, Ms Chung said: “It was very satisfying to see how senior government officials and members of the private sector took notice of our suggestions.”

IBM’s “Breathing New Life into Hong Kong” action plan involved encouraging commitment to open computing standards through the adoption of a broader range of software applications. It included promoting “pervasive trust,” referring to strong security, privacy and digital rights management policies; improving IT budgets; raising government policies on IT; developing a more skilled IT workforce; and
Daniel Lai

The relationship between MTR Corporation Ltd and IBM Hong Kong is built on genuine innovation. The combination of innovative technology and service excellence has helped establish the MTR as a leading railway network since its launch in 1979. Each weekday, more than 2.5 million people depend on what has become one of the world’s most heavily utilized mass transit systems.

The MTR’s advanced rail network relies on the best technology and business practices and processes. With IBM it has both, helping establish the company as one of the finest railways for consistency, customer service and cost efficiency.

Since 2004, IBM has partnered with the MTR to create, design, develop and implement a range of IT solutions, improving the way it does business and its customer interactions. These include installing data and systems recovery facilities, defining and implementing an asset management information solution, and developing and managing a merger IT integration strategy and plan.

These innovative projects have helped the MTR towards its goal of becoming a world class enterprise in Hong Kong. They have also helped it receive industry acclaim, including the prestigious CIO Asia Awards (2003 and 2005) and ZDNet CIO of the Year (2006).

MTRC congratulates IBM on its 50th anniversary, and looks forward to continuing a long-term and fruitful partnership.

Christine Fang

As IBM has entered into its 50th anniversary, I would like to extend my congratulations on its achievements and long-term services to this society. IBM has long been a close partner of The Hong Kong Council of Social Service. In 2004, when we were planning to set up Digital Solidarity Fund which aimed at supporting digitally inclusive projects, IBM actively got involved and became one of the founding members. In the past two years, DSF successfully supported 13 projects. More than 90 thousands disadvantaged people got opportunities to learn the use of ICT. With its commitment in community services, IBM has been awarded Caring Company since 2002.

IBM has been a pioneer in the IT sector in the past half century. Its contribution to the development of information technology has been widely recognised. Though it is always working on the cutting-edge technology, it has not left the disadvantaged behind. I am sure IBM would continue its community services and collaborate with the welfare sector in achieving digital inclusiveness in the coming years. The active participation of IBM in community services would demonstrate an excellent example to others of what a great company should be.
SOUND EMERGENCY PLANNING

After the events of September 11, 2001, IBM added a Crisis Management Team (CMT) to its existing emergency process. It was put to the test most memorably during the 2003 severe acute respiratory syndrome (SARS) epidemic.

When SARS struck Hong Kong in March 2003 no one foresaw that they were going to encounter the most serious contagious disease threat to the territory in 50 years. The situation became critical when the World Health Organization (WHO) issued an advisory against non-essential travels to Hong Kong, which remained in place until May 23. Facing such an unprecedented crisis, IBM Hong Kong general manager Cordelia Chung promptly deployed the CMT in mid-March to ensure the health and safety of employees as well as the continuity of business to customers.

Through preventative measures such as educating all employees, limiting travel to that absolutely necessary to meet business commitments, and both voluntary and mandatory quarantines, the company came through unscathed.

“Regular and transparent employee communication was a core strategy of the CMT, as it was regarded as the best means to keep uncertainty and panic at bay,” Ms Chung said. As a result of the CMT’s efforts, IBM Hong Kong was able to maintain its operations as usual and employees remained calm even when, at one point, an IBMer was suspected of having been infected by SARS.

In a major move that firmly cemented IBM’s status as a broad-ranging services company that provides end-to-end solutions to clients, starting with business strategy, IBM acquired PricewaterhouseCoopers Consulting (PwCC) in 2002. The US$3.5 billion takeover required IBM to globally integrate 30,000 new partners and employees with an existing business unit of roughly the same size within IBM. In Hong Kong, more than 200 former PwCC consultants joined IBM as a result.

While IBM consultants were experts in integrated technology services, including setting up systems, maintenance and data center outsourcing, PwCC had been focused on helping businesses revisit their core processes and models.
The acquisition helped propel IBM Business Consulting Services into an industry-leading end-to-end solutions provider with consulting skills and delivery capabilities in key areas, including human resources, financial management, customer relationship management and procurement.

