



BONNER

New company looks to transform Bonner into a freight hub



FEBRUARY 28, 2015 5:30 PM • DAVID ERICKSON
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There is an entire magazine dedicated to inland ports, aptly called Inland Port Magazine, but not a lot of people in the Missoula area are familiar with the term.

Bill Paul, the president of the newly-created Bonner Transfer and Storage Co., is hoping to change that.

An inland port is a specialized location developed to connect different modes of the transportation network, in this case truck and rail delivery. Inland ports serve as transportation and freight hubs, as well as storage facilities, and can decongest delivery networks and encourage commercial activity. Paul is working on turning Bonner into an inland port to compete with others such as Denver and Salt Lake City. It's an ambitious project, but the former mill site turns out to be perfectly situated in terms of location and infrastructure.

Paul was working with clients in the rail business in Billings when he was contacted by the owners of the old Stimson Lumber Co. to take a look at the property to see if he could figure out a way to use it.

"They looked at getting a large-scale transloader (a company that can transfer freight from rail to truck and vice versa) here, and someone suggested talking to me," Paul recalled. "I came here last summer, looked at the property, talked to the owners additionally and thought this is a tremendous opportunity for a large-scale freighting operation. Obviously not only the physical plant but the rail access is important."

The old mill site, which hosts a variety of businesses now, turned out to be a perfect spot for an inland port.

"There is access to four rail spurs on this property. There's two that come into the building and two outside the building, so from a capacity point of view, there's not very many places, you know in the whole state of Montana – maybe in the region – that have the rail capacity that this location does," Paul explained. "There's nothing like this in Billings. There's nothing like this in eastern Montana. If you could pick this up and move it to Glendive closer to the oil patch, it would be tremendous. But obviously that's not the case. You couldn't build this today and have that be economically viable. The cost of doing it would be prohibitive."

Paul researched the region and the demand for freight handling and the rail freight volumes and trucking volumes.

“It struck me that in the transportation business they look for opportunities to develop this term ‘inland port’ so you think about it, we’re trying to be a large inbound freight handler,” he explained. “We want that freight that comes from L.A., and Portland and Seattle that’s coming in by ship and being shipped east.”

In order to capture the large volumes of freight that Paul wants to accomplish, several aspects of Bonner’s location are critical. There is access to both north-south and east-west highways, in the form of I-90 and I-15, and there are railways that more or less follow those highway routes in all four directions as well. And a large physical plant, for storage, staging and reloading, is necessary. That’s where the cavernous 300,000-square-foot warehouse at the former mill site comes in.

“We also offer trucking services,” Paul explained. “So a shipper could buy a railcar or 10 of some product like roofing materials like we have out in the warehouse now. They would ship it here, we offload it, and they can either pick it up or we will deliver it to them. And they can store it here for short or long term. Whatever works in their business model. So what it allows them to do is take advantage of bulk purchasing. The construction offseason is when construction companies and building materials companies get an opportunity to make large preseason buys at pretty deep discounts so plants can keep running through the winter. So we want to offer them the ability to do that, have a place to land the product – because they may not be able to land it at their location – and then distribute it to wherever they want it to go within a defined region. And we think that target region for us is about a 200- or 300-mile radius from Missoula. So that’s the nutshell of what we’re doing.”

Obviously, the company is working closely with Montana Rail Link.

“They’re a great partner for us, and we also work with (BNSF Railway) indirectly,” Paul explained. “BNSF actually owns the track that runs through here but MRL leases it from them.”

Paul hopes his company is able to get on to BNSF’s “premier transloader designation” list, which shows all the largest providers by volume in every region of the country.

“We’re working hard to be a premier designated transloader here,” he said. “We expect that will probably be at the end of summer. It just opens more doors. If a shipper in Alabama is looking for a transloader in the west, the first ones they’ll see in the transloading directory if they are using BN as their rail source are all the premiers. So we’ll get the first shot, if you will, at the stuff that people are looking to ship into this area of the country.”

Paul said he hopes that his company’s presence will actually increase the amount of goods that are being shipped to and through the region.

“We want to encourage businesses to ship in here in larger volumes,” he said. “We also want to have shippers use this as a place to centralize and disperse to a smaller geographic region. So we want them to ship from all other parts of the country to here, for us to distribute in this smaller circle.”

Right now, some shipments bound for the region may be first be going to Salt Lake or Denver, and Paul wants Bonner added to that list.

“We want to say, we’ll take it all here,” Paul said.

Along with general manager Jesse Asher, Paul is also developing a large-scale document storage facility.

