

HEADFIRST INTO HIGH TECH

Amy Joi Bryson

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Salt Lake City Councilman Dave Buhler was a volunteer on a political campaign in the early '90s when, for the first time, he saw a computer laptop.

"I had heard of them, of course, but I actually had never seen one," Buhler said.

The laptop was being used by gubernatorial hopeful Mike Leavitt, who would go on to win three terms as governor and establish the importance of being "wired" as a focal point of his administration.

More than a decade later, many of what were once Leavitt's "out there" ideas about tapping into technology have become reality. They were driven in part because technology evolved and grew on its own, but they were also fostered by an admitted "computer geek" who's had 11 years to nurture his vision of getting Utah plugged in.

Leavitt is gone now — off to Washington, D.C., to head the Environmental Protection Agency — but his impact on high tech in Utah will linger for years to come.

"What the governor has espoused is creating linkages among groups — education, industry, technology. He has done that effectively as anyone in the country," said Mark Renda, the state's director of strategic business analysis.

While certainly not the "high-tech" capital Leavitt so boastfully proclaimed Utah could be, the state has made its imprint in the technology arena under Leavitt's prodding:

- In the past three years, Utah has ranked in the top 10 in various technology surveys or received national awards at least 15 times.
- Utah, for all its rural hamlets and wide open spaces, has 99 percent of its schools hooked into the Internet, earning it the No. 2 spot in the nation for wired schools.
- And while Utah's economy — like the rest of the country — has faltered the past couple of years, the state has managed to hang onto a respectable information technology job market.

Leavitt's technology vision was incubated in the mid-1980s, in the offices of the family insurance business, where he had access to something fairly uncommon back then: a computer bulletin board for inner company use.

It was, he said, an expensive tool of technology he wanted to bring to state government to make it more efficient once he became governor.

Once in office, Leavitt turned his technology focus to three main areas: making government accessible, creating high-tech jobs and getting schools hooked up.

"It was early-stage thinking. . . . At the time, I wondered if we were really out there on all of this. If we were taking the ideas too far out on the edge," he recalled in a recent interview. "Now, 10 years later, it turns out that we were moderately bold."

Online government

Leavitt said he had an "idea" about what state government needed to do to be more to Utahns,

that business should be done "online" with a computer, rather than standing in line in a state building.

The concept is "Egovernment" — making every possible government service available to the public round the clock.

"There was no way to overstate, even then, the benefits of transforming the way people view government and how available it is to them," Leavitt said.

But the public appears to be catching on. Hits to the states Web site, www.utah.gov have increased rapidly. There are more than 100 services available online. This year, Utah became the first state in the country to offer "live chat" with government workers 24 hours a day.

During Leavitt's tenure, Utah became the first government in the world to recognize digital signatures in legal documents. It later became the first to offer a unique "vertical" one-stop business registration online for people to get necessary permits at the local, state and federal level.

Like other states, Utah's government Web site is continuing to evolve, but the site's general manager said the former governor played a crucial role in elevating its importance.

"Leavitt was about the most progressive governor in the area of technology in the country," Amy Stewart said. "That says a lot because he smooths the way for things to take hold and become institutionalized."

Stewart said the state is positioned in the next few years to become even more progressive with its online offerings, a momentum that will not slow with Gov. Olene Walker at the helm.

If there was a blurring moment in that vision for state government, it was last year's scandal involving the former chief information officer hired by Leavitt to bring about a change within the state bureaucracy.

Instead, Phil Windley is best remembered for instilling an atmosphere of controversy and distrust, fueled by a scandal in which Windley was accused of cronyism.

Windley eventually resigned but not before the scandal tarnished the otherwise gleaming reputation of Leavitt's internal technology initiatives.

Even now, Leavitt won't concede Windley was a mistake but merely a distraction on the path the state is headed.

Jobs gained, lost

As the technology industry began to take off, Utah tapped into the fast-growing job arena, with Leavitt initiating efforts to get the state on the map with high-tech jobs.

Figures compiled by the Industry Standard show that technology and Internet-related companies have created 57,000 new jobs in Utah over the past 10 years, with revenues that have jumped from \$1 billion to \$12 billion.

Three years ago, Leavitt launched his million-dollar plus "Silicon Valley Alliance" that included monthly trade missions to California to lure even more high-tech industry to Utah.

That effort came to fruition just this past legislative session, when lawmakers passed the \$100 million "fund-of-funds" which industry observers say will infuse desperately needed early stage money into high-growth businesses.

But the results of Utah's aggressive push into the high-tech industry are mixed — buoyed by success stories but also marred by losses observers say have been beyond Leavitt's control.

"The last three years have been brutal on the information technology sector of the industry,"

concedes Richard Nelson, president of the Utah Information Technologies Association.

"When you have a concentration of high-tech companies like Utah does, the recession hit us much harder than it did other states that didn't have the same concentration of high-tech companies."

In 2001, Iomega Corp., a longtime cornerstone of Utah's high-tech industry dealt northern Utah a blow when it announced it was moving its headquarters to San Diego.

