

Can smallest state be high-tech hub? R.I. officials hope location, size will actually aid efforts

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PROVIDENCE - Lee Hower lived the quintessential Internet start-up life as an early employee at PayPal and part of the founding team of LinkedIn, the social network for professionals. But three years ago, Hower left Silicon Valley's heady entrepreneurial scene for what might seem the outer reaches of the tech universe.

Last week, when Hower - now a venture capitalist - mingled with entrepreneurs hatching new websites, tech company founders looking to hire, and about 100 self-identified geeks, he wasn't in Palo Alto or even Boston - he was in an art gallery in downtown Providence.

"Five years ago, all of us thought we were doing this alone," said Soren Ryherd, president of Working Planet Marketing Group, a Providence tech company that had intended to set up shop in Boston or New York five years ago, but chose more affordable Rhode Island and now is profitable and growing, with a dozen employees.

Many areas compete to be tech hubs, trying to attract the high-wage jobs of a knowledge economy - whether it is Governor Deval Patrick's proposed \$1 billion life sciences initiative, or New Hampshire's drive to develop a new tech park in Nashua and rebrand the state as a tech hotspot as well as a bucolic getaway.

Now, the smallest state is trying to position itself as an entrepreneurial hub, offering tax incentives and playing off its location between New York and Boston, its size, its universities, and Providence's urban renaissance.

"This is central to our economic development strategy - we're trying to create an innovation economy," said Saul Kaplan, executive director of the Rhode Island Economic Development Corporation. "The whole state is 1,000 square miles with 1 million people in it and we all know each other - in an innovation economy, that's a huge advantage. Connecting the dots across sectors and silos is what innovation is all about, and we have the perfect real world test bed."

Last year, the first companies signed up for a new "innovation tax credit" of up to \$100,000 for investors and entrepreneurs who invest and build high-tech companies in the state. In January, the state officially launched RINexus.com, a community site for techies to share news, job openings, and events - from computer science colloquia at universities to hacker fests. And Providence Geeks began as a small monthly gathering over a year and a half ago, but has blossomed into a full-scale geek gala.

That adds to other ongoing efforts. The state grants \$3 million each year to the Slater Technology Fund, a nonprofit seed-stage venture capital fund. This is the fourth year of the Business Innovation Factory, an organization that brings together entrepreneurs and innovators for multi-disciplinary brainstorming sessions that could help Rhode Island play a key role in creating new products and innovations.

About 15,000 employees worked in the information technology and digital media sector in 2006, or 3.6 percent of the state's private employment workforce. Kaplan hopes to double the number of jobs within five years, and points to good news like Neurotech Pharmaceuticals, a local biotech company that announced in January it would build a manufacturing facility in Cumberland.

Other areas outside well-known tech hotspots have tried to cultivate a reputation for innovation, with varying levels of success. Portsmouth, N.H., branded itself the "eCoast." Wannabe tech corridors all over have aspired to the Silicon prefix at one time or another, whether it is Silicon Mountain in Colorado, Silicon Sandbar in Cape Cod, or Silicon Hills in Texas.

"It's different for Providence, than say 10 years ago - a lot has been done internally to Providence to position the city better to attract entrepreneurs," said Ross Gittel, a professor at the University of New Hampshire's Whittemore School of Business and Economics. "The development of culture and downtown life. There's buzz around Providence." And unlike a Silicon Prairie or Silicon Snowbank, Providence does have the unique benefit of proximity to New York City and Boston.

"Since I've been here, the tech start-up scene has started to flourish," Hower said. "It's exciting; still relatively early, still a fairly tight-knit community . . . but it's quietly bubbling up here, a grass-roots industry of people working on Web 2.0

stuff, and state and government agencies fostering an environment for innovation."

In 2000, when Charlie [Kroll](#) began working on a Web development firm out of his dorm room at Brown University, the tech scene in Providence was nearly invisible. The office space he rented initially for Andera was near a needle exchange; today the company is surrounded by designer boutiques, has grown to 40 employees, and will bring in \$6.5 million in revenue this year, and Kroll attends geek events looking to recruit new employees.

Close proximity to Boston also means tech companies have access to vast networks of venture capital, but the close-knit community also fosters small businesses.

"You're nobody in a big pond for a very long time" in Boston or Silicon Valley, said John Zib, an entrepreneur who is building a digital signage company, Memo. "Here, they see you."

Recruiting is also more challenging when the local talent pool is smaller. But Pamela O'Hara, president of BatchBlue Software, an eight-person software company made up mainly of ex-[Amazon](#) people, said that there were advantages.

"For us it's nice to be outside of the Silicon Valley world where everyone is taking their computer apart on the weekend and putting it back together," O'Hara said. "We're a little more in touch with the real world."

Still, brain drain isn't uncommon. In the last few years, Spherics Inc., a biotech firm, moved from Lincoln, R.I., to Mansfield, Mass. A mobile firm, Teleractive, now known as Zoove, left Newport, R.I., for Silicon Valley when it landed venture capital money.

But Andrew Schiller went the opposite route, moving his company, Location Inc., from Worcester to Woonsocket. At the geek night, he showed off [NeighborhoodScout.com](#), a website that uses data to help people find the Beacon Hill of Dallas or the Beverly Hills of Providence.

To demonstrate his service, he asked the audience to describe their ideal location.

What about the neighbors, Schiller asked. "Occupations?"

"Geeks!" someone shouted.

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