

High-Tech Hot Spot

Information technology flourishes in Houston



The collective business opportunities in the Houston metropolitan area are easily tallied by industry: it has one of the busiest ports in the county, it's the Energy Capital of the World, as well as home to NASA's Johnson Space Center and a growing aerospace industry that sits just south of the Texas Medical Center, which is the largest in the world. One might not readily think of the Bayou City as a hothouse for an expanding information technology industry, but that, too, is thriving here.

At the Houston Technology Center (HTC), whose role is to be both a business accelerator and a technology business incubator for the state, the idea of Houston's becoming "the next Silicon Valley" does not seem overly optimistic at all.

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Wildcatting verve

“My goal is to find and cultivate the next Google,” says Walter Ulrich, President and CEO of Houston Technology Center (HTC). “There will be many home runs, many doubles and triples, but the Super Bowl winner will be when we find another Google.”

Ulrich elaborated on HTC’s ambitious mission. “By 2012, Houston will be globally recognized as the center for innovation and commercialization of new IT technologies and businesses and will be seen on the same level as Silicon Valley, Boston or any other place you can think of that claims to be an IT hub—except with that kind of Houston wildcatting verve that the other places can’t bring to have.”

HTC lays the groundwork for that innovation and growth by providing business guidance, access to capital and service providers and entrepreneurial education. One-third of HTC’s current client list is made up of IT companies, and Ulrich says every one of them has the potential to grow to a \$30-, \$50- or \$100-million business within a year. More and more early-stage companies are applying to HTC for assistance, he added.

“We have some social networking companies that aren’t going to be Google, but they are going to be the equal of Facebook or MySpace in their niche,” Ulrich says. Specifically, he points to two new social networking sites for mothers: OpMom.com and Kirtsy.com.

Another award-winning HTC client site is Playnormous.com, a joint endeavor from Houston design studio ArchImage and Dr. Cynthia Phelps, a medical researcher at the University of Texas Health Science Center, with funding from Aetna, the health insurance company.

“Playnormous is an online community for kids and their parents where they can learn about health through fun,” says Melanie Mowry, Marketing Director for Playnormous. The site aims to educate kids about healthy eating habits by making fun a priority and to change their behavior through clinically tested games and animations. Customizable monster avatars and worlds will be forthcoming in the fall.

“As designers, we know from experience that if kids don’t find the site and its features fun, they will not return to the site or tell their friends about it,” Mowry adds.

“It’s the people”

“Houston is really becoming a pillar of the Internet scene,” says Marc Nathan, who came to HTC first as an investor, then accepted a position as the center’s Director of Entrepreneur Development with a concentration on IT. “I say the Internet specifically because that’s a subset of all the IT sector, of course. We’re getting a tremendous amount of interest from outside the region—specifically from the West Coast and the East Coast. They’re really looking at Houston for emerging leaders.”

Why Houston at this time?

“It’s the people,” Nathan says. “The people here are entrepreneurial in spirit. They are laser-focused on their business. The fact is, they’re making great strides in growing the community here, and that’s increasing the interest and traffic that we’re seeing from all different parts of the Internet scene.”

Ulrich credits Nathan with creating and cultivating an active IT community, with networking and educational opportunities, including monthly happy hours to introduce investors and entrepreneurs, and breakfast meetings. One of the things

that the community is doing is creating a start-up corridor, anchored at one end by HTC and heading south from there to Rice University and the Texas Medical Center.

“Houston’s always had a large base of IT—more than \$4 billion in IT business going on,” says Ulrich. “We’ve got great universities that have strong IT programs. But what’s been missing is the community—which is what Marc brings to it—and the other is making sure there’s a process for commercialization. Now that we’ve got the combination of the process and the community working together—it’s exciting.”

“When you have a community of hundreds of people, and they are charged up by the enthusiasm each one of them brings, there’s a multiplier effect in energy, in knowledge and know-how, in solving problems,” Ulrich says. “You get 10 entrepreneurs in a room and they start sharing their stories, and at least one of them has a solution to the other guy’s or the other gal’s problem. You get 100 entrepreneurs in a room and you’ve now made that exponentially more powerful.”

