

## **“A Perfect Storm”**

By [Ric Urrutia](#), Taos Co-Founder and CEO

A perfect storm is a simultaneous occurrence of smaller storms which, when taken individually, would have been far less powerful than the storm resulting from their chance combination.

For the Silicon Valley and greater Bay Area, 2010 will be a “perfect storm” year made up of four simultaneous events. The effect of this perfect storm will yield unprecedented opportunities for organizations and individuals to take their game to the next level. The results will vary and they will be drastic. You have two choices: you can embrace the changes and reap huge rewards, or you can ignore them, becoming obsolete and facing early retirement.

I’ve nicknamed each of the storms:

1. The “[Global Economic Comeback](#)” storm
2. The “[Technology is Everywhere](#)” storm
3. The “[NorCal Makes Rain, Baby](#)” storm
4. The “[Global Pent Up Demand](#)” storm

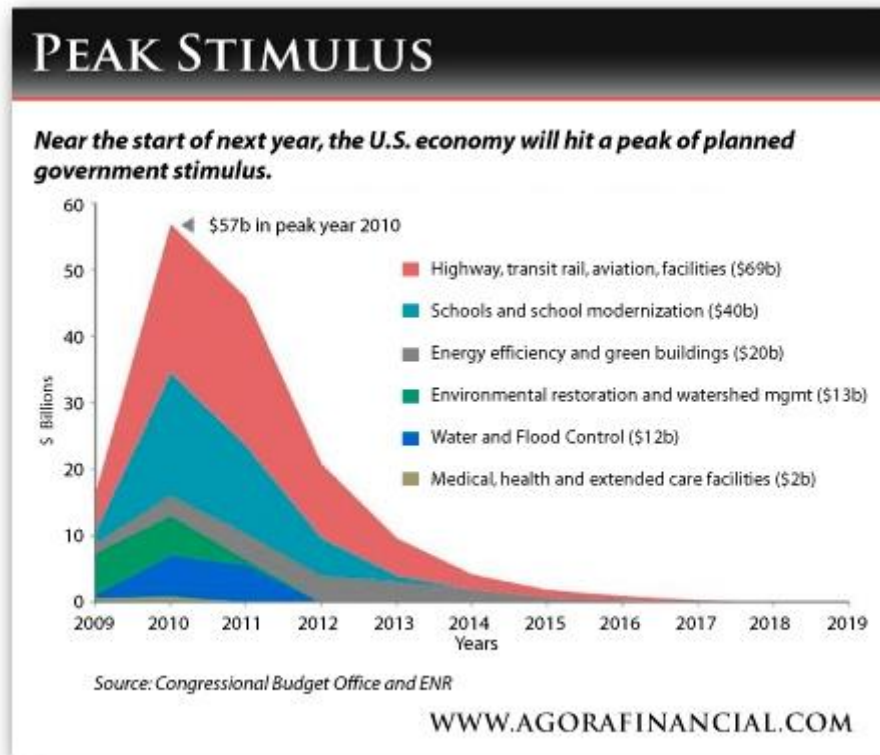
### **“Global Economic Comeback”**

Global economic recovery is well under way, and the evidence that we are indeed enjoying economic recovery is overwhelming. Since their March of 2009 lows, U.S. markets have made remarkable turnarounds. The Dow Jones is up 65% from last year’s low, and the NASDAQ is up a whopping 80%. Many non-U.S. markets have fared even better.

**GDP for 2010 will be strong here and abroad. This recent [Bloomberg survey](#) reveals the consensus estimates for this years’ growth by the largest 28 economies on the planet.**

With the exception of Spain, all are expected to grow.

Government stimulus spending here and abroad will peak in early 2010. To date, U.S. stimulus spending has totaled 2.8 trillion with another 8.2 trillion in commitments. The majority of that is slated to be spent in the first half of 2010. That’s a lot of money being pumped into the economy. I found the chart below interesting:



Forward looking organizations that are positioning themselves to capitalize on this global economic turnaround by investing in new capabilities and operational efficiency before the coming wave of revenue growth have the competitive advantage for the future. Those organizations that wait too long will find themselves in a reactionary posture and miss this opportunity.

