

Thank you Chairman Clemente for inviting me to speak in support of HR5808. Thank you Representative Byrnes for introducing the bill that will add support to Michigan' IT industry to the 21st Century Jobs Fund.

I believe this addition will have a dramatic and positive effect on Michigan for three main reasons: Investment in IT companies leads directly to adding workers, these are high paying jobs, and Michigan has a strong talent base in these fields. Allow me to expand on each of those points.

First of all, IT businesses have very low capital requirements compared to other sectors participating in the 21st Century Jobs fund. There are no specialized equipment or space needs. Computers and software development tools are easily available, and well within most budgets. IT companies typically operate out of standard commercial office space; no specialized site preparation and build out is necessary. In our company, 78% of our costs go to employees in the form of salaries and benefits. That means that 78% of every dollar that goes into our business would be spent on creating jobs in Michigan. That high rate of return means that Michigan's tax grows faster by investing in IT companies in Michigan.

Secondly, IT jobs are high paying jobs. Two of our younger employees, a 2008 graduate from University of Michigan, and a 2010 graduate of Michigan Tech are both shopping for their first houses in the Ann Arbor area. I'm proud that we can provide the wealth creating careers that enable recent graduates, under age 25, to purchase homes and contribute to the future of Michigan's economy.

Our company is not unique in this regard. The University of Michigan Career Office reports that the average starting salary for Bachelor degree Computer Science majors is \$60,000. Beginning Master's degree graduates average is \$77,600. (Source: http://career.engin.umich.edu/annualReport/Annual_Report0809.pdf Engineering Career Resource Center Annual Report 2008-2009). The Federal Bureau of Labor and Statistics reports similar positive statistics about the IT industry. Nationwide, the median salary for software developers is 85,430. (Source: <http://www.bls.gov/oco/ocos303.htm>). Investing in the IT industry creates high paying jobs that will grow Michigan's tax base.

This legislation will provide a needed boost to those companies looking to hire IT talent. Throughout our company's history, job growth was constrained by short term financial concerns. Even as sales were growing, we were forced to wait, or grow more slowly than we would have liked. Funding issues made us avoid pursuing two different product ideas that could have led to faster growth and more job creation. We simply did not have the funding necessary to fund those projects. That situation continues for other startups in the IT sector. We've had several startups approach us in the past six months for help creating software products. All of those projects are on hold while they seek funding. Lack of funding slows our growth, and the growth of these new ventures. If all the startups that have approached us were fully funded, SRT Solutions would double in size. That's in addition to the job creation in each of the startups.

Third, Michigan has the talent for the IT industry, and our universities are training the next generation of talent. I've spoken to professional development organizations in Ann Arbor, Southfield, Flint, Lansing, Grand Rapids, and Kalamazoo. I'm making a trip to speak at a new organization in Traverse City that was

founded over the past Winter. I've also spoken at major Microsoft events in Detroit where the attendance was greater than one thousand professional developers. CodeMash, a regional conference for software developers, has quadrupled in attendance since its founding in 2007. Think about that for a moment: during the worst economic conditions since the great depression, a software development conference has grown from a 2 day event for 150 people to a 3 day event with close to 600 attendees. And that's in our region. The US Department of Labor showed roughly 60,000 professional developers and architects in Michigan.

At SRT Solutions, we've reached out to local leaders that run or want to start professional organizations on IT topics. We now host 12 different educational meetings during the course of a month.

Our universities are creating the next generation of talent for these positions. There are currently more than 1,000 undergraduates pursuing computer science or software engineering degrees at University of Michigan, Michigan State, and Michigan Tech. There are another 800 graduate students in those universities in the same fields.

SRT Solutions has enjoyed steady, meaningful growth over the last 10 years. We've added 8 staff people in the last two years. We've doubled our downtown Ann Arbor office space. It's amazing to think of all that we've accomplished, and even more amazing to think of what more we could have accomplished with additional support from the state.

None of this matters if the future isn't bright. However, the future for the software industry is very bright. The Federal Bureau of Labor and Statistics predicts that the IT sector will create more than 750,000 new jobs in the next 8 years. IT is expected to grow twice as fast as the average for all occupations in the economy. The current data from area Universities bears that out. The College of Engineering career office at the University of Michigan reports that the three most requested degrees by employers are Computer Science, Electrical Engineering, and Computer Engineering. The question is how many of these new high paying jobs will be created in Michigan, as opposed to other states. This legislation will make more entrepreneurs look at Michigan as the location for their new venture. That will increase our chances of being the home of the next job creation engines. That will make a better future for all of us in the state of Michigan.

Thank you.