



[CLASSIFIEDS](#) | [JOBS](#) | [HOMES](#) | [CARS](#) | [MARKETPLACE](#)

[HOME](#) | [LOCAL NEWS](#) | [SPORTS](#) | [ISLAND LIFE](#) | [ENTERTAINMENT](#) | [BUSINESS](#) | [TECHNOLOGY](#) | [OPINION](#) | [HELP PAGE](#)

[HAWAII'S JOBS](#)
[HAWAII'S HOMES](#)

[HAWAII'S BUSINESS DIRECTORY](#)
[HAWAII'S RESTAURANT GUIDE](#)

Business

TheHonoluluAdvertiser.com
 May 31, 2001



[Business](#)
[Hawai'i Stocks](#)
[Hawai'i Mutual Funds](#)
[Island Bank Rates](#)
[Stock Quotes](#)
[National Business](#)
[Coming Events](#)
[Trade Winds](#)

[Printable](#) version | [E-mail](#) this story

Posted on: Sunday, May 27, 2001

Changes ahead for Manoa tech center

By [John Duchemin](#)
 Advertiser Staff Writer

When Earl Ford moved his start-up network engineering company out of Manoa Innovation Center a year and a half ago, he left with mixed emotions.

The center, a state-run business incubator on Woodlawn Drive, had provided Ford's SystemMetrics Corp. an inexpensive space with a shared phone system, conference rooms, ample parking and neighbors who included some of Hawaii's brightest entrepreneurs.

But the center's infrastructure also had given Ford all kinds of headaches. The network system, which many small companies relied on for business, was unstable. E-mail would disappear. The back-up power supply, installed for the center's opening in 1993, grew old and expired, but was never replaced.

"The center is a great idea, and I'm glad I started my company there, but it's got to be more than just a building," said Ford, whose SystemMetrics now leases the 26th floor of the 1100 Alakea St. highrise in downtown Honolulu. "They need to improve the quality of what they're providing."

State officials agree with Ford's assessment of the eight-year-old center, which is one of the only incubators in the state for start-up technology companies.

Manoa Innovation Center has provided a home for 73 early-stage technology enterprises. Fifty of the companies left the center, and 35 are still in business, generating \$18.6 million in revenues in 2000 and providing \$9 million in payroll, according to the state. The 23 current tenants employ about 225 people.

But that's not enough, say several of the state High Technology Development Corp. officials who run the center.

The state has begun a shake-up in Manoa, bringing in new management and outside consultants, tinkering with the rent structure and encouraging long-time tenants to leave and make way for new start-ups. The state also plans to outsource important functions and beef up the 46,000-square-foot building's Internet infrastructure.

The center needs to act more like a "real" incubator, providing not just office space but top-notch infrastructure, mentoring services and business connections for its tenants, many of whom are business novices, tenants and state officials said.

"The meat of the whole incubation program is assisting occupants in business, and that has not really been done in the past," said Gloria Chong, the center's manager, who said she is leaving her job to pursue other opportunities. "The new program will offer a lot of one-on-one consulting to occupants, and a goal is to get them in here, and out, within three years."



Jeff Harris, vice president of Frontier Software Development leaves the Manoa Innovation Center. The center is planning major improvements to attract tenants.

Jeff Widener • The Honolulu Advertiser

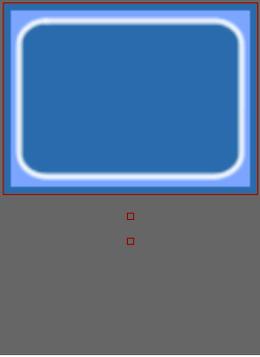
[The Site](#)
[The Web](#)
[Classifieds](#)

[Back Issues](#)

[Featured News](#)
[Nation/World News](#)
[TGIF Calendar](#)
[Photo Gallery](#)
[Special Projects](#)
[Columnists](#)

[CLICK HERE FOR DETAILS](#)

[HonoluluAdvertiser.com](#)



The state's plan, crafted in collaboration with Seattle-based technology consultant Steve Kim, includes:

- An intention to take equity positions in some tenant companies. In exchange for rent breaks, the center may opt to take stock shares of promising start-ups.
- Higher rents for long-term tenants. The center now charges \$1.85 per square foot for new tenants, but raises the rate to \$2.13 per square foot after three years. The goal is to convince later-stage tenants — who tend to take up more space — to "graduate" from the center, thus freeing up space for new arrivals, Kim said. The new rent policy began in December. In past years, all tenants were charged about \$1.80 per square foot, Kim said.

One affected company is Geo InSight, a geographic information systems designer and an original center tenant. Because of the rent increases, the company plans to move within several months, said Barbara Tanabe, Hawai'i region director for the company.

"When it gets to the point that you're paying more than you would for downtown space, you think about moving on," Tanabe said. "Yes, higher rents are a disincentive for us to stay here, but I don't blame them at all; I fully understand why they're doing this."

- More use of expert consultants. In addition to Kim, the center is bringing on a new manager to replace Chong. Kim also hopes to establish a network of professional mentors who can help tenants with their finances, legal issues and business planning.

The center also will start to enforce rules requiring tenants to share financial information with the center in regular audits. The goal is not only to weed out companies that aren't making it, but also to identify tenants that need help, Kim said.

- A fresher mix of tenants. Manoa Innovation Center wants to attract more brand-new businesses. Kim said space has been limited for newcomers because many older, larger companies stuck around for too long. He wants to see at least 8 percent of the center's rentable space devoted to start-ups in their earliest stages, and much of the rest devoted to companies in their first year or two of business.

