

## ARCHIVE

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### LIFESTYLE TECHIES

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Knock on the doors of the contemporary homes in Amherst Woods, an upscale neighborhood in east Amherst, and you'll find a hidden tech community. There are at least seven software developers, a National Science Foundation administrator, a high-tech venture capitalist, an online retailer, a slew of computer science professors, and two nationally recognized technology writers, all working from home offices within a mile of one another.

Down on Woodlot Road, David Washburn ushers a guest into the light-filled, ground-level office in the rear of his house. That is where he conducts the daily business of Amherst Information Architects, developing customized software for major corporations like Sikorsky Aircraft and earning annual revenues in the low six figures. Up the hill, on Lady slipper Lane, Kathy Walsh-Burke is cooking up more than pasta in her brown, multilevel contemporary home. Stacks of handsomely wrapped candles are stored in a large closet off the carpeted family room, samples for her Web-based bereavement business, Comfort Candles, which she operates with her sister, who lives in Cincinnati.

Located in the Pioneer Valley about 90 miles west of Boston, the Amherst-Northampton-Greenfield section - variously called "the Valley," "the Happy Valley," or "the Cosmic Valley" - is best known for its scenery, its outdoor life, and its many colleges. But it is also home to a little-known high-tech economy, a host of one- or two-person "virtual companies," linked to global partners and clients from the West Coast of the United States to Australia. Even the largest Valley tech companies, like McKesson Corp. in Hadley, with approximately 100 employees, are small by national standards. And with the exception of McKesson and a few tech parks in Hadley and Amherst, most are purposely small and nearly invisible, tucked into residential neighborhoods and strip malls. They represent an alternative to life in the sprawl, traffic jams, and million-dollar homes of the high-tech suburbs around California's Silicon Valley and the Route 128 and Interstate 495 corridors in Massachusetts.

Cort Boulanger, vice president of the Waltham-based Massachusetts High Technology Council, says it's not in the Valley's interests to grow a 128-style technology belt. But he does believe this area "can certainly be a very active and potent part of the Massachusetts tech continuum," possibly even a source of innovation for the rest of the state.

Vermont-based management guru Tom Peters says the Valley is part of a growing phenomenon of rural tech nodes nationwide. Areas ranging from the Santa Cruz Mountains of California to the Finger Lakes of New York State are drawing tech workers simply because they're great places to live. And it's the quality of life that will likely keep the immigrants there even if that means a struggle to survive for them and their companies.

TRY TO QUANTIFY THE HIDDEN TECH ECONOMY, try to measure its economic power, and the numbers just aren't there. Economic planners haven't been able to gather the resources to study the Washburns and the Walsh-Burkes, and places like the Westborough-based Massachusetts Technology Collaborative don't keep tabs on virtual companies either. Rob Eaton, president of the Hadley-based Web services company EB Works, estimates the number of virtual tech companies in the Valley at about 150, using as his starting point a 1996 survey of Valley software developers.

Decentralization makes it difficult to locate virtual companies, explains Jaymie Chernoff, who's been tracking Pioneer Valley tech businesses as Director of the University of Massachusetts Economic Development Office. The businesses are spread out over a roughly 20-mile radius from Amherst to Williamsburg and Granby to Greenfield.

The focus of many of the companies is not local but international; globe-trotting to clients from Panama to Seattle doesn't leave much time to get involved in local tech networks like the Regional Technology Alliance.

While the denizens of the hidden tech economy may relish their maverick status, the lack of statistics means the Valley is losing out on funding and development opportunities, according to Tim Brennan, executive director of the Pioneer Valley Planning Commission, based in West Springfield. For example, the region can't make a case to service providers for high-speed Internet access, or broadband, which is so essential to information-age companies, without statistics to support its application.

Brennan believes that home-based businesses - selling everything from technology and business management strategies to organic vegetables and pottery - are becoming the dominant economic force in this region. Each year, he says, old-economy companies and industries like Greenfield Tap and Die or Uniroyal Co. in Chicopee have shut down, but the population and the local economy have been growing.

"When we survey major employers every three or four years, we can see that the number of employees they have is declining," Brennan says. "We believe there's been a migration to lots of small firms and individual entrepreneurship. Hey, they've got to be working somewhere." But when it comes to moving beyond anecdotal information on the hidden economy, Brennan says that he and his colleagues "are operating in the dark."

Local realtors have perhaps the best feel for the scope of the hidden economy. In the last four or five years, Amherst realtor Steve Feldman has been encountering baby boomers from major urban centers for whom price is no object, and some who even pay in cash.

