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## Boulder: Where innovation is hip

By **Greg Griffin**  
The Denver Post

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Boulder is one of the hottest places in the country to launch a company. Startups there received 42 percent of the venture capital invested in Colorado from 2006 to 2009, and 8,900 businesses of fewer than 20 employees call Boulder County home.

Four industry clusters — software, biotechnology, natural foods and outdoor products — are thriving in the Boulder area, and clean tech appears to be on a similar path. That bodes well for Colorado as it attempts to dig out from a crushing recession.

"We kind of poke fun at Boulder," said Tom Clark, executive vice president of the Metro Denver Economic Development Corp., referring to the city's image as an exclusive and expensive enclave. "But we have to truly appreciate what it does to feed the innovation space in the Colorado economy."

Still, it remains to be seen whether Boulder can sprout larger, homegrown companies that stay put as they have in such places as California's Silicon Valley, Boston's Route 128 or North Carolina's Research Triangle.

That could mean more job creation than in the past. In the past decade, Boulder County added new jobs at about the same pace as the state overall, although faster than the Denver area, when differences in population growth are factored in, according to data from the U.S. Bureau of Labor Statistics and the U.S. Census Bureau.

"I think it's just a matter of time," said Brad Bernthal, a University of Colorado law professor and entrepreneurship initiative director for the law school's Silicon Flatirons program. "You will see a company scale up on the software side here."

### Homegrown firms move on

Boulder and Boulder County, in the past, have produced big companies in natural foods and data storage — Celestial Seasonings, Alfalfa's and StorageTek. But they're now gone, bought by bigger competitors headquartered elsewhere.

More recently, two Boulder start ups — Rally Software and Tendril Networks

— have raised major venture capital and top Bernthal's list of those capable of growing to the next level.

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Rally Software employees, from left, Melissa Gallegos, Cliff Rosell and Eric Lundeen play foosball in the company game room. (Andy Cross | The Denver Post )

Brad Feld, a technology entrepreneur who moved to Boulder from Boston in 1995 and now runs a venture capital fund, said the town is too small to be placed in the same category as San Francisco or Boston. He doesn't rule out that Boulder's brand of entrepreneurial zeal could spread beyond its borders, but he said it would take time.

"Other Front Range communities can certainly create sustainable entrepreneurial communities as long as there is leadership, commitment and patience," he said. "Silicon Valley isn't a city — it's a collection of cities that are all linked with a common entrepreneurial culture."

Boulder is home to robust research centers at the University of Colorado as well as laboratories run by the National Oceanic and Atmospheric Administration, the National Center for

Atmospheric Research and the National Institute of Standards and Technology.

Those institutions draw talented people and spin out technology-driven companies. A notable example of the university's imprint on the Boulder economy occurred in the 1950s when Ball Brothers Co. hired a group of CU scientists who were developing rocket-steering technology. The company later became Ball Aerospace & Technologies Corp., which employs 2,700 in Boulder and Broomfield.

## Restraints statewide

To an extent, other Colorado communities and the state at large grapple with some of the same issues that hold Boulder back. For one: a mindset favoring quality of life over jobs, which led Jefferson County residents in 1995 to thwart an attempt by Nike to build a corporate center atop South Table Mountain that might have employed 5,000.

Frances Draper, executive director of the Boulder Economic Council, an economic-development agency affiliated with the Boulder Chamber, said Boulder doesn't want or need to attract large headquarters. She said its economic-development efforts are aimed at helping national companies open offices in the city and assisting local start ups and established employers.

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Aerospace has been big business in Boulder since the 1950s when what's now known as Ball Aerospace & Technologies took over a University of Colorado program designing rocket-guiding systems. (RJ Sangosti | The Denver Post)

be from a personal perspective. You're not necessarily going to win that battle," she said.

"We want to establish ourselves as an innovation center, a hub of clean technology and alternative energy," she said. "The message to companies is, if you want to be cutting edge, you want to have some of your operations in the Denver metro area (including Boulder). It's a cool place to be."

Draper sees that as a viable strategy for the state, too.

Perhaps the best chance for the Front Range to build the hub of a national economic sector is in the burgeoning field of alternative and clean energies, an industry with a strong presence in eco-friendly Boulder.

"There's really no reason Colorado shouldn't become the Silicon Valley of clean energy," said John LoPorto, chief executive of Boulder-based Power Tagging, which is developing "digital tags" to track and record information traveling over power lines. "I don't know that there are any natural limits."

Most successful Boulder and Colorado tech companies in the past were engineering-oriented and ultimately succumbed to larger competitors on the coasts, but clean tech is wide open, LoPorto said. The presence of the National Renewable Energy Laboratory in Golden and its National Wind Technology Center south of Boulder are major advantages, he said.

"I think you may see a reversal of fortunes," he said. "We will see Colorado companies making the acquisitions, and the headquarters will be here."

Bernthal cautioned, however, that one potential obstacle for the industry is access to adequate capital. Building clean-tech businesses takes a lot of money, he said.

Rally Software, a Boulder startup, embodies in many ways the city's non-corporate approach to business. Employees are not hired to fill set job roles but are encouraged to develop as individuals in order to help the company excel. Flexible work hours and telecommuting are common, and all full-time employees receive a free bus pass.

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"I'm a strong believer in corporate culture," said chief executive Tim Miller, a CU graduate. "I have no doubt the culture we have at Rally has a lot of parallels with the culture of Boulder. If you were to transplant this company to another place, we would radically change."

It's not, however, all smooth sailing in Boulder, Miller said. The city is expensive for the company and its employees. Rally, which has 200 employees and has been adding two to three more each week this year, is having trouble securing adequate office space to accommodate the growth.

"I think it's really hard. ... It's expensive and difficult to keep a growing company here," he said. "I've been working with the city; they've been helpful. They're doing all they can."

The city and county try to keep companies in Boulder, but it's not always possible, said Draper.

"Companies get to certain size and they want flashy, Class A space. Boulder doesn't have a lot of that," she said.

Boulder also is less willing or able than some cities to offer tax incentives, officials said.

Two Boulder high-tech employers recently said they will move to a new office building in neighboring Broomfield, taking 300 jobs with them. One of those, Webroot, was offered a \$95,000 tax break by Broomfield.

## A regional outlook

The city did what it could, short of getting into a bidding war, to keep Web root in town, Draper said. But officials don't consider it a loss when a company relocates in metro Denver since the larger goal is economic development for the region, she said.

Losing companies out of state is rare but something Boulder officials work hard to keep from happening, Draper said. Recently, one such defection occurred.

SimpleGeo, a small but growing Boulder tech company that received \$8.1 million in venture capital in May, plans to move its headquarters to the San Francisco area. A team of engineers will remain in Boulder.

Chief executive Matt Galligan said SimpleGeo's management team needs to be in the Bay Area, where many of its software-developer clients are. Boulder's relatively small size, appealing in terms of quality of life, limited SimpleGeo's growth potential, he said.

"So much can be accomplished in Boulder," said Galligan. "But there are some things you can't inherently do in Boulder."

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