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ANN ARBOR NEWS

Tech firms eye Google

Move to Ann Arbor excites most owners, but a few are skeptical
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Technology company owners in Ann Arbor see dollar signs in Google's announcement that they will open an Ann Arbor area facility in the fall. They see innovation leaps. They see a talent magnet.

At the Ann IT Zone's summer barbecue Tuesday, the day of the announcement, the crowd was buzzing.

"People were giddy. There definitely was a Google effect," said Diane Durance, president of the technology development organization.

Despite the excitement, there's a bit of skepticism about just what Google's presence will mean to the tech community.

"We could get a little carried away," said David Fry of Fry Inc., a company that builds and operates e-commerce Web sites. Like others, Fry is unsure that Google establishing an Ann Arbor location will necessarily translate into direct opportunities for partnerships or joint ventures with Google for other local tech firms.

"I don't see this as an immediate big revenue opportunity for me - it's more about ... an image," he said.

Gov. Jennifer Granholm and company officials announced Tuesday Google will bring 1,000 jobs - mostly sales, marketing and business - to the area through its AdWords unit,

which allows businesses to bid against one another for use of a search term.

David Fischer, director of online sales and operations for Google, said this week the Ann Arbor facility's role could grow over time.

AdWords are generally four-line, text-only, targeted ads that companies purchase from Google to display alongside the results of searches at Google and on partner sites ranging from AOL to blogs to online news sites. Google gets paid each time you click on one of those sponsored links.

Durance said there are some techies who worry that the Ann Arbor facility would be little more than a call center and wouldn't be a fountain of innovation.

However, Rich Sheridan, president and CEO of Menlo Innovations, a small but growing software company opening a new office in Ann Arbor's Kerrytown this fall, sees the announcement as the signal of a new time for the city. Ann Arbor could become a new hotbed for technology development, and his company will be a beneficiary, he said.

"While I certainly couldn't presume Google would be a customer of ours, I can well imagine the impact in this area will increase our business," he said.

The average wage of workers at Google has been reported at \$47,500 - not bad, but to get an average like that, means there are a lot of jobs that would pay significantly less. There's also some concern that the dazzle of working for Google could draw talented workers to the search engine behemoth and away from smaller local companies who need them.

Durance said several companies in the area already work in Web-optimization, which deals with designing sites so they are the top hits on a Google search. It's a cottage industry created as a result of the way Google, Yahoo and other engines find pages that relate to a search.

She said there was a feeling that Ann Arbor could become the "hub of brilliance" in that field.

That's certainly what Linda Girard and Andy King hope.

Both run Ann Arbor-based Web site optimization and search engine marketing companies: King is president of Website Optimization LLC and Girard and business partner Catherine Juon own Pure Visibility.

"Google having an office here will raise the visibility of (search engine marketing) firms in the area and in Michigan," King said. "My hope is that they offer (pay-per-click) training classes and seminars, and embrace the tech community here in Ann Arbor."

King said he thinks Google's presence will draw more Web site optimization companies

to Ann Arbor. Above all, he and other tech company owners think the link between Google and Ann Arbor will go a long way toward changing Michigan's Rust Belt image and make it easier to recruit talented workers.

"This also opens a whole new world of opportunities for networking," Girard said. "Ann Arbor is a cozy town where everybody knows everybody."

Fry noted that sometimes when he works with other tech companies on the West Coast, he gets the feeling they view Michigan firms as "hicks from the Midwest" that are less knowledgeable about technology.

"If Google is having 1,000 people work here, we must know what we're doing," said Fry, who employs 210 people in four offices across the country. About 130 work in his Pittsfield Township office.

Don Walker, managing director of Arbor Partners, an Ann Arbor-based venture capital firm that concentrates on tech start-up companies, said he expects to see more start-ups pop up here and more capital to flow to them.

He said Google could have an effect on Ann Arbor similar to IBM's effect on Austin, Texas, when it moved significantly into that town to build the IBM Austin Research Laboratory.

"IBM moved in there and others, and all of sudden there were spinoffs," he said. "It won't happen overnight, but over a period of time it will be very beneficial. As more start-ups come out of this, there will be more capital to fund it, and it will attract more capital."

Steve Glauberman, Enlighten chief executive, said he wouldn't be surprised to see Google itself create some spinoffs. Enlighten is an Ann Arbor-based interactive marketing, Web development, data analytics, and strategic consulting firm.

"You'll see people leaving Google and starting up companies, or Google might have ideas not core to their business, and maybe (it) could help fund (those) companies," Glauberman said. Having Google here "will foster a mentality of risk-taking, confidence and innovation," he said.

King also wonders about Google buying up successful local firms: "Google is in the acquisition mode and around here there's a lot of great tech companies they might be interested in."

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