### **“Technology is Everywhere”**

Consumer technology is making its way into the IT enterprise in a fast and furious fashion. A few years back, Gartner coined it “the consumerization of IT,” but perhaps even before that, I’ve been calling it “IT everywhere.” The main distinction for me is that traditional enterprise IT products like routers, firewalls and wireless networks continue to make their way into the home. This two-way street of technology deluge makes for extremely sophisticated end-users, especially young up-and-comers who will not tolerate dictatorial IT policies.

Those enlightened IT executives who embrace the notion of “IT everywhere,” listen to their customers, and build flexible organizations that can adapt to change at the speed of “Moore’s Law” will help move their companies forward and enjoy success and growth. Those focused on “doing IT a la cheap” and keeping the CFO happy will find themselves constantly on the defensive and will fare less well.

### **“NorCal Makes Rain, Baby”**

Not only is technology everywhere, a ton of it is created right here in our own backyard. If Northern California were a country, there would be a G8 instead of a G7.

Even at a time when unemployment is at multi-decade highs, Silicon Valley has fared significantly better than any other region. A recent CNN [“top 10 list”](#) shows that, with the exception of the DC beltway, San Jose is the number one city in the country to find a job. I personally know this to be true as we’ve added more than 50 headcount to our staff size since May 2009 and still expect to grow significantly more than that in 2010.

The Bay Area’s job growth should come as no surprise to anyone. Northern California attracts more venture capital investment than all other regions combined. This is the Mecca of high-tech, biotech, and clean-tech. The Valley’s [Vinod Kholsa](#), who helped form Sun Microsystems, has a \$1.1 billion venture fund for clean-tech alone.

Not to exclude the public companies, Bay Area companies dominate the tech-heavy NASDAQ market. Take a look at the [largest 100](#) companies in that index. I find it amazing that 38 of the 100 largest are headquartered or have a large presence in the Bay Area.

The executives and entrepreneurs that invested resources wisely and innovated next generation, cutting edge technology products, services and solutions will reap huge benefits in the years ahead. These will become the new offerings that will further cement our hold as the preeminent center of technology on the planet.

IT organizations that understand what their focus should be and that work with partners to deliver commodity services will find themselves strategically aligned.

### **“Global Pent-Up Demand”**

The initial phase of recent economic recoveries has been coined “jobless recoveries” because investments in technology are made to automate and to make existing employees more productive. This pent-up demand for services and technology drives significant growth for IT. Once the economic recovery is well under way, job creation ensues, fueling the increased need for technology products and services.

This demand, when coupled with a Fed policy that keeps interest rates low and the dollar significantly cheap, allows foreign enterprises to come technology shopping in the Bay Area sooner rather than later. Additionally, the trend towards offshoring will begin to abate as more [locally-based companies like Taos](#) take advantage of skilled, culturally aligned, and easy to manage resources in the U.S.A.

IT executives around the globe will feel pulled in two directions. The business will continue to ask for cost savings and cost reductions, but at the same time will ask for new technologies in order to grow and attract the new customers that come with this uptick in demand.

IT executives must be extremely careful to focus in the right areas and deliver high yield returns. Traditional focus on operational performance and cost management will become less effective. IT executives who can identify and focus on the core and mission critical business processes will fare much better than those who won’t.

## **“The Perfect Storm”**

2010 promises to be a revolutionary year indeed. I enter the new decade with a great deal of confidence, enthusiasm and positive attitude. The road ahead is exciting and brimming with opportunity, yet is extremely challenging. Meeting the challenges of 2010 will require each of us to make bold decisions that impact more than just our individual organizations.

I look forward to talking with all of you in 2010 and exploring how Taos may be of assistance to you in making this year “your perfect storm.”

Here is to a tremendous and wonderfully stormy 2010.

Ric