PC heyday’s a memory, but IBM looks ahead in Boca

By Charles Elmore

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BOCA RATON —

From the PC to the technology behind Jeopardy champ Watson, IBM has had to reinvent itself many times since it sold tabulators, punch cards and meat and cheese slicers a century ago.

By this year, IBM could say it has been granted more U.S. patents than any other company for 19 straight years. In 2011, most of IBM’s approximately 130 patents from Florida were issued to employees in Boca Raton, company officials said.

Long gone are the days when Big Blue employed 10,000 people making personal computers in the area, but it remains among the county’s top dozen “goods-producing” employers with 600 workers, the Palm Beach County Business Development Board estimates. IBM itself doesn’t divulge local employment for competitive reasons.

Past research in Boca Raton helped make possible the voice of the IBM supercomputer Watson that got the best of human competitors on the TV quiz show Jeopardy last year, the Boca Raton Historical Society noted in a tribute to the company’s 100th birthday in 2011.

These days area employees work on everything from technology that helps mobile communications providers manage their networks to assisting cities who want to make health, water and traffic systems more efficient.

“We see the entrepreneurial spirt in Boca Raton still being heavily influenced by technology,” said Rick Qualman, the company’s senior executive in Florida. “What is changing is technology is moving into the public sector at a record pace. Our cities are becoming smarter and starting to leverage information and data to improve healthcare, traffic, water management and dozens of other areas. This is one of those burgeoning areas where IBM thinks the region can take a leadership position.”

Qualman joined IBM in Boca Raton in 1980, the year before it gave birth to the PC. After holding various company posts around the country, he returned to Boca Raton in 2007. Today
his titles include vice president of strategy and business development for IBM’s global
telecommunications industry unit.

IBMers in Palm Beach County and other Florida locations work in most of the company’s
business units including software, services, systems and consulting, he said. Many travel or work
at client locations. Much of the Boca Raton staff focuses on software development — software
now accounts for more than 40 percent of IBM’s business globally, Qualman said.

A lot has changed in 45 years. When International Business Machines Corp. announced in 1967
that it was building a plant in Boca Raton, then-Chairman Thomas Watson Jr. praised the darned
good climate and orange juice. Bulldozer drivers had to dodge snakes and alligators.

The product that would make Boca Raton a familiar name in the wider world came along less
than 15 years later. It was code named “the Acorn” — the personal computer that launched a
new era for the industry in 1981.

IBM’s early forecast for 250,000 sales was easily blown away by double that demand in the first
18 months. IBM employment in Palm Beach County peaked around 10,000 in 1985.

But the PC industry soon saw an explosion in competition, and by the 1990s, IBM was
consolidating hardware and software manufacturing in other states. The local payroll shrank to a
fraction of its former size.

“IBM put Boca Raton on the map,” said Troy McLellan, president and CEO of the Greater Boca
Raton Chamber of Commerce. “When they started to move out, it was like, ‘Geez, what do we
do?’ At the time it seemed devastating to have thousands leave your community. It was a
company town. But Boca has a very rich entrepreneurial history with IBM and the PC. There are
still a lot of IBMers and their children here.”

Palm Beach County never exactly turned into the Silicon Beach once imagined to rival
California’s Silicon Valley, but its attractiveness as a place to live — for current as well as
former employees — still keeps the Armonk, N.Y-based company tied to the region in many
ways.

“As I tell my students, I’d love to know how many retirement checks from Armonk flow through
Boca’s banks,” said Evan Bennett, assistant professor of history at Florida Atlantic University in
Boca Raton.

South Florida was able to draw a number of big high-tech companies beginning in the 1950s –
Pratt Whitney, Motorola, RCA, and IBM – on the promise of cheaper labor and nice living
conditions, Bennett said. But other tech centers around the country became fierce competitors for
those jobs. And eventually, so did such overseas locations as China, where Apple’s iPhone is
made today, for example.

Earlier this year, IBM ranked as the second-largest U.S. firm by employees (about 433,000) after
Wal-mart, No. 4 in market capitalization and the 9th most profitable, according to Forbes.
Still, the need to reinvent itself never goes away. In its third quarter earnings, IBM reported profit was flat at $3.8 billion and revenue was down 5 percent at $24.7 billion.

Watson’s programming probably won’t allow him to laugh at the old joke that the company’s initials stand for I’ve Been Moved. But his employer and Palm Beach County have managed to maintain a long connection despite all the flux.