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Influx of Silicon Valley branch offices churns up hot competition for Puget Sound talent

Premium content from Puget Sound Business Journal - by Todd Bishop and John Cook
Date: Thursday, October 28, 2010, 2:50pm PDT

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David Truong, a 21-year-old University of Washington student from Kirkland, faces an uncertain future as he looks ahead to entering the work force, hoping to remain in the region where he grew up. His biggest challenge: choosing among the multiple companies interested in hiring him.

"The job market seems really great," he says.

That might sound nuts, with Washington state's unemployment rate hovering around 9 percent. But Truong is a computer science major who has already started making his mark with internships at Intel, Lockheed Martin and Microsoft. And the competition for people like him is only becoming more fierce.

Grappling with a talent crunch in Silicon Valley, California-based tech companies including Facebook, social gaming firm Zynga, web-based software provider Salesforce.com, and internet TV service Hulu are establishing a new wave of engineering branches in the Seattle region. Their arrival promises to boost wages and create more opportunities for software developers and others with coveted technology skills — while causing headaches for some of the region's established companies and spotlighting limits on computer science and engineering education.

"It's true that there's a crunch," said **Ari Steinberg**, the Facebook engineer who heads the office established by the social networking company in August near Seattle's Pike Place Market. "That's why we're up here — we want to hire more engineers, of the highest quality. We're getting as many as we can in the (San Francisco) Bay Area, but that's still not as many as we'd like. We wanted to move up here to increase the available pool of people."

Google started the trend, establishing its first engineering center in the Seattle region in 2004, hiring many Microsoft veterans. Now its presence is contributing to the talent pool that Facebook and other newcomers are finding so attractive. The first 10 hires in Facebook's new Seattle office have come from companies including Microsoft, Amazon.com and Google, in addition to local startups.

Speaking after a recent UW appearance, Microsoft CEO **Steve Ballmer** acknowledged that the new influx of Silicon Valley firms will be looking to lure engineers from his company.

"Why would anybody open up in Seattle, Washington?" Ballmer said. "Answer: Microsoft and the University of Washington."

At the same time, Ballmer pointed out that Microsoft and other large companies have the luxury of being able to recruit globally, making them more immune to trends in regional job markets. Microsoft employs a total of 88,000 people, with more than half of them outside the Seattle region.

The University of Washington's Computer Science and Engineering bachelor's program graduates about 160 students each year, operating under an enrollment cap. The demand for the program is much higher than the enrollment allowed under the cap, said **Ed Lazowska**, University of Washington computer science professor. He described the situation as part of the broader problem with education funding in the state, citing data showing that Washington ranks 49th in the nation in bachelor's degrees from public colleges per capita, and first in the nation, per capita, in the importation of people with bachelor's degrees or greater.

"In other words," he said, "we are creating great jobs, and other people's kids are filling them."

The situation promises to become more intense as Facebook and other newcomers ramp up their university recruiting in the Seattle region.

"So far, most of the people that we've hired have been experienced, in the industry a large number of years, and that makes a lot of sense to start the team with a lot of strong leaders," Facebook's Steinberg said. "But we'll also probably start getting some of the more junior candidates. At Facebook in general, a lot of the university hires have done very well, so we're definitely open to all ranges of the spectrum."

Across the broader job market, the influx of companies from Silicon Valley will also have an impact on wages, said **Chris Berta**, a partner at The Laurel Group recruiting firm, which has offices in Seattle and Silicon Valley.

"You'll start seeing some bidding wars, which will be good for the candidates, less good for a company that may be strapped for cash," said Berta.

Companies that can't offer as much money will need to step up their games in other areas, offering a compelling vision and a chance to do exciting work with a chance to make an impact.

Glenn Kelman, the CEO of Seattle-based online real estate company Redfin, recalled giving Facebook's Steinberg a tour of the Redfin offices recently, and introducing him to the Redfin engineers there.

"At the end of the tour, I wondered, why did I just do that?" Kelman said.

In the short run, the situation will make recruiting harder, Kelman acknowledged. But long term, he said, he sees the influx of companies as good for Seattle, and for Redfin, by persuading talented people from around the world to come here. Redfin recruits from schools including Stanford University and the University of California, Berkeley, and Kelman recently went to Yale University to give a talk to a math and computer science club there.

"We continue to import plenty of talent from the (Silicon) Valley," he said. "Since we're doing pretty well, and we're at an attractive stage of growth, it has gotten easier recently."

Jeremy Lewis, the CEO of Seattle-based Big Fish Games, had a similar reaction when asked about plans by hot social gaming company Zynga to expand to the region.

"Seattle is already home to a number of great technology companies — startups, emerging growth and large ones alike," Lewis said. "It's been our experience that having a strong, compelling culture and successful business franchise allows us to attract and retain the talent we want, regardless of the competitive landscape."

In the meantime, people like UW student Truong are in an enviable position.

Truong currently has an offer in hand for a full-time job at Microsoft. He's waiting to commit and evaluating his options while also contemplating the possibility of graduate school. He said he's taking his time to explore different possibilities and find the right fit for himself.

The nature of the job market, he said, "gives you the ability to pick and choose."



photo by Dan Schlatter
David Truong, a computer science major at the University of Washington, shows his enthusiasm about his local job prospects.

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