



**NASHVILLE
TECHNOLOGY
COUNCIL**

2018 State of the Tech Industry

Brian Moyer - President & CEO of the NTC

This past year brought many significant signs and outcomes that highlight the strength and vitality of the Middle Tennessee technology sector. Jobs are on the rise, our education system is more focused on STEM initiatives, and we continue to raise our national profile as a desirable destination for technology-dependent companies looking to expand or relocate from other parts of the globe.

At the heart of our success is a regional creative culture that fosters an ideal environment for growth and innovation. The greater Nashville area is a welcoming, cooperative ecosystem that actively nurtures both new and existing tech businesses. We have become a magnet for new tech talent from other markets and are aggressively expanding our own tech talent pipeline.

Our startup activity is significant. The Kauffman Foundation has ranked Nashville as 4th in the Nation for startup growth and 2nd for small businesses owned by millennials. Included in that growth is a long list of tech startups spanning a variety of industries including healthcare, music, finance and others.

This new growth builds upon an existing foundation of Middle Tennessee tech companies, plus the significant tech presence represented in our Fortune 1000 companies.

The Nashville Area Chamber of Commerce reports significant area economic development wins in the past year with 93 business relocations and expansions announced that included more than 6,500 new jobs. Two of the biggest wins were Philips, the global HeathTech company that announced their plans to bring 800 jobs to the Nashville area, and AllianceBernstein, the New York-based global investment management firm, that announced they are moving their headquarters from Wall Street to Nashville along with 1,000 jobs. In both cases, technology occupations make up a significant percentage of their total jobs and in almost all of the announced business relocations and expansions the strength of our tech sector was relevant in their decisions.

Included in those wins are a growing number of West Coast tech companies that have either expanded or relocated to Nashville. It started with Eventbrite and Lyft and now includes many others.

All this activity is attracting attention:

Livability.com published their 2018 list of the 10 Best Cities for STEM Workers. Out of 2,000 cities that were analyzed, Franklin ranked 7th on the list. They noted that more than 15% of the jobs in Franklin are in the STEM category with a median income of over \$100,000.

In a separate report, livability.com ranked Nashville 2nd in the nation as a great place to find a resume-worthy tech job with an affordable cost of living.

CBRE's 2018 Scoring Tech Talent Report found that Nashville's tech workforce was the fastest-growing in North America for a market of our size.

And Headlight Data reported in July that Nashville had the fastest growing large metro economy of 2017. That was based on employment growth of 3.5%. It's worth noting that during that same time, the tech workforce grew by 5%, or 43% faster than the Nashville average.

As documented from a variety of sources, methodologies and metrics the technology sector of Greater Nashville is a leading contributor to the economic growth of our region.

This year brings with it the ability to analyze the tech workforce in Middle Tennessee as never before. In partnership with Middle Tennessee State University we procured access to in-depth workforce data and used it to produce a comprehensive report on the local tech workforce. Collaboration on this report allowed us to create a tailored definition of "creative tech" for the greater Nashville area; one that is truly reflective of our local tech community. This definition encompasses not only traditional tech occupations, but also analyzes occupations that lie at the intersection of tech, mathematics, and business. It also captures the tech workers that fuel industries – like healthcare and entertainment – that serve as the economic backbone of our region. The first part of this report, titled 'State of Middle Tennessee Tech 2018', will be released today.

In a separate initiative, we are partnering with the Nashville Area Chamber of Commerce to conduct a research study that will provide new details never before available to help define and better understand our existing tech workforce. That study is due to be completed early next year.

Two years ago, I challenged our board to select a single metric we could use to track our impact and success. We agreed that metric would be the total number of tech workers in Middle Tennessee. According to data from the State of Middle Tennessee Tech Report, that number currently stands at 46,099, which represents approximately 5% growth in each of the past two years. It also represents a 30% increase over the past five years, outpacing national tech job growth by 10% and general Middle Tennessee job growth by 15% over the same period.

All of this adds up to an economic impact of more than \$6 Billion for our region. The technology sector spans all our major industries and serves as the enabling force driving innovation and growth in healthcare, music, manufacturing, finance and others.

Today, the NTC's membership includes 450 tech companies, tech-enabled enterprises, professional service providers, non-profit organizations and educational institutions.

Our board of directors embody a cross section of the Middle Tennessee tech community and represent companies that generate more than \$150 Billion of Nashville controlled revenue with more than 600,000 worldwide employees.

We execute on our Mission to be a catalyst for the growth and influence of the Middle Tennessee tech sector through four pillars. Connect, Unite, Develop, and Promote.

In the past year:

We **connected** our tech community by producing, promoting or hosting 458 events with more than 18,000 attendees.

We completed our first full year at Tech Hill Commons, the NTC's community event center and office space. From product launches to tech meetups and networking events, Tech Hill Commons has become the living room, conference room, classroom, and auditorium for Middle Tennessee's tech community.

We **united** through our public affairs and advocacy efforts. The NTC and its members organized more than 146 engagements with local and national policy makers and testified on net neutrality, data breach policy and blockchain technology. We registered two lobbyists to work on behalf of our members and enjoyed early wins with blockchain and data breach legislation.

