



News Release

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Montana's High-Tech Companies Surpass \$2 Billion in Revenue, Continue to Grow Nine Times Faster than Other Sectors

MISSOULA – High-tech companies continue to be an important component of Montana's economy, generating more than \$2 billion in revenue in 2018 and growing at rates up to nine times faster than the statewide economy, according to a recent study conducted by the University of Montana Bureau of Business and Economic Research. According to the study, high tech pays more than twice the median earning per Montana worker and represents the third highest-paying industry in Montana.

The study found that Montana High Tech Business Alliance members continue to grow, with Montana employment of about 7,500 and paying an average annual salary of \$65,000, 60 percent higher than the average earnings per Montana worker. Montana high-tech companies expect to increase wages by 5 percent in 2019, significantly faster than the 3.2 percent growth of all Montana employers in the most recent data. Survey respondents expect to add 1,700 new jobs in 2019 and make at least \$125 million in capital investments in Montana, a 45.3 percent increase over 2018.

"2018 was an outstanding year of growth for Montana's high-tech industry, with a record \$2 billion in revenue, substantial acquisitions of Elixiter (now Perficient) and ATG, a Cognizant company, and the largest investments the state has ever seen with PFL and onX," said Christina Quick Henderson, executive director of the Montana High Tech Business Alliance. "Five years in, we are more committed than ever to responsible tech growth - helping Montana companies create engaging, high-paying jobs while celebrating and sustaining our incredible quality of life."

Blackmore Sensors and Analytics was one Montana company that received large out-of-state investments in 2018.

“Blackmore’s 2018 Series B with BMW iVentures and Toyota AI Ventures demanded rapid growth,” Stephen Crouch, CTO, Blackmore Sensors and Analytics, said. “Montana’s quality of life was key to attracting new talent as we nearly tripled in 2018. The HTBA is an outstanding outlet for sharing this growth experience and learning from companies facing similar challenges.”

The 2019 survey included a question on what skills high-tech employers are looking for in new hires. The most sought-after skills are coding and programming, mentioned by 10.6 percent of member respondents, followed by technical skills (6.5 percent) and sales and marketing skills (5.9 percent). Survey respondents also provided the job titles of three job types their firms most often hire. Software developers were mentioned the most by member respondents at 16.9 percent, followed by sales managers (10.2 percent) and other managers (7.0 percent). For the second year, member and nonmember respondents reported where they hired new employees from; 75-80 percent of new employees from survey respondents came from within Montana.

High-tech companies reported that hiring skilled technology workers and finding capital are their firms’ largest impediments to growth, though somewhat fewer Alliance companies (13.4 percent) reported that it was harder to obtain capital in 2018 when compared to 2017 (20 percent).

For the fifth year in a row, the BBER survey found that Montana’s quality of life – its lifestyle, the work/life balance, the recreational opportunities and the beauty of the landscape – provided significant advantages to doing business in the state. Survey respondents also mentioned Montana’s high-quality workforce as a major advantage.

Interviews with the Montana High Tech Business Alliance and member companies can be arranged by contacting katy.spence@mthightech.org. Photos and logos may be downloaded and a list of members by location may be found at <http://mthightech.org/media/press-kit/>. The full 2019 Montana High Tech Industries report can be downloaded at <https://mthightech.org/surveys/>. Additional findings and quotes from Alliance member companies can be found below.

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The BBER finds that on the basis of 153 HTBA member firm and 67 nonmember firm survey completions:

