

GM moves to bring computer technology in-house (Update)

October 8 2012, by Tom Krisher



In this Monday, Sept. 17, 2012, file photo, a sign stands outside Oshawa's General Motors car assembly plant in Oshawa, Ontario. General Motors said Monday, Oct. 8, 2012, it will hire as many as 1,500 workers to staff a new computer technology center in the Detroit suburb of Warren, Mich. GM is shifting computer work into the company from outside firms and plans to open four new technology centers in the U.S. Last month the company announced it would hire 500 people for a center in Austin, Texas. (AP Photo/The Canadian Press, Michelle Siu)

(AP)—Now hiring in Detroit: Software developers and programmers.

General Motors is moving past layoffs and the Motor City's rusty, low-tech image. It's setting out on its own to develop software and invent the most advanced gizmos for your car.

America's biggest automaker plans to hire up to 10,000 computer professionals in the next three-to-five years as it tries to lead the auto industry with cutting-edge technology.

It's a bold and expensive move, counter to the industry's history of buying software and other electronic applications from outside companies. Experts say it's also the start of a trend as manufacturers realize that software is among the few things that will set them apart from competitors.

"The companies that build the software themselves in general are going to have an advantage," says David Kirkpatrick, author of a book about Facebook and CEO of Techonomy Media Inc., a New York firm that specializes in setting up technology conferences. "If you outsource the development of software in particular to others, you can risk ... your own ability to compete in the future."

General Motors Co. isn't alone in trying to move more technology development under its roof. But the plans of its biggest competitor, Ford Motor Co., aren't nearly as ambitious.

GM's aims to bring 90 percent of its computer technology work into the company by recruiting workers to four new information technology centers around the nation. Ford recently joined GM, BMW AG and Renault-Nissan in opening a technology office in California's Silicon Valley, although it's staffed by only about 15 people.

GM's first "Information Technology Innovation Center" was announced last month in Austin, Texas, with plans to hire 500 programmers and software experts. And Monday the carmaker unveiled plans to hire 1,500 more at a second computer center in Warren, Michigan, on the campus of its big tech center. GM already has product designers, engineers and other technical experts at the site, including the team that created the

Chevrolet Volt electric car.

The other two sites haven't been revealed.

Staff at the centers will try to stay on top of software trends. They'll develop the latest ways to link smartphones with cars or control a vehicle's heating and air conditioning with voice commands. They'll also be counted on to invent technology that no one's thought of yet. And GM also sees long-term cost savings when the centers are fully in operation.

"We're currently seeking the next generation of game-changers to help us usher in a new age of automotive innovation," says GM Chief Information Officer Randy Mott, who was Hewlett-Packard's CIO until he joined GM in February.

Although there are shortages of programmers and software engineers in some parts of the country, GM should be able to recruit enough talent by setting up shop in four different regions, experts say. With the tech-hub of Austin and GM's home base in Detroit already covered, the most likely locations for the next two centers are on the West Coast, experts say.

GM says it will offer competitive wages and benefits to pull in recent college graduates and experienced information technology professionals. The company's iconic brand status will help attract people, experts say.

But offering competitive pay will cost GM. Software engineers make \$60,000 to \$70,000 a year right out of college, and experienced workers can make more, says James Stoeckmann, senior compensation specialist for World at Work, an organization of human resources executives who deal with pay issues.

Expensive or not, the strategy is correct for GM as it tries to

differentiate its products from other automakers, says Michael Robinet, managing director of IHS Automotive, an industry consulting firm. With the gap in quality between brands shrinking, the way a car drives and its electronics soon will be the only things that set a company apart, he says.

Currently, GM and most automakers rely on outside companies for touch screen and other technology. But often those companies sell the technology to multiple carmakers, or new software is sold in an expensive bidding war, Robinet says.

"If they have their own skunk works and they find a new technology, they are guaranteed to bring it to market first," he says.

Ford, for instance, worked with Microsoft Inc. on its pioneering Sync system, which brought voice activation technology into cars ahead of most competitors. But Ford only had exclusive use of the system for a year before Microsoft was able to license it to other companies, namely Hyundai and Kia.

Outside companies have so much expertise that it will take years for GM to catch up, making it unlikely that the company will completely walk away from outside firms, Robinet says.

Yet with software gaining so much importance in the way all companies operate, it's even possible that GM will find its next generation of leaders somewhere in the computer centers, says Kirkpatrick.

"CEOs of every company in the future are going to have to be software thinkers," he says.

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