

European Works Council

Opinion – EWC Meeting May 2019

“IBM Europe was the best performing geography in the first quarter of 2019”, reported Vineet Khurana, CFO, IBM Europe. “However, consistency across all brands is now essential to continue our growth momentum”. The EWC welcomes these positive results.

The EWC membership had hoped that the **GDP** budget would reflect this positive achievement, but in the event average payments were disappointingly low. The EWC observes that employees are not aware how GDP payments are determined and expects that IBM makes the payment decision process transparent to all employees. In addition, the EWC highlights the importance for all eligible employees to be informed following GDP decisions, as the members report that communication across Europe was not always consistent with the guidance.

The **Enterprise and Commercial (E&C)** business is most relevant to IBM and represents a significant portion of our revenue in Europe. The EWC is pleased to see that we delivered positive results in the first quarter. The market is currently shifting, with businesses moving their critical workload to the Cloud. The ecosystem and IBM E&C are changing their focus to meet this opportunity and to increase share in this market. While the deal is not yet closed, **Red Hat** revenue has grown. The EWC is looking forward to seeing the benefits of the Red Hat acquisition to IBM’s revenue, cashflow and profit.

Compensation Advisor - formerly known as CogniPay – has already been implemented in some countries and this will continue in 2019 in all European countries where Workday has been deployed, with a few exceptions. Compensation Advisor is presented as a ‘supervised learning’ tool, applying augmented intelligence to assist managers with making compensation decisions for their employees. The advice from Compensation Advisor can be extracted and used in compensation conversations between managers and employees.

The live demonstration was well received and the EWC hopes Compensation Advisor will allow a more objective approach. However, the membership still has some concerns and looks forward to receiving further information, including details of the 40+ data points, values, weighting, fairness and other ethical dimensions. The EWC requests that IBM management ensures that all European employees are actively informed about the new tool and the importance of maintaining the accuracy of personal data that will be used during this process. While not currently planned, the EWC membership would also like all employees to have full visibility into the data and results of their own ‘personal compensation assessment’.

IBM European Works Council
Brussels – 16th May 2019