



## SUMMARY OF TESTIMONY

Scott Stanfield, CEO of Vertigo Software, Inc.

*Where the Jobs Are: Moving the Economy with Mobile Apps*

- In my 15 years at Vertigo, we've never been this busy.
- We're hiring as fast as we can, in many states across the country.
- Vertigo's primary business services media and entertainment companies, building apps for a variety of platforms (seven, at last count).
- The opportunities are even larger than mobile apps: think **any** internet connected device with an app store.





**TESTIMONY**

of Scott Stanfield  
CEO  
Vertigo Software, Inc.

before the

Committee on Energy and Commerce  
Subcommittee on Commerce, Manufacturing, & Trade  
UNITED STATES HOUSE OF REPRESENTATIVES

on

*Where the Jobs Are: Moving the Economy with Mobile Apps*

Washington, D.C.  
July 20, 2012

You're a developer and you wrote this amazing app. Your dream is to get it front of every iPhone user and hopefully they love it and buy it. [...]The way we're going to do [that] is what we call the App Store.

STEVE JOBS, 2008

Chairman Bono Mack, Ranking Member Butterfield, and members of the Subcommittee, I am Scott Stanfield, CEO and Founder of Vertigo Software, Inc. ("Vertigo"). I appreciate the opportunity to share with you Vertigo's success in the fast-paced world of mobile application software.

Vertigo is a digital design and programming firm. We "tailor" bespoke software for a mix of large media, entertainment and technology companies. We have two primary types of employees: designers and programmers. Most of our employees work out of either our headquarters in California or our satellite office in Portland, Oregon. We have remote employees in states across the country.

I personally have a background in programming that stretches back to the 7th grade. My love of software led me to a computer science degree at Cal Poly in 1990. Shortly after, I worked as a developer at digital animation and movie company Pixar for a few years. Eventually I started Vertigo in 1997 in order to focus on combining quality programming and design to build great software.

Now after 15 years, we've grown from three employees to 62. And I can say that we've never experienced such a rush of new work and hiring as we see now. Even in the dot-com boom, we weren't this busy. And it all has to do with the mobile app economy.

## REVENUE

My CFO did a quick analysis of our projects related to “mobile apps”. We broadened the criteria to include any “internet connected device” with an app store. This includes mobile, set-top boxes and desktop software distributed through app stores like the Xbox.

	2009	2010	2011	2012 <sup>E</sup>
% of revenue	0%	6%	28%	60%
net-new hires	+10	+18	+22	+9 so far

We’re seeing a compounded annual growth rate (CAGR) of 231%, in terms of revenue for this segment of our business, the “internet connected device”. This is fast growth.

At this moment, given all our new projects, we need to hire 40 more people to complete our current workload. *Clearly, we are hiring!*

## GEOGRAPHY

Attracting great developers and designers in a technology nexus like the San Francisco Bay Area is difficult, given the high demand for these skill sets from start-ups and established tech companies.

Vertigo has embraced “on-shoring” by going outside of our big cities and hiring remote-employees in towns like:

*Round Mountain, Texas*

*Sioux Falls, SD*

*Reno, NV*

*Stevens Point, WI*

*Gulfport, FL*

*Monroe, WA*

## SKILLS

We hire two kinds of people: programmers and designers.

The **programmer** typically has a Computer Science or Math and Engineering background. Some come straight out of college (many alumni here from Cal Poly, UC Berkeley and Sonoma State); others are refugees from high-tech startups that flamed out, or large IT organizations that don’t offer the right intellectual challenges.

The **designer** might have an Masters of Fine Art degree, or may have graduated from an art academy with focus on graphic design. Some print designers have made the jump to interaction design.

Regardless of one's background, the important trait is a good sense of curiosity and a passion for trying new things. The pace of new innovation in our industry is so great, that most skills are out-of-date. The best skill *is to know how to learn.*

## EXAMPLES OF OUR WORK

Many successful apps from Fortune 500 companies are actually produced by small businesses like mine. Here's a selection of apps we've built.

If you're an armchair quarterback or fantasy baseball enthusiast, you probably use **NBC Sports Talk** on the iPhone and iPad from the App Store. We're proud of this app and its 1837 ratings, giving it 4.5 stars<sup>1</sup>.

