

## Getting warmer

**Oregon has long been a home to startups. Now it's poised to become a startup hotbed.**

**By Jim Huston**

When I joined Intel in Silicon Valley in the early 1980s, I figured I would follow the standard Silicon Valley script — work there a couple of years, then jump to a series of startups. But fate intervened.

Intel transferred me to Oregon within a year, and I fell in love with the Pacific Northwest. The company successfully completed the difficult transition from a maker of memory chips to become the leading microprocessor supplier, and Intel Oregon became the place where new Intel businesses were created. Opportunity was almost boundless, and the financial rewards were handsome as Intel's stock soared. There was no reason to leave Intel. Even if there was, there weren't many Oregon startup companies to join.

Fast-forward to 2005, and it's clear that the business picture in Oregon is at the cusp of significant change. In short, the state is poised to become a startup hotbed. That's why I finally left Intel Capital last year and became a Portland-based partner with Silicon Valley's Blueprint Ventures. My mission is to find and fund highly promising Oregon startups pushing the envelope in advanced displays, nanotechnology, semiconductors and other areas in which Oregon has impressive strength.

Roughly 20 years ago, Portland, not Seattle, was considered *the* place in the Northwest to start technology companies. But the Silicon Forest faded while Seattle flourished. Prominent Silicon Valley venture firms, such as Mohr Davidow, established offices in Seattle, treating Oregon merely as fly-over country. But there are now clear signs that the pace and quality of technology startups will increase markedly in Portland, and this time the trend has legs.

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Why am I so confident? Just look around. The ball got rolling in 2003, when Oregon launched the Oregon Nanoscience and Microtechnologies Institute (ONAMI), a collaboration between Oregon's high-tech community, its universities and the Pacific Northwest National Laboratory in Richland, Wash. ONAMI has landed more than \$75 million in federal research money, and is now busily commercializing its technology. Plus, the Oregon Public Employee Retirement System has begun allocating \$100 million to venture firms interested in investing in Oregon.

There are other promising signs. Pixelworks, a successful spinout of InFocus, recently spawned its own spinout, Enuclicia, which attracted out-of-state venture investors. Ambric, a stealth startup in Hillsboro with a really big semiconductor idea, has also attracted venture investors from out of state. Oregon is fast becoming a major center for the rapidly growing open source movement with Open Source

Development Labs, the central body dedicated to facilitating the spread of Linux, and the newly created Open Business Technology

Center, a business accelerator for open-source startup companies.

Bolstering all these bright spots is a key catalyst: Growth prospects at many of Oregon's *largest* technology companies have stalled for the foreseeable future. This means that the best and brightest people at companies such as Intel and H-P have fewer reasons to stay. And it means that startups won't have trouble finding top-flight technical teams. Yes, there really is a silver lining in the growth cloud hanging over many large tech companies — at least for Oregon.

This trend fits particularly well with Blueprint Ventures' strategy of backing early-stage companies, specifically spinouts formed around corporate intellectual property. Intel and H-P, in particular, have deep reserves of intellectual property, and they are seeking to make money from them. Intel Oregon houses

an enormous array of skills, including world class expertise in wireless and optical communications, digital home and digital health, and advanced semiconductor research.

H-P's printing and imaging business, meanwhile, dominates its Pacific Northwest facilities. H-P's Corvallis campus is home to the world's most advanced inkjet printing research and development center. Technology developed there powers the world's largest volume Micro-Electro-Mechanical Systems (MEMS) application: inkjets themselves.

I don't want to suggest that Oregon won't face challenges in moving to a more startup-centric technology base. For example, while Oregon has no shortage of creative engineering talent, it has fewer service specialists such as law firms and accounting firms with expertise in startup-related work. And the pool of marketing and management talent with the skills needed for startups is sometimes lacking.

However, with some growth in local expertise and talent in places like Silicon Valley hovering nearby, these are manageable challenges. For example, many Portland law firms with technology practices, such as Ater Wynne and Stoel Rives, now have offices in Silicon Valley, and one of the region's top boutique technology-focused law firms, White & Lee, is actually headquartered there. In addition, local recruiters have been able to attract top-notch talent to move to Oregon when needed.

Positioned to make its first investments in Oregon, Blueprint Ventures is joining Oregon's startup vanguard. With promising startups today, and conditions ripe for more in the not-too-distant future, Oregon promises to become a real hotbed. **OEM**



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