

CITY COUNCIL  
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEES ON TECHNOLOGY IN GOVERNMENT AND  
ECONOMIC DEVELOPMENT

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December 16, 2009

Start: 10:13 am

Recess: 1:34 pm

HELD AT: Council Chambers  
City Hall

B E F O R E:

GALE BREWER AND THOMAS WHITE, JR.  
Chairpersons

COUNCIL MEMBERS:

Council Member Letitia James  
Council Member Kenneth C. Mitchell  
Council Member Diana Reyna  
Council Member Eric A. Ulrich  
Council Member Albert Vann

## A P P E A R A N C E S (CONTINUED)

Kristy Sundjaja  
Vice President of Media, Green and Emerging Technology  
New York City Economic Development Corporation

Jalak Jobanputra  
Senior Vice President  
New York City Investment Fund

James Harris  
Senior Associate  
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Nathan Westheimer  
Executive Director  
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Dr. Eva Cramer  
V.P. for Biotechnology and Scientific Affairs  
State University of New York Downstate Medical Center

André Fenton (neuroscientist, biomedical engineer)  
President  
Bio-Signal Group Corporation

Varbin Stakehoff  
Financial Advisor  
U.S. Department of Energy

Paul Ellis  
Board Member  
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Teacher, Fordham University  
Entrepreneur in Residence, First Round Capital

Monica Dean  
Administrative Director  
Lawrence and Fields Center for Entrepreneurship,  
Baruch College

## A P P E A R A N C E S (CONTINUED)

Ray Garcia  
Technology Entrepreneur  
Various

Hermann Mazard  
Teacher, Polytechnic  
CEO, Homeshop Technologies

Colleen Gibney  
Technology Practice Project Manager  
Industrial and Technology Assistance Corporation

Maziar Dalaeli  
Principal  
IPPsolar

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Steven Masur  
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Heather Miles  
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CEO and Founder  
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## A P P E A R A N C E S (CONTINUED)

Amos Winbush III  
Founder and CEO  
CyberSynchs

Michael Brown  
Representative  
Startup company, energy consulting services

Bruce Nicewarner  
Director  
Various programs

John Lebar  
CEO and Chief Operating Officer  
Roanwell Corporation

Alan Mitchell  
Strategy Consultant  
ARMAK and Associates

Michael Smolens  
Founder and CEO  
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Darren Conti  
Founder and CEO  
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Bruce Bernstein  
Citizen  
New York City

Paul Garrin  
Founder  
Name.Space and WifiNY

Hannah Koppelman  
Representative  
ISAC New York

## A P P E A R A N C E S (CONTINUED)

Tom Lowenhaupt  
Founder and Director  
Connecting.nyc

Avinash Karnani  
Vice President, Strategic Innovation  
Lending Tree

Gary Whitehill  
Founder  
New York Entrepreneur Week

2 CHAIRPERSON BREWER: Good morning,  
3 I'm Gale Brewer, City Council Member and Chair of  
4 the Committee on Technology in Government. And we  
5 will soon be joined by Tom White, who's Chair of  
6 the Committee on Economic Development. I'd like  
7 to certainly thank Jeff Baker, who's Counsel to  
8 the Committee; Colleen Pagter, Policy Analyst;  
9 Kunal Malhotra from our office, as well as Sam  
10 Wong from our office. And I think Sam Wong wanted  
11 me to point out that this will certainly be  
12 treated. Sam, why don't you talk about what  
13 you're going to do? Sam, yes.

14 SAM WONG: Sure. So, today we're  
15 going to tweet the entire hearing, and also live  
16 stream it. So, and you can access it through your  
17 mobile phone or on your computer. Later on, on  
18 the last slide of the opening presentation, you'll  
19 see all the access codes to the wireless internet  
20 within City Hall and Twitter. I'll just repeat  
21 those code names, after you're done, Councilwoman.

22 CHAIRPERSON BREWER: Thank you very  
23 much. This is the only hearing of the City  
24 Council that has anything close to these kinds of  
25 arrangements, but I'll leave that [laughter] I'll

leave that for another time. Alright, we are here to talk about promoting the high tech technology business sector in New York City. It's December 16<sup>th</sup>, not December 10<sup>th</sup>, in case people are wondering. The City currently has a technology sector that employs about 226,000 people; however, only 164,806 work directly in technology enterprises such as tech consulting services, information technology, and computer service systems design. According to the Deloitte 2008 Technology Fast 500 List, New York City is home to only six of the 500 fast growing technology media, telecommunications and life sciences companies, compared to Los Angeles, which has home to 50 companies. The City's technology sector when compared to other metropolitan regions throughout the nation ranks as the ninth largest. Some of the challenges to successfully competing in the New York City market include finding affordable office space for start up businesses and luring high tech talent. New York City colleges and universities only spend about \$90 million in engineering, research and development, compared to \$337 million in Boston, and \$299 million in the

San Francisco Bay Area. Raising funds for new technological firms is another challenge. In the first half of 2008, 149 technology based firms in the New York area raised \$926 million in venture capital funds, while 232 firms in Boston raised \$2.6 billion. Incubators are often multitenant facilities--so am I on the right, this, yes--occupied by entrepreneurial firms that offer onsite management and a variety of support services. In 2002, it was estimated that 52 incubators existed throughout New York State, while by 2006, the number had grown to 80. I know we'll hear more about this from EDC. One of the major technology incubators in the City is the Brooklyn Enterprise on Science and Technology, known as BEST, that is part of Polytech Institute of New York University, and people are very excited about the work that Polytech is doing. The City recently sponsored the new 160 Varick Street incubator that will house 42 businesses, representing a cross-section of promising startups. The New York City program was initiated in fall 2008, and provides funding for small, high-tech companies in the start up phase, and



services such as tech support, network and opportunities and guidance. The New York City Economic Development Corporation organized a second annual Small Business Innovators Research (SBIR) proposal workshop for life science companies in October 2009, which sought to assist small bioscience companies seeking to qualify for federal grant programs. EDC also partnered on the Alexandria Center for Science and Technology at East River Science Park, a 3.7 acre site expected to be completed in summer 2010, that will be a leading center for life science and technology commercialization--that's in Manhattan. And then in October 2009, Mayor Bloomberg announced the launch of the NYC Big Apps competition. I'm sure you all know, it's a contest for software developers and members of the public, to create web or mobile applications using City data. Yesterday, the Commissioner, of DOIT, whom, with whom I'm very fond of, tried to explain all that to community boards. Recommendations. A 2007 report released by ITAC, and we'll hear later from them, was based on a survey of numerous high tech executives in the City. Some recommendations:

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2 reducing the cost of doing business in the City;  
3 improving access to funding; improving access to  
4 skilled employees. In addition, the Center for an  
5 Urban Future, which has been working on these  
6 issues, like ITAC has, for quite some time, also  
7 released a report in September of 2009 that  
8 provided recommendations on ways to develop a  
9 vibrant innovation economy, and they suggested  
10 establishing an innovation intermediary--that's  
11 something that others at a hearing that we had  
12 here in 2007 also suggested--making science and  
13 technology a priority for the City, and leveraging  
14 City assistance to get New York academic  
15 institutions to support more local technology  
16 spinoffs. And I know that the Center has been  
17 making that suggestion for a while because we want  
18 to make sure that the colleges are ready to  
19 welcome the tech center. And as Sam Wong  
20 indicated earlier, you have information here about  
21 wireless internet access and how you can access it  
22 and also where you can send questions, and it's  
23 all up there on the screen, and we'll leave it up.  
24 So that's our opening statement. The only reason  
25 I'm not waiting for our co-chair is that at 1:00

2 o'clock we have an Education Committee hearing,  
3 which will have many, many parents, 'cause we're  
4 talking about capital. The room next door is  
5 under construction, the ceilings are falling down,  
6 so we can't use it, and so this is the only room  
7 that we can use, except for 250 Broadway, where  
8 the rooms are too small for a large group like  
9 this, or the many parents who are going to show up  
10 at 1:00 o'clock. If you want to speak, make sure  
11 you see the Sergeant-at-Arms. And with that, we'd  
12 love to thank the staff, and begin with the  
13 Economic Development Corporation, and ask them to  
14 come up and testify. Thank you. [pause] We're  
15 very delighted to be joined by Council Member  
16 Diana Reyna, who I think is a member of Economic  
17 Development. So, go ahead, just introduce  
18 yourself, and we're delighted to have you here.

19 KRISTY SUNDJAJA: Thank you. Good  
20 morning, Chairman Brewer, and member of your  
21 committee. I'm Kristy Sundjaja, Vice President of  
22 Media, Green and Emerging Technology at the New  
23 York City Economic Development Corporation. I  
24 have been invited here today to discuss initiatives  
25 that NYCEDC has developed to promote the high tech

2 business sector in NYC. As you know, this is an  
3 important sector to the City's economy. With over  
4 315,000 media and technology workers, we have more  
5 technology jobs located here than any other  
6 metropolitan area in this country. Technology  
7 giants like Microsoft and Google have a  
8 significant presence here, as do numerous startups  
9 such as Tumbler, Gilt and Daily Candy.

10 Furthermore, emerging technology is stimulating  
11 job growth. Areas such as gaming, music, and  
12 video, are expected to grow here by up to 35  
13 percent annually through the year 2013. Based on  
14 a study that we are conducting with our partners  
15 in the private sector, the Bloomberg  
16 Administration announced a number of initiatives  
17 in July designed to foster the growth and  
18 strengthen the media and technology industry  
19 overall in New York City. This focus on three  
20 main areas: one, increasing collaborations  
21 between the media and technology industry and the  
22 City's universities, and between new and  
23 traditional media and technology sectors; two,  
24 retaining and recruiting top talent to the City to  
25 maintain our competitiveness in the global market

2 space; three, recruiting foreign companies and  
3 helping City companies expand abroad. Let me  
4 provide you with a few examples of the ways we are  
5 meeting these goals. For instance, in 2010, we  
6 will open the New York City Media Lab. Modeled  
7 after similar facilities as Stanford and MIT, the  
8 Media Lab would create a collaborative environment  
9 for innovation, by partnering companies looking to  
10 advance new research with academic institution  
11 undertaking related research. Another way is  
12 through our Big Apps competition, designed to  
13 attract developers to develop digital applications  
14 using City data. Since the competition launch in  
15 October, we have received 85 qualified submission.  
16 Winners will be selected early next year, and the  
17 apps are currently available and online for public  
18 use and voting. Additionally, with the City's  
19 Department of Small Business Services and the  
20 Department of Information Technology and  
21 Telecommunications, we launch a series of programs  
22 to introduce startup companies to City IT and  
23 procurement, while simultaneously helping them to  
24 address business problems relating to startups and  
25 small businesses. And in order to ensure that we

2 are attracting all the City's best talents,  
3 several of these programs are targeting minority  
4 and women owned businesses that have registered  
5 with SBS. Furthermore, in conjunction with our  
6 efforts to promote entrepreneurship, across all  
7 industries in the city, we have a number of  
8 initiatives aimed at helping technology companies,  
9 businesses and workers obtain access to capital,  
10 space and training. In regard to the first, the  
11 City was to launch an entrepreneur investment  
12 fund, designed to increase seed funding for city  
13 based startups by as much as 25 percent. We also  
14 recently approved our first nimble bond allocation  
15 under a change in federal law that now allows  
16 companies that manufacture intangible goods, such  
17 as software, to apply for tax exempt financing.  
18 We believe the \$4.4 million dollars allocations to  
19 sell our services and IT developer for  
20 construction projects, is among the first of its  
21 kind in the country. To help startups in need of  
22 affordable workspace, we are launching incubators  
23 across the five boroughs. And we have partnered  
24 with academic institutions like Brooklyn's NYU  
25 Polytechnic's to provide mentoring and support

2 services. And specifically targeting media and  
3 technology freelancers, the Hive@55 opened this  
4 month in Lower Manhattan to provide space and  
5 access to services for more than 1,800 freelancers  
6 annually. The Hive@55 is managed by the Downtown  
7 Alliance, and will enable freelancers to use high  
8 tech equipment and space that otherwise might be  
9 inaccessible to them due to high cost. Finally,  
10 specific to training, our jump start program  
11 operated with SUNY Levin Institute, has been very  
12 successful and is now in its second class.  
13 Designed to transition laid off workers into start  
14 up careers, we have expanded the focus from the  
15 financial services sector to include several  
16 others, including new media. That class will  
17 begin in February. All of our efforts are aimed  
18 at helping the City remain competitive and  
19 transition to a 21<sup>st</sup> Century economy, that can be  
20 sustained for decades to come. And more  
21 specifically, as it relates to media and  
22 technology sector, we believe our initiatives will  
23 help the City capture a leadership role in  
24 emerging areas, while also fostering  
25 entrepreneurship broadly to ensure that New York

2 City based companies have the means to succeed.

3 Thank you for your time, and I'm happy to answer  
4 any questions you may have.

5 CHAIRPERSON BREWER: Thank you very  
6 much. One of the questions that came out a few  
7 years ago is if groups want to streamline what  
8 they're business is trying to do, how, whom do  
9 they call? We don't want to just tell them to  
10 call 311, but that might be your answer. So how  
11 does one, in other words, last time, we're talking  
12 two years ago, which in technology terms I know is  
13 decades, but is there a tech, are you the tech  
14 czar? Is there, is there somebody they can talk  
15 to who can--'cause their, their needs are, as you  
16 know, are different than other companies starting  
17 up in New York. So whom do they call and how do  
18 you help them? Say for instance they're not part  
19 of the incubator, etc., etc.

20 KRISTY SUNDJAJA: Our office has  
21 been responsive to inquiries from companies in the  
22 technology sectors, and my team is in charge of  
23 responding to a number of those requests. I do  
24 believe SBS also offer business express services,  
25 and through our partnership with SBS and DOIT, we



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2 have been referring people to SBS, DOIT, when it  
3 touches procurement and City contract issues,  
4 coming from the small businesses.

5 CHAIRPERSON BREWER: Okay, I mean,  
6 I know that SBS and, does that, and I know the  
7 business express, but does, these companies have  
8 different kinds of needs. So, in other words,  
9 you're also there to supplement questions and help  
10 that may not be available through business  
11 express, is that correct? Okay. How do you track  
12 technology employment? How does the City track  
13 that? 'Cause I know you talked about some of your  
14 new initiatives. And I think it's good that these  
15 companies have been around for a while and trying  
16 to expand. And people are very excited, I think,  
17 about being in New York, but it is a hard place to  
18 do business, we know that already. And for this  
19 particular sector we want to make it as easy as  
20 possible for every reason you can imagine. So how  
21 do you track the technology employment?

22 KRISTY SUNDJAJA: We work closely  
23 with our research department at NYCEDC that can  
24 provide those information.

25 CHAIRPERSON BREWER: That, I'm

2 sorry, how do you actually--In other words, you  
3 have the figures that you could share with us? Or  
4 is that something that you just started doing?

5 KRISTY SUNDJAJA: Well, our  
6 research committee is in, research NYCEDC has data  
7 that backed up each industries and the employment.  
8 So--

9 CHAIRPERSON BREWER: And how, how  
10 do you get that data? Do you search the  
11 companies? Do you--What, how do you actually get  
12 the data? In other words, we're learning, if  
13 that's correct, according to the staff here, that  
14 compared to other cities, between the financing,  
15 between the startups, despite all your efforts,  
16 and so on, we're way behind other cities. So, I  
17 guess one of my questions would be, how, if you're  
18 tracking it, A, do you agree with that? And B, do  
19 you think that some of your initiatives will help  
20 you enable more companies to startup successfully?

21 KRISTY SUNDJAJA: We do believe the  
22 initiatives will help companies and startup to be  
23 more successful in New York City. In terms of the  
24 data and research methodology, we will need to get  
25 back to you. I will need to talk to my research

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2 team to tell you what the methodology that they--

3 CHAIRPERSON BREWER: Alright. How  
4 do you think we will be able to compete with some  
5 of these other cities, like San Francisco, Boston  
6 and so on? Obviously, there's been a lot of  
7 concern, and I do have to say, maybe before your  
8 tenure--How long have you been at EDC?

9 KRISTY SUNDJAJA: For almost a  
10 year.

11 CHAIRPERSON BREWER: Okay, before  
12 your tenure, you're fortunate, you can't be part  
13 of any of these challenges, but before your--  
14 Everyone has been talking for the last umpteen  
15 years, my 20 years of this topic, but certainly  
16 more recently, universities and colleges working  
17 more consistently and collaboratively with the  
18 industry. If you don't have that combination, I  
19 think every status and every study shows, we  
20 cannot be successful. So, you've made some  
21 suggestions, Polytech is certainly an amazing  
22 partner. But can you be more specific? What are  
23 we doing with the CUNY in addition to Polytech, to  
24 make that partnership real? I think,  
25 unfortunately, money has to be part of it.

2 KRISTY SUNDJAJA: Let me explain  
3 the NYC Media Lab initiatives. It is a  
4 initiative's that's open to all universities,  
5 including Columbia, NYU, CUNY, NY Polytechnics,  
6 have agreed to help the City set up the NYC Media  
7 Lab. The Media Lab is meant to bring the  
8 universities and the private sectors together to  
9 identify areas where they can collaborate and  
10 innovate. And the media lab will be launched in  
11 2010.

12 CHAIRPERSON BREWER: Okay, but what  
13 does that mean? In other words, what would the  
14 universities have to do? Is it incoming classes?  
15 Is it partnership with engineers? Is there any  
16 funding involved? Because I only know  
17 specifically about CUNY, but funding is very, very  
18 tight. So are you providing stimulus, federal?  
19 What are the dynamics of this relationship to make  
20 it work?

21 KRISTY SUNDJAJA: To be members of  
22 Media Lab, the universities will need to submit  
23 informations about their researchers who are  
24 currently doing the latest research in the media  
25 and technology space. Those informations will be

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2 captured in a network database, and the network  
3 database will also profile companies who are doing  
4 the latest research in the industry. And the  
5 Media Lab will identify areas where both sites can  
6 work together and collaborate.

7 CHAIRPERSON BREWER: And are you  
8 helping people apply for grants? Because all of  
9 these researchers, from having spent myself quite  
10 a few years at CUNY doing research, knowing the  
11 challenges of the research foundation at CUNY, and  
12 the admin funds, and blah-blah-blah. What are the  
13 ways in which the City is helping this research,  
14 either get grants, partnering, and so on?

15 KRISTY SUNDJAJA: The SBIR, our  
16 training program, that we--

17 CHAIRPERSON BREWER: The what? I'm  
18 sorry.

19 KRISTY SUNDJAJA: The SBIR training  
20 program--

21 CHAIRPERSON BREWER: Okay.

22 KRISTY SUNDJAJA: --is one way that  
23 we are addressing that issue.

24 CHAIRPERSON BREWER: Okay. And  
25 when you say, can you be more specific about what

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2 SBIR will do to help wit the grants?

3 KRISTY SUNDJAJA: The SBIR training  
4 programs educate the universities' researchers and  
5 teach them how to apply for fundings.

6 CHAIRPERSON BREWER: Okay.

7 KRISTY SUNDJAJA: And we have done  
8 that for the bioscience sectors in 2009.

9 CHAIRPERSON BREWER: Okay, I mean,  
10 lots of these researchers know how to apply  
11 because that's what they do. But obviously having  
12 the support of the City of New York is something  
13 that they would also help them get grants. Is  
14 that what you're sort of saying? In other words,  
15 they know how to apply, but they need support of  
16 the City. So I guess you'll have to see in 2010  
17 how the collaboration works. Is that what you're  
18 trying to say?

19 KRISTY SUNDJAJA: Correct.

20 CHAIRPERSON BREWER: How do we  
21 reduce doing business, the cost of doing business,  
22 particularly for these companies? And that's very  
23 different than doing business with other kinds of  
24 retail and so on? How are you, the example that I  
25 know of, from 100 years ago, is when 55 Broad

2 Street produced a building, this was many years  
3 ago, that had enough technology in it so that each  
4 company didn't have to secure their own. And so  
5 that helped reduce the cost of business. What are  
6 you doing specifically to help some of these  
7 companies reduce the cost of business? Are there  
8 tax abatements? Tax credits and so on? And what  
9 will be the effect of such programs?

10 KRISTY SUNDJAJA: We actually went  
11 back to 55 Broad Street. The Hive@55 is a space  
12 that we have launched earlier this month at 55  
13 Broad Street. It--

14 CHAIRPERSON BREWER: I guess that's  
15 where it was.

16 KRISTY SUNDJAJA: It, it provides  
17 affordable space for freelancers.

18 CHAIRPERSON BREWER: I know, but  
19 that's only one project. Is that the only project  
20 that you have that helps businesses reduce their  
21 costs in the five boroughs?

22 KRISTY SUNDJAJA: No, we, we have  
23 also launched the 160 Varick Street incubators,  
24 and the City EDC is committed to launch a few more  
25 incubators in the coming year across all five

2 boroughs.

3 CHAIRPERSON BREWER: Do you have  
4 any incubators in Brooklyn? 'Cause that's what  
5 Council Member Diana Reyna will ask.

6 KRISTY SUNDJAJA: That is still  
7 under negotiations; once the information in  
8 public, we'll send the exact locations and  
9 information to your office.

10 CHAIRPERSON BREWER: So, how many  
11 companies will you, do you think you'll help  
12 reduce the cost of business? Is it--with all due  
13 respect, it doesn't sound like a lot, in this,  
14 these few incubators.

