

## THE WALL STREET JOURNAL.

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# GE Goes Into High Gear to Attract Silicon Valley Tech Talent

One of the country's oldest industrial businesses has set up a new software division that is working to lure engineers from titans such as Apple and Cisco.

When General Electric Co. recruiters started asking superiors to sign off on generous pay packages to lure engineers to a new software division in 2012, the bosses balked: You're not competing with Google and Amazon, they said.

Four years later, GE's thinking has changed: tech talent is what the conglomerate is after, at tech talent rates.

The success or failure of GE's foray into software—the most broadly advertised angle of Chief Executive Jeff Immelt's effort to reorient one of the oldest industrial businesses—will depend on luring software minds away from Silicon Valley titans such as Apple Inc. and Cisco Systems Inc.

Within the company, that has meant shaking up long-standing practices on everything from how workers at its San Ramon, Calif., software center are paid relative to their peers in industrial-business units, to finding footholds in or near big cities where software engineers cluster.

GE says it's working.

"People are starting to say, 'Wow, these guys are starting to do some cool things,'" said Jennifer Waldo, the head of human resources for GE Digital, the software unit. "Some people still don't view us as a technology company, and that's the tricky part for GE. We're also an industrial company...It's not going to feel like Google, exactly."

Steve D'Aurora, a former leader of Apple's Siri team, said he "harbored the same skepticism" when Harel Kodesh, the chief technology officer at GE Digital approached him last year. The 43-year-old Mr. D'Aurora said he was concerned that the company would be stodgy and bureaucratic, but that changed when he visited San Ramon. "I'm a little older...and I have kids, and it's not like I have to work at Apple or Google," he said. "It really came down to what Harel told me: We're going to change the world."

The company now offers base pay, bonuses and equity to GE Digital employees, in line with competitors in Silicon Valley, not just Siemens and Honeywell. "Honestly, we couldn't hire anybody if we didn't," Ms. Waldo said. But the issue is "sensitive," she added, because in other GE offices around the country the shift in compensation for digital workers is coming more gradually.

A senior software engineer at GE Digital earns about \$138,000, according to data collected by Glassdoor.com. That is on par with International Business Machines Corp. and SAP AG, according to the careers website, but well below Google or Facebook, where those employees are paid an average of about \$250,000 and \$ 220,000, respectively.

GE, which was incorporated in 1892, established GE Digital as a stand-alone software unit in 2015, distinguishing it from its industrial divisions, which make jet engines, power turbines and medical scanners, among other products. The digital unit, with 28,000 employees, makes up a small percentage of Boston-based GE's 333,000 world-wide workforce.

GE Digital has more than 1,700 workers at its headquarters in San Ramon, about an hour drive from both San Francisco and San Jose in the eastern reaches of the Bay Area. That is a 40% increase since the beginning of the year. The company says it will surpass 2,000 workers in the complex during the next two years.

In presentations for investors this summer, the company pledged to aim high in its search for talent, plucking programmers not just from enterprise companies such as Cisco and SAP, but also fast-growing firms like Google, Apple and Facebook Inc. And, GE says it has an attrition rate of 5.5%, compared with 22% for the tech industry overall.

Some in the industry are skeptical.



▲ GE's offices in San Ramon, Calif., which have some of the design touches common to Silicon Valley workplaces.

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GE Digital “would struggle to draw at the level of talent that an Apple or a Facebook or a Google could draw,” said Mehul Patel, CEO of Hired, Inc. an online recruiting service, though GE can best industrial competitors such as Honeywell and enterprise players like Cisco. The best young talent either wants to join a startup or work on Facebook’s big next project, he said.

John Sullivan, a veteran Silicon Valley recruitment expert, who was chief talent officer at Agilent Technologies Inc., doesn’t believe GE will attract the young programmers it is seeking if it remains far from the urban center of San Francisco, and if it doesn’t shake up its recruitment to cater to workers’ expectations. Instead, GE has been relying on the traditional strength of its reputation as a major corporate power—a brand that means little in Silicon Valley, he said.

“I worked with them for almost 20 years, and I said the world has changed and your recruiting hasn’t,” Mr. Sullivan said.

GE countered with examples like its hiring of Darren Haas, a co-creator of Siri who was head of cloud engineering at Apple, who joined GE Digital in June.

GE’s massive reach is an advantage for workers looking to develop new skills and work on projects of consequence, said Rick Devine, the CEO of San Francisco-based advisory firm Talent Sky. “You actually have something to sell here that they don’t.”

The company’s activity has helped attract new leaders such as Colin Parris, a longtime IBM executive who jumped to GE’s software-research operation in upstate New York in 2014.

“Every CEO talks about a billion dollars here and a billion dollars there,” Mr. Parris said, referring to the large projects GE handles. “How I know it’s true with GE is they’re actually hiring people in the Valley. You can’t lie about that.”

The San Ramon offices have some of the design touches common to Silicon Valley workplaces: exposed ceiling mechanicals, table games and a communal kitchen. But San Ramon is far from the hothouse tech communities of Palo Alto, Menlo Park, and San Francisco. GE Digital’s most prominent neighbor is the headquarters of oil giant Chevron Corp.

“There’s no doubt that there’s some candidates that prefer not to make that drive out” from San Francisco, Ms. Waldo said. “But with that said, it hasn’t really hurt us.” For older prospective hires, the suburban location is an advantage—closer to good schools and without the traffic-choked commute.

“Any company going there would go there to tap into a more affordable labor pool,” said John Brady, head of the San Jose office of Savills Studley Inc., a commercial real-estate services firm.

GE has targeted prospective employees, and the public, with marketing campaigns about building software for things that matter, such as jet engines and MRI machines. The ads tap into GE employees’ own experience on the West Coast, where the company hasn’t traditionally been a major employer and its brand isn’t well known among some tech industry workers, despite being a marquee name in other parts of the country, Ms. Waldo said.

At some events, GE staff have been confused for workers from General Motors Co. “I’m scratching my head like, ‘You don’t know who GE is? How is that possible?’” she asked.

Boris Epstein, a co-founder of Binc Inc., a Silicon Valley hiring firm, said, “We don’t often hear candidates asking for opportunities at GE.” But the company is further along than many other traditional enterprises. “Success for GE doesn’t necessarily have to align for them beating out Google and Facebook for talent.”