

LG, IBM decide to go separate ways

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LG IBM PC Co., a joint venture between LG Electronics Inc. and IBM Korea, will split into separate entities as of January 2005, the parent companies announced yesterday.

The partners will begin the transition in October with the separated parties taken under the wings of their parent companies, said a statement released by LG IBM PC.

It said that LG IBM will continue to provide services during the split, while LGE and IBM Korea will continue to operate its sales networks.

The companies embarked on the joint venture in November 1996 with paid-in capital of 24.3 billion won, in which LGE had invested 49 percent and IBM Korea 51 percent. Since then, the company says LG IBM PC has grown to become a leader in the Korean computer marketplace.

The release said that separating the company would help increase market opportunities, improve business efficiency and better meet the needs of the local market.

"Today's positive market conditions are favorable for IBM and LGE to explore growth opportunities independently. We believe this separation will bring better brand and market opportunities for both companies and benefit the Korean IT market as a whole," IBM Korea explained in a statement. It said that "the incorporation of the PCD and eServer xSer-

ies business into IBM Korea will better enable IBM to be responsive to its client's computing needs."

LG IBM PC said that the Korean market has changed considerably since the companies forged ties eight years ago. For one, the market has grown more open to international brands, and second, the economic conditions have become favorable for IBM and LG to expand independently.

The company will be separated according to its major products with each brand returning to the parent company that builds the product. This means the eServer xSeries and ThinkPad and ThinkCenter operations will go to IBM Korea, while the Xnote and Multinet operations will be embraced by LGE.

Despite the split, IBM Korea and LGE said they will continue to exchange technologies to meet international IT standards and jointly bring in large systems integration projects to Korea.

For the employees of the joint venture, the company said that regular staff will be allowed to transfer to either IBM or LGE depending on the brands they support.

According to IBM Korea, its "top priority over the coming months is to ensure a smooth transition of employees into their new roles at either LGE or IBM Korea, and provide a smooth transition for customers and business partners."

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