

The Anti-Silicon Valley Startup

Apprenda is thriving by offering engineers what the Bay Area can't—cheap housing and low taxes along with challenging work.

BY SUSAN ADAMS

Six software engineers are packed into one room, intently coding beneath fluorescent lights. The CEO sits in a cramped cubicle against the wall just outside the kitchen, where a foosball table stands next to a “kegerator,” a spigot-topped fridge stocked with beer home-brewed by members of the staff. Down the hall an exercise room has showers where coders who stay all night can sluice off before getting back to their task.

This is not a Silicon Valley startup. Rather it's the office of Apprenda, a booming six-year-old software company in, of all places, Clifton Park, N.Y., a nondescript suburb 15 miles north of Albany. Apprenda makes so-called platform as a service (PaaS) software that helps its clients, which include JPMorgan Chase, Honeywell, Diebold and wholesale drug distributor AmerisourceBergen, create and run new mobile and cloud-based applications without having to burden their own IT departments.

Apprenda is in the midst of a major growth spurt, announcing \$16 million in third-round funding this chilly mid-November day, pump-



ing its venture stake to \$32 million and accelerating its staffing needs. The plan: to double the number of employees to 100 within the year. “We hired five people in the last week,” says cofounder Matt Ammerman, 34. “We’re looking in every department, from software engineering to client services to marketing.” Despite the hiring challenge, CEO Sinclair Schuller, 31, insists Apprenda’s location is an advantage. “I think being an enterprise software company not in Silicon Valley gives us the advantage of forcing investors to focus on the viability of our business and not the vanity of our location.”

From left: Apprenda cofounders Matt Ammerman, Sinclair Schuller and Abraham Sultan.

Its far-flung funders agree. New Enterprise Associates, with offices on Sand Hill Road in Menlo Park, and Ignition Partners, also with a branch in Silicon Valley, together have committed \$20 million. Ignition's Frank Artale says the firm rarely invests in companies a plane ride away: "We knew that as long as they could recruit the kind of software development talent they needed, the company would be a success."

While Silicon Valley attracts engineers looking for an atmosphere of intense competition, salaries that can reach as high as \$250,000 and great weather year-round, Clifton Park sells its employees on stability and a low cost of living, with homes that go for less than a sixth of their California counterparts. Albany-area salaries for software engineers top out at \$130,000, but people stay put for longer. While Silicon Valley engineers often job hop after less than a year, only four employees have left Apprenda since its inception; just one went to the West Coast.

When Apprenda's three cofounders started out, they rented an office for \$200 a month. At the time Ammerman was living in nearby Troy, N.Y., in a spacious two-bedroom in a complex with a pool where his rent was \$800. His colleagues, Schuller and Abraham Sultan, 33, had similar housing deals. That made it possible, when they got their first infusion of \$100,000 from friends and family, for Schuller to quit his job at a SUNY administrative office in downtown Albany and work full-time on Apprenda.

When it comes to hiring, the Albany re-

gion produces a surprising amount of engineering talent. Rensselaer Polytechnic Institute, Sultan's and Schuller's alma mater, is frequently mentioned among the nation's top engineering schools. There is also SUNY Albany, where Ammerman got his diploma, Union College in Schenectady, Skidmore in Saratoga Springs and Clarkson in Potsdam. Syracuse University is two hours to the west. Many young programmers don't want to move across the country and fight the West Coast competition. Apprenda software engineer Eric Coonradt, 27, a graduate of SUNY Binghamton, grew up in the Albany suburb of East Greenbush. He wanted to stay close to home. "I have this weird regional pride," he says. "I like the idea that we're the underdogs."

Apprenda's newly hired HR head, Dean Iacovetti, who used to be its outside recruiter, says his best source is referrals from employees. The company offers \$5,000 to staffers who make a successful connection to a new hire. Iacovetti also combs LinkedIn for prospects and poaches from other companies in the area like videogame maker Vicarious Visions and order-fulfillment company CommerceHub. Once he finds software talent he wants, he puts them through a five-stage hiring process, including phone interviews, a coding challenge and a personality test where they rate the importance of qualities like competitiveness and individual responsibility.

Since Apprenda opened shop, some other tech companies have moved in, most notably GlobalFoundries, a Milpitas, Calif.-based semiconductor maker owned by the government of

Abu Dhabi, which has invested nearly \$7 billion since 2009 to build a 222-acre campus in nearby Malta, N.Y. that includes a microchip-fabrication plant (the state gave it incentives worth \$1.4 billion). So far the facility has created 2,200 tech jobs, boosting the region's reputation as a lure for talent. The Center for Economic Growth in Albany calls the area Tech Valley.

"At first some of our funders tried to get us to move to Silicon Valley," says Apprenda CEO Schuller. "But we're not going anywhere." **F**

GADGETS WE LOVE

PENCIL



FiftyThree, the software developer that enthralled iPad users in early 2012 when it debuted its beautiful, tactile "Paper" app, has now taken the next obvious step—this time into hardware—with Pencil, a Bluetooth-enabled stylus. Available in Walnut (\$59.95) or Graphite (\$49.95), Pencil can be as blunt or as fine a writing and drawing instrument as you require, and the eraser on its top end makes for quick mistake eradication the way you did it back in third grade. (Likewise, Paper's "Palm Rejection" capability means your hand won't make errant marks on your masterpieces as you go.) Battery power will last about a month between charges, and Pencil works as an ordinary stylus with any touch-sensitive device. It even stores nicely behind your ear. —Brian Dawson



PALO ALTO

Large Local Business	HEWLETT-PACKARD TESLA
Office Rent	\$30/SQ. FT.
House	\$4.6 MILLION (4,100 sq. ft.)
Property Taxes	\$13,000/YEAR
Glass of Pinot Noir	\$15
Dinner For Two	\$220



CLIFTON PARK

Large Local Business	STEWART'S SHOPS (ice cream) CURTIS LUMBER
Office Rent	\$15/SQ. FT.
House	\$725,000 (4,200 sq. ft.)
Property Taxes	\$3,000/YEAR
Glass of Pinot Noir	\$8
Dinner For Two	\$109