“So businesses that have to keep physical documents for any length of time, it’s far more cost-effective to store them in a centralized facility like this than to use their basement or garage or some other piece of their expensive square-footage of downtown Missoula for storing those records,” Paul explained. “We’ll store them out here and digitize them first if they want and provide them with remote access to their digital documents and provide them with pick-up and delivery service for their physical documents as well. We’re situated perfectly for that, and the security components required are easy for us to implement. We think there’s a tremendous opportunity to grow. If you think about health care institutions, accounting firms, law firms, right down to the local dentist and small clinics. And then think about the rural health care and rural financial institutions who don’t have centralized storage. We’ll bring all that stuff here.”

Asher said that the company recently got a call from Weyerhaeuser, one of the largest lumber companies in the country, asking about bringing their product in to Bonner to ship to wholesalers in the region.

“Our focus this year will be on OSB (oriented strand board, a type of particle board) and plywood,” he said. “In the big picture I want to generate other avenues of transloading because I don’t want to live and die by the building season. We also run a trucking division which is already taking off. So we’re excited about that.”



MISSOULA

New network map reveals Missoula's Internet needs

DECEMBER 05, 2014 7:00 PM • BY [MARTIN KIDSTON](#)

Network information from local Internet providers has been consolidated into a citywide map revealing the reach of Missoula's service, and where it could be enhanced to make the city more appealing to businesses.

Acting on the request of local providers, the City Council also voted recently to reduce by 75 percent its fees to excavate and install new fiber-optic lines in the public right-of-way, something Councilor Caitlin Cople described

as a nod to economic growth.

"It's a gesture of good will to the service providers that we want to work with them," said Cople, who chairs the city's Economic Development Subcommittee. "It was a unanimous vote, and it shows Missoula is serious about business."

The push toward greater connectivity and an open-access system dates back to 2012, when leaders from both the public and private sector joined forces to find ways to attract new businesses to town, and to grow those already here.

As part of that effort, the Bitter Root Economic Development District hired Magellan Advisers to explore the feasibility of creating a 21st century broadband system. The resulting study recommended self-financing a 60-mile network that offered open access to Missoula schools, businesses and government.

But supporters of that open-access network had no idea what level of service was already in place. They asked local providers – including Blackfoot Telecommunications, CenturyLink, Charter and Montana West – to join the discussion and submit their service maps.

The companies agreed to do so after they were promised anonymity to protect their proprietary information. The maps were submitted to ALPS Corp. in Missoula, which promised the companies information security.

"They were provided the assurance of absolute confidentiality," said David Bell, president and CEO of ALPS. "We needed to know where and how extensive our existing fiber network was. Unless you know that, everything else becomes a gerbil wheel."

Completed in late November, the map represents the only consolidated picture of existing Internet service in a major Montana city. Set over Google Earth, it reveals a rich fiber network running under downtown Missoula and the Reserve Street corridor.

While the map fails to reveal the capacity of that underground system, the extent of the network did come as a surprise. It suggested that a self-financed 60-mile network wouldn't be necessary – at least as it was initially conceived.

“The map shows there's significant fiber infrastructure in and around Missoula,” said Bell. “It has a surprising footprint even in the outlying areas around Missoula. To the extent of whether we had a robust fiber service, that question has been answered – we do.”

While the map revealed the extent of the local network, it also revealed something else. That spiderweb of fiber isn't being utilized by local businesses, even those who sit along the routes.

Copple and other proponents of an open-access system described the disconnect as the “last mile” problem, or getting the broadband from the street into the business. In some cases, it's a distance of 100 feet, but unless it's resolved, Missoula could fall behind other cities with greater connectivity.

“What this map shows is that we don't need to build an entirely new network,” said Copple. “We need to piece together what's there and solve the ‘last mile,’ or 100-foot problem in an open-access way.”

Connecting to the network can be expensive for Main Street businesses. When construction fees are considered, tapping into the network can run as high as \$20,000, experts said, and monthly service fees can run as high as \$1,500.

“We've continuously heard from the providers that there's a lot of fiber in the ground in Missoula,” said Marcy Allen, director of BREDD. “The big obstacle here is that it's not being utilized. We want to reduce the costs and incentivize the private sector to deploy that to their customers.”

Allen said BREDD will issue a request for proposals early next year as it works to solve the challenges. It also will work to lower connection fees and get more businesses onto the system.

The City Council got a jump on breaking down regulatory hurdles in September when it voted to reduce its permitting fees for laying new fiber. The city cut its fee from a baseline cost of \$2,078 for the first 600 linear feet to just \$300 for the first 300 linear feet.