Blogging for business

In July, a standing-room-only crowd of excited and enthusiastic entrepreneurs attended “Blogging for Business,” one of HTC’s education seminars, demonstrating that the interest in harnessing social media as a marketing tool is booming.

Social media is the new way of marketing with a conversation—not just with one-way messages, Nathan explained before introducing three Houston-based speakers at the event. It requires commitment, personality and, above all, authenticity and transparency to insure success, he said.

Panelists included Kelsey Ruger, Vice President of Technology and Operations for Houston-based Pop Labs, whose topic, “New Gangs in America,” compared the wave of new social media online to traditional gang structure and explained why blogging, podcasting and social applications have become a means of “organizing without organizations.”

“Conversation has always been a part of commerce,” Ruger told the crowd. “People not only like to consume, but they also like to pro-

duce and share their opinions”—creating an “experience economy.”

Steve Latham, CEO of Spur Interactive, presented empirical case study evidence in “The Business Case for Social Media.” Latham said the Web now accounts for 30 percent of our media time and online time is already the number one medium of choice for people under 30—surpassing time spent watching TV. Additionally, 15 million seniors are online and their ranks are growing, Latham said.

Latham discussed how the growing desire for “community entertainment,” or community interaction and entertainment enabled by social media, is an opportunity for business marketing. People who are active in social media as posters or contributors to a company’s Web site are better customers, more loyal and more likely to purchase.

“Give people the opportunity to create content and they will,” Latham said, but don’t be afraid of what they might say, he added, because “discussions about your brand are already happening.”

Panelist Katie Laird, a strategic advisor for Schipul, a Houston-based Web marketing company and an avid blogger (happykatie.typepad.com), presented “The Path to Blog-lightenment,” giving tips on managing the chaos of so many social media options, harnessing the passion of a social media campaign, keeping blog magic alive by posting at least twice a week and “having fun while getting smarter.”

Most promising IT companies

It appears that a lot of local IT companies are having fun while getting smarter—and richer. Some of those companies’ efforts were acknowledged by the Rice Alliance last November at its Fifth Annual IT and Web 2.0 Venture Forum. Like HTC, Rice University is dedicated to supporting technology entrepreneurship, and thus created the Rice Alliance in 1999. Since then, the organization has assisted in the launch of 200 new technology companies.

The most promising Houston IT companies (as well as one from Dallas) that the Rice Alliance recognized last year were:



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HTC’s education seminar, “Blogging for Business,” speakers: Katie Laird, Strategic Advisor, Schipul; Marc Nathan, Director of Entrepreneur Development, Information Technology, Houston Technology Center; Kelsey Ruger, Vice President of Technology and Operations, Pop Labs; and Steve Latham, CEO, Spur Interactive

Additech (www.additech.com)

Additech provides retailers operating fuel centers an automated, turnkey system for cleaning and maintaining vehicle fuel systems right at the gas pump.

Makeido (www.makeido.com)

Makeido is a software company that delivers customizable national/geographical/local content to users based on their mobile lifestyle.

qtags (www.qtags.com)

qtags designs, builds, hosts and manages full-service keyword-based text-messaging programs, providing service throughout the U.S., Canada and the Caribbean.

Merrick Systems (www.merricksystems.com)

Merrick Systems provides integrated software solutions and project services for upstream oil and gas production operations.

Kirtsy (www.kirtsy.com) formerly sk*rt

Kirtsy is a Web site created by and for women that collects and presents the “best of” what’s online.

Smart Imaging Technologies (www.smartimtech.com)

Smart Imaging Technologies provides automated image analysis software solutions for scientific and industrial applications.

SnapStream Media (www.snapstream.com)

SnapStream is revolutionary media monitoring technology used by public relations and public information organizations to monitor and respond to TV coverage.

TriTaur (www.opmom.com)

TriTaur creates Web 2.0 applications for specific and profitable consumer niche markets. Its flagship consumer product is a Web-based social software application, Operation Mom (www.opmom.com), for a potential market of more than 35 million moms online.

