

Company Profile: IBM

Name of Company: IBM (International Business Machines Corporation)

Name of CEO: Virginia “Ginni” M. Rometty

Board:

- Virginia “Ginni” M. Rometty, Chairman, President, and CEO, IBM
- Kenneth I. Chenault, Chairman and CEO, American Express Company
- Michael L. Eskew, Chairman and CEO, United Parcel Service, Inc. (retired)
- David N. Farr, Chairman and CEO, Emerson Electric Co.
- Mark Fields, President and CEO, Ford Motor Company
- Alex Gorsky, Chairman and CEO, Johnson & Johnson
- Shirley Ann Jackson, President, Rensselaer Polytechnic Institute
- Andrew N. Liveris, Chairman and CEO, The Dow Chemical Company
- W. James McNerney, Jr., Chairman and CEO, The Boeing Company (retired)
- Hutham S. Olayan, President and CEO, Olayan America, and Principal, Director and Senior Executive, The Olayan Group
- James W. Owens, Chairman and COE, Caterpillar Inc. (retired)
- Sidney Taurel, Chairman, Pearson PLC
- Peter R. Voser, Chairman, ABB Ltd.¹

Overall Toplines

- Rometty is cultivating close ties and influence in the Trump administration. While IBM the company does not formally espouse any political views, its CEO sat on the Strategic and Policy Forum (“Business Council”) and will also reportedly advise Trump’s new Office of American Innovation.²
- IBM already receives billions in government contracts—\$1.7 billion since 2008 from Immigration Customs and Enforcement (ICE) and Customs and Border Protection (CBP).³ IBM could see

¹ “Board of Directors” IBM website,

<https://www.ibm.com/investor/governance/board-of-directors.html?subtabs=open>, (last visited Apr. 14, 2017).

² Rachel King, “IBM CEO Joins Trump Business-Policy Advisers” *Wall Street Journal*, December 5, 2016,

<https://www.wsj.com/articles/ibm-ceo-joins-trump-business-policy-advisers-1480915018>;

The White House “Remarks by President Trump in Strategy and Policy Forum” February 3, 2017,

<https://www.whitehouse.gov/the-press-office/2017/02/03/remarks-president-trump-strategy-and-policy-forum>.

Jonathan Shieber, “Trump to create White House office for ‘American Innovation’ to be headed by Kushner” *TechCrunch*, March 26, 2017,

<https://techcrunch.com/2017/03/26/trump-to-create-white-house-office-for-american-innovation-to-be-headed-by-kushner/>.

³ Federal procurement data obtained via USAspending.gov:

<https://www.usaspending.gov/Pages/AdvancedSearch.aspx?sub=y&ST=C,G,L,O&FY=2017,2016,2015,2014,2013,2012,2011,2010,2009,2008&A=0&SS=USA&RN=INTERNATIONAL%20BUSINESS%20MACHINE&AA=7000&AB=7014,70>

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enormous profits from Trump's ramped up immigration enforcement.

- Rometty is on the Executive Committee of the Business Roundtable, an association of nearly 200 Fortune 500 CEOs that spent \$15 million on lobbying in 2016.^{4,5} In a February 2017 letter, the Business Roundtable asked the Trump administration to either repeal or extend "compliance flexibility" on over 20 "regulations of concern"⁶ that keep workers safe, protect the environment, and promote transparent business practices.
- In response to Trump's Muslim ban, over 100 technology companies signed a legal brief speaking out against the ban. IBM did not sign the brief.⁷
- A group of IBM employees have launched a public campaign against their CEO's collaboration with the Trump administration.⁸ Over 2,000 IBM employees have signed a CoWorker.org petition to Rometty.⁹

Connections to Trump

- Rometty was a member of Trump's Business Council¹⁰
 - A few days after the election, she penned a glowing open letter to Trump. "Congratulations on your election as the 45th president of the United States. Last Tuesday night you spoke about bringing the country together to build a better future, and the opportunity to harness the creative talent of people for the benefit of all. I know that you are committed to help America's economy grow in ways that are good for all its

¹² (Last visited Apr. 14, 2017).

⁴ "Executive Committee," Business Roundtable website, <http://businessroundtable.org/about/executive-committee>; "Member directory," <http://businessroundtable.org/about/members> (Last visited Apr. 14, 2017).

