

What draws companies to Omaha? Site selection is an art and a science, expert says

By Paige Yowell / World-Herald staff writer - Nov 19, 2017



Why Omaha? Toast executives have said the company picked Omaha for its first U.S. office outside of Boston in part because of its restaurant scene.

Site selection is increasingly both a science — weighing costs of doing business — and an art, said John Boyd, president and chief executive of Princeton, New Jersey-based site selection firm The Boyd Co.

“The art has to do with livability and lifestyle factors like restaurants, like being millennial friendly, walkability and attractions that a young workforce finds desirable,” Boyd said. “Being in a market

that has some panache, some value to bring over perhaps some more information technology-related activity. All of that really distinguishes Omaha,” he said.

But Omaha really shines when it comes to the cost of doing business.

It is “one of the most cost-effective markets in the Midwest” when looking at the price of office space per square foot and the average price of homes in the area.

Boyd estimated that labor costs in Omaha are about 30 percent less than they are in Boston.

There are inherent risks associated with economic development, he said — and the risks are greater with a younger company like Toast, which was founded in 2013.

“However, Omaha needs to fish where the fish are,” he said. “This is a real project that represents potentially hundreds of white-collar jobs,” Boyd said.

One thing that could have lured Toast to town: access to capital, said Lee Dunham, a finance professor at Creighton University. Generally speaking, Dunham said, startups in high-growth mode are on the hunt for the next round of financing. Toast already has \$130 million in venture capital backing gathered so far.

Then it’s typically grow, grow, grow until the company can fetch a high valuation and form an exit strategy — oftentimes an initial public offering on the stock market, or selling to another company.

Like the leaders of established companies, startup founders are thinking about how to get more customers and grow revenue. “Underlying that is ‘How do I get this company to an IPO?’ or ‘How do I get this company to a \$1 billion evaluation and sell it?’ ” Dunham said.

In fact, that’s just what Toast’s co-founders did with their last company. Steve Fredette, a co-founder of Toast, also helped start Endeca, a technology company that sold to Oracle Corp. in 2011 for \$1 billion.

Many startup software companies end up being purchased by larger businesses with their operations becoming part of a bigger technology business.

Tim Barash, Toast’s chief financial officer, told The World-Herald: “That is not part of our plans at this time.” It’s more likely that Toast would continue partnering with other technology companies to offer new and better products to the restaurant industry, he said.

“There’s no discussion, no plans for anything on the chance of acquisitions,” he said.