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Ottawa tech sector: A galaxy full of stars

Following record layoffs, industry rebounds with supernova effect

Daryl-Lynn Carlson, Financial Post
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The technology sector implosion that culminated with record layoffs in the Ottawa region just four years ago has been anything but calamitous. Instead, the area is celebrating a resounding recovery and new-found "swagger" as its revitalized technology community reaches a record 82,000 employees.

The record has prompted the Ottawa Centre for Research and Innovation (OCRI) to launch a celebratory campaign called 82000reasons.com, and tout its status as a leading centre for small business in the capital.

"The bubble burst 2001," reflects Jeffrey Dale, president and chief executive of OCRI. During its heyday, Ottawa was home to about 20 companies, most notably Nortel, JDS, New-bridge Technologies and Mitel "We had 30,000 layoffs in that tight space."

But many professionals who were sent packing opted to stay in the region and hang their own shingle. "What we did have was an incredible entrepreneurial spirit," Mr. Dale says. "They stayed and started to create new companies. At the same time, we started to see influx of venture capital." As a result, there are upward of 1,820 technology companies in the region, 80% of which have fewer than 50 employees but are enjoying tremendous success marketing their products globally.

"Now it's much more sustainable," Mr. Dale says. "I also find it's much more international. Many companies have been started by serial entrepreneurs and we see companies that may have 10 to 15 employees, but they're global. They didn't wait for government policy, they're already finding the R & D credits and where labour is the cheapest."

The implosion and subsequent fallout prompted marketing guru Nathan Rudyk to liken the phenomenon to a "supernova," which is an explosion of a star whose luminous remnants are scattered across a galaxy.

"The first effect of the supernova phenomenon is available talent," says Mr. Rudyk, a tech industry veteran and founder of market2world communications inc. based in Almonte near Ottawa.

Compared to five years ago, "You've got the 'been there done that' executives and the 'been there done that programmers,'" who are either taking jobs with the small tech companies or starting them, he says. "Here a lot of the talent has worked in two, three, four or more technology companies and they just know what to do."

The second supernova effect is a prevailing sense of entrepreneurship, which amid a demographic of technology professionals, enables smaller startups to gain credibility based on achievement whether they're bootstrapping their launch or tapping venture capital.

Rob Brennan, who founded Triacta Power Technologies Inc., a smart metering company, exemplifies the region's vibrancy. "I started Triacta in June, 2003, and everybody said 'you are crazy, look around you,'" he says, referring to the aftermath of the sector's mass layoffs.

But Mr. Brennan says he'd been thinking about energy technology while working for 25 years at several tech sector giants and his timing couldn't have been better. "It was a huge advantage for us is when we started the company, I could make three phone calls and have three top notch executives or senior people very quickly," he says.

His company has grown to 14 employees locally over five years, and has opened branches in Dubai and Manila. "People have called it the dream team because of the depth and experience of our relatively small group."

Triacta is also located in a historical building on a riverbank near a picturesque waterfall. "It's kind of the dream location in some respects," he boasts. "We even have had people canoe to work."

Lifestyle is one of the primary reasons many professionals remain in the region following the layoffs. The whole technology community is close in proximity and the OCRI hosts regular networking functions for the industry, so innovators also know each other, if only through a friend of a friend.

Companies are also bucking cookie-cutter workplace rules and protocols. Prabhdeep Grewal is just launching his programming career after landing a job at MapleWorks, where employees enjoy an enriching work environment with the likes of weekly beer socials, frequent lunch-and-learn programs and in-house yoga class.

The perks are designed to foster a closer knit workplace among the 65 employees. "We know everyone and what their area of expertise is, so if we encounter a problem we know who we can talk to quickly," Mr. Grewal says. "We don't have to put out questions online and look for the right person to talk to."

After graduating university in India where the tech sector is burgeoning, Mr. Grewal chose instead to move to Ottawa. He believed he'd benefit working within a milieu of seasoned mentors. "I have exposure to people who have 15 to 20 years of experience," Mr. Grewal says.

Ward Yaternick, a leading designer who developed the Business Intelligence (BI) software called Power-Play at Cognos, was born in Ottawa and marvels at its evolution. A serial entrepreneur, Mr. Yaternick has launched three of his own companies since leaving Cognos. Through his latest company, NextAnalytics, Mr. Yaternick is developing a BI value-added product.

"If you were trying to start a business in, say, 1999, the gene pool around here wasn't that great," Mr. Yaternick says. "Now it's really quite straight forward to talk to a friend of friend and find someone who's a former CFO of a successful company or former CEO. Good lawyers are available and there are a number of angel investors around, so it's a good community."

He says industry professionals gleaned tremendous insights working with the multinationals. "Over that time we became entrepreneurs, we learned how to release products aggressively in road-warrior kind of ways to beat the competition."

There are still those who don't agree, adds the OCRI's Mr. Dale, "There is still what I call 'bummerism' and that is people who keep saying it's not as good as it used to be," he says. "I keep saying 'what do you mean, new jobs aren't good?'"

"People are much more enjoying the flexibility they have, the control they have over their own career and the impact they're having within their own company," he says. "They can enjoy it because it's immediate."

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