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ENTREPRENEURIAL EDGE

## Start-Ups Give Idaho an Identity Beyond Potatoes

By JAMES FLANIGAN

IDAHO may be best known for its potatoes — it produces, after all, a third of all the potatoes in the United States. But its economy is increasingly being driven by technology and green manufacturing companies, big and small.

Most of those companies have settled in the Boise Valley, an area of about 600,000 people, where they have received an enthusiastic response from city officials and technological and business assistance from Boise State University.

“Some 70 percent of Idaho’s economy is in high technology,” said Jason Crawforth, founder and chief strategy officer of MobileDataforce, a Boise company with a software system for compiling and transmitting information from handsets in the field to databases in the home office. Mr. Crawforth cited American Electronics Association statistics that show Idaho’s exports to be chiefly in computer chips, parts and equipment, notwithstanding the potato.

Yet it was the potato, in a way, that started Boise on a path to high technology industry. In 1978, the late Jack Simplot, founder of the J.R. Simplot Company, developer of Idaho russet potatoes and of freeze-dried French fries for [McDonald’s](#), invested in a start-up called [Micron Technology](#), a maker of semiconductors.

Micron now has more than 20,000 employees and close to \$6 billion in annual revenues. (Micron is not immune to the turmoil in global economic markets. It announced last week that it would lay off more than 3,000 employees in the next two years because of a glut in microchips.)

Idaho farmers have been backing technological start-ups ever since. Gerald R. Thompson, for example, said he raised \$2 million from farmers near Boise in 2006 to start a company, Sky Detective. The company combines global positioning satellite technology with cellular phone technology from [Qualcomm](#) to produce a device capable of tracking people and cargoes anywhere in the world.

Mr. Thompson, now a retired deputy sheriff in Los Angeles, said he saw a device that added satellite surveillance to a Qualcomm system to monitor the whereabouts of commercial trucks and found that law enforcement agencies were interested in the device as well.

So he went back to Boise, where he had grown up, raised the start-up money and now has a company with 13 employees, as well as contract consultants in the United States and a manufacturing staff in China. “We make the hardware in China,” Mr. Thompson said. “But for software, I recruited engineering students at Boise State University who came up with all sorts of great ideas.”

The Sky Detective product is now being used by law enforcement agencies, and the company is pursuing expansion worldwide and into consumer markets, so users can track children and pets. It is also seeking substantial capital investment, though Mr. Thompson said last week that “it’s a tough time to raise money.” He added: “I am seeing very cautionary demeanors in the venture capital and investment banking community. But they also tell me there is a lot of money on sidelines for the right opportunity.”

MobileDataforce, Mr. Crawforth’s company, also uses cellphone technology for tasks as diverse as enabling workers in the field to give instant estimates and insurance payments for damages to automobiles and homes to keeping track of every metal rod and bolt in the new Bay Bridge under construction between San Francisco and Oakland. The company, Mr. Crawforth said, is awaiting a contract from the [Agency for International Development](#) to monitor distribution of AIDS vaccines and medicines in 13 African countries.

And yes, he said, the company has concerns these days about cash flow. “We do the work ahead of time and need to keep payments coming in.” Mr. Crawforth said he and MobileDataforce’s three other owners were looking to raise capital.

Another Boise company, the two-year-old Balihoo, uses complex Web-based software to help advertisers find potential audiences in the fragmented media field of social networks, Web sites and phone devices, not to mention newspapers, television and cable channels. “There are unmanageable numbers of Web sites,” said Vincent Martino, who is in charge of technology as Balihoo’s chief operating officer. “But our software can communicate with 100 sites directly and get the advertiser information to make an intelligent, efficient decision.”

Balihoo was founded by Peter Gombert, an entrepreneur who had previously started and sold three software companies. The company, which has 75 employees, is financed by \$5.5 million in venture capital raised from Lacuna Gap Capital in Boulder, Colo., and Highway 12 Ventures, a Boise firm.

As to current economic conditions, Mr. Gombert said in an interview last week: “As a venture-backed firm, we do not rely heavily on general credit markets. The bigger concern is whether recession causes companies to reduce marketing and advertising. We have seen some pullback from our advertisers, but nothing significant at this point. The true tale will be told over the next three to six months.”

Boise’s enthusiasm for business encouraged Dr. Carl R. Thornfeldt, a dermatologist for 25 years, to found a company, Episciences Inc., and create nonprescription products to reduce skin inflammation. The company now distributes those products through physicians’ offices. Episciences has 22 employees and, he said, “will expand this year through a venture in Japan.”

Sandhill Industries, which recycles plate glass to make tiles for kitchens and bathrooms, moved to Boise six years ago from Alaska. The company was founded in 1998 by Terri Raudenbush, an engineering graduate of [Colorado State University](#), and her husband, Jim, a forest firefighter for the federal government, with close to \$400,000 in grants from the state of Alaska’s Science and Technology Foundation and the federal Environmental Protection Administration. The move to Boise helped her business, Mrs. Raudenbush said, “because we are closer to a supply of plate glass and to customers for shipping.”

In a factory just outside Boise, Mrs. Raudenbush and three employees fuse recycled powdered glass in a low-

energy furnace, add pigment for up to 36 colors, cut and bake tiles in kilns, cool them and ship them out. The company was included in a list of green producers on [Martha Stewart](#)'s television show two years ago and has distributed its tiles through its Web site from that time. Sandhill Industries has about \$500,000 in annual sales, Mrs. Raudenbush said.

"Our big advantage is the fact that we are a 'green' producer," she explained. As to the current economic financial environment, "We have minuscule debt," she added, with emphasis. "We pay off every month any advances we take from our \$10,000 credit line from the bank."

*This column about small-business trends in California and the West appears on the third Thursday of every month. E-mail: [jamesflanigan@nytimes.com](mailto:jamesflanigan@nytimes.com)*

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