⁵ Senate Office of Public Records data accessed on January 25, 2017 and aggregated by the Center for Responsive Politics, Open Secrets Database: <https://www.opensecrets.org/lobby/top.php?showYear=2016&indexType=s>

⁶ Business Roundtable, open letter to White House Director of the National Economic Council, Gary Cohn, February 22, 2017, <https://businessroundtable.org/sites/default/files/Regulations%20of%20Concern%20Letter%20and%20List%20170222.pdf>.

⁷ Matt Drange, "Nearly 100 Tech Companies Join Forces In Court To Oppose Donald Trump's Immigration Ban" *Forbes*, February 6, 2017, <https://www.forbes.com/sites/mattdrange/2017/02/06/nearly-100-tech-companies-join-forces-to-oppose-donald-trumps-immigration-ban/#69b7d1c9374a>.

⁸ Sarah Jaffe, "IBM Employees to CEO: We Don't Want to Work with Trump" *Bill Moyers*, April 12, 2017, <http://billmoyers.com/story/ibm-employees-dont-want-to-work-with-trump/>.

⁹ "To: IBM CEO Ginni Rometty IBMers to CEO Ginni Rometty: Affirm IBM values!" CoWorker.org petition, <https://www.coworker.org/petitions/ibmers-to-ceo-ginni-rometty-affirm-ibm-values>.

¹⁰ Rachael King, "IBM CEO Joins Trump Business-Policy Advisers" *Wall Street Journal*, December 5, 2016, <https://www.wsj.com/articles/ibm-ceo-joins-trump-business-policy-advisers-1480915018>.

The White House, "Remarks by President Trump in Strategy and Policy Forum" February 3, 2017, <https://www.whitehouse.gov/the-press-office/2017/02/03/remarks-president-trump-strategy-and-policy-forum>.

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people.”¹¹

- Rometty is reportedly an advisor to Trump’s newly created Office of American Innovation, led by Trump’s son-in-law Jared Kushner.¹² According to Rometty: “Jared is reaching out and listening to leaders from across the business community — not just on day-to-day issues, but on long-term challenges like how to train a modern workforce and how to apply the latest innovations to government operations.”¹³
- Rometty has joined off-the-record Trump administration meetings, including a convening of prominent Silicon Valley firms in December.¹⁴ Rometty also attended a private dinner party hosted by Ivanka Trump on women’s financial empowerment in January.¹⁵

How IBM stands to profit off Trump’s policies

- Since 2008, IBM has received over \$7 billion in government contracts.¹⁶
 - According to the Washington Post, the Office of American Innovation (OAI), which Rometty advises, “could direct that government functions be privatized, or that existing contracts be awarded to new bidders.”¹⁷ It remains to be seen whether Rometty’s role in the OAI will allow her to shore up existing or cultivate new government contracts.
- IBM received over \$1.7 billion from Immigration Customs and Enforcement and Customs and Border Protection contracts since 2008.¹⁸ Rometty recently said: “I discussed with the President

¹¹ “IBM CEO Ginni Rometty’s Letter to the U.S. President-Elect” IBM Website, November 15, 2016, <https://www.ibm.com/blogs/policy/ibm-ceo-ginni-romettys-letter-u-s-president-elect/>. (Last visited Apr. 14, 2017).

¹² Jonathan Shieber, “Trump to create White House office for ‘American Innovation’ to be headed by Kushner” *TechCrunch*, March 26, 2017, <https://techcrunch.com/2017/03/26/trump-to-create-white-house-office-for-american-innovation-to-be-headed-by-kushner/>.

¹³ Ashley Parker, and Phillip Rucker, “Trump taps Kushner to lead a SWAT team to fix government with business ideas,” *Washington Post*, March 26, 2017, https://www.washingtonpost.com/politics/trump-taps-kushner-to-lead-a-swat-team-to-fix-government-with-business-ideas/2017/03/26/9714a8b6-1254-11e7-ada0-1489b735b3a3_story.html?utm_term=.a0c297419ca6.

¹⁴ Jennifer Rubin, “Trump is now inviting corruption” *Washington Post*, December 15, 2016, https://www.washingtonpost.com/blogs/right-turn/wp/2016/12/15/trump-now-inviting-corruption/?utm_term=.bf455347e45f.

