

# Pair of tech 'gazelles' may point the way to the future

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SOUTHWEST FLORIDA: Such fast-growth firms may be pointing way to the future

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Economic development officers dream about finding companies like IntegraClick and Star2Star. Both grew up in Southwest Florida. Both have now landed in the spotlight at a time when the region is hungry for new jobs. IntegraClick, named the fifth-fastest-growing private company in the nation by Inc. magazine, is in the midst of acquiring its own 12-acre office campus using a Sarasota County tax-exempt bond issue.

Star2Star, a Manatee County company that has been quietly chipping away at the need for traditional phone systems in business settings, has landed an alliance with a giant business-phone installer that counts Pizza Hut, Lowe's, Outback Steakhouse, Pep Boys and Kelly Services among its national clients.

With their customer bases growing quickly and with the need to expand their payrolls to match, companies like these two are known as "gazelles" in economic development parlance -- entities that grow at a clip of 20 percent or more per year.

In this woebegone economic climate, the two companies typify exactly what economic development leaders have been saying for a decade: that the region needs high-technology, high-pay companies that take root here, providing diversification from tourism and real estate. Though both companies are young, there already is evidence that they can accomplish the other part of the dream: creating spinoffs that become substantial employers in their own right.

As IntegraClick chief executive John Lemp stands around for a photo shoot in his company's new, never-occupied campus, it is tough to visualize the 29-year-old as the founder of a company with nine-digit revenue.

He is wearing a cowboy shirt that he does not bother to tuck into his designer blue jeans, and he sports pork-chop sideburns and a goatee. He is talking about maybe building a multifloor slide in one of the two large office buildings he has bought. Employees, who already play foosball and munch out all day on free sandwiches and iced tea, are lobbying for the toy.

But his attire starts to make more sense as Lemp explains that it was not that long ago that he was just another struggling entrepreneur operating out of a spare bedroom, like some of the Web-based publishers now part of his 27,000-person strong army of Webizens.

They log on to Lemp's [www.clickbooth.com](http://www.clickbooth.com) regularly, deciding which ads they think would work on their sites. If they guess right in the cost-per-action, or CPA game, they can make money in their sleep, right along with Lemp.

"They do it because they make tons of money, silly amounts of money," said John Ardis, a spokesman for Chicago-based ValueClick Inc., a Nasdaq-traded company that runs a similar site called Commission Junction. "The CPA model means there is no guesswork. You do whatever you need to do, but I only pay you if that action takes place." Lemp started trying to make money on the Internet at 14. His teen years coincided with the late '90s, when the Web was transitioning from an academic plaything to an economy-driving power plant.



What he eventually came up with was a new kind of show-me-the-money Internet advertising plan. The advertiser pays only when the customer buys something or takes another desired action.

Until recently, Lemp has been operating under the radar. His cover was blown when Inc. revealed its list showing that IntegraClick has grown from scratch to revenues of about \$100 million since 2002.

As for his new campus, Lemp quickly demonstrates a serious mind behind that goatee and grin.

The twin office buildings he bought have room for at least 500 workers, yet the company only employs 100 or so. IntegraClick already is drawing some of its employees from homes in Tampa. The new campus, close to [Interstate 75's](#) University Parkway exit, will make it easier for Tampa residents to consider commuting south.

"The beauty of this is we can take more people from Tampa," said Lemp, as he hurried off to a meeting with his general contractor. Many of his recent hires are commuting south already. "So instead of Sarasota losing people to Tampa, we are actually gaining people from Tampa right now."

### **Little black box**

Star2Star is being built on a combination of hardware and software.

Founders Norm Worthington and Joe Rhem know each other from Worthington's previous successful start-ups, including Infresco, a software business he sold to Long Island-based Computer Associates.

Rhem jokes that he got sold up-river as part of the deal. After working for CA for a few years, he retired to his home on Siesta Key. "For the first 60 days I'm just in bliss. By the 90th day I'm walking around the house in my underwear looking for my keys."

