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## Obscure city is capital of data storage

**The Atlanta Journal-Constitution**

Monday, December 12, 2005

Longmont, Colo. --- Austin, Texas, has Dell and semiconductors. Seattle has software. Silicon Valley has a piece of just about everything high-tech.

But in the fast-growing business of digital storage technology, there's no place like Longmont.

Amid fields of sunflowers and sugar beets about 35 miles north of Denver, a growing collection of companies in Longmont and surrounding Boulder County is shaping the future of the otherwise dull business of data storage.

Maxtor Corp. and Seagate Technology Inc., the big disk drive companies, have major operations here. StorageTek has its headquarters in nearby Louisville, Colo. And a host of up-and-coming companies, such as InPhase Technologies Inc. and Cornice Inc., which makes tiny storage modules for cellphones, MP3 players and other devices, also call the Longmont area home.

"Around here, locals call this area Data Storage Central," said John Cody, president of the Longmont Area Economic Council.

As the amount of data we all want to keep forever increases with every piece of video, every digital photograph and every Web site, the technology coming from this region promises to become increasingly important.

"It doesn't seem to matter which vendor we're talking to, eventually if we're getting into a deal we have to make a trip to the Boulder-Longmont-Denver area," said Clyde Smith, a vice president of Atlanta-based Turner Broadcasting System, which is constantly looking for new storage solutions for its television programming. Good talent pool

Copan Systems Inc., which specializes in magnetic disk storage technology, was founded in Austin as an offshoot of venture capital firm Austin Ventures.

But as the company began to grow, it knew it needed to be in an area with a sizable work force knowledgeable in storage technology.

Copan considered other storage technology hotbeds such as Silicon Valley, Boston and Minneapolis but landed in Longmont because of its quality of life, its relatively low business costs and its increasing importance in the industry. It also got more resumes from Longmont than any other place in Colorado, said Copan co-founder Eric Sumpter.

"There's a very good talent pool ... and I think you'll find that almost every device-level storage company has [an operation] here," said Sumpter, whose company now has 65 workers. "For us, it was sort of a natural fit."

According to the Longmont economic development group, the city has 13,500 technology industry workers, including about 3,000 that work in data storage businesses. Thousands more work at data storage

companies in surrounding cities. Frequently overlooked

Longmont isn't typically mentioned along with other tech hot spots such as Silicon Valley or Austin. But with 46 percent of the city's residents involved in the tech industry, it is among the country's most tech-centric communities.

Colorado as a whole, in fact, has more tech workers per capita than any other state, said Jessica Wright, regional executive director for AeA, a technology trade group.

While all of northern Colorado is known for data storage technology, Longmont "is becoming the top of the list," she said.

The region's roots in storage technology stretch back to 1965, when IBM Corp. opened a data tape equipment plant in nearby Niwot, about halfway down the 15-mile stretch of Colo. 119 between Longmont and Boulder.

Soon after, several former IBM engineers left to start StorageTek, now one of the world's biggest data storage companies.

IBM has since moved its data storage headquarters to Arizona, and StorageTek recently was purchased by Sun Microsystems Inc.

But the entrepreneurs and new businesses that have ties to the early operations of IBM, StorageTek and other companies continue to spread throughout the region.

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## business

# Cornice gets \$97 million in venture capital funds

**The Longmont maker of storage disks is receiving the 2nd largest investment in the state this year**

By Kimberly S. Johnson  
Denver Post Staff Writer  
DenverPost.com

A Longmont company that makes storage disks for consumer electronics such as cellphones, said Wednesday it received \$97 million in venture capital funding.

It's the second round of funding for Cornice Inc., and the money comes from four different firms.

The venture capital investment is the second largest in Colorado this year. In February, anti-spyware software developer Webroot received \$108 million. Venture spending in Colorado reached \$291 million for the first six months of 2005, up 52 percent from the \$192 million spent during the same period last year.

Cornice will use the money to carry the company until its initial public offering in about two years.

"We had some seed and venture money before. This is the round to get us to the IPO," said Kevin Magenis, Cornice co-founder, chairman and chief marketing officer. "We wouldn't do it (an IPO) until the market is right. Our goal is to get out there with the company and the public offering."