By acquiring PwCC, IBM was able to reach another important milestone in its development: now it was able to provide higher-value services that empowered a client to become an “On Demand Business”, one that could respond almost instantaneously to any customer demand or market opportunity.

In addition to the establishment of Business Consulting Services in 2002, IBM also invested in other services capabilities to meet increasing demand from clients in Hong Kong as well as in the mainland.

The opening of an e-Business Hosting Center in Tsuen Wan in 2001 is a fine example. The 12,000-square-foot facility was an extension of IBM’s traditional data center outsourcing services, with additional capabilities including connectivity to the internet and related solutions for mission-critical web and e-business operations. Two years later, it was consolidated into three new virtualized data centers.

Cross-border support was in particularly strong demand, and so IBM set up three new data centers in Quarry Bay, Shatin and Shenzhen, which were purpose-built for the era of e-business on demand and equipped with grid computing architecture that supports virtualized operations. With these new data centers in place, IBM is positioned to take a “service anywhere” approach that seamlessly integrated its outsourcing capabilities and drove its Hong Kong/China synergy.

IBM is now driving ever-higher standards of technology and service solutions, focused on enabling innovation. The sale of its PC business in 2005 to Lenovo, China’s largest manufacturer and distributor of personal computers, only highlighted IBM’s continuing push higher up the value chain. Indeed, just as the 1990s was a decade of rapid evolution into a more service-oriented company, so the years since 2000 have been spent propelling IBM into ever-higher strata of innovation in terms of both the technology it sells and the solutions made possible by that technology’s application.

While the sale of its PC business included a sizable investment in the Lenovo company, the business decision allowed IBM to better focus on its chosen direction – to be the world’s leading provider of innovation enabled solutions for businesses and organizations of all sizes in all industries. In Hong Kong, more than 50 IBM employees left the company to join Lenovo, but remain close partners with IBM in providing solutions to clients.

The effects of IBM’s continuing innovation drive can be seen and felt in everyday life across...
Wherever IBM does business around the globe, it forms connections to communities and supports a range of civic and non-profit activities to help those in need. Hong Kong has been no exception in this regard for half a century.

Over the years, IBM has continuously made contributions of cash, equipment, and human resources to nonprofit organizations and educational institutions across Hong Kong. Through its endeavors, the company has always aimed to help people use information technology to improve their quality of life – and that of others around them.

Both IBM as a company, and its individual employees, are proud of their commitment to solutions-oriented community activities that go beyond cheque-book philanthropy.

Indeed, IBM firmly believes that the same information technology innovations that are revolutionizing businesses can provide important breakthroughs for public and nonprofit organizations. In a joint community effort advocated by the Hong Kong Council of Social Service, IBM is helping to bridge the so-called “digital divide” resulting from rapid IT development in recent years. The Digital Solidarity Fund (DSF), which was launched in 2004 with IBM as one of the founding members, brings together the efforts of the government, non-government organizations and the private sector, with the aim of providing universal and affordable IT access to society’s less advantaged.

An example of this commitment to helping the disadvantaged is IBM Cyberworld, which was established at the Hong Kong Society for the Blind (HKSB). The facility provides unlimited access to more than 2,000 users who suffer from impaired vision.

Annually, IBM and IBMers join and support citywide initiatives that provide benefits to the less well-off. One particularly important initiative is the Christmas Food Tree Program. The annual event involves the participation of corporations and members of the public who make food donations through the People’s Food Bank organized by St. James’ Settlement after Christmas. Not only do IBMers contribute money, food and time as volunteers, IBM also helps organize the program.
IBM volunteers visit a home for the elderly

IBM joins forces with St. James’ Settlement to organize the Christmas Food Tree program

IBM donates computers to Hong Kong Science Museum

IBMers donate toys to kids in need
Eddy Lee

Lee Kum Kee and IBM share many common values. Both are well-established and successful businesses, sharing a commitment to providing quality products and services.

It is this shared passion that brought the two companies together in 2000. As a maker of more than 200 different kinds of sauces and condiments, LKK sought IBM’s advice on how best to integrate its rapidly expanding global operation. With a global vision of putting its products on every table around the world, LKK’s family-owned business had come a long way from its roots as a small oyster sauce business based in Nam Shui Village, Guangdong Province, China.

