

IBM's Secret for Making the Sale

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The economy may be in the tank, but IBM still makes salesmanship look easy. How? The secret lies in rigorous research, a focused strategy, and patient execution. But to get a sense of how all those elements come together, it's worth taking a look at how IBM established itself as a major player in IT sales to health care providers.

Back in 2005, Big Blue was an also-ran in health care, and most of its sales efforts with hospitals and insurance providers revolved around commodity products like data storage and networking. "We were kind of known as the server in the basement," says Andrea Cotter, director of marketing for IBM's Global Health Care and Life Sciences group.

By 2009 the picture had changed dramatically, despite a massive global economic slowdown. "IBM has had better-than-market growth in health care, especially in the services sector," says Scott Lundstrom, an analyst at IDC. In the past two or three years, he adds, the division's 4,000-person sales force has won most of the major contracts in health care outsourcing, including a **\$500 million deal with Kaiser Permanente**, while positioning itself to capture new markets such as federal stimulus spending on electronic health records.

To be sure, some of IBM's success can be attributed to continued strength of the health care sector and the power of the IBM brand. But that glosses over the importance of IBM's focus and execution. "Sales departments are notorious for embracing the flavor of the month," says Neil Rackham, a sales consultant and author of *SPIN Selling*. "One of the things IBM does much better is that they follow through."

During tough times, many of the tactics IBM used to grow its business in the health care sector can be applied to any sales challenge in any industry. The key ingredients, says Cotter, are to be credible, identify customers' needs, and stay relevant.

Tip 1: Build Credibility That Counts

In 2005, Jim Adams, executive director of the IBM Center for Healthcare Management, was given a charge: Develop a global, 10-year perspective on health care. If IBM was going to expand its sales to hospitals, insurance providers, and government agencies, the company needed to take a stand on where it thought the health care business was headed.

The result was a report called *Healthcare 2015: Win-Win or Lose-Lose*, which outlined the major challenges facing the health care industry and the structural changes required to set it on a better path. “What we didn’t want to do — as we had seen some other vendors do — is paint this marvelous scenario where advanced technology solves all the problems,” Adams says. “We didn’t feel like that showed much depth of thought.”

The next step was to test IBM’s analysis in the marketplace. Adams and his colleagues began presenting at conferences for organizations like the Healthcare Information and Management Systems Society. They sat on panels with leaders in the field and began to establish IBM’s credibility as a voice on health care reform. They didn’t try to sell; instead, they simply demonstrated that IBM understood the problems and had insight into possible solutions.

Customers took note. In just one year, awareness of IBM as a provider of health care IT doubled among potential clients. In two years, blind surveys showed that the company had become the preferred provider in the field. “We thought that the market would respond to a large company like IBM not trying to sell something,” says Dan Pelino, general manager of IBM’s Global Health Care and Life Sciences group. “And the market responded.”

Gradually this credibility translated directly into sales. By 2008, IBM’s Adams had been a presenter on a number of panels at conferences with seasoned healthcare executives. After one such panel where Adams got into a debate about electronic medical records, a CEO from a hospital organization approached Adams to tell him that he thought his analysis was spot-on. The other side of the industry, too, recognized IBM’s growing expertise in the industry. Thanks in part to the exposure the conferences gave IBM, an insurance firm later signed a multimillion-dollar contract with Big Blue.

Tip 2: Identify Customers’ Real Needs

Charting a vision for the future of health care also allowed IBM to refocus its sales conversations around clients’ problems and needs. In the past, explains Patrick Boyle, vice president of IBM’s Eastern Region Solution Sales, IBM talked about technology with health care clients. Now the company uses a broader vision of health care to craft sales pitches that are more relevant to potential clients.

Take Medicaid. The government’s health care program requires massive amounts of IT to sift through claims, share sensitive health information, and track spending. That makes it ripe for IBM’s expertise. But Boyle says his team’s sales pitch to government officials doesn’t start with servers and networks. “The head of Health and Human Services for a state doesn’t care about bits and bytes,” he explains. “They care about the health of people in their state.”

That’s why Boyle tells his sales reps to ask government officials about the burden that Medicaid spending puts on their budgets. If the sales team can do that, he says, then they can start to talk about *Healthcare 2015* and IBM’s ideas to make programs like Medicaid more efficient. That discussion then leads into a targeted sales pitch built around the way IBM’s products and services can help drive down costs.

This approach works for more than government agencies, Boyle says. IBM’s Health Care and Life Sciences group also used the strategy to approach insurance providers and major hospitals. And IBM as a whole has been making sales pitches focused on customer needs