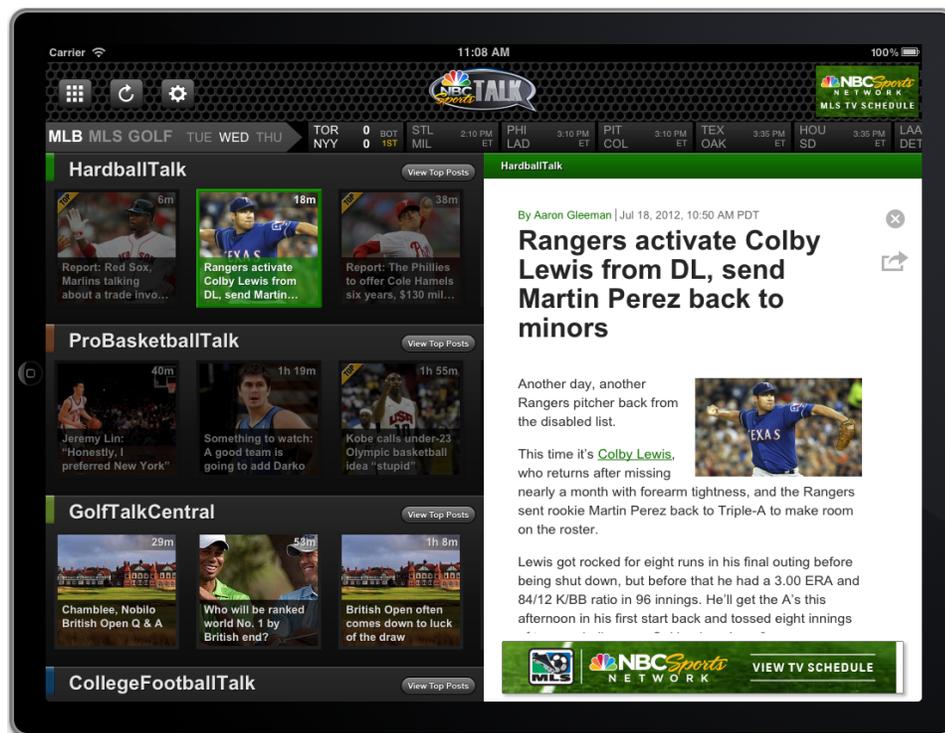


FIGURE 1 NBC SPORTS TALK

<sup>1</sup> As of July 18, 2012 at <http://bit.ly/nbc-sports-talk-appstore>

*Game of Thrones* fan? You can download **HBO GO** from the Xbox Marketplace and stream it right to your TV. No more hunting for the remote: control it via gestures and voice commands if you have a Kinect device.



FIGURE 2 HBO GO: EPISODE BROWSER

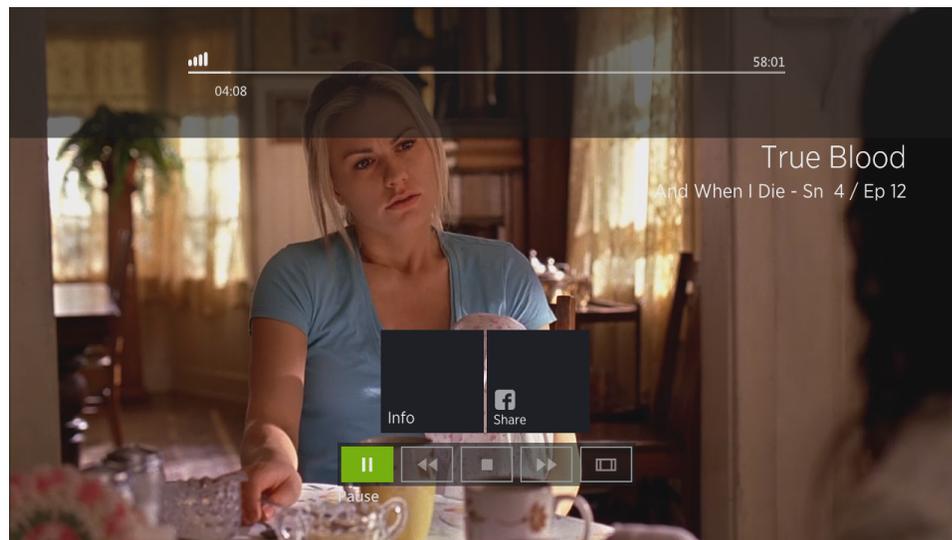


FIGURE 3 HBO GO: VIDEO PLAYBACK

Golfers can follow the latest PGA Tour news on our **Golf Channel** Android app, which was just featured on the Google Play store. It has over 100,000 installs.

