



Up, up and away

TECH FIRMS GET LIFT FROM INNOVATIONS

By FRANK NELSON
NEWS-PRESS STAFF WRITER

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If a rising tide lifts all boats, then Santa Barbara County's technology sector, after a lackluster couple of years, should be riding high again in 2004.

The same sentiment that has hoisted the Nasdaq to its highest level in well over two years has infected the local tech industry, encouraging both start-ups and more established players and boosting investor confidence.

Dennis Cagan, chief executive officer of the **Santa Barbara Technology Group**, is pleasantly surprised at how much difference just one year can make. Last April and May, he said, the local technology industry was close to rock bottom, with a surplus of engineers and others unable to find jobs.

Things have steadily improved since then, leaving him "very very optimistic" about 2004. Mr. Cagan said one of the biggest indicators of how things have turned around is the number of "liquidity events" — companies being bought, sold, merging and raising capital.

"There's been a breaking up of the icepack, a real loosening," he said. "It's not like people are throwing around money, they're prudent and looking to make investments. If people feel there's more potential for an exit, then they're more interested in sticking a toe in the water."

Mr. Cagan has in mind a list of examples from last year: the sale of **ExpertCity** to Citrix Systems, of Fort Lauderdale, for \$225 million; the \$148.5 million merger of Goleta-based **Computer Motion** and Sunnyvale's Intuitive Surgical; FLIR Systems paying close to \$190 million for another Goleta enterprise, infrared camera manufacturer **Indigo Systems**; and the \$58 million purchase of **Commission Junction** by ValueClick.



STEVE MALONE / NEWS-PRESS FILE
Klaus Schauer, left, and Andreas von Blottnitz of ExpertCity, have reason to smile after recently selling their business to Citrix Systems of Ft. Lauderdale, Fla., for \$225 million.

He also pointed to some major funding rounds for the likes of Inogen, which makes portable oxygen carriers in Goleta, Santa Barbara telephone company **Blue Casa Communications**, Goleta-based **Bargain Network** and **InTouch Health**.

Mr. Cagan said Bargain Network, a pricing service for home buyers and consumers, and InTouch Health, which is developing mobile communication robots for remote health care, have each raised in excess of \$6 million.

Tim Wright, vice president of marketing for InTouch Health, says about 10 of the robotic systems are now installed in a mix of hospitals and long-term care facilities in California, Utah, Ohio, Texas, Michigan and Alabama.

He said the company employs around 15 staff and will be adding a few more this year, especially in sales. Many other high-tech companies are also scrambling to add new hires and, in some cases, moving into more space.

This growing demand, combined with the ongoing difficulty of attracting staff to such an expensive area, may have sown the seeds for a shortage of software engineers — Mr. Cagan said while

there was a surplus six months ago, Bargain Network, for example, is now having trouble filling some vacancies.

Evidence of the innovation within the local technology community, rooted in the fertile research fields of **UCSB**, is all around. While Indigo has blazed a trail with its infrared cameras, Goleta-based **Hollingsead International** is perfecting in-flight video security cameras and **Santa Barbara's Advanced Scientific Concepts** offers high resolution 3-D laser cameras.

Local companies are also tapping into the very latest on the high-tech horizon — Santa Barbara start-up **Communication Machinery Corp.** has developed a system for testing wireless networks, the software from **VIMA Technologies** takes Internet and e-mail filtering to new levels, while **Roaming Messenger** searches across communication networks and devices to deliver information.

Even in the mini-world of nanotechnology, Santa Barbara is keeping up with the pack. "All the buzz these days is about nanotechnology," says **Andy Erickson**, president of **Multiprobe**. "You don't need to go looking for nanotechnology. It's all around you in the electronics you use."

Multiprobe, which recently moved to larger premises on East Canon Perdido Street and is looking to more than double its staff by year end, builds atomic force probes to test semi-conductor circuits so small they cannot be seen even with the most powerful optical microscopes.

"Nano" means one-billionth of a meter, and Multiprobe's tools enable manufacturers like Intel to test the electronic circuits in millions of minute silicone chips. "This is an exciting time to be in nanotechnology," Mr. Erickson said.

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