

A hand is shown holding a glowing, semi-transparent map of Ohio. The map is bright white and blue, with a grid pattern in the northeast corner. The background is a dark blue gradient with various glowing, rounded rectangular shapes in lighter blue. The text is positioned to the right of the map.

2010 Northeast Ohio IT Industry Report

COSE
COUNCIL OF SMALLER ENTERPRISES

NEOSA
The COSE Technology Network

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To the IT Industry of Northeast Ohio:

When the Council of Smaller Enterprises (COSE) merged the Northeast Ohio Software Association (NEOSA) into its operations in the fall of 2004, both organizations sought to address key strategic questions:

- How would the relatively homogenous, passionate group of entrepreneurs that have typically comprised NEOSA's membership respond to "their" organization being folded into COSE?
- How would COSE effectively provide operational and logistical support to NEOSA members?
- What strategies could be used to leverage the strong brand equities of COSE and NEOSA to bring benefits for members?

Those were the questions then – and we have to admit that more than six years ago, nobody was sure the exact path this merger would follow to achieve our goals. However, as NEOSA celebrates its 13th anniversary in 2011, we believe the points below indicate that we are squarely on solid footing:

- **Member Strength** - with nearly 900 members, NEOSA membership is at its most robust level since the organization's founding in 1998. In fact membership grew by more than 12% in 2008 and 2009, while holding steady in 2010. Also, roughly 88% of members retain their membership from year-to-year.
- **Member Services** - member tech companies have access to a broad menu of valuable COSE products and services such as health insurance, workers' compensation discounts, office product discounts, the annual COSE Small Business Conference, as well as the annual programming and podcast series produced by NEOSA.

- **Member Representation** - the regional tech industry now has strong representation in Columbus and Washington, D.C. through integration with COSE's advocacy initiatives. Two NEOSA board members have served on the COSE Advocacy Committee for the past four years and NEOSA implemented an advocacy committee of its board members in 2010 as well.

Over the years, other key ways COSE has supported its members and the community have been to sponsor a variety of industry-oriented studies, most recently the *Survey of Home-Based Businesses* in 2008. COSE is proud to continue its thought leadership role for small businesses in Northeast Ohio as it brings this NEOSA Regional IT Industry Report to the market.

We hope you benefit from learning more about this important component of our regional economy.

Sincerely,



Brad Nellis
Director, NEOSA

More to the story

At NEOSA, we believe it's important to gather data and report the findings of our research and investigation into our IT industry. In fact, we've been presenting our Quarterly Reports on the industry for many years. But we also know that it's the people and companies behind these numbers that matter the most. The companies are the engines for growth and the people are the interesting, talented characters who are writing the IT industry growth story of Northeast Ohio.

Arranged within this report are brief snapshots of four outstanding companies that offer a great representation of the diversity and reach of tech companies here in Northeast Ohio. These companies continue to write their success stories – we hope you enjoy learning more about them.



Northeast Ohio IT Industry Research Report

Background

NEOSA has sponsored, supported, participated and commissioned a variety of research reports over the years. Most recently, NEOSA assisted NorTech with a report that focused on the regional IT workforce – its composition, employers' needs, growth prospects and related information. Beginning in late 2009, we embarked on a variety of new conversations about the industry and as a result, commissioned a study which focused on the clients, industries and geographies supported by tech companies in Northeast Ohio.

Methodology

NEOSA contracted with Cypress Research Group to execute the study. Cypress crafted the questions and managed responses received through an online survey. NEOSA sent multiple requests to its constituents to gather survey data via direct emails sent to NEOSA members as well as the NEOSA eNews subscription list. Additionally, solicitations were made of the two NEOSA LinkedIn groups. As a result, more than 100 online surveys were completed.

Cypress also worked with TeamNEO to gather census data. Elements of NEOSA Quarterly Surveys were also integrated.

Summary of Findings

When considering the industries of Northeast Ohio, it is natural to first envision manufacturing, especially automotive manufacturing. And while the industrial sector of our region certainly has a major impact on the business composition of the region, it was somewhat surprising as well as gratifying to see that the tech industry was not completely dominated by manufacturing.

Our findings were both varied and interesting; a good word to describe the regional tech industry is “diverse.” Our companies serve a diverse client base, with clients located around the world as well as right here in Northeast Ohio. Eighty-four percent (84%) of respondents had at least one client in Northeast Ohio, 40% had at least one client out of state, and 10% had at least one client out of the country.

Diverse industries are supported as well. Manufacturers and industrial companies comprise a significant portion of our tech

company's client bases, as should be expected in this region. But our companies support a disparate set of industries, including scientific/technical services, health care, finance/insurance, retail, education and others.

Diversity also describes the services provided by Cleveland+ tech companies. IT services were most prominently represented by regional tech companies, but a significant

portion of companies also provide custom software development, proprietary software, web design/development and training.

Our tech companies are also a diverse lot in terms of the age of the business, the number of employees and typical annual revenue. The majority of our companies launched in 1998 or after, but a significant portion launched in 1997 or prior. Company size tends to skew smaller, with 65% grossing \$1M or less and 67% employing 1-25 employees.