The right place, the right time

With the support of HTC and the Rice Alliance at both ends of Houston’s IT corridor, the tech community seems to have all the elements

for success—the right place, the right time and the right people.

“Houston has a great talent pool to draw from. It’s such an attractive place for people from so many different backgrounds—not only nationality and cultural backgrounds but also industry backgrounds,” said Rod Jimenez, CEO of Whiteboard Labs. The local Web and application development company has roots reaching back to 1994 with the launch of Webvertising by former NASA engineer Jim Whitney, CTO of what is now called Whiteboard Labs.

The proximity to the health care and the oil and gas industries—industries that require a lot of technologies—bodes well for IT growth in Houston, Jimenez said. “Diversity of talent, diversity of the economy and the forces that are shaping that really make this an interesting place to be in the technology area.” **OH**

Two more reasons why Houston is hot for IT

Microsoft’s Worldwide Partner Conference

Microsoft chose Houston as the site for its annual Worldwide Partner Conference, drawing more than 7,500 partners from 145 countries to the Bayou City in early July, along with 2,500 Microsoft employees. Microsoft CEO Steve Ballmer thanked the partners for challenging the company and “always pushing us to do better, to bring our A-game, to really have the technologies, the business plans, the partner programs that are going to allow you and us to succeed.”

Ballmer spoke of some of the company’s recent successes: more than 140 million Windows Vista licenses installed since its launch; 100 million SharePoint users; the single greatest year in terms of growth in unit volumes of Office licenses; 4.7 million seats of Lotus Notes exchanged; \$10 billion this year in server revenue; and 750,000 users of Microsoft’s CRM (Customer Relationship Management) product.

“We describe our vision at Microsoft as creating experiences that combine the magic of software, with the power of Internet services across the world of devices, software, services, many devices, magic,” he said. “Software, the core underlying magic, is rich interesting software, and the thing we’ve dedicated ourselves to as a company is being the best company whose core competence is software development. We’ll put it out in the Internet, we’ll put it in devices, we’ll put it in PCs, we’ll put it in the cloud.”

“So what is the future?” Ballmer asked. “The future is about having a platform in the cloud, just as we have an operating system for the client, for the server, for devices. We will be launching a platform for the Internet cloud that lets you write programs and have them deployed and managed, that does computation and storage, and management, directly out in the Internet.”

Mayor Bill White’s WeCAN Initiative

City of Houston Bill White had a vision: affordable, high-speed Internet access for residents and visitors to the city—access that would benefit low-income households, students, telecommuters and municipal employees. Houston’s 600-square-mile service area was expected to be the largest Wi-Fi deployment in North America.

But, when an agreement with provider EarthLink failed to produce the desired results, the mayor’s office was not deterred. The city’s Digital Inclusion Initiative, called WeCAN (Wireless Empowered Community Access Network) has been turned over to the Houston Public Library (HPL) for implementation and operations—a logical move since public access to technology has been a priority for the city’s library department since 1993. HPL’s mission not only commits to facilitating access to technology, but aims to provide technical training, literacy programs and workforce development training as well.

Moving forward with the citywide WiFi strategy, a committee chaired by the city’s Chief Information Officer Richard Lewis has identified three significant components for implementation: the existing downtown parking meter network; the creation of public works networks related to security/connectivity for water treatment locations; and the creation of wireless neighborhood networks.

For the latter, 10 communities identified as “high-need” have been selected to launch a network of Super Neighborhoods, with an ambitious goal of 15 access points within each. The pilot neighborhood, Gulfton WeCAN, began offering classes this summer. Sponsors included Hewlett Packard, which donated hardware, and Microsoft, which contributed a literacy curriculum, Internet safety training and online portal development for the entire initiative. Tropos Networks donated equipment and Verizon Wireless donated \$10,000 to support the launch.

“We are developing partnerships with community stakeholders to create a ‘network’ of access and sustainable programs and services,” said Nicole Robinson, Director of the Digital Inclusion Initiative. “By doing so, we are making digital literacy and access to technology a means to acquire the skills and education needed to achieve quality of life change and create economic opportunities that benefits us all.”

