



PROSPER
PORTLAND
Building an Equitable Economy

DATE: January 10, 2018
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 18-02
Update on the Technology and Media Industry Cluster

BRIEF DESCRIPTION OF INFORMATION ITEM

No action is requested; information only.

At the January 10, 2018, Prosper Portland Board of Commissioners (Board) meeting, staff will provide an overview of the agency's cluster economic development strategy with a particular focus on the Technology and Media industry. At future 2018 Prosper Portland Board meetings, staff will provide updates on the agency's other traded sector economic development activities and initiatives.

Over the past five years, Prosper Portland's cluster strategy has contributed to the creation of 11,868 jobs in the four prioritized traded sector industries (those in which firms sell goods and services outside their regional location), accounting for 77 percent of Prosper Portland's total job creation contribution during this timeframe.

Moving forward, Prosper Portland will continue to focus its business development retention and expansion efforts on the four industry clusters (Technology and Media, Athletic and Outdoor, Metals and Machinery, and Green Cities), and add the Healthcare sector as a fifth area of focus, as these five industries provide the best opportunity for the agency to partner with the business community, harness economic growth, and increase middle-wage job opportunities for all Portlanders (see Attachment A for 2017 data on all five industries).

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

Prosper Portland's traded sector economic development work delivers on key objectives of Prosper Portland's 2015-2020 Strategic Plan, particularly by supporting quality job growth and collaborating with partners for an equitable economy. The primary emphases for the agency's cluster focus are ensuring small, local businesses stay and expand in Portland and that women and people of color benefit from business and employment growth. Within the Technology and Media cluster, the business retention and expansion work is guided by the foundational tenets of the TechTown Portland Diversity Pledge to increase workforce diversity and workplace inclusion within this high-growth, high-wage industry sector.

BACKGROUND AND CONTEXT

Prosper Portland has served as the City of Portland's economic development agency since 1981 and has focused on traded sector industry growth for many years. However, the 2009 adoption of the *Economic Development Strategy: A Five-Year Plan for Promoting Job Creation and Economic Growth* (Economic Development Strategy) heralded a new phase of Prosper Portland's work. By prioritizing only four industry clusters and devoting a staff member to each, Prosper Portland improved its ability to understand industry needs, build relationships, and tailor programs and initiatives in ways to grow quality jobs for the benefit of the industry and the Portland community at large.

Since adoption of the Economic Development Strategy, Portland's economy has more than recovered from the Great Recession, driven largely by Prosper Portland's four traded sector industries. Since its prioritization in 2009, Technology and Media industry employment has more than doubled, growing by 103 percent to more than 15,000 jobs in Multnomah County, exceeding regional and national growth rates of 54 percent and 44 percent, respectively. That employment includes software developers, computer programmers, multimedia animators, and web developers.

Portland's quality of place is a valuable attractor of talent and businesses in this industry and a contributing factor to the growth. Additionally, Portland's geographic proximity to technology hubs (such as San Francisco Bay Area and Seattle) and status as a relatively affordable West Coast metropolitan area make it an attractive location to start or expand a traded sector technology business. Growth in this industry has largely been concentrated in the central city because of two main factors: one, the urban core is generally preferred by employees due to its amenities, and two, the industry's move to cloud infrastructure and away from onsite resources requires less square footage for employers. So, even though the central city has a higher cost per square foot, the amount of space needed has decreased, making it less cost-prohibitive.

When the Technology and Media cluster was prioritized in 2009, staff concentrated on business visits, sharing Prosper Portland's service offerings and gaining a better understanding of company and industry needs. Prosper Portland used this knowledge to develop programs and initiatives where priorities align between industry and Prosper Portland with the primary focus on supporting local small business formation and growth.

By early 2011, this focus led Prosper Portland to create and be an initial investor in the Portland Seed Fund, an early stage fund supporting growth of the entrepreneurial community, particularly those in the Technology and Media cluster. Prosper Portland's investment in several rounds of the Portland Seed Fund has supported 61 businesses and the creation of more than 300 jobs. Forty-six of the funded businesses and the vast majority of jobs created are within the Technology and Media cluster.

In 2012, Prosper Portland partnered with the Technology Association of Oregon, seasoned local investors and startup founders, and promising, emerging companies to create Portland 100, a program to improve access to talent, mentorship, and funding for the most promising Technology and Media companies. The program included matching start-up founders with experienced mentors and introducing companies to venture capitalists.

To attract technical and executive level talent to Portland's Technology and Media cluster, in 2013 staff led the creation of TechTown Portland, a collaborative video showcasing ten industry leaders promoting Portland as a place to grow a business and career. TechTown Portland expanded in 2014 and 2015 to include a social media and web presence and a second video starring five individuals who relocated to Portland to grow their careers in the technology industry.