Industry performance was challenged in 2009 and 2010 due to the struggling economy. Companies reported declining performance as well as cuts in staffing and delays in adding staff. However, improving – though not robust – economic conditions throughout 2010 enabled improved performance across most tech subsectors.



An Industry Snapshot

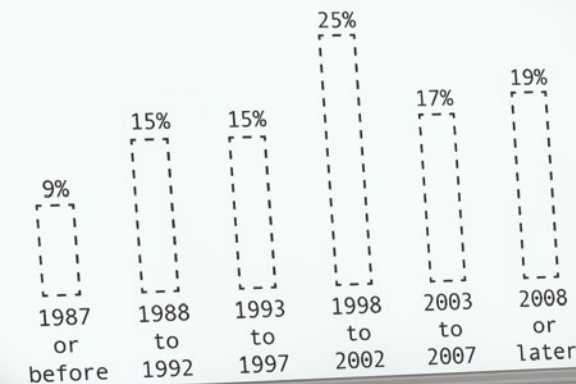
Age of Companies

The NEO tech industry shows a real mix of companies in terms of the age of the business:

- 19% were launched since 2008
- 17% have been in business 4 - 8 years
- 25% are 10 - 12 years old
- Almost 40% have been in business for 14 years or longer

When was the Business Founded?

When was the Business Founded?



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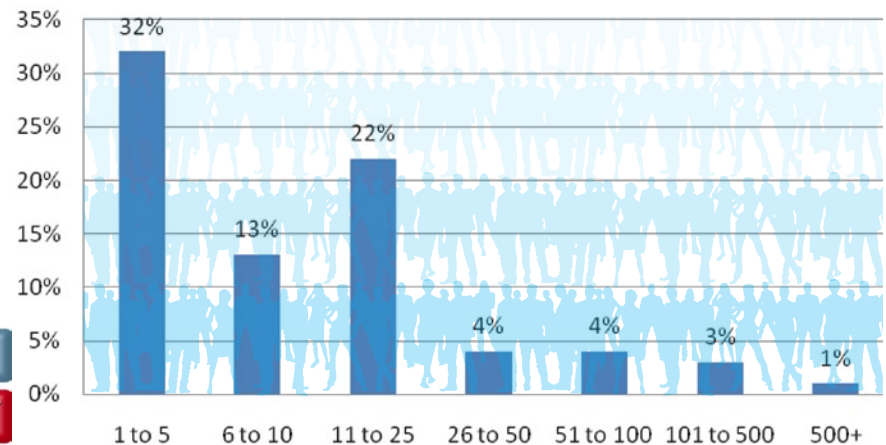
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While the distribution of firms across this spectrum is fairly uniform, one can see the impact of the rise of the internet and subsequent tech “bubble” in businesses started in 1998 and beyond. Churn among younger businesses is inevitable as a high percentage of start-up businesses ultimately fail. While this study was not intended to focus on early stage businesses, with just 19% of companies formed in ‘08 - ‘09, it appears our region could be lacking in start-up companies.

Size of Companies

Our tech firms tend to be small, with 45% having 10 or fewer employees and 67% having 25 or fewer employees. These results may have been affected somewhat by the timing of the survey, which was taken in the midst of the so-called “great recession.” The recession had a direct impact on employment, as national unemployment approached 10% and exceeded that figure in numerous areas, including Ohio. Tech firms were not immune to the economy as anecdotally, firms reported reducing their workforce through staffing cuts and reductions in hiring. Economic impacts notwithstanding, the region does boast a variety of large tech employers, including Hyland Software (1,100+ employees), Micros-Retail (400+ employees), Rosetta (400+ employees) and several companies in the 100-200 employee range, such as BrandMuscle, Vertex Computer Systems and OverDrive.

How Many People Does Your Company Employ?



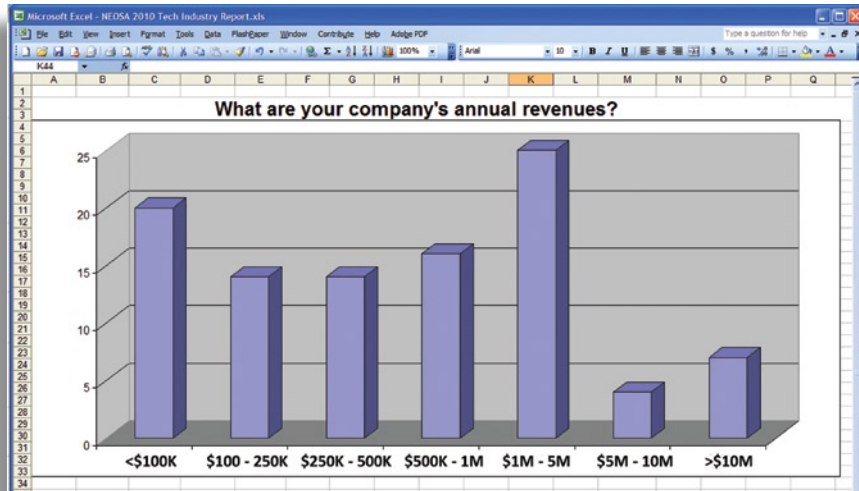
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Annual Revenues

In terms of annual revenues, 36% of companies in the region are generating revenue of \$1,000,000 or greater, including 4% at \$5,000,000+ and 7% at \$10,000,000+. Of companies in the region, Hyland Software is our largest tech company, with roughly \$150,000,000 in revenues.