15 KRISTY SUNDJAJA: Alright, the 160  
16 Varick Street incubators can host up to 42  
17 companies. The Hive@55 Broad Street can help more  
18 than 1,800 freelancers each year. As I mentioned  
19 earlier, the incubators that we are trying to  
20 launch in 2010 are still under negotiation, so  
21 depending on the size of the programs and the  
22 operators, it might impact--

23 CHAIRPERSON BREWER: And how many--

24 KRISTY SUNDJAJA: --different  
25 number of companies.



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2 CHAIRPERSON BREWER: Okay. How  
3 many businesses are at 160 Varick now?

4 KRISTY SUNDJAJA: I believe 32.

5 CHAIRPERSON BREWER: And why is it  
6 not 42?

7 KRISTY SUNDJAJA: I don't have that  
8 information. We'll need to go back to NYU Poly.

9 CHAIRPERSON BREWER: Alright,  
10 'cause I'm just saying, if you've got, there is a  
11 great need, and my guess is there's probably some  
12 challenge. And how many of the 1,800 freelancers  
13 do you think are at the Hive?

14 KRISTY SUNDJAJA: We just launched  
15 on December 1<sup>st</sup>, so I haven't gotten the report  
16 from Downtown Alliance.

17 CHAIRPERSON BREWER: Okay. How  
18 does one get in to these incubators or the Hive?  
19 Does one apply? What's the process? Etc.

20 KRISTY SUNDJAJA: There's an  
21 application process that's managed by the  
22 operators, NY Poly in the case of 160 Varick  
23 Street, and Downtown Alliance in the case of  
24 Hive@55, are in charge of the application process.

25 CHAIRPERSON BREWER: And do you

2 have any sense of how many are WBE/MBE in terms of  
3 their composition?

4 KRISTY SUNDJAJA: I don't have the  
5 information on that.

6 CHAIRPERSON BREWER: Could you let  
7 us know?

8 KRISTY SUNDJAJA: Sure.

9 CHAIRPERSON BREWER: Okay. And if  
10 one is not in either one of these two locations,  
11 what else does one do for those startups? I mean,  
12 there are startups that are not necessarily  
13 eligible for Varick or are freelance. Is there  
14 anything else the City does besides send them to  
15 Business Solutions?

16 KRISTY SUNDJAJA: Yes, we have  
17 training programs, so in 2010, we have planned a  
18 series of training program to help them with City  
19 procurement, contract and specific business  
20 issues. We are upcoming in January, we're going  
21 to have a PR and marketing workshops to help  
22 startup company address the PR and marketing  
23 issues. In February we're going to have legal  
24 workshops that help small business address their  
25 legal issues, and working with SBS and DOIT, we

2 have a series of procurement business proposal,  
3 government contract workshop coming up next year  
4 as well.

5 CHAIRPERSON BREWER: Okay. Because  
6 as you know, procurement for technology is very  
7 different than procurement for paper towels for  
8 the prisons and jails. And so, my experience from  
9 the last eight years is that procurement changes  
10 so quickly, and we're not able to keep up. So,  
11 the whole procurement issue is something that  
12 needs to be looked at very carefully. How many of  
13 the startups that you identified at Broad, or  
14 maybe the freelancers, depending on what their  
15 business model is, are actually producing revenue?

16 KRISTY SUNDJAJA: I don't have that  
17 information with me.

18 CHAIRPERSON BREWER: Can you let us  
19 know?

20 KRISTY SUNDJAJA: Sure.

21 CHAIRPERSON BREWER: Do you know  
22 what, even in this small sample, what the success  
23 rate is of any of these startups?

24 KRISTY SUNDJAJA: I don't have that  
25 information. 160 Varick Street was launched this

2 year, so we need to get back to operator to get  
3 those information for you.

4 CHAIRPERSON BREWER: Okay. Were  
5 there any, weren't there incubators before these  
6 few that existed? I know, for instance, NYCEA  
7 used to have some; Mary McCormack at the Fund for  
8 the City of New York has had startups. Have you  
9 ever talked to any of them to see what their  
10 challenges were, and making sure that you don't  
11 fall into the same pit? Or do you not even know  
12 what I'm talking about?

13 KRISTY SUNDJAJA: I personally  
14 haven't spoken to those incubators' predecessors.  
15 We'll get back to see if others in our office have  
16 done so.

17 CHAIRPERSON BREWER: Okay. If you  
18 have questions let me know, if you have questions  
19 let me--What are some of the ways in which we are  
20 making sure that we have a workforce that is  
21 supportive of these companies. Now, again, this  
22 goes back to the universities, way before your  
23 tenure, but we have been talking about this issue,  
24 I don't know if ten years, twenty years, and so  
25 on, and I've just, it's a little frustrating for

2 me to have the same conversation over and over.

3 But what are we doing to have the workforce needs  
4 of these companies met?

5 KRISTY SUNDJAJA: We have launched  
6 a jumpstart program which is designed to help  
7 displace workers, to transform the skill set and  
8 apply it into the media and technology industries.  
9 The first class graduated earlier this year--

10 CHAIRPERSON BREWER: And I have two  
11 friends in it, so I'm very familiar. But they  
12 both went into business for themselves and are not  
13 really employing anybody, just so you know. But  
14 go ahead.

15 KRISTY SUNDJAJA: Yep, so we, we're  
16 expanding that program. It initially targets the  
17 financial services people who got laid off. The  
18 second pilot coming up in February 2010 will aim  
19 at workers who are displaced by, from the media  
20 and technology companies, and retrain them and put  
21 them in new media or digital technology companies.

22 CHAIRPERSON BREWER: Okay, so I  
23 know Levin is part of CUNY, at least has a  
24 collaborative work relationship with it. But  
25 that's a really small number of people. What are

2 we doing more generally with the colleges to  
3 prepare for workforce challenges, for this  
4 industry? Are we doing any more collaborative  
5 programming?

6 KRISTY SUNDJAJA: One--

7 CHAIRPERSON BREWER: La Guardia  
8 College, etc.

9 KRISTY SUNDJAJA: One of the  
10 collaborative programs that we just issued an RFP  
11 is the Urban Technology Innovation Center.

12 CHAIRPERSON BREWER: And what is  
13 that? Someone's going to have to keep track of  
14 all these programs. Go ahead.

15 KRISTY SUNDJAJA: Right. It is a  
16 Center that will aim at creating an urban  
17 technology cluster in New York City, We're  
18 currently looking for partners to help us set up  
19 the Center. It will bring together the academic  
20 sectors, the urb--the building technology  
21 providers, the building owners and also other  
22 service providers that help develop and deployed  
23 urban technologies in New York. This is another  
24 example of initiatives that we're trying to bring  
25 in the academic researches to work more closely

2 and collaborate with the private sectors.

3 CHAIRPERSON BREWER: Now how is  
4 that different than the work that's going to be  
5 done with the researchers at the media lab?

6 KRISTY SUNDJAJA: It's--the media  
7 lab will focus on mainly media related technology  
8 innovations. The urban technology innovation  
9 centers will focus on development and deployment  
10 of urban technologies in our city's buildings.

11 CHAIRPERSON BREWER: Okay. So what  
12 specifically have you done, particularly with this  
13 initiative, to work with CUNY, and obviously  
14 Polytech and Columbia and anybody else? How  
15 exactly, specifically, are you involving the  
16 academic institutions?

17 KRISTY SUNDJAJA: Apparently, we  
18 are at the RFP stage, so we cannot reach out to  
19 these universities proactively. But I believe  
20 they all have received an invite to respond to the  
21 RFP.

22 CHAIRPERSON BREWER: Okay. But  
23 even before this specific, to try to get them to  
24 know what the needs of the sector are, so that  
25 they can produce programs, has anybody in the City

2 even had those kinds of discussions? Because  
3 obviously if you're going to have a class of  
4 people who are ready to work in the industry, you  
5 have to plan it. So has anybody, to the best of  
6 your knowledge, even in your year of being here,  
7 had that kind of discussion?

8 KRISTY SUNDJAJA: Yes.

9 CHAIRPERSON BREWER: And what, what  
10 are the, what's the fruit? What's the--what  
11 happened as a result of those discussions?

12 KRISTY SUNDJAJA: The, for example,  
13 the media lab initiatives was the result of a  
14 ongoing study that we conducting, and the  
15 universities are involved in that study, and we  
16 have constant, regular workshops and discussions  
17 with the professors and the deans to understand  
18 their challenges, and also communicate to them the  
19 challenges that we've seen in the private sectors.

20 CHAIRPERSON BREWER: Okay. And we  
21 know that CUNY Graduate Center has an internship  
22 for technology students who are in the grad  
23 programs. What are you doing to help them get the  
24 appropriate internships? Is that part of your  
25 discussion? Have you ever heard of the program?



2 Etc.

3 KRISTY SUNDJAJA: I haven't.

4 CHAIRPERSON BREWER: Alright, you  
5 really need to know that program, because the  
6 director is, he might even be here today, who  
7 knows, but he's really well known to everybody in  
8 this industry. He has graduate students at 34<sup>th</sup>  
9 and 5<sup>th</sup> who are versed in technology, that's what  
10 they're getting their doctorates and masters  
11 degrees in. And it's, he and the program should  
12 be very much a part of your discussion. With all  
13 due respect, it's quite frightening that don't  
14 know. The competition between New York's  
15 workforce and international technology, that's  
16 obviously something that comes up a lot. So how  
17 do we figure out ways of being competitive with  
18 what's going on internationally?

19 KRISTY SUNDJAJA: We believe all  
20 the initiatives that we are launching actually  
21 differentiate us from the other countries who are  
22 promoting the technology sectors. Take the NYC  
23 Big Apps competition as example. We have received  
24 more qualified submission than any competition of  
25 its kind in this country. And the nimble bond

2 that I mentioned earlier, we just awarded \$4.4  
3 million to these technology companies, and such  
4 bond financing is among the first in this country.  
5 So we are trying our best to help companies in  
6 innovative initiatives that have not been launched  
7 outside the City.

8 CHAIRPERSON BREWER: Okay, Council  
9 Member Reyna?

10 COUNCIL MEMBER REYNA: Thank You so  
11 much, Madam Chair. I just wanted to understand if  
12 there is an identified exercise of what are some  
13 of the obstacles that still present themselves,  
14 despite your best efforts in this last year.  
15 Obviously, you've launched Varick Street as well  
16 as Broad Street, as two locations looking to  
17 expand in the outer boroughs. I'm making my call  
18 to you for Brooklyn and Queens. I represent both  
19 in the 34<sup>th</sup> District. Can you express some of  
20 those barriers that you know have been identified  
21 by your office?

22 KRISTY SUNDJAJA: We definitely  
23 agree in terms of barriers, space, capital and  
24 talent--those are three barriers. I think we have  
25 done a great job this year in launching the

2 incubators and the hive. And our plan has  
3 continued to address those issues in 2010 to  
4 launch a few more incubators to address the space  
5 issues. We are launching the entrepreneur  
6 investment fund to address the capital issues.  
7 We're scaling up the Jump Start program. We are  
8 expanding our workshop for small businesses to  
9 address the issues around talent.

10 COUNCIL MEMBER REYNA: And as far  
11 as the collaboration amongst agencies, when you  
12 are making every effort to focus on these three  
13 particular barriers, and working through the kinks  
14 of those barriers, and finding solutions, is the  
15 Mayor's Office of Industrial and Manufacturing  
16 Spaces at the table?

17 KRISTY SUNDJAJA: I have not  
18 personally worked with them, but I need to check  
19 to see if the other team members have.

20 COUNCIL MEMBER REYNA: And I ask  
21 because this is a very important office that seems  
22 to fall by the wayside each and every time we  
23 speak of startup companies, and attracting  
24 businesses to come into New York City. For one  
25 reason or another, no one ever seems to connect

2 the dots that this is the office that is supposed  
3 to hold sacred our industrial spaces, our  
4 industrial parks, where identified coordinators  
5 are at ground zero of industrial parks, to be able  
6 to identify where there is space available. And  
7 in doing so, we preserve our industrial spaces so  
8 that they're not illegally converted or put at  
9 risk of, you know, through a variance process, as  
10 such. So, I want to just petition you to be able  
11 to reach out personally to the office, so that  
12 there's better coordination as far as space is  
13 concerned. I know that the City Council was able  
14 to develop a \$20 million industrial space fund  
15 where nonprofits were able to access acquisition  
16 costs through this fund to leverage private funds,  
17 and purchase buildings that were up for sale in  
18 industrial spaces, so that--industrial parks,  
19 rather. And so, in doing this we're dealing with  
20 the potential of losing the square footage that is  
21 very hard to come by today. The, is the City  
22 looking to be able to provide matching that type  
23 of fund? Because right now, the fund is close to  
24 zero. You know, the funding has been allocated,  
25 there have been successful purchases of these

2 buildings, but without the capital investment to  
3 secure the space, we can't move forward in  
4 providing the space that you have identified as  
5 one of the barriers for these startup companies.

6 KRISTY SUNDJAJA: That is news to  
7 me, so I will need to do more homework and we'll  
8 get back to you on that.

9 COUNCIL MEMBER REYNA: And again I  
10 just wanted to share with you, it's the Office,  
11 the Mayor's Office of Industrial and Manufacturing  
12 Spaces, who coordinates all of the industrial  
13 business zones throughout the City of New York.  
14 Brooklyn Navy Yard is one, as well as the North  
15 Brooklyn IBZ, which are two particular ones that  
16 are near and dear to Brooklyn. And these are  
17 possibilities in the future. So that I want to be  
18 able to coordinate the ability to have these  
19 spaces marketed as the potential for startup  
20 businesses, and encourage a workforce to build on  
21 the talent that perhaps surrounds all of these  
22 communities. So right there, you know, we're  
23 doing our part as far as the three barriers that  
24 you've just spoken of; in identifying them, I  
25 think there's just a lack of coordination, and I

2 want to be able to broaden your efforts into the  
3 outer boroughs, making sure that this office is  
4 not left behind.

5 KRISTY SUNDJAJA: Thank you.

6 COUNCIL MEMBER REYNA: Thank you.

7 And as far as the, I believe you, our Chairwoman  
8 had already asked, but as far as employment at the  
9 160 Varick Street, 42 companies, how many people  
10 have been employed in the City of New York because  
11 of these startup companies?

12 KRISTY SUNDJAJA: Don't have that  
13 information, we'll get back to you.

14 COUNCIL MEMBER REYNA: Okay. And  
15 as far as the expansion into the outer boroughs,  
16 the freelancers hub that has been created at 55  
17 Broad Street, Hive@55, is this supposed to be one  
18 of the models that you're going to use in the  
19 outer boroughs? Or it depends on the space? What  
20 factors do you take into consideration to create  
21 one model versus the other?

22 KRISTY SUNDJAJA: We work closely  
23 with the landlord and the operators to develop the  
24 model, and we are still in negotiations to  
25 finalize the additional incubators. So once we

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2 have the models, and its public, we'll make sure  
3 that we send those information to you.

4 COUNCIL MEMBER REYNA: So, would  
5 you be able to share with us if there's a waiting  
6 list of applications on behalf of whether that's a  
7 freelancer or companies, start up companies that  
8 are eager to find space? Such as the ones that  
9 you described?

10 KRISTY SUNDJAJA: Yeah, I, I'm sure  
11 we can get back to you and ask Hive@55 and 160  
12 Varick Street to provide those informations.

13 COUNCIL MEMBER REYNA: But  
14 currently we can't get any information concerning  
15 any waiting list of startup companies?

16 KRISTY SUNDJAJA: I don't have it  
17 right now.

18 COUNCIL MEMBER REYNA: Is it  
19 possible to get any type of communication at the  
20 moment, via Blackberry, because--thank you. I  
21 appreciate that, because you know, these are  
22 important answers as to how we're going to be able  
23 to proceed post this hearing, and you know, we've  
24 waited a long time to be able to get to this  
25 point. And I know that you've only been on board

2 for one year, but it is very important that we  
3 understand if there's a demand. If there's not  
4 demand, why are we spending so many resources on  
5 this type of sector? And you know, I know that I,  
6 I heard a couple of months back from individuals  
7 who are trying to get into the outer boroughs,  
8 claiming that they're one of many who would prefer  
9 to stay within their own borough--bless you--to be  
10 able to have start up opportunities. And space is  
11 a problem. So that if I'm getting the  
12 information, just anecdotally, I would love to  
13 know what the measurement is at your level.

14 KRISTY SUNDJAJA: Sorry, I have a  
15 corrections, 160 Varick Street is actually  
16 currently at capacity.

17 COUNCIL MEMBER REYNA: 42  
18 companies.

19 KRISTY SUNDJAJA: [pause] It's 33  
20 companies, we have enough space for 42 companies,  
21 but that additional space still need to be built  
22 out, so currently it is at capacity at 33.

23 COUNCIL MEMBER REYNA: Understood.  
24 So there's still remaining space, with a remaining  
25 waiting list?



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2 KRISTY SUNDJAJA: The waiting list,  
3 point, we need, still working on it.

4 COUNCIL MEMBER REYNA: Still  
5 waiting for that answer. Fantastic. So, I also  
6 wanted to just--is there anything else that we  
7 need to offer technology firms, and perhaps it's a  
8 redundant question, but I just need to understand,  
9 is there anything else that we're not offering.  
10 Perhaps, you know, in the film industry, we  
11 offered a tax credit. Is there a tax credit  
12 program that we're looking into for technology  
13 firms?

14 KRISTY SUNDJAJA: Not currently, to  
15 my knowledge.

16 COUNCIL MEMBER REYNA: Is there, is  
17 this something that you feel could potentially be  
18 explored as a possibility?

19 KRISTY SUNDJAJA: I think we can  
20 look into and a study that we are conducting is  
21 still ongoing. So we need to identify the right  
22 solutions to address various issues.

23 COUNCIL MEMBER REYNA: Do you  
24 believe that a tax credit could be one of those  
25 elements factored into the study?

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2 KRISTY SUNDJAJA: We can try to  
3 incorporate that.

4 COUNCIL MEMBER REYNA: Fantastic.

5 KRISTY SUNDJAJA: I'll just get an  
6 update on--

7 COUNCIL MEMBER REYNA: Fantastic.

8 KRISTY SUNDJAJA: --the waiting  
9 list. 80 to 100 companies are waiting to get into  
10 the incubator.

11 COUNCIL MEMBER REYNA: Excellent.

12 So obviously the demand is there. And the need  
13 for space is still an issue. And the faster we  
14 work on identifying working with interagency  
15 solutions, to include the City Council, I'd be  
16 happy to make sure that I personally tour, give  
17 you a tour, of our industrial park. But we're  
18 eager to see this as an opportunity to expand  
19 businesses, and attract businesses, into our  
20 industrial parks, so that they can continue to  
21 flourish. Thank you.

22 KRISTY SUNDJAJA: Thank you.

23 CHAIRPERSON BREWER: Thank you.

24 We've been joined by Council Members Ken Mitchell  
25 from Staten Island, Eric Ulrich from Queens, Tish

2 James from Brooklyn, and Al Vann from Brooklyn,  
3 and Council Member James has a question.

4 COUNCIL MEMBER JAMES: Thank you,  
5 Madam Chairwoman. Let me just follow up where my  
6 colleague left off. Any property tax abatements  
7 that you are considering?

8 KRISTY SUNDJAJA: Not right now.

9 COUNCIL MEMBER JAMES: How about  
10 research and development tax credits? Are you  
11 considering any of those?

12 KRISTY SUNDJAJA: Not to my  
13 knowledge.

14 COUNCIL MEMBER JAMES: Any tax  
15 credit programs for investors? Are you  
16 considering any of those?

17 KRISTY SUNDJAJA: Not to my  
18 knowledge.

19 COUNCIL MEMBER JAMES: In the great  
20 borough of Brooklyn, are you considering any  
21 incubators at the Navy yard?

22 KRISTY SUNDJAJA: We are  
23 considering building incubators across all five  
24 boroughs. The negotiations is ongoing right now  
25 with landlords and opera--

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2 COUNCIL MEMBER JAMES: Any specific  
3 details that you can provide to this body, with  
4 regards to those negotiations?

5 KRISTY SUNDJAJA: I will need to  
6 get back to you after talking to the legal  
7 department, but once the information's made  
8 public, we'll make sure that your office will  
9 receive a copy of those information. COUNCIL  
10 MEMBER JAMES:

11 COUNCIL MEMBER JAMES: Oh, before  
12 it's made public, I would hope that you would  
13 contact my office.

14 [pause]

15 KRISTY SUNDJAJA: Just an update,  
16 we are really close at, closing of discussions of  
17 incubators in Queens.

18 COUNCIL MEMBER JAMES: Okay.

19 KRISTY SUNDJAJA: So we can--

20 COUNCIL MEMBER JAMES: Queens is a  
21 lovely borough, I represent Brooklyn. [laughter]  
22 Any, as you begin negotia--

23 CHAIRPERSON BREWER: I knew that  
24 was a mistake, to mention Queens. [laughter]

25 COUNCIL MEMBER JAMES: As you, as

2 you begin to--No, Queens is really nice--as you  
3 begin to--I have relatives there--as you begin to  
4 negotiate any incubators in the borough of  
5 Brooklyn, I would urge that you reach out to my  
6 office. We have a significant number of  
7 developments. As you know, I represent downtown  
8 Brooklyn, where all of these tall, luxury condos  
9 stand as empty monuments, as empty monuments,  
10 there's a significant amount of space. Perhaps we  
11 can convert some of those to incubators. I  
12 represent part of the Navy yard, perhaps we can  
13 consider incubators at the Navy yard. There's a  
14 possibility, even though I oppose it, that the  
15 proposed Atlantic yards project might go forward.  
16 There might be space there. And also 470  
17 Vanderbilt, which is an old industrial building,  
18 which we just rezoned and I just negotiated, where  
19 there's opportunities for incubator space there.  
20 All of those projects and all of those, all of  
21 those projects are in my district, and projects  
22 that I have negotiated with the developers on, and  
23 I would urge that you would consider it, since I  
24 have a significant number of small businesses and  
25 businesses, startup businesses, in downtown

2 Brooklyn, that would, that are looking for  
3 affordable space. Can you talk a little bit about  
4 the relationship that your partnership with  
5 Brookly--Brooklyn's NYU Poly Prep, which is two  
6 blocks outside of my district, but nonetheless I  
7 have a very good relationship with NYU Poly. Can  
8 you talk a little bit about that?