- Alliance member firms and responding nonmember high-tech firms report quite similar characteristics and concerns, which adds credibility and depth to the findings presented in this study;
- Alliance members expect to add a very significant 1,500 new jobs in 2019, much stronger job growth than has occurred in the overall economy. Responding nonmember firms will add an additional 200 jobs;
- Jobs with Alliance members pay considerably more than jobs elsewhere in the economy. The average annual salary at HTBA businesses (\$65,000) and nonmember businesses (\$63,000) was 60 percent larger than the average earnings per Montana worker;
- By essentially any measure, growth projected in member and nonmember high-tech businesses vastly exceeds average statewide economic growth. Employment and revenues are expected to grow at roughly nine times BBER's projected statewide growth rate;
- The HTBA members expect to make at least \$125 million in capital expenditures at their Montana facilities in 2019. This represents a significant increase from anticipated 2018 major capital expenditures (\$86 million);
- HTBA members will raise wage rates by 5 percent in 2019, faster than the 3.2 percent rate of growth realized in wage rates of all Montana employers in the most recent data;
- The Montana-based activities of HTBA members were responsible for \$1.6 billion in gross sales in 2018, a significant increase over 2017 revenue (\$1.4 billion). Responding nonmember firms generated \$443 million in 2018 gross sales;
- For the fifth year in a row, HTBA member respondents 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. Nonmember respondents reported the same for the third year in a row.
- HTBA members and nonmembers report that hiring skilled technology workers and finding capital are their firms' two largest impediments to faster growth. Visibility to customers was also recognized as an impediment to faster growth by both member and nonmember firms.
- Somewhat fewer Alliance companies (13.4 percent) reported that it was harder to obtain capital in 2018 when compared to 2017 (20 percent).

The full 2019 Montana High Tech Industries report can be downloaded at

<https://mthightech.org/surveys/>

Additional 2019 Survey Press Release Quotes from Montana Companies:

Bozeman

"Blackmore's 2018 Series B with BMW iVentures and Toyota AI Ventures demanded rapid growth. Montana's quality of life was key to attracting new talent as we nearly tripled in 2018. The HTBA is an outstanding outlet for sharing this growth experience and learning from companies facing similar challenges." Stephen Crouch, CTO, Blackmore Sensors and Analytics

"The growth we've seen in the high tech sector is tremendous, and very beneficial to the overall economic health of Montana. We've begun to build a very dedicated and capable tech ecosystem here. Let's capitalize on the talent and momentum and continue to reinvest ourselves in helping new tech companies get off the ground at a faster pace so they can become the job creation engines of the next decade. Only by building a broader foundation of companies will we see the tech ecosystem grow from being 2% of the state's economy to 10% or more in the near future." Pat LaPointe, Managing Director, Frontier Angels

"At Next Frontier Capital, we continue to be impressed by the quality of venture class investment opportunities in the state. Montana founders and teams are constantly raising the bar, even compared to regional investment opportunities we have observed in places such as Boulder, Denver, Salt Lake City, and Seattle. A great testament to this quality and growth is validated by the ratio of \$7.19 of co-investment from outside the state for every dollar that NFC has invested in our region. To date, and including NFC's investments, that amounts to over \$132M invested in portfolio companies with a Montana footprint." Les Craig, Partner, Next Frontier Capital

"We are proud of the high quality team that we've built at Pulsara. We balance innovation and pragmatism, with hard work while still taking advantage of the Montana lifestyle. We are planning to expand our technical team here in Bozeman with great people who align with our company mission and values." - Erich Hannan, CTO, Pulsara

"At Pulsara, we believe it's all about people, and that's why we've hired people who align with our company mission and values. While our staff is made up of both remote and local Montanans, communication between our Bozeman-based headquarters and remote offices has become more seamless with better tools and connectivity, which makes living and working in Montana easier than it has ever been." - Kris Kaul, CMO, Pulsara

"While many assume that world class technology can only be built on the coasts, I've managed teams on both coasts and can say without hesitation that the Engineering team we have in Bozeman is better than any other. In competitive product evaluations by prospect clients, we routinely beat the largest tech companies in the world." Mike Myer, CEO & Founder, Quiq

"We continue to find top talent right here in Bozeman, MT with over 70% of our employees being MSU graduates. We're also finding that our business revenues are almost exclusively coming from

out-of-state business. This mix of local talent and national interest, proves that Bozeman is gaining serious attention in technology disruption." Sam Lucas, Partner, Managing Director, Triple Tree LLC

"ViralHog is experiencing roughly 50% year-over-year revenue growth thanks to our remarkable staff who love what Montana has to offer and accordingly bless us with low turnover." Ryan Bartholomew, Co-Founder, ViralHog