“The largest cost is that construction piece,” said Allen. “If we can put conduit in the ground when the ground is open for other projects, it doesn't cost so much and it could help accelerate our broadband goals.”

Bell, who owns the Florence Building on Higgins Avenue in downtown Missoula, is currently upgrading his property's Internet capacity at his own expense. The work isn't cheap, he said, but it promises long-term benefits to his clients once it's finished.

For Missoula to compete in the digital age, he said, it must connect to a reliable high-speed system.

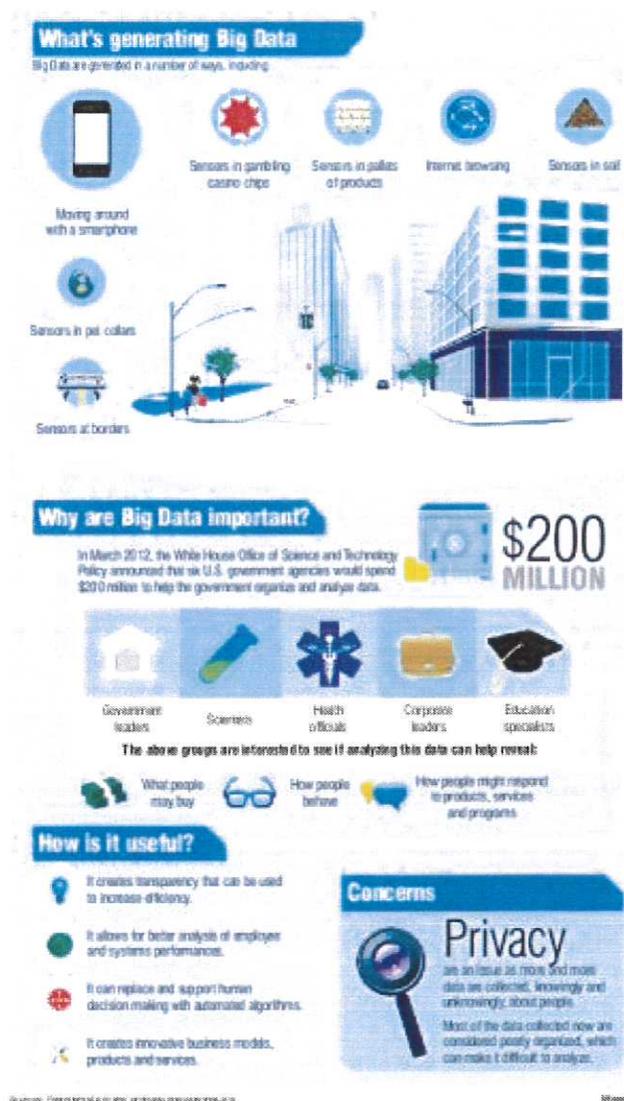
“We want to light this building up to a gigabyte of capacity on Jan. 1 – that's 200 times what

we current have,” said Bell. “No building in downtown will have more bandwidth than the Florence. It provides a better, more attractive experience for our tenants.”



DATA

Missoula startup to search legal big data on verge of growth



MAY 01, 2014 5:38 PM • BY MARTIN KIDSTON

When Joel Henry stepped away from his job teaching computer science at the University of Montana to attend law school, he couldn't know that his interest in searching piles of electronic legal data would spin into a new company.

But with the support of the Technology Transfer Office at UM, and backed with the school's support, Henry's new business has won high reviews. While it claims just four employees, it's now on the verge of growth.

"We looked at ways to find legal evidence in enormous amounts of digital information, like emails and documents," Henry said. "We worked on it for about six months. Our tool now allows you to search digital information based on concepts your looking for, not specific words."

The results led to the licensing of Agile Legal Technology, and it marked the latest venture to evolve from university-sponsored research.

Though Henry is now working to raise capital, he attributes his early success to UM's push for innovation and applied research. The school will host its first Big Data Week starting Saturday with a cyber triathlon.

"The Technology Transfer Office at the university has been wonderful, working with us to build the software and putting in place a royalty stream that works for the university and allows our business to grow," Henry said. "It's a win for the university and it demonstrates the value of this Cyber Innovation Lab."

Joe Fanguy, director of the university's Technology Transfer Office, said the effort has worked to streamline the startup process, prompting more faculty members to step forward with a business idea.

"Our strategy is going to focus more on leveraging our assets to impact the local economy," Fanguy said. "When you're dealing with an early stage company, you want to do all you can

to move it along and see what happens. We can make that a standardized and straight-forward process.”

Five years ago, Fanguy said, it was rare for a faculty member to come forward with a business idea. The office now sees around five concepts a year and interest in the program is high.

