

# Dell will add 500 engineer jobs here

## Move to expand locally is unusual since firm's focus turned overseas.

By [Dan Zehr](#)

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Dell Inc. plans to hire more engineers in Central Texas than it has at any time since the tech boom.

Chairman Michael Dell, in Slovakia to announce an expansion of 600 jobs at the company's sales and support center there, said Monday that the computer maker also will add 500 engineers in the Austin area, according to wire reports.

Earlier Monday, the company confirmed plans to build a \$254 million computer factory in Lodz, Poland, which will employ about 1,000 workers. The plant will be Round Rock-based Dell's ninth worldwide when it opens in the fall of 2007.

Spokesman David Frink declined to comment on Dell's remarks but said the company founder would participate in a local news conference next Monday.

"I'm tickled to death they made this commitment," said Round Rock Mayor Nyle Maxwell, who said he had not been aware of the hiring. "It sounds to me like they're ready to go to war, maybe. I like that."

Dell has struggled in recent months to keep pace with rivals. Its traditional industry-leading growth rates have slowed, and its stock price has slumped. It is now the subject of several inquiries into accounting practices. The stock rose 11 cents Monday to close at \$21.46.

Dell recently has begun adding more sales and support staffers companywide in an effort to regain momentum in sales and service. The engineering additions announced Monday would be the company's biggest local expansion of technical talent since it laid off 5,700 workers in 2001. Dell remains the largest tech employer in Central Texas.

Though the engineering additions are small compared with Dell's overall employment in Austin and Round Rock, 500 more high-paying jobs is a "huge announcement," said Mike Rollins, president of the Greater Austin Chamber of Commerce. The jobs will create wealth in the community, he said, and help attract more talent to the region.

They are also Dell's investment to get its business back on track.

"One of the underlying themes (of the expansion) is what they've already said: 'We're going into investment mode,' " said tech analyst Roger Kay, president of Endpoint Technologies Associates Inc. " 'Margins are going to be squeezed, but we're doing this to build a longer-term position.' "

Kay predicted that the 500 engineering jobs would be spread across a range of products and services. Some will probably be in industrial design, he said, but Dell also could be hiring to build out its consulting services or its new line of products run on Advanced Micro Devices Inc. processors.

Growth in Central Texas is unusual. In recent years, Dell has said most of its future expansions will come overseas, mainly in markets where it is enjoying the fastest growth, such as India, Eastern Europe and the Middle East. Its worldwide headcount increased to 75,100 in its last quarter, up from 61,400 last year.

While Dell's overall headcount has almost doubled since the downturn, the company has held steady in Central Texas, growing about 12 percent to 18,000 employees. Most of its U.S. growth has come in call-center locations, such as Oklahoma City, or new manufacturing centers, such as in North Carolina.

The Polish factory initially will supply desktop and notebook computers to much of Central and Eastern Europe, adding servers later.

"Eastern Europe, Russia, the Middle East — those markets are expanding, and we need to be close to those customers," CEO Kevin Rollins said last week in New York.

Though the company offered no details about what types of engineering jobs it might add in Austin, Rollins has said Dell plans to expand its industrial design group to more than 60 workers by the end of the year. Executives have started to put greater emphasis on the design and usability of its products.

"Traditionally, we produced award-winning products . . . by leaning on performance and cost," he said. "However, our customers are increasingly growing sensitive to industrial design and usability in addition to cost and performance."

But Rollins also said Dell will outsource more research and development, and much of that will happen overseas. The company operates four design centers in Asia, closer to its suppliers and its rapidly growing operations in India and China.

dzehr@statesman.com; 912-5932