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### Dell's Future Beyond the PC Business

By [STEVE LOHR](#)

Michael Dell built his company and his fortune in the personal computer business. But the company's future is increasingly going to rest on services and the bigger gear used in data centers — server computers, storage and networking equipment.

That was Mr. Dell's overall theme in a pair of interviews on Friday, one onstage at a health technology and investment conference in California and one afterward.

The company has changed considerably, especially since Mr. Dell returned as chief executive in January 2007, though its reputation is still as a PC company. "A lot of people think of Dell as what it was five or 10 years ago," he said. "But we've moved much more into the core of information technology, into the data center."

Services are big part of the shift. In fact, 44,000 of the company's 103,000 employees are in its services business. And it was no quirk that Mr. Dell appeared at a gathering of health industry companies, start-ups, policy officials and investors, held annually by [Health Evolution Partners](#), a fund that invests in health companies.

Dell is the No. 1 provider of health technology services, according to Gartner. The company's big step into health came with Dell's \$3.9 billion purchase of Perot Systems, which had a large health consulting and services business, in 2009.

Dell's health care business points to how much the company is moving up from being a supplier of hardware to providing skills and services to make health care more efficient. For example, the company stores more than 4 billion medical images in its data centers, so hospitals do not have to grapple with that chore on their own.

"When we go into a hospital today and we talk about things we can do for them, we're really talking about patient outcomes, patient results," Mr. Dell said. "We're not talking about the shiny boxes."

Services is a \$7.7 billion a year business for Dell, representing about 12 percent of total revenue.

But Mr. Dell is still a hardware guy. Dell's software business is still mostly reselling other companies products. And his strategy for grabbing business by bringing greater efficiency to services — as Dell did with PCs by selling directly to customers over the phone or the

Internet — leans heavily on hardware. The opportunity, he said, lies in mixing hardware, software and services, to automate the business by providing more services as Web-based offerings, delivered remotely from Dell data centers in the so-called cloud model.

The big potential new market, Mr. Dell said, is in offering services to midsize businesses, typically companies with from a few hundred to a few thousand employees. He suggested that Dell's larger rivals in services, like I.B.M. and Hewlett-Packard, had more costly business models aimed at serving large corporations.

“The mid-sized business sector is very exciting for us and kind of inaccessible to our traditional competitors,” Mr. Dell said.

People have been talking about “industrializing services” for years. It remains uncertain whether Dell can really do that without holding a strategic position in software, the main automating technology in computing. Still, Dell does show signs of becoming an increasing force in the services business.