A Profile of Montana’s High Tech Industries

February 2016

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Key Findings

This is the second annual report on the high tech industry in the state of Montana. The Montana High Tech Business Alliance (HTBA), formed in 2014, is a member-driven group of high tech businesses and other organizations statewide. The Alliance asked the University of Montana Bureau of Business and Economic Research (BBER) to collect information and insights from its members so that a better assessment of its economic footprint and its prospects for continued growth could be made. This report presents the findings of that research. This excerpt from the report presents some key findings of that research. For the full report, please visit www.MTHighTech.org/Survey.

The BBER finds that on the basis of a survey of 202 HTBA members:

- The number of firms that are members of the HTBA doubled in 2015 (202) when compared to 2014 (101). Readers should keep this very positive fact in mind when evaluating year over year changes found when 2014 and 2015 survey results are compared.
- Alliance members expect to add a very substantial 940 net new jobs in 2016, a 19.3 percent increase, and a much stronger job growth than has occurred in the overall economy;
- Jobs at businesses who are Alliance members pay considerably more than jobs elsewhere in the economy. The average annual salary at HTBA businesses ($56,800) was more than twice as large as the median earning per Montana workers overall as measured by the Census Bureau’s American Community Survey;
- By almost any measure, growth projected in high tech businesses vastly exceeds average statewide economic growth, and employment and revenues are expected to grow at rates that are nearly seven times the BBER’s projection of statewide growth;
- The high tech businesses that are regular members of HTBA expect to make at least $123 million in capital expenditures at their Montana facilities in 2015. This represents a quite substantial increase over 2014 major capital expenditures;
- High tech companies that are HTBA members will raise wage rates by 5 percent in 2016, significantly faster than the 3.5 percent rate of growth realized in wage rates at Montana private sector employers in the most recent data;
- The Montana-based activities of HTBA members were responsible for $867 million in gross sales in 2015;
- HTBA added three important new industry sectors to its membership in 2015: biotechnology, nanotechnology, and energy. All three sectors bring significant growth potential to Montana communities;
- For the second year in a row HTBA members reported that Montana’s quality of life – its lifestyle, the work/life balance available here, the recreation opportunities, and the beauty of the landscape – provides them a significant advantage in business;
- For the second year running HTBA members most often report that attracting talent and hiring skilled technology workers is their firm’s largest impediment to faster growth.
In addition to survey research, BBER also conducted research using data from federal statistical agencies. While these data can only be used as a broad benchmark of high tech economic activity, they are suggestive of the size of the high tech activity of businesses who are not members of the Alliance. These data indicate that activity in the Montana economy that fits a published high tech definition used in national-level research comprises about 5.2 percent of total wages, paying wages that are roughly double the overall average and higher than all but three other Montana industries. Based on this analysis, BBER concludes that the aggregated responses of HTBA members reported here greatly understate the actual size of industry activity in Montana. While no precise estimate is possible, it is likely that the true size of the industry is 2-3 times as large as what is reported in the survey results in this study.

**Background of the Project**

**The Montana High Tech Business Alliance**

Launched in April 2014, the Montana High Tech Business Alliance is a statewide membership organization focused on creating more high tech jobs in Montana. The Alliance currently has more than 250 member firms.

Figure 1: Locations of 2016 HTBA Members

The Alliance’s members are located throughout the state of Montana, with more prominent concentrations found in Gallatin and Missoula counties, as indicated in Figure 1.
Q1. Which high tech sub-industry best represents your company?

Figure 3 describes the members of the High Tech Business Alliance as of December 2015 by their type of business. HTBA consists of businesses from a wide range of traditionally defined industry sectors.

**Figure 3: High tech Business Types**

- Software/SaaS: 16.4%
- Consulting: 13.3%
- Other (please specify below): 8.6%
- Advertising/Marketing: 7.8%
- Telecommunications: 6.3%
- Digital Media/Broadcasting/Publishing: 6.3%
- Engineering: 5.5%
- Professional Services: 4.7%
- Manufacturing: 4.7%
- Consumer Products: 3.9%
- Aerospace/Automotive/Transportation: 3.9%
- Ecommerce: 3.1%
- Funding/Angel Investing/Venture Capital: 2.3%
- Education/Training: 2.3%
- Data Analytics: 2.3%
- Construction: 1.6%
- Energy/Extractive Minerals: 1.6%
- Cyber Security: 1.6%
- Nanotechnology: 0.8%
- Medical/Healthcare Devices: 0.8%
- Financial Services/Payment Processing: 0.8%
- Data Storage: 0.8%
- Biotechnology: 0.8%