¹⁵ Valentina Zarya, “Here’s Why Ivanka Trump Hosted a Secret Dinner at Wendi Murdoch’s House” *Fortune*, January 13, 2017, <http://fortune.com/2017/01/13/ivanka-trump-dinner-murdoch/>.

¹⁶ Federal procurement data obtained via USAspending.gov: <https://www.usaspending.gov/Pages/AdvancedSearch.aspx?sub=y&ST=C&FY=2017,2016,2015,2014,2013,2012,2011,2010,2009,2008&A=0&SS=USA&RN=International%20Business%20Machines%20Corporation> (Last visited Apr. 14, 2017).

¹⁷ Ashley Parker and Phillip Rucker, “Trump taps Kushner to lead a SWAT team to fix government with business ideas” *Washington Post*, March 26, 2017, https://www.washingtonpost.com/politics/trump-taps-kushner-to-lead-a-swat-team-to-fix-government-with-business-ideas/2017/03/26/9714a8b6-1254-11e7-ada0-1489b735b3a3_story.html?utm_term=.a0c297419ca6.

¹⁸ Federal procurement data obtained via USAspending.gov:

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and the Secretary of Homeland Security ways that advanced technology could address national security imperatives while also permitting lawful immigration and travel. I explained that this is not an either/or choice.”¹⁹

Outsized Influence in our Politics

- Rometty is notable in that she has given no political contributions.²⁰ According to Rometty, “IBM does not espouse a partisan or political point of view. Alone among our major competitors, we do not make political contributions, and we do not endorse candidates for office. We never have.”²¹
- Nonetheless, Rometty is on the Executive Committee of the Business Roundtable, an association of nearly 200 Fortune 500 CEOs that lobbies the government to promote its pro-business interests.²² The Business Roundtable spent over \$15 million on lobbying in 2016.²³
- In a February 2017 letter to the White House, the Business Roundtable asked the administration to either repeal or extend “compliance flexibility” on over 20 “regulations of concern.”²⁴ These include regulations that keep workers safe, protect the environment, and promote transparency in business practice.

<https://www.usaspending.gov/Pages/AdvancedSearch.aspx?sub=y&ST=C,G,L,O&FY=2017,2016,2015,2014,2013,2012,2011,2010,2009,2008&A=0&SS=USA&RN=INTERNATIONAL%20BUSINESS%20MACHINE&AA=7000&AB=7014,7012> (Last accessed Apr. 14, 2017).

¹⁹ Internal letter from Ginni Rometty to IBM employees:

<https://www.scribd.com/document/339230584/Engaging-the-World> as reported by Madeline Farber in “Read the Email IBM’s CEO Sent to Employees About Trump’s Immigration Order” *Fortune*, February 14, 2017, <http://fortune.com/2017/02/14/ibm-ceo-rometty-trump-immigration-ban/>.

²⁰ Kim Nash, “Tech Industry Leaders and Their Political Donations” *Chief Information Officers (CIOs) from IDG Enterprise*, October 16, 2012,

<http://www.cio.com/article/2368122/government/tech-industry-leaders-and-their-political-donations.html#slide16>.

²¹ Ali Breland, “IBM leader defends role on Trump advisory council” *The Hill*, February 12, 2017,

<http://thehill.com/policy/technology/319257-ibm-leader-defends-role-on-trump-advisory-council>;

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²² “Executive Committee,” Business Roundtable website,

<http://businessroundtable.org/about/executive-committee>; “Member directory”:

<http://businessroundtable.org/about/members> (Last visited Apr. 14, 2017).

²³ Senate Office of Public Records data accessed on January 25, 2017 and aggregated by the Center for Responsive Politics, Open Secrets Database: <https://www.opensecrets.org/lobby/top.php?showYear=2016&indexType=s>.

²⁴ Business Roundtable, open letter to White House Director of the National Economic Council, Gary Cohn, February 22, 2017:

<https://businessroundtable.org/sites/default/files/Regulations%20of%20Concern%20Letter%20and%20List%20170222.pdf>.

