

## ***Crossing the Generational Chasm to PCs***

*IBM successfully adapted itself to the differentiated markets of mainframes and minicomputers. Such adaptation is more difficult than it looks from outside because the entire outlook of the division that is leasing or selling \$200,000 minicomputer products is different from the outlook of a division that is leasing or selling \$2,000,000 mainframe products.*

*In the late 1970s, Don Estridge of IBM recognized that the personal computer (PC) was likely to have a similar impact on the minicomputer business that the minicomputer had had on the mainframe business nearly twenty years earlier. He convinced IBM to fund a development group for a PC far away from the centers of IBM R&D in New York State. Centered in Boca Raton, Florida, the PC group took an entirely fresh look at what a computer might look like when it belonged to—and was used by—one person. I have been told that the first piece of equipment provided to each person in the IBM PC organization was an Apple 2 computer.*

*IBM went on to introduce the IBM PC in 1980, using a design with general-purpose “slots” for add-on modules, just as Apple had done.*

*To obtain the operating system software needed for the PC, IBM contracted with a small company called Microsoft. Partly as a result of that arrangement, IBM’s PC hardware became both a world standard and, later, a low-margin commodity item.*

*IBM’s decisions made Microsoft the main force in determining the configuration of personal computer hardware as well as software.*

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**Get Out of the Way!**  
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