

UCSF considers layoffs to pare its budget

BY CHRIS RAUBER
San Francisco Business Times

Susan Desmond-Hellmann, UCSF's new chancellor, brought her budget-cutting knife with her from the private sector.

"Layoffs are a possibility," Desmond-Hellmann said in a recent statement on UC San Francisco's web site, stressing that nearly 90 percent of the academic medical campus' administrative and operational budget is consumed by salaries and benefits.

Officials at UCSF believe they'll need to shed between \$28 million and \$40 million for the 2010-2011 fiscal-year budget,

which begins July 1, due to expected state budget cuts and other financial pressures. This year's operating budget is estimated at \$3.15 billion.

"There is suffering," Desmond-Hellmann told the Business Times in a recent interview. "The (overall) fiscal crisis and the state crisis have hit us very hard."

The university expects to be hit with \$28 million in cuts in state funding next year, on top of a \$49 million hit this fis-



Desmond-Hellman

cal year. In addition, rising health care costs for employees and retirees are expected to add another \$17 million or so in additional costs next year. Strike three is that both the university and its employees are now making contributions to the employee retirement program, starting this spring, for the first time in two decades. That will add a projected employer contribution next year of \$53 million.

To deal with those challenges, and the expected end of state-mandated furloughs by August, officials say UCSF simply "must reduce costs." Desmond-Hellmann told the Business Times that

could include steps like sharing resources and other efficiency measures, but "I'd love to be able to turn the corner in 2010 on the need for continued cuts."

The chancellor, who came to UCSF early last August from her prior position as president of product development at biotech giant Genentech Inc., has appointed an administrative and operating efficiencies work group headed by interim Vice Chancellor Randy Lopez and Michael Hindery, vice dean at UCSF's School of Medicine, to come up with budget-shaving suggestions by March 31.

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Meltwater hits \$100M as software flows in new directions

BY PATRICK HOGGE
San Francisco Business Times

Meltwater Group knows what everyone is saying about you.

Founded in Oslo in 2001 and relocated to San Francisco in 2005, the electronic media monitoring service has grown to 18,000 customers, 700 employees and 50 offices on six continents, and is about to pass \$100 million in annual bookings. It continues to expand aggressively, with numerous positions available in San Francisco and elsewhere, particularly in sales. Revenue has grown roughly 60 percent per year for the last five years.

Adding web-based tools for recruiting, public relations campaign management and online document management, Meltwater is pitching itself as a "software-as-a-service" company.

"In a way, it was a little arbitrary that we started out with electronic media monitoring," said CEO and co-founder Jorn Lyseggen in a rare interview. "If you know how to do business (around the world), then it is easy to move from one product to another, even if the products are not related to one another."

Meltwater, which has never taken outside funding, says it will have achieved \$100 million in bookings, for the first time, in the 12-month period ending March 31.

Lyseggen, born in South Korea and raised by adoptive parents on a farm in Norway, received a master's degree in electrical engineering from Iowa State University. He started his career as a research scientist at the Norwegian Computing Center and left to work in startups after falling in love with the Internet. Lyseggen and Oslo-based engineer Gard Haugen launched Meltwater with \$15,000.

Its first and biggest-selling product remains Meltwater



The Irvine-based fast food chain has been using the original Meltwater News service for roughly two years and last year added Meltwater's new Buzz service to monitor social media.

In January, Meltwater identified the difficulty Taco Bell customers were having printing out coupons linked to an advertising campaign, and the company was able to quickly eliminate the problem, Poetsch said.

Meltwater's first phase focused on building a global sales and technical delivery infrastructure.

Rapid expansion has left some disgruntled. There are numerous comments on various discussion sites posted by people claiming to be ex-Meltwater employees who complain that most of the company's jobs are high-pressure, commission-heavy telemarketing sales jobs, and the corporate culture demands very long work days and after-hours socialization with co-workers. Others praise the camaraderie and the opportunities for quick promotion and travel.

Lyseggen says the company is at its core a technology startup, and it is ready to expand into other products. To make that happen, Meltwater recently set up a venture arm, which will look for opportunities to partner with or acquire smaller companies with innovative technologies that Meltwater can help distribute, he said.

This week, Meltwater is announcing its first acquisition, a Bangalore-based social media monitoring company with 25 engineers called BuzzGain. Terms of the deal were not disclosed.

"We have done what we believe is the hardest thing," said Lyseggen, "and that is building that global infrastructure."

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New community benefit district targets job growth

BY ERIC YOUNG
San Francisco Business Times

Building owners in three of San Francisco's industrial neighborhoods will decide soon whether to tax themselves in hopes of boosting economic activity.

If owners in the northeast Mission, Showplace Square and the Central Waterfront create a special assessment district, they will join a growing number of so-called community benefit districts citywide. San Francisco has 10 such zones encompassing neighborhoods

from Noe Valley to Fisherman's Wharf.

Unlike districts that focus on clean streets, security or other enhancements to drive retail traffic, this newest assessment district would emphasize economic development.

Businesses in the districts could take advantage of several services, including a commercial space locator and a liaison who would help small businesses tap city, state or national programs for growing companies. The benefits district — which would be called the Production, Artisanal and Creative Enterprise area — also would try to attract new light industry, media or other blue-collar firms.

"We believe that by cultivating businesses here that is one of the single most powerful ways we'll contribute to the livability and viability of the area," said Kate Sofis, a resident leading the charge to create the district. Some property owners rallied around the idea of a benefit district after the Eastern Neighborhoods

News, an electronic clipping service that scours 100,000 news sources in 110 countries and 50 languages.

Customers include Coca-Cola, Intel, IBM, Motorola, Nokia, Porsche, Dolby, HP, the Catholic Church, Harvard, Princeton, Yale, Stanford and UC Berkeley, as well as individual billionaires and rock stars, Lyseggen said. UC Irvine has spent \$10,000 a year for the past three years with Meltwater News to get electronic clippings and a news feed on the university's home page.

Taco Bell spokesman Rob Poetsch said his company can easily get mentioned 30,000 times on different sites in a single week. Meltwater's technology collates those mentions, assesses sentiment and ranks items in importance, saving significant resources, he said.



were rezoned last year to clarify where business and housing could be located.

The assessment district must pass two votes. The first vote, coming as early as April, must win approval from at least 30 percent of property owners, using ballots weighted based on property size.

They must agree on the proposed taxation formula — which could fall between four cents and ten cents per square foot — and boundaries. If that is approved, then a majority of property owners must approve it in a second vote that could come as soon as this summer.

The benefits district proposes an annual budget of about \$375,000 and would hire two full-time employees. Homes would not be subject to the tax.

Supporters of the assessment district acknowledge that hitting up property owners in the wake of the Great Recession makes their task more challenging. Still, the idea is appealing to property owners like Anton Haramis. Haramis, whose commercial building at 19th and York streets has about a dozen companies as tenants, said, "Anything we can do (to support the area), all the better in my mind."

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