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Everything Oregon

## Tech entrepreneurs defy recession

By Mike Rogoway, The Oregonian

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Photo by Olivia Bucks/The Oregonian

T.J. VanSlyke, right, helps Christine Alex with her blogs at Beer and Blog, a weekly meetup of Oregon techies in Southeast Portland.

Here's what the recession feels like among Portland's new breed of high-spirited, high-tech entrepreneurs:

Any night of the week you'll find software developers and Web designers sharing coffee or beer in cubicles, lofts, bars, cafes and theaters. It's business and pleasure wrapped together.

These aren't the heads-down geeks of yore, but a hyper-social, mixed-gender crew shouting out to one another across Twitter, Facebook and a score of other online communities.

Even as Intel, Hewlett-Packard, Tektronix and other Oregon tech stalwarts are slashing jobs, new companies are springing up by the bushel in Old Town, the Pearl and Portland's inner eastside.

These startups are taking advantage of the social media craze to invent new Web tools that broadcast a user's location online, for example, or stream advertising onto MySpace and other online communities.

But stalwarts they are not, and may never be, even as the state looks for ways out of its deepening recession.

Oregon has long lacked the money, scale and leadership to be a great incubator for tech startups. Those weaknesses are less important these days, as the recession humbles big cities and mega-companies. The trend toward grass-roots technology and collaboration plays to Portland's strengths.

But a question remains: Will Portland's software developers and budding tech entrepreneurs ever make it big? And if not, will they care?

"I think success is different in Portland," said **Josh Bancroft**, 32, a gadget hound who helps herd the cats for high-tech socials. "Success could mean that business is going well enough to accomplish their goals and to pay people's paychecks, and give everybody time to go play in the park with their dog."

"Find people who share your obsession, and find enough of them, and you've got success," he said. "It doesn't have to be Amazon.com."

### Community spirit

It's never been easier to find those shared obsessions.

Online communities congregate day and night on every topic imaginable, from Battlestar Galactica to bacon. And with tools such as Twitter -- which sends instant messages to scores of "followers" -- it's easy for anyone with a bright idea to spread the word and rally support.

### Online chat

» Discuss Portland's revitalized startup scene at noon Tuesday on The Oregonian's **Silicon Forest Blog**.

"Before, great ideas were forgotten because it was hard to find out about them," said Ward Cunningham, a longtime Portland software developer who achieved worldwide fame -- in technology circles, anyway -- by inventing the wiki, a Web page open to modification by viewers.

Cunningham personifies the transition under way in Oregon technology. He moved here from his home state of Indiana in 1978 to work at Tektronix. After stints as a consultant and, briefly, at Microsoft, he's been bitten by the startup bug and joined a tiny eastside company called AboutUs that's preparing a user-edited wiki guide to the entire Web.

At age 59, Cunningham finds himself working with people 20 and 30 years his junior. He wears Crocs around the office, has begun commuting by bike, and finds himself toasted at Portland bars by kids who find him cool, "in spite of the fact that I'm not particularly cool."

"I wish I'd done the startup thing sooner," he said. "I think I was a little afraid of it."

The startup thing has never really been Oregon's thing. Portland technology has long been cash starved, overshadowed by the prosperity in the Silicon Valley and Seattle. But the recession has served as an equalizer.

As recently as a decade ago, it could cost millions to start a technology company. You'd need to lease space, hire dozens of people to write your software, and buy expensive computers.

These days, the building blocks for new software are cheap -- or free. The open source movement has developed reams of software that's open for modification and often given away.

"The traditional knocks against Portland are now becoming our strengths," Rick Turoczy, whose **Silicon Florist Blog** is both the chief chronicler and head cheerleader for Portland's new startup scene.

Today's entrepreneurs can lease powerful servers to house their products for just pennies. They don't need an office in a flashy location -- a laptop in a coffeeshop will do, at first anyway.

David Abramowski, 39, moved to Portland from Austin last year to start **MioWorks**, which makes social networking tools for small businesses. The first version of his software cost just \$5,000.

"New technology enables us to do something that we could never do without having \$1 million to start with," he said. "I just need money in the bank to pay my mortgage."

Meanwhile, Portland has remained a relatively laid-back city -- a destination for big thinkers who are turned off by the competitive pace of Seattle and the Bay Area.

"We have a lot of cool, smart people who like to drink beer and talk about world-changing things," said Harvey Mathews, until recently president of the **Software Association of Oregon**. "Where else would you go for that? I mean, for good beer?"

### 'The Portland threshold'

It's not all beer and pizza, though. This recession's the real deal, and even successful startups have been cutting back.

Oregon technology employment is off 6.9 percent in the last year, and the overall number of tech jobs in the state has plunged to 1996 levels.