9 KRISTY SUNDJAJA: Yes. The  
10 incubators, as I mentioned, is a partnership  
11 between landlord and the incubator operators. So,  
12 when we launched the first incubators, we have  
13 reached out to the landlord, and solicit space  
14 from them to house the incubators, and we also  
15 have reached out to potential operators who come  
16 back with a proposal in terms of how they are  
17 currently proposing to help the City set up the  
18 incubators. And NYU Poly, with their best  
19 program, an entrepreneur program, in house, proved  
20 to be the most qualified candidate to help us set  
21 up the incubators, at 160 Varick Street.

22 COUNCIL MEMBER JAMES: What  
23 services will they be offering to the incubators?

24 KRISTY SUNDJAJA: Currently, they  
25 are managing the application process, the

2 operations of the incubators. They also provide  
3 support services in terms of advising the startups  
4 with their operations, with their business plans,  
5 as well as connecting the startups with their  
6 graduate students, or student bodies, who can  
7 intern and help the startup businesses to address  
8 different business issues or technical issues with  
9 their businesses.

10 COUNCIL MEMBER JAMES: Are you  
11 partnering with any other academic institutions to  
12 offer interns who are college students to  
13 incubators?

14 KRISTY SUNDJAJA: Not at this  
15 moment.

16 COUNCIL MEMBER JAMES: Just NYU  
17 Poly.

18 KRISTY SUNDJAJA: Yes, 'cause they  
19 are the operators and they are the only one who  
20 are now partnering with the companies at 160  
21 Varick Street incubators.

22 COUNCIL MEMBER JAMES: Are you  
23 going to engage in a conversation with some other  
24 academic institutions to perhaps adopt this model?

25 KRISTY SUNDJAJA: Yes, some other

2 institutions are part of the negotiations that we  
3 have, in order to set up the additional incubators  
4 in 2010.

5 COUNCIL MEMBER JAMES: Are there  
6 any academic institutions that you can share with  
7 this body, at this time?

8 KRISTY SUNDJAJA: Not sure if I'm  
9 legally allowed to do that.

10 COUNCIL MEMBER JAMES: [laughs] As  
11 an attorney, I respect that. Last but not least--  
12 and as we go forward in, in negotiating the budget  
13 for next year, and I recognize that these are  
14 challenging times, having just come from the MTA  
15 hearing on the doomsday budget, my question is  
16 what is the City doing to offer to provide  
17 resources to incubators in the City of New York,  
18 so that we can grow this economy and grow this  
19 industry? Which I believe is a wonderful  
20 industry, and that we should invest more in this  
21 industry and less in real estate, which has gone  
22 belly up at this time.

23 KRISTY SUNDJAJA: The City is  
24 commit--NYCEDC is committed to launch a few more  
25 incubators in the outer boroughs, and I believe



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2 the budget is in place to launch those. We are  
3 launching the entrepreneur investment fund, which  
4 will increase seed funding for City based startup  
5 by 25 percent.

6 COUNCIL MEMBER JAMES: And is that  
7 funding, is those grants, loans, or what does that  
8 seed fund consist of?

9 KRISTY SUNDJAJA: It's, the City is  
10 providing initial capital and asking for private  
11 sectors fund company to match and help manage the  
12 capital.

13 COUNCIL MEMBER JAMES: So it's a  
14 matching program.

15 KRISTY SUNDJAJA: It's a matching  
16 program from the private sectors, and they will  
17 actually make capital investment in small  
18 businesses, up to \$250,000 per investment.

19 COUNCIL MEMBER JAMES: Any other  
20 initiatives that you can announce now, without  
21 consulting with counsel?

22 KRISTY SUNDJAJA: I don't think so.  
23 I think I've spoken about the one that I'm  
24 knowledgeable about and I'm allowed to say.

25 COUNCIL MEMBER JAMES: Okay. Thank

2 you. In regards to what steps is the City taking  
3 to involve employee, employers and workforce  
4 development programs? Perhaps using some of the  
5 workforce programs that we currently operate in  
6 the City of New York, individuals who have signed  
7 up for these types of programs, they could work in  
8 some of these incubators, and perhaps be  
9 subsidized by the City of New York. Have you  
10 considered any of that?

11 KRISTY SUNDJAJA: Not to my  
12 knowledge, but I'll follow up on that.

13 COUNCIL MEMBER JAMES: Okay, thank  
14 you. Thank you, Madam Chair.

15 CHAIRPERSON BREWER: Thank you.  
16 Just picking up on Council Member James, the  
17 matching program, up to \$250,000 per site, is that  
18 a grant or a loan from the City's perspective?

19 KRISTY SUNDJAJA: It's a capital  
20 investment.

21 CHAIRPERSON BREWER: The capital,  
22 so it's not expense, it's all capital.

23 KRISTY SUNDJAJA: It's a capital  
24 equity investment into the companies.

25 CHAIRPERSON BREWER: Okay. So,

2 they don't have to pay it back?

3 KRISTY SUNDJAJA: I need to get the  
4 detail legal language to--

5 CHAIRPERSON BREWER: Right, we need  
6 those details.

7 KRISTY SUNDJAJA: Yeah.

8 CHAIRPERSON BREWER: That would be  
9 very helpful. I just want to mention a couple of  
10 organization that are now springing up in New  
11 York, and I want to know if you're working with  
12 them. The New York City Tech Council, are you  
13 familiar with them? They just launched recently,  
14 and this is a group of many, many software, media,  
15 graphic, everybody working in the industry. And I  
16 think that would be a great group for you to work  
17 with. Open New York Summit are people who are  
18 interested in obviously the data issue, but making  
19 sure that information is again available and  
20 transparent for the startup community. And then  
21 the Columbia University, I'm sure Bruce Lincoln is  
22 here, just had a forum, New York State Strategic  
23 Broadband Planning Committee, looking mostly at  
24 some of the broadband issues, but obviously those  
25 are tech companies. And I'm, I think you

2 mentioned I-Tech, they'll be here testifying. And  
3 the Center for Urban Futures has been looking at  
4 these issues for the last 20 or 30 years. So, all  
5 I'm saying is I know you're new, but we don't need  
6 to reinvent ourselves over and over again. So I'm  
7 hoping that you will sit down with some of these  
8 groups so we don't make--don't duplicate some of  
9 the work that's been done in the past where  
10 mistakes have been made and move forward.

11 Finally, my last question, unless anybody else has  
12 some, I know that the co-ch--my co-chair will be  
13 here soon, in terms of Economic Development, has  
14 an intro suggesting that we have an Office of  
15 Science and Technology, that would coordinate  
16 these emerging tech sectors, and the companies.  
17 That's sort of back to the issue I started with,  
18 was where does one go? Now, are you giving out  
19 your email address? Are people supposed to just  
20 go to the business solutions center? Which to be  
21 all fair, is not really the kind of support that  
22 some of these companies need. They, the 80 to  
23 100, and there could probably be many more on your  
24 waitlist, that kind of support is not exactly what  
25 they need. They need, you know, the workforce

2 issues cannot necessarily be addressed at the  
3 business solutions, the notion of who you work  
4 with in terms of the researchers, have to come  
5 from some of your new initiatives. So, who is the  
6 science and technology czar? Is it you? Is there  
7 somebody else who's envisioned? How do you, how  
8 do we help the sector notch it up another notch  
9 than what you've even described here today? And I  
10 do think you need somebody or some office to do  
11 that. What's your opinion?

12 KRISTY SUNDJAJA: I'm happy to  
13 respond to any inquiries and help the businesses  
14 from the media and technology sector.

15 CHAIRPERSON BREWER: Are you going  
16 to give out your email right now?

17 KRISTY SUNDJAJA: I'm happy to.

18 CHAIRPERSON BREWER: Okay, please  
19 do.

20 KRISTY SUNDJAJA: It's  
21 [ksundjaja@nycedc.com](mailto:ksundjaja@nycedc.com).

22 CHAIRPERSON BREWER: Great, okay,  
23 thank you very much. Are there any other  
24 questions from my colleagues? Anything? Anybo--  
25 [laughs] Any other questions? No? Alright,

2 thank you very much, I appreciate it. I'm sure  
3 many people will be in contact. Thanks a lot.  
4 Our next panel is Don Barber from New York Tech  
5 Meetup; Nate Westheimer from, also from New York  
6 Tech Meetup; Eva Cramer from SUNY Downstate; and  
7 Jack Jobanputra from the New York City Investment  
8 Fund. Jalak, I'm sorry. [background noise] Oh,  
9 I'm sorry. Jalak Jobanputra, I'm sorry. If you  
10 can summarize your testimony for three minutes,  
11 that would be great, because we do have a  
12 Education Committee, as we know, at 1:00 o'clock,  
13 with many parents. [pause] Whomever would like  
14 to start, Jalak, you want to start? Whomever  
15 would like to start.

16 JALAK JOBENPUTRA: Sure. Hi,  
17 thanks for having me here. Good morning, Chairs  
18 and members of the Committee. I'm Jalak  
19 Jobanputra from the New York City Investment Fund.  
20 I manage all of our technology and digital media  
21 investment. We're a private fund that works with  
22 the business community under the auspices of the  
23 Partnership for New York City. We've been  
24 investing actively in the technology and digital  
25 media sector since 1997, both through direct

2 investments in the startup community, as well as  
3 larger public/private partnerships. Last year we  
4 started NYC Seed, in conjunction with Polytechnic,  
5 NYSTAR and marketing support from the EDC and I-  
6 Tech. Through that fund, we provide seed  
7 investments for the technology community of up to  
8 \$200,000 per entrepreneur, as well as a network of  
9 mentors and access to the broader venture capital  
10 community. So I think that's a strong example of  
11 a public/private partnership that can work in, in  
12 filling a market need that we saw, which was a  
13 dearth of investment at the seed level available  
14 in New York City. From our perspective, you know,  
15 the technology community, the startup community  
16 here, has been hit by the recession, no doubt.  
17 Funders have been slower to come by, customers  
18 have gone away, customers of these startups  
19 products, and there's also obviously been a hit in  
20 the online and general advertising industry. So a  
21 lot of startups have advertising models. So,  
22 revenues have been down. However, that being  
23 said, I think general trends in the tech sector  
24 point to New York really being a prominent center  
25 for technology and digital media in the future.

2 And I think New York has all the essential  
3 elements for this innovation ecosystem, and it's  
4 really up to all of us here working in tandem, the  
5 public sector and the private sector, to support  
6 the ecosystem that exists and continue to grow it.  
7 So, there are four elements of that ecosystem that  
8 I've identified. One is really the technology and  
9 industry talent. And New York has an abundance of  
10 that. So we have media, advertising, financial  
11 services, a huge cross-section of consumers of, of  
12 technology. And world class universities and  
13 research institutions, that can combine to create  
14 the next generation of products and services. So  
15 we're seeing a lot more consumer usage, in  
16 technology, and I think that really points to New  
17 York's strengths. And we're already seeing that,  
18 with a lot of new startups in the location based  
19 mobile sectors, online advertising, all choosing  
20 to locate in New York City, versus other tech  
21 sectors such as San Francisco and Boston. So I  
22 think that's a positive sign. So we need to make  
23 sure that we continue to leverage these strengths  
24 and make sure there's cross pollination and  
25 intersection between all of these constituents to



2 further support the development of these startup  
3 companies. Secondly, funding. I think New York  
4 has traditionally had a lot of financing available  
5 at the later stage at, with the private equity  
6 funds. We are now seeing more and more venture  
7 funds starting up in the City, forming because  
8 they're seeing the opportunity with these new  
9 startups. And so, a lot of angel investors and  
10 banding together to, to create venture funds. So  
11 that there's now a good ecosystem of funding at  
12 the seed level, all the way, you know, through to  
13 the later stage, to support companies at all  
14 evolutions of their cycle. So, you know, I think  
15 we need to continue to attract and, this capital,  
16 and make sure that New York is an attractive place  
17 for them to invest. Thirdly, mentor networks.  
18 One of the reasons that the Bay Area has been so  
19 successful in the entrepreneurship sector, is this  
20 notion of what they call serial entrepreneurs.  
21 So, second, third, fourth time entrepreneurs, who  
22 use their experience from their past startups, not  
23 only to start new companies but then to mentor  
24 first time entrepreneurs. And we're really seeing  
25 that cycle really start to happen and gain

2 velocity at this time in New York. So,  
3 encouraging that and encouraging broader mentor  
4 networks throughout the City, would be helpful in  
5 this process. It's already happening at micro  
6 levels within universities, you know, Nate put  
7 together the, the New York Tech Meetup, and there  
8 are lots of organizations that, that fulfill this  
9 need, but we could do something at a broader City  
10 level. And fourthly, a trained workforce.

11 Educational institutions at all levels, all the  
12 way from the public school system early on, to, to  
13 universities and grad programs, play a role in  
14 this innovation economy. So we need to make sure  
15 that students and current workforce is being  
16 trained and retrained properly, with the skill  
17 sets necessary. And the skill sets are changing  
18 constantly. And there is competition from other  
19 areas, other regions, other countries. And you  
20 know, I know, specifically in the, in the  
21 developer community, I have some portfolio  
22 companies that need to look elsewhere for  
23 developer resources because they can't get people  
24 with the programming language knowledge that they  
25 need in the City. So, and I know the universities

2 here are very cognizant of this, and working on  
3 this. But, but we can't underestimate the need to  
4 continue working and evolving our curriculums  
5 there. So, in conclusion, I think that New York,  
6 we're very bullish on where New York stands, and  
7 technology and the future of entrepreneurship and  
8 what role that technology and entrepreneurship can  
9 play in recovering from the recession and really  
10 growing New York, and growing this segment of the  
11 economy, 'cause I think we have all the necessary  
12 components. But we also need to make sure that we  
13 pay attention to these four areas and continue to  
14 support them. Thank you.

15 CHAIRPERSON BREWER: Thank you very  
16 much. Council Member White I'm delighted has  
17 joined us, and he wanted to make some comments.  
18 And I'm glad that EDC is remaining through the  
19 hearing, and I appreciate that.

20 CHAIRPERSON WHITE: Thank you very  
21 much. First off, let me just say that as many of  
22 you know, we're dealing with MTA budget cutting  
23 the transportation, increase in transportation, I  
24 think it would come to \$22, \$22.50 a week per  
25 child. So, we're in full support not to have that

2 go into effect, because it would cause a heavy  
3 burden. So forgive my, my lateness. But what I  
4 would like to say is, good morning, my name is  
5 Councilman Thomas White, Jr. And today's joint  
6 hearing is conducted with the Committee on  
7 Technology and Government chaired by Councilwoman  
8 Gale A. Brewer, and will focus on promoting high  
9 technology business sector in the City of New  
10 York, the, and useful insight and data as to the  
11 current state of the New York City's high tech  
12 business sector. At stake are opportunities to  
13 grow jobs because, and the high tech industry is  
14 our City, in our City, and the opportunity we  
15 made, we make. New York City has a, is the leader  
16 in yet, in yet another growing industry. At  
17 today's hearing, I seek input on the ways and the  
18 means to implement the many resources recommended,  
19 offered by those knowledgeable of the high tech  
20 sector, including the Center for Urban Future,  
21 Industrial and Technology Assistance Corporation,  
22 and others. In particular, our Committee wants to  
23 hear more about how we can attract, retain and  
24 promote the expansion of small business startup  
25 high technology businesses in New York City. We

2 want to know how to best to match workers within  
3 in-depth knowledge of the theories and principles  
4 of science, engineering and mathematics, with  
5 startup and larger companies. I would like to  
6 thank all of those who are testifying today and we  
7 look forward to your presentation by those who are  
8 with varying perspectives and a productive hearing  
9 on this important issue. I do understand that one  
10 of the questions that, first of all, good morning,  
11 that one of the questions I had wanted to ask,  
12 that my colleague has asked already, and since you  
13 EDC is here, the, the Economic Development  
14 Committee, colleague, are they interested in  
15 whether or not the Administration would be  
16 supportive of creation of an office of Science and  
17 Technology that would coordinate the development  
18 of and assistance to the barriers emerging tech  
19 sectors within the City?

20 CHAIRPERSON BREWER: EDC, I don't  
21 know if you want to answer that quickly. I know  
22 you sort of did. Do you want to come, just for a  
23 minute, and try to answer the Council Member's  
24 question? It was asked earlier, but if you want  
25 to just quickly respond again, that would be

2 great. There's legislation, but James, you have  
3 to come to the microphone if you're going to talk.  
4 And identify yourself.

5 JAMES HARRIS: James Harris, EDC.  
6 In that there's legislation introduced on the  
7 subject, we really--

8 CHAIRPERSON WHITE: Oh, you're  
9 talking too fast.

10 JAMES HARRIS: In that there was  
11 legislation that you introduced on the subject, we  
12 really can't speak to it, sorry.

13 CHAIRPERSON WHITE: Okay, so,  
14 that's for the record, I have already introduced  
15 the legislation, I hope the EDC and the  
16 Administration will take it very seriously and we  
17 can come out with the goal of the legislation.  
18 And I know you can't comment on that. But that's  
19 for the record. In terms of the high tech  
20 community, of which you represent, I believe, the  
21 Economic Development Committee is also interested  
22 in learning whether or not the high tech community  
23 would be supportive of the creation of an Office  
24 of Science and Technology that would coordinate  
25 the development of an, of and assist to the

2 various emerging tech sectors within the City.

3 CHAIRPERSON BREWER: Why don't you,  
4 these are the groups who are supportive, I'm sure.  
5 So why don't you go ahead and, the next speaker,  
6 try to answer from your perspective, and then we  
7 can always hear later, or in writing from EDC.

8 CHAIRPERSON WHITE: Good.

9 CHAIRPERSON BREWER: Go ahead, sir.  
10 Thank you. Introduce yourself and welcome.

11 NATHAN WESTHEIMER: Sure, thank  
12 you. So, Nate Westheimer, I'm the Executive  
13 Director of the New York Tech Meetup. I'll answer  
14 your question, and then go into my testimony, if  
15 that makes sense for you. I have not reviewed the  
16 legislation that you've introduced, but it's  
17 certainly something that we think is, is a good  
18 idea in general, to have more coordination, and  
19 more coordination on the City government level,  
20 among the various constituencies in the technology  
21 community. We make our best effort with the New  
22 York Tech Meetup to do that. And other  
23 organizations do as well. But having something on  
24 the government level would be helpful.

25 CHAIRPERSON BREWER: So now go

2 ahead with your testimony, however you can  
3 summarize would be great. Thanks.

4 NATHAN WESTHEIMER: Sure. Again,  
5 good morning, I'm Nate Westheimer, the Executive  
6 Director of the New York Tech Meetup, a not-for-  
7 profit community of over 11,500 technologists,  
8 working, creating and building the future of New  
9 York City. As aside, I should also note that I'm  
10 the executive vice president and co-founder of a  
11 quickly growing startup that employs over 20  
12 people in New York City. But today I'm speaking  
13 on behalf of the New York Tech Meetup. On the  
14 first Tuesday of every month, over 700 of us pack  
15 an auditorium at FIT to watch some of the most  
16 exciting startups in New York City demonstrate the  
17 latest and greatest technology innovations being  
18 built right here. In the past year alone, over  
19 8,000 people have attended our events, and we have  
20 nearly doubled out total membership. In our view,  
21 our community and industry is undergoing explosive  
22 growth. But don't just take my word for it.  
23 Please consider this as an open invitation for you  
24 to attend our next event on January 5<sup>th</sup>, and see  
25 and feel for yourself the energy, enthusiasm and



2 creativity that permeates our local industry.