IBM’s response was a comprehensive SAP-based implementation designed to optimize LKK’s business and create efficiencies. The successful SAP roll-out has become the basis of a long term relationship between the two companies. LKK’s desire to build a culinary cultural bridge between East and West was perfectly matched by IBM’s ability to combine the best local knowledge and experience with global expertise.

At 50, IBM celebrates a significant milestone. It is an established Hong Kong icon that finds good company alongside other icons such as Lee Kum Kee.

Andrew So

Established in 1982, Vanda Group is one of Greater China’s largest software companies, specializing in systems infrastructure and application solution services. IBM has helped Vanda, a Premier Business Partner for more than nine years, to grow considerably with clients now supported across Greater China and ASEAN.

The two companies work in tandem to exceed customer requirements. One recent example saw IBM and Vanda combining resources to solve a customer’s SAN back up challenge. Using IBM’s extensive global resources, Vanda was able to swiftly ascertain the problem’s root cause. As time was of the essence, IBM rapidly developed a new solution and the customer’s backup crisis was quickly and professionally resolved.

Vanda also leverages IBM technology as part of its flagship proprietary banking solution, the VisionBanking Suite which features a full spectrum of functions to streamline modern banking requirements to meet China’s banking regulations. VisionBanking Suite also provides a flexible solution for foreign banks that manage operations in China by helping integrate their core banking systems. This flexible, secure, comprehensive and customizable front and back office solution has been successfully deployed by more than 100 Chinese banks.

Vanda’s success with IBM reflects the value-added support and services we provide our customers. Vanda constantly promotes and adds value to IBM’s products through its sales support, marketing and technical services. This is a winning collaboration and we’re confident of continued success.
Hong Kong. For instance, when people pay their taxes, they are able to do so online thanks to the work IBM carried out with the Inland Revenue Department (IRD). When people want to take an underground train, or drive their car through the New Territories, or move house, they are being touched by IBM technology and services that support the infrastructure they are using.

The IRD project was one of the most interesting for IBM to work on in recent years. When the tax department wanted to introduce a new web-based channel for its services, the department engaged IBM to design a strategy for providing a dedicated, integrated, long-term, one-stop solution for taxpayers. To fulfill its mission, the IRD strived to deliver more efficient, transparent and tailored services to a broad range of stakeholders, while operating under financial and human resource constraints.

The IBM team used Component Business Modeling (CBM) to map out the organization’s existing capabilities and responsibilities. IBM then created a blueprint for IRD’s future operational environment based on its mission and strategic direction. The benefits from the e-services program include savings opportunities from productivity enhancement, improved operations, and lowering of IT/service provider costs in the IRD.

In the private sector, IBM continues to provide business solutions to both large and small companies. When the Crown Worldwide Group needed to enhance its communications capabilities, IBM was able to provide solutions through its partnership arrangements to improve coordination, efficiency and management, while offering new services to Crown’s clients. Besides providing a reliable platform, IBM’s WebSphere solutions allowed Crown to move its IT architecture from a
decentralized model to a centralized one. It also enabled the company to boost its capabilities in meeting the increasing demands of its customers, while enhancing the collaboration and productivity of its employees.

“Our collaboration platform is vital to our continued growth. Global competition continues to increase in size and sophistication, and the faster Crown can communicate, the easier we can quickly react to changing market conditions,” said Chris Davis-Pipe, now Group Vice President, IT, Crown Worldwide Holdings Limited. “Building on our existing relationship with IBM has helped us to continually improve our capabilities and sustain our global competitive advantage.”

Moving people in large volumes is something another IBM client knows all about. With a daily patronage of more than 2.5 million passengers, Hong Kong’s biggest people-moving organization, the MTR Corporation relies on a wealth of technology applications to maintain a smoothly operated and efficient service.

In January 2007, the MTR Corporation went live with an Enterprise Asset Management System (EAMS). The EAMS manages assets such as railway equipment, infrastructure and networks that often account for a large proportion of operational overhead throughout their lifecycle. The system helps to minimize cost, maximize their worth and reduce their risk to the business.

The project implementation was jointly carried out by IBM Global Business Services consultants, who partnered with MTR Corporation to ensure on-time delivery of the project and minimum disruption.

“Our user testing has yielded very positive results and the project was delivered on time and within budget. This is an outstanding achievement for a software project of this scale,” said Andrew McCusker, operations director, MTR Corporation, who led the EAMS initiative.

