# *Industry*
# ROUNDTABLE
# TECHNOLOGY

**PRESENTED BY:**





T he tech sector is one of the region's fastest growing. That growth doesn't come without challenges – from finding talent and venture capital to protecting intellectual property. Law firm Hodgson Russ and *Albany Business Review* convened a panel of seven industry experts to discuss those and other topics. Cindy Applebaum, publisher and market president of the *Business Review*, moderated the discussion.

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**How welcoming is the region to the challenges and needs of growing a tech company?**

**TOBI SAULNIER:** I would say it's greatly improved even from the time that I first started, which was 12 years ago.

At that time, I was kind of surprised that there weren't more resources out there. I was kind of in an incubator.

I since learned there are more resources out there.

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### ▶ MEET THE PANEL

**BILL BOUCHARD**
**Title:** Solutions architect
**Company:** Educational Vistas

**JEFF COHN**
**Title:** Principal
**Company:** ADNET Technologies NY LLC

**REG HARNISH**
**Title:** CEO and co-founder
**Company:** GreyCastle Security

**TOM MASTERSON**
**Title:** Global vice president and general counsel
**Company:** SI Group

**COLIN MATHEWS**
**Title:** President
**Company:** Merit

**TOBI SAULNIER**
**Title:** CEO
**Company:** 1st Playable Productions

**MARK SHAW**
**Title:** President
**Company:** Stored Technology Solutions Inc.

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I think it's a combination of a lot of focus by the CEG and the chambers and many different organizations that have tried to create more of those resources.

**REG HARNISH:** Like Tobi, we're lucky that we're in downtown Troy, which has become in the last five years a real selling point for recruiting candidates, even ones that are not from the area. However, outside of that, in terms of financial resources, I'm not aware of any.

**JEFF COHN:** We started in 1983. And it's important that we're welcoming tech people to the area, but what was more important starting back then was, we needed to welcome people back to the area. Because without all these other things, without the arts, without the education, without all these other good things to draw people here, period, why does a tech person want to come if their husband, who's in the arts, can't find anything to do? There's been some real concerted efforts over the years to make Albany and the Capital area a place to live, and, for our children, have our children come back and have others come.

**TOM MASTERSON:** Our company's in a different phase of its life cycle. We've been here over 100 years, so we feel quite welcome here. The quality of life, the relatively low cost of living, and the access to the arts and cultural events. But there are also things we don't spend a lot of time talking about, infrastructure type things in this area. The airport is right down the road. We have a train station that can easily take us to New York City.

**MARK SHAW:** We're really more of a regional player coming into Albany. I think Albany has been fantastically open to us coming down. We always make the joke that nothing exists after the twin bridges. Everybody up in Queensbury, Plattsburgh, up through, it doesn't always parlay or translate well. But we've had nothing but clients and opportunities down here beyond expectations.

**BILL BOUCHARD:** We're in school districts. We've got a lot of push within the school districts for technology. So that plays nice for what we're doing, doing teacher evaluations or online assessments for students.

**COHN:** This is where technology comes in that makes Albany better, and that is technology and the ability to have workers. When you need talent, workers don't have to be in Albany. So you can still run a business from Albany and have talent. I've got somebody who was in Albany and his wife wanted to move. He still works for us out of North Carolina.

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**Have any of your businesses received help from the state or from any government agency?**

**SAULNIER:** This was the first time New York state has done anything to support the game industry, compared to other states and Canada. So it's a great step forward.

**MASTERSON:** We've been fortunate not to have to ask for financial assistance from New York state. I will say, though, that when we've needed the attention of our elected officials, they've been very open to meet with us.

**MATHEWS:** We took a small loan through the Chamber, Capital Chamber, an AL Tech loan fund, which is a great little local availability budget. But it doesn't scale -- it's only if you're in Albany County; it's only if you meet certain criteria.
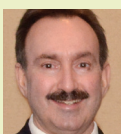
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**What is your company's biggest challenge?**

**COHN:** Educated workforce.

**MASTERSON:** In the context of what we're talking about today, which is technology, I would answer that question by saying maintaining portfolio momentu That means today's new invention or today's specialty product is tomorrow's commodity product. It's a product that, at some point in the future, nobody will want at any price.

**SAULNIER:** I would say, very similarly, the pace of change. So we're in a disruptive market. So the pace of technology, the pace of the markets, and continually needing to keep yourself rethinking everything you do. But you still need some continuity and sus-

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tainable practices.

**HARNISH:** We do strategic planning every year. Year after year, recruiting makes the top of the list for us. Generally, cybersecurity experts want to work for a firm like us. It's very James Bond-y and we do some cool things. But the reality is they just don't exist today. Even an individual who's been through a college program, five years, information, assurance, master's, they come out and they're wholly unprepared to work for us.

