DENVER SOUTH
ECONOMIC DEVELOPMENT PARTNERSHIP

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Denver South Economic Development Partnership Industry Cluster Profile

INFORMATION TECHNOLOGY-SOFTWARE

The information technology (IT) cluster supports business activities in all other sectors of the economy with a variety of products and services, ranging from virus protection and other security programs for computers to specialized, custom software and computer integrated systems design. Technology industries are high-knowledge, human capital-based industries that are expanding globally and are expected to continue growing. A broad information technology cluster definition includes companies involved in software, hardware, and telecommunications. The definition can be expanded to include individuals employed in information technology occupations across all industries. Using this broader definition, the Colorado Technology Association (CTA), formerly CSIA, reports there are more than 175,000 information technology workers in the state representing more than 5,000 software companies and nearly 1,000 hardware and related technology companies.

This industry cluster report is based on a narrower definition of information technology to avoid double-counting workers in other technology clusters such as telecommunications and aerospace. This analysis divides information technology into two clusters: software and hardware. Hardware includes companies that manufacture computer peripheral equipment. Software, which is covered in this report, includes companies involved in activities ranging from the development of off-the-shelf software products to custom computer programming, computer facilities management, computer systems design, and data processing services. Software companies also provide network solutions, web-based applications, and operating systems.

The Denver South region[1] is a thriving information technology hub. The Denver South region has a higher concentration of software employees than the nine-county Metro Denver and Northern Colorado region[2], making it an attractive location for new companies and ensuring that existing businesses can grow and remain competitive. Indeed, 22 percent of all software employment in the nine-county region is located in the Denver South region.

- Healthcare technology and services company The TriZetto Group will build a new worldwide headquarters building in Douglas County's Meridian International Business Center development. The 186,000-square-foot, $40 million project will accommodate the company's growth and is slated for completion in spring 2013.

- Innovation Pavilion, a new business incubator focused on technology launched in Centennial will be home to entrepreneurs, business startups, academic and government organizations, and established businesses. The 80,000-square-foot Plug and Play project will offer work space and WiFi to entrepreneurs and will be complete in 2012. The project is modeled after one of Silicon Valley's most successful Plug and Play Technology Centers, featuring more than 300 startups.

- Centennial-based Trulia Inc.—a residential real estate website and search engine company—opened its first Denver-area office in May 2011. The company hired 100 employees and plans to add another 50 employees by early 2012.

[1] The Denver South region consists of zip codes 80111, 80112, 80124, 80126, 80129, 80130, 80134, and 80237.
[2] The nine-county Metro Denver and Northern Colorado region consists of Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, Jefferson, Larimer, and Weld Counties.

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- Douglas County-based IHS Inc. acquired Houston-based Seismic Micro-Technology, Inc. (SMT) to offer expanded data products and software solutions to customers. SMT provides geosciences software to help customers find and develop new oil and gas reserves. The $500 million acquisition is IHS Inc.'s largest deal in its history.

- IT hosting provider Latisys plans to build a second data center on its existing 6.5-acre campus in the Denver Tech Center. The $50 million, 82,000-square-foot center will house a number of employees, computers, and servers. Increased demand for hosting services in Denver drove the expansion decision.

- Denver-based Digital Folio Inc. secured more than $1.2 million in angel funding to continue expanding its software platform. The company recently unveiled its automated price checking and product comparison software.

SOFTWARE ECONOMIC PROFILE

The software cluster consists of seven, six-digit North American Industry Classification System (NAICS) codes including software reproduction, software publishers, custom computer programming, data processing and hosting, computer facilities management services, and computer systems design services.

	Denver South	Nine-County Region	U.S.
Direct Employment, 2011	8,970	41,640	1,903,090
Number of Direct Companies, 2011	660	4,430	197,300
One-Year Direct Employment Growth, 2010-2011	6.8%	4.7%	9.5%
Five-Year Direct Employment Growth, 2006-2011	-3.1%	-1.8%	4.5%
Avg. Annual Direct Employment Growth, 2006-2011	-0.6%	-0.4%	0.9%
Direct Employment Concentration	4.3%	2.4%	1.3%

Sources: Dun & Bradstreet, Inc. Marketplace database, July-Sept. 2006-2010; Market Analysis Profile, 2011; Development Research Partners.

Software Employment

- The software cluster directly employed approximately 8,970 people in the Denver South region in 2011.

- Software companies employed 4.3 percent of the Denver South region's total employment base, compared with 2.4 percent and 1.3 percent employment concentrations in the nine-county region and nationwide, respectively.

- Seventy-four percent of the Denver South region's software cluster employees provided custom computer programming, computer integrated design services, and other computer-related services.

Wages

Total payroll for the software industry cluster in the nine-county region exceeded $3.7 billion in 2010. The 2010 average annual salary for software cluster employees in the nine-county region was $93,800, compared with $93,480 nationwide.

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Denver-Aurora-Broomfield MSA Occupational Salaries, 2010 Annual Average

Computer and Information Research Scientists	$96,410
Software Developers, Applications	$92,200
Computer Programmers	$79,350
Database Programmers	$70,720

Note: Mean annual salary data is for the 10-county Denver-Aurora-Broomfield Metropolitan Statistical Area (MSA) consisting of Adams, Arapahoe, Broomfield, Clear Creek, Denver, Douglas, Elbert, Gilpin, Jefferson, and Park Counties.
Source: U.S. Bureau of Labor Statistics, Metropolitan Area Occupational Employment and Wage Estimates, May 2010, www.bls.gov.

Software Companies

- Approximately 660 software companies operated in the Denver South region in 2011.
- Nearly 71 percent of the Denver South region's software companies employed fewer than 10 people, while 0.8 percent employed 250 or more.
- Approximately 90 percent of the Denver South region's software companies were located in Arapahoe (47 percent) and Douglas (43 percent) Counties.

Major Software Companies

- CIBER, Inc.
  www.ciber.com
- Cisco Systems, Inc.
  www.cisco.com
- EMC Corporation
  www.emc.com
- IHS Inc.
  www.ihs.com
- Latisys
  www.latisys.org
- Oracle Corporation
  www.oracle.com
- Rivet Software
  www.rivetsoftware.com
- Software AG
  www.softwareag.com
- Statera, Inc.
  www.statera.com
- Sybase, Inc.
  www.sybase.com
- The TriZetto Group, Inc.
  www.trizetto.com
- Trulia Inc.
  www.trulia.com

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