

# Tech companies see benefits downtown

## Firms discover cluster can improve offerings

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When Scott Warzecha and Matt Riley looked for a site for their high-tech firm, they quickly narrowed their search to a five-block stretch in downtown St. Cloud.

The St. Cloud businessmen wanted to be as close as possible to a communication switch center on Sixth Avenue, built decades ago by Bell South, to ensure their company has the fastest and most reliable network service.

Netgain Technology Inc. is among almost 20 tech companies that have clustered around what is now Qwest's central office.

"It's almost a high-tech industrial park," said Tom Moore, president of the St. Cloud Area Economic Development Partnership.

This tech cluster — or tech village, as some call it — recently grabbed the attention of local economic development and business leaders. They want to learn more about why these high-tech firms locate in downtown St. Cloud, but

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more importantly, what they can do to leverage this cluster to foster more development downtown.

"We have a competitive edge, and we'd be pretty remiss if we didn't take advantage of that," said Pegg A.K. Gustafson, executive director of the Downtown Council.

Leaders plan to meet with representatives from Qwest,

Xcel and local tech firms to evaluate the services and develop a recruitment plan that they hope will help drive the resurgence of retail downtown.

"It's building more on what's already been started," Gustafson said. "It's getting that vitality back into downtown."

Leaders see the tech village complementing renovation efforts led by Dan Borgert. Borgert, chief executive of B.K. Foley investment group in St. Cloud, transformed the storefronts of several dilapidated historical buildings.

A series of empty storefronts several years ago led community leaders to try to define a vision for downtown. St. Cloud businessman Chuck Rau remembers being involved in one of those community groups working to drive the regeneration.

"That vision right now is being created for us," he said, sitting in the Federal Building that now houses primarily tech businesses, including Netgain and its software company, IntelliSoft.

Rau is the general manager of IntelliSoft and chief executive of 401k Loans LLC, also located in the Federal Building.

## Creating a cluster

Tom Grones, co-founder of GeoComm Inc., said the loss of retail downtown created a vacuum that led to affordable lease rates. Those rates initially led him to locate his 911 mapping business downtown in 1995. The business has expanded to create customized software for mapping wireless and wired

emergency calls.

Access to high-speed bandwidth is becoming more critical to GeoComm as it explores marketing its services to a worldwide audience.

The cost-effectiveness of locating close to Qwest drives most tech companies downtown. Each block they locate away from that central office costs them an additional \$100,000 to connect fiber-optic cables from Qwest to their companies.

Gustafson expects the future extension of the main pipeline to the new library and law enforcement center to further fuel growth.

A demand for reliable and continuous service leads firms to locate in the downtown district known as Grid 1 — the first part of the city to receive electrical service after an outage because of the public sector presence.

W3i, the parent company of Freeze.com, moved to a larger facility in Sartell last summer but kept its data center of 120 servers downtown to remain close to the central office and have the most reliable power for its worldwide customers, said Kyle Ohme, director of information technology for W3i.

The Internet marketing company is working with Xcel and the Downtown Council to expand gas lines and provide the infrastructure the company needs to run its generators, Ohme said.

## Tech culture

The look and feel of a former opera house, situated next to the Metro Transit Station, led Brain Magnet and its parent company, Cloud Cartographics Inc., to move into the three-story building downtown.

"It's hard to build this atmosphere," said Aaron Brossoit, vice president of Brain Magnet.

The culture created by the arts, entertainment and restaurant scene and several tech companies help drive these firms downtown.

Tech businesses have become more specialized as the technology industry has matured. It started in larger metropolitan areas like Minneapolis-St. Paul and now is spreading to smaller communities.

"(Before,) you had to do a little of everything to get some critical mass," said Warzecha, chief executive of Netgain.

As tech companies find their niche, they recognize that other tech firms offer services that complement theirs and could help their clients.

Syvantis Technologies LLC, a provider of Great Plains accounting software and Microsoft CRM based in Brainerd, opened an office in the Federal Building this month because of the other tech companies located there, Syvantis President Janelle Riley said.

"We can leverage off of one another's skill sets very well," she said.