Cornice's funding was led by a new investor, Caisse de Depot et Placement du Quebec, with VantagePoint Venture Partners, Blue Run Ventures and BA Venture Partners each pitching in an equal share. Magenis would not reveal how much each investor contributed to the round. Members of Caisse will not hold a seat on the company's board of directors as Cornice is restructuring its board to make it resemble that of a public company.

The company, which employs 170 of its 186 employees in Longmont, will use the funds to hire at least 30 engineers in 2006, Magenis said.

The hard-disk storage company makes devices that fit into popular, portable electronic devices with a client list that includes Phillips, Rio, Samsung and Sony.

At its Longmont headquarters, Cornice engineers test hard disks in cellphones by spinning them around and dropping them from a height of 1 meter. Magenis said cellphone makers such as Samsung require that the parts pass that stringent test.

Magenis estimates that 1 billion cellphones will be sold worldwide annually by 2009. Between 10 percent and 20 percent of those phones will contain some sort of hard-disk drive, and Cornice is working to be on the forefront of the market.

"That (number) is one of the reasons we were able to attract so much venture investment," he said. "High capacity storage in mobile phones do more than just make phone calls. They have Windows operating systems, you can store files, listen to MP3s, play and record video. All of these functions are coming together."

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# Rocky Mountain News

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## Disk-drive makers to merge

No. 1 Seagate to buy Maxtor; job losses feared in Longmont

**By Roger Fillion, Rocky Mountain News**

**December 22, 2005**

Two California makers of computer hard drives with almost 2,300 employees in Longmont are merging in a nearly \$2 billion deal that could spell local layoffs.

Under the merger, No. 1 disk-drive maker Seagate Technology agreed to buy rival Maxtor Corp. for about \$1.9 billion in stock.

Officials at both companies said it was too soon to know what impact the merger might have on their facilities and employees. Both companies employ workers in Longmont.

The deal could take six months or more to close.

"We don't believe Seagate facilities will be impacted as a direct result of the transaction," said Seagate spokesman Brian Ziel.

"We have no announced plans for what will be happening with any Maxtor facilities, let alone Longmont."

Based in Scotts Valley, Calif., Seagate employs about 1,300 in Longmont. Employees there are mainly involved in product development and design for desktop and notebook drives, as well as product marketing.

Maxtor, based in Milpitas, Calif., employs 956 in Longmont, spokesman Alan Bernheimer said.

"The vast majority of folks there are engineers designing disk drives," he said.

Bernheimer also said it was "absolutely too soon to say" what impact the merger would have on Maxtor.

"The acquiring company gets to make the calls, obviously," he added.

Analyst Brian Babineau of the Enterprise Strategy Group in Milford, Mass., predicted layoffs as Seagate seeks to eliminate duplication.

He also said the cuts could come from both sides and not necessarily Maxtor alone.

"Across the board, from executive management down to facilities, you are going to see consolidation," Babineau said. "I would assume some of the synergies would come from both sides."

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## The Ticker, December 21

**December 21, 2005**

### **COLORADO MEANS BUSINESS**

Here's how Colorado and the Denver area rank in various industries, according to the Metro Denver Economic Development Corp.:

**Aerospace:** Colorado is first in the U.S. in private-sector aerospace employment.

**Bioscience:** Colorado ranks fourth in the number of science and engineering graduates enrolled in doctorate-granting institutions.

**Energy:** Metro Denver ranks third for fossil energy employment in the U.S.

**Financial services:** Metro Denver is the fifth-largest financial services center.

**Information technology/software:** For the fifth straight year, the Boulder-Longmont area has the highest concentration of software employment in the U.S.

### **KEEP ON CLIPPING**

U.S. shoppers redeemed 3.2 billion - or less than 1 percent - of the 342 billion coupons offered in 2004, mostly in Sunday newspaper inserts, reports North Carolina-based CMS Inc., a firm that handles cash transactions between coupon makers and retailers.

### **ONLINE IN FOCUS**

The Pulitzer Prizes board has announced that newspapers can now enter material published online in each category of the competition, an acknowledgment of the growing influence of Internet journalism.

### **QUOTABLE**

"We don't usually travel in limos. There will be high scrutiny of our expense statements. Trust me."

Dennis James of Texas Instruments, a Hyatt guest.

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