What Are Your Company's Annual Revenues?



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Diverse Companies Serving Diverse Clients

Northeast Ohio has a rich industrial history, so it's not a surprise to find that manufacturing clients dominate business for our regional tech firms. While small to mid-size manufacturers may maintain lean tech departments, they are active users of information technology to support their business. Manufacturers rely on a variety of services to keep their operations humming:

- enterprise resource planning (ERP) software;
- custom software applications;
- storage, network, equipment install, desktop support and other IT services.

Other key client sectors included professional/scientific/technical services, health care, finance/insurance, retail and educational services.

While manufacturing dominates the region, our tech firms have clearly adapted to support a wide range of industries.

Client Industries



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Family Matters

Hyland Software embraces family name, family approach to business

If the Northeast Ohio tech community were a baseball team, Hyland Software would be its power hitter – the largest software company in the eight-county



region that NEOSA encompasses. Founded 20 years ago as a family start-up with custom software developed for a community bank, Hyland Software has evolved into a global enterprise selling an enterprise content management software suite called OnBase. And as Hyland Software has grown, the company's strong sense of family has not only remained, it has grown stronger as well.

The high value the company places on family and commitment springs from the founding family's strong roots in the Northeast Ohio community. Today, the term "family" refers to the entire Hyland company, a family that currently has over 1,100 members. And although the roots are planted in Northeast Ohio, branches are sprouting to serve new clients worldwide. Today, Hyland Software has offices in the United States, Latin America, the UK, and Japan. In conjunction with a network of over 200 resellers worldwide, Hyland sells into any geographic market in the world. About 10% of the company's business is now outside the U.S., a percentage that continues to grow.

While the size and scope of Hyland continue to expand, it also maintains an unerring focus on every facet of its operation. A. J. Hyland, president and CEO, echoes that focus when he explains company philosophy on product development,

"To us, product vision isn't only about what you choose to do. It's just as much about what you choose *not* to do."

The Hyland team is one that works hard, but it's also a team whose members clearly enjoy each other's company. The evidence can be seen at the sometimes playful Westlake headquarters (complete with a two-story slide in the lobby) where employees enjoy some unique

workplace perks (onsite daycare, a hairstyling salon, gourmet food options) and after work events that include socializing as well as many community service projects.



Hyland At-a-Glance:

Year Founded: 1991

Workforce: approximately 1,100

Key Products or Services: Enterprise Content Management software (OnBase) and services.

Market Notes: Over 95% of Hyland's sales are from outside the Cleveland+ region. Clients typically come from the healthcare, financial services, education, manufacturing, food & beverage and government sectors.

Notable local Hyland clients include Cleveland Clinic, Case Western Reserve University, the City of Westlake and Cliffs Natural Resources.

A.J. Hyland on Northeast Ohio:



“ We believe that the most important advantages to headquartering in Northeast Ohio are three-fold. First, the centrally-located area allows easy access to both domestic and international customers. Second, it contains a large pool of local talent, especially with the top-notch higher education institutions in the area. Third, Northeast Ohio is a wonderful place to raise a family, with an affordable cost of living.

Family and focus is the main reason why the company has been here for 20 years. We're focused on growing our company and the Northeast Ohio market gives us great opportunities to do so. ”

Selling in the Region vs. Selling Outside the Region

Since 2005, NEOSA has been conducting a quarterly survey of tech firms in the region. Seven questions are asked in each survey with the focus on how the respondent's company has performed, expects to perform, hiring expectations and in-market vs. out of market clientele.

Specifically, the final question of the survey is, "What percentage of your firm's annual sales were made to companies located in Northeast Ohio?"

Over the years, Northeast Ohio tech companies have been reasonably consistent answering this question, though we saw quite a bit of variability in the last two years. That variability was no doubt due to the related, extreme financial conditions of the time. Over the long run, 30% - 35% of our tech companies generally report that more than 75% of their business comes from outside Northeast Ohio while typically 40% - 45% report that less than 25% of their business comes from outside the region. Or, stated another way, 40% - 45% of respondents generally indicate that more than 75% of their business comes from local clients.

These results would indicate that we have a healthy sector here in Northeast Ohio with reasonable local support by buyers. Companies located here do appear to be able to sell within the region reasonably well. Anecdotal stories are common about the difficulty of finding local sales, but the statistics would indicate otherwise. However, the region does not generate an overly high degree of local revenue, a cause for concern during periods of economic decline.