Meantime, only a handful of Portland's social media and Web startups have won significant venture capital.

Startups with big ambitions -- like **Jive Software** -- find themselves bumping up of some of Portland's chronic limitations.

For one, the metro area lacks a major research university that can incubate new technologies. For another, Oregon

Photo by Michael Lloyd/The Oregonian

AboutUs, housed in an industrial loft in Portland's inner eastside, equips employees with wheeled desks so they can rearrange their office any time, relocating daily to encourage collaboration.

Photo by Fred Joe/The Oregonian

It's not all beer and pizza: Oregon startups rallied in March to seek more state support for entrepreneurs

has just two Fortune 500 companies -- nontechies Precision Castparts and Nike -- and a shallow pool of executive talent.

Jive, which makes collaboration software for big businesses, is the largest of the city's new breed of startups with 125 employees. As sales grew rapidly, the downtown company won \$15 million in venture capital in 2007 and went looking for experienced executives to lead its growth.

Instead, Jive -- which moved to Oregon from New York five years ago -- hit what chief executive Dave Hersh calls the "Portland threshold."

When Jive was creating its software, he said, Portland was a great place to find skilled developers. For executive talent -- product managers and marketers, in particular -- Hersh said he had to look elsewhere.

Jive's headquarters remain in Portland. But much of its executive leadership works elsewhere, unwilling to commit to a state with few large or fast-growing businesses.

"Portland has certain natural human resources that you can take advantage of," Hersh said. "If you want to take it to the next level, you have to go outside the city."

### **A measure of ambivalence**

Portland has dozens -- perhaps hundreds -- of small technology companies plying their trade in Portland. A few have major league ambitions, but many others are a new generation's hardware stores. The owners aspire to run mom-and-pop tool shops, not start the next Home Depot.

Within Portland's technology community, there's a certain reluctance to remake the city or its economy in the image of its more prosperous neighbors to the north or south. Many of Portland's technology entrepreneurs come from elsewhere -- Austin, the upper Midwest, and refugees from the Silicon Valley and the dot-com bust -- drawn by the city's low-key vibe.

"Perhaps we're just not willing to work ourselves to death. There's something about livability that you actually enjoy life. We're choosing quality of life over success," said **Raven Zachary**, a software developer who moved to Portland after attending an open source conference four years ago.

Even if they're not workaholics, software developers and engineers do well for themselves. Median wages in Oregon range between \$66,000 and \$85,000 annually, depending on the type of work. And thanks to the Web, software professionals can often do contract work remotely, leaving time to start a small business on the side.

Tall and thin, with a shorn scalp and spectacles, Zachary latched onto the iPhone and developed a national reputation as a freelance developer of software for a new class of mobile devices. Portland's collaborative ethic suits him, he said, and squares neatly with the prevailing software ethos.

"There's not one-upsmanship here," he said. "I have friends in Austin, where I used to live, telling me they have a hard time building a technology community because there's a lot of rivalries. But that's not the case here."

### The evolution starts now

With the economy cratering, though, there's a longing both inside and outside the software community for something that could help anchor Oregon during bad times and capitalize on some of the technology developed here.

"We've got a lot of developers coming up with a lot of really cool adhesives, but nobody's building a Post-it note," said Turoczy, the Silicon Florist blogger.

There are signs that may be changing. Even amid the recession, three venture capital firms have opened Portland outposts in the past three years. And if the future lies in the knowledge economy, Portland's scrappy, nimble entrepreneurs may be at least as well positioned to capitalize as those in other cities.

"Portland fosters the creation of small, furry mammals rather than dinosaurs -- the really big things," said Kevin Tate, 35, CEO of **StepChange Group**, a social media advertising and marketing specialist in the Pearl District.

The "dinosaur" model of big corporate campuses and regimented software development (think Microsoft -- or even Google) is going by the wayside, Tate said, in favor of more informal and collaborative arrangements. Portland's current high-tech foment positions the state well to capitalize when the recession ends, provided its technology entrepreneurs have the appetite to take it on.

"What happens when things start coming back?" Tate asked. "Will the small, furry mammals evolve?"

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## A Portland geek's social calendar

- **BarCamp Portland:**  
An informal, unstructured conference that goes where its participants take it. There's one today at CubeSpace in Southeast Portland. It runs from 9 a.m. 'til 10 p.m.
- **Beer and Blog:** A weekly gathering of social media types Friday afternoons at The Green Dragon pub in Southeast Portland.
- **Ignite Portland:** Manic presentations on every topic imaginable by experts in their fields. The next is July 16 at the Bagdad Theater in Southeast Portland.
- **Lunch 2.0:** An intermittent Wednesday lunch with rotating hosts.