3 Aside from our monthly meet events and online  
4 discussion groups for startups, what makes the New  
5 York Tech Meetup special is how it's served as a  
6 platform for the entire tech community, not just  
7 those on its membership roles. Throughout the  
8 five years of our existence and certainly over the  
9 past year, the New York Tech Meetup has offered  
10 itself as a platform for other communities to  
11 emerge, making it the epicenter of this vibrant  
12 industry. In 2006, Charlie O'Donnell stood up at  
13 one of our events and invited our members to form  
14 Next New York, an organization aimed at young  
15 entrepreneurs now with a few thousand members.  
16 Just this past year, we've seen organizations like  
17 Fashion 2.0 Meetup explode in membership, and  
18 groups like Gaming 2.0 and Sound Control, a music  
19 and technology organization, take root and add  
20 value to our ecosystem. Just last week, over 100  
21 people came together for a day of community  
22 service, through a group called "Techies Give  
23 Back." And all of this has happened not inside  
24 the New York Tech Meetup, but in part because of  
25 the New York Tech Meetup, and our ongoing

2 commitment to building a thriving ecosystem for  
3 the technology industry in New York City. Of  
4 course, as we consider the list of fellow  
5 organizations with a part promoting, with a part  
6 in promoting the growth of the tech industry, we  
7 look forward, for opportunities for the City  
8 Council and the Mayor's office to step up and  
9 fulfill their responsibility in fostering the  
10 sector and helping startups thrive. After all,  
11 there are things that only we can do as a  
12 community of startups, and there are things only  
13 you can do as our government. For instance, where  
14 we as a community can harness and engender the  
15 culture of entrepreneurship in New York City, the  
16 City should create economic incentives for  
17 entrepreneurs in other parts of the country to  
18 choose New York as a place to start their next  
19 venture. While our startups can create new jobs  
20 that ultimately educate workers in the high tech  
21 industry, the City government, through programs  
22 like Jump Start NYC, can make it more economical  
23 for us to provide this high quality workforce  
24 education at a lower cost. Meanwhile, as our  
25 startups attract tens of millions of dollars of

2 investment capital from outside the City,  
3 resulting in hundreds of millions of dollars in  
4 taxes, the City can reinvest in the sector by  
5 supporting math and science programs in our public  
6 schools and universities, building a richer pool  
7 of local software engineering talent. On this  
8 last point, New York City really needs to focus.  
9 We are a City rich with brilliant people trying to  
10 tackle big problems, and we have the community to  
11 support them. But we have a structural deficiency  
12 of high quality engineering talent. And this has  
13 become the single biggest factor negatively  
14 affecting startups in this City--the single  
15 biggest factor negatively affecting startups in  
16 this City. Of course, growing this pool of talent  
17 requires focusing on both long term and short term  
18 solutions. To meet our short term needs, the City  
19 needs to find ways to incentivize software  
20 engineers to move to our City, and the City needs  
21 to provide scholarships so that students choose to  
22 graduate from our universities' computer science  
23 departments. There are fine departments here. In  
24 the long run, the City needs to invest in computer  
25 science classes in our public schools, and make

sure wireless and broadband internet is freely available to the young and working class in the City. Lastly, as you weigh the importance of the high tech industry versus the challenges you face in other industries, the City should consider reviewing how it measures the size and vibrancy of sectors like the communication industry. The communication industry as you understand it now is undergoing massive layoffs in traditional media businesses like magazines, newspapers and television, but because it is so closely linked to the technology industry, the sector's being reinvented by startups building websites, iPhone and other mobile apps, or even games. One way to do this is for the City Council to fund an economic impact study to fully quantify the importance of our industry, to inform your future policymaking decisions. From where we stand, the technology industry is in a leading position to drive growth in New York City's future, and we look forward to working with the City as we build the future here. Thank you very much, and I hope to see you on January 5<sup>th</sup> at the next New York Tech Meetup.

2 CHAIRPERSON BREWER: Thank you very  
3 much. I will be there. Who would like to testify  
4 next, 'cause we got to keep moving. Go. You got  
5 to push the button.

6 EVA CRAMER: Good morning, and  
7 thank you for inviting me to speak to you. My  
8 name is Dr. Eva Cramer, and I am the Vice  
9 President for Biotechnology and Scientific Affairs  
10 at the State University of New York Downstate  
11 Medical Center, and President of two not-for-  
12 profit organizations, working to foster the growth  
13 of biotechnology industry in New York City. And  
14 after I speak, André Fenton, who is the President  
15 of one of our small little companies, will also  
16 speak. Biotechnology is widely expected to be a  
17 major source of economic growth in the 21<sup>st</sup>  
18 Century; however, New York City has not been as  
19 successful as it could be in developing startup  
20 companies or in attracting and retaining more  
21 mature biotechnology companies. This is due in  
22 part to the lack of suitable space. To foster the  
23 development of the biotech industry in New York,  
24 Downstate Medical Center has designed and  
25 implemented a comprehensive strategic plan. This

2 approach addresses the biotech industry's critical  
3 need for affordable laboratory and expansion  
4 space, while capitalizing on the rich intellectual  
5 resources of New York's premiere medical research  
6 institutions. The plan includes one, construction  
7 of a biotech incubator for early stage companies  
8 adjacent to Downstate's Brooklyn campus;  
9 development of the Brooklyn Army Terminal for  
10 biotech expansion and manufacturing for incubate  
11 graduates; and other tenants including those from  
12 other states and other nations; workforce  
13 development programs and the creation of high  
14 quality jobs. Downstate Technology Center, Inc.,  
15 a non-profit organization, oversees the  
16 development and management of the biotech  
17 incubator. The incubator which is in a New York  
18 State Empire Zone will be 50,000 square feet when  
19 fully constructed. The first half of the  
20 incubator is occupied, and we are about to begin  
21 design and construction of the final 26,000 square  
22 feet. The incubator tenants have access to  
23 Downstate's resources, such as scientists,  
24 students, medical library, vivarium and  
25 specialized research facilities and equipment.

2 The biotech companies are provided an affordable,  
3 nurturing, scientific environment to help them  
4 reach their full potential. When these biotech  
5 companies outgrow the incubator, they can expand  
6 into the Brooklyn Army Terminal. Working with the  
7 New York City EDC, and the Research Foundation of  
8 the State University of New York, Downstate  
9 Medical Center has developed another nonprofit  
10 organization, BioBAT, Inc. BioBAT's goal is to  
11 establish the Brooklyn Army Terminal as a site for  
12 biotech expansion and manufacturing. The Brooklyn  
13 Army Terminal is a gated, secure complex located  
14 on a 97 acre harbor front campus. The site, which  
15 is accessible by public and private transportation  
16 to all New York City medical and research  
17 institutions is very adaptable for biotech needs.  
18 BioBAT has raised--

19 CHAIRPERSON BREWER: So start to  
20 sum up if you can. Go ahead.

21 EVA CRAMER: Alright. Okay, BioBAT  
22 has raised over 40--\$12.5 million from the city  
23 and \$42 million from the State for this project.  
24 To ensure an appropriate labor force, job training  
25 programs in biotechnology are underway for

2 graduate students at Downstate, and with Hunter  
3 College of CUNY, for biotechnology technicians.  
4 The program has been very well received by  
5 students and employers. While we have made  
6 significant progress, we still have much to  
7 accomplish. First I would like to thank the New  
8 York City Council for your past and hopefully  
9 future financial support of the biotechnology  
10 incubator for early stage companies and the  
11 Brooklyn Army Terminal for biotech expansion and  
12 manufacturing. Both are absolutely crucial to the  
13 development of the biotech industry in New York  
14 City. In addition, we need your support for  
15 workforce development programs that prepare our  
16 college and graduate students to work in the  
17 biotech industry. Such programs are essential to  
18 develop academic and industry partnerships since  
19 they align graduate training with industry needs,  
20 encourage entrepreneurship, and help prepare  
21 future leaders of the industry.

22 CHAIRPERSON BREWER: Thank you very  
23 much. Next.

24 EVA CRAMER: André.

25 ANDRÉ FENTON: Good morning,



2 Council Members. My name is Dr. André Fenton, I'm  
3 a academic neuroscientist, a biomedical engineer,  
4 and I'm also the President of a company named Bio-  
5 Signal Group Corporation, that we founded in 2002  
6 to commercialize some of the neuroscience  
7 discoveries from our laboratory. And we're based  
8 in the, the incubator connected with SUNY  
9 Downstate that Dr. Cramer's just spoken of. I'm  
10 going to sort of just give highlights of this to  
11 keep within--

12 CHAIRPERSON BREWER: Great.

13 ANDRÉ FENTON: --within time.

14 Right. So, it's important to understand I'm an  
15 academic, and I work on three related problems.  
16 The first problem is how you store information in  
17 your brain long term for, for the rest of your  
18 life in particular. How, the second problem is  
19 how you access that information, when, when  
20 confronted with a situation so that you have what  
21 is relevant separated from what's irrelevant. And  
22 the third is what I'm going to speak about today,  
23 in particular, and that's how we can record the  
24 electrical activity in brains of animals and  
25 people. So, in my research laboratory, we

2 developed a technology to, if you will, mind read  
3 as rats solve problems. And we realized we could  
4 convert this technology to something that was  
5 actually useful to people. So, what I'm holding  
6 here is a self-contained EEG machine. The typical  
7 machine like this is about 1,000 times larger and  
8 would cost about 100 times more, but this is  
9 capable of recording brain activity in emergency  
10 departments, which is a place you can no longer,  
11 you currently can't have your brain assessed. So,  
12 let me speak specifically to how we were able to  
13 develop this technology, take it from the  
14 laboratory and create what hopefully in the next  
15 year or so will become a product in the  
16 marketplace, with substantial profit being  
17 realized. [laughter] We are looking for  
18 investors. So the, the incubator is, was crucial  
19 to this. We had ideas in the laboratory, but what  
20 funded the research and development of this, and  
21 allowed us to hire engineers devoted to developing  
22 this was our ability to seek funds from, from  
23 investors, and in particular from federal sources,  
24 NIH in particular, and the SBIR and STTR programs.  
25 And a prerequisite for that is to have an

established primary place of business independent of a laboratory. And the incubator is the only, only kind of place that we can afford to get, get started there. The incubators are helpful but something else would've helped us grow a little bit faster, and that is to have a central resource where, as academics and people getting together to do business, have a central resource where we can know where to go get insurance, what kind of insurance, as a very simple example. We've been very fortunate in raising money for this, from New York Angels. There are lots of people in New York city with substantial net incomes. And what would seem appropriate is in some way to encourage small businesses to go seek money from those people.

One of the programs we took advantage of, we were able to leverage the Empire Zone Capital Credits, as well as another credit--I'm blanking on the name of it, QETC, I believe is the name of the program--and we were able to turn that into about \$400,000 of investment, again largely because the investors were able to reduce their risk. It seems that there are a lot of resources available to us, but they don't seem very coordinated.

2 We've spent a lot of time searching, going down  
3 blind alleys, if you will, trying to find the  
4 information that we can take advantage of. While  
5 we've managed, I think, reasonably well, we  
6 could've managed a lot more efficiently if there  
7 was a central resource that we could, could get  
8 to. And just to, to reiterate, our biggest  
9 challenge is finding highly skilled, qualified  
10 people. Okay? We search the world over for them.  
11 And they're necessary to develop this, this kind  
12 of technology. We're willing to find them from  
13 wherever they, wherever they may be, and what  
14 we've understood is, again, there's not central,  
15 organized way to go about that, that search  
16 procedure. We're novices at finding people. We  
17 spend a lot of time and a lot of money, we waste a  
18 lot of time and a lot of money, trying to seek  
19 those people. And when we get them, they're very  
20 expensive. New York City is a very expensive  
21 place for them to come, to come and live, and  
22 again, any type of tax credit or relief that could  
23 be provided, even just to, for an initial six  
24 month hire. That kind of thing would be  
25 enormously valuable to us. Just in closing, I'm

2 in the business of turning intellectual capital  
3 into products, and hopefully economic growth. And  
4 it would seem to me, that's the thing you should  
5 focus on.

6 CHAIRPERSON BREWER: First of all,  
7 what a great panel, thank you very much. Go  
8 ahead, I have--

9 CHAIRPERSON WHITE: I don't, I  
10 think it was the last time I was in the City  
11 Council, there was a discussion about how to  
12 protect just the idea of the high tech sector, if  
13 you had the, you just showed an example of  
14 something that could possibly be of a great asset  
15 to the medical profession, and maybe many other  
16 professions. Now that was an idea that was worked  
17 on. Are the, are the ideas that, that you have  
18 and the people in the high tech, the ideas that  
19 you're working on, at any given point, are they  
20 protected with some sort of a patent, so that they  
21 cannot be, for lack of a better term, taken by  
22 someone else, for their idea? And therefore, the  
23 money that you want investors to invest in would  
24 go to another source. I mean, that's how I'm  
25 seeing it. I'm not a high tech guy. But from

2 the, from the business standpoint, I can  
3 understand. If it's marketable, it's sellable,  
4 but who owns it? So, my question is, you showed  
5 us this little thing here. Are the ideas able to  
6 be patent?

7                   ANDRÉ FENTON: We've patented all  
8 of the ideas we can. And we have in process four  
9 patents in consideration of this. The thing to  
10 appreciate with a device like this, there are many  
11 ideas in that device. I've told you what the  
12 device is or what the product is. It's a  
13 constellation of many 20 or 30 ideas. Some of  
14 those ideas are known to the community, okay, but  
15 they're an essential two or three, okay, that are  
16 necessary to put all those ideas together and make  
17 a product. And that's the thing that a company  
18 like, like mine, is willing to spend their effort  
19 and money building a intellectual property  
20 portfolio to protect.

21                   CHAIRPERSON WHITE: Thank you.

22                   CHAIRPERSON BREWER: Council Member  
23 James. Don't forget, we have 1:00 education, and  
24 we got 30 more speakers, which is great, but just  
25 so you know, I'm under the gun here.

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2 COUNCIL MEMBER JAMES: Oh, okay.

3 I'll--Dr. Cramer, what is the status of the, your  
4 funding for the biotech, given these challenging  
5 times in the State budget?

6 EVA CRAMER: Our funding is very  
7 good right now.

8 COUNCIL MEMBER JAMES: Okay.

9 EVA CRAMER: And so, thanks to you,  
10 actually. And the Brooklyn Delegation and the  
11 City Council has been very wonderful to us. And  
12 we are now doubling the size of the incubator and  
13 in large measure the City Council's really helped  
14 us do that.

15 COUNCIL MEMBER JAMES: Okay.

16 EVA CRAMER: And we have funds now  
17 to get started at the Brooklyn Army Terminal.

18 COUNCIL MEMBER JAMES: Right.

19 EVA CRAMER: - - is in there. Now  
20 we are building out the next phase. But we,  
21 eventually will have over 500,000 square feet  
22 there, and we will need continuous support.

23 COUNCIL MEMBER JAMES: Okay. And  
24 to Dr. Fenton, your testimony is in three parts,  
25 you want a central repository of information, you

2 would like some more tax credits, and third, you,  
3 training is critically important for employment  
4 purposes and finding skilled candidates.

5 Internships in some of our academic institutions,  
6 has that been helpful or can it be helpful, or--?

7           ANDRÉ FENTON: It can be helpful.

8 A company at our stage, we're a rather small crew.  
9 There are 14 people involved in the company and  
10 about seven or eight engineers. What we find is  
11 we're not in a position to spend our resources and  
12 train people. What we need to do is to go fast,  
13 as the other Councilman pointed out. These are  
14 ideas, and ideas can be reinvented--

15           COUNCIL MEMBER JAMES: Right.

16           ANDRÉ FENTON: --exploited and  
17 such. So, we're, we're in the business of having  
18 to go very fast.

19           COUNCIL MEMBER JAMES: Thank you.

20           NATHAN WESTHEIMER: Sorry, can I  
21 offer just, slide it into that, which is that  
22 across all sectors, this is one thing that I think  
23 existing and former internship programs, and  
24 things like Jump Start, don't necessarily take  
25 into mind. It's great to have free labor, but



2 it's a great deal of cost to train somebody. And  
3 in the end, that's a, it's a good investment in  
4 some cases, but one of the issues that as you look  
5 at the, consider these training programs in the  
6 future, is to definitely take into account the  
7 labor on a small, 14 person, small, 14 person  
8 company, similar to ours, it takes a real person  
9 to train that person, and any sort of support that  
10 the City can provide in terms of the productivity  
11 that's lost in doing that training, would help us.  
12 And then, if they can get in, and it's something  
13 that a small startup can afford, absolutely, that,  
14 no better place to learn the skills than right  
15 there in, in a start up. So, it is the most  
16 effective form of training, but it's costly for a  
17 start up.

18 COUNCIL MEMBER JAMES: And is the  
19 talent in New York City, is it in Silicon Valley,  
20 where is the talent? Is it, you know,  
21 internationally?

22 NATHAN WESTHEIMER: Yeah, the  
23 talent comes from all over. The, the, depending  
24 on the progress of somebody in their career, the,  
25 an internship is pretty expensive in New York

2 because it's generally very low paying or unpaid.

3 COUNCIL MEMBER JAMES: Not the--

4 NATHAN WESTHEIMER: So mostly New  
5 York.

6 COUNCIL MEMBER JAMES: Okay.

7 NATHAN WESTHEIMER: New York based  
8 people because they have a place to live and they  
9 can, they can make that decision to not take  
10 income or take a small amount of income in  
11 exchange for training. But you know, we try to  
12 attract people from all over, you know, something  
13 in that high tech of an area would have to attract  
14 people from all over.

15 COUNCIL MEMBER JAMES: Thank you.

16 CHAIRPERSON BREWER: My question,  
17 quickly, for the investment fund, and maybe for  
18 Meetup, is how, are we, are we competing with  
19 other cities now, because that's obviously  
20 something that is of concern. And second, this  
21 engineering issue has been going on for quite some  
22 time. So, forget the internships, I know that's a  
23 challenge, we have 45 interns in our office, I'm  
24 quite familiar even at the local level. But the  
25 issue is what are the universities doing, 'cause

2 it has, this is not the first time it's come up,  
3 to support more engineering programs. I know City  
4 College has been producing intern--engineering as  
5 much as they can. So, really specifically, how  
6 is, are we competing with other cities? And what,  
7 is Cathy Wilde or you or EDC, what do you think  
8 the City's doing regarding the engineering crisis?

9 JALAK JOBENPUTRA: Okay, well, well  
10 first, we are definitely competing with other  
11 cities. And even more cities than we used to  
12 compete with before it was Silicon Valley and  
13 Boston, and now you add London, Bombay, you know,  
14 as far as Beijing, in the startup community. So,  
15 VC dollars are also flowing all over the world.  
16 It used to be more of a localized business, but  
17 these funds are investing globally. So, there is  
18 competition for people and dollars. I think the,  
19 the strengths that New York had, which I, some of  
20 which I outlined before, are very important, and  
21 we need to kind of build upon those strengths, not  
22 limit ourselves to those, but understand that  
23 technology usage is becoming more mainstream, and  
24 New York is a great test bed for new technologies,  
25 and you know, social media, and then all the

2 expertise we have in the traditional media  
3 industries. And also in the financial services  
4 industries, you know, the engineers from financial  
5 services, you know, the programmers have great  
6 talent in terms of dealing with complex  
7 algorithms. So, as we have more data that's being  
8 produced on the internet, some of these  
9 programmers can redirect their talents towards  
10 working towards startups in those areas. So, you  
11 know, I think New York definitely has its  
12 strengths and can be a major competitor in this  
13 sector on the world stage, but we need to provide  
14 some of these other areas of support, including  
15 making it a less costly place for startups to get  
16 started. And secondly, as far as the  
17 universities, I think, you know, in my interaction  
18 with the universities, there has been a  
19 recognition of this problem. And, and several of  
20 them are revamping their curriculums. We work  
21 very closely in connecting the VC community with  
22 the university, the comm-sci departments and  
23 putting together regular events, so that they can  
24 interact. So the researchers can understand what  
25 VCs are seeing in the market, what are interesting

2 areas that could be productized on the market.

3 So, and then, secondly, you know, that flows into  
4 the curriculum eventually, of hopefully making  
5 sure they're looking at their curriculum on a more  
6 regular basis.

7 CHAIRPERSON BREWER: Okay.

8 Alright, and the V--Go ahead.

9 JAMES HARRIS: I was just going to  
10 say real briefly, on the, on that, on the  
11 universities/college side, of course, I know this  
12 has been a longstanding issue. It seems to me  
13 that the best solution continues to be plugging in  
14 existing communities and programs that are already  
15 flourishing, like the New York Tech Meetup, with  
16 these computer science departments. And so, I've  
17 been doing this for a year and you know, we get  
18 dozens of people who come to our events for free,  
19 from New York, computer science department, but it  
20 starts with, you know, professors like Evan Korth,  
21 you know, and individuals who rally their  
22 students, get them involved, and it's a hard thing  
23 to track. But what, at scale, I do think that  
24 they'll end up being a solution, naturally  
25 integrating the communities, because we've already

2 seen several of the folks coming out of NYU,  
3 people coming in to the computer science  
4 department from Stern to the computer science  
5 department, coming over to us. And then the first  
6 point of how we compete, you know, the thing that  
7 we have going for us, is this is New York City.  
8 And so people decide to be here for many reasons  
9 that don't have to do with directly being a  
10 startup.

11 CHAIRPERSON BREWER: No, we know  
12 that. We know that, yeah.

13 JAMES HARRIS: Well, it's important  
14 thing, it's important to keep that, because back  
15 on the community front, the more and more New  
16 York, as a community, does well, and critical  
17 masses of us show up in San Francisco, Austin,  
18 Boston, etc., we are seeing more and more people  
19 choose New York for their, as the serial  
20 entrepreneurs, as you talked about, they're coming  
21 here for their second and third startup. And that  
22 is an important aspect.

23 CHAIRPERSON BREWER: That's  
24 interesting, okay. Thank you very much. I won't  
25 talk about the visa issue, that's another whole

2 topic. I am aware, quite aware. Alright, thank  
3 you, this is a great panel, I really appreciate  
4 it. [pause] Next panel, is Varbin Stakehoff  
5 [phonetic], Ray Garcia, Charlie O'Donnell and Pat,  
6 Paul Ellis. Please join us, thank you very much.  
7 [pause, background noise] Mmhm. Yes, - - .  
8 Sure, your whole group you're talking about right  
9 now? [pause] Alright, whomever would like to  
10 start, go ahead.

11 VARBIN STAKEHOFF: Good morning,  
12 Chairpersons, Council Members. My name is Varbin  
13 Stakehoff. I'm a financial advisor to the U.S.  
14 Department of Energy. In my former life, I've  
15 been financing renewable energy, clean technology  
16 companies at one of the major banks here in New  
17 York. As an advisor to the U.S. Department of  
18 Energy, I am working on initiatives supporting the  
19 development and deployment of clean energy  
20 technologies, and renewable energy in the United  
21 States. Clean energy was something that I had, I  
22 did not hear being discussed this morning, so I  
23 hope it's part of your considerations going  
24 forward.