While not all ventures will succeed, he added, his office can help lower the barriers that often serve as deterrents to new startups.

“By streamlining our process, when they decide they want to try this route, they don’t have to go through that six-month, hard-line negotiation and decide it’s not worth their time,” said Fanguy. “We won’t have success if we don’t have people trying.”

Henry contributed the early success of his startup to those who went before him, including Alex Philp, founder and president of GCS Research, Sherri Davidoff, founder of LMG Security, and David Bell, president and CEO of the ALPS Corporation.

Software developed by Agile analyzes “dozens or scores of gigabytes” of digital information and presents the information back to the user in natural language. Henry said it also allows users to search data for concepts surrounding keywords.

“This business is a direct outgrowth of the efforts of Philp, Davidoff and Bell, and the university building a lab and allowing people like us to take advantage of it,” Henry said. “The support here also comes from the Technology Transfer Office. Their ability to guide me through the process and connect me to the right people has been a tremendous support.”

Saying the community has reached the critical mass necessary to mentor new startups, Fanguy points to the success of other local ventures, including Rivertop Renewables, which recently landed \$26 million from outside investments, including Cargill and First Green Investors.

The MonTEC facility on East Broadway, where Rivertop is based, is now full, marking the program’s growth over the past two years. Talk has now turned toward expanding the incubator.

“There’s access now to greater resources – whether you view that from a mentorship or a capital perspective – than what existed five years ago,” Fanguy said. “Rivertop will have some pretty high-level investors who will be in our community on a fairly regular basis. Five years ago, we couldn’t have paid people to come and do it, so to speak.”



BUSINESS

MonTEC creates collaborative environment for Missoula startups



MARCH 22, 2014 6:00 PM • BY ALICE MILLER

Paige Williams' basement wasn't conducive to working with a team to create a new company.

Last July, just a few months after starting Film Spur, Williams moved operations into a Montana Enterprise Technology Center office. At the new space, her startup has access to tools such as conference rooms, fast Internet and a mailing address, which have combined to help her expand Film Spur quickly, said Williams, who also began Porch Productions in 2006.

Her new company hosts the Audience Awards, an online forum for viewers to acknowledge their favorite independent films. It also provides a central place for

people to view independent films. A mobile app will provide independent film suggestions to people who comment that they like other films, including commercial cinema ones.

"It starts a dialogue about films," Williams said.

If it was just the office space itself that MonTEC supplies, Film Spur might just be a dream, Williams said.

"Because we were able to move here, I've got a lot of support and connections," she said.

MonTEC helped connect her with resources and professionals locally and nationally.

She's also able to get advice from other entrepreneurs by walking down the hall instead of setting up appointments, Williams said.

"I don't think I would have been able to make those connections otherwise," she said.

The community and connections are an intentional mission to foster successful startups at MonTEC. Now that the center's space is full with nine promising companies, it is continuing to explore how it can expand to serve more startups, said Joe Fanguy, director of technology transfer for the University of Montana who also heads up MonTEC.

When MonTEC began roughly a decade ago, it was based on a real estate model that provided affordable rent for businesses.

That model changed about a year and a half ago to one that is about community and support of other entrepreneurs based in MonTEC, as well as connections with other community organizations, such as the Missoula Economic Partnership.

The former model included some networking events, but they didn't go far enough, Fanguy said.

"The vision here was for us to create an internal community," he said.

In addition to Film Spur, MonTEC's community includes an independent publishing company, a renewable chemical company, 3-D printer manufacturing, geological analytical services, a magazine about motherhood, a bio pesticide company, a company that works on health care data integration, and another company that allows people to upload money to "money clouds" for social commerce interaction.

Forming bonds between different professionals in the building creates personal and business relationships, which often mirror the diverse nature of the businesses housed in MonTEC themselves, he said. "And so it starts to give people an opportunity to interface, interact on a daily basis where they really wouldn't have that opportunity otherwise."

That the center was able to fill its space so quickly is indicative of Missoula startups in general and about how quickly they're transforming themselves from one-man operations to job creating companies, Fanguy said.

"I do think it says a lot about the stage at which we have companies developing here in our community," he said.

The interest is spurring MonTEC to continue to re-envision itself into the future and the center is piloting an affiliate program to include startups at different stages of development.

Ideal affiliates would be a few years away from needing office space full-time, but still need things such as a mailing address and access to a conference room and who could benefit from interaction with other entrepreneurs, Fanguy said.

Affiliates also would create a pipeline of businesses ready to move into MonTEC when other businesses reach a point after several years where they're successful enough to venture out on their own, he added.

