

## The Case for Making Detroit an IT Hub

Company profile: **GalaxE.Solutions** By Alexa Stanard

The New Jersey-based technology company, which primarily serves the health care industry, opened a downtown office facing Campus Martius Park in April. Timothy Bryan, the company's co-founder, chairman and CEO, says a blend of good infrastructure, an educated work force and vibrant cultural institutions has positioned Detroit as a viable option to international locations that are often the recipients of outsourced American jobs.

"We focused on locating in a city where we could find value and help our customers, and Detroit is a perfect place for that," said Bryan. "You're looking at what kinds of people might be available, infrastructure, real estate. There's enormous opportunity here.

"You also have a first-rate education system," he added. "Detroit is creatively working to put people back to work; folks have really started to understand they have to work together to attract business."

GalaxE got its start in 1990 in New York City in a 300 square foot studio that doubled as Bryan's home. From the beginning, GalaxE focused its efforts on the health care industry; today, the industry generates about three-fourths of the company's revenues.

GalaxE employs about 900 people and has hired its initial 40 Detroit-based employees which will grow to at least 500 IT professionals on three floors over the next five years. Its focus is on helping the various entities involved in health care - pharmacies, insurance companies, benefits managers, doctors, hospitals - efficiently and securely exchange patient information "so the patient can be cared for and paid for," Bryan said.

"As health care-related IT systems have grown up over the last 20 years, we've been involved all the way along," he said. "We were fortunate enough to have strong relationships with senior executives in our customer base. They have consistently shared with us where they are and where they need to go. We've been able to position ourselves to support them."

Retail, e-commerce and financial services comprise the remainder of GalaxE's clients, but it's committed to expanding further in health care, especially in Michigan. Bryan won't discuss the company's clients; GalaxE, he said, is "very obsessed" with confidentiality.

Early this decade, GalaxE began investing in two locations in India. As the company looked to expand further, it once again listened to its customers, many of whom asked GalaxE for nearshore options for their IT.

"In the regulated world of health care, many of our clients are required to conduct particular work in the United States. And while our overseas operations remain vital and important, there are, in many cases, inherent challenges - including geographic," Bryan said. "It's 18 hours to Bangalore from New Jersey, 90 minutes to here."

GalaxE.Solutions may be the best evidence yet that the economic pendulum has swung again in metro Detroit.



"Labor is less expensive," he continued. "But here you have a highly motivated workforce. I rode up in an elevator this morning with someone who told me how much he appreciated that we're here and how much we're, as he said, helping families."

GalaxE's expansion into Detroit shortly preceded Quicken Loans Inc.'s relocation of its headquarters into the city. And the two companies are standing on the shoulders of Compuware Corp. and its investment in the city in 2003, when it moved its headquarters to Campus Martius.

"I think it's significant that they chose a downtown site, and I think it's sort of rewarding for me because at first everybody thought I was just being nostalgic or something," said Peter Karmanos Jr., Compuware's chairman and CEO. "Downtown is a great place to locate a technology business. Quicken has lifted the excitement level significantly, and GalaxE will do the same thing."

The three companies share a vision of building the Campus

Martius area into a technology hub, and Bryan says he would like to see a half dozen more companies locate their operations there.

"One of the missing elements is that Detroit and Michigan need to get out to the rest of the country and say, 'You need to be here, there are opportunities here,'" Bryan said. "The cost of living, the cost of real estate, the lofts, the entertainment - everything's in place."

To ensure more companies follow GalaxE's example, says Wayne County Executive Robert Ficano, the region needs to view growing businesses as akin to a customer base.

"Once you make a sale to a customer that has the potential to repeat, you don't just ignore them," Ficano said. "You continue to nurture them and say, 'What can I do?'"

According to Ficano, the location of high-tech companies in Detroit builds on the city's long history as a site of technological innovation.

"We have to realize that technology is in our DNA," he said. "There are more engineers per capita in Southeast Michigan than anywhere else in world. Tech Town and engineering

schools are a big attraction. There's more technology in a car than there is in any other product on the market other than in the computer itself.

"I think for the naysayers who say it's a difficult environment here, when you have a company [like GalaxE] who locates here and is willing to invest, that sends a message to the rest of the world," he added.

GalaxE is working with local junior colleges to develop programming to prepare students for jobs at the company. Bryan would like to see Michigan's universities build ancillary campuses in the city.

There is surely irony in the fact that Detroit, a city that has taken a years-long beating due to outsourcing of manufacturing jobs, can now compete with many overseas locations. To that end, Bryan sees only opportunity.

"You work with what you have to make it better," Bryan said. "You can say this is a stepping-off point to make things better. You can also look at it one worker and one family at a time." ■

Alexa Stanard is a freelance writer.

## Emerging Technologies & Trends in the Detroit Region

By Mike Shapiro

**I**n terms of emerging technology, there are a few industries in particular that are standing out among the rest in our region. Here's a quick look at them.

### Alternative Energy

Driven to a great degree, at least locally, by the automotive industry's thirst for the latest technology that will make the next electric vehicle affordable, free from range anxiety and connect to an efficient smart grid, new ideas and companies are moving fast. Alternative energy for more general applications such as wind and solar continue to develop, although we feel strongly that more early success can come from alternative energy's dull step-sister: energy efficiency. Advancements in energy efficiency, although certainly less sexy, seem to offer the most immediate reward as it is really only limited by adoption. The barriers of other energy independence solutions are much greater: behavioral change, technology advancement, government intervention and cost.

### In-Vehicle Technology

What is also often referred to as infotainment has moved well beyond just plugging your iPod into your car's audio system. With obvious relevance in the automotive industry, we also find many in-vehicle technologies crossing over into the defense and medical industries as well. Companies creating these technologies are more than likely from non-automotive industries and bring with them a wealth of vanguard creativity and perspective.

### Pharma/Bio

From our perspective, we have seen an increase in the number of companies looking at the Detroit region as a location for their operations. The interest can be highlighted by the following factors: the number of high quality hospital systems, university research programs, availability of well-educated professionals, and relatively low cost commercial property. However, from the company's perspective there has been feedback that the opportunities are



In-vehicle technology is a quickly growing industry in our region.

somewhat limited by the absence of a highly networked and sophisticated alternative funding infrastructure (i.e., venture capital, angel investors, etc.) that is common in other regions in the country. ■

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