25 CHAIRPERSON BREWER: Everything's

2 part of our considerations. Go ahead.

3 VARBIN STAKEHOFF: Okay, glad to  
4 hear it. So, in my work at the Department of  
5 Energy, I see a lot of significant federal  
6 financing support flowing into the clean  
7 technology and renewable energy sectors, in the  
8 form of tax credits. The federal grants loan  
9 guarantees that are very, very important for that  
10 particular segment of the economy, given the  
11 financial situations of the country. I would also  
12 note for, - - to your particular attention, that  
13 all the, all the companies who are applying for  
14 these funds and these support, about 90 percent of  
15 them have significant local support from the local  
16 communities, states, cities. In this sense, I  
17 find that New York City's competing with the usual  
18 suspects around the country, to attract these  
19 startups, and you know, next stage technology  
20 companies that are developing clean energy. It is  
21 also, it has been my observation that not many  
22 companies in the clean tech area have, you know,  
23 come from New York City; rather, they're coming  
24 from, you know, various locations in California,  
25 Texas--yeah, Massachusetts, Chicago, etc. Not so



2 many, even New Jersey, not so many from, from New  
3 York City. There are certain exceptions,  
4 nevertheless. The local cities in particular  
5 support these clean tech companies in various  
6 ways. They provide real estate, they provide tax  
7 breaks, sometimes they provide financial support,  
8 although this has not been the prevalent form of  
9 support. But there is a clear evidence of the  
10 local authorities supporting these companies when  
11 they go and apply for much larger financial  
12 support coming from the federal government. I  
13 would ask you to consider coordinating or looking  
14 into how the New York, how New York City can  
15 leverage the significant amount of financial  
16 backing that is currently available, from federal  
17 and state agencies. So.

18 CHAIRPERSON BREWER: Thank you,  
19 that was really succinct and on time. Thank you  
20 so much. Next.

21 CHAIRPERSON WHITE: [laughs]

22 PAUL ELLIS: Good morning, my name  
23 is Paul Ellis. I am appearing today on behalf of  
24 the New York Technology Council or NYTC, of which  
25 I'm a board member. First of all, I wanted to

2 thank you, Council Member Brewer, and the rest of  
3 the New York Committee on Technology and  
4 Government, for holding this hearing on this  
5 important topic, and providing us with an  
6 opportunity to testify. As the New York  
7 Technology Council is a new organization in the  
8 area, I'd like to take a moment just to introduce  
9 us. As the Committee may be aware, the New York  
10 Software Industry Association, or NYSIA, has  
11 recently and regrettably ceased operations. In  
12 light of the good and important work that was done  
13 by NYSIA in the past, and in an effort to carry on  
14 and expand on that tradition, NYTC has been formed  
15 as a non--not-for-profit organization. Just last  
16 week, we had a well-attended launch event in  
17 midtown Manhattan, and we again want to thank  
18 Council Member Brewer for taking time out of her  
19 busy schedule to attend. Our members and sponsors  
20 range from startup companies to Google and  
21 Verizon. The mission of NYTC is to work with  
22 business, academic institutions, and local  
23 government, in an effort to make New York City a  
24 center of excellence for technology, to sponsor  
25 educational programs, panel discussions, a

2 university internship program, and other  
3 activities to support that mission. Therefore we  
4 look forward to working with this Committee and  
5 staff going forward. We certainly know we don't  
6 need to convince the Committee of the importance  
7 of the startup companies to the City's economy,  
8 and it's already been discussed at length; nor do  
9 we need to spend time talking about the great  
10 assets that New York has by way of its world class  
11 research institutions, financial industry and  
12 resources and the like. Rather, to focus on the  
13 factors that are really holding back the startup  
14 companies in New York City. As has already been  
15 expressed, space, capital and talent really are  
16 the, the big three factors that our members come  
17 up against again and again. And finally, another  
18 more subjective factor that's been mentioned also  
19 is that compared to areas like Silicon Alley,  
20 Silicon Valley, New York has failed to develop a  
21 thriving community or ecosystem of inventors,  
22 first time and serial entrepreneurs, investors,  
23 and others to support successful startup  
24 companies. Certainly that is moving in the right  
25 direction, but it's something that needs to

2 develop much more robustly in order to support the  
3 startup companies. In terms of the initiatives  
4 that are important right now, for startup  
5 companies that are out there trying to get going,  
6 having tough economic times, again we've talked  
7 about tax credits as a valuable resource, business  
8 incubators like the one at Poly and those that are  
9 being produced around the City, seed investment  
10 funds and loan guarantee programs can be a vital  
11 source of startup capital, especially in these  
12 difficult times. Programs that increase and help  
13 to retain the pool of skilled talent, among those  
14 NYTC has a program that we're running with CUNY,  
15 an internship program with university students,  
16 and activities that help to build and support the  
17 entrepreneurial community. The critical factors  
18 our members see right now is a need for startup  
19 and seed funding. The VC community, although it's  
20 robust here in New York, has never been enough of  
21 a source of seed funding. The Angel community has  
22 also been a source of funding, but certainly in  
23 these times there's not enough of it. Programs  
24 like NYC Seed are a valuable type of program in  
25 public funding, we encourage their expansion and

2 similar programs like them. Lastly, we'd like to  
3 stress that it's certainly encouraging that in  
4 recent years the City government has taken a much  
5 more active interest in startup companies and  
6 programs like NYC Seed and others that have been  
7 mentioned. Perhaps the only concern that we have  
8 is that as the economy turns around, as the  
9 financial services sector turns around, that the  
10 attention of City government maintains focus on  
11 the vital startup technology industry, because  
12 even when there are good times on Wall Street, we  
13 believe that, and we know this Committee believes  
14 that, the startup companies have been active and  
15 important part in the City' economy. Thank you  
16 very much.

17 CHAIRPERSON BREWER: Paul, thank  
18 you. Next.

19 CHARLES O'DONNELL: Good morning,  
20 my name is Charlie O'Donnell. I'm jumping out of  
21 my seat here, actually, to, I really feel the need  
22 to respond. The idea that New York City has not  
23 created a thriving innovation community is the  
24 most utterly ridiculous thing that I think I've  
25 ever heard. I have seen it from any number of

2 sides. I have worked for Union Square Ventures an  
3 early stage venture capital firm for two years.

4 I've been an entrepreneur for two years, and was  
5 the first recipient of NYC Seed money. I teach  
6 entrepreneurship up at Fordham, and just recently  
7 joined First Round Capital as an entrepreneur in  
8 residence. And we are opening up the New York  
9 office, we've actually made 14 investments here in  
10 the City, in the last couple of years, and then  
11 realized that perhaps it'd be easier to have an  
12 office here instead of commuting from

13 Philadelphia. So, we're opening up in Union  
14 Square in February. New York City is the number  
15 one place to create a startup on the East Coast,  
16 hands down. I will debate that from, with anybody  
17 from Boston or Philly or anyplace. I'm not going  
18 to do the whole East Coast/West Coast thing  
19 because they've had a 30 year head start in terms  
20 of their innovation community, so I don't think  
21 it's a really fair argument, but certainly the  
22 momentum is New York's direction. I think a  
23 couple of things that, you know, I can't  
24 necessarily point to sort of every single program,  
25 but from your perspective, if you're not

2 participating in the community, I don't how you  
3 get good data. For example, the New York City  
4 Center for Urban Future research that says that,  
5 you know, 18 percent of people are supposed to be  
6 entrepreneurs and we're only at 15. Well, by that  
7 count, New York is then overweight actors, because  
8 we have more of a percentage of actors and  
9 actresses than other cities. So I don't, I don't  
10 know that there's a steady state of entrepreneurs.  
11 That doesn't really make a lot of sense to me.  
12 Especially when last night, there were 150 people  
13 at least at the Foursquare Curbed and Hard Candy  
14 Shell Christmas Party, and they're some of the  
15 most unbelievable entrepreneurs and developers and  
16 designers you'll ever meet. And a friend of mine  
17 who's actually working for Foursquare, which is a  
18 New York City company, who's at Stanford on the  
19 West Coast going to school, said, "Wow, you know  
20 what? I've been to a ton of parties on the West  
21 Coast and nothing really compares to the community  
22 here." So I think you've done a really fantastic  
23 job of building that community. And I think from  
24 your perspective, from whatever programs you  
25 initiate, if you really, really want to get good

2 data, innovation is a ground war. It's a house-  
3 to-house, conversation by conversation--I mean,  
4 this is great, I'm glad you're having this  
5 meeting, but if particularly the junior folks from  
6 your offices, the people that don't have a family  
7 and kid responsibilities, don't come out and  
8 actually have one-on-one conversations with  
9 entrepreneurs, in our community events, I don't  
10 know how you could ever make decisions on this.  
11 Thank you.

12 CHAIRPERSON BREWER: Thank you very  
13 much. Who's next?

14 [pause]

15 MONICA DEAN: Hello? Yes, my name  
16 is Monica Dean, and I represent Baruch College.  
17 I'm the Administrative Director of the Lawrence  
18 and Fields Center for Entrepreneurship. And I'm  
19 associated with the Lawrence and Field Programs  
20 and Entrepreneurship which is housed at the  
21 Zicklin School of Business at Baruch. The Field  
22 programs use a unique and comprehensive model for  
23 entrepreneurship, which brings together faculty,  
24 staff, students, consultants, practitioners and  
25 entrepreneurs, to provide educational programs and



2 services, as well as conduct research. The Field  
3 Programs and Entrepreneurship have nationally  
4 ranked undergrad and graduate academic programs  
5 and degrees, and provide an array of counseling  
6 and consulting services via our centers, the  
7 Center for Entrepreneurship and the Small Business  
8 Development Center. Currently, we are working  
9 with Ray Garcia who is here with me, who is  
10 working with me as an executive advisor to help us  
11 in our efforts to develop a strategy around  
12 programs for supporting tech entrepreneurs. Two  
13 of the initiatives that we're working on, one of  
14 which is with the CUNY School of Journalism, on a  
15 new business model for news project, as well as  
16 developing a partnership with the folks from CCNY,  
17 and developing a partnership and having our  
18 business students and professors work with faculty  
19 and students, in engineering.

20 RAY GARCIA: Hello, my name is Ray  
21 Garcia. Thank you for the opportunity to address  
22 the Committees. I've been a technology  
23 entrepreneur for the last ten years, and have  
24 helped start grow and sell several companies  
25 during that time. I've worked for venture

2 capitalists and have advised over 30 startup  
3 companies in various stages of formation and  
4 growth. As an advisor to entrepreneurs, I  
5 frequently hear the enthusiasm for opportunities  
6 and self-determination, as well as the challenges  
7 and struggles of creating a successful venture in  
8 New York City. The Committees' solicitation of  
9 public testimony posed a few broad questions which  
10 I'd like to address each briefly in the short time  
11 allotted. My intention was to try to answer the  
12 questions as directly from my perspective as I  
13 possibly can. The first question I, that was  
14 posed, was how are tech startups surviving in a  
15 tough economy. I'd like to respond to that by  
16 saying that the conditions for tech startups are  
17 always tough, regardless of the overall economy.  
18 The tough economy mostly impacts the venture  
19 capital investment in the startups, it restricts  
20 funding for growth stage companies. There is a  
21 different set of criteria that apply when the  
22 economy is in the current state that it's in. In  
23 terms of the other model, which is organic growth,  
24 buyers tend to hesitate to acquire novel  
25 solutions, they revert back to more familiar safe

2 choices. Therefore there may be a stall in the  
3 growth in the possible survivor rate of startups,  
4 which may impact, may be impacted by the economic  
5 downturn. The second question that you posed is  
6 what are the dynamics of successful startups? I  
7 assume that that question is being posed in the,  
8 in the context of the current economic climate.  
9 You know, it, from my view, the startups, you  
10 know, tend to create new value. Right? They find  
11 customers, they fund organic growth, assist the  
12 availability of capital is restricted. They  
13 basically go back to an old model, right, of doing  
14 business. You can't get money? You find  
15 customers. And customers will fund the business.  
16 That's actually the best way to get started, it's  
17 the way that you create value, retain value, and I  
18 think that while there's a lot of talk about the  
19 tough economy, you know, serious entrepreneurs are  
20 not phased by that, they plow ahead, irregardless  
21 of their current state of the economy. Those  
22 startups tend to conserve capital, they keep their  
23 labor facilities and operating costs only to what  
24 is essential to the business, that's a good  
25 practice anyway. When there's a lot of capital

flow, sometimes, you know, startups may get excessive capital, and don't spend it wisely, and you know, it has some other consequences. So, I don't necessarily think it's a bad thing that there's a economic downturn. From my view, as an entrepreneur, advising other entrepreneurs, I say "Don't get distracted, stay focused, create new value." If you create new value, you'll generate a new economy, and that's where the growth is going to come from. The one thing I will say is that in terms of the dynamics of successful startups, they do move away from high taxation, high cost of real estate, high cost of labor, and excessive regulatory environments. And frankly, I would advise the startup to do that. If it doesn't work for them in New York City, in terms of the assets and attributes of the City, over being much greater than these other consequences, the obvious business advice is find the places where you can do business, do business easiestly, and also find places where you can do business internationally. Startups especially in the digital economy start out as sort of multinational companies right from the start, because you can

get communications, I mean, I, with the companies that I've formed in the past, I'm doing business in, you know, with people in Russia, India, China, South America, right off the bat. Actually, the last company I had, I spent more time outside of the U.S. because that's where the business was then in the U.S., in terms of where the customers were. My company was in New York City, I hired people from New York City, but I employ people globally, and had customers globally. So, I tell people, you know, start out with a global mindset, it's not just entrepreneurship. In a local economy with local labor force, churning just local economy, you know, people--especially with ICT, which is the communication technology stuff, it's global right from the start. So a third question--

CHAIRPERSON BREWER: You need to, you need to wrap up, when you--

RAY GARCIA: Yeah, okay, so the third question is how can the City foster a tech business growth through a knowledge based economy? Reduce the startup costs, promote New York City as a global and premiere location for learning and

2 technology, practicing entrepreneurship, create a  
3 fund, some of that's already in the works. I  
4 think there's necessary to commission research  
5 that helps understand not why startups succeed by  
6 why they fail. Failures will inform the Council  
7 substantially more about the problems in New York  
8 City regarding the struggles of, that tech  
9 startups have, and what can be done to alleviate  
10 unnecessary burdens. Coordinate New York City  
11 living labs program, similar to what's happening  
12 in MIT Media Lab, of which I spent the year at,  
13 for technology business experimentation that  
14 includes involvement from the Field Center for  
15 Entrepreneurship, Baruch Small Business  
16 Development Center, CUNY Science and Engineering,  
17 research corporation, government agencies and  
18 venture capitalists.

19 CHAIRPERSON BREWER: Ray, we just  
20 have wrap up. I'm just--

21 RAY GARCIA: Okay. So, I invite  
22 the Council Members to visit the Field Center for  
23 Entrepreneurship and for further discussions on  
24 mutual interests. Thank you.

25 CHAIRPERSON BREWER: Thank you very

much. I really would--we have many questions, I'm sure, but because of the time constraints, I think one thing I want to say to CUNY is keep working with us on this engineering issue, because obviously you have the wonderful capacity with students and professors. And then the second issue is, the Big Apps issue, which I know is, you know, something that the City's promoting, and we want to make sure it works. I must admit, I'd like to see all data, and we have a bill to that effect, just so you know, not just what comes in as something that people are interested in, but I think all data should be up. That would be request. So, anyway, thank you very much for your wonderful testimony. Thank you, Charlie, for being so optimistic. Okay, the next panel: Hermann Mazard, Colleen Gibney, Maziar Dalaleli, and Jerri Chou. [pause, background noise] Whomever would like to begin, and thank you for being here.

[pause]

HERMANN MAZARD: Start now? Okay. I'd like to thank the Chairman of the Economic Development Committee and the Technology

Committees, and the members of the Council for this opportunity to speak. My name is Hermann Mazard, I'm current--I currently teach a course on innovation at Polytechnic, and I'm a CEO of a technology startup, Homeshop Technologies. My company Homeshop has developed a framework for a digital grocery list. We're staunch advocates of the home cooked meal, and we believe that the high concentration of foodies in the metropolitan region would be an ideal, makes New York an ideal location to deploy our technology. I'm here today because I question the City's commitment to technology entrepreneurs, and I'm not alone. Over the last six months there's been a mass exodus of entrepreneurs who have found it increasingly difficult to grow a technology business in New York City. The lack of capital is often cited as the primary reason, but the real problem in New York is the lack of a structure for attracting and retaining investment capital at the stages needed most, specifically at the seed stage.

Historically, the federal government has been able to create liquidity for technology investments by lowering the capital gains tax. This tool was



2 instrumental in fueling the flight of capital from  
3 the bond market to the stock market. It was also  
4 a factor in attracting venture capital and IPO  
5 investments in the late 1990s. But times are  
6 different now. Manipulating the capital gains tax  
7 alleviated the bottleneck at the growth and  
8 expansion stage of development. Today the  
9 bottleneck exists at the seed and early stage.  
10 Because investing at this stage involves more  
11 risk, there needs to be greater proximity between  
12 investors and entrepreneurs; in other words,  
13 there's no federal program that can address this  
14 issue, it has to be done at the state and local  
15 level. Silicon Valley is often referred to as the  
16 model for innovation, but there are successful  
17 technology communities in many other cities,  
18 including Boston, Austin, Texas, Denver and  
19 Philadelphia. What these cities have in common is  
20 a partnership between the private sector, the  
21 university system and government, and b) a robust  
22 investment community. New York City has the  
23 former, we do not have the latter. The City is  
24 home to only seven venture capital firms, of which  
25 only two are nationally recognized and actively

2 investing. The City also has three Angel  
3 investment funds, of which one is actively  
4 investing. The concentration of capital in the  
5 hands of so few investors creates a deathtrap for  
6 any entrepreneur looking to raise capital,  
7 especially at the seed and early stage of  
8 development. This is why we are leaving. More  
9 competition is needed to create a robust  
10 investment community. If the goal of the members  
11 gathered today is to turn the Big Apple into an  
12 orchard of innovation, I urge the City Council to  
13 address the barriers to attracting and retaining  
14 capital at the seed and early stage of  
15 development. New York is the financial capital of  
16 the world, and the resources to build that robust  
17 investment community already exist within the City  
18 limits. That capital, however, is sitting on the  
19 sidelines earning a low rate of interest, as it  
20 waits for the next bubble to emerge. For many  
21 years, New York investors have made a name for  
22 themselves by trend surfing and riding investment  
23 waves. There's probably one more wave left to be  
24 served in the energy and sustainability investing  
25 field, as a result of federal stimulus programs,

2 but that does little to create opportunities for  
3 the 95 percent plus entrepreneurs who have neither  
4 experience nor training in solar energy,  
5 sustainable farming or wind turbines. We don't  
6 have that in New York. What is needed is an  
7 investor literacy program that empowers high net  
8 worth individuals who have an appetite for risk,  
9 to effectively evaluate the merits of the business  
10 plan. The shutting down of the IPO markets,  
11 coupled with the private sales of--the recent  
12 private sales of social media companies, has  
13 reduced the public disclosures about innovative  
14 revenue models and business revenue sources.

15 CHAIRPERSON BREWER: So, you know,  
16 you need to sum up a little bit, if you can.

17 HERMANN MAZARD: Okay. In summary,  
18 what I want to say is that what we need in New  
19 York is to educate investors so that we can create  
20 a more robust investment community. My next  
21 solution is in a tax incentive in the form of a  
22 seed stage investment tax credit, that creates  
23 liquidity at the stage where it's needed the most,  
24 at the seed and early stage.

25 CHAIRPERSON BREWER: Brilliant.

2 HERMANN MAZARD: Thank you.

3 CHAIRPERSON BREWER: Okay, who's  
4 next, and all of your testimony will be part of  
5 the record. Thank you. [background voice] I  
6 knew it. He's from Brooklyn.

7 HERMANN MAZARD: He lives in Crown  
8 Heights, what a, what a riot.

9 CHAIRPERSON BREWER: I love it,  
10 alright, who's next? Thank you.

11 COLLEEN GIBNEY: Good afternoon, my  
12 name is Colleen Gibney, and I'm the Technology  
13 Practice Project Manager for ITAC. I'm going to  
14 severely limit my comments today, because I'm  
15 looking around the room and seeing companies that  
16 I think it's very important that they get in front  
17 of the City Council today, so I'm going to limit  
18 to the SBIR program, and just a little tiny bit on  
19 energy. ITAC is one of three centers in the State  
20 funded to assist small R&D firms to apply for  
21 small business innovation research program funding  
22 from eleven federal agencies. This has come up a  
23 couple times this morning. And we run sponsored  
24 programs for New York City companies. And we'd  
25 like to take this opportunity to thank the Council

2 for your consistent and generous support of one of  
3 those programs, "Move Smart, Stay Lean Grow Fast."

4 SBIR, want to make sure that the companies in the  
5 room who are doing truly innovative technology  
6 work understand that we are a resource for them.

7 We are funded by the State to work with them. But  
8 the federal Small Business Innovation Research  
9 Program can provide the best chance of project

10 funding for those who are creating truly

11 innovative science based projects, but for whom

12 they are at a stage too early to attract Angel

13 funding. But I have seen that this grant program

14 has grown increasingly competitive. We do provide

15 support services to write the SBIR grants for

16 qualified companies, and we provide a monthly

17 outreach program to small tech firms to train them

18 on the very basics of these programs. And you can

19 contact me later if you're interested in that.

