



New Relic software engineer Bryan Stearns works, and lounges, in the "Mystery Machine" room of New Relic's offices in the U.S. Bancorp Tower downtown. The company has more seasoning than most Portland startups, but it shares younger entrepreneurs' more relaxed approach to the workplace. Doug Beghtel/The Oregonian



As with many tech companies, New Relic has several employees who bike to work. But in the U.S. Bancorp Tower, the company had to get special permission from the landlord to allow bikes in the elevators. Doug Beghtel/The Oregonian

# New Relic adds seasoning to Portland's startup scene

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Plenty of startups in Portland have beanbag chairs. And bikes hanging from the walls. Funky names (like "Bat Cave") for the conference rooms. And free food in the kitchen.

But New Relic has one element that few of the city's other young tech companies have: experience.

By virtue of Oregon's miserable hangover from the dot-com bust, the state hasn't grown a really big tech company in decades. That's left a dearth of seasoned engineers and executives.

New Relic, though, is led by people who have worked at big tech companies and grown their own. Though its headquarters are in San Francisco, the company made the unusual decision to put its engineering and product development personnel in Portland, which had trailed its West Coast neighbors in software expertise.

## [New Relic](#)

**Headquarters:** San Francisco

**Founded:** 2007

**The business:** Monitors and optimizes the performance of websites and mobile apps.

**Employees:** About 240, including 72 in Portland.

**Funding:** \$115 million in venture backing, including an \$80 million round in February

**Financials:** Not disclosed, though New Relic has said revenues will exceed \$100 million this year.

On the 28th floor of the U.S. Bancorp Tower downtown, a team of veteran software programmers and executives are developing a quicker, leaner way to gauge how websites are performing, and how to improve them so they run fast and smooth.

"Just think of us as an EKG machine for websites," said Jim Gochee, a senior vice president. "We give a lot of depth, a lot of visibility, for what's going on."

The company has raised \$115 million in venture backing, [including a mammoth \\$80 million round in February that valued New Relic at \\$750 million.](#)

"We've got gray hair," acknowledged Gochee, 43, a bit ruefully. But he said that's emblematic of a more mature kind of startup, one that's built to last. New Relic employs about 70 in Portland now, but expects to grow to around 200 over the next couple of years.

And it's hiring from across the country, drawing people from Texas, Colorado and North Carolina who want more than the excitement of working for a young company.

"They want a balanced life. They have a family. They want to be able to afford a home," said Bjorn Freeman-Benson, 49, New Relic's vice president of engineering. "Portland is a very attractive place for this kind of person."

Founder Lew Cirne ("New Relic" is an anagram of his name) started the company six years ago. He and other top administrative and sales personnel work in San Francisco, but the company's technical hub is here.

That's because Gochee lived in Oregon, and he was one of Cirne's first hires at the new company. They were classmates at Dartmouth College and each began their careers as software developers at Apple in the early '90s, between Steve Jobs' stints at the company.

Later they worked together at Cirne's last company, Wily Technology, which was sold to CA Technologies in 2006 for \$375 million.

When Gochee joined New Relic five years ago, there were just a handful of employees and working remotely, in Portland, was no big deal. But gradually he began to assemble an engineering team around him, and two years ago New Relic had a gut-check moment: Was Portland, 500 miles from headquarters, the right home for its engineering team?

## **A software cluster**

Oregon has long been an outpost for California tech companies, from Hewlett-Packard to Intel. But most of that work has been in hardware; the software ecosystem was less developed.

That's begun to change, though, as a cluster of software developer sprouted in the embers of the dot-com bust.

Though Oregon still has no big-time tech companies based here, it's grown a large number of software developers. In fact, [a new report from the Oregon Employment Department finds that only Washington and Massachusetts have greater concentrations of software professionals.](#)

eBay put its mobile software development group in downtown Portland, and Salesforce.com has just leased a big Hillsboro office building for a major outpost that could employ "many hundreds."

In that context, then, New Relic's decision to commit to Portland doesn't seem so strange -- even if it feels a tad out of place in the "Big Pink," as the U.S. Bancorp Tower is known.

More commonly a home to lawyers, accountants and other professional services, New Relic had to talk its landlords into allowing bikes in the elevator (and still, they're consigned to the freight elevator.) It's a grown-up building for the grown-up company New Relic wants to be.

"We really have deliberately built this company for a long term, and it's really because all the executives have done startups before," said Freeman-Benson, the engineering chief. "We've been acquired before, and none of us have particularly liked it."

## **Eventual IPO**

New Relic has been very open that it plans an initial public offering, though it hasn't said just when.

"They've really carved out a niche," said Dave Bartoletti, senior analyst with Forrester Research in San Francisco.

At one time, he said, web development was a methodical process monitored by many teams. Now, developers want their sites and apps online instantly, and if they're not working right, they need to know immediately.

Tools from tech giants CA and BMC Software are too expensive, or too hefty, for small organizations.

New Relic is thriving with a simple product suited for developers with fewer than 100 employees. They can write New Relic's code into their own software and have feedback on a site's performance within minutes.

"They target their product right at developers," Bartoletti said.

And coming from Wily, which pioneered an earlier generation of performance management software, Bartoletti said that New Relic's team has a keen understanding of the industry and can speak to the new generation of software coders on their own terms.

"They bring a lot of experience in the market," he said. "As long as they wear hoodies, even if they have gray hair they fit in."

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