



Down Memory Lane: It's Time To Celebrate Georgia's Technology

By John Yates, Special To LTW

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ATLANTA - On October 21st, the Georgia technology community will be celebrating its rich history of tech growth.

The Georgia Technology Celebration (at the Cobb Galleria in Atlanta) will feature some prominent Georgians, including:

- Dave Dorman, CEO of AT&T
- Garry Betty, CEO of Earthlink
- Governor Sonny Perdue, Georgia's Governor
- Cathy Cox, Georgia's Secretary of State
- Charles Brewer, Founder of Mindspring

The event will include a trip down memory lane – from the earliest tech startups in Georgia to the current tech market leaders in the state.

As part of the Georgia Technology Celebration, a timeline is being prepared of the major events in the state's tech history. In preparing the timeline, we've discerned several interesting points:

1. The importance of Georgia Tech
2. Georgia – A great place to live and start a company
3. Too few giant companies (with an acquisition appetite)
4. Need for more local venture capital resources
5. Not enough biotech/life science growth – yet
6. Wealth of management talent

Let's explore a few of these points in more detail.

The importance of Georgia Tech: The Georgia Institute of Technology is responsible for graduating students who have established dozens of the most successful entrepreneurial ventures in Georgia. Georgia Tech has been instrumental as a center of excellence in several key areas – computer software, human factors, telecom and data communications, and ecommerce.

The roots of many Georgia success stories start in an engineering class at Georgia Tech. The successes include Internet Security Systems, MSA, Scientific Atlanta and nFront. Georgia Tech continues to spawn new ventures and is the lifeline for Georgia's future technology growth and entrepreneurial development.

Biotech is behind: The lack of growth in the biotech area is an obvious shortcoming on the Georgia technology timeline. Several efforts are underway to expand the life science and biotech offerings in the state. Whereas Georgia Tech has been instrumental in growing the software and ecommerce fields, the biotech growth has had to come from the University of Georgia and Emory University. Biotech growth is noticeably absent on the timeline of the tech community in Georgia.

Future challenges in finding angel money: As venture capital firms grew in number in Georgia, so did the startup companies. For over a decade, small venture funds were established in Georgia and provided funding to hundreds of startup businesses. Although later stage venture capitalists may have come from outside the state, the early stage money almost always came from small investors in Georgia.

Much of this early-stage financing has disappeared in Georgia. The remaining angel investors (led by Imlay Investments, HIG Ventures and the Atlanta Technology Angels) are still looking at start-up opportunities. But the numbers of angel investors has dwindled, and the amount of capital available to early-stage entrepreneurs has been radically reduced. The result has been devastating to the start-up community in Georgia.

Issues facing the VC community in Georgia: The institutional venture funds in Georgia have also been adversely impacted over the past decade. During the dotcom era, a dozen or so VC funds were established in Georgia, providing first and second round financing opportunities for Georgia's businesses. Many of these funds were offshoots of successful entrepreneurs who stayed in Georgia (or returned to their home state) to launch the venture fund, such as:

- Convex – Formed by the founder and former CEO of WebMD
- Monarch Capital – Founded by a California entrepreneur who returned home to Georgia
- Gray Ventures – Formed by a long-time businessman and Georgian

Many venture funds in Georgia have dissolved or are in wind down mode. Others who have unsuccessfully looked for merger partners were converted to a pure consultancy mode.

Georgia does have some major players in the venture community that have survived for many years. Noro-Moseley and Alliance Technology Ventures continue to fund businesses in the region. Both have also supported existing portfolio companies through these challenging economic times and have available capital to weather the downturn.

But the fact remains that in the past five years, Georgia has been largely unsuccessful in attracting investors who are willing to form new venture funds in the state. Rather, many of the largest technology deals recently done in the state have included large blocks of capital from funds outside the region.

Good news - wealth of management talent: The best news for Georgia is centered around its people. Many executives who moved to Georgia to join tech companies and dotcoms may be out of work today, but they want to stay in the state. Georgia is their first choice for employment and they are willing to forego other opportunities to stay in the area. When the markets turn for the better,

Georgia's "human capital" will bring the state quickly back to prosperity in the tech sector.

If you're interested in attending the Georgia Technology Celebration, visit:

www.techcelebration.org

The Celebration is sponsored by TAG – the Technology Association of Georgia:

www.tagonline.org

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