Another idea for growing MonTEC's support of startups would be to create another space, where businesses that are able to run their operations without support can cluster and continue to be associated with MonTEC.

"The idea would be to be able to maintain contact, experience, connection with people that obviously are helping to build our community," Fanguy said.

Being an affiliate of MonTEC would have been helpful for the initial phases of her companies, Williams said wistfully, and she hopes that once she reaches all her milestones with MonTEC after several years that she will be able to sell Film Spur and be able to contribute to success of future startups.

“I think that there’s a huge amount of gratitude in the residents of MonTEC,” she said, herself included.

MonTEC provided her with the tools and connections she needed to make the leap from the filmmaking world to the business world, she said. “I don’t think that bridge would have presented itself without MonTEC.”

Success of Film Spur and other MonTEC businesses will be successes for Missoula and Montana – not just for the entrepreneurs who created them, Williams said.

Not only will they create jobs and bring in outside investment, they will put Missoula on the map as a good place to do business, she said.

“When you say Missoula, Montana, it won’t be a question mark after that statement, it will be an exclamation point,” she said.

Already, people seem to associate MonTEC with success, she said. “There’s a respect that goes along with it by saying I’m a part of this community.”



ECONOMY

Missoula looks to define its economic identity

MARCH 02, 2014 6:00 AM • BY [MARTIN KIDSTON](#)

The city of Missoula's perceived lack of economic identity has left some in the business sector looking for changes, and they're calling on local leaders to define Missoula's vision for the 21st century.

Two years after the Montana Policy Institute ranked Missoula near the bottom of cities across the state for its business friendliness – and years after local lumber mills ceased operations – a sense of economic stagnation lingers, leaving some to ask when Missoula will

reinvent itself, and what shape that reinvention might take.

The debate could be described as a tale of two perspectives. Some believe Missoula is making headway in laying the groundwork for a diverse economic future. Others feel it lacks a unified vision of where it needs to go and what it wants to become.

“The world is getting more competitive and Missoula doesn't have much time to remain on its laurels,” said Alex Philp, founder and president of the geoanalytics firm GCS. “If we don't have a shared vision, there's no way the world will know what we stand for, and in today's economy we won't be able to attract, recruit and build around a common vision.”

Philp directed his concerns in part toward city and county officials, the Missoula Economic Partnership and the University of Montana. The school was slow to react to new trends, he said, and entire technologies came and went before “words were placed into action.”

But Philp believes UM has responded more quickly over the past year by rallying around the goal of building a university for the “global century.” The school has launched several new programs and has formed partnerships with local and national businesses.

Philp, an MEP investor who supports the partnership's overall mission, doesn't see the same unity and vision in Missoula. The growth of his own business – and that of others, he believes – depends in part on a clear definition of what the city wants to become.

“I feel a sense of urgency and, to some degree, like I'm fighting this uphill battle,” said Philp. “We need a community-shared vision appropriate for the 21st century. The leadership is failing us by not uniting us around a common focus.”

Philp isn't alone in his concerns. Dick King, former director of the defunct Missoula Area Economic Development Corp., and downtown property owner Charlie Stevenson, joined several others in launching Western Montana Community Partners, hoping to spark

conversation directed at defining Missoula's post-recession identity.

Formed late last year, the nonprofit looks to advocate for responsible economic growth by uniting the business sector. They say the time has come for community leaders to confront Missoula's perceived lack of economic vitality and vision.

"The economic growth in western Montana is lagging," said Stevenson. "I think that if someone doesn't step up and talk about it, it's never going to get talked about. We need to have a better thought process from our leaders."

The Missoula Economic Partnership painted a different picture of the local economy during its monthly investors' meeting last week. Missoula is firmly seated on the nation's radar for its density of high-tech startups, MEP believes, and deals are in the works to land new technology and manufacturing firms.

James Grunke, executive director of MEP, is calling 2014 the year of the startup in Missoula. The number of local ventures has reached critical mass, he said, noting the city's national recognition in the *The Atlantic* and a recent report by the Kaufman Foundation.

"That national (recognition) just shows the interest in the level of startups we have in this community," Grunke said. "It spurred calls from other venture funds across the county to our office. We recognize the role and value of startups in our community."

Grunke said the recognition makes a difference when working to attract other businesses to town. Other efforts on the home front, including the opening of Blackstone LaunchPad at UM and the growth of MonTECH, shouldn't be overlooked, he said.

"The MonTECH incubator is full and we're looking at other places in the community to expand MonTECH and its footprint," Grunke said. "Blackfoot Telecommunications upgraded MonTECH's Internet services to 1 GB per second. That's a game-changing difference for these startup businesses."