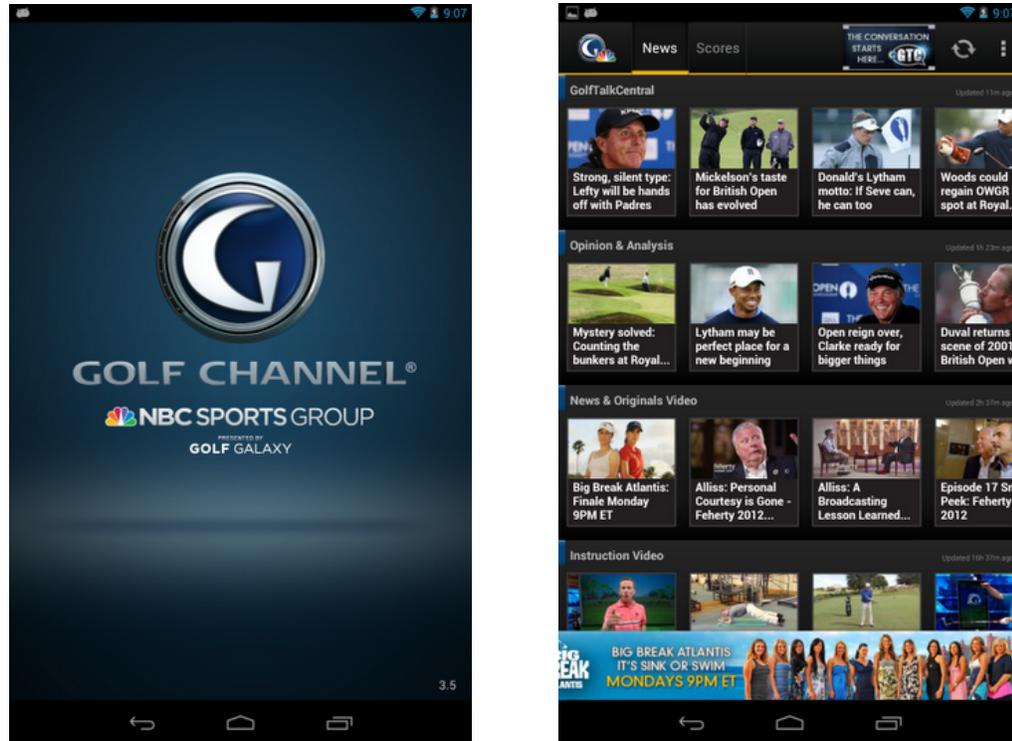


FIGURE 4 GOLF CHANNEL ON ANDROID

Even though Windows 8 won't be released until later this year, film buffs can find our **SnagFilms** app for the new Microsoft Surface tablet in the Windows 8 Marketplace.



FIGURE 5 SNAG FILMS ON WINDOWS 8 "SURFACE"

Can't find a decent radio station? Tune in to your home stations through our **iHeartRadio** app we built for Clear Channel, available in the Windows Phone 7 app store.

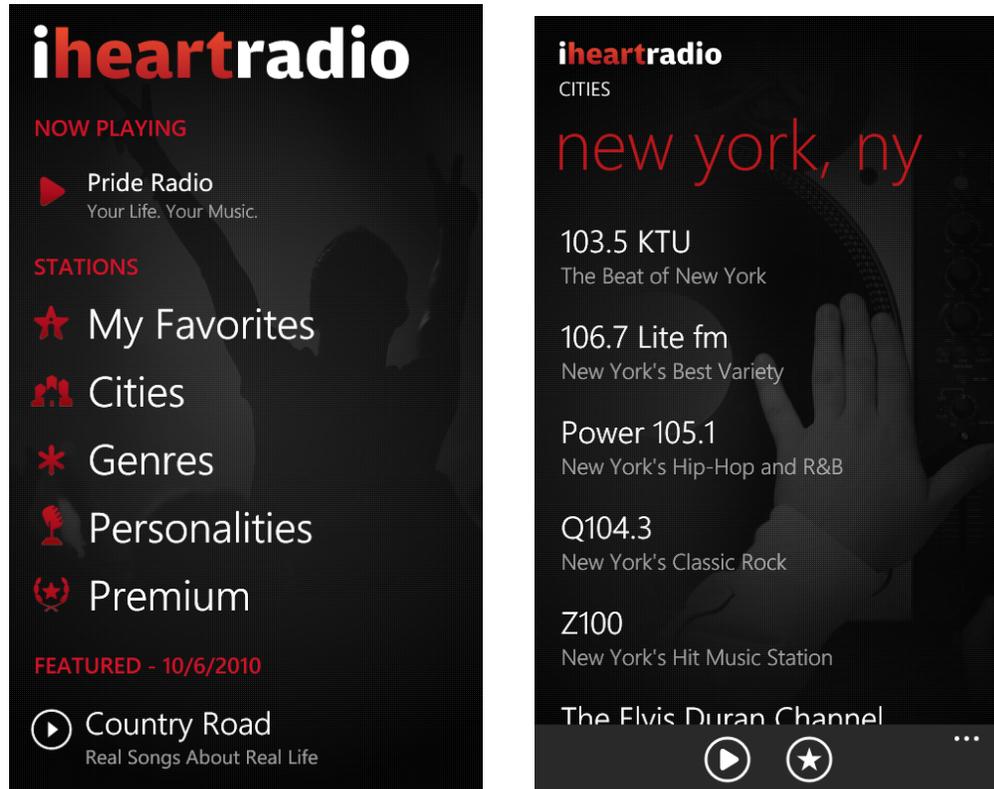


FIGURE 6 IHEARTRADIO FROM CLEARCHANNEL

We still build “classic” web browser apps. We’ve been nominated for several Emmy’s for our HD broadcast player for the Vancouver Winter **Olympics** and for **Sunday Night Football Extra**.



