Google's ultrafast Internet draws startups to KC

MARIA SUDEKUM - Associated Press - Associated Press

Inside a small bungalow on the street separating Kansas City, Kansas, from its sister city in Missouri, a small group of entrepreneurs are working on their ideas for the next high-tech startup, tapping Google Inc.'s new superfast Internet connection that has turned the neighborhood into an unlikely settlement dubbed the "Silicon Prairie."

The home on State Line Road is one of several startup-friendly locations that have sprouted up in Kansas City in recent months. The catalyst is Google Fiber, the search-engine giant's fiber-optic network being tested in the Kansas City area that advertises speeds of up to a gigabyte per second — a rate that massively exceeds the average Internet speeds at homes hooked up with cable modems.

The advantage here for startups is simple: A fast Internet pipe makes it easier to handle large files and eliminates buffering problems that plague online video, live conferencing or other network-intensive tasks. Though the Kansas City location presents challenges for startups, including the ability to raise money outside the traditional Silicon Valley venture capital scene, entrepreneurs like Synthia Payne believe it's the place to be right now for up-and-coming tech companies.

Payne is one of those entrepreneurs hoping to launch her startup dream — an Internet subscription service for musicians who want to collaborate online — on the cheap. She shares the State Line Road house, known as the "Home for Hackers," with other startups under a deal that allows them to live rent-free while they develop their business plans.

Google's network was attractive, Payne said, because her business plan "is dependent upon really good, really fast Internet."

"Without this on-ramp here I probably would have found it very difficult to come here," said Payne, who in December moved from Denver to develop CyberJammer.

Residents here were thrilled when Google announced last year that Kansas City, Kansas, and neighboring Kansas City, Missouri, would be its test bed for Google Fiber. The Mountain View, California-based company spent months and unknown sums installing optical fiber around the area. Google provides the full gigabit service for $70 a month and its own cable-TV like service for another $50. A slower Internet connection is free on a monthly basis after a $300 installation fee.

The first homes were installed with fiber optics in the fall, with more "fiberhoods" planned in stages over the next several months. Kansas City, Missouri, and Kansas City, Kansas, remain Google's only fiber market, though the company has said it plans additional roll-outs. Many in the tech industry believe Google's move could ultimately force broadband providers to accelerate their networks to compete.

Making Internet access faster would give the company more opportunities to attract traffic and sell more advertising — the main way Google makes money.

The "Home for Hackers" and its unique business pitch is the brainchild of local web developer Ben Barreth, whose property was among the first wave of houses to be fiber-wired and is a block away from the Google Fiber offices. "Hackers" who pass Barreth's application process and show a real intention to work on a viable project can live there rent-free for three months. Since starting the home in October after cashing in his retirement account and putting a down payment on the $48,000 home, Barreth has gotten applications from nearly 60 people seeking a spot in the home.

"The whole startup thing in Kansas City is like this huge growing beast," he said. "It's got this crazy momentum."

The house has been full since mid-December with Payne and two others. One of the rooms also is reserved for fiber tourists who want a place for a day or two where they can download anything faster than they could elsewhere.

"The hope is that these startups will move their operations to Kansas City and this will really bless Kansas City, bring jobs and taxes and we'll build a really cool tech scene," Barreth said.

A few homes away from the "Home for Hackers" is the headquarters of the Kansas City Startup Village, which was started by local entrepreneur Matthew Marcus and where Mike Farmer, founder of mobile search app Leap2.com, has his offices. Farmer said Google Fiber brought attention to Kansas City's startup culture, "because it sort of ignites the imagination about what you can do with that sort of bandwidth capability."

"Most every week I meet one or two or three people that are looking to come in from out of town," he said.

Despite the growth, it remains a challenge for startups to raise money from Kansas City, Farmer said. Silicon Valley venture capital groups in particular want startup entrepreneurs to be nearby in California, he said.

"I've had some really incredible conversations with some big name VCs, and their first statement is that when you're in this early stage you have to be here, right next to us," he said. "That is a hurdle."

Andy Kallenbach recently launched FormZapper.com, an online forms management site, and also has offices near the "Home for Hackers." He said Kansas City has no aspirations to be the next Silicon Valley and may never have a "Facebook or a giant consumer-level company that takes over the world."

He said it may also be "better for us" that it's more difficult to raise money in Kansas City.

"The hardest thing about a startup is execution, OK? A lot of people can go out and raise money and get money for an idea or for some product or they can come up with some awesome presentation. But it doesn't matter if you can't build something that people will use," Kallenbach said. "I think here in Kansas City you have to at some point put your money where your mouth is. You have to 'do.'"

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