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IBM focusing on international markets

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By [FRANK NORTON](#), [Raleigh News & Observer](#)

As a single man in Raleigh, N.C., Greg Labows likes golf, college basketball and most things American. As a 35-year-old corporate riser at IBM, his eyes are overseas. The software-sales executive is preparing for a four-week stint in the Philippines, where IBM is working to build good will and a stronger presence.

"Ten or 15 years down the road, a lot of the opportunities will focus abroad," Labows said, "and experiences like this will open doors."

He is one of 600 IBMers worldwide chosen to serve as a diplomat and aid worker in poor countries, a sort of Peace Corps for capitalism. The aim is for IBM employees to help nonprofit groups provide loans, business training and technology to small and rural businesses. Longer term, it's a corporate bet on emerging-market growth and perhaps a foot in the door in key nations.

Multinational companies increasingly see the future in developing countries, particularly as economies in the U.S. and Europe slow and nations such as the Philippines, India, China and Brazil take off.

Networking gear maker Cisco Systems is committing hundreds of millions of dollars to high-potential startups in India and investing in education, research and Internet access in China. Software maker Red Hat and PC maker Lenovo are funding research and education in burgeoning technology markets worldwide, places where they see chances to expand sales or get in early.

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"Ten years ago you weren't as confident about opportunities in India, China, Brazil or Russia," said Stan Litow, vice president of corporate affairs and creator of IBM's new corporate services corps. "Ten years from now, you'll be marveling."

For Labows, the next two to three months will include flu shots, online language and culture training and getting travel documents, all courtesy of Big Blue.

Then it's off to Davao City, Philippines, where he will apply skills he developed helping health-care clients computerize medical records and other data. He plans to teach small and rural businesses to do some of the same.

He said his older brother, who recently helped reconstruction efforts in Iraq, inspired him to reach abroad.

Some of the IBM recruits have sales or technical backgrounds. Others come from marketing and finance. All will work on location in teams with local aid groups to expand small-business lending, train rural entrepreneurs in technology and help women business owners network.

That might seem altruistic for a for-profit company that makes billions tending to first-world information needs.

"But this is not altruism," said Campbell Harvey, a professor of finance and international business at Duke University. "It would be naive to think these large corporations are going into emerging markets simply for philanthropy.

"Their job is to maximize shareholder value, and that requires both short-term and long term investments. And in the long run, these markets are the corporate growth engines of the future."

Many economists predict economic growth in the developing world to outpace the U.S. and Western Europe for possibly a generation to come.

So for IBM, investing in tomorrow's engines today effectively incubates future customers.

And it could yield good will from socially concerned watchdogs and foreign power brokers who can make doing business in their countries easy or difficult.

Spending by U.S. firms on businesses and real estate abroad rose 21.3 percent to \$153.4 billion in 2006, the most recent

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data available from the U.S. Department of Commerce. More than two thirds of that went to developed countries, but the pace of capital flows to the developing world is rising faster, economists say.

IBM has 74,000 workers in India. And Bangalore, India is now the company's largest global work site.

"Big companies are in a war for talent," Litow said. "A program like this gives IBM an edge."

The best-known emerging economies, such as Brazil, Russia, India and China, have seen significant cost rises, especially for wages, which makes the regions increasingly expensive. So the latest waves of interest are in even less-developed places.

"I call it my universal assignment," said Tsegga Siyoum Medhin, originally from Eritrea and now a marketing operations manager for IBM in North Carolina.

Medhin is studying Swahili in preparation for a six-week mission to Arusha, Tanzania. She and fellow IBM colleagues from around the world will research additional market opportunities for small business and help bring financing and training to rural businesses.

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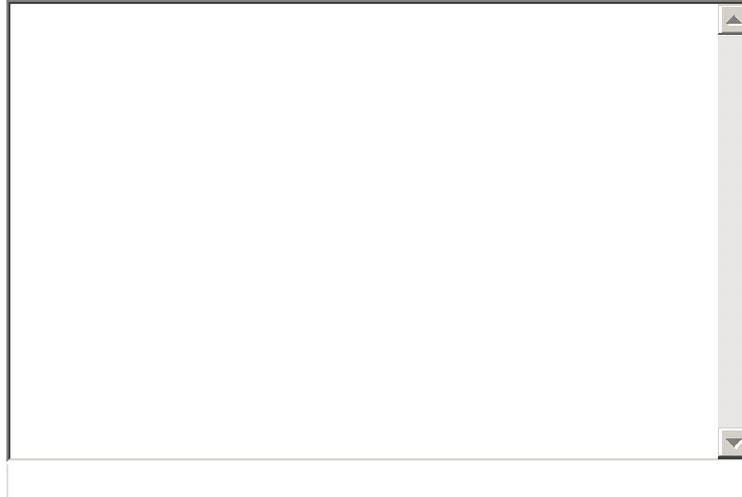
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