

Lenovo, IBM join up on server deal

Frank Norton, Staff Writer

MORRISVILLE - Lenovo, which teamed with IBM to push into the global PC market, has a new deal with Big Blue to get into servers.

Under the deal, Lenovo will build and sell its own brand of business servers using technology licensed from IBM, a world leader in big-business computing.

Within 12 months, Lenovo will compete head-on in some cases in a market dominated by IBM, Hewlett-Packard and Dell. But Lenovo will focus on small and medium businesses, a market it has been trying to penetrate on a global scale for two years.

Lenovo, a leading computer brand in China, entered the global personal computer business in 2005 when it bought IBM's ThinkPad line. The Chinese company is expanding that business with a new line of laptops for individual consumers, but it wants to increase sales to small businesses.

"By expanding into servers, we can become a much more important partner to those enterprises," said Marc Godin, who will lead Lenovo's new server unit. "This is an important milestone for our company."

Lenovo spokesman Ray Gorman said the division will be based at the company's 1,600-employee world headquarters in Morrisville. He said he could not say how many people will work in the new unit.

For IBM, the deal extends its server technology further into the small- and medium-business market through a revenue-generating license arrangement. IBM, which gets about \$1 billion annually from licensed technology, declined to disclose the financial terms of the Lenovo deal.

With a 34 percent market share, IBM dominates the world market for servers, which are large computers designed to run networks. HP, which has 25 percent of the market, and Dell, with 11 percent, are the other major competitors, according to research firm Gartner.

"This is a great way to get our technology to a new customer set," IBM spokesman Tim Breuer said, adding that the company hopes to sell additional technology services and financing to Lenovo customers.

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