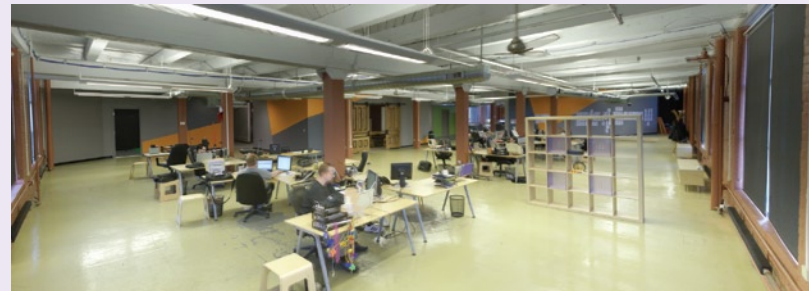
Additionally, our tech companies are clearly able to sell outside the region as well. These results are influenced to a degree by the mix of companies in our region. Forty-three percent (43%) of respondents provide traditional IT services, such as networking support, help desk services, systems integration and so forth. By their nature, these types of companies typically maintain a local and/or regional customer base, primarily due to the demand from clients for immediate or near-immediate support.

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Thunder and Lightning

Company leads with solutions, supports with impressive technology

It's been said that lightning may kill – but if you are still alive after the flash fades, it's the thunder you will remember. That saying seems to characterize the philosophy of one of Cleveland's more atypical tech companies, thunder::tech. Based in one of the city's eastside, midtown neighborhoods, the company looks to impress less with flash, more with substance.



Jason Therrien, the company's president explains that, "We never lead with technology. Technology supports what we do." He added, "We have R&D built into our culture and business philosophies. This enables us to stay on top of changing technologies and trends." Since clients never want to be guinea pigs, thunder::tech thoroughly tests every new service before offering it to clients. That approach included tapping its own creative skills to promote its early website and application development business. Expanded from a part-time, one-employee operation, thunder::tech now supplies creative services, branding, public relations, and video production in its impressive suite of client services.



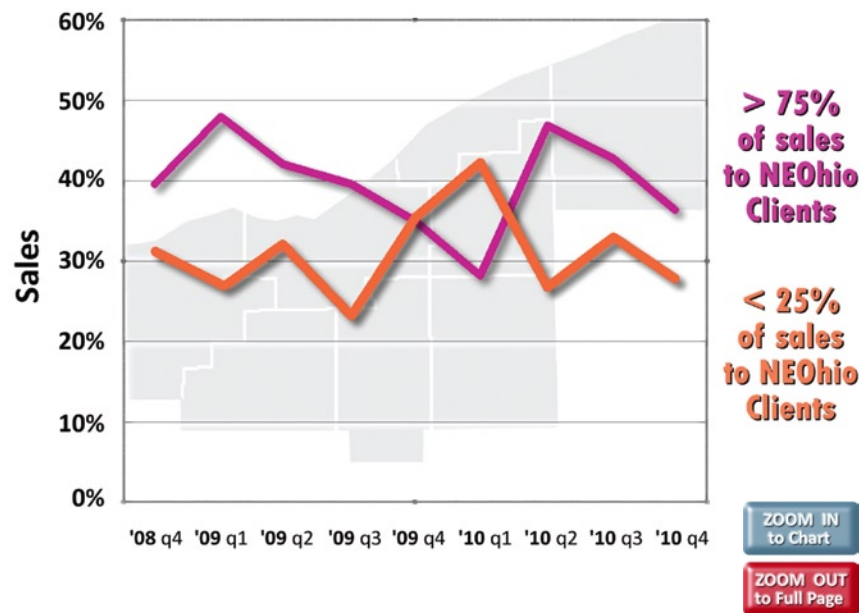
Today, when you tour the company's cool loft space (converted from its manufacturing legacy), you are just as likely to find a

thunder::tech employee writing marketing and public relations messages as one writing programming code. Graphics are created for web applications, but they're just as likely to be used for product packaging, print brochures, or animations in a corporate capabilities video. And of course, behind the scenes is technology – a lot of technology that's producing a lot of positive results for clients as well as thunder::tech itself.

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However, 72% of responding companies provide services that can be delivered remotely, to or from any part of the country – custom software, proprietary software, and website design/development. Clearly, our region is too small to support significant growth in these sub-sectors, so it's important for these companies to consider themselves as national and even global suppliers.

Percentage of Sales to Northeast Ohio Clients



Even in the depths of the most recent recession, thunder::tech has continued to grow, with much new business originating from outside the region. In part, Therrien attributes this growth to cost advantages made possible by its Northeast Ohio operations. But mostly, Therrien says that clients everywhere mainly hire based on a common theme: they want to work with people they like who can perform great work. “They don’t care if you’re in town or out of town – they just want the best.”



And as long as Therrien and his team continue that theme, they will continue to deliver both the lighting and the thunder.

thunder::tech At-a-Glance:

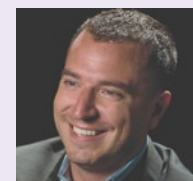
Year Founded: 1999 (part-time operation); 2002 (full-time operation)

Workforce: 22 (of note is that 50% are from outside the region)

Key Products or Services: website and application development; a variety of marketing and communications services

Market Notes: Forty percent of sales are outside of Ohio; selected local clients include Cedar Point, Prestolite Performance and some of Sherwin Williams Diversified Brands; national accounts include Ty Pennington Impressions (Charlotte), Grecian Delight Foods (Chicago), the American Liver Foundation (NYC), Professional Sports Publications (NYC).