Others tell him they're investing a portion of their previous home-sale proceeds so they can live, at least partially, off their assets. Feldman points out that with the bulk of Amherst and Northampton housing stock still valued at between \$150,000 and \$400,000, people from the Boston suburbs or Silicon Valley can come here, buy a commensurate home for half the price of their old one, and still have considerable investment capital left over. A number of the newcomers, though hardly all, have tech backgrounds, and they tell realtors that they plan to build home-based consulting businesses or telecommute to employers in New York, Washington, D.C., Europe, or Asia.

The Valley is not unique in Massachusetts. According to John Merrill, who operates the Worcester office of Village Ventures, a national venture capital firm based in Williamstown, the hidden tech economy "is everywhere," from the coast to the Berkshires. But the Valley's hidden tech community is the most substantive in Western Massachusetts - and possibly even statewide - in terms of "intellectual capital," or an educated workforce and research base, according to another Village Ventures representative. There is also the advantage of financing that's filtered through UMass-Amherst.

Tripp Peake, an Amherst-based venture capitalist with a connection to Village Ventures, says the company has cited the Valley as one of the regions nationally - along with Boise, Idaho, Charlottesville, Virginia, Tucson, Arizona, and Middlebury, Vermont - where they want to invest.

Scott Cooper, Hewlett-Packard's manager for technology policy, says places like the Valley represent a paradigm shift for the industry: "The importance isn't in the numbers; the old terms of quantification don't work. What matters is that instead of people moving into Silicon Valley, they're moving to lifestyle places like the Happy Valley. They're redefining the notion that you need a cluster of tech companies to attract tech employees. With the Internet, you can grab staffing and ideas from all over the world."

US Census figures corroborate these observations. Over the last decade, the Valley counties, Hampshire and Franklin, have experienced the highest population growth and registered the highest per capita income in Western Massachusetts. Michael Levin, the Hartford-based chief policy specialist for economic and community development at Northeast Utilities, attributes this boom to the same influx of well-heeled entrepreneurs Feldman describes. Levin himself is considering relocating to Northampton so he can enjoy a

night out at the Calvin Theatre or stop by Javanet for some espresso after a day's work in Hartford, about 40 miles away.

Like Tom Peters, he views the influx of people to the Valley as part of a national labor/lifestyle trend toward "entrepreneurship and people relocating for quality-of-life reasons. When you have a center like Amherst/Northampton with high cultural content, that's an attraction for people, especially entrepreneurs moving in. It's happening in Berkshire County, too, because of the Internet, and places like Boulder, Colorado, with the dot-commers," he says. "They may be out in a little burg in Western Massachusetts or somewhere in the middle of Colorado, but the Internet means they're connected globally."

It's a few weeks before Christmas, and about 25 software developers, systems administrators, and Web designers from all over the Valley are gathered around a holiday spread at Nate Treloar's company, AvaQuest, a new Web search business located in a second-floor office suite at a strip mall just off Route 116 in Amherst.

The talk is about the down economy and the hits that many Valley tech companies sustained in 2001. A number of people at the party have taken tech support jobs for major companies, such as the Massachusetts Mutual Life Insurance Co. in Springfield. Most are biding their time until they can land something with a company that provides creative challenges. But from one guest to the next, the refrain is the same: They have no plans to move.

In the glow of computer monitors, Treloar says he and his Valley tech friends are committed to life here even though starting salaries - at \$60,000 or so - are less than what they could make in bigger tech centers. After all, he points out, they've come for the lifestyle as much as the tech opportunities. "Where else can you get up in the morning, bike five minutes to work past fields with cows, collaborate on a project with a client in New Zealand using state-of-the-art technology, and see a Neville Brothers concert that evening in Noho?" he asks, referring in Valleyspeak to Northampton.

Treloar, an earnest 40-year-old with a home in South Amherst overlooking the Holyoke Range, is representative of many Valley techies. Treloar and his associates feel that they are as intelligent, creative, and hardworking as techies in Silicon Valley, on Route 128, or in Austin, Texas, but tend to be less driven and less materialistic. They prefer open spaces to urban bright lights and, most of all, crave the freedom to develop professionally outside of corporate constraints.

These are the lifestyle techies, the sort of people who make time for hiking or hang-gliding and take a real, not virtual, lunch out of the office.