That is when Rhem came across a little black box that changed his mind about retiring.

Here was a gizmo you could sell retail for \$200 -- no bigger than a hardback novel -- that could replace all the telephone switchboard equipment of the past for a business with up to 500 lines. It uses the Internet to carry the calls instead of traditional phone lines, and it could be tended by remote control from a laptop.

While you might think that the recession would be a horrible time to roll out such a new service, the opposite has turned out to be true. It turned out to be so cost-effective that businesses trapped by rising bills and eroding revenues are actually showing up.

Also, dealers whose sales of old-style office phone systems have plummeted are gravitating to Star2Star, becoming its unpaid sales force in return for residual income on top of the usual installation fees.

"If we take our revenues from the first two months of this year and multiply by six, we will be over \$10 million in sales this year," Worthington said.

Star2Star got a major boost starting a year ago when Bill Rogers, founder and CEO of Teleco, the nation's largest business phone installer, saw the system, joined Star2Star's board, and became a shareholder as well. Rogers, who lives near Charleston, S.C., owns a condo and keeps a large boat in Sarasota. He heard about Star2Star rubbing shoulders with Worthington, who also owns a yacht.

After seven years of searching the world for a quality Internet phone solution for business, he found it a few minutes from his condo on Tallevast Road near the Sarasota-Bradenton International Airport.

"I like to think of it as divine intervention," said Rogers.



Worthington says the company needs to hire two new people every week now just to meet demand. While there are no guarantees, the founders of Star2Star and IntegraClick have made themselves at home in Southwest Florida.

### **Anchors for a new era**

One of the major worries about companies like Star2Star and IntegraClick is that they could leave. IntegraClick has been courted by other locales in Florida. Either business could operate from anywhere, a quality the relocation industry calls "foot-loose," said Grant Thrall, a geographic economist at the University of Florida.

Worthington, a New College graduate, was coming home when he took the millions he made up north and resettled here.

Lemp, who got tired of New York winters, transplanted himself to a bay front view on Siesta Key.

If the companies are committed to staying, they could become for Southwest Florida what Microsoft Corp. has been for the Seattle area, albeit on a smaller scale, said Thrall, the UF economist.

"People are willing to move to Seattle because they feel that the probability of good employment opportunities is higher where you see a number of firms nearby that represent potential hires," he said.

Southwest Florida's unique ambience -- blending a warm climate, beach, golf and chi-chi shops -- may be just the thing to draw 21st century companies, Thrall said. "You are looking for a labor pool of highly educated, technology-adept, well-paid people who can choose where to live," he said. "Those people can choose to live in Flint, Mich.; Buffalo N.Y.; Silicon Valley or Sarasota."

### **Spinoffs, anyone?**

While no companies have yet spun off from the IntegraClick cocoon, the company's second-in-command Ravi Ghai acknowledged that it is inevitable. In fact, the company is inviting like-minded techies to set up shop in the unneeded office space within its own new campus, scheduled to open by the end of April.

In the case of Star2Star, the young company already has seen an example of a successful satellite business launching from the mother ship.

Bradenton-based New Age Technology Consulting is the brainchild of three people: David Lenosky, a former Star2Star sales vice president; his wife, Mona Levinson, who went from no technological experience to being a top dealer in the Star2Star distributor network; and Jeff Kratsch, a marketing executive who helped Star2Star build its distributor network.

The trio has now become a master distributor of Star2Star systems.

Part of the Star2Star's game plan is that distributors are now becoming the Manatee company's independent sales force. There is enough cash flow involved that Star2Star offers dealers commissions, which Kratsch says average out at about 10 percent.

"Here is the kicker," Kratsch said. "It really almost doubles the margin these phone system sales guys get."

The New Age premise is that the distributor will handle all the training and customer service for a share in the residual income, leaving the sub-distributor free to focus on sales, Kratsch said.

"When you build a better mousetrap and dramatically lower business costs in the process -- that is the key to economic development."