Jason Therrien on Cleveland business environment:



“ I’ve enjoyed watching entrepreneurship in our community in recent years, but the pace and volume has to pick up. We need to stop being a region of “hidden gem” type companies. There are so many world class companies here that people don’t know about. I blame our Midwestern “nose to the grindstone” work ethic that keeps our heads down and doesn’t encourage self promotion. The media needs to cover these companies more and the entrepreneurs need to step out of the shadows in our region. ”

Location, Location, Location

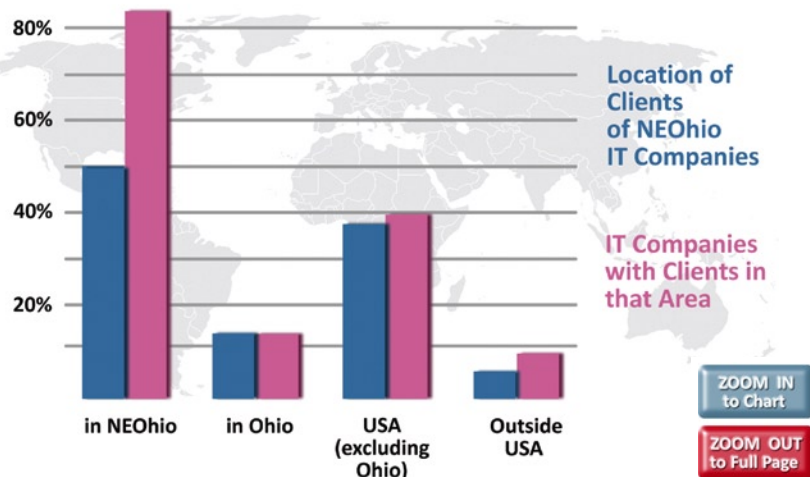
As with many business sectors, location matters to Northeast Ohio's IT industry. Not surprisingly, the typical client roster for our companies is well-populated with other organizations who are also within the region.

But with a diverse mix of tech businesses, our region boasts a strong percentage of out-of-market clientele. In fact, 50% of our tech firm's clients are located here in Ohio, 38% are out of state, and 6% are out of the country. As one might expect, our neighboring states such as Michigan, Pennsylvania, Kentucky and others are well-represented, as are Canada and Mexico. Notably, clients in a total of 31 separate states are served by our companies, along with those in 12 different countries. In fact, tech companies in Cleveland+ serve clients in such diverse locales as Italy, Denmark and Australia. NEO tech firms truly are national and global businesses!

Most tech firms in NEO maintain clients here, further supporting that clients do buy locally. Eighty-four percent (84%) of companies have at least one local client. Interestingly, 40% have at least one client out of state and nearly 10% have at least one client outside the country.

With such strong out-of-market and out-of-country penetration, local tech firms also represent a true import of dollars to the region.

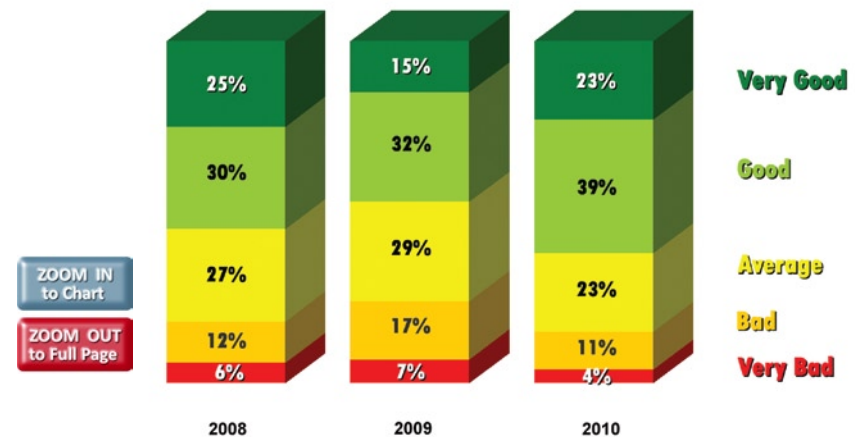
Client Locations



How Has the Industry Performed?

Both 2008 and 2009 were difficult years for the regional tech industry as the economy contracted severely from major impacts to three key sectors: housing, automotive and financial services. As a result, tech companies pared staff, delayed hiring, delayed bonuses and pay increases and did whatever was necessary to remain viable. Some sectors were affected more than others, most notably IT services and custom software. Some others came through strongly, such as web development and proprietary software. As a whole, the IT industry (as are most industries) is pleased to see the last few years in the rearview mirror.

Company Performance 2008-2010



In 2010, we saw clear improvement in a number of areas as client companies returned to investing in projects that had been placed on hold. Nationally, the economy battled a stubbornly elevated unemployment rate and Ohio was definitely affected. While general business conditions saw improvement, albeit incremental, throughout the year, unemployment remained a drag on optimism for sustainable, improved conditions.

