



## How Anna is attracting startups to far north Collin County



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When tech startup ImageVision was looking for a home, it considered cities such as Frisco, Plano and McKinney. But the company ended up choosing a different kind of home — Anna, population 9,400.

The Collin County community 40 miles north of Dallas isn't known as a startup hub. ImageVision, however, was sold on the fast-growing community's vision of creating high-paying jobs, attracting sustainable businesses and fostering entrepreneurship.

"There's just this unique comparison. We are a startup city, they're a startup business," said Jessica Perkins, Anna's economic development director. "If we don't take a risk, if we don't do something, someone else is going to take a risk on them and we're going to kick ourselves down the road."

Anna used economic development incentives to help make its case to ImageVision. In exchange for providing a nearly \$200,000 grant and loan, the company agreed to hire 10 high-tech employees in 24 months.

States and cities have long used tax breaks and other economic development incentives to lure large companies to move or expand in their jurisdictions. Gov. Rick Perry has been courting businesses in other states including California and most recently Maryland.

Cities are also using financial incentives and programs to build and nurture a startup-friendly cultures.

While maintaining a base of established businesses is important to a local economy, so is developing a strong entrepreneurial foundation for job growth and innovation, according to economic development officials. In fact, startups less than 2 years old led the way in hiring and job creation during the economic recovery, according to the Kauffman Foundation.

"It should be an ingredient of any community's sustainable economic development program," said Orlando Campos, director of Addison's economic development department, which was established in 2011.

"But the challenge is when you look at entrepreneurial development, the return on investment is much longer than providing direct incentives for a new company that relocates to our community or expands."

Addison's City Council earlier this month approved \$200,000 in initial investment and \$109,024 in annual costs to support a business incubator under a partnership with Baylor University. The initiative was launched in February to provide free office space, mentorship and other resources to graduates of Baylor's Accelerated Ventures business creation program.

In addition, Campos said he's working with several business groups including the Dallas Entrepreneur Center and the North Texas Small Business Development Center to open satellite offices in Addison.

Addison and Anna aren't the only North Texas municipalities wooing startups and entrepreneurs. The McKinney Economic Development Corp., for instance, supports a new startup incubator and co-working space called The Collide Center.

Anna granted its first economic development incentive to ImageVision in 2010 and is already seeing results.

Within 18 months of moving in, ImageVision hired 10 new employees, fulfilling its promise under the 10-year agreement. The startup helps companies make money by automating the recognition and tagging of images and videos.

ImageVision co-founder Steven White said the city and company took a chance on each other.

"They were ... asking people to believe in the city and their growth plans. They also had the same mentality of 'we're willing to take a chance on startups, and people also need to believe in their growth and vision,'" White said.

ImageVision used the city's economic incentive to buy equipment and lease office space.

"It gave us the time to build out our first product release, and then I was able to take that and get our first two customers, Apple and Photobucket," White said.

Now, ImageVision has 15 workers. The company also has amassed a customer base that includes Yahoo, AOL and other social media firms. It also has raised \$6.25 million in venture capital funding in the last two years.

White and co-founder Mitch Butler found Perkins' pitch to come to Anna appealing, but they were wary of the commute. White lives in Plano and Butler near Dallas/Fort Worth International Airport.

They took a test drive and discovered they would travel against traffic. Many of their employees also live in the Plano area.

The two executives also looked into economic incentives offered by larger cities.

"But they weren't suited for small companies," White said. "We went to the bigger cities and they were looking for multimillion-dollar companies. We didn't fit their ideal company in their mature ... [economic development corporation] stage."

Besides ImageVision, Anna has attracted another tech startup. In June, cloud-based supercomputing startup Nimbix moved to Anna.

"We were able to land two tech companies. It wasn't by accident," Perkins said. "We reached out to them. We try to put on a very forward-thinking cap for not just something that would benefit us now but could we attract businesses that are going to be businesses 20 years from now."

Perkins is working to attract more startups as money becomes available.

Because economic development incentives are funded through the city's portion of sales tax revenue, Perkins' job also entails attracting a larger retail base. The city's first McDonald's and CVS will soon be joining the community.

Nimbix received a \$100,000 grant under a 10-year agreement. In exchange, Nimbix agreed to hire six highly skilled employees in the next 36 months. The minimum salary would be \$75,000.

Co-founders Rob Sherrard and Steve Hebert knew they would eventually need a new home to accommodate the startup's growth. They heard about Anna's economic incentive through Dallas accelerator Tech Wildcatters, of which Nimbix is a graduate.

Sherrard said the city's support has been incredible.

"Sometimes you feel like a rock star," Sherrard said. "You could go to any of the restaurants and people know who you are and they ask how the business is. The community is very invested in your success."

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