20 And we do expect to see program changes from

21 Congress shortly as part of the reauthorization

22 process there, and we are concerned that some of

23 these changes could make it tougher for pre-seed

24 startups like Hermann to win awards. But we're

25 going to have to wait and see the final bill. As

2 it now stands, companies who have personnel with  
3 advanced degrees qualified to manage science based  
4 R&D projects on their compensated team, not 1099s,  
5 are in the best position to receive awards. And  
6 the other piece I wanted to mention, Hermann was  
7 just talking a little bit about the energy  
8 technology area. It's true that this is a very,  
9 very nascent industry for us, but ITAC runs a  
10 commercialization assistance program called New  
11 York City Energy Tech, funded by NYCERTA. We have  
12 a sister program who's larger in the incubation  
13 area at NYU Poly called "Acre." And energy grid  
14 technology is an area of growth and focus for the  
15 state, the supply chain is complex and difficult  
16 for businesses to access, to access, and we're  
17 working closely with our grant advisors, including  
18 Con Ed, to bring a set of firms into investment  
19 rounds or first customer. So I do want to  
20 emphasize that this is an area that there's  
21 support for. So if there are energy technology  
22 companies, there are mechanisms to, to work with  
23 them, and there are partnerships being formed  
24 around the City. So I will limit my remarks  
25 there.

2 CHAIRPERSON BREWER: Thank you very  
3 much, and thank you for all of ITAC's work.

4 COLLEEN GIBNEY: Thank you.

5 CHAIRPERSON BREWER: Next.

6 MAZIAR DALAELI: Good afternoon.

7 My name is Maziar Dalaeli, and I'm one of the  
8 Principals of a company called IPPsolar--stands  
9 for Independent Power Producer of Solar. We're a  
10 company that is vertically positioned in the solar  
11 space, going all the way from manufacturing of  
12 panels, all the way to development of projects,  
13 building solar power plants. And unfortunately  
14 the bad news is that all our activities really  
15 focused on New Jersey. New Jersey, together with  
16 California, are the two best states for solar.  
17 Now let me explain a little bit. Solar in the  
18 United States is driven by incentives from the  
19 federal government and the states; and the state  
20 level support is extremely important to make the  
21 economic viability of solar, to make it cheap  
22 enough. And New Jersey has built a remarkable  
23 program, and New Jersey has now the highest number  
24 of kilowatt of solar per square foot in the entire  
25 country. And what I can tell you is New York

2 State is completely out of the map, doesn't exist,  
3 is far behind. So, one first thing to do is to  
4 talk to people at Albany and make them a little  
5 bit more--I mean, replicating the program of New  
6 Jersey would be an important step. The City's  
7 facing enormous challenges, I mean, you know, to  
8 deal with state incentives and try to pass those  
9 is a higher, you know, it's very difficult to do  
10 that. New York's main competitor is Shanghai.  
11 You have plans or factories outside of Shanghai  
12 that are building gigawatts of solar panels coming  
13 out of these factories every year. That means  
14 that there are entire cities that can be powered  
15 by solar panels, coming out of, you know, these  
16 Shanghai factories. So, I think that, you know,  
17 we need to have a serious, really, I would say the  
18 mindset has to change here. That comes from  
19 potentially some really simple practical measures  
20 that the City can take, just go green, very  
21 aggressively. Put--and advertise it, put screens  
22 outside of every City building saying, "Look, we  
23 have saved so much power by, you know, renewable  
24 energy, so many trees, put some tax credits, you  
25 know, for encouraging City people to go green. I



2 speak to people, nobody in the City is thinking of  
3 going green seriously. I mean, there are NYCERTA  
4 programs, but that's not enough. It's got to be a  
5 lot more aggressive than that, or we're going to  
6 miss the huge boat, I mean, you know, the Exxon  
7 Mobiles of the, of the world, are being built  
8 right now out of Shanghai or Madrid. You know, so  
9 that's where we are.

10 CHAIRPERSON BREWER: I guess, thank  
11 you. I mean, thank you. Next, it was terrific, I  
12 just, "Oh, gosh," go ahead, thank you, that was  
13 fabulous. Go ahead.

14 JERRI CHOU: Hi, my name Jerri  
15 Chou, I'm the Cofounder of a company called All  
16 Day Buffet. We are a startup ourselves, and we've  
17 started several smaller companies. One thing in  
18 particular that we do is focus on social  
19 innovation and entrepreneurship. And so, while  
20 most of what we do is digital, can speak to that  
21 as well, and so I'm not going to speak very long  
22 because I think a lot of people covered the basics  
23 as far as, you know, encouraging investment, need  
24 for space. But I think just to sum up some of the  
25 things that I've seen and think that the City

could help with, is easy for, easy in the sense that it's to let entrepreneurs be better at doing what they do. And so, facilitate more than anything. I think that the one-off projects, while will probably prove to be successful, I think it takes, the most helpful thing would be to create tax incentives, and which is something that the, that you have mentioned, to facilitate investment. There is obviously, there are a lot of high wealth individuals in the City, and I think one, one thing that was mentioned is education about what is developing, and the amazing community that's here. So creating tax incentives for them for Angel investors to get involved, so that they, they step out and they are the ones who are looking for the information, because we're here trying to find them, as well. I think another, you know, in tax, tax incentives for, for space, for capital investments, that startups need to take, there's a lot of commercial space in New York City, as you mentioned, that is being underutilized. And I think that just communicating between branches could let the market fill itself, as opposed to having dedicated

projects that are obviously capital intensive. I think another thing is just, again it's been mentioned, clearinghouses. A lot of entrepreneurs I know have not used any of the resources that are available, mostly because it's very difficult to find where they are. And so, having both, whether it's digital, a digital platform that includes all of this information, where we can easily find and access it, or, I mean, also aside from digital, we need kind of champions. And as far as champions go, it's talking about a large movement. There is a big opportunity right now, in New York, because of the financial crisis, for entrepreneurship to thrive. Especially in social entrepreneurship, many of the people that I deal with come from the creative class. And New York has maybe the most creative capital of any city in New York or, I mean, many cities in the world. And right now, people are losing their jobs, they're rethinking what they want to do, and what they should do, and it's a real opportunity to offer them the chance to start entrepreneurial endeavors to create more jobs, because we, you know, know that small business creates a lot of jobs. And, and I guess

2 it just takes messaging and commitment on the  
3 City's part to say, "Yes, this is a direction that  
4 we want to go in," and make that well known. And  
5 the last point is the benefit to being in New York  
6 for that, is that we have a lot of media. One  
7 thing that the entrepreneurs who start here are  
8 able to do is get in the press, because that is  
9 just an advantage to New York.

10 CHAIRPERSON BREWER: Thank you very  
11 much. Council Member James has a question.

12 COUNCIL MEMBER JAMES: First of  
13 all, I recognize that small business, businesses,  
14 including small business tech, are the engine of  
15 our economy. I recognize that in New York City we  
16 are, we are home to a significant number of  
17 individuals who possess creative and intellectual  
18 capital. I also know Mr. Dalaeli, I'm sorry.

19 MAZIAR DALAELI: Dalaeli.

20 COUNCIL MEMBER JAMES: I'm sorry.

21 MAZIAR DALAELI: [laughs]

22 COUNCIL MEMBER JAMES: I recognize,  
23 I represent Fort Green, Clinton Hill, Prospect  
24 Heights, Crown Heights and downtown Brooklyn,  
25 which is home to a significant number of

constituents who possess this creative and intellectual capital. And one of the things that I am working on is some of the, the regulatory obstacles and barriers to solar panels, particularly as it relates to the brownstone belt. The FDNY and DOB are just, they have all of these regulations which prohibit the installation of solar panels, that so many constituents in downtown Brooklyn want to reduce energy costs, and to reduce our footprint, carbon footprint. And so, hopefully we can work together to make that a reality. And to Mr. Mazard, who I know is a constituent from Crown Heights, and just like his City Councilperson, speaks truth to power, I appreciate that. And as someone who has been described as a renegade, I thank you, all of my constituents are the same. But your one paragraph, as it, which says the following, which you did not mention, which I take issue with, but I know it does not apply to this body, is that too much oversight and the investment vehicle becomes vulnerable to patronage and corruption. That only applies to the State, right Mr. [laughter] Mazard?

HERMANN MAZARD: It only applies to

1 COMMITTEES ON TECH IN GOV'T, ECON DEVELOPMENT118  
2 the State.  
3 COUNCIL MEMBER JAMES: Yeah, thank  
4 you, thank you very much.  
5 CHAIRPERSON BREWER: Thank you very  
6 much. Council Member White.  
7 CHAIRPERSON WHITE: Yes. Is the  
8 hatchery an effective model towards identifying  
9 and investing in startup tech companies? Hello?  
10 Anybody? The hatchery.  
11 FEMALE VOICE: The hatchery?  
12 [background voices]  
13 CHAIRPERSON WHITE: Is the hatchery  
14 an effective model towards identifying and  
15 investing in startup tech companies.  
16 HERMANN MAZARD: If I could ask for  
17 clarification, there is a group called The  
18 Hatchery in New York. Are you speaking  
19 specifically about that, or are you talking about  
20 incubators in general?  
21 CHAIRPERSON WHITE: I'm talking  
22 about that.  
23 HERMANN MAZARD: Incubators in  
24 general.  
25 CHAIRPERSON WHITE: No. [laughter]

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2 HERMANN MAZARD: No, The Hatchery

3 itself.

4 CHAIRPERSON WHITE: Yes.

5 FEMALE VOICE: Yeah. [background

6 voice]

7 CHAIRPERSON BREWER: We'll have to

8 wait until you speak, because you can't just speak

9 from the audience. So, if anybody doesn't know

10 the answer, you can just say, "Don't know the

11 answer," or you could speak to the project.

12 COLLEEN GIBNEY: Sorry. At ITAC,

13 we like to partner with, you know, a variety of

14 folks in the community. While we don't have a

15 direct partnership with The Hatchery, we do see

16 lots of companies coming in who have had

17 experiences there, in having presentations and

18 having their presentations critiqued. And we

19 think that the more the merrier, when it comes to

20 this type of skill building.

21 CHAIRPERSON WHITE: Thank you.

22 HERMANN MAZARD: Yeah, I would like

23 to--

24 CHAIRPERSON BREWER: I--go ahead.

25 HERMANN MAZARD: Yeah. I'm also a

2 beneficiary of The Hatchery's programs. They have  
3 one program called "Are You Serious?" which forces  
4 young entrepreneurs to go through a gauntlet of  
5 questions in order to better hone their  
6 presentation skills, as well as the merits of  
7 their business plan. And I think that is, that's  
8 extremely helpful. And we need more programs like  
9 that.

10 CHAIRPERSON WHITE: Thank you.

11 CHAIRPERSON BREWER: Council Member  
12 James.

13 COUNCIL MEMBER JAMES: Yeah, and  
14 lastly Mr. Mazard, I forgot to mention, I totally  
15 agree with you that there needs to be a public  
16 option for some sort of tax investment,  
17 particularly to increase opportunities for those  
18 who've been historically excluded, and do not have  
19 access to capital, including people of color and  
20 women. So I applaud you and look forward to  
21 working with you and the Chair to make that a  
22 reality.

23 HERMANN MAZARD: Thank you.

24 CHAIRPERSON BREWER: Thank you all.  
25 I'm sorry we can't have more time for questions.



2 Another extraordinary panel. Thank you, Kunal  
3 Malhotra and Sam Wong. Steven Masur from the New  
4 York State Bar Venture and Technology Committee;  
5 Richard Stanton from Bintro; Heather Miles from  
6 Masur Law, which is a startup law firm; and James  
7 Gillis, who's also from the New York State Bar  
8 Association Venture. Whomever would like to  
9 start, we're delighted to have you.

10 STEVEN MASUR: Thank you so much.

11 I'm Steve Masur, I'm the, I'm the Chair of the New  
12 York State Bar Association Venture and Technology  
13 Law Committee. And I'd like, I'm, I'm not going  
14 to speak too long. I think a lot of people have  
15 already said some of the things that we were going  
16 to say, so we're going to try to limit our  
17 comments to just what we have that's different.  
18 Essentially what, what we're focused on, three of  
19 us on the panel are lawyers and one is a CEO of a  
20 early stage company here in New York, that  
21 actually has recently had to leave New York. And  
22 I think he's going to have an interesting  
23 perspective on why that happened. And we want to  
24 address really just the question of how can we  
25 compete against Silicon Valley in New York? And

2 our perspective is that we should just try to  
3 remove the impediments to success here. So the  
4 access to space is an impediment, the access to  
5 talent is an impediment. The three that I wanted  
6 to mention are the State LLC publication  
7 requirement, which is an impediment to success  
8 here in New York, and it's the only state in which  
9 it exists, that is really in the running to be a  
10 tech, a leading technology center. And we'll hear  
11 more about that from one of the other panelists.  
12 Also the cost of housing for tech workers is an  
13 impediment to success here in New York, for the  
14 reasons that the New York Tech Meetup Panel  
15 discussed. And I think there are a lot of  
16 opportunities to share experience, The Hatchery  
17 being a good one; the New York Tech Meetup; the  
18 New York Video Meetup; the IGDA, the International  
19 Game Developers Association, which is very active  
20 here in New York. And we're trying to get some  
21 mobile technology stuff together. It was more  
22 active earlier in this decade, and we're hoping  
23 that in the next decade it'll be more active. And  
24 with that, I'd like to introduce the rest of our  
25 panel, starting with Heather Myles.

2 CHAIRPERSON BREWER: Thank you.

3 HEATHER MILES: I--I'm Heather  
4 Miles, and I'm a lawyer for startups. I have  
5 actually worked in Boston as a lawyer for  
6 startups, and also for a California based firm.  
7 So I'm very familiar with the merits of both  
8 Silicon Valley, Silicon Alley and Boston. That  
9 said, I think that New York City is definitely my  
10 favorite place to live in the world, and I look  
11 forward to see the sector grow.

12 CHAIRPERSON BREWER: You, you have  
13 no choice but to say that, but thank you.

14 [laughter]

15 HEATHER MILES: New York has a  
16 thriving startup community, that's due in part to  
17 many factors, just to highlight a few: the  
18 diversity of industry here in New York City is  
19 pretty much unparalleled in the states; also, the  
20 concentration and just density of people and  
21 things in New York; and just the entrepreneurial  
22 and creative spirit that has always been a part of  
23 the City. But I think New York could be doing  
24 better as a startup community, especially given  
25 its great talent pool and the fact that there's

2 more technology employees here than in Silicon  
3 Valley. Some of the reasons why this community's  
4 being held back is first, the high cost of doing  
5 business; second, the fact that it's really a  
6 tertiary venture capital market behind Silicon  
7 Valley and Boston; and also the taxes and other  
8 economic burdens on startups. So what needs to be  
9 done? First, I think that we need to leverage  
10 City resources. I commend the efforts by the  
11 NYCEDC, especially this year. I think the  
12 incubator space they've set up with NYU Poly and  
13 also the seed fund is really exciting. There  
14 needs to be more partnership between the City and  
15 local universities. That's already been  
16 discussed, so I won't go into more detail. And  
17 most importantly, we need to reduce the cost of  
18 doing business. The one thing I'd really like to  
19 talk about is this LLC publication requirement.  
20 For those of you who do not know, all LLCs formed  
21 or operating in New York must pay a fee to publish  
22 in two papers of general circulation. The fee  
23 they need to pay is based on where the company is  
24 located. This fee is less than \$100 in some  
25 counties, and it's approximately \$2,000 in

2 Manhattan. The information in the publication  
3 requirement is basically nothing, it's where and  
4 when this entity was formed, the address, and you  
5 also assert that the fact that you have given the  
6 Secretary of State the ability to serve process,  
7 or receive service of process for you. The same  
8 information is available for free digitally  
9 online, the State, the Division of Corporations  
10 website in New York State. And it really serves  
11 no purpose to republish it in print. It just  
12 costs \$2,000, and effectively this \$2,000 is a, a  
13 subsidy to the New York Law Journal, which is the  
14 Journal that you're required to publish in if  
15 you're located in Manhattan. In an era,  
16 especially in New York City, when the media  
17 industry is having such a hard problem, I think  
18 it's despicable that Albany is letting a county  
19 clerk, without any transparency, decide that the  
20 New York Law Journal will receive \$2,000 from each  
21 startup in the City. And I, you know, I just ask  
22 the City to do whatever you can to try to  
23 eliminate the requirement, because it's, you know,  
24 it doesn't reduce the City's tax base, and it  
25 certainly doesn't cost the City any money, and it

2 will save entrepreneurs a lot. Thank you.

3 CHAIRPERSON BREWER: Thank you very  
4 much. I'm just jingling about all the  
5 stakeholders in your request, but I will, we will  
6 certainly look at that. Thank you.

7 JAMES GILLIS: Hi. My name's James  
8 Gillis, I'm also a member of the New York Bar  
9 Association and the Venture Technology Committee.  
10 Just to add a little bit to the LLC publication  
11 requirement, the basic problem that small  
12 businesses have is that there's 50,000 LLCs that  
13 are formed each year, or at least there were  
14 according to official statistics in 2007. And  
15 each business is only bearing a small part of the  
16 cost. But New York City's bearing the large part  
17 of the cost, which is the LLCs that aren't forming  
18 here. In addition to that, if you use  
19 conservative numbers, and there's a range of costs  
20 depending on where the LLC's headquartered, if you  
21 use \$500 as an average cost, that's \$25 million,  
22 you know, and there's, there's a lot of attention,  
23 when you start talking in tens of millions of  
24 dollars. And there's a bill right now that's in  
25 committee again, so if everyone's aware, there's

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2 S1667 and A4496.

3 CHAIRPERSON BREWER: Committee in  
4 Albany or in Washington?

5 JAMES GILLIS: In Albany.

6 CHAIRPERSON BREWER: Albany

7 JAMES GILLIS: And it's stuck in  
8 committee again, and it's the same bill that was  
9 in committee last year, and I talked to people who  
10 tried to get the same bill passed ten years ago.  
11 So--

12 CHAIRPERSON BREWER: I mentioned  
13 the word "stakeholders," you know what I mean?

14 JAMES GILLIS: Yes. [background  
15 voice] Okay? So, and that's basically all. The  
16 committee can, can help venture technology sector  
17 by helping to push that bill through.

18 CHAIRPERSON BREWER: Thank you very  
19 much.

20 RICHARD STANTON: Hi, my name is  
21 Richard Stanton, and I'm the, I'm the entrepreneur  
22 that everyone's talking about here today. I'm the  
23 CEO of Bintro, it's a semantic startup company,  
24 headquartered here in New York. As Steve  
25 mentioned, we actually just recently moved our

2 development group to Hoboken, New Jersey;  
3 unfortunately, because the cost of doing business  
4 in the City was something that was not tenable for  
5 us. The reason I decided to come here today and  
6 speak was because in the late '90s I was one of  
7 the founders of a company that grew from zero to  
8 400 employees within 18 months, and everyone was  
9 employed here in New York City, our offices were  
10 in the garment district, and it was a very  
11 different environment at the time. And  
12 unfortunately, in 2001, the investors in that  
13 company decided to move it out to Seattle, that  
14 company is now a private company run out of Omaha,  
15 Nebraska. So I decided to come today to speak  
16 about three things that specifically can happen,  
17 that would allow the company I'm currently running  
18 today to stay in the New York area, and not see  
19 the same thing happen that I saw ten years ago, to  
20 a very successful startup. One of the biggest  
21 challenges, and I think a couple of people have  
22 touched on it, is creating basic infrastructure.  
23 When Bintro began it operated in the extra space  
24 of a real estate firm in midtown Manhattan. Many  
25 startups are not so fortunate. For many



entrepreneurs, it's a huge expensed and hassle just to find small short term space of professional quality. The key here is professional quality. The process is laborious, the broker fees are grossly disproportionate to the term of the lease, and there's no easy way to grow without abandoning a lease or paying for multiple spaces. This is compounded by the fact that many founding teams just don't have the experience or the time to work their way through such a complex process. In a nutshell, the problem is a lack of spaces that are simple and cost effective to rent for short periods of time. This is why I believe the government, specifically, should work with startups to alleviate the issue. And any empty office space the government has could currently be listed online for short term subletting, specifically for the purpose of creating a business within the City. The government could easily bring in revenue with its spaces, and would other wise be vacant, simply by catering to the cost effective needs of startups. Furthermore, I know plenty of private companies that have done this with great

results. Yet it is not a formalized or endorsed practice. Imagine the benefit to the local economy if the City offered tax savings or rebates to businesses that supported this. Why should any office space in this City be empty, when it could support the growth of what maybe the next Google, Apple or Microsoft? Another, another of the early hurdles for a startup is finding proper legal counsel for the creation of proper business structure. For example, by the time a startup's first institutional round comes to pass, they may have to clean up their capital structure, or even face deal breaking due diligence issues, 'cause they did not know the right way to set up their business in the first place. To remedy this, I propose that the government and investors come together in the creation of an industry accepted starter kit, wherein standards for due diligence within New York are firmly established and made accessible to all entrepreneurs online. By consulting entrepreneurs in this standardization, VCs can ensure that due diligence becomes a shorter and simpler process for both parties involved. Also important to the startup is the

creation and growth of a solid team. This has become more difficult over the years. For example, I recently met with a group of undergrads from the computer science program at RPI, which is located in Troy, New York. Each student told me they already have a full time job waiting for them when they graduate in the spring. This is great news, of course, but it should be noted that all of them were going to work for a multinational, large corporation, and none for a startup. I suggest a better and more open dialogue between schools and the startup community. I'm interested in speaking with students and sharing with them what skills we believe will be most needed when they graduate. And I would like to make sure our job opportunities, the opportunities of startups, are available to them and that they are working for start--they see working for a startup as a good path to build their career. I suggest the creation of a committee to figure out how we better communicate the needs of the startup community to schools, and how we can cater to the needs of students coming out of school. Finally, this is ultimately about us and our City as a

2 whole. I'd like to touch upon the bigger picture.