Although a handful of them graduated from UMass in the 1960s and stayed on, most came in three main waves over the last 20 years from all over the United States. The migrations correlate with the introduction of new communication technologies that unhooked workers from corporate centers, as well as the economic booms of the 1980s and '90s that provided capital to build home-based companies or finance tech start-ups. There was the burgeoning use of personal computers and fax machines in the early 1980s; the wave of knowledge workers gravitating to tech start-ups in the early 1990s; and another wave in the mid-1990s driven by the widespread use of e-mail and more powerful personal computers.

David Washburn, one of the first wave of techies, meandered into the region in 1981. A psychology major turned software developer and a bit of a 1960s iconoclast, he was 31 when he arrived here fresh from a stint as a tech consultant with the International Labor Organization in Geneva. He was searching for a place to start his own business and picked the Valley for its liberal atmosphere and open spaces. He and his wife liked the fact that the Robert Frost Trail looped through their Amherst neighborhood and they could hike into meadowland right from their back door.

It wasn't until 1989 that Washburn had the software development expertise and client base to support Amherst Information Architects. Until then he worked as a systems administrator for a regional bank, which was about the only kind of tech work the Valley offered in those days. Now Washburn finds himself

driving frequently from his Amherst office to major clients like Sikorsky Aircraft, outside of Bridgeport, Connecticut.

Despite a sometimes wearying schedule, Washburn still has time for afternoon walks, and he rarely needs to don a suit or tie. He says it would take "half a million dollars a year at the least" to woo him away from a place where he can work in jeans or take time off to attend his son's track meet.

Over the years, Washburn has watched the local tech community grow as more and more companies spun off UMass research into computer graphics or Web information search tools. By the late 1980s and early '90s, he was meeting young software developers like Treloar who were landing jobs in new Valley tech companies and seasoned professionals like Ed Mangiaratti drawn here to run software start-ups. They represented the second wave, those who were able to find employment in a developing Valley tech economy.

Now on the cusp of 50, Mangiaratti - a tall, lean, thoughtful man - has devoted his career to turning around struggling tech companies or nurturing start-ups in places like Boston, Richardson, Texas, and Emeryville, California. By the time he came to the Valley in 1993 to run a Northampton computer graphics company called DataViews Corp., he had been working at the vice president's level and could earn in excess of \$200,000. But he was sick of big-city rush hours and jetting around the world.

Living in a place where he could get to work in 20 minutes or less, providing many more hours for his family, was appealing even if it meant taking a \$50,000-a-year pay cut.

When DataViews was sold to General Electric in 1997, Mangiaratti spent another three years building a start-up named Alysis, which developed online invoicing software. It was sold last spring to Pitney-Bowes. Mangiaratti was disappointed to see \$1.3 million in potential stock options, and dreams of financial freedom, evaporate under the terms of the deal. Rather than take a full-time job outside the Valley, he's decided to grow a consulting business out of his Amherst home. He's set a pretax salary goal of \$200,000 for 2002.

"Oh, baby," Mangiaratti says gratefully of the slower-paced Valley life, where he never experiences rush hours. "No more commutes from my home in Reading to Wellesley or Woburn, Chelmsford or Cambridge. I used to live on Route 128."

The third wave of tech professionals - what some old-timers call "the cash-out crowd" - began in the mid-1990s. That's when the tech boom made it feasible to raise capital from the sale of pricey urban homes or tech stocks. And the Internet meant you could work anywhere. Professionals of all sorts, many of them with technology backgrounds, started flocking to the Valley and setting up virtual companies.

Certainly the opportunity to live and work in a lovely setting where farms sit in close proximity to malls and regional theaters proved a prime draw for Diane Happe and her then husband, Philip Montrowe. They moved to Amherst from Huntington, New York, in June of 2000.

A New Zealand native with considerable tech experience, Montrowe had both the contacts and the assets to buy his way out of the hyper-intense national tech scene. He had been a manager at a large Long Island-based company called Computer Associates International but said that he was seeking a lifestyle switch, not a tech job. He arrived in the Valley when he was in his mid-40s.

His former wife says that Montrowe "had grown uneasy with Long Island. He didn't like the traffic, the commute, and the inability to enjoy daily life. He wanted more space. Being from New Zealand, he was looking for some remnants of English culture, and focused on Massachusetts. In this area he saw four colleges and a university, and to him that gave the Valley its culture."

Philip Montrowe returned to New Zealand after the divorce last summer to attend to a family crisis. Although his Valley sojourn was brief, it was significant that someone with his technology and management expertise picked the Pioneer Valley as a place to live and work.