Brigitta Miranda-Freer, director of business development for MEP, also sees progress on the economic front. Since November, she said, MEP has facilitated or participated in 271 meetings supporting 129 businesses.

The partnership's direct work with 13 local companies, including those in manufacturing, technology and distribution, could create 158 jobs and bring additional capital investment to the city later this year, she said.

"In this quarter, we engaged 11 different companies looking to expand or relocate into our market," she said. "The potential job growth represented by the inquiries represents 487 jobs. We work very hard selling Missoula to companies and site selectors that are considering our city."

While it generally takes 18 months to close a deal, Miranda-Freer said MEP is cautiously optimistic that one new manufacturing company and four new technology firms will open in Missoula this year. Existing technology companies, she added, are helping define Missoula's future.

"They're growing and adding jobs here," she said. "Their success is vital in the process of

attracting more tech companies to Missoula.”

Jean Curtiss, a Missoula County commissioner and member of the Bitter Root Economic Development District, sees the region’s diverse economy as a benefit, not a detractor. She believes Missoula is setting the groundwork for a 21st century economy by nurturing entrepreneurs and helping existing businesses expand.

Curtiss was quick to name the success stories, including Hunting GPS and ALCOM, which opened a trailer manufacturing facility in Bonner last year. Nutritional Laboratories is expanding its facility to add another shift, she said, and Mamalode is looking to grow the reach of its business.

“We’re helping Neptune Aviation with a feasibility study to see if it makes sense for them to go forward with a business plan to fly people from the west side of the state to the Bakken (oil patch),” said Curtiss. “There’s a lot going on under the surface that people don’t see every day.”

But if there’s an elephant in the room, it remains the loss of the region’s large employers and high-paying jobs, including those at Smurfit Stone Container Corp. and the Stimson Lumber Co. sawmill and plywood plant. When Macy’s closed, it left downtown Missoula without an anchor tenant and its building, the Missoula Mercantile, has been vacant for four years.

While few large employers have been lured to the city in recent years, Curtiss said, jobs have been added in doses over time. When taken together, she said, they begin to add up.

“It’s just a little different now,” Curtiss said. “A lot of what was going on in Missoula was real speculation – a false economy that in some ways wasn’t sustainable. We’re probably being a little more realistic now.”

Curtiss said BREDD and MEP receive calls daily from those interested in doing business in Missoula. Site speculators are attracted to the city for its quality of life and its appeal as a vibrant and progressive university town.

There’s no disagreement over Missoula’s quality of life – it’s something all agree on. But those who are frustrated over the city’s perceived stagnation and lack of economic vision say talk is cheap, and they’re looking for results.

“I’m attracted to the place and our physical beauty, but I don’t understand why the aesthetic can’t go along with a common shared vision of where we’re going,” Philp said. “I don’t understand why we can’t come up with a vision appropriate for the 21st century. We spend more time looking in the rearview mirror than we do looking forward.”

Those looking to gauge the Missoula Economic Partnership’s progress and vision may get their first true indicator later this year. Grunke said the partnership, which claims more than 110 investors – and recently added five new investors to the list – will create its first benchmark report this summer.

“We take that very seriously and it’s always been in our plan,” Grunke said. “We’ve looked

at a couple of models for that benchmark report, and we'll meet with our consultant in April."

Grunke expects the report to be released around July. In the meantime, Philp believes local leaders should call a town summit and begin defining the city's economic vision – something others can rally around.

"We need to get the bloody carcass on the table, get the facts on the table," he said. "We've got to get in a room and have a town summit with the collective leadership. If we don't find the common denominator, the common ground, we'll continue to be more reactive in our approach to our future than we are proactive."

Editor's note

What does Missoula want to become? How will it compete in the global age? Over the next year, the Missoulian will explore the issue as the city emerges from the recession and searches for a new economic identity for the 21st century.



MONTEC

MonTEC's future shapes up with new start-ups, investments

JUNE 01, 2013 11:00 PM • BY [MARTIN KIDSTON](#)

When the Missoula Area Economic Development Corp. folded two years ago, the future of the Montana Technology Enterprise Center on East Broadway was anything but certain.

But after a \$3.5 million investment by the University of Montana in 2012 and the rise of new start-ups with a promising future, Joe Fanguy likes the way things are shaping up.

The progress has been anything but accidental.

“When you talk about research, a lot of times people like to use the word technology, but more often, today, the word is innovation,” said

Fanguy, MonTEC's president. “It's not about a specific widget or discovery, but rather it's about the business process, so I think you'll see more diversification moving forward.”