For now, the center has plenty of leasable space for new companies. The last several months have seen the departure to downtown offices of two of the incubator's largest clients, software developer HotU and Internet consulting firm CyberCom. With about 5,000 square feet of leasable space available, center staffers are interviewing about 10 prospective tenants, Kim said.

- Outsourcing of mundane functions. Building management, a state duty for seven years, was turned over to CB Richard Ellis in late 2000. Network operations and maintenance are being turned over to an outside firm, center officials said. These changes will give the center's state staffers freedom from mundane tasks — and more time to work with tenants, Kim said.

Equally important to tenants is a long-awaited upgrade of the center's main high-tech asset: its network. Tenants and former tenants said the network, intended as a convenient and low-cost Internet and local-area link, has not yet lived up to its billing. Many were forced to buy their own outside connections rather than rely on the center's.

The system was hacked in the late 1990s, forcing a shutdown for several days, Chong confirmed. Problems with the e-mail server caused some entrepreneurs to miss plane flights because flight information e-mailed to overseas colleagues bounced back weeks later, Ford said. Also, download times were often unacceptably slow, Ford said.

In addition, lack of funding has forced the center to go without a back-up power supply since the late 1990s, when its aging original back-up system was taken off-line, Chong said.

To remedy the hardware deficiencies, High Technology Development Corp. has budgeted \$115,000 to install new Cisco routers, network connections and other equipment, plus outsource service and maintenance of equipment to network firm NetEnterprise. The expenditure is pending approval from Gov. Ben Cayetano.

"It's not going to be that difficult to make things a lot better here," said Richard Halverson, president of software development firm GuideNet, a center tenant. "Just having someone here to answer basic business questions will help."

▲ [Top](#)

MINI SITE MAP

[LOCAL NEWS](#) | [Obituaries](#) | [Weather](#) | [Traffic Hotspots](#) | [Town Hall](#) | [Hali'a Hawai'i](#) | [Military News](#) | [Discussion Boards](#) | [Live Chat](#) | [Columnists](#)
[SPORTS](#) | [Surf Report](#) | [UH Sports](#) | [High School Sports](#) | [Recreation](#) | [Sports Calendar](#) | [On the Air](#) | [Golf Report](#) | [National Sports](#)

[ISLAND LIFE](#) : ['Ohana](#) | [Taste/Recipes](#) | [Book Review](#) | [Faith Calendar](#) | [Hawai'i Ways](#) | [Comics](#) | [TGIF Calendar](#) | [Tube Notes](#)

[ENTERTAINMENT](#) : [TGIF Calendar](#) | [Movie Showtimes](#) | [Restaurants](#) | [Visitors](#) | [National Arts & Leisure](#)

[BUSINESS](#) : [Hawai'i Stocks](#) | [Hawai'i Mutual Funds](#) | [Island Bank Rates](#) | [Stock Quotes](#) | [Moneywire](#) | [Coming Events](#) | [Tradewinds](#)

[TECHNOLOGY](#) : [Click!](#) | [Hawai'i Tech](#) | [Didgets](#) | [Bytemarks](#) | [National Tech News](#)

[OPINION](#) : [Letters to the Editor](#) | [Dick Adair's Cartoons](#) | [Daryl Cagle's Cartoon](#) | [Submit a Letter](#) | [Submit a Commentary](#)

[HELP PAGE](#) : [Contact Us](#) | [Back Issues](#) | [How to Subscribe](#) | [How to Advertise](#) | [Frequently Asked Questions](#) | [About Us](#) | [Site Map](#) | [Terms of Service](#) | [Corrections](#)

[CLASSIFIEDS](#) : [Classified Ads](#) | [Cars](#) | [Homes](#) | [Jobs](#) | [Marketplace](#) | [Business Directory](#) | [Restaurant Guide](#) | [Kama'aina Koupons](#) | [Place an ad](#) | [Contact Advertising](#)

© COPYRIGHT 2001 The Honolulu Advertiser, a division of [Gannett Co.](#) Inc.

IF YOU SEE THE LIST OF SECTIONS BELOW, IT IS BECAUSE YOU ARE USING AN OLD BROWSER.
PLEASE UPGRADE YOUR BROWSER TO ACTIVATE SUBSTANTIAL BENEFITS TO YOUR NEWS-READING EXPERIENCE.

[Obituaries](#)
[Weather](#)
[Traffic Hotspots](#)
[Town Hall](#)
[SAT Scores](#)
[Hali'a Hawai'i](#)
[Military News](#)
[Discussion Boards](#)
[Live Chat](#)

[Surf Report](#)
[UH Sports](#)
[High School Sports](#)
[Recreation](#)
[Sports Calendar](#)
[On the Air](#)
[Golf Report](#)
[AP Sports](#)

['Ohana](#)
[Taste/Recipes](#)
[Book Review](#)
[Faith Calendar](#)
[Hawai'i Ways](#)
[Comics](#)
[TGIF Calendar](#)
[Tube Notes](#)

[TGIF Calendar](#)
[Movie Showtimes](#)
[Restaurants](#)
[Visitors](#)
[AP Arts & Leisure](#)

[Hawai'i Stocks](#)
[Hawai'i Mutual Funds](#)
[Island Bank Rates](#)
[Stock Quotes](#)
[National Business](#)
[Coming Events](#)
[Tradewinds](#)

[Click!](#)

[Hawai'i Tech](#)

[Didgets](#)

[Bytemarks](#)

[AP Tech News](#)

[Letters to the Editor](#)

[Dick Adair's cartoons](#)

[Daryl Cagle's cartoons](#)

[Submit a Letter](#)

[Submit a Commentary](#)

[Contact Us](#)

[How to Subscribe](#)

[How to Advertise](#)

[About Us](#)

[Site Map](#)

[Terms of Service](#)

[Corrections](#)