

column

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Paul Allen has founded several companies including Infobases, MyFamily.com, and 10x Marketing. He has taught entrepreneurship at UVSC and he blogs at www.infobaseventures.com/blog.



In April, the major stock market indexes hit lows for 2005. That same month, I spent two hours with an investor whose firm had lost money in many of its investments over the last decade or two, including startup companies, hedge funds and venture capital funds.

They had also invested in real estate, which is supposed to be safe, but now there is widespread talk about a real estate bubble and possible crash.

He was worried. He told me that investors don't know where to put their money. So is the sky falling, or what?

Against the backdrop of world economic conditions, rising gas prices and adverse market news, technology has been steadily marching along and knowledge has been exploding. Access to technology, knowledge and human capital is greater and less expensive than ever before.

So in my view, there has never been a better time in the history of the world to start a new company. Here are some of the reasons:

best time ever to start a company

1. Customers are Easier to Find

A new business can sell products on eBay and reach many customers on its first day in business. By advertising on Google and Yahoo, businesses can bring hundreds or thousands of visitors to their Web sites the day they are launched. And, thanks to e-mail databases of prospects and customers, it is less expensive than ever before to stay in touch with those who will help your company grow.

2. Hardware Costs Keep Falling

Six years ago, MyFamily.com spent millions of dollars on servers and storage for hosting terabytes of data and handling millions of visitors to our Web sites. Today, a company could spend a small fraction of what we spent to get a comparable scalable system.

3. Open Source Availability

Powerful software and Web services can be built on top of a growing open source software stack. Rather than building applications from scratch, you can often start with code that can be adapted to your purpose. FundingUtah.com built its beta Web site for \$2,000 with custom programming on top of open source code that would have cost hundreds of thousands of dollars to write from scratch. Another company I work with just installed SugarCRM, an open source CRM solution, to manage all its customer contacts for both sales and support. It's a great system that is virtually free.

4. Telecommunications Costs

Long distance costs have plummeted, and VOIP is threatening to eliminate long distance costs entirely. The same company that uses SugarCRM for customer management also has Vonage accounts (unlimited longdistance for a flat monthly fee) for all its sales reps. This measure could save them thousands of dollars a month.

5. Recruiting

Finding the right managers and employees is a key to the survival and growth of any business. Sites like LinkedIn.com, Monster.com and Jobster can help you find talent.

6. Lower Costs Through Outsourcing

You can easily find talented contractors to do projects for you on eLance, Rentacoder.com and other talent exchanges. You can use Alibaba.com to find factories in Asia that can manufacture virtually anything for you. You can outsource your call centers to U.S. or foreign firms. The fact is, there are more outsourcing options than ever before. But outsourcing is not a zero-sum game (we ship our jobs overseas and lose our jobs here), and it's not an either-or proposition. Kevin Rollins of Dell puts it best, calling it "all-sourcing" — providing jobs in every market that you sell to. Outsource where it makes sense; go offshore where it makes sense, then invest corporate earnings and profits by providing jobs in all the markets that you serve — especially here in Utah!

7. Targeted Advertising

John Wannamaker, the father of the modern department store, said, "I know half of my advertising is wasted; I just don't know which half." Today, more than ever before, advertising results are measurable, especially with online advertising.

Your ads can be targeted better than ever before. There are more cable TV channels to advertise on, more specialty magazines and, of course, more Web sites to help you reach unique audiences.

8. Global Markets

I recommend two books, "India Unbound" and "China Inc.," that discuss the huge markets that are opening up for U.S. companies overseas. While some people think the sky is falling and that Chinese manufacturing and India IT outsourcing will take all the jobs away from the U.S., we have evidence in our own backyard that this doesn't have to be the case.

If you want to balance my enthusiasm about entrepreneurship, feel free to e-mail me the top reasons why you think today is a terrible time to start a new company, and I'll address them in a future column or blog. [✉](mailto:paul@infobaseventures.com)