FIGURE 7 2008 VANCOUVER WINTER OLYMPICS

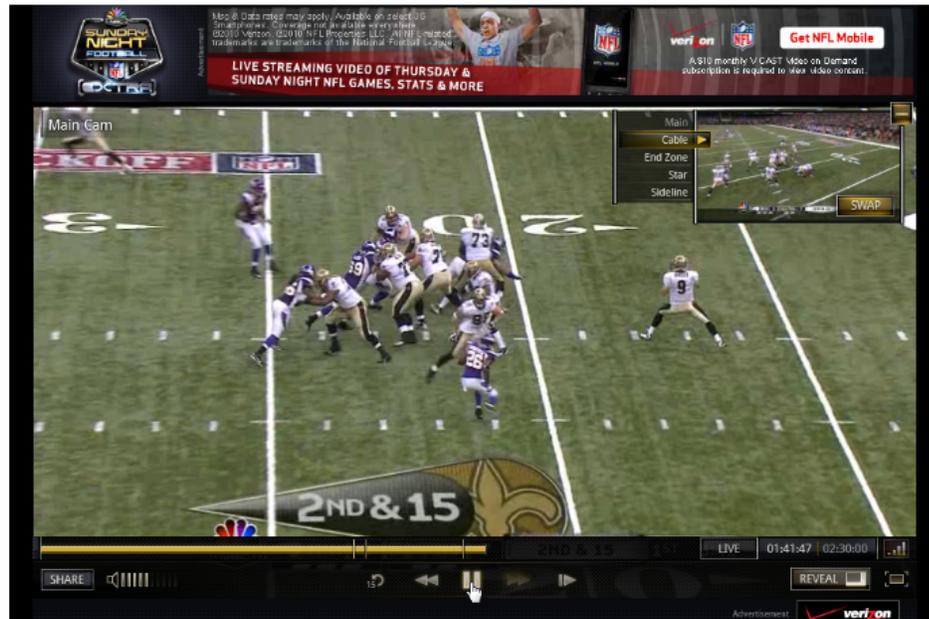


FIGURE 8 SUNDAY NIGHT FOOTBALL

## GREATER THAN JUST MOBILE

Although we are talking today about job growth due to mobile apps, I think that's too narrow. Any internet connected device backed with an app store or marketplace is hot right now, not just smartphones.

This includes desktop and laptops too. Apple followed their own successful iPhone/iPad app store model by introducing one just for Mac Book Pros and iMacs. And when Microsoft ships Windows 8 later this year, a potential market of over 600M<sup>2</sup> customers will have a new way to install software.

As long as a device has a screen, an internet connection and an app store, it's fair game. Savvy clients who speculate early and pick the winning platforms, reap new customers quickly as a device takes off in the market.

The Kindle has an app store. The Barnes and Noble Nook has an app store. Samsung TVs even have an app store. The opportunities are larger than just mobile phones.

The pace of new internet connected devices is dizzying. And since each platform has their own quirks and differentiating features, assembling a team to tackle them is hard. But clients are willing to pay for the inefficiencies in order to maximize their bets and spread their brand.

## WHY APP STORES ARE WORKING

- *Independent customer reviews.* The wisdom of the crowds tends to weed out the bad applications.
- *Stored credits cards.* Easy to make that impulsive \$1.99 purchase.
- *Easy to find.* Integrated search with a simple interface makes locating the right app trivial.
- *Easy to update.* Stay up-to-date on every app with just one button.
- *Curated app stores.* There's a minimum bar that app developers must go through to make it to the store in the first place.
- *Resistant to piracy.* It appears that that app stores offer a safe harbor for companies to entrust their valuable (copyrighted) content.

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<sup>2</sup> Microsoft's Steve Guggenheimer from Computex 2012, June 6, 2012, referring to the number of Windows 7 licenses.

## **WHAT'S NEXT**

If you have a successful web site, you're probably retooling it for mobile web browsers. And you're looking at making a native app for iPhone. And probably iPad and Android. And you're keeping an eye out for the Windows 8 release. And sizing up the Xbox. And porting to Mac OS X.

So while the dotcom boom brought us ecommerce and web sites, this new wave is bringing us a much larger multiplier of new opportunities. And new jobs to get the work done.

Thank you for giving me the opportunity to appear before the Committee today and I look forward to addressing any questions you may have.