In addition, IBM launched World Community Grid, a global humanitarian effort that harnessed unused computing power to create the world’s largest public computing grid with the aim of addressing health challenges across the planet. In 2005, The University of Hong Kong became the first Asia Pacific academic institution to join the grid.
Everywhere, all the time • 91

tomer. In the case of T3, a HK$1.48 billion road project in Shatin, this burden fell on Maunsell Consultants Asia, which decided to use a turnkey document management solution provided by IBM Premier Business Partner Wincas Tech, to streamline dissemination and management of project documents.

“This has enabled us to turn what was previously a serial process with paper documents being circulated to readers over days and weeks into a parallel process where everybody gets new documents for review as soon as they have been completed. This certainly helps the project management process and we’ve been able to make considerable savings because people don’t need to go to the filing cabinets and photocopy sheaves of paper anymore,” explained David Kwan, senior resident engineer, Maunsell Consultants Asia.

As IBM continues to introduce a range of such initiatives, which are designed to help Hong Kong companies capture new growth opportunities, it has become clear that for many, the development of operations on the mainland is of ever-increasing importance. Indeed, helping clients to expand their operations on the mainland is IBM’s key focus in the new millennium.

Proof of the company’s commitment in this regard can be seen from research. In 2005, IBM unveiled research findings from the “Hong Kong Enterprises – Grow with and into China” Study, independently conducted and managed by The Chinese University of Hong Kong (CUHK). The study involved in-depth qualitative interviews with 525 Hong Kong enterprises and looked at the challenges and opportunities that companies face on the mainland.

IBM Solution Center

FANCY A TEST-DRIVE?

Before installing or upgrading complex IT systems, companies and organizations need to know their investment in technology will meet their requirements. And so, in 2006, IBM opened a state-of-the-art IBM Solution Center in Hong Kong.

The multi-million-dollar facility enables IBM’s clients, business partners (BPs), and independent software vendors (ISVs) to “road test” their application availability, virtualization, performance management, and storage management systems in a secure and stable environment that recreates their own business infrastructures.

Companies can also use the Solution Center’s resources to solve crucial problems such as reducing IT storage pressures, ensuring business continuity through a highly available infrastructure, and improving the uptime of their applications.

According to general manager Dominic Tong, the Solution Center is unique in Hong Kong as it provides integrated hardware, software and services expertise.

Based on the research findings, IBM Business Consulting Services produced a “Point of View” (PoV) paper titled, “Change. Vitality. Growth.” It outlined the approaches and strategies that Hong Kong enterprises need to take to reap the growth opportunities in China.

“As a dedicated corporate citizen, IBM hopes that these research findings and the PoV paper will stimulate discussions among Hong Kong’s
IBM has always recognized that its employees are its most precious asset, and that it is through the creativity of individuals, collaborating effectively in teams, that the company has enjoyed its phenomenal success over the last 50 years in Hong Kong and China.

Regardless of the technology produced or the services it has provided to clients, the company has always been known for the integrity and expertise of its employees, affectionately known as “IBMers”. Valuing people is a guiding principle and essential tenet of the company’s philosophy, one that has promoted a culture of caring throughout the entire organization. IBM places a premium on fairness, open communication and mutual respect. Through various award schemes, such as the Hundred Percent Club and Golden Circle, IBM acknowledges and rewards IBMers’ efforts and commitment.

Indeed, IBM’s approach to a work/life balance philosophy was in place long before the term became part of popular management jargon. Early Hong Kong IBMers recalled weekend junk trips to Outlying Islands, picnics and sports events involving employees and their families. Before the company grew to the size it is today, an area of office space was set aside as a tea/coffee room where employees could take short breaks and talk about projects with their colleagues.
“Our tea breaks were like mini conference sessions, they were valuable for sharing information about what each one of us was doing and for building friendships,” said IBM Greater China Group chairman Henry Chow, who has been with the company for more than 30 years.

There was also the annual ball and various sporting events to look forward to. A major annual event, the Christmas party was a particular highlight of the calendar. Each employee’s child would be given a present especially chosen for them.

“We knew all of the children and all of their names. I would go to a toy shop and personally choose a present for each child. It was great fun,” recalled Gloria Kwong, who joined IBM as an office products salesperson and during her early days mainly focused on the legal sector.