Notably, over the past three years respondents reporting "good/very good" performance has increased significantly from 2009-2010 and 2010's results are also improved over 2008. Consequently, fewer companies are reporting "bad / very bad" current results.

Powering Local Marketing — Globally

BrandMuscle flexes sophisticated marketing solutions for some of the world's biggest players



Think you could come up with a more appropriate name for a company than Phil Alexander did when he founded “BrandMuscle”?

Doesn't seem likely,

but then again over 10 years ago it probably didn't seem likely that this small Beachwood company would grow in size, reputation, and sales volume to be a muscular powerhouse in its field.

That field is pretty specific, “local marketing automation software.” If you run a marketing operation for an enterprise that relies on a well-oiled distribution channel for a significant portion of sales, chances are you're already a BrandMuscle customer – or you're strongly considering becoming one.

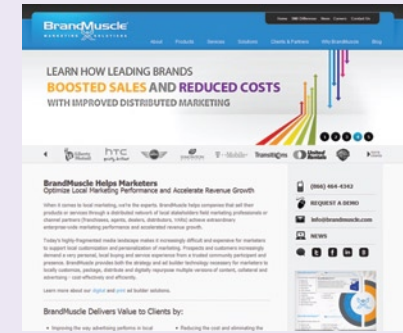
BrandMuscle knows that when it comes to supplying quality, localized marketing materials to its channel partners, it's a bit like trying to feed a ravenous high school football team. Sure, players might be able to fumble around and pull together some kind of pregame meal, but they are likely to make a huge a mess in the process, and the meal on the table is not likely to be that healthy. Ditto for independent franchisees, dealers, or remote sales managers – all of them have access to the basic fixings: desktop publishing software, digital printers, and video gear. But is it really fair to expect high quality, cost-effective, consistent marketing materials to be produced in 1,000 different locations?



But you have to “feed the beast” - neither a football team nor a sales team can be expected to perform well when starved for

resources. And that's the opportunity for “local marketing automation software.” BrandMuscle software enables an enterprise like BMW to centrally manage the look, placement and timing of its marketing material. Dealers and other marketing partners can create localized versions without breaking the bank or running afoul of the logo cops.

And BrandMuscle does all this for a variety of media (print, web, multi-media, video, broadcast) and adjusts to accommodate different languages, pricing strategies, and currencies, among other variables. A very slick concept, and a slick execution that is being adopted by major global companies who are looking to add a little “muscle” to their own brand.



BrandMuscle At-a-Glance:

Year Founded: 2000

Workforce: approximately 135

Key Products or Services: local marketing automation software, strategic local marketing and media buying services

Key Markets & Clients:

- Financial services/banks/insurance companies (Allstate, Chase, Liberty Mutual, Farmers, Huntington, US Bank)
- Telecommunications (DIRECTV, T-Mobile, Clearwire, US Cellular, Bell Canada)
- Manufacturing (Transitions Lenses, PPG, Steelcase, Hunter Douglas, California Closets, HTC)
- Food service (On The Border, Chick-fil-A, Auntie Anne's, Famous Dave's, Chili's)

Phil Alexander, CEO on the Keys to BrandMuscle's success:

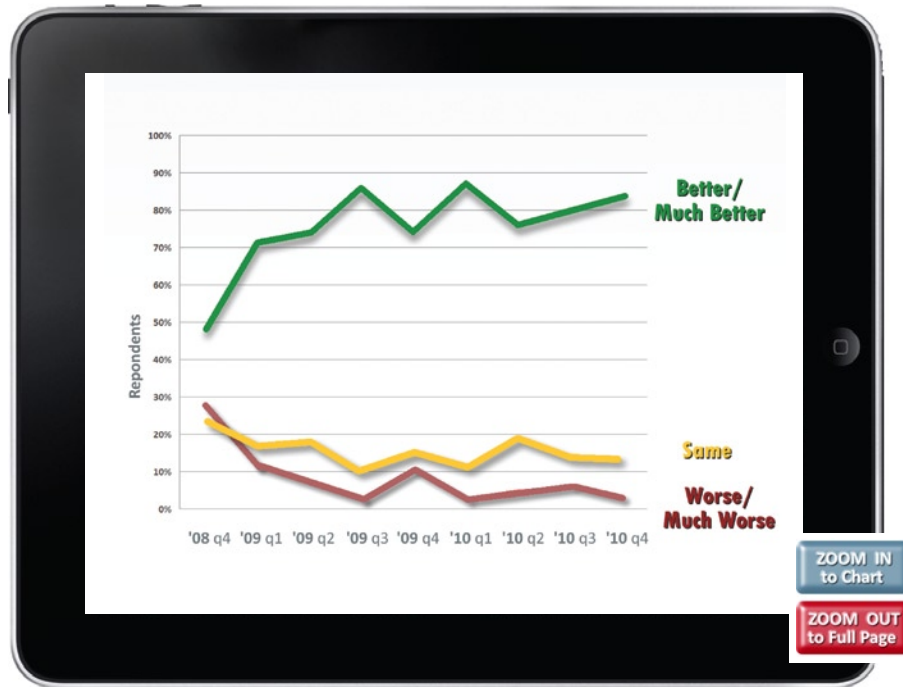


“ I have to credit continual innovation and a great team to our success. Northeast Ohio has really given us an amazing resource pool for extremely bright talent with a hardworking, Midwestern work ethic. That's something our clients really appreciate. There's also a growing spirit of innovation in our region, especially amongst our new “millennials” who really embrace new technology. ”