Further south, Provo-based Novell also faltered when the high-tech bubble burst a couple of years ago, a stumble that led it to lay off employees.

Computer manufacturer Gateway shuttered 27 of its stores across the country the same year, including shutting down its operation in Orem.

On a Lehi hillside, Boise-based technology giant Micron has a gleaming new plant that once promised to employ as many as 4,000 Utahns, but only a few hundred people are working there.

By 2001, the state's high-tech industry lost 1,700 jobs. The latest numbers compiled in a study called Cyberstates says Utah lost more than 6,000 high-tech jobs between 2001 and 2002 and venture capital investments dropped by more than 50 percent — down to \$97 million from \$202 million in 2001.

Despite his efforts to make Utah a high-tech capital, Utah is still only No. 27 in the country for its number of high-tech establishments, 28th for its value of high-tech payroll and 32nd for how much is spent on research and development.

Nelson said the outlook for 2004 is looking up, with Inc 500 recently lauding Utah for having 13 of the 500 fastest-growing companies.

"It is clear they are not going away and are going to become even more important and a more vital part of our economy in future years."

'Smart Sites'

To encourage high-tech job growth, Leavitt also aimed an arrow at rural Utah, designating a \$750,000 infusion of money to establish jobs beyond the Wasatch Front.

Leavitt says he wasn't looking to replace agriculture or manufacturing jobs but to augment them.

"We have to find a way for rural Utah to become part of the new economy," Leavitt said at the time. "We're plowing new ground."

Called the Utah Smart Site Program, the effort encourages information technology companies to create jobs in rural Utah, jobs that require midlevel technical skills and typically pay higher wages, diversifying the area's economy.

By September of this year, Leavitt could point to nearly 700 new jobs across 20 rural counties as the result of more than "40" Smart Site enterprises, which can conquer the challenge of geographical distance with the click of a mouse.

The program's associate director, Ed Meyer, calls it an effort to cross the "digital divide," to close the chasm that keeps small-town Utah people from being technologically connected.

There was, he concedes, skepticism at first.

"You are talking to people who are not information technology practitioners," he said. "But the bottom line is to introduce computer literacy into communities where it has not been a priority in the past."

In Moab, for example, the company Footprints has contracts with Boeing Airplanes in Seattle, North Shore Animal League in Manhattan and Response Oncology in Tennessee.

"We were drawn by the beauty and lifestyle in Moab," co-founder John Andrews said. "The Internet makes it possible to operate anywhere you can get a T1 connection."

Technology, Meyer said, bridges that divide for rural Utah, allowing it to be more competitive in the marketplace.

Education technology

Leavitt first outlined his education through technology objectives in what is called by political insiders as his "bicycle speech" back in July 1993.

At the time, he compared the education system of the late '70s and early '80s to an old one-speed, allowing all students the mechanics of "pedals" to go forward but no "gears" to accommodate children at different speeds to move through the system.

In 1993, he said the system had some flexibility, like a three-speed bike, but needed to be more advanced.

"Our challenge is to move to the 21-speed all-terrain model by keeping pace with new technologies," he said.

Leavitt talked of classrooms without walls, of learning Shakespeare in pajamas, of the need to use technology as a way to accommodate the growing number of students rather than the more costly solution of bricks and mortar.

When he took office, observers say Utah schools were beginning to move to an education system that took advantage of using technology to deliver learning.

But shortly after that speech, the state Office of Education established the Utah Electronic High School, which posts every high school course online and has, to date, handed out 21,000 high school credits. More than 16,000 students have taken high school courses online.

This year, 99 percent of Utah's secondary schools are "wired" to the Internet, putting the state at No. 2 in the nation for its percentage of schools connected to the Internet and also at No. 2 for its high-speed connection rate.

The 2003 survey "Technology Counts" by Education Week handed out the high marks even though Utah holds the distinction of being last in the nation for per-pupil spending.

The study also put Utah among a dozen states that have integrated technology into statewide testing. Leavitt also co-founded Western Governors University and challenged colleges and universities to embrace the availability of technology-delivered education.

His vision was that college education was possible without stepping foot on campus.

WGU, he believed, could fill that need.

Although the program is growing, it never got off the ground quite like Leavitt planned. Since December 2000, it has awarded only 68 degrees, although its student population is growing at about 200 per month.

Two years ago, it became the only accredited online university to offer competency-based degrees, but it has attracted primarily those interested in teaching degrees and certificates rather than a broad-based student population.

In 2000, Leavitt's administration launched the \$102 million five-year "engineering" initiative, with a goal to double the number of higher education graduates in engineering, computer science and related technology by 2006.

So far, the initiative, which has stumbled due to lack of funding has resulted in a 23 percent increase in the number of students studying those fields.

Like the burst of the high-tech bubble, the state's sluggish fiscal health is largely beyond Leavitt's control, but he thinks his administration accomplished what it needed to in the

technology arena.

"I would like to be viewed as the governor who guided Utah through the transformation of the Information Age. All that really matters is that I feel I have done my part."