The university took full management of MonTEC in late 2011 after the MAEDC folded. Fanguy, who also heads UM's technology transfer office, set out to change MonTEC's approach to incubating new companies.

Before the change, the center rented out its 30,000-square-foot facility to a collage of different companies looking to succeed as a start-up. After assuming management, the university invested \$3.5 million on the center and Fanguy altered the way it rented the space.

“We now have a model focused 65 percent on an anchor tenant, 10 percent on service providers, and 25 percent on start-up companies,” Fanguy said. “We can now channel our business-support resources toward that 25 percent – the start-up companies – rather than trying to serve 30,000 square feet of tenants who all have different needs.”

Fanguy categorizes the start-ups, including those looking to raise investment capital, or those needing to build their management teams. Past MonTEC successes have included GCS Research and Rocky Mountain Biologicals, both based in Missoula.

The companies got their start at MonTEC. At least one – GCS Research – has spun off start-ups of its own, including TerraEchos.

“When you start to measure the broader impacts – that's what we want to be about,” Fanguy

said. "We need to be a starting point for companies to come through and graduate, but also ensure they have a culture embedded in them to go out and further that incubation process."

Rivertop Renewables (rivertop.com) currently serves as MonTEC's anchor tenant. The company produces green chemicals and bio-products built from renewable plant sugars for the detergent and petroleum industries.

The center also houses several new start-ups, including AIM GeoAnalytics (aimgeoanalytics.com), a geological consulting firm founded to meet the needs of the hydrocarbon industry. Mobile Minds, a company created by UM students to commercialize a language training program for military purposes, is also housed at the center.

Fanguy has worked to help MonTEC diversify, and in recent months, he believes it has succeeded in doing so. He named Mamalode (mamalode.com), a Missoula company that began in 2009 with a print magazine on parenting. It has recently expanded into Web and tablet formats and claims paid subscribers in all 50 states and 10 countries.

Mamaload joined MonTEC last month, partnering with the organization on a variety of initiatives to support their venture. Affordable rent and access to other business support and services have been key to the company's early success.

"Moving into MonTEC has been a perfect fit for our business," said Dori Gilels, publisher and chief operating officer of Mamaload. "Fanguy has a great vision for the center and there are a growing number of entrepreneurs in Missoula who stand to benefit from the assistance MonTEC can provide."

Fanguy said the center has expanded beyond only UM patents or businesses launched by faculty. While that still occurs, MonTEC has pushed into the larger community. It now sees more student-run businesses, and Missoula-based startups with a high orientation for growth.

While nothing is guaranteed when launching a start-up, Fanguy sees growth on the horizon. While Montana State University in Bozeman has long been viewed as the state's tech hub, UM and Missoula, he believes, are making progress in closing the gap.

"Five years from now, I liked to say we've had to 10 to 15 companies that have come through our program and graduated, and have either raised significant investment capital or established a strong headquarters base here in Missoula," Fanguy said.

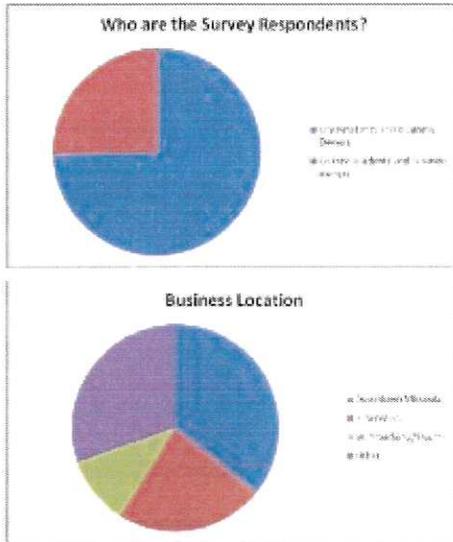


Better fiber-optic access, free Wi-Fi top Missoula tech companies' wish lists

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Economic Development Subcommittee Survey Summary
Compiled by Caitlin Copple and Kelly Ryan, 12.13.12

Nearly 500 people from a sample size of 910 drove us during from a tech usage survey by the city of Missoula. Over 3,000 responded to a portion of the hard-copy version of the survey, which was mailed out to city residents in October 2012. This survey had a response rate of 24.3 percent. What follows are the results from the hard-copy survey respondents:



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Free Wi-Fi and better access to fiber-optic lines are both at the top of the wish list of some “technology companies” recently surveyed in Missoula.

Late last year, a Missoula City Council subcommittee conducted the survey to determine how municipal government can best support the economic development of local businesses with a focus on technology. Councilwoman Caitlin Copple, who chairs the Economic Development Subcommittee, said research shows fiber – not “free” Wi-Fi – drives economic development, but pulling cables up to businesses isn’t always easy because of the cost.

