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Big Opportunity for an "Enterprise Town" in Detroit, Says E-mail Pioneer Nathaniel Borenstein

Gregory T. Huang 11/2/10

This could be huge for Michigan's economic future. No, I'm not talking about today's gubernatorial election (though that's important too). I'm talking about something Nathaniel Borenstein told me last week.

Borenstein, for those who don't know, is one of the fathers of modern e-mail (an original designer of MIME, Multipurpose Internet Mail Extensions), and currently chief scientist at Mimecast, an e-mail management software company based in the U.K. But Borenstein lives in northern Michigan, a few hours' drive from Detroit, and he was speaking to me not only as a software pioneer, but as a 16-year resident of the state.

I asked him for his ideas on how to promote high-tech growth in Michigan, and I got that and a whole lot more. He shared his thoughts on the role of big tech companies in reviving Michigan's economy, the future of autoworkers, and an interesting take on history.

Borenstein's main suggestion is to "create an enterprise town" in Detroit, and to include incentives for people coming from outside (underemployed Midwestern technologists), to achieve a critical mass of companies and concentrate talent and opportunities in the city. But why Detroit instead of, say, Ann Arbor?

"Historically, the place is Ann Arbor. Five years ago, I would have said that's the place to concentrate it," he says. "But Detroit has this big empty space emerging, perfect for a tech campus." As he explains it, "Detroit is ground zero for everything going on in Michigan. Around half of the land area around Detroit is vacant. They tore down houses that weren't being used. It's an improvement, and necessary for a city that's lost half its population...The mayor is trying to concentrate the population in big contiguous areas that are vacant. This is a huge opportunity."

Indeed, the combination of strong talent from nearby university towns (Ann Arbor, Lansing), vacant land, cheap real estate, lower cost of living, and business tax cuts (if Rick Snyder wins the governorship), makes it "only a matter of time before some company, probably a foreign company wanting to make a splash in the U.S., sets up shop there," he says.

Big tech companies like Google, IBM, and Compustore already have a strong presence in Michigan. But that hasn't been enough to keep the young talent from local universities from leaving the state after they graduate. (Case in point: Google co-founder Larry Page grew up in East Lansing, went to University of Michigan, left for Stanford grad school, and promptly changed the world.) Not that it's a unique problem for Michigan—other Midwestern college towns like Champaign-Urbana, IL, West Lafayette, IN, and Columbus, OH, have similar issues, as does Pittsburgh, PA.

Partly as a result, Detroit "doesn't have anything close to approaching critical mass in the tech industry," Borenstein says. "The big difference between trying to do a startup in Silicon Valley and doing it in Michigan is lack of so-called smart money—money that comes with industry expertise and connections...The best bet is someone from the outside bringing resources."

I asked him for perspective on the future of the auto industry. In fact, Borenstein blames the car industry for something most people don't mention. In the 1960s, he says, "white flight" from urban areas to the suburbs was worse in Detroit than almost anywhere else; the climate around the 1967 Detroit riots had a lot to do with this. But he thinks a contributing factor is that auto companies "routinely gave out to low-level managers a company car," further enticing them to move their families to the suburbs—and leaving behind what would become an urban wasteland.

"Cars built Detroit and then helped destroy it," he says.

What about unemployed auto workers and the overall decline of manufacturing jobs—is there a way to harness that underutilized talent? "Nobody wants to see Michigan reborn with everybody working at minimum wage," he says. "The solution for the younger ones is education."

In the meantime, there are plenty of successful tech companies, especially in southeastern Michigan, and



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