"2018 was a milestone year in the growth and maturation of Montana's high tech economy. With large investments from top tier venture firms, strong exits, a pipeline of innovative start-ups and continued strong business growth across firms of all sizes, the flywheel of the Montana tech ecosystem is really starting to hum." Jason Mittelstaedt, Yellowstone Growth Partners, MHTBA Board of Directors

Flathead Valley

"We have seen a tremendous uptick in funding transactions and M&A activity in the last eighteen months. The amount of capital being invested in Montana's high tech companies is a good sign of the long-term health of Montana's economy." John W. Anderson, J.W. Anderson & Associates, PLLC

"This report has become one of the most anticipated and important benchmarks for Montana's economy. Tech in a beautiful environment has enormous upside for our state." Liz Marchi, MHTBA Board of Directors

Missoula

"Cognizant ATG is pleased to be among the high-tech companies contributing to Montana's digital economy. Montana has a number of qualities that make it an attractive place for tech firms to lay a foundation and grow, ranging from its talent pool, and the quality of life that can be offered to employees, to the State's many academic institutions and other educational resources, as well as the general networking and support for businesses provided by organizations like the Montana High Tech Business Alliance." Tom Stergios, Senior Vice President, Strategy and Corporate Development, ATG, a Cognizant Company

"AT&T invested more than \$110 million in its wired and wireless networks in Montana from 2015-2017. Montanans depend on technology and connectivity more and more – to grow their businesses, to access information, to connect with others. That is why policymakers must remain diligent – the state's ability to encourage future growth will be a challenge and depend on smart, forward-looking policies." Tara Thue, President, AT&T-Mountain West States

"It's incredible to experience the continuous growth of high tech in Montana, see so many of our college and code school grads stay because they landed a great job, and to recruit high profile talent into Montana. My brother now works for a Montana company (onX). Even a year ago, that wouldn't have been possible." Paige Williams, Founder, Audience Awards, MHTBA Board of Directors

“The number of large, medium and small venture capital or similar financings for Montana companies has increased significantly in the last couple years. There are more good and promising tech companies in Montana than there has ever been, by far.” Jack Manning, Partner, Dorsey & Whitney

"Considering disappearing traditional industries within Montana, and the upside to Montana's economy and workforce, advancing technology should be an absolute priority for the future by Montana residents, businesses and decision makers." Jeffrey Heng, Vice President of Technology, AXIOM IT Solutions

“The outlook for the local high tech labor market looks bright and enduring. Montec has been an important proponent and partner in creating this environment.” Bernard Khomenko, CEO, DataSmart Health Solutions

“In addition to the amazing quality of life, Edulog offers its Missoula-based staff an opportunity to contribute to something truly important, something that we all believe in – the safety and security of school children across the country. We are able to craft some of the newest technologies to support safe and efficient transportation for students traveling to and from school.” Derek Graham, Industry Consultant, Edulog

“We are excited to see, and be part of, the continued growth of Montana’s high-tech industry. These growth numbers affirm what we see in the market. Running our tech business from Montana enables us to offer customers more competitive pricing, while providing employees with a great environment and work/life balance.” Sherri Davidoff, Founder and CEO, LMG Security

Our mission at onX is simple: to help people find places to recreate, enabling them to pursue a safe and enjoyable outdoor experience. Every day our team is inspired by the incredible outdoor recreation opportunities surrounding our offices in both Missoula and Bozeman, and the high quality of life in Montana enables to us to recruit the best-possible talent. We are continually inspired by Montana, and seek to enable others to experience the many adventures this great state and nation have to offer." - Laura Orvidas, CEO, onX

“We've experienced rapid growth over the last two years. During that span, MHTBA has made valuable introductions, created PR opportunities and helped us network within the local community. We are proud to be based in downtown Missoula, to help Montanans come back home, hire University of Montana graduates and raise investment in-state. The future of Montana's high tech sector is bright, and TOMIS is excited to be a part of it.” -Evan Tipton, Founder and CEO, TOMIS

Statewide

“The rapid growth in Montana’s high-tech sector continues to create good-paying jobs in our state and open greater opportunities to more Montanans. Montana leads the nation in entrepreneurship, and we must remain committed to promoting a climate where businesses can grow, innovation can flourish, and Montanans can prosper and thrive.” Congressman Greg Gianforte