One tradition that has faded into history is for new employees to buy cakes for the entire office. These days it would require the resources of a large bakery to produce cakes for each IBMer.

Nurturing creative talent has always been another IBM strong point. Through its Academic Learning Assistance Program, IBM supports employee education choices that enable staff to advance within the company and broaden their career options. The program includes financial assistance for relevant recognized degree programs and assistance in selecting the most suitable programs to match personal development needs.

IBM holds a long-standing belief that employees are best engaged in a collaborative work environment, with direct communication to management supporting their development.

That said, the job is certainly not all work and no play. For many years, the IBM Club has provided recreational, cultural and social activities for employees. Through the Club, there are lots of opportunities to get involved in extra-curricular activities outside the normal work environment. In fact, this is actively encouraged. Whether it is running competitions for school children or getting involved in local community projects, there is something that will appeal to everyone.
As a company involved with programs supporting education, workforce development, art and culture, as well as communities in need, IBM has received widespread recognition for its efforts in Hong Kong and China. Since 2002, this has perhaps been most amply demonstrated by being named a “Caring Company” every year by the Hong Kong Council of Social Service (HKCSS).

IBM is recognized as a caring company for supporting employee volunteering and being a family-friendly partner with the social service sector in addition to sharing business expertise with social service organizations, and giving to the community.

A long time ambassador of equal opportunities, IBM was named the “Best Company for Women” in the 2003 inaugural Women of Influence Conference and Awards, jointly organized by the American Chamber of Commerce in Hong Kong and the International Women’s Forum, Hong Kong.

This is a strong recognition of IBM’s efforts in promoting the professional development of its female staff and provision of innovative work/life programs enabling women to pursue their careers. IBM Hong Kong has a fair share of outstanding women leaders at senior management levels, a parity that runs through the organization. The organization also follows a number of innovative policies to support work/life balance, including staggered working hours, leave of absence programs, mentoring programs, and employee assistance programs.

various sectors, prompting innovative ideas that will enable local enterprises to embrace change, attain vitality and achieve growth in China,” said general manager Timothy Cheung when unveiling the survey results and PoV paper.

As a key China expansion partner to Hong Kong enterprises, IBM is able to tap into the knowledge and resources of its research centers in China, including the IBM China Research Laboratory, IBM Software Development Laboratory, IBM Business Innovation Center, IBM China Systems Center, and IBM Institute for Business Value. As part of its transformation to becoming a globally integrated business, IBM is focused on amassing the right skills and expertise where they exist to deliver the right services to its clients. Global Delivery Centers in Dalian, Shanghai and Chengdu have been set up to help companies in Asia Pacific, including Hong Kong, seeking to optimize business performance and generate growth through the improvement and management of business processes and technology.

“The benefits are far greater than just reducing costs. It’s a vital part of helping clients evolve their organizations into agile, resourceful and more responsive businesses, and innovate,” said Dominic Tong, IBM general manager.
During a journey that began with four people 50 years ago, IBM has become a Hong Kong household name that embraces a creative will and can-do spirit. In the 50 years IBM has been in existence, we have helped small businesses grow and big businesses grow bigger. Beginning in the 1950s, IBM has constantly introduced new products and systems that have helped businesses seize new opportunities, which in turn has helped increase profits and productivity, and benefited the community.

From office products such as electronic typewriters that set new standards in the office environment, to mainframes and affordable mid-range computing systems that helped many Hong Kong enterprises develop and grow their businesses, IBM has always been in the forefront of technological development. IBM was the pioneer of the PC industry and the phenomenal rise of the internet that has completely changed the way that companies, government departments, teaching institutions and individuals conduct their business. IBM has also provided hardware and software solutions to Hong Kong companies as they have expanded their businesses into the mainland.

During the last half-century, the company itself has also traveled a remarkable journey, from a provider of office products and cutting-edge computing systems to deep business optimization consulting capabilities, providing on demand services to an innovation partner for enterprises.

With our focus firmly fixed on the future, IBM’s strategy is to pursue an innovation agenda with our clients, partners and in other relationships, and to continue refining our portfolio to achieve higher value. Through our understanding of where technology, client requirements and global business are headed, we will continually make strategic decisions to maintain our leadership of this rapidly changing business by focusing on delivering high value to clients.

DOMINIC TONG
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