“Getting the fiber into actual buildings so that they can use it is tricky,” said Copple, who also noted “free” Wi-Fi isn’t actually free because someone pays, even if the user doesn’t.

Since the national economy crashed and the local one took a battering when Smurfit-Stone Container Corp. closed in Frenchtown and other businesses shuttered along with it, the city of Missoula placed a focus on economic development. Mayor John Engen launched an initiative that led to the Missoula Economic Partnership, a public-private effort to bolster companies already here and recruit new ones.

Copple wants city government to find more ways to support the partnership, so she launched the subcommittee to take a close look at one narrow area of interest: technology infrastructure. The goal of the group, made up of both councilors and businesspeople, is to “identify needs and possible solutions to Missoula’s technology infrastructure that would help existing businesses expand and increase the city’s competitive advantage in recruiting new companies.”

The survey, conducted both online and with hard copies, was one first step. Given the relatively high number of respondents asking for fiber, Copple said one of the next steps will be a conversation with telecommunications companies about ways the city can help them reach more customers with the service.

Dave Martin, with Blackfoot Communications, agreed some older areas in Missoula are hard to reach with fiber cables. But the problem with fiber and Internet speeds is more of perception and marketing, said Martin, vice president of product management and chief technology officer.

Blackfoot does get requests from customers for speed, and he said Missoula's rich broadband can easily accommodate the capacity most businesses need. Sometimes, customers and providers have different ideas about what it should cost, but he said most requests are for 10 mgs, well within the capability of Blackfoot's infrastructure as well as CenturyLink's or Optimum's systems.

And if a business truly does need a fiber connection, it's easily available near the Missoula Development Park near the airport, throughout downtown, and just about any place other than the Brooks and Orange Street area, 39th Street, and Third Street near the mall.

"Areas that have been more recently developed have great access, but we still find that the average speed requested is far below what requires fiber for support," Martin said.

Just 5 percent to 10 percent of the companies in the Missoula area actually need speeds high enough to require a fiber connection, he said. The hospitals are among them, and they do have that service.

To better support economic development, Martin believes people interested in attracting technology companies to Missoula should market the strong broadband already here, the connections "at virtually any speed." Those working on economic growth can select niche locations, such as the Old Sawmill District and the Missoula Development Park, as ones that will have fiber connections to every building, and then "market the heck out of that."

"When we're promoting Missoula as a technology hub, do you do it generically? Or do you do it with a focus?" Martin said.

The hard copy version of the survey had a 24.1 percent response rate. Both online and hard copy respondents requested fiber and free Wi-Fi, with 15 of 36 respondents asking for fiber in the hard copy and 21 of 70 respondents to this question asking for fiber – and the same number asking for free Wi-Fi – in the online survey.

Survey questions and outcomes of the online version also included the following:

"Does your business have what it needs to thrive? Please consider access to skilled labor, technical expertise, equipment, facilities and bandwidth."

- Yes, more than enough access: 13.6 percent.
- Adequate access: 49 percent.
- Not enough access: 30 percent.
- Don't know: 7 percent.

In written responses, participants said they need the following: more bandwidth; skilled labor such as welders and machinists, software developers, digitally literate administrative

assistants, IT professionals; affordable air travel; and better space for manufacturing and start-ups.

“How affordable is the access and capacity of your current internet service versus what you need?”

- Very affordable: 17 percent.
- Somewhat affordable: 53 percent.
- Not affordable: 17 percent.
- Don't know: 7 percent.

The hard copy survey had 99 respondents from a sample size of 410 for an estimated 24.1 percent response rate; the sample size was pulled from 3,000 technology companies. Ninety people responded to the online survey.

The questionnaire also asked people whether they were familiar with economic development programs already operating in Missoula, and Councilman Dick Haines, a committee member, said he was disappointed in the results.

Among those who took the online survey, 59 percent had heard of the Missoula Redevelopment Agency, but just 30 percent know the role it plays in urban renewal. Just 53 percent had heard of the Montana Community Development Corp., and 45 percent understand what it does.

“So many people either hadn't heard of them or didn't know what they did, which just had all kinds of red lights flashing toward me,” Haines said. “... I thought boy, we've got a long ways to go to get people to understand the business community in this city.”

Haines, who is frequently critical of local government for being unfriendly to business, said he still believes public agencies need to do more to support private efforts. But he said business owners also need to take initiative and learn about the resources available to them.

“We've got a business community here that's not tied together and not tied into some things that I think would help them,” Haines said.

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