With the adoption of the 2015-2020 Strategic Plan, Prosper Portland honed its cluster industry work to focus on middle-wage job growth and enhance access to quality jobs for all Portlanders. In addition, the Strategic Plan called for adding Healthcare as a fifth target industry. Since the Strategic Plan was adopted, cluster industry staff has focused its work on ensuring that women and people of color have opportunities to participate in employment and business growth. In June 2015, Prosper Portland and 13 tech companies launched the TechTown Portland Diversity Pledge (Pledge) to increase workforce diversity and workplace inclusion. The Pledge (the full text can be found in Attachment B), commits companies to:

1. Partner with groups in Portland that can assist with hiring and career advancement for underrepresented communities;
2. Create and implement strategies to increase hiring of women and people of color, from intern programs to full-time positions at all levels;
3. Educate staff on unconscious workplace biases and implement specific actions designed to alleviate them;
4. Provide internal development and progression programs, and ensure underrepresented employees can access these programs; and
5. Share collective data on the demographic representation within offices in the Portland metro area of gender and race.

The Pledge now includes 24 companies, representing 2,400 employees locally – a group that would be the fourth largest non-healthcare private employer in the city if it were a single entity. Initial data trends indicate the Pledge companies are acting on their public commitment: among their new hires in 2016 and 2017, 46 percent were female, 22 percent identified as a person of color, and 13 percent identified as LGBTQ. The workforce hired within these companies since the 2015 Pledge launch is more diverse and similar to Portland’s overall demographics than prior to adoption. Furthermore, Pledge companies have a faster employment growth rate than the industry as a whole within the region; Pledge companies added 12 percent to their employment from 2016 to 2017 while the regional technology industry grew by two percent in the same period.

Areas of emphasis and opportunities for further improvement within the Pledge include: increasing retention rates among people of color, hiring diverse employees, providing upward mobility within organizations for people of color and particularly women of color, and increasing the participation in the Pledge by Technology and Media companies. One of the less tangible but important steps taken in 2017 was the creation of an Executive Council made up of six Pledge company members to ensure efforts initiated by Prosper Portland will result in greater workforce diversity and workplace inclusion. The Executive Council created a process for onboarding additional companies, implemented a Pledge membership fee to support the effort, clarified what being a Pledge company means, made recommendations on funding allocations, and solidified their roles as ambassadors for the effort. While Prosper Portland will continue to play an important convening role, staff will look for opportunities to allow the Pledge to become more self-sustaining and expand the involvement of partners.

More broadly, Prosper Portland aims to expand the work pioneered by the Pledge to the three other traded sector industries, acknowledging that each cluster has unique needs. In addition, the agency is exploring the following new initiatives:

1. Launching a Traded Sector Diversity and Inclusion Seminar to focus on ways small businesses can diversify their labor pool and foster better retention and inclusiveness in their practices;
2. Creating a Traded Sector Inclusive Innovation Fund, providing financial expansion assistance to small businesses in exchange for Public Benefit Agreements; and

3. Seeding a Traded Sector Inclusive Internship Fund, aimed at opening employment opportunities for priority populations within small, traded sector firms.

EQUITY IMPACT

The Technology and Media cluster strategy is explicitly focused on equitable outcomes for Portlanders, particularly by providing career and business opportunities for women and people of color.

ATTACHMENTS

- A. 2017 Cluster Industry Data
- B. TechTown Portland Diversity Pledge

2017 Cluster Industry Data

	Cluster	Total Current Jobs	10 Year Historic Job Growth	5 Year Projected Job Growth	% Middle Wage Jobs	# Middle Wage Jobs
Traded Sector	ATHLETIC & OUTDOOR	6,463	19%	8%	16%	1,040
	METALS & MACHINERY	15,629	-18%	-5%	33%	5,096
	GREEN CITIES	12,634	11%	9%	25%	3,192
	TECHNOLOGY & MEDIA	15,507	80%	19%	15%	2,372
Local Serving	HEALTHCARE	71,505	24%	13%	11%	8,182

TechTown Portland Diversity Pledge

Portland's technology community has much to celebrate; however, when it comes to having an inclusive and diverse industry we must improve. Diversifying our workforce to include all from our community is the right thing to do, and the data shows it benefits us in terms of innovation, team functioning, and bottom line results.

The undersigned believe it is necessary to do more than just talk about the need for a more diverse tech sector. We believe collective action and accountability are required to address the underrepresentation of women and people of color in our industry. Given our industry's history of tackling profound challenges, we believe we must tackle this challenge, too. Therefore, each of us has agreed to cultivate cultures of inclusion and create a plan for increasing diversity in our organizations. The actions being taken by pledging companies are:

6. Partner with groups in Portland that can assist with hiring and career advancement for underrepresented communities;
7. Create and implement strategies to increase hiring of women and people of color, from intern programs to full-time positions at all levels within our organizations;
8. Educate staff on unconscious workplace biases and implement specific actions designed to alleviate them;
9. Provide internal development and progression programs, and ensure underrepresented employees can access these programs; and
10. Share our collective data on the demographic representation within our offices in the Portland metro area of gender and race.

We will create community benchmarks and release our progress in an annual report. Our baseline information is available at TechtownPortland.com/Diversity. To achieve these actions we are partnering with Prosper Portland, the City of Portland, and Worksystems, Inc. Through this partnership, we will develop tools to foster an increasingly diverse and inclusive workforce. The coalition of companies listed below is just a start, and we invite you to join us. To join click the "Take the Tech Diversity Pledge" button on our site.

If we are successful, our efforts will create a needed pool of talent for our industry and establish Portland as a place where everyone can have a fruitful career in technology. We have a long road ahead, but we are proud to be united to foster a more equitable and prosperous Portland.

