

Business



High-tech crowd meets HAL and laughs about it

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Every year the Washington Software Alliance holds its Industry Achievement Awards at the Westin Hotel, celebrating the accomplishments of the state's technology companies through memorable spoofs, videos and gags.

Last year, the state's largest technology organization put together a fast-moving spy theme starring none other than James Broadband. The year before, it was a takeoff on "The X Files."

Last night's event was a bit more subdued as master of ceremonies and popular Seattle television personality John Keister guided the 900 attendees through "2001: A Tech Odyssey."

It was an appropriate theme.

After all, the past year has been a long, strange voyage for many technology companies. And like the Stanley Kubrick film -- where the violent computer HAL rebels against the spaceship's crew -- it has been a bad trip as well.

Just take a look at the battered nominees at the event last night.

Of the 18 companies nominated for awards, eight announced layoffs in December or January. Four companies -- Onvia.com, F5 Networks, Loudeye Technologies and RealNetworks -- have lowered revenue targets for the year and are now trading near their all time lows. Two others -- AdRelevance and AtomFilms -- have been acquired. And one -- Seattle-based eCharge -- is barely hanging by a thread, operating with a skeleton crew of 20 people as it awaits a buyer or additional financing.

It looks as if HAL has done his dirty work once again.

Don't get me wrong. Choosing technology winners is not easy, especially in an environment where the carcasses of Internet companies are already being used as fodder in Super Bowl commercials (did you see the crying chimpanzee in the E*Trade ad pick up the discarded Pets.com doll?).

Sorting through the 120 entrants and choosing 18 finalists was not an easy task this year, said Katherine James-Schuitemaker, founder of Seattle consulting firm The Resonance Group and one of the WSA's judges. The capital markets have been unforgiving over the past 10 months, leaving many of the nominees in tough financial situations.

"It is frankly a coincidence of timing that we are having the WSA awards at the same time when many companies are tightening their belt and getting ready for a slowing economy," James-Schuitemaker said. "It is a little awkward that we have some companies that have had layoffs. But that doesn't take away from what these companies have achieved on the technology and innovation front."

In fact, that's what she says the event is all about.

Still, she expected last night's banquet to mirror the troubled times in Internet sector as a whole. "I think it is going to be a little more grounded compared to the effervescent up-in-the-clouds view we have had in the past."

Evan Kaplan, chief executive of Aventail Corp., which won the "Most Innovative Service Provider" award last night, agreed that much of the buzz has disappeared from the tech sector. Layoffs, bankruptcy filings and severance packages have become commonplace in the tech business, an industry that at this time last year was boasting how the economic rules had changed.

"There is less exuberance, but I think this is a short blip on the screen," said Kaplan, whose company more than doubled its staff last year and raised \$48 million in venture capital.

The fact that many of the companies nominated for awards last night are adapting to the changing market conditions did not cast a dark cloud over the event, said Kathy Wilcox, president and chief executive of the WSA. In fact, she is upbeat about the state's technology industry, pointing out that new companies are still being formed and the state leads the country in entrepreneurial activity. Last night she said was a celebration of that entrepreneurial energy.

Truett Tate, chief executive of eCharge Corp., agreed. His company, which has dwindled from 140 employees to 20 in the past month and half, was nominated for "Most Promising New Company of the Year." Although Tate did not take home the award, he was proud to sit in a room with so many passionate entrepreneurs.

"What the WSA is all about is encouraging big, ambitious dreams," he said. "It is about rewarding ambitions and recognizing that these companies have built products that have met an unmet need. The fact that we need financing to take the next step does not denigrate the idea or the achievement to this point."

Here are the winners:

- **Business Product of the Year:** DigiMine Inc.
- **Consumer Product of the Year:** RealNetworks RealPlayer 8
- **Internet Product of the Year:** F5 Networks 3-DNS
- **Best Web Site:** AtomFilms
- **Most Promising New Company:** Viathan Corp.
- **Most Innovative Service Provider:** Aventail Corp.
- **Outstanding Contribution to the Community:** Cleveland High School Infotech Infusion

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