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Dear Client:

“Tech Help Wanted. Choose From Dozens of Companies. High-Paying Professional Positions. Live in Austin, one of US’s Top Cities.”

This headline could be bolstered by the following copy: **“If you are an engineer, computer scientist, programmer or developer, come to Austin. Dozens of companies are hiring aggressively – 40 to 100 new employees per company, per year.”** This is a direct quote from **Joel Trammell** and **Larry Warnock**. Trammell is the chair of the Austin Technology Council and Warnock was chair of the Technology Council’s CEO Summit.

The two went on to say: **“To the fantastic talent developing in universities across the country, consider starting your career here.** Most of Austin’s tech companies offer mentor programs and development labs for training. There are also hundreds of start-ups eager for talented technologists.”

And then, they gave this advice: **“to the youth of Central Texas, wrap your mind around the fact that by 2015, 76% of the jobs in the US will require skills based on STEM (Science, Technology, Engineering and Math).** Less than 50% of the jobs in the US in 1991 required those skills. Develop STEM skills – they will serve you well in the future, and serve us well as a region.”

And to the greater Austin community, they said to **“celebrate all that is unique about Austin.** It helps attract the technologists we need to accelerate growth. **Imagine what our local economy would be if we had twice the companies we have now, each hiring 40 to 100 additional employees each year.”**

There is an engineering talent shortage in Austin, they say. And the local tech community is taking immediate steps to correct the situation. Later this year Austin tech leaders will hold a **recruiting event in California’s Silicon Valley.** **“We will go where we know there is an abundance of programmers, engineers and computer scientists, to recruit what the industry needs to accelerate the growth of technology in Central Texas,”** said Trammel and Warnock.

Speaking about UTAustin, the tech leaders acknowledged that **“one of the best computer science and engineering schools in the country (is) in our own backyard.”** More about that in the next item.

The push-pull debate over the balance between teaching and research at UT Austin has been an over-riding concern as the Tier One university struggles with cutbacks in appropriations. Missing from the debate are the economic development implications derived from research.

The most important economic engine – the biggest driver of the Austin economy – is UT Austin. The many jobs, the high faculty payrolls, the activities (cultural and sporting events), the student expenditures for rent and at retail outlets, etc. are obvious examples of economic impact. But often overlooked is the **importance of a world-class research university in the attraction of new job-creating businesses and industry to the area.**

Austin would not have emerged as a technology center if The University of Texas had been located in Amarillo. MCC and SEMATECH, the two consortia credited with the beginning of Austin as a high tech hub, would not have located in Austin **if The University of Texas had not stepped up to the plate and provided an amazing list of incentives and offers of cooperation to the research and development efforts of the nation's leading technology companies.** This is irrefutable. It was the beginning of the high tech emergence in Austin.

MCC was the first and – at one time – one of the largest **computer industry research and development consortia** in the US. SEMATECH was a ground-breaking partnership with the **US government and 14 US-based semiconductor manufacturers** created to move ahead of the technology advances funded by the Japanese governments. Both were eminently successful. And both were in Austin.

Since 1984, when MCC began operating in Austin, and 1988 when SEMATECH started operations in the Austin area, technology companies from the very large, such as Samsung and AMD, to small start-ups have **added immeasurably to the economic success of the Austin area.**

UT Austin was integral in this success. **“Research universities drive economic development in their regions** because they produce the educated workforce companies need and new knowledge that generates innovation and economic development,” notes UT Austin president **Bill Powers.** He goes on to say **“American research universities are the envy of the world.** We attract the best faculty, who attract the best students, who become tomorrow's leaders.” And he adds that **“Texas has a history of leadership and innovation.”**

So, how's that “history of leadership and innovation working out for Texas?” Quite well, thank you. An impressive statistic supports that conclusion.

Private sector jobs in Texas increased by 732,800 between April 2001 and the same month this year, according to *The Business Journals*. No other state topped 100,000. Impressive.

Also impressive is the number of private sector companies benefitting from UTAustin's well-defined objectives to foster innovation.

“At UT, we collaborate with private companies every day,” says UTAustin president **Bill Powers**. And this week he recited chapter and verse, citing a particularly successful initiative. He pointed out that UTAustin's **Austin Technology Incubator (ATI)** helps innovative start-up companies from Texas and around the world become successful.

“ATI, led by Director **Isaac Barchas**, surrounds early-stage companies with talent that they often cannot afford to buy,” Powers said. “**UT offers access to mentors in the technology community, including entrepreneurs, faculty researchers, legal and accounting professionals, and investors.** UT also receives a small equity interest in the companies.”

You may have seen a recent announcement that **Xeris Pharmaceuticals relocated to Austin from California. The company made the move to join ATI.** Xeris is developing products to treat diseases such as diabetes and part of the attraction for the move to Austin was to have access to UTAustin's resources in the life sciences and biotechnology.

Xeris joins nine companies that have relocated to Austin to join ATI during the past two years. “They come from California, Florida, Georgia, Indiana, North Carolina, Australia, India and South Korea,” Powers reported. “**ATI has worked with about 50 companies during the last three years, helping them to raise \$75 million to launch and expand.**”

Powers acknowledges that “not all these companies will stay in Texas and not all will survive, but so far, **ATI-affiliated companies have a remarkable record of success.**” Bottom line: in the debate about university research and teaching, the importance of economic development as a spinoff of the research component should be considered a major factor in the discussion.

The Austin area jobs picture continues to get better and better. And the number of jobless gets smaller and smaller.

When the latest figures were released this week for the 5-county Austin-Round Rock-San Marcos metro area, it showed **the unemployment rate dropped from 6.9% in April 2010 to 6.5% in April 2011** – a significant drop. The statewide unemployment percentage April 2011 was 7.7%.

As a sidebar, research firm Sperling's BestPlaces this week ranked cities it considered **on the edge of greatness in sports, art, music and culture. Austin ranked #5** after San Francisco, Boston, Denver and Portland.

The condition that “distorted” comparative Austin area home sales figures ended last month. So, going forward, the monthly release of home sales data should give a more accurate picture of comparative sales.

The federal government’s first-time homebuyers’ tax credit expired April 30, 2010. Prior to that date, the tax credit resulted in a surge in homebuying. As a result, **when comparing the sales activity for the first four months of this year to last year, the picture was somewhat distorted due to the undue influence of the tax credit.** From this point forward, the home sales data should reflect a more normal situation.

The last-minute rush in April last year to get under the wire and earn the tax credit was especially obvious in the comparative sales data with April 2011. **The tally showed home sales were down 16% in April 2011, compared to April 2010.** When the May figures are released in a couple of weeks, we should get a clearer comparison of residential real estate activity in the Austin area.

Leisure air travelers who need Wi-Fi capability will now get limited free service at Austin-Bergstrom International Airport (ABIA). And this should preserve robust network availability for Austin business travelers.

Boingo Wireless will allow **budget-minded leisure travelers 30-minutes of free Wi-Fi** access throughout the airport, though a *hybrid* service. This will keep premium access for power users who require reliable connections while on the road. ABIA Executive Director **Jim Smith** said this hybrid offering will **ensure “that the network is aggressively maintained for high availability and monitored for security risks to the airport and passengers alike.”** Questions: contact Boingo Customer Care at 800-880-4117 or support@boingo.com.

Dr. Louis Overholster maintains avid moviegoers know without a doubt most laptop computers are powerful enough to override the communications system of any invading alien society!

Sincerely



Editor/Publisher