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IBM Investing in "America's Heartland"

Big Blue: All Heart

IBM Creating New Jobs in Iowa, Michigan While Others in Corporate America Are Downsizing

SCOTTSDALE, Jan 15 – Big Blue is all heart. IBM is investing in America's Heartland at a time when others in Corporate America are shedding jobs there (think GM, Ford, bankers...). The company is announcing today a new IT center in Iowa that will create 1,300 tech jobs in that state. And on Tuesday, IBM heralded the creation of a Global Delivery Center for Application Services at the Michigan State University campus in East Lansing that will lead to 1,500 jobs in that Heartland region.

The Dubuque, Iowa center will be a state of the art technical service delivery hub that will provide a wide range of high-end tech services to the outsourcing clients in the U.S. and around the world, IBM said. It will be housed in the historic Dubuque Building, formerly Roshek's Department Store, built during the Great Depression.



Rather heartwarming, wouldn't you say, especially at a time when this country is going through the worst recession since the Great Depression? U.S. foreclosures, for example, jumped 81% in 2008, with one in every 54 households getting at least one filing notice, the Reuters Newswires has just reported. Foreclosure activity last year was up 225% from 2006.

American Heartland



Source: Annex Research, Scottsdale, Arizona

At the same time, the initial jobless claims in the U.S. jumped by 54,000 to 524,000 in the week that ended Jan 10, up from a revised 470,000 the prior week, according to a Labor Department release. The total number of people collecting benefits is close to a 26-year high.

By contrast, IBM's Michigan and Iowa centers will create up to 2,800 new direct and indirect jobs over the next five years, of which about 100 new employees be hired in Michigan by June 2009 alone.

The timing of the two announcements is auspicious. IBM is due to release its fourth quarter and full year 2008 results next Tuesday. These two business expansions hint at

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optimism in Armonk, NY, IBM's global headquarters, contrasting the gloom and doom that seems to pervade other corporate boardrooms.

Big Blue is expected to earn \$3.03 per share in the fourth quarter on revenues of \$28.3 billion, according to the Wall Street analyst surveys. We expect IBM to earn \$8.71 per share for the full year on revenues of \$107 billion. Stand by for more on that closer to the 4Q release date (Jan 20).

Happy bargain hunting!

Bob Djurdjevic

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