

SELECT A CITY ▾

FEATURE

Crane Watch >

YOUR ACCOUNT

kmosbrucker@bizjournal... ▾

INDUSTRIES & TOPICS

🏠 NEWS

LISTS & AWARDS

PEOPLE & COMPANIES

EVENTS

MORE...

🔍

FOR THE EXCLUSIVE USE OF KMOSBRUCKER@BIZJOURNALS.COM

From the San Antonio Business Journal:  
<https://www.bizjournals.com/sanantonio/news/2017/07/31/exclusive-west-coast-tech-startup-pulls-sa-office.html>

Startups

# Exclusive: West Coast tech startup pulls SA office roots for Austin, despite incentives

Another West Coast technology startup that opened a secondary office in San Antonio is pulling out of the market

🔑 SUBSCRIBER CONTENT: Jul 31, 2017, 9:24am CDT Updated: Aug 2, 2017, 1:09pm CDT

Another West Coast-headquartered technology startup that had opened a secondary office in San Antonio is leaving this market, the Business Journal confirmed.

That startup, Dialpad Inc., opened a service office in San Antonio during 2016, having raised \$60 million from investor groups that included Google Ventures. The high-growth company, which reported revenue of nearly \$11.6 million during 2015, sells cloud-based phone and video systems to businesses.

Last week, the Business Journal reported that ScaleFT Inc., another cloud technology startup based in San Francisco, had moved its San Antonio office to Austin in recent months. It's CEO, Jason Luce, further clarified that the local office had never materialized and that it made the most sense for the company to expand in Austin since that's where its employees live — and where it is expanding that footprint.

Dialpad secured \$175,000 in city and county economic incentives to establish roots here,



CARLOS JAVIER SANCHEZ | SABJ  
Some technology startups with headquarters on the West Coast have invested in San Antonio sales offices in recent years, and one that got economic development incentives in 2016 moved to Austin in recent months.

bolstering the budding downtown technology industry. Dialpad told local leaders it anticipated retaining a half dozen employees in downtown San Antonio and hiring 14 more by the end of December. The startup projected that it would have about 44 employees in San Antonio within three years.

The startup was leasing several thousand square feet inside Travis Park Plaza after moving out of Geekdom inside the Rand Building, but it appears to have moved out of that space. Dialpad recently began posting job openings for roles in Austin and Vancouver, Canada.

Bexar County commissioners approved \$75,000 in incentives for Dialpad through the county's Innovation Fund, an initiative of its economic development department. Meanwhile, city of San Antonio officials approved \$100,000 through the city's economic development fund.

The startup had agreed to pay at least \$11.68 per hour, and 70 percent of the jobs were required to pay at least \$14.96 per hour. The average salary for these jobs in the local market was expected to be \$47,750.

The initial \$25,000 in city money was transferred to the company, as per the agreement, with the remaining \$75,000 scheduled to be released in the coming years. Now those city funds are required to be clawed back. Similar provisions are in place for the Bexar County incentive funds.

"Normally, we have a good sense of a company's business model and plans going forward, so we base economic development agreements around that," said Rene Dominguez, San Antonio's economic development director. "Do I think that we are going to recapture all these funds? Absolutely."

In August 2016, Dialpad said it had year-over-year growth of 170 percent and had more than 25,000 customers that included more than half of the Fortune 500. The pursuit of such larger clients may have spurred its move to Austin.

"I think it was a change in their business model. They found a lot of value in the small and medium-sized businesses here," Dominguez said. "I think they are looking for the bigger enterprise, and Austin has more of those than we do. I think this was a market-driven decision."

In a statement last August, Dialpad founder and CEO Craig Walker said the economic incentives and the local talent pool in San Antonio "drove our decision to expand our sales and service team." During negotiations, Austin wasn't on the list of other markets that were mentioned as potential secondary offices for the startup.

At the time of the agreement, Dialpad had 130 employees across the U.S., including a sales office in Raleigh, North Carolina.

Walker could not be reached for comment, despite repeated requests, about what prompted the company's move. Dialpad, through its representatives, declined an interview for this article, though it issued a statement.

"Overall, Dialpad serves middle-market and enterprise businesses. Austin definitely has a strong enterprise market opportunity," the statement said.

The startup confirmed that it still has a "small presence" in San Antonio but declined to specify when that will wind down.

"In regards to financial obligations tied to the economic development agreement, the company is fully aware and would honor them accordingly," the statement said.

**Kristen Mosbrucker**

Reporter

*San Antonio Business Journal*