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Quotes and Controversies

- After Trump's travel ban of people from seven Muslim-majority countries, over 100 technology companies signed a legal brief voicing support for the federal lawsuit against the Executive Order. IBM did not sign the brief.²⁵
- In response a group of IBM employee outcry over her collaboration with Trump, Rometty responded: "Some have suggested that we should not engage with the U.S. administration. I disagree. Our experience has taught us that engagement – reaching out, listening and having authentic dialogue – is the best path to good outcomes."²⁶
- A group of IBM employees have launched a public campaign against their CEO's collaboration with the Trump administration.²⁷
 - Over 2,000 IBM employees have signed the CoWorker.org petition. The petition calls on Rometty to "respect our right to refuse participation in any U.S. contracts that violate constitutional and civil liberties," among other demands.²⁸

Recent job cutting/lay-offs

- In 2016 IBM had three rounds of layoffs that affected an undisclosed number of workers, reportedly in the thousands.²⁹ Amidst declining revenues and worker layoffs, SEC filings show Rometty received a \$4.5 million bonus on top of tens of millions in stock options.³⁰
- Despite layoffs, since Trump's election Rometty has publicly announced IBM will be adding jobs

²⁵ Matt Drange, "Nearly 100 Tech Companies Join Forces In Court To Oppose Donald Trump's Immigration Ban" *Forbes*, February 6, 2017:

<https://www.forbes.com/sites/mattdrange/2017/02/06/nearly-100-tech-companies-join-forces-to-oppose-donald-trumps-immigration-ban/#69b7d1c9374a>.

²⁶ Ali Breland, "IBM leader defends role on Trump advisory council" *The Hill*, February 12, 2017,

<http://thehill.com/policy/technology/319257-ibm-leader-defends-role-on-trump-advisory-council>;

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<https://www.scribd.com/document/339230584/Engaging-the-World> as reported by Madeline Farber in "Read the Email IBM's CEO Sent to Employees About Trump's Immigration Order" *Fortune*, February 14, 2017,

<http://fortune.com/2017/02/14/ibm-ceo-rometty-trump-immigration-ban/>.

²⁷ "To: IBM CEO Ginni Rometty IBMers to CEO Ginni Rometty: Affirm IBM values!" CoWorker.org petition,

<https://www.coworker.org/petitions/ibmers-to-ceo-ginni-rometty-affirm-ibm-values>.

Sarah Jaffe, "IBM Employees to CEO: We Don't Want to Work with Trump" *Bill Moyers*, April 12, 2017,

<http://billmoyers.com/story/ibm-employees-dont-want-to-work-with-trump/>.

²⁸ "To: IBM CEO Ginni Rometty IBMers to CEO Ginni Rometty: Affirm IBM values!" CoWorker.org petition,

<https://www.coworker.org/petitions/ibmers-to-ceo-ginni-rometty-affirm-ibm-values>.

²⁹ Jing Cao, "IBM Touts Trump-Pleasing Hiring Plans While Firing Thousands" *Bloomberg*, January 23, 2017,

<https://www.bloomberg.com/news/articles/2017-01-23/ibm-touts-trump-pleasing-hiring-plans-while-firing-thousands>.

Robert McMillan, "IBM Layoffs Continue" *Wall Street Journal*, March 20, 2016,

<https://www.wsj.com/articles/ibm-layoffs-continue-1463784692>.

³⁰ Securities and Exchange Commission Filings "IBM" Form 8-K, January 26, 2016,

https://www.sec.gov/Archives/edgar/data/51143/000110465916092132/a16-3049_18k.htm.

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in the US. In a December 2016 op-ed, Rometty wrote “we intend to hire about 25,000 professionals in the next four years in the United States, 6,000 of those in 2017. IBM will also invest \$1 billion in training and development of our U.S. employees in the next four years.”³¹

- According to Bloomberg, “She didn't mention that International Business Machines Corp. was also firing workers and sending many of the jobs overseas.”³²

³¹ Ginny Rometty, “We need to fill 'new collar' jobs that employers demand: IBM's Rometty,” *USA Today*, December 13, 2016, <https://www.usatoday.com/story/tech/columnist/2016/12/13/we-need-fill-new-collar-jobs-employers-demand-ibms-rometty/95382248/>.

³² Robert McMillan, “IBM Layoffs Continue” *Wall Street Journal*, March 20, 2016, <https://www.wsj.com/articles/ibm-layoffs-continue-1463784692>; “IBM Touts Trump-Pleasing Hiring Plans While Firing Thousands” *Bloomberg*, January 23, 2017, <https://www.bloomberg.com/news/articles/2017-01-23/ibm-touts-trump-pleasing-hiring-plans-while-firing-thousands>.