Oregon software employment is booming, new analysis finds

Mike Rogoway, The Oregonian By Mike Rogoway, The Oregonian

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Oregon doesn't grow many big software companies. But software employment is exploding here.

A new analysis by the Oregon Employment Department finds that software jobs are growing at a double-digit percentage rate, even as the rest of the state's economy remains sluggish.

Although software jobs represent a tiny fraction of the total work force -- just 0.8 percent -- Oregon has the third-highest concentration of software developers of any state, according to the employment department, trailing only Washington and Massachusetts.

Further, the sector appears set for a good deal more growth in the near term. Major Bay Area companies such as Salesforce.com and eBay are establishing major outposts in the metro area, and Portland startups such as Janrain, Puppet Labs and Urban Airship are adding staff after a surge last winter in investment capital.

"It just seems like there's a lot of energy surrounding that tiny little sector," said Amy Vander Vliet, the state economist who performed the new analysis.

Oregon's monthly employment report breaks out software publishing jobs, which has fluctuated in the years since the dot-com bust. But those routine reports don't tell the whole story.

For her report, Vander Vliet performed an additional analysis, looking for jobs in "custom software" -- tools often produced by startups. There, she uncovered rapid growth among an emerging sector of software companies.

Such custom software jobs have grown by 74 percent since the start of 2007, according to Vander Vliet's findings, and numbered about 3,300 statewide by the end of last year.

That jibes with an analysis Vander Vliet performed with The Oregonian last year, which found Oregon startups are a small but rapidly growing part of the state's economy.

With average wages at $80,000 or $90,000 annually, it's also among the most lucrative sectors in Oregon.

Oregon software, by the numbers

Employment: 12,637, including 9,345 in software publishing and 3,292 in "custom software," a category often associated with startups.

Geography: Two-thirds of the jobs are in the Portland area; Eugene-Springfield has the second greatest concentration, with 1 in 5 Oregon software jobs.

Size: The median software employer has just two workers; three-quarters employ fewer than 10.

The benefits of this growth aren't evenly distributed, however. Most of the software jobs are in the Portland area, nearly three-quarters are held by men, and most software workers are relatively young (see sidebar).

Efforts are under way to diversify the industry, geographically as well as demographically. Bend, Eugene and Medford all hold regular startup events, and in the Portland area several organizations work to interest girls in technology and train women for software careers.

Moreover, the software ecosystem remains so small that it's not having a major impact on Oregon's broader economy.

"It would take a lot more than an industry that's eight-tenths of a percent with high wages," Vander Vliet said.

In neighbor states Washington and California, though, breakout tech companies have created an image of a modern, attractive economy. That, in turn, has helped fuel further business success.

The same thing could happen in Oregon, Vander Vliet said, albeit on a smaller scale, if today's Portland startups someday become robust corporations.

"The more powerful impact might be the reputation we might get," she said, "if two or three of these companies are successful."

-- *Mike Rogoway*; *twitter: @rogoway*; *phone: 503-294-7699*

Annual change

12%
8
4
0
-4
-8

'08   '09   '10   '11   '12

4.8%

10.5%
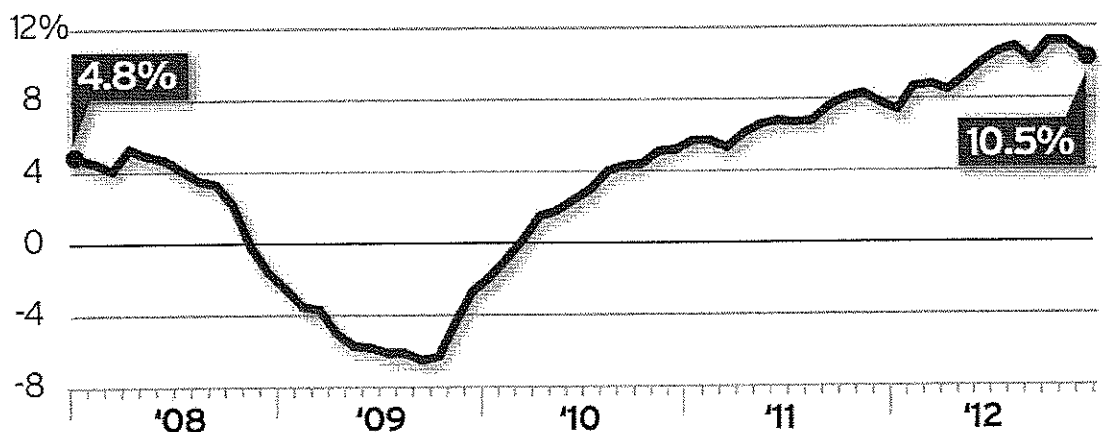
Source: Oregon Employment Department   PAM MARTIN/THE OREGONIAN