**SHAW:** In our world, it's a little different. I built my company on two philosophies of growth: One is organic and one is through acquisition. Organic, we've done quite well with. It's interesting, even with an M&A firm on retainer, so to speak, we're having a tough time finding like-minded business individuals who are ripe for acquisition. We've acquired three companies in seven years in business and we're looking for our next one.

**MATHEWS:** You live with some business uncertainty. You're in a certain industry, you live in a certain place, so the obvious one is San Francisco or the Bay Area, you get a freebie for anything you do. You announce that you're putting in a new men's room. Everyone's saying, man, it's disruptive growth in that business and it's all over the press. And here, you can invent a brand new security protocol that should be a big deal, and you don't get that freebie of credibility from being in certain places.

**SAULNIER:** Yes. I think when we're interacting outside the area, we can turn it into a joke. I introduce myself as from the Albany area, the hub of the video game industry. Otherwise, people think we're in New York City. I do think, as I'm in video games, I get more coverage because it's of more general popular interest.

**?**   **How difficult is it to recruit in this area? And if you're not recruiting in this area, how do you go about that?**

**HARNISH:** There's no way someone's going to come through the door with the skills and the experience we need, so we've done a couple things. One, we've developed a month-long boot camp for any new employee. We've also developed with Hudson Valley Community College a cybersecurity 101 course.

We're going to continue to look for opportunities to do more employee candidate development rather than looking all over and relocating and trying to find people.

**SHAW:** I can echo that 100 percent. In the beginning, we were looking for skilled people, hiring them, slapping them in, and we found they were either having quick turnovers or they were disrupting the internal workforce because they didn't fit culturally.

**BOUCHARD:** I agree as well. We have a couple working remote that were just good fits. We trained them here. We've got one guy at Georgia Tech; we've got another one in New York City. We've kept them. They're a good fit. They know what they're doing. It's hard to replace them after you've invested all the time to bring them up to speed on what you do. It just makes more sense to try to keep them remote.

**COHN:** That's the main thing. If you don't have a cultural fit, it doesn't matter what skills they have. You have to hire for culture. You can train the knowledge.

**SAULNIER:** We see a lot of benefit from the colleges in the area, going out as far as RIT, but there's RPI, there's SUNY. Much similar to the strategy everyone else is describing, we like to bring people in and train them up.
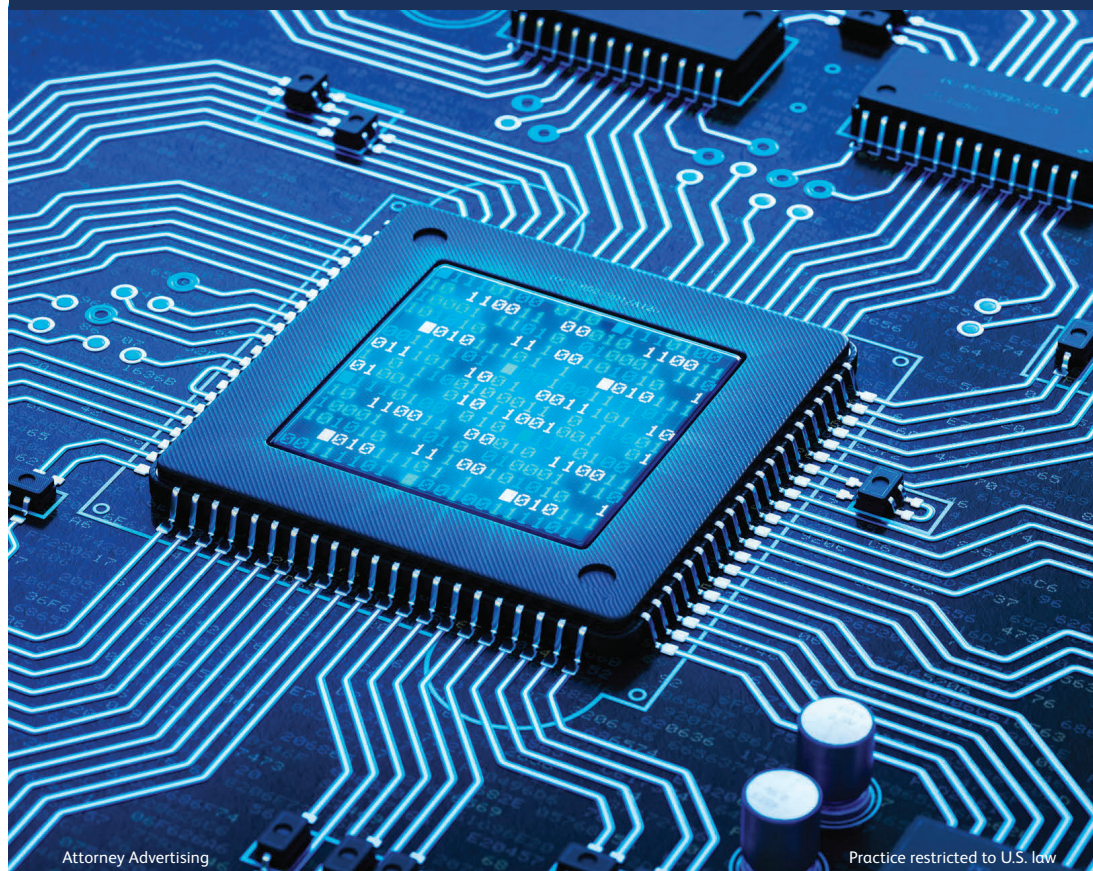
**HARNISH:** Following up on what Jeff said, for us, it's all personal skills, social skills, and cultural fit. I think when people hear GreyCastle Security or cybersecurity in general, they imagine the propeller hats and pocket protectors. That's not what we do at all. We're communicators. We work with CEOs and Fortune 500 companies on the worst day of theirs lives. So we need people who can confidently sit across a table like this and say, 'Hey, listen, your data is never coming back and possibly your reputation. But here are the things you can do to help minimize the damage in this latest data breach.'