A large publicly traded information technology company based in Minneapolis has shown interest in opening a sales office in the Federal Build-

ing because of its proximity to tech companies — specifically Netgain, said Scott Privatsky, sales and leasing agent for INH Property Management in St. Cloud.

"They can bounce business off each other," Privatsky said.

## Marketing efforts

Economic development leaders once attracted companies by highlighting the road system, airport, and water and sewer, but the Internet's stronghold on business has shifted emphasis to fiber-optic cables and other technology-related infrastructure, Moore said.

Companies such as ING Direct, an Internet-based bank headquartered in Delaware, would not have located and expanded in downtown St. Cloud without that infrastructure, he said.

By marketing the cluster, leaders expect to attract more businesses that rely on technology as well as more restaurants and retailers that cater to the growing IT staff.

The Federal Building's history and proximity to Netgain led Rau to move 401k Loans into an office on the first floor. Netgain is the service provider for 401k Loans, which supports the lending process for retirement plans.

Teresa Bohnen and other leaders of the Science Initiative of Central Minnesota have begun to market access to the fiber-optic cable trunk and speed of delivery to science-based businesses.

"It makes the community easier to sell to companies that want to come in," said Bohnen, president of the St. Cloud Area Chamber of Commerce.

But leaders agree that more needs to be done to capitalize on this opportunity and bring more high-paying technology jobs to the area. Computer specialists earn about \$27 an hour — almost twice the area's average wage of \$14 an hour, according to the Minnesota Department of Employment and Economic Development.

John Kaliszewski, vice president of economic development for the Initiative Foundation, called on the expertise of Brain Magnet to create an interactive map that identifies technology-based businesses in downtown St. Cloud and help explain the advantages of locating there.

The Little Falls-based foundation plans to finalize an agreement with Brain Magnet this week to create a map that local leaders will use to set a strategic marketing direction.

St. Cloud leaders already have begun to create a list of prospects, primarily located in the Twin Cities.

Leaders also plan to create specs that outline the area's pipeline and fiber-optic cables to show to prospects, said Stan Weinberger, chairman of the Downtown Council's Economic Development Committee.

"It really has legs and people are really embracing it," she said. "Everybody wants to get on board and work toward this common cause."

## A TECH CLUSTER

To see some of the businesses that have formed a tech cluster in downtown St. Cloud, go to [www.communitymapstool.com/ifound](http://www.communitymapstool.com/ifound).

Brain Magnet in St. Cloud plans to work with the Initiative Foundation to create an interactive map.

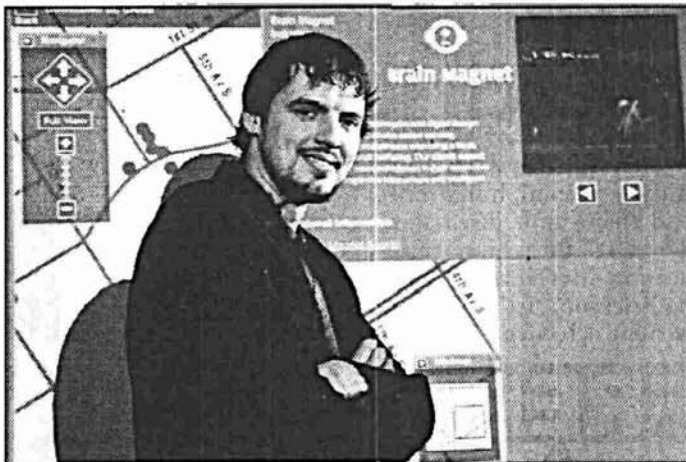
The company would add more

tech firms to the map and create additional layers of information about the companies, services and amenities to explain the advantages of locating downtown.



Times photo by Kimm Anderson, [kanderson@stcloudtimes.com](mailto:kanderson@stcloudtimes.com)

**The Jolly Green Giant seems to stand guard as Paul Canfield, a programmer at Brain Magnet, wraps up his work for the day Friday in the upper level of the St. Cloud-based business.**



Times photo by Kimm Anderson, kanderson@stcloudtimes.com

**Aaron Brossoit, vice president of Brain Magnet, shows a map his company and sister company Cloud Cartographics is creating to help leaders analyze the cluster of tech-related companies.**