

BATON ROUGE BUSINESS

IBM's Baton Rouge expansion is made official, with 800 new jobs and mixed-use development

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One of the biggest names in technology is coming to Baton Rouge. After weeks of speculation, IBM officially announced Wednesday that it will build a major facility downtown and will bring at least 800 new jobs to the capital city.

The deal is a major win for Baton Rouge and state economic development officials as they try to build up the technology industry here. It is also a significant step in the ongoing revitalization of Baton Rouge's downtown.

The proposal also includes more than \$14 million in state funding to boost computer science graduation rates -- with an aim to triple the number of computer science graduates from LSU. The deal will also bring a \$55 million new mixed-use development to downtown, with offices for IBM and an 11-story residential building.

At a press conference Wednesday afternoon, Gov. Bobby Jindal said he has made many announcements of new business projects in recent weeks, but this is one that will affect Baton Rouge for decades to come.

"For Baton Rouge, I think this may be the single most important announcement," Jindal said. "It is that transformative."

Louisiana Gov. Bobby Jindal announces that IBM is expanding to Baton Rouge at a press conference on Wednesday. Diana Samuels, NOLA.com|The Times-Picayune
IBM will be building a "services center," that will provide software development and software maintenance to clients in the U.S. The Armonk, N.Y.-based technology company plans to locate its new facility at the former site of The Advocate on Lafayette Street, which is currently an empty lot. The 72,000-square-foot site was listed for sale for \$6.5 million. The mixed-use development into which IBM will locate will include 95 apartments and 9 townhouses, officials said.

Reports that IBM was considering expanding in Baton Rouge first appeared in January, but officials didn't confirm the news until the press conference with Jindal Wednesday afternoon at the Shaw Center for the Arts. Baton Rouge apparently beat out Lincoln, Neb., for the facility.

IBM is ready to start hiring immediately and has already set up a website for potential applicants with information about open positions and upcoming job fairs. The company will be working out of the Essen Centre in Baton Rouge until its new building is ready in the spring of 2015, officials said.

In addition to the 800 workers IBM will hire, officials expect the deal to create another 542 indirect jobs at other companies and 600 construction jobs while IBM's new building is built.

The office portion of the new riverfront complex that IBM will move into is being funded with \$30.5 million from the state and local government, including \$14.8 million from the state, \$3 million from the East Baton Rouge city and parish, and \$12.7 million in community development block grant funds.

The residential portion of the development is being funded by private financing through Commercial Properties Realty Trust, which is a real estate trust affiliated with the Baton Rouge Area Foundation. The Wilbur Marvin Foundation, also affiliated with the area foundation, will own both the office and residential buildings.

In addition to the brand-new building, IBM will receive incentives totaling \$29.5 million in grants over 12 years, officials said. The money includes \$1.5 million from the city-parish and is meant to reimburse IBM's costs related to moving personnel, internal training, personnel recruitment and other factors.

Colleen Arnold, IBM's senior vice president of application management services, said IBM appreciated the incentives. But the key to bringing the company to Baton Rouge was the ability to access employee talent, particularly at LSU.

Colleen Arnold, a senior vice president at IBM, speaks at a press conference announcing the company's expansion to Baton Rouge. Diana Samuels, NOLA.com|The Times-Picayune

"You can have incentives but if you don't have a pool of talent, you can't deliver on the vision," Arnold said. "We were more inspired that by working with LSU, we could have a talent pool that was sustainable."

As part of the deal, the state will provide \$14 million in funding over 10 years for college and university programs to increase the number of computer science graduates. At least 65 percent of that money will go to LSU to expand its computer science division. The university plans to double the size of computer science faculty and triple the number of graduates in five years.

"I believe that at LSU, your students will say, 'You mean I can get this wonderful education, and a job, all here?,' " Arnold said.

IBM would be attracted to Baton Rouge because of the talent pool of technology employees here, analysts and local technology leaders told NOLA.com|The Times-Picayune when news first broke about the potential deal. Baton Rouge is not known as a tech hub like Silicon Valley, but locating here allows the company to be a big player in a smaller pond, said Scott Doron, director of the Southern Technology Council in North Carolina.

Louisiana State University and other local colleges would likely "bend over backward to provide the people that IBM needs," Doron said.

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