

Colorado's Tech Industry Loses Some Luster

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Once considered among the most promising tech hubs, Colorado has taken a big employment hit in recent years, finds a new report.

Colorado, once considered among the most promising hubs for technology companies, took a big employment and market share hit in recent years, finds the Cyberstates 2007 report, released on April 24.

After holding first place in tech concentration for nine years, Colorado fell to third place, according to the report by AeA, a Washington D.C., high-tech industry trade association. Colorado was surpassed by Virginia, where 8.9 percent of the work force is in the tech industry compared to 8.6 percent in Colorado.

Though third place out of 52 (the report included the District of Columbia and Puerto Rico along with the 50 states) is not too shabby, Colorado's loss of 1,700 tech jobs in 2005 - the most recent year for which data was available - was the second most of any state, surpassed by only Kansas, which lost 2,000.

Most of the technology job losses in Colorado were concentrated in computer and related manufacturing and general technology manufacturing, found the report.

Manufacturing is a central part of Colorado's economic portfolio, and the manufacturing technology sector is understood to be still struggling to regain what was lost in the 2000 to 2004 economic downturn. In addition, Colorado's venture capital investments were down 5 percent in

2006 to \$622 million.

"One of the big things that's been happening and continues to happen here is a lot of mergers and acquisition activity. A number of companies have gotten to a nice size, been purchased and moved out of state. For example, Maxtor was purchased by Seagate last year, they had duplicated positions, and downsized a lot," Jessica Wright, executive director, AeA Mountain States Council, told eWEEK.

"The other thing is that a number of our manufacturers have left because of the data storage industry consolidations. StorageTek was purchased by Sun Microsystems a couple years ago and got rid of a lot of positions. A lot of the job losses can be attributed to this acquisition environment we find ourselves in," Wright said.

It doesn't look like Colorado's high-tech job losses will cease any time soon, with the potential news of more companies moving out of state.

"A number of manufacturing companies have shifted out of state. Intel's chip-making facility in Colorado Springs is on the block, and will probably be moving out of state," said Wright.

However, Colorado's high-tech industry is not falling out of the spotlight. It gets its third-place status because high-tech firms employed 86 out of every 1,000 private-sector workers in 2005. The average tech worker in the state earned \$80,200 annually, or 93 percent more than their average private-sector counterpart. And the state's high-tech payroll was \$12.7 billion in 2005, ranked 12th nationwide.

"Colorado's tech industry remains a critical component of our state's growing economy," said Wright. "The recent increase in average tech wages demonstrates this sector is strong and contributes significantly to our economy," said Wright.

Although the number of manufacturing positions declined in Colorado, the report showed that gains occurred in research and development testing labs (which picked up 2,600 jobs), computer systems design and related services (which added 2,200 jobs) and engineering services (which added 1,500 jobs).

"What's really strong for Colorado right now, and will be even if Intel sells, is that they're increasing their R&D and design work," Wright said. "There's a lot of good universities in-state, and they want access to these people. They're very high-level jobs. If you're an engineer or in the R&D segment, you're very employable in Colorado."

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