U Mass has been a major catalyst to development of the Valley's tech world, much as the Massachusetts Institute of Technology helped spur development of the 128 corridor and Stanford University helped grow Silicon Valley. One of the key players in the UMass effort was Paul McOwen, first as a university administrator and then as an entrepreneur.

It was during the 1980s that Rick Adrion, then chairman of the UMass Computer Science Department, decided to create the institutional structure required to turn faculty research into marketable products. Adrion tapped McOwen, a department administrator, to seek state and federal grants to use as seed money. From 1987 to 1995, they were able to attract \$27 million from the state and from the National Science Foundation.

McOwen says these funds were just the beginning. In 2001, for example, the computer science and the electrical and computer engineering departments together attracted \$18 million in mostly private funding, according to the UMass Economic Development Office. But it was that original surge of outside money that gave the local tech economy its first boost. UMass administrators say those funds led to the founding of about 15 spinoff companies, such as Sovereign Hill Software, Knowledge Technologies International, and Microcal Software.

All of this activity stimulated an estimated \$50 million in economic development for the Valley, according to McOwen. For example, Mangiaratti's DataViews Corp. was grossing approximately \$14 million when it was sold to GE in the late 1990s, which was significant in a region where tech companies had been practically nonexistent before 1985.

Turning entrepreneur in 1995, McOwen became one of the leading lights of the Valley's tech community. Armed with technology he licensed from UMass researchers in the area of Web search capabilities, he has developed Web-related products for two local companies he founded, Sovereign Hill Software and Chiliad Publishing.

It was while managing Sovereign Hill that McOwen, a lithe, impish man who's known as a consummate salesman, was able to woo \$3 million from Boston-based venture capitalists to develop a Web search tool. This became the company's key product line until its sale in 1999.

McOwen recalls attending the MIT Venture Forum in 1995, a session the university stages with Boston-area venture capitalists to help its faculty turn their research into profit-making businesses. "It was a classic eat-'em-up and spit-'em-out session," he says. "I was going up against the best technologies coming out of MIT. When they awarded us the money, it showed me that UMass research could compete head-on with MIT and come away with funding. No one thought we could do that before."

McOwen had so much faith in this information-retrieval technology that when Sovereign Hill was sold, he bought licensing rights to continue making products from it. Within the year, he opened Chiliad Publishing in a large, peaked-roof building behind Barney's Sunoco on Route 9 in Amherst. McOwen's firms have refined the original Web product to allow researchers to look for information in cyberspace topically, as if entering a library index.

In doing so, they have garnered clients like the Library of Congress and the Department of Defense. During the tech boom of the late 1990s, McOwen also forged an alliance with Silicon Valley giants Hewlett-Packard and Cisco Systems to develop a Web portal to rival Yahoo! That project was abandoned after the dot-com crash last spring.

Although these have been rough economic times, McOwen believes the local tech economy will survive. He has been operating Chiliad with a skeleton crew of seven since losing the HP/Cisco funding last spring, when he was forced to lay off 50 employees. Most of those people, he says, have stayed in the area. Some have been operating home-based tech consulting companies.

"You can't bring in techies until there's a critical mass to bring them in," McOwen says. "Some of the university spinoff companies gain a wider reputation. All this concentration of tech activity spins jobs, outside investment, and more techies."

In the frantic months since September 11, some leaders of the national tech industry have visited the Valley or made inquiries of local realtors, asking whether it is a good place to relocate.

Jim Daly is one tech luminary casting his eye on the Valley. Founder and former editor of Business 2.0, a glossy tech magazine now owned by AOL Time Warner, Daly says he has been considering relocating with his family from Silicon Valley. He's even thinking of starting up a glossy regional magazine if the funding is available.

Scott Cooper of Hewlett-Packard and his wife are just starting to explore New England college communities with an eye to relocating. The Valley offers what Cooper, 52 and now based in Washington, D.C., calls "critical mass. You've got five major colleges, satellite colleges, and the resulting infrastructure within the larger Amherst community. We think it's likely we can find friends for us and for our kids, cultural opportunities, and maybe job opportunities."

What attracts Cooper about the Valley is the fact that its techies aren't toiling in cubicles, communicating only with other techies. Software developers and Web designers mingle with artists, writers, social-service professionals. It's that richer cross-pollination of people and ideas that he thinks could spawn ideas and innovation. "When people come here motivated by lifestyle and meet in conducive environments like coffee shops," Cooper says, "that may lead to a much more exciting synthesis of ideas than we've seen in the Silicon wave."