**SAULNIER:** My dad went to RPI when they did have charm school classes, but somehow they dropped them.

**MASTERSON:** Our challenge has been a lot different depending on what level of the organization we're recruiting into. At the entry level, we hire a lot of people from engineering programs in colleges. We've had much better success there because we have some great schools here. We have direct recruiting programs with Clarkson and RPI. That's been a great pipeline for new talent for us. As we start recruiting for the more senior positions, that's when it becomes more of a challenge for us.
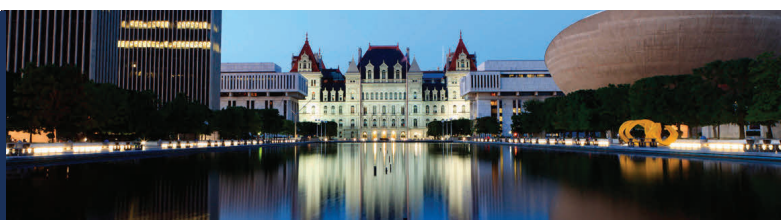
**MATHEWS:** There's no bench at all for the mid-level functional professionals who would see an opportunity at a smaller place to rise up. So that's been very hard for us.

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**? What jobs are most difficult to fill?**

**MATHEWS:** For me, it's the ones I just described: Mid-level to senior functional areas where you need somebody who doesn't just do what you need to do to make your product or make your service, but for all of those non-line functions that support and grow the business. That's very hard.

**HARNISH:** They're all difficult for us, but for different reasons. We had a candidate probably a week ago who came to us. He had about two or three years of solid cybersecurity experience. What are you looking for, for salary? 130 grand. You just said you have three years of experience, right? I want to make sure I heard you correctly. It's easy to make 130 grand in New York City, but in Albany, that's one of the highest salaries in the area.

**SAULNIER:** We have a similar issue in that the employees we have start out with us, they have a very high probability of being recruited away by Google or Facebook for outrageous salaries that a big company like that can sustain. We just try to have a sense of humor about that.

**SHAW:** Sales is an interesting concept for us. In my world – it might be different than other people – but they don't know they have a need. They just need someone to tell them, 'How do I solve that?' We are trying to find those people with that right mentality.

**BOUCHARD:** We have the same thing. Dealing with school districts, we're dealing with an assistant superintendent or superintendent level. And you have to know the school district mentality as well as what you're trying to sell them. If you have to go in as you're going in to solve a problem, or to help them help the students, it's a totally different mentality.

**? What are some of the recruiting strategies that you've used that have been successful?**

**SHAW:** We leverage our internal staff to help us find new people. We ask people in house, in our own network, 'Who do you know?' Because when you find an employee picking another employee, they're really careful about that.

**SAULNIER:** We like to hire on a temporary or contract basis or hourly basis initially to get a better feel for them. Everybody wants to make video games because it seems like it's not a job. It's really hard to assess their effectiveness in the workplace without having some hands-on experience. They're actually working on things. From a recruiting standpoint, we try to do the due diligence up front, but then it really helps to have people on that temporary basis. We get that 50 percent that work out great, and gracefully part ways with the other half.

