

## Atlanta's Strengths, Flaws Indicative of Southeastern Tech Communities

By John Yates, Special To LTW

**Editor's note: John Yates chairs the Technology Group of the law firm Morris, Manning & Martin, LLP**

ATLANTA — When a survey is conducted on technology communities in the United States, the Southeast generally ranks poorly as compared with other regions. In reality, the Southeast is composed of several different (in some cases, very different) metropolitan areas that vary with respect to important criteria for technology growth.

Based on my observations, the region's technology centers can be generally categorized as follows: Research Triangle Park, Greater Atlanta, Birmingham/Huntsville, Ala., Northern Virginia, Charlotte and South Florida. These geographical areas are composed of defined cities that have attracted key technology companies over the past decades.

A second tier of cities/areas are potential up-and-comers, including Oakridge, Tenn., Coastal Carolinas from Savannah, Ga., to Wilmington, N.C., the "Florida Corridor" of Tampa, Orlando and Jacksonville and Richmond, Va.

What are the criteria used by the "experts" in assessing the benefits of a technology community? In the past, these criteria have included subjective factors. Many of these criteria are skewed based on the promotional budgets of a metro area or public relations campaigns addressed to the publications that prepare these survey results.

From the technology entrepreneur's perspective, what are the important criteria for a tech center? Some of them may include access to capital, government/political supporters, bricks-and-mortar community, university/academic support and technology organizations.

Let's review several of these criteria in the context of the Atlanta community.

**Proximity to universities** With the Georgia Institute of Technology, Atlanta is perfectly situated around an academic center. The city also benefits from Georgia State and its business school (from which many business leaders in Atlanta have graduated, especially the executive MBA program). Also, Emory University provides a strong connection to the technology community, and its business school has a special focus on technology through its Center for Digital Commerce. (The Director of the Center is Benn Konsynski, well known in the Atlanta technology community and a member of the board of directors of many Atlanta-based tech companies).

There are some shortcomings. These Georgia universities often do not coordinate their activities in the technology community. During the dot-com frenzy, the universities appeared to be more competitive than cooperative. Still, the city has a major advantage in having three large university systems within a stone's throw of downtown Atlanta.

**Access to capital** The good news is that Atlanta has more venture capital and angel resources than any other city in the Southeast. The bad news is that these resources are still very limited.

The largest Southeastern venture fund, Noro-Moseley Partners, continues to serve the Atlanta community in an active way. Other funds are also supportive, including HIG Ventures, with offices in Atlanta and Miami. Alliance Technology Ventures provides funding for Southeastern companies, but with a narrower focus, principally investing in life science, biotech and semiconductor technologies.

On the angel front, the Atlanta Technology Angels is one of the most active angel networks in the country. On the other hand, the access to capital has been adversely impacted in Atlanta. Several funds have disappeared or shrunk to "maintenance" mode, merely serving their existing portfolio companies with limited capital resources to make investments in future rounds of financing. Other funds continue to carve out specialized market niches, for example, Total Technology Ventures in the financial services area.

Atlanta's challenge is the same hurdle faced by other Southeastern tech centers. We must retain our existing capital resources and also attract national funds to our cities to invest in our most promising companies.

**Bricks-and-mortar firms** Atlanta has a significant advantage over other Southeastern cities in that it is home to dozens of the country's leading non-technology businesses. The city is headquarters to Coca-Cola, Delta Airlines, Equifax, BellSouth, Cingular and Home Depot. As a result, the city's Chamber of Commerce is one of the most active in the country and has tapped the leadership from these businesses to become involved in major policy issues impacting the city: education, traffic and water.

On the down side, the technology community and the bricks-and-mortar companies have had little interaction in the past. This may be changing as the tech community is waking up to this key asset in the Atlanta area.

**Government support** Most state and local governments in the Southeast have been lukewarm in their support of technology. This is also true in Atlanta, where our state legislators have spent more time dealing with symbolic issues (like our state flag) as opposed to substantive ones. The major policy issues impacting Atlanta's technology growth revolve around two key considerations: education and traffic.

Interestingly, these are also two considerations that are driving concerns in other Southeastern metro centers. Atlanta may be experiencing these problems to a greater degree than other communities, but Charlotte, RTP, Miami and others are not far behind.

In short, our region is continuing to develop with pockets of technology growth. Our challenge will be to work together as a region to promote targeted technology development, rather than fighting one another.

*John C. Yates chairs the Technology Group of the law firm Morris, Manning & Martin, LLP, which has offices in Atlanta, Charlotte and Washington, D.C. He can be reached at [jcy@mmlaw.com](mailto:jcy@mmlaw.com) and (404) 504-5444. This column is presented for educational and information purposes and is not intended to constitute legal advice.*