3 With the right attention on the right things over

4 the coming years, I firmly believe New York City

5 can become what we would deem the internet or

6 technology capital of the United States. Time and

7 resources are crucial to the success of the

8 startup community of course, but most important is

9 recognition. As of now, we are missing that

10 recognition. We have yet to form our personality,

11 if you would, and our reputation in the sector.

12 The City must actively support emerging

13 technologies in order to become better recognized

14 as their rightful sponsor. For example, Bintro is

15 a company that specializes in the field of

16 semantic technology, connecting vast public and

17 private databases of knowledge to create

18 intelligent applications. Luckily this is not yet

19 dominated by Silicon Valley, but it is quickly

20 gaining momentum in New York, Boston, and northern

21 Virginia, and this is the perfect time to take

22 advantage to make New York a bastion for new

23 internet technologies. In closing, in listening

24 to people speak today, as someone who's made his

25 career as a product manager and bringing

2 technology to the marketplace, the one thing I'm  
3 always shocked to see from a government  
4 perspective and a private enterprise perspective,  
5 is that there is no product manager who speaks on  
6 behalf of the City, to make sure that there is a  
7 liaison to the business leaders, investors and  
8 technologists, who really need to--there was a  
9 young woman here earlier, spoke from the Economic  
10 Development Corporation, and I was so interested  
11 in her answers, and yet I felt like there was this  
12 missing layer right between her and me, and that's  
13 someone who understands technology, understands  
14 business, that I can talk to on a ongoing basis,  
15 that actually may even show up at my office one  
16 day and say, "Hey, what the hell are you guys  
17 working on? This is cool stuff." And go back and  
18 report it to you. So we don't have to wait for  
19 the formal, obviously, confines of committee in  
20 order to do so. And so I personally offer to  
21 assist in the creation of that, if needed. I also  
22 personally offer to give the resources of our  
23 company, we are a matching technology, to assist  
24 people in the category of helping find employment,  
25 and other resources, including space and sublets

2 in the City. What we need is access to the  
3 information, and access to someone who actually  
4 speaks the language of technology and the  
5 entrepreneur from a government perspective. Thank  
6 you.

7 CHAIRPERSON BREWER: Thank you very  
8 much. I know Council Member James has a question,  
9 but why is it better in New Jersey?

10 RICHARD STANTON: Cheaper.

11 CHAIRPERSON BREWER: It's cheaper.  
12 So, it's all, it's the cost of business.

13 RICHARD STANTON: And--well, it's a  
14 combination of two things. Money is always  
15 important for a startup. The most important is  
16 flexibility. I have a month-to-month lease. I  
17 can leave as I grow. We were one employee twelve  
18 months ago; we're 13 employees today. We believe  
19 we'll be somewhere between 30 and 40 employees by  
20 the end of next year. I can't keep signing  
21 leases. But I do know there's available space in  
22 New York. Yet I couldn't find it, but if I needed  
23 to find a broker, there's a dozen at my door.  
24 There's something wrong there.

25 CHAIRPERSON BREWER: Okay, so the

2 issue of this incubator space is not for you, you  
3 are very much at the next stage, and you'd need  
4 somebody to recognize that and sort of be the  
5 layer that you just described.

6 RICHARD STANTON: Well, what we all  
7 want as entrepreneurs is to grow quickly. But it  
8 seems like that can be very difficult. I actually  
9 hear people not hire because they don't know where  
10 to put the people.

11 CHAIRPERSON BREWER: Okay. You've  
12 made a really wonderful, cogent argument. Council  
13 Member James.

14 COUNCIL MEMBER JAMES: And I sit up  
15 here and I was going back to my years as Counsel  
16 to the Corporation's Committee in the State  
17 Assembly, when we reformed the business  
18 corporation law, and this, this controversy over  
19 the publication of notices came up time and time  
20 again. At the time, I negotiated the limited  
21 liability corporation law which is now in effect,  
22 and there are very powerful interests in Albany  
23 who do not want to abolish this publication  
24 requirement. Back then, it was, he's now a City  
25 Council Member, he was the Chair, was Assembly

2 Member Al Vann, who just left briefly. He  
3 sponsored this same legislation which is still  
4 pending, that was almost twelve years ago. And  
5 it's still pending in Albany, because it's a  
6 boondoggle to the media giants who have very  
7 powerful interests in Albany, and it goes back to  
8 Mr. Masur's, Mr. Masur's comment about all that is  
9 happening on the State level but not the City  
10 level. And if, Madam Chair, would you, would you  
11 support a resolution--

12 CHAIRPERSON BREWER: Yes.

13 COUNCIL MEMBER JAMES: --in support  
14 of these bills?

15 CHAIRPERSON BREWER: Yes.

16 COUNCIL MEMBER JAMES: I plan on  
17 putting in some legislation to support theses  
18 bills. Thank you.

19 CHAIRPERSON BREWER: Okay. Thank  
20 you all. Another fabulous panel. And I'm sure  
21 we'll have further discussions. And I really  
22 appreciate you organizing your time so that you  
23 were in sync of what you're saying, and it helps  
24 us formulate our opinions and policy. Thank you  
25 very much, extraordinary. Michael Brown, Life



Cycle Solutions, Inc., a startup; Bruce Ninswanser from NYU Poly; Tej Bhatia, from MediaMerx, another startup; and Amos Winbush III, CyberSynchs LLC.

[pause] Alright, whomever would like to begin.

TEJPAUL BHATIA: Good afternoon, my name is Tej Bhatia, I am the CEO and Founder of a New York City based technology startup called MediaMerx. MediaMerx is a technology firm focused on helping media companies reach international audiences through online video. Bulk of my founding team is from ESPN, where we built a product called, an online video product called ESPN 360. And we launched it in the U.S., as well as in Mexico, Brazil, Chile and Europe. And I left ESPN about two years ago with a dream to start an international media company here in New York. And when I left and started to speak with startup experts in the space, a common piece of feedback I got was that I was starting in the wrong city, that I should get up and move to California, Silicon Valley, or Boston. And I thought, you know, there was some missing link here, I'm starting an international media company. What, what better place to start it than New York?

2 And I finally realized what they were talking  
3 about when we went out to start raising money.

4 And as a startup, we were fortunate enough to  
5 raise Angel capital from some supportive, wealthy  
6 individuals and families in New York. But in  
7 comparison to my peers who went to California,  
8 what took us twelve months took them maybe, you  
9 know, two or three months, once they got settled.

10 And as a startup, speed is essential to our  
11 success, and whether that time hurt us or not is  
12 hard to tell. But you know, we are established  
13 now and we are in New York doing business. And I  
14 stand by my decision to stay in New York, all the  
15 major media companies are here, a lot of  
16 international companies pass through there, and  
17 it's been beneficial to us. Besides that, we have  
18 been, we have benefited from several programs that  
19 the City has provided. We are part of the Jump  
20 Start program, we're actually going through our  
21 second placement with a finance person and it's  
22 been very successful for us. We went through The  
23 Hatchery. I'm an alumni of Columbia University,  
24 and Columbia has a venture community, with about  
25 1,100 people right now, and it's a great support

structure. And you know, these programs have been great. Kind of what I came here to speak about today is what we need moving forward, and what I've heard in this hearing today is quite a bit about cost savings, help with startups, help with fundraising, and where we are right now as a company is we need to make money. You know, we, we have a product, we have a platform, we have a few clients, but we're a small shop. We're four people, and as CEO I am the sole salesperson. And I have a couple of engineers, luckily for me working at very low cost because of the economic condition right now. But in order for me to grow my business, I need to get out in front of more customers. And you know, recently we submitted an application to the NYC Big Apps Competition, and that was a great exposure to show off our talents, but any more programs that the City can provide, again to show off our abilities and get us out there so media companies can actually know that we exist, and that we might be able to provide them more value, would be very useful. Thank you.

CHAIRPERSON BREWER: Thank you very much. Who would like to go next?

2 AMOS WINBUSH III: I will go next.

3 My name is Amos Winbush III, I'm the Founder and

4 CEO of CyberSynchs. And CyberSynchs is a

5 universal data synchronization firm that

6 specializes in developing synchronization software

7 for mobile PC televisions, digital camera and

8 camcorder and other electronic devices. Our goal

9 is to allow the user the ability to view, manage

10 and edit, and transfer personal data to every

11 electronic device that they come in contact with

12 their day-to-day activity. The firm was launched

13 in June of 2008, with \$250 and one person; and

14 within a year's time, we've grown to over a \$10

15 million company. We've pinned several major

16 partnerships with Sun Microsystems, Samsung and

17 Microsoft. It has not been easy launching a

18 technology company, internet technology company,

19 at that, during this economic times. But we saw a

20 major opportunity and we went out to, to fix that.

21 So by the end of 2010, we'll be preloaded on over

22 one billion devices worldwide. My purpose for

23 coming here really is to point out the major

24 opportunities and responsibilities that not only

25 the City but our community has for every

2 technology entrepreneur to foster a true community  
3 of innovation. Technology alone does not create  
4 innovation, but the innovation really comes from  
5 the people within the industry. Our main focus is  
6 to really get it out to the technology community  
7 that have parties focused around technology does  
8 not mean that we have a strong technology  
9 community. We have many opportunities to build  
10 our community. For one, it is very important for  
11 the City and the state to provide incentives for  
12 seed, up to \$250,000 all the way up to \$500,000,  
13 to entice investors to come into the City, and  
14 take the chance of investing on a small but very  
15 innovative company. Developing education programs  
16 that really goes into the community and provides  
17 development focused initiatives on coding and the  
18 technology business itself. These programs could  
19 start at the level of sixth grade and above. I  
20 think the next Google and Microsoft really is  
21 going to come from our youth. Build, let's build  
22 a true community that fosters innovation, let's do  
23 away with the pay for--pay-for-pitch. I think it  
24 should be completely illegal. It is a slap in the  
25 face to every entrepreneur and start up company to

2 have to pay \$15 to \$20 bucks to pitch in front of  
3 a panel that really does not have your best  
4 interests at heart. So, those are things that,  
5 you know, I think would really help our company.  
6 Excuse me, a couple of more. Also building a  
7 strong branch at the SBA--I think when we wanted  
8 to go into finding investment for our company, we  
9 went into the SBA and they really could not help  
10 us. Internet startups are really, really fast  
11 growing companies, and if you have the right idea  
12 and you find partnerships, you can grow really,  
13 really quickly. So that would really be helpful.  
14 Providing assistance from deeply discount legal  
15 and financial advice to server costs. The largest  
16 issue with startup companies in the City is  
17 housing, but it's also the ability to scale really  
18 fast. So, at the point of supporting 250,000  
19 users, an average startup will spend about \$8,100  
20 to have the bandwidth in order to, you know,  
21 support those users. So, we should do more with  
22 that. And also providing a data base that, you  
23 know, entrepreneurs can actually go into to find  
24 really qualified engineers and developers which we  
25 are truly lacking in our community. Thank you.

2 CHAIRPERSON BREWER: Thank you  
3 very, very much.

4 AMOS WINBUSH III: You're welcome.

5 CHAIRPERSON BREWER: Who would like  
6 to go next?

7 MICHAEL BROWN: Thank you. My name  
8 is Mike Brown, I represent a startup company that  
9 provides energy consulting services for buildings  
10 in New York. I'm very pleased that the greater  
11 building plan was passed this past week. It is  
12 unfortunate that it, it doesn't include buildings  
13 smaller than 50,000 square feet, and that it  
14 didn't require the actual energy efficiency  
15 project to be conducted, just the audits. But--

16 CHAIRPERSON BREWER: You cannot  
17 imagine the negotiations to get to that point.  
18 We've all, you cannot imagine. But thank you.

19 MICHAEL BROWN: No, if--

20 CHAIRPERSON BREWER: We, we, what?

21 MICHAEL BROWN: --it definitely a  
22 huge step in the right direction. Just to speak  
23 generally about entrepreneurship in New York City,  
24 and then I'll say some specific things about my  
25 industry. Yes, I agree we should create a

2 clearing house for, of services and assistance for  
3 entrepreneurs in New York City. It should be,  
4 beyond newyorkcity.gov and it should just be  
5 available to everybody. I think it's a great  
6 system now that everybody goes to NYC.gov for  
7 information. That information should be on there,  
8 as well, including organizations like Bruce's and  
9 the other universities that have entrepreneurship  
10 assistance, and incubators. Yes, I think you  
11 should develop the space at the Brooklyn Navy  
12 Yard, I live down the street in Fort Green. I  
13 would--

14 COUNCIL MEMBER JAMES: [off mic]

15 Yay.

16 MICHAEL BROWN: --I would love to  
17 walk to work. We are in the startup stages  
18 currently, we don't actually have retail space  
19 available yet, or office space available yet. But  
20 I will be interested in entering an incubator for  
21 that space. Space is as big of an issue for me as  
22 I currently work part time, and in order for me to  
23 jump from part time to full time, certain things  
24 that concern me are things like health insurance  
25 and liability insurance, that would be greatly, it



would greatly help me if those could be subsidized somehow through the City. NYCERTA is great for, for my industry, as far as renewable energy and energy efficiency's concerned; however, as they mentioned earlier with solar, it takes up to six months for those things to go through. That's ridiculous. Maybe New York City could take over that process or somehow assist it. Same thing for energy efficiency, their multi-family performance program, which basically puts what contractors are allowed to do energy efficiency projects and auditing services in the City, is closed right now, and you call them and they don't know when it's going to be open, and it's just, I don't know what they're doing up in Albany. But New York City can maybe take a, take a stronger hand in that. [pause] And actually, I just want to commend New York City and the C--or the SUNY Levin Institute, because I was actually just accepted for that fast track program that they were mentioning earlier, that basically it's boot camp for entrepreneurs. And I start in January, so hopefully that, you know, I'll have more feedback as far as helpful that is, but--

2 CHAIRPERSON BREWER: Thank you,  
3 it's a good program, I know people who have  
4 graduated the first class, so it's--okay.

5 MICHAEL BROWN: Yeah, so hopefully,  
6 I mean, that's all I had to say, but--

7 CHAIRPERSON BREWER: Thank you very  
8 much, and I think you're in the right--I hope the  
9 bills help you, the legislation helps you, and I  
10 hope it's a good match. Thank you.

11 MICHAEL BROWN: Thank you.

12 CHAIRPERSON BREWER: Yes.

13 BRUCE NICEWARNER: Good afternoon,  
14 almost now, I'm Bruce Nicewarner [phonetic], I'm  
15 Director of a whole host of programs, and I could  
16 take my three minutes telling you what NYU Poly  
17 has done around these areas in the last just two  
18 years. But I'd rather spend my time encouraging  
19 you to get together with us and plot a path on  
20 details of what we can do. We've grown our  
21 incubator from two companies four years ago, to  
22 roughly over 45 companies right now. We manage  
23 the City's 160 Varick Space. We have started just  
24 for your interest, Council Woman James, a  
25 institute for science and math for young women, in

Brooklyn, that was us. We've started the New York City Seed, among other things. I'm kind of the stand-in CEO for some 40 companies now. And New York City has a lot going for it. It, the biggest item I can tell you, and I provided with a graphic, is, well I hear a lot about real estate, and I hear a lot about a lot of other things. Small businesses need access to market, and they need to be able to develop their products and services quickly so they're ready for sale. Money will find them if they do that; if they don't do that, it doesn't matter whether money is next door or 100 miles away. So one of the things I think the City can do is work aggressively on the companies that are located here, to come up with strategy and methodologies where they are early adopters of the technologies offered by the companies that are starting up here. I think you need to market on your pads that it's not just about startups, there are hundreds of thousands of promising businesses in New York City. I think 32,000 in Brooklyn alone, that are already in business. I've had the luxury of speaking to those companies. They get very excited when they

understand that they can come to university and gain technology assistance support. I think the one thing we've done at Poly that we, we are proud of, one of the gentlemen was talking about the flexibility and versatility of getting in and out of space, and certainly one of the reasons why incubators work, we do the same thing for employees. Our student work for lots of companies, and we are the employer of the students. We build the companies for hours spent as consultants, they can hire people, they don't have to put 'em on their payroll. So these are all avenues that we've designed that aggressively promote the path of entrepreneurship. Probably as much as anything, we've reached out to the really, what I will call scintillating infrastructures of small business in New York City. I will recognize those in no way of exhausting, but ITAC is an incredible force; the New York City Investment Fund and Maria Gotsch, those people are really gangbusters. There's a lot of talent here. Unfortunately, a lot of good decisions get mired down in confusion of having everyone speak, and no one listen. And, and we at Poly have just decided

that rather than wait on the City, wait on the State, we go out and do it ourselves, 'cause in order to survive we've got to train our students to be great businesspeople, great scientists and great entrepreneurs. Just so you know, we have received a very large grant from NYCERTA, on renewable energy and clean technology. We have an incubator separately designed for that, it's entitled ACRE. And I want, I want to tell you that, that the one thing we've found that works, and it works well, is we leverage what New York City does in volume. So one of the things we're focusing on, we have 190,000 buildings in New York City. We should be working on technologies that help buildings become more efficient and effective in the environment. We have major programs on urban sustainability being worked at the University. If you question whether there's innovation in New York City, look only at this study and see that NYU and Columbia exceeded all other universities in the United States in licensing revenues by a factor of 50. NYU receives over \$700 million in licensing revenue, Columbia receives over \$150. We have technologies

at Poly that will absolutely amaze you. We have high speed processors that actually when embedded in the body can diagnose pending epileptic seizures and treat the body with chemicals prior to the seizure. Those are all ready to be commercialized, they can be commercialized, they should be commercialized here in New York. It's not an issue of space or money, as much as it is access to market and support from the professionals that are here. I can tell you there is a lineup of interested and wealthy midtown senior executives who would love to work in an organized way to promote the technology community in New York City, but we need to organize and find a way to tap into that power. And I would love an opportunity to speak with you all in more detail, but we are doing at Poly, we are intend to continue to do at Poly, and now with our, our joinder with NYU, we have the force and the size to really put a meaningful impact here.

CHAIRPERSON BREWER: Right. Thank you, Council Member White has a question.

[pause]

CHAIRPERSON WHITE: I would be

very, very, very remiss, I mean, I really am elated and inspired by this, the science that we're having. But one thing that stands out when you talk about thinking outside the box and what's going on in this economic downturn, you know, you have people, and you're talking about space and affordability of space. New York City, for lack of a better term, is moving in the direction of too expensive to stay, and therefore you have to leave, and too expensive to come into, because you cannot afford it. We have to change that, that mindset of bricks and mortars to other kinds of things. But one of the things I would like for all of y'all to think about, who are in this, in this science, I haven't heard mentioned yet any of the outer boroughs in terms of developing technology. Taken into account all of the real estate that is foreclosure in the outer boroughs, that could be taken advantage of, that could be approached, no one has approached it. Everybody wants to be in Manhattan. Well I happen to be from Queens, okay? Jamaica Queens. Okay? And I'm speaking up because we have the highest foreclosure rate in the, in the City of New York;

Queens County is number one, it has 35 percent of all the foreclosures in the City of New York. So, when you take a look at what you would like to do, and you mention space, and you mention education and other institutions, we have Queens College, we have York College, we have so many colleges that need to be connected with this whole piece, it can't be done like Silicone Valley, you can't just knock it back like this. If we're in the 21<sup>st</sup> Century, I want to see 21<sup>st</sup> Century issues addressed with 21<sup>st</sup> Century mentality. And for New York City to be viewed not as Manhattan, in and of itself, but Brooklyn, Queens, The Bronx, Staten Island, and Manhattan. When you do that, I think a lot of things will break loose. I just, just wanted to make that statement.

BRUCE NICEWARNER: I just want to follow that I'm in total agreement with you. We, we at Poly, who are located in Brooklyn for a long time, have trouble getting people to come across the river, so I know exactly what you're talking about. I will offer you this, though. We have a model we think works and we'll put it anywhere in the City, in any borough, anywhere--



2 CHAIRPERSON BREWER: Thank you.

3 BRUCE NICEWARNER: --that we think  
4 it will go.

5 CHAIRPERSON BREWER: Thank you very  
6 much, and congratulations on all Poly's work,  
7 because you're synonymous with what's going on in,  
8 positive in this industry. Thank you all very  
9 much, what a great panel. The next is Jonathan  
10 Lebar, from Roanwell Corporation; Alan Mitchell  
11 from MIT Enterprise; Darren Conti from  
12 Sifsort.com; and Michael Smolens from dotSUB. And  
13 we're going to have to be on the clock for three  
14 minutes, I'm sorry. [pause, background noise]  
15 Alright, whomever would like to start, go right  
16 ahead.