Growth Outlook

The growth outlook clearly improved over the past two years for the tech industry in our region at the same time that the economy as a whole has stabilized. Severe economic uncertainty over the past several years impacted tech companies' expectations and plans for the coming years. This uncertainty is clearly displayed when companies are asked for

Business Expectations: Next 12 months



their business expectations for the coming 12 months. The fourth quarter of 2008 represented a low point of optimism for the coming year, but showed steady improvement through the third quarter of 2009. Since that time, the percentage of companies reporting an expectation of “better” or “much better” business in the coming 12 months bounced back and forth in a narrow range between 74% and 87%. However, a positive trend emerged for the final three quarters of 2010.

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FIT for Success

IT services company adapts to accommodate growth

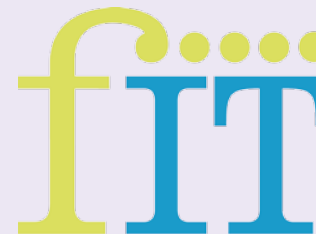
When a company undergoes a change of name or scenery, usually the decision is made as a result of its leader looking for a more perfect fit. That scenario seems to perfectly describe the situation faced by a full-service IT firm located in Cleveland. Co-founded by Micki Tubbs and Michelle Tomallo, this firm was known at its 1999 founding as SchoolOne. At that time, high-value utilization of the internet was low in most sectors, but especially in K-12 schools.

At first, SchoolOne delivered new, web-based software for school-to-home communication tools so that teachers, staff, administrators, parents, and students had easy access to grades, announcements, homework, attendance and email.

“Our early clients were certainly pioneers,” said Tomallo, “allowing access to the internet for staff and students for the first time, learning new technologies, changing teachers’ daily routines, and integrating existing data into a hosted solution.” Early NEOhio adopters such as Holy Name High School and Midview School District were trailblazers with the help of SchoolOne.



SchoolOne’s reputation grew as it added a suite of comprehensive IT services. “The more we worked with clients, the more we discovered the good, the bad, and the ugly with their existing technology, allowing us to make recommendations for improvements,” said Tomallo. Word of mouth then brought new IT clients from the business sector in addition to schools, so two changes were in order.



TECHNOLOGIES

employees participate in a variety of social, work and community service activities.

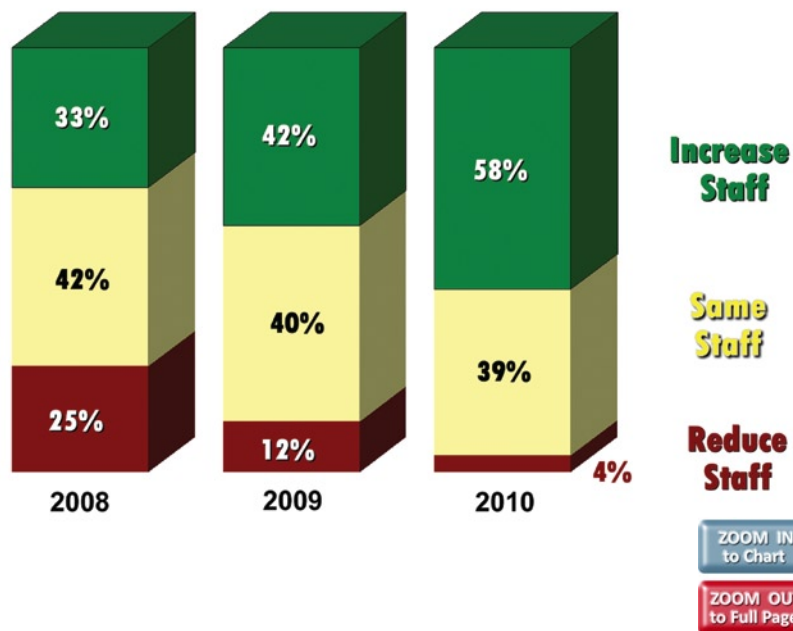
One was the name – SchoolOne branded FIT Technologies, a more appropriate, non-industry specific name to service corporate clients. The other change to accommodate growth of the business was larger quarters in a new location. Now an anchor tenant in the heart of Playhouse Square, FIT Technologies is integrated into the fabric of its neighborhood, as many FIT

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A positive sign of the generally improving economic environment is also reflected in the tech companies' staffing expectations for the coming year. Steady, positive trends are evident in both the expectations to increase staff as well as expectations by fewer companies to reduce staff in the coming year.

From 2008 through 2010, the percentage of companies reporting plans to hire more staff increased significantly from 33% to 53%. Additionally, we saw a dramatic decline in companies planning to reduce staff, from 25% of respondents in 2008 to just 4% in 2010.

