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## A shift in the high-tech epicenter

### Gulf Breeze wins big with AppRiver/Avalex partnership deal

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All it took was the stroke of a pen and a couple of handshakes to shift the epicenter of our area's thriving high-tech business southeast by three miles.

Avalex, an avionics manufacturer based in downtown Pensacola, and AppRiver, a Gulf Breeze-based Web security provider, announced in August they were partners in a \$12 million high-tech building in downtown Gulf Breeze.

The deal involves two of the fastest growing small companies in the country and sent shock waves through the downtown Pensacola business community.

"We didn't go out to try and snag Avalex from Pensacola," said Edwin "Buz" Eddy, Gulf Breeze city manager. "They came and talked to us about building in Gulf Breeze."

The two companies, which are not merging, will occupy separate floors of the planned 80,000-square-foot, four-story building, and have plenty of space left over for additional tech companies.

Together they employ more than 150 and have annual sales approaching \$35 million.

The building will be owned by Quietwater LLC, a coalition of AppRiver executives Michael Murdoch and Joel Smith, Avalex founder and President Tad Ihns and Bob Savage, owner of Quietwater Office Park.

What stunned business leaders with the Pensacola Bay Area Chamber of Commerce was not so much what happened, but why it happened.

Ihns initially wanted to build a new headquarters building in downtown Pensacola.

But a sluggish City of Pensacola bureaucracy got in the way of his plans, Ihns said.

By contrast, the City of Gulf Breeze, Ihns said, moved with "light speed" in putting together a deal, which included snagging some available land from the Department of Transportation and finding the money to build a large adjacent parking garage.

"It was their efficiency and speed that made it happen in Gulf Breeze and not Pensacola," Ihns said. "It's just the fact that Gulf Breeze was so much quicker."

Ihns told chamber board members if economic development is indeed a top priority in Pensacola, things need to change at City Hall.

"I think the lesson here for the City of Pensacola is to speed up the process," Ihns said. "When I

approached Gulf Breeze, they identified a piece of property and stepped up with a commitment for a parking deck all in six to eight weeks, and that's the speed of light."

Chamber officials lament the loss, but view Ihns' decision to partner with AppRiver as less a loss for Pensacola than as a win for the region.

The Pensacola chamber's top economic development lieutenant, Charles Wood, said both AppRiver and Avalex were heavily recruited by the likes of Austin, Texas, and Atlanta, and easily could have pulled up stakes and departed for greener pastures.

But Ihns and AppRiver's Murdoch and Smith all expressed a strong desire to stay and grow their businesses in the Escambia-Santa Rosa area.

That they worked out a deal and a way to do that was good news not just for Gulf Breeze, but Pensacola as well.

"AppRiver and Avalex are what's called 'cloud businesses,'" Meg Peltier, executive director of the Gulf Breeze Chamber of Commerce. "They could operate anywhere. So this deal that keeps them here is a victory for the entire region."

Plans call for construction to start on the new building and parking garage in February, Ihns said.

And to add to the sting felt by downtown Pensacola over the loss of Avalex, there is word now that a third high-tech company is looking at Gulf Breeze.

Build it and they will come may be the new economic development plan for Gulf Breeze.

Shannon Ogletree, chief economic development officer for TEAM Santa Rosa, said the discussions, which they are calling "Project Expert," are with a company "currently based in the southeast and develops software for government agencies."

It has 50 employees that would be relocated to Gulf Breeze, with 10-15 additional hires over the next five years. The company's average wage is \$43,000 per year, and its executives are looking for "Class A" office space. That's part of the attraction to Gulf Breeze.

"They are looking to potentially locate in the Silicon Peninsula that is being creating in Gulf Breeze," he said.

## Lessons learned

In the wake of the Avalex-AppRiver deal, what are the lessons learned by Pensacola and Gulf Breeze and how will each approach economic development in the future?

For Pensacola, the first move was to hand City Manager Al Coby more hands-on responsibility for the city's economic development initiatives.

Previously, that was Community Development Director Thaddeus Cohen's job.

Mayor Mike Wiggins said recent discussions with Coby following the Avalex debacle resulted in the city manager agreeing to be the primary point of contact in the future.

And for the Pensacola chamber the loss was a setback but not a deathblow to plans for a tech office park on land near the Civic Center.

"At the local level we will have one less tech company," Wood said of Avalex's planned departure. "And that's a negative. But it's a positive for the region that we have two great tech companies that are growing in the region.

"We have to think bigger than just one company in one small area," he said.

That bigger thinking is focused now on getting the infrastructure in place for one of Wood and the chamber's top goals for the next decade: a high-tech office park on Ninth Avenue — a joint undertaking by Escambia County, the Pensacola chamber, the PEDC and the City of Pensacola.

Wood said that project is funded with a \$2 million U.S. Economic Development Administration grant.

The goal is to have high-tech "subdivision" sites ready to sell to firms interested in expanding their operations or moving to Pensacola.

"Our goal is not to push any certain location in the county," Wood said. "Our goal is to offer the tech park as an opportunity for firms to stay in the area or locate here."

Eddy said the presence of the Andrews Institute, AppRiver and soon-to-be Avalex in Gulf Breeze raises a high bar for future job expansion efforts.

"You kind of know what you want, and we want jobs that are above the county median," he said. "We want new value-added job, so we're not moving jobs from one corner to the next. And we want diversification. We don't want all medical and restaurant jobs."

For Gulf Breeze, the big win with Avalex and AppRiver won't result in any near-term major changes to their economic development strategies, Eddy said.

"If the AppRiver and Avalex project goes how I think it will, in the next two years we might say, 'Well, that was good, let's try it again.' "

## Additional Facts

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-- Avalex founder and President Tad Ihns

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