We worked to **develop** the next generation of tech talent by engaging with more than 3,000 students over the course of the year through technology camps, traveling tech days the Hour of Code.

We expanded our professional development efforts by launching five new programs including the Emerging Leaders in Tech, the Veterans Peer Group, the Technology Community Leaders Council, the Retail IT Peer Group and partnering with NashDevOps to become part of the NTC.

And we officially launched Apprenti TN, Tennessee's first tech apprenticeship program.

We **promoted** the Middle Tennessee tech community in the region and around the world by building relationships with the press to spread the word about member achievements, as well as evangelizing Middle Tennessee's creative tech community to a global audience.

During the year, we met with representatives from more than twenty states and eight countries to build relationships around tech development - including economic development visits to Silicon Valley, Seattle, Winnipeg, and London. These were opportunities to highlight the benefits of the Middle Tennessee creative tech scene and encourage investment in and expansion to our region.

Ladies and Gentlemen, the evidence is clear and substantial. The greater Nashville area has seized the attention of our Nation and beyond to become a global player in terms of

innovation, creativity and technology. These talents are driving the economic growth we are experiencing across all our key industries.

But that is just part of the story.

We believe that with success comes a responsibility to give back to our community. I am regularly inspired to see the work being done within our tech community to help those in need. We partnered once again with the HCA Foundation to host Hack for the Community. In this third instance of the Hack we saw more than 200 tech volunteers working on technology solutions to support 20 different area non-profits.

In conjunction with the Hack we announced that a portion of the profits from our IT Symposium would be given back to the community in support of one or more of the non-profits. Those monies were donated to the TechBridge DreamBig Grant program who announced their grant award winners last week. We are proud to support the great work TechBridge is doing in support of our area non-profits. In addition to TechBridge, GeekCause and the Nashville Software School provide significant support to our area non-profits, along with many of our other member organizations.

The success of our area economy has resulted in historically low unemployment rates. At the same time, the success of the technology sector is driving increased demands for workers. According to the 'State of Middle Tennessee Tech' report, active unique job postings in Middle Tennessee average 7,000 per month. (To put that in perspective, active unique job postings for the entire United States average 1.2 million per month). In 2017, our area colleges and universities produced 3,670 graduates with degrees relevant to tech work.

The Technology Council has a long history of workforce related initiatives. Those efforts include K-12 programs, supporting our area colleges and universities, working with our member companies to implement internship programs, and actively working to sell the significant benefits of our creative tech culture to recruit talent. Those efforts, along with the State's Drive to 55 program and many other initiatives, are still not meeting our need for tech workers.

Last year at this event, we announced plans to create a new tech apprenticeship program. I'm pleased to report that in June we launched Apprenti TN. Apprenti TN bridges the opportunity gap by providing workers trying to fit into the modern economy a path forward to higher paying tech jobs.

Apprenti TN is a program of the NTC Foundation and dedicated staff has been added to administer this program. We want to acknowledge and thank our early financial supporters including: 3-D Technology Group, HCA Healthcare, Asurion, Change Healthcare, Baker Donelson, and Giarratana Realty.

Response from area tech employers has been tremendous with more than 15 employers already committed to be hiring partners. We have worked with our hiring partners and other area employers to identify the tech jobs in greatest demand and we are seeking apprentices to fill software development, system administration and network security roles. Once candidates have passed the aptitude assessment and our vetting process, they are paired with hiring partners. If the interview goes well then, an agreement is signed guaranteeing the apprentice a job for one year at a pre-determined salary and start date, conditioned upon

completion of their training. This differentiates Apprenti TN from other job training options because the apprentice knows they have a new job waiting for them before they quit their existing job to enter the training period. We have partnered with the Nashville Software School as our founding training partner.

Our plan calls for 15 apprentices in the first cohort. The hiring partners have been lined up and interviews are currently being conducted. Training is scheduled to start the first of November and they will be on the job to begin their one-year of on-the-job training in February. Multiple cohorts are planned for next year with a long-term goal of placing 1,000 apprentices per year across the State of Tennessee.

When we announced our plans to launch Apprenti TN we also stated our intentions to reach out to specific segments of our population including veterans, women and other underrepresented minorities. We believe that bridging the opportunity gap is the key to moving underemployed workers with the aptitude to learn into higher paying tech jobs.

Outreach efforts for Apprenti TN are being coordinated through area community partners. Organizations that have members and constituents who are part of our target audience.

Early results are encouraging. Since June 2018, we have had 459 individuals take the aptitude assessment with half of them scoring an 80% or better indicating they have an aptitude to learn a tech skill. Of those, 58% are people of color, 43% are veterans, and 24% are women.

There is no one silver bullet that will solve all our workforce needs but clearly, we have an opportunity to build a more inclusive tech workforce. Your companies will be better for it and our region will be better for it.

I believe it, do you?

You may be wondering how you can help.

- By getting the word out to potential candidates to take the assessment
- By signing up to be a hiring partner
- By committing financially to support the program

If so, please see me or any of our team members after the meeting.