**HARNISH:** We're opening offices in other locations where it's a more supply rich environment. Rochester is one for us, Boston and Philadelphia this year. A lot of it is, it's going to be easier to recruit talent there. There's more people, which means there's more talent for us.

**MATHEWS:** I think we're kind of good at zigging when other people zag on hiring. We have somebody right now who is our Vice President of Client Success. She owns the entire book of business for renewing our software contracts with a whole team under her. When we hired her, she was the only marketing person at a plumbing supply firm. She identified the need for client success function and built the whole



(Back row, left) Bill Bouchard, Tom Masterson, Mark Shaw and Colin Mathews. (Front row, left) Jeff Cohn, Tobi Saulnier and Reg Harnish.

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thing out, hired a whole team under her, and she's extraordinary. Because of some of the problem with how thin things are on the ground, we've gotten very good at plucking some of those people out who are mismatched to what's available in the area and sliding them into what we do and giving them a lot of room to grow.

**SAULNIER:** We have a big focus on diversity when we're recruiting, which has led to some of the scenarios we've talked about. So it's caused us to give people a second look, from women or minority or any of a number of different languages they're fluent in. We then have ended up taking on people that wouldn't have met the screen to begin with, and they've ended up being stars in general.

**HARNISH:** We've started to think about some of these other aspects as well. We look at patterns now of people who have been really successful in our company. Because the kinds of things we ask people to do is very non-traditional. It's very organized and very creative at the same time. We just hired a director of people and culture to help us work through some of these recruiting and other human resource type issues.

**? Do you hire from other tech firms in the area?**

**MATHEWS:** Never.

**HARNISH:** Zero.

**SAULNIER:** If they're downsizing, in that case, we're happy to keep people in the area, and talent. But it's not frequently.

**SHAW:** Going back to the culture and the fact that I fundamentally believe we do things differently, it's not always a good fit. It does happen, but it's probably the exception, not the rule.

**HARNISH:** For us, they come from everywhere. We're always in recruiting mode.

**MASTERSON:** We hire locally with quite a bit of frequency. There are a handful of other very large companies in the area, and there's a certain profile of a person who's a good fit going from that kind of place to our company.

**SAULNIER:** We have a handful of people that have gone to other companies in the area. As a small business, I think if it's good for the individual to be able to have a career progression.

**? Those of you who are founders, can you share some stories about how you got the money you needed to get where you are today?**

**HARNISH:** Privately financed. So I wrote a check.

**COHN:** You finance a lot yourself.

**SHAW:** When I first started, I talked to a business adviser, and he said to me, "What do you need to start a company?" And I said, "Clients." And he said, "Yes, I can work with you." Why? "Because if your answer is money, you don't have the right mind-set." ... The answer is not a lot. We went out and found clients we could work with almost immediately and they brought in the capital that allowed us to continue to grow.

**SAULNIER:** Me and my husband have always lived well below our means. It's a good habit to have, because by the time I started 1st Playable, we had enough money in savings, and our cash flow was such that we were able to give it a shot and start out.

**MATHEWS:** We're in between. So we used life savings to get started. We were strapped up for several years, and then we reached a certain point where we thought we needed some extra capital to go forward, and that was through personal contacts that I'd made outside of Albany. Upstate venture capital as an essential part of it is really misguided.

**HARNISH:** If you've lived an exit with private equity, it's not what people think it is. And now, having bootstrapped a business myself with my own money, it's completely different. And maybe the growth path is a little less accelerated, but owning your own destiny is everything.

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**?** **Jeff, you must have had some pain when you were throwing that credit card around.**

**COHN:** You make do with what you have and you do good customer service and build your clientele.

**?** **Does the business community do enough to support tech startups?**

**MATHEWS:** There's no reason to say tech startup. They're all startups. When we go to colleges and universities, we've got a lot of tech in what we do. But we're telling them we're selling them reputation marketing software. Tech, per say, I think we should be past that term for the type of businesses we're growing.

**COHN:** I'd agree. And I think one of the most important things is the ability to go to peers and to share with peers. You can share anything you want with your competitor. It's all about execution anyway and how you do it.

**SAULNIER:** I'm in a few different peer organizations partly for that reason, because I don't have a board to report to. I think that has helped me meet more people, and through those people, meet more business owners.

**?** **Some tech companies CEOs came together last month to say that President Donald Trump's immigration ban inflicts significant harm on American business, innovation and growth. What is your take? Do you believe the policy will have any impact on your company or the businesses you work with?**

**MASTERSON:** From our perspective, the free movement of people, and free movement of goods, for that matter, are very important for our business. To the extent policies restrict the movement of people or free trade, those are not things that are helpful to our business.

