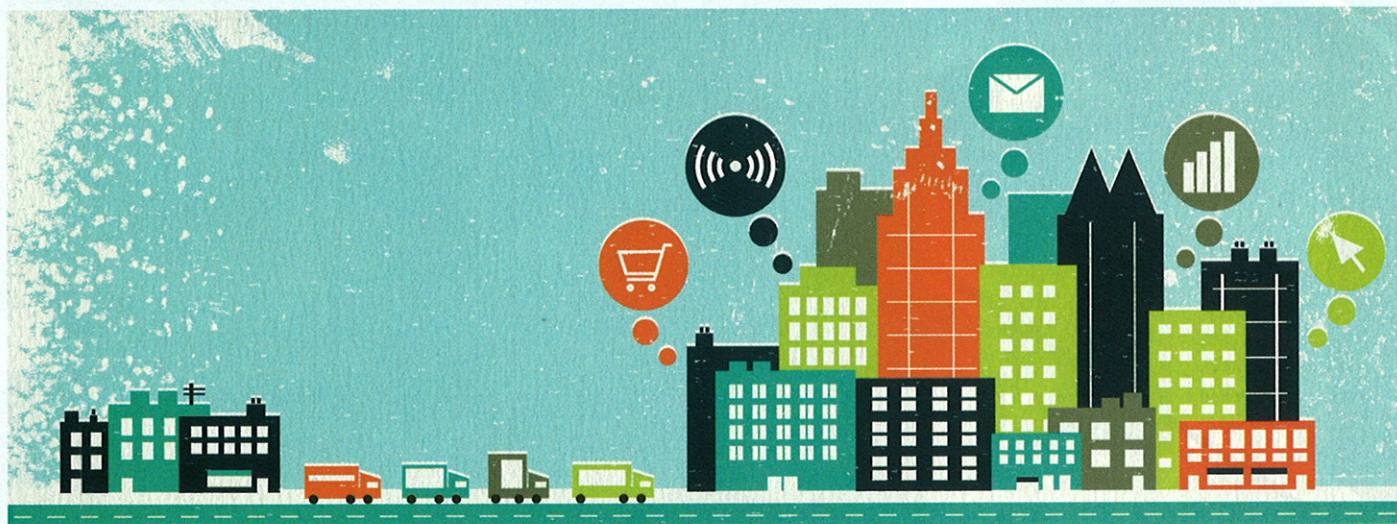


# COMMENTARY

*"Most companies are under pressure to keep their earnings in line with analysts' forecasts. Therefore, they often accept smaller, predictable earnings rather than larger and less predictable returns."* —LARRY PAGE, U-M GRAD AND GOOGLE CO-FOUNDER.



»TECHNOLOGY

## The Secret Sauce

**D**an Gilbert, founder and chairman of Quicken Loans Inc., has moved nearly 2,500 workers to downtown Detroit from Livonia in recent months. The move wasn't altruistic; rather, Gilbert believes Detroit is on the cusp of creating a technology hub in the heart of its central business district.

But the fact that Quicken Loans' employees are joining hundreds of other technology workers downtown from the likes of Compuware Corp., Marketing Associates Inc., and OnStar doesn't mean Detroit will suddenly compete with Silicon Valley. "No, Virginia, there is no secret sauce — but there are ingredients such as culture, environment, and philosophy that you need to have in order to make the secret sauce," Gilbert says. In other words, without the right ingredients, there's no magic formula for creating success.

Still, having enough ingredients comes in handy. Take Timothy M. Bryan, chairman and CEO of New Jersey-based GalaxE.Solutions, who plans to hire up to 500 IT workers to staff new offices in the 1001 Woodward building overlooking Campus Martius Park. The company provides IT support in health care, retail, and e-commerce, among other business sectors.

"Before we selected Detroit as a place to open an office, we evaluated six different cities and spoke with our customer base," Bryan says. "What we found was that Detroit had all the elements for expansion, including a motivated

workforce, infrastructure, and a supportive government."

Even considering all of the benefits, Bryan says he didn't pull the trigger on the move until he benchmarked the cost of doing business in Detroit against offshore rivals. "You can set up a great technology park, but if the costs are too high, few companies will move there," Bryan says.

"The overriding factor that drew us to Detroit was the low cost of doing business here combined with all the other things that go into a technology hub."

As it relates to providing IT services, Bryan says Detroit is 5 percent more expensive than, say, Brazil. But when compared to India, the cost of operating out of Detroit is 40 percent to 45 percent higher. So why did he select Detroit to expand his business?

"When you factor in the 18-hour flights (from the United States to India), the 10-hour time difference, inflation, politics, and language barriers, you begin to see how Detroit can compete with India. And it certainly is competitive with Brazil," Bryan says. "The high cost of doing business here is gone because it was unsustainable. With the downsizing and rebirth of the Big Three automakers, there's opportunity."

Despite all the pluses, the opportunity to draw more IT businesses to downtown Detroit will be lost if costs get out of hand. That means government support in the form of tax credits and incentives must continue for the foreseeable future. Rome wasn't built in a day, after all. **db**

### INSIDE THE NUMBERS

**7,100**

Number of IT workers in downtown Detroit

**1 Sq. Mile**

Size of downtown Detroit

**\$4B**

Infrastructure improvements in downtown Detroit since 1996

#### SOURCE:

Detroit Economic Growth Corp.