

## Region May Be Losing Some Major Businesses

TECH: Reports Have Websense, Two Others Taking Off for Texas

By [Brad Graves](#)

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San Diego may lose up to three large employers in 2014.

Websense, The Active Network and Omnitrac — the three businesses bought this year by Vista Equity Partners — are bound for Texas in the new year, according to the technology blog Xconomy, which cited an unnamed executive source at Vista Equity.

The Websense part of the story was confirmed by two people in San Diego's tech community, who told the San Diego Business Journal that Websense plans to move its head office to Texas. Both asked not to be named. Plans for The Active Network and Omnitrac were less clear.

Vista Equity acquired Websense, a company offering security software, in June for \$906 million. Websense reported \$361 million in revenue last year.

One source said he heard about Websense's move directly from multiple Websense employees, and that the company is planning a move to Austin — home to one of Vista Equity's offices. He said he heard the report within the last two weeks.

A second source said he learned of the move to Austin secondhand but felt confident in the reliability of the information. He also said he sees people leaving jobs at Websense and not being replaced.

A Websense spokeswoman said the company cannot comment on speculation. Websense did not answer two requests to speak with company CEO John McCormack.

### Local EDC Committee Concerned

The San Diego Regional Economic Development Corp. has been concerned with the potential loss of Websense with its acquisition by Vista Equity, said Sean Barr, vice president of economic development. Barr said the agency has a committee "to raise the red flag" about the potential of companies leaving San Diego. Websense and Vista Equity have not responded to the committee's requests to meet, Barr said.

"Any company that has roots in San Diego is of concern for us," Barr said.

Corporate moves to Texas frequently involve talks with the state's governor's office. A spokeswoman for Gov. Rick Perry said his office typically does not discuss ongoing potential negotiations.

The Xconomy report cited economics as part of the reason the companies are moving to Texas. "They don't like California because of the tax structure," the source told Xconomy.

Texas has its appeal because of lower taxes, said Nathan Oestreich, a business professor at San Diego State University who specializes in taxation. Simply put, the corporate tax rate in California is "real high," Oestreich said, adding that Texas is among the states that does not have a personal income tax.

Companies are also attracted to Texas because of the cost of labor, which is tied to the low cost of housing, he said.

### **Texas Incentives Target Calif. Companies**

Oestreich noted that Petco Animal Supplies Inc. is among the San Diego companies that recently moved employees to Texas. On its corporate relocation website, the Texas state government counts Petco among the California companies attracted to the Lone Star State.

State and local governments in Texas offer incentives to companies that create jobs within the state. It was unclear whether that was going on in the reported relocations of Websense, Active Network and Omnitrac.

A spokeswoman for Texas Gov. Perry said Petco is in line to receive \$3.1 million in exchange for bringing 400 jobs to the state. Funds will be disbursed over several years through 2021, provided the company keeps those jobs in Texas, the spokeswoman said. The money comes from the Texas Enterprise Fund, which is billed as the largest deal-closing fund of its kind in the nation.

Active Network deals in online event registrations. Vista Equity bought the business in November for \$1.05 billion. Active Network had revenue of \$419 million in 2012.

In November, Vista Equity closed its acquisition of the Omnitrac unit of Qualcomm Inc. (Nasdaq: QCOM), which Vista had announced in August as an \$800 million deal. Omnitrac enables big-rig trucking companies to track their fleets and communicate with their drivers.

In addition to Austin, Vista Equity has offices in San Francisco and Chicago.