Staffing Expectations for the Coming Year



On the business side, the company's target clients include 10-150 employee organizations that need to supplement existing IT staff to perform project-based work. "We also serve as the in-house IT department," Tomallo said, "but in either case, we affordably provide much-needed technical expertise."



And when FIT grows to the next stage of its business development, it's only fitting that they will evolve again – but the heart of their success will likely remain the support of the diverse IT needs of existing and new clients.

FIT Technologies At-a-Glance:

Year Founded: 1999

Workforce: 70

Key Products or Services: robust IT services, including network administration, onsite field support, hosting, IT needs-assessment, telecommunication services, and disaster recovery

Key Markets & Clients: architecture and design firms; commercial builders and real estate developers; law offices; accounting firms; healthcare organizations; non-profits; retail; higher education, and K-12

Micki Tubbs, FIT Technologies CEO & Co-founder, on unique aspects of doing business in northeast Ohio:



FIT Technologies' co-founders, Michelle Tomallo and Micki Tubbs.

“Businesses in the area operate with a good sense of fairness and collaboration. The fact is that if our competitors are successful, there is a healthy market for our business. We're also fortunate to have access to excellent resources – whether that is from other organizations or our own network of professionals. In addition, we're surrounded by companies with expertise that allows us to create strategic partnerships to bid on projects in our region that no individual provider could accomplish alone.”

Conclusions

With several thousand information technology businesses in the region, this sector is an important facet of our economy. While our region is not likely to be confused with Silicon Valley, Seattle or Boston, the ecosystem of technology businesses is viable and important to Northeast Ohio.

The IT market in Northeast Ohio is populated with a strong foundation of potential clients, aided by the fact that our region clearly supports buying locally from IT companies. For a Northeast Ohio IT company to truly grow, however, it must expand its reach beyond its current geographic and market boundaries. Service-based IT companies need to innovate new products to sell, or else partner with other firms to create or distribute a product. IT companies that currently offer proprietary products must ensure that revenue from licensing and services will complement cash flow. More strategic assistance needs to be offered to help companies identify, target and penetrate new markets, whether based on geography or vertical market segment.

One vertical market that invites our consideration is the product of the convergence of IT with the healthcare and bioscience industries. Recent successes from both Cleveland Clinic's Innovations group as well as BioEnterprise are drawing attention from IT entrepreneurs and the investors who seek to support them. The need to reduce the cost and improve outcomes of medical treatments is driving this renewed surge in bio/IT innovation. Exciting new integration between web applications and devices - both medical as well as consumer electronic devices such as smart phones and the iPad - is ushering in many exciting opportunities for existing firms as well as start-ups as many in the region work to make Cleveland a center for bio/IT innovation.

More broadly, our IT industry is represented by companies of many different ages, but only about 20% have been formed in the past few years. This lack of young start-ups points

to a need for direct action to foster early stage businesses. JumpStart, a local investment and assistance firm, has had early success identifying tech companies in which to invest and assist, but more needs to be done to support next-stage businesses, those actually moving up significant growth curves. Additional capital from traditional and non-traditional sources needs to be made available as well as the development of a community of peer advisors and assistance providers.

Georgia, New Jersey, Utah and other states are home to tech associations which focus their efforts on state-wide support and issues. In Ohio, we're home to at least four regional tech associations but no unified state-wide voice for the technology industry. COSE has taken first steps in that direction by adding NEOSA board members to the COSE Advocacy Committee. As a result, the Northeast Ohio IT community has a voice that responds to potential legislative or regulatory threats to our industry.

But we need to do more on the public policy and advocacy front to drive the growth side of the ledger. In late February 2011, COSE sponsored a meeting in Cleveland with five State representatives, including Speaker Batchelder, to share concepts on how to promote growth. One important focus discussed was the necessity to ensure that Third Frontier funding mechanisms are open to promising IT enterprises. We will continue these and other efforts to proactively work with representatives of our regional, statewide, and national government to foster growth of our important industry.

Helping IT companies grow from \$1mm to \$5mm, from \$5mm to \$10mm and beyond \$10mm has substantial, positive benefits to our community. Technology workers help enhance the tax base through high-paying job, improved company revenue, and increased profitability.

In short, NEOSA will continue to work on many fronts to help foster several more Hyland Software success stories in Northeast Ohio.



Image courtesy of Kent Displays, Brimfield, OH

About NEOSA and COSE

COSE is one of Ohio's largest small business support organizations striving to help small businesses grow and maintain their independence. Comprised of more than 15,000 member companies, COSE has a long history of fighting for the rights of all small business owners, whether it's through group purchasing programs for health care, workers' compensation, or energy, advocating for specific changes in legislation or regulation to benefit small business, or providing a forum and resource for small businesses to connect with and learn from each other.

NEOSA, the COSE Technology Network, serves the needs of its nearly 900 members through educational programming, networking events, advocacy, workforce initiatives and by serving as a voice for the regional tech community. Founded in 1998, NEOSA operated as an independent organization until merging with COSE in 2004.

NEOSA maintains a dedicated board of advisors made up of area technology executives and other key stakeholders in the regional information technology community.



The COSE Technology Network

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CEO, *PreEmptive Solutions*

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