

New economy is creating jobs, but counting them is tough

BY LESLIE GREEN
CRAIN'S DETROIT BUSINESS

Tour the business community in places like Ann Arbor, the I-275 corridor and downtown Detroit and you'll find many companies that owe their existence to Internet and computer technology unavailable a decade ago.

So how many jobs are being created in this fast-paced new economy? That's hard to gauge.

Most data on high-tech employment in Michigan is dated, lumps Web-related jobs in with other technology or computer-related jobs, or both.

The Michigan Economic Development Corp., for example, reports there were 52,020 people in computer jobs in 1996. The state agency projects that figure will grow 71 percent to 89,010 by 2006. But the numbers include a variety of computer jobs, such as data entry specialists, which are not necessarily related to Internet work.

Bill Castanier, executive director of Information Technology Association of Michigan in Lansing said that's not unusual. Most data on the state's technology employment, he said, include jobs in the automotive, biotechnology and other medical and manufacturing industries.

"They don't break data down into (Web-related) jobs," Castanier said. "The entire information technology industry is the Web. It is like a human organism and you can't separate the pieces of it."

That makes it hard to quantify how many jobs are created by computer hardware and software makers vs. companies that use the technology in other products — notably auto components, said Katherine Willis, president of Ann Arbor-based Cyberstate.org, which is a nonprofit group that helps create IT partnerships.

"We don't have a good handle on how many companies are (information technology) companies. It's frustrating."

Another complication: As the Web gets more fully integrated with other corporate operations, it gets harder to tell whether any given job is truly Web-related,

Castanier said.

"Parts of DaimlerChrysler AG, General Motors Corp. and Ford Motor Co. are Web related," Castanier said. "They may deliver at a dealership but people also search the Web for their product," he said.

Castanier said Michigan's information technology industry generated in excess of \$7.76 billion in wages in 1999.

WEB DEVELOPERS AND JOB GROWTH

Examples of Web developers that have added jobs locally:

■ **Compuware Corp.** in Farmington Hills: Michigan employment has grown to 6,500 from 5,237 in 1998. Fiscal 2000 revenue was \$2.2 billion, up from \$1.6 billion for 1999.

■ **Fry Multimedia Inc.** in Ann Arbor: Employment grew from 245 from 75 in less than two years. Revenue was \$21 million in 1999.

■ **Internet Operations Center Inc.** in Southfield: Employs 90, up from 50 in 1999. Revenue was \$5.65 million in 1999; expected to be in excess of \$10 million in 2000.

■ **Rare Medium Inc.** — Detroit in Bloomfield Hills: Employs 112 in the Detroit area, up from 20 in 1998.

■ **Sequoia Net.com** in Auburn Hills: Employs 603 in the Detroit area, up from 353 employees in 1998. It expects to have 650 employees by year-end. Revenue was \$57.7 million in 1999, up from \$34.6 million in 1998; revenue of \$67 million is expected in 2000.

■ **Web Elite L.L.C.** in Ann Arbor: Employs 35, up from 15 in 1999. Revenue was \$1.5 million in 1999; revenue of \$7 million is expected in 2000.

Most local Web development companies say they are continually hiring. They get most employees from referrals, others from university and Internet recruitment efforts, officials say. And most new employees are local.

Auburn Hills Web developer Sequoia NET.com Inc. has had 70 percent employment growth since 1998, said Bill Murray, president. It employs 603 people in the Detroit area and is still hiring.

"We are on a track to double the size of our company," Murray said president of Sequoia.

To help it fill those jobs, Sequoia in early August announced a partnership with New Horizons Computer Learning Centers of Michigan in Livonia that would give Sequoia access to people trained at New Horizons as job candidates. Sequoia said the alliance helps to expand its talent pool.

"This will be a source for evaluating and garnering new talent." In return Sequoia plans to offer training to New Horizons students.

Bloomfield Hills-based Rare Medium Inc. — Detroit, says it has expanded employment fivefold in two years. It now has 112 employees in the state.

Rare Medium gets most of its employees by word-of-mouth and employee referrals. Rare Medium has little trouble attracting employees, said Rob Hillman, vice president of operations and delivery at Rare Medium, in a written statement.

Amy Kennedy, director of Marketing at Ann Arbor-based Web Elite L.L.C., said company founder Jacques Habra taps the University of Michigan, partners and suppliers for its latest software developers. Kennedy, however, relocated from

California, she said. Habra, she said, previously worked at UM in information technology.

Compuware Corp. (Nasdaq: CPWR) in Farmington Hills finds 40 percent of its employees through referrals and the balance

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from the Internet. Wes Peterson, vice president of worldwide recruiting, said many of its employees have just finished training. Compuware, he said, teaches new recruits the company's systems.

Fry Multimedia Inc. in Ann Arbor finds hiring enough employees difficult. "It's a very competitive environment and very fast-moving," said Deborah Waldman, Fry human resources director. Waldman said there is no time to think about hiring a job candidate. "If you want them you have to get them right then," she said.

However, it is no more difficult to find good staff in Michigan than it is at Fry's Chicago, New York or Seattle offices, Waldman said. "Each city has its own set of challenges," she said. The number of employees at Fry rose more than 200 percent in less than two years.

Leslie Green: (313) 446-0412, lgreen@crain.com

TECHNOLOGY

SECTION SPECIAL SECTION SPECIAL

INTERNET COMMUNITY DIRECTORY

■ Web Elite Inc.

210 S. Fifth Ave.

Ann Arbor 48104

Phone: (734) 998-1031

Web site: www.welitelite.com

Top executive: Jacques Habra, CEO

Number of Detroit area employees: 30

Total employees: 40

Products/services: E-business and online marketing and research applications; e-business strategy; Internet application development; e-commerce processes; Web design; online research and real-time analysis services.

Representative Michigan clients: Ford Motor Co.; Bell & Howell; Carhart Inc.; Car & Driver; University of Michigan; Cashblazer.com.

Representative out-of-state clients: Sun Microsystems; Wells Fargo; Emory University.

Additional offices: New York, San Francisco and Phoenix