**SAULNIER:** I have employees who have green cards. I've been with them through that whole process, and it was shocking to everyone involved. It introduces that level of uncertainty, it affects your employees' morale, and it make everybody rethink the assumptions that we have.

**SHAW:** I'm going to say no. There's a lot of really smart people who are leaving the state. For us, we should focus on our local communities and find people here, bring them into the organizations, and give them a reason to be part of the area.

**SAULNIER:** That's kind of what the green card was, right? It was for people to establish residency and work. And, you know, you're retaining that skill set. I agree, we shouldn't be driving away people who are important to our businesses and communities.

**BOUCHARD:** I don't think it's negatively impacted us. Basically, we're holding them to the letter of the law, which I don't know was always correct. I think there needs to be a little more flexibility. But I think overall it's not a bad thing.

**?** **How is business in Albany and what are the growth opportunities? And have you been able to really build your business here?**

**SHAW:** For us, what we've found is there is a nice, short sales cycle. What we're doing is fundamentally so different and so disruptive that, when we present it to an organization, we're finding that the time from having a meeting to closing the sale is sometimes a week or less. So for us, absolutely, Albany has been a fantastic



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opportunity. I'm kind of upset that I didn't do it sooner, but everything happens for a reason.

**?** **What is the SI Group doing to protect its IP abroad, especially after the company struggling with protecting IP in China? And what advice do you have for smaller companies that do not have SI's resources for protecting IP abroad?**

**MASTERSON:** SI Group has and always will vigorously defend our intellectual property in which we operate. That can be an expensive proposition, and we're fortunate to have the resources to do that. For a company that's in an earlier phase that may have more limited resources, I think my advice would be to understand that, even if you have an IP strategy that works in your home country, the environment can be completely different in another country. Talk to someone who's been there, and understand how you need to adapt your strategy, and then to assess whether you have the resources to make those kinds of changes to implement the right kind of protection.

**?** **Why is it important for your company to work in a creative environment?**

**SAULNIER:** I think video games are generally recognized to be a creative occupation. We're relocating from one creative space to a new one. You need that external stimulation to keep yourselves on your toes, to keep yourselves rethinking how to address challenges.

**?** **How has being a part of a larger company accelerated growth and your business?**

**COHN:** One of the things that we did by selling was actually bring in more expertise within our core, but most importantly, also outside our core. So now, instead of just doing managed services and operations of IT, we also have business intelligence. We've got an app dev group that will develop business processes. We've got a manufacturing company that was spending eight hours a day doing quality assurance work and handwriting all the information. We've cut that more than half by writing custom programs, writing on their iPads.

**?** **If you were speaking to somebody who was looking to enter the tech environment, what advice would you give them?**

**MATHEWS:** I say the great thing about having a busi-

ness in Albany is there's nothing to do except focus on your business. The bad thing about being in Albany is there's nothing to do but focus on your business.

**COHN:** People will help you if you reach out. It doesn't matter whether the people are in Albany or elsewhere. You will find help. Inventing everything yourself is a mistake. There's all parts of a business and there are people that have been through it. They'll also tell you that two brains are better than one. Three is better than two. You'll come up with better ideas.

**SAULNIER:** What I tell people is come to Troy and tell me what you need for that same reason. You can find lots of connections. But seriously, come to Troy. We contribute computer equipment, we contribute space. If there's a small startup, we will give them a push, just like people helped when I was starting out. We try to give them our old broken furniture if we can. My competitors gave me equipment when I was starting out. There's all types of assistance in terms of everybody helping everybody else succeed.

**SHAW:** In my world, it's always been about focus on the client. If you focus on the client and you understand what their needs are and what their desires are, then you're going to find what your niche is. You're going to find who you are and find what you do based on who the market has out there who is looking for what you have. In our world, every single time we've added in a synergistic product, it's been because we've asked our clients,

**MASTERSON:** I grew up in this area. Although I moved away 20 years, I always wanted to come back here because I love living here. I think one of the challenges of the Capital District is that there are a handful of large companies with a high profile. But there's a much larger group of smaller to mid-sized companies that are thriving but below the radar. You don't know who they are. The company I work for has been around since before I was born. It's in the same place. I must have driven past it a thousand times growing up and had no idea what it was or what they did there, and didn't know that until I went in for my first job interview. I think if somebody's willing to put in the effort to go to these networking events and talk to people, I think you'll find that there are a lot of opportunities here. And if you can find the right opportunity, I really believe it's a great place to raise a family and live.

TRANSCRIPT LIGHTLY EDITED FOR SPACE AND CLARITY.