How To Build a Bigger, Better Technology Community in Southeast? It Won't Be Easy

By John Yates, Special To LTW

Editor's note: This is the first in a series of columns by John Yates, a noted technology lawyer who has represented hundreds of entrepreneurial companies and many of the Southeast's most successful tech businesses. His weekly column will focus on issues of interest to entrepreneurs in the Southeast – including finance and venture capital, corporate governance, hot legal issues, and new state laws impacting tech companies.

ATLANTA - Exactly twenty years ago this month, I visited my sister in Silicon Valley. In 1983, Jean Yates was the CEO of Yates Ventures and one of the leading consultants in the software industry. Jean begged me to move to Palo Alto and join a major Silicon Valley law firm.

I respectfully declined my sister's invitation and proclaimed, "I'm confident we can build a technology community in the Southeast – even if it takes a little more time and effort than in other sections of the country."

I still believe in my proclamation – the Southeast is home to leading technology companies such as Earthlink, Internet Security Systems, Manhattan Associates, Checkfree, Peace Software and ChoicePoint.

But times have changed, and our nation's tech community is experiencing a severe drought.

In our region, the negative impact has been more pronounced in several unique ways. By understanding our shortcomings, we can prepare ourselves for a stronger rebound when the economy improves.

Shortage of Capital – The Southeast has always suffered from a shortage of available capital, especially seed round money. The reasons are many:

- Too few VC firms are headquartered here.

- National venture firms don't have offices in our region.

Lack of Concentration - We lack the concentration of tech businesses found in Silicon Valley, Boston/Route 128 and even Austin.

Lack of Cooperation - The states in our region (NC, SC, AL, FL, GA) often compete for scarce resources, rather than working together to promote a regional technology agenda.

Internal Competition - Even within the states in the region, there's internal competition: RTP vs. Charlotte, Atlanta vs. the rest of Georgia; every city in Florida competing against others in their state.

Cooperation over divisiveness

Having observed these trends for two decades, I have some thoughts about increasing regional cooperation -- rather than provincial divisiveness:

One: Start the Southeastern Technology Leadership Council – The STL Council would consist of three representatives – a government official, a financial investor, and a tech leader – from each of the states in our region. The mission of the Council would be to determine ways to enhance cooperation among the states to attract capital, companies and talent to the region.

Two: Create a VC Communications Forum – Develop a website to provide timely information on entrepreneurial activities in the region. Use the electronic forum as a means of driving information to VCs and investment bankers outside the region – to attract them to our companies. Have the STL Council serve as the catalyst for organizing the Forum, contacting VCs to subscribe and driving content to the site.

Three: Enhance Academic Cooperation – Colleges and universities throughout the region have battled for position in key technologies – biotech, computer science, e-commerce, agri-tech, optics/telecom and many others. Some states have worked to coordinate their university research – but regional cooperation is limited. Steps can be taken to improve cooperation and communication at this level.

The creation of the STL Council could address these goals. To be successful, the Council would require members sharing a common vision of turning the Southeast into a regional hot bed of coordinated technology activity – rather than a competitive, non-communicative collection of companies, leaders and educators focused provincially on their own states.

Is it possible? Could the STL Council succeed? What are your thoughts?

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