



Alabama looks for tech to ignite future economy

Published: Saturday, August 13, 2011, 6:30 AM



Michael Tomberlin -- The Birmingham News
By

Other states may have a significant head start when it comes to establishing a position in technology-based industries, but experts say that doesn't mean Alabama can't quickly catch up.

Alabama has earned a reputation for being able to lure large manufacturers including automakers and ThyssenKrupp, which is building a massive steel plant near Mobile. What has eluded the state and its major metro areas is the ability to stake a claim as the place for a particular emerging industry.

That fact was a topic of discussion at the Economic Development Association of Alabama's summer conference this week at the Perdido Beach Resort at Orange Beach.

At the meeting, John Mason, associate provost and vice president of research at Auburn University, said the state's colleges can play a role in helping Alabama communities excel in a tech-based industry. Tech jobs are coveted because of their high wages.

Mason pointed to a project he was part of at Penn State University when that school and others worked with economic development entities and the private sector to create a pilot program at the mostly vacant Philadelphia Navy Shipyard.

The program focused on making the buildings there more energy efficient, making the project attractive for federal and state grants. That led to \$150 million in new energy technologies research and development and has spurred millions more in new development from the public and private sector in the shipyard project. Penn State and other universities with a presence there continue to pull in millions of dollars in research grants.

Russ Lea, vice president of research at the University of South Alabama, told EDAA members he had a similar experience when he was at the University of North Carolina.

In 1984, North Carolina was struggling with the loss or decline of traditional industries like textiles and tobacco. Looking to diversify in an emerging technology, North Carolina officials decided to focus on biotechnology, Lea said.

What made the difference from other states is North Carolina didn't waver from that focus when other emerging technologies came along. That laser-like focus for more than 25 years has created an industry in North Carolina with 1,339 businesses, 56,000 direct jobs and 227,000 indirect jobs. The average biotech worker in North Carolina makes \$74,829 annually.

Lea said North Carolina is consistently in the Top 3 states for biotechnology employment.

Mason and Lea are now at universities in Alabama trying to encourage similar thinking and approaches. To maximize the opportunities will require using the state's universities, research centers and business incubators -- along with economic developers -- in new and dynamic ways, experts say.

Gary Tauss, chief executive of Huntsville's BizTech, said even though his incubator is not as narrowly focused as Lea and Mason are calling for, BizTech companies do have an emphasis on high-tech commercial enterprises.

While Alabama may have the strength of its university system and the two-year colleges to draw on, what it is lacking is access to venture capital and angel capital to get upstarts going and see them through the early stages, experts say.

Tauss said in the fourth quarter of last year, there were 744 venture capital investments made across the United States. Alabama's total? Just one.

He said for every 60 new products or ideas that are commercially viable, only 25 will have a business plan to make them fundable. Of those 25, only 10 will make it to the business incubator stage. Of those 10, only about two will become companies that continue on and live apart from the incubator.

Tauss said Alabama is doing a number of things right. There are 21 incubators in the state, though he suggested too many of them are general incubators rather than having a more narrow focus on a particular industry. Efforts like Alabama Launchpad, a business competition, and a new statewide angel capital network organization are useful, he said.

'Renewal'

The desire to produce and expand companies from within rather than just recruit was a palpable theme at this year's EDAA summer conference, which carried the theme "Reset and Renewal in the New Economy."

"Renewal" itself is a new buzzword in Alabama's economic development circles. A new growth plan for the state, as crafted by the newly formed Alabama Economic Development Alliance, has three themes: Recruitment, retention and renewal.

The Birmingham Business Alliance has identified growth in tech-based and emerging technologies as one of its goals in its five-year economic development plan, Blueprint Birmingham.

Greg Canfield, director of the Alabama Development Office, said details will be revealed in coming weeks of proposed legislation that aims to help emerging technologies in the state through incentives and capital separate from venture capital or angel capital funds.

Angela Wier, vice president at the Economic Development Partnership of Alabama, said the stage is not completely set in the state for the kind of renewal envisioned by the panelists at the conference, but it's closer than ever.

"We don't quite have our infrastructure together yet," Wier said. "But we are seeing involvement from several different areas to address that."

Wier said one event that aims to boost the state's fortunes in this area is the Alabama Launchpad Innovation & Entrepreneurship Conference to be held Sept. 23 at the Wynfrey Hotel in Hoover. The conference will bring together speakers and experts on everything from public-private initiatives to attracting venture capitalists. Details can be found at the innovatealabama.com website.

Join the conversation by clicking to comment or email Michael Tomberlin at mtomberlin@bhamnews.com.