17 JOHN LEBAR: My name's John Lebar,  
18 I'm the CEO and Chief Operating Officer of a small  
19 company located in The Bronx, New York. My  
20 history is, is new to New York, I'm from  
21 Connecticut, and I purchased Roanwell in March of  
22 2009. What I like about New York in The Bronx is  
23 the renaissance that's occurring in the work ethic  
24 among the diversity of employees. Roanwell,  
25 there's irony here, Roanwell was originated out of

2 180 Varick, and occupied the Roanwell building in  
3 seven floors. In its heyday it had 500 employees;  
4 half of those were engineers. So when you went to  
5 Poly or other universities, you looked to go to  
6 Bell Labs or Roanwell. Today, Roanwell has four  
7 engineers, and it, it's a viable company but  
8 struggling. And it struggles with training. I'd  
9 like to thank ITAC who helped with obtaining the  
10 City Council's Move Smart Program, and we're in  
11 the middle of improving the workflow within the  
12 manufacturing floor. Recommendations that I've  
13 had from being a young business owner, is the, I'd  
14 like to couple on the how do you have a toolbox  
15 when you start a company and run a company? If  
16 you're talking about startups, these are  
17 individuals that have interest in one particular  
18 area. They're not necessarily completely balanced  
19 in producing and running a business. And one of  
20 the things that I look for is, and recommend, is a  
21 toolbox, whether it's on the City program, City  
22 website, for entrepreneurs. So not only do you  
23 look at training as an improvement here, training  
24 is a big thing for me at Roanwell, the employees  
25 have not been trained in 25 plus years, and I'm

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2 looking forward to maybe receiving an SBS grant in  
3 the future to assist me with that. Go ahead.

4 CHAIRPERSON BREWER: Thank you very  
5 much. Is that, are you finished?

6 JOHN LEBAR: That's all.

7 CHAIRPERSON BREWER: Okay, thank  
8 you very much, and I'm glad you're in The Bronx.  
9 Thank you.

10 JOHN LEBAR: My pleasure.

11 CHAIRPERSON BREWER: Go right  
12 ahead.

13 ALAN MITCHELL: Thank you very  
14 much, Chairs Brewer, White. I'm Alan Mitchell,  
15 I'm with ARMAK and Associates, that's a strategy  
16 consulting practice that helps clients on the  
17 supply side and the demand side of information and  
18 communications technology. I'm also a board  
19 member of the MIT Enterprise Forum of New York  
20 City. And it's in that capacity here that I'm  
21 testifying today. Let me briefly introduce the  
22 MIT Enterprise Forum of New York City, it hasn't  
23 come up today yet. We basically sit at the  
24 intersection of business and technology. We  
25 promote innovation and we promote networking

2 through educational events and other services. We  
3 have over 5,400 email subscribers, over 200 active  
4 members that represent the entire ecosystem in New  
5 York City, of startups and their supporters. I  
6 would like to recommend that we work more closely  
7 with the two committees here, behind the scenes  
8 with your aides and so forth, and directly,  
9 because we're a rich source of talent, the board  
10 specifically, to help you. With regard--

11 CHAIRPERSON BREWER: I get your  
12 great emails all the time, so.

13 ALAN MITCHELL: Do you? [laughs]  
14 That's wonderful to know. As far as ideas that  
15 City lawmakers can invoke, I think previous  
16 testimony in the last panel was very important,  
17 because beyond incubators and Angel funding,  
18 there's no real payoff for New York City unless we  
19 can keep them as they become growing businesses  
20 into the revenue phase. So we have to make sure  
21 that as they become small businesses, they can  
22 hire, they can grow, and even evolve into medium  
23 and large businesses in New York City. We know  
24 that most small businesses depend on banks for  
25 their financing and it's no secret that even the

president has been jawboning the banks to free up funds for small businesses again. So I think innovative measures from City lawmakers, providing direct and indirect tax subsidies, investments, subsidized loans, would go a long way towards ensuring that startups that do successfully thrive in incubators, can then grow beyond that to the revenue phase, where they're hiring New Yorkers and paying taxes. Thank you.

CHAIRPERSON BREWER: Thank you very much.

MICHAEL SMOLENS: Hi, my name is Michael Smolens, this is my ninth startup, the first one in the United States, that's a company called dotSUB, and it's a enabling technology company to allow video on the web to be subtitled and rendered in multiple languages across all video enabled devices or platform. Much of what I wanted to say has already been said. New York basically is the greatest city in the world. The VC and investment community I think needs to take a longer term perspective. There needs to be coordination with the universities, which has all been said. And also, it needs, there's lots, the

largest corporations in the world, more corporate headquarters are here. We need to involve them. And one of the things that I think needs to exist is this ecosystem. You talked about a czar, you need to have an ecosystem here. Silicon Valley, as well, know Northern Italy is a very expensive place and it has a brilliant ecosystem, producing expensive products. The other thing that I think could be suggested, is digital technology and the crowd could create a coolness factor for being in New York. People in technology are all over the world coming to the United States and they're settling in Silicon Valley because that's where the ecosystem exists. New York could use new technology tools, using the input of the crowd and people that are looking here, to actually engage the tools that you're looking to bring here, to create some of the input that you need to make the kind of decision, and I'd be very glad to be involved with you, to use our technology, and help to do this, because I think what needs to--change is happening so fast that it's impossible to regulate and have structure to keep up with the change. So what you need is success stories and

2 the success stories breed jobs. And that's my  
3 comment.

4 CHAIRPERSON BREWER: thank you very  
5 much. And your entire testimony is here and I  
6 appreciate it. Next?

7 Hi, my name is Darren Conti, and  
8 I'm the founder and CEO of Siftsort.com, a startup  
9 that started here in the City, in the latter part  
10 of '05. Prior to that, my partner and I actually  
11 worked in the financial services sector, had a lot  
12 of enterprise experience, and lived in the City  
13 for 15 years, and I think this is great city, but  
14 think there's some challenges here. And I don't  
15 want to, you know, beat a dead horse here, and  
16 talk about the EDC, I think there's a lot of  
17 challenges ahead with that group. My advice is,  
18 we've actually approached a lot of EDC, you know,  
19 development programs outside the City. I think  
20 the, I think New York City really needs to look at  
21 places like New Jersey and Newark specifically.  
22 There's a lot of really great programs there that  
23 have matching financing, nonrecourse loans, as  
24 well as beeps, financial, you know, incentives for  
25 us to hire people in New Jersey, and you know,

2 it's only 15-20 minutes away. And I think where  
3 that's key for New York City and the Economic  
4 Development Corp. is that, you know, technology  
5 companies don't need the New York City address,  
6 it's not a game changer. You know, we can work  
7 virtually anywhere. So, New York City really  
8 needs to step up and compete with its surrounding  
9 areas because, you know, as testimony came in  
10 before, and I know there's a couple of the  
11 companies, they're moving to New Jersey, and you  
12 really got to look at their programs, they're  
13 really outstanding and it's kind of shocking and  
14 surprising that New York doesn't have that as  
15 well. Second, I think where my startup is, is  
16 we're really at a tipping point, we self-funded,  
17 we never took venture capital, we're at a point  
18 now where we're considering that to hire more  
19 people, and again this debate is going on, do we  
20 stay in New York, do we go to other places? But I  
21 think where New York City could actually help is,  
22 you know, thriving companies need clients, and  
23 recently in one of the contracts that we're  
24 signing with a big bank here in New York, the  
25 procurement people actually said, "You know what?



We like doing business with really small companies right now, we've changed our ways, because larger companies in the past tend to have more risk associated with them. And smaller companies just don't have that risk." So they're really risk averse right now. And that was really encouraging to hear. And you know, I really think New York City should have some incentive programs the way they do for these minority companies and these women owned business, just to be a technology startup, you know, that might not fall into those two categories. I think it would be helpful for us. In addition to that, New York City could actually be really helpful in helping us get into government and provide our solutions to government. I mean, recently we were just talking to some agencies here, they liked our technology, and it's just a lot of hurdles and a lot of challenges. And I think if there was some open dialogue sessions going on--New York Big Apps is a really great program, but that's just data sets for the public--if there was some open dialogue sessions where young companies could come in, you might find that these companies have enterprise

2 technology that could really help streamline.

3 And, you know, we're citizens, too, so we're  
4 stakeholders, so we really want to see government  
5 get better, we want it more transparent. And at  
6 the end of the day, that can help generate revenue  
7 for us, and in return offering a really great  
8 service for New York. So, I think that's what can  
9 help us.

10 CHAIRPERSON BREWER: Thank you very  
11 much. What a great panel, again, thank you all,  
12 very much. Okay, the last panel is a big one:  
13 Paul Garrin, from Name Space, WiFi New York; Bruce  
14 Bernstein; Andrew Onpaltis, Onipaltis; Thomas  
15 Lowenhaupt; Monica Dean from Baruch College [off  
16 mic] Did she speak already? Did she speak  
17 already? She spoke already. Yeah, I think so.  
18 [on mic] Alright, Hannah Koppelman; Ola Kansar;  
19 I'm - - Mackinge; Avi Kunani, and Gary Whitehill.  
20 We'll find enough chairs. Okay, Bruce start, and  
21 move fast.

22 BRUCE BERNSTEIN: Madam  
23 Chairperson, I'm going to make you very happy, I  
24 have written testimony, and if you promise to read  
25 it, that's it.

2 CHAIRPERSON BREWER: I do, I do.

3 BRUCE BERNSTEIN: I'm done.

4 CHAIRPERSON BREWER: No, you can,  
5 you can say a couple things, Bruce, but yes, I do  
6 promise to read it.

7 BRUCE BERNSTEIN: Okay, well it's  
8 got some good ideas in it, and I'll waive my  
9 testimony. Thank you, Madam Chairperson.

10 CHAIRPERSON BREWER: Bruce, you can  
11 summarize, summarize, go. Just give a few  
12 comments, it's fine.

13 BRUCE BERNSTEIN: Okay. I got to  
14 put on my eyeglasses. Well, as you know, I've  
15 been here for twelve years, this is the first time  
16 I've testified as an individual. So I don't have  
17 to represent anybody. I feel a little liberated  
18 and unplugged.

19 CHAIRPERSON BREWER: Just be  
20 specific as to your ideas.

21 BRUCE BERNSTEIN: Okay, it's in the  
22 testimony, and I've got--Well, first of all,  
23 there's two reports that have come out recently:  
24 The Center for Urban Future, Building New York  
25 City's Innovation Economy; and the Governor's

2 Taskforce on Diversifying New York State Economy  
3 through Industry, Higher Education Partnerships.

4 I agree with the emphasis on these reports. I  
5 think the question of uni--you know, from an  
6 economic development point of view, the question  
7 of high tech economic development being housed or  
8 owned by universities, is a correct concept for  
9 New York City. The Center for Urban Future had an  
10 interesting concept they called the "University's  
11 Rooted Assets." I think it showed in EDC's  
12 testimony today, in my twelve years as President  
13 of NYCEA, we went through, I don't know, four,  
14 five, six generations at EDC? But we dealt with  
15 CUNY, it was always the same people. The  
16 Universities, in addition to being rooted, are  
17 much more stable and can really develop these  
18 economic development projects, I think it shows  
19 with Poly. So I want to, I want, I think there's  
20 a lot of good ideas in those two reports, and in  
21 general, I want to, I want to sort of add my voice  
22 to supporting the concept of really working, of  
23 really seeing the universities as central. And in  
24 fact, that's been shown nationally and  
25 internationally, everywhere I've went in terms of-

2 -

3 CHAIRPERSON BREWER: Got it.

4 BRUCE BERNSTEIN: Okay. So, okay,  
5 now, I got two, two concrete ideas, they're sort  
6 of--

7 CHAIRPERSON BREWER: One?

8 BRUCE BERNSTEIN: --too, too  
9 quirky, sort of couldn't, couldn't be said while I  
10 was president of NYCEA, 'cause they're quirky,  
11 impractical.

12 CHAIRPERSON BREWER: Number one.

13 BRUCE BERNSTEIN: Number one,  
14 financing. There's a lot of stuff being done with  
15 venture funds and seed funds. Look at not-for-  
16 profits to run them.

17 CHAIRPERSON BREWER: Okay.

18 BRUCE BERNSTEIN: There's  
19 structural problems with VCs, I don't, I mean, the  
20 American VC industry is the best in the world,  
21 but in terms of economic development there's  
22 structural problems which I can go through with  
23 you at length, and--

24 CHAIRPERSON BREWER: Number two.

25 BRUCE BERNSTEIN: --people should

2 look at not-for-profits. The second idea is a  
3 more long term one, it's the idea of sort of  
4 communities--and this addresses it in the outer  
5 borough--live, work, study campuses, mega-projects  
6 that, or not mega-projects, but that would include  
7 both universities, possibly high schools,  
8 incubators, or more likely industrial parks, and  
9 also housing.

10 CHAIRPERSON BREWER: Okay.

11 BRUCE BERNSTEIN: And the City  
12 should take it into trying to determine a plan.

13 CHAIRPERSON BREWER: Got it, thank  
14 you very much, next.

15 BRUCE BERNSTEIN: You're welcome.

16 PAUL GARRIN: Good afternoon, I'm  
17 Paul Garrin, founder of Name.Space and WifiNY.  
18 I'm committed to keeping my business here in New  
19 York City and not moving to New Jersey, and  
20 getting as much into the five boroughs as  
21 possible. I'll speak briefly about my two  
22 enterprises. First one is Name.Space, which was  
23 formed in 1996, and was the originator of hundreds  
24 of top level domains, including .art, .music,  
25 .nyc, .now and .sucks, for example.

2 CHAIRPERSON BREWER: [off mic]

3 What?

4 PAUL GARRIN: .sucks. Very good  
5 for free speech. According to the financials that  
6 I prepared with the help of Pace University's  
7 Small Business Development Center, 100 top level  
8 domain portfolio for project Name.Space can mean  
9 about \$200 million annual profit in New York City.  
10 The top level domain industry is one of the most  
11 lucrative in the internet. All the companies who  
12 are operating top level domains, for example,  
13 Verisign, who owns .com and .net, net over \$1.6  
14 billion a year. Unfortunately, since 1996,  
15 there's been un--I mean very high and artificial  
16 barriers to entry to bring these domains to  
17 market. And I've been trying many ways to, not  
18 only to launch my business, which should make a  
19 lot of money, but also to keep predatory companies  
20 who want to pick my domains apart and move the  
21 business elsewhere from doing so. So, my  
22 commitment as a social entrepreneur is to gain  
23 investment and support so that Project Name.Space  
24 100 domains will work in New York City. What that  
25 means is that we will reinvest its profits into

the community, using for example Bruce Lincoln's model of Silicon Harlem to have tech centers in the various neighborhoods, to train youth and to bring them into the technology. And also in terms of Council Woman James mentioned 470 Vanderbilt Avenue. We would be leasing data center resources in 470 Vanderbilt and in other centers in New York City. And also, the proceeds from the money that comes from out 100 top level domains, would go towards investing in rapid deployment of broadband into hard to reach areas. And Council Member Brewer, I spoke to you briefly about this on Friday at the FCC hearing, and I'd like to explain later more how that can be accomplished. What I'm asking is, is first of all that New York City has championed a lot of large, disruptive projects, for example Yankee Stadium, or the controversial Atlantic yards. What I'm asking is a similar kind of cheerleading for Project Name.Space, to help us attract investors, because this is the type of transformative project that will have a large economic impact on New York City, without changing the face of a community or displacing people. We would be creating jobs, and a lot of other social



2 impacts that I would be glad to detail with you  
3 further, if you're interested to ask me any  
4 questions, but in the interests of time, I thank  
5 you for my--

6 CHAIRPERSON BREWER: Thank you very  
7 much.

8 PAUL GARRIN: --opportunity to  
9 present today. Thank you very much.

10 CHAIRPERSON BREWER: Thank you,  
11 next.

12 HANNAH KOPPELMAN: Hi, I'm Hannah  
13 Koppelman, and I'm representing ISAC New York. We  
14 are an organization that does give out money to  
15 startups to people with good projects. However,  
16 we have a cap of \$10,000. We're on a calendar  
17 system, so it's certain times of year. Our  
18 process is difficult and mysterious. So that  
19 said, I'd like to just touch a brief history of  
20 Silicon Valley specifically. It started in 1946,  
21 so it's actually 60 years old, and not 30 years  
22 old, as was previously stated. It started out as  
23 the Stanford Research Institute, and it was  
24 created with a collaboration with the west coast  
25 businesses, as a collaboration. They didn't have

to apply for grants the way you do with ISAC, it wasn't on the calendar system. And from that they came out with all these innovations, banking, theme parks, movies, personal computers, internet wireless and the list goes on. But specifically, banking, Bank of America came to the SRI with a problem, they wanted to automate check cashing, I mean, check processing and posting. They came up with \$15,000, the project was divided into three parts. They had \$15,000 for the first part, then they gave an extra \$5,000. It still wasn't enough. They needed to come up with another \$875,000, almost a million dollars, to build a prototype. And then the project took off. So it takes real collaboration with real money, not, you know, the little prizes we get here and there. Finally, I'd like to fast-forward to the same era, the 1950s, when an engineer, Bill Fayer, and the mathematician Earl Isaac, wound up in the area of Stanford. They were not part of the SRI, but they wanted to be part of it, I'm guessing. They didn't have a sponsorship, they didn't have a grant, they didn't have collaboration, I don't even know if they had a college degree. It's kind

2 of vague in the history.

3 CHAIRPERSON BREWER: You need to  
4 wrap up, I'm sorry, it's just I got like hundreds  
5 of other people waiting.

6 HANNAH KOPPELMAN: Yeah, okay.

7 CHAIRPERSON BREWER: So go ahead.  
8 So--

9 HANNAH KOPPELMAN: No problem. The  
10 thing is that they created the FICO score years  
11 before personal credit was ever an issue, and my  
12 point that I'm trying to make is that they just  
13 wanted to be there, they had skills, maybe they  
14 didn't have any risk management skills or any  
15 banking skills, but they wanted to be there, and  
16 that's kind of--the skills are there.

17 CHAIRPERSON BREWER: Thank you very  
18 much. Next.

19 ANDREW ONIPALTIS: - - from Long  
20 Range Communications, and basically my perspective  
21 from technology startup that most of technology  
22 people are not the salespeople, and most of the  
23 time you're starting with a group of technology  
24 people who need the help and support from  
25 salespeople. Which brings me to lack of resources

2 that can bring you, allow you to get salespeople.

3 I kind of consider myself a serial entrepreneur,

4 I'm running three businesses right now, I have

5 many partnership - - and have went through

6 different--that not for me? I went through

7 different incubators programs such as NFTE, SBS,

8 Baruch Field Center, and what I see I still don't

9 get all the information I need, I still don't see

10 all the information the City offer to entrepreneur

11 in terms of programs, even though I know like the

12 system, I know where to look for. And if I would

13 be a first time entrepreneur, I have no idea what,

14 where I should start looking, so I think the City

15 should have some central system that can allow

16 people to look and find the programs specifically

17 for their needs, rather than trying to go to

18 different organizations and managing those

19 programs, because I can name let's say twelve

20 right now off the top of my mind, who are doing

21 like different programs, and they good programs.

22 My favorite was NFTE, National Foundation for

23 Teaching Entrepreneurship, but there are others,

24 good ones, and they have specific niches, and

25 sometimes you just have to go and know of them,

2 and there is no central place to find about them.

3 CHAIRPERSON BREWER: Thank you very  
4 much, I know others have said, I respect the fact  
5 the fact that you're agreeing with them. Next,  
6 Tom.

7 TOM LOWENHAUPT: Tom Lowenhaupt,  
8 I'm the Founder and Director of Connecting.nyc, a  
9 not-for-profit created to advance the cause of the  
10 .nyc top level domain. Like most New Yorkers, I  
11 work in the digital realm, researching, creating  
12 and sharing information. Over the past several  
13 years, my involvement centered on the creation of  
14 a new concept, city top level domains or city  
15 TLDs. As you're probably aware, DOIT has issued a  
16 request for proposals seeking a partner to develop  
17 the .nyc top level domain. DOIT's RFP requires  
18 two separate proposals from respondents: one for  
19 the operation of .nyc following the standard  
20 model, like .com, and a second proposal following  
21 what's called a community model. The concept of  
22 community model was initiated in New York City  
23 through an internet empowerment resolution passed  
24 by a Queens Community Board in 2001. It's the  
25 model we are Connecting.nyc follow. One of the

key benefits of the community model is its view of .nyc as infrastructure for a digital era. If thoughtfully and carefully developed, .nyc will create an environment from which innovation and jobs will emerge. Here are a few examples:

.neighborhoods. For the past year, we've been working to see that the city's neighborhood names are set aside to serve local residents. Just this past Monday, Hunter College Urban Affairs Workshop provided additional detail on the allocation and development of neighborhood names, names such as harlem.nyc, parkslope.nyc, greenwichvillage.nyc.

If the neighborhood names and carefully developed, they will provide local information, communication and invigorate civic life. And they will provide dozens or perhaps even hundreds of technology, journalism and advertising jobs for city residents. Streets and monument names. We have developed a cyber land use plan that includes assigning domain names to the city streets and monuments. This will enable the creation of a more tourist friendly city, and create jobs for GIS specialists, advertising sales professionals, information designers and programmers, who will

add maps and local information to vital street domain names. Gateways. Names such as finance.nyc, fashion.nyc, and tourism.nyc, can provide the basis for organizing and innovating important industries. For example, finance.nyc can provide an organizing center where those in finance can locate one another and develop new products and ideas. Database designers, social network designers, sociologists, programmers, and entrepreneurs, would be part of enterprises that develop these gateway names. Portal names. These may be thought of as Yellow Page names, so those 500 names such as bars, restaurants, hardware, florist, etc., that provided valuable information during an earlier era. If reserved or thoughtfully developed, these names could provide resources for hundreds of good jobs, programming, information design, advertising and sales. Tagging city resources. Giving every object in the city a programmer friendly domain name, will facilitate innovation for decades to come. For example, if we give domain names to every curb cut, every bus stop, every building, every movie theater in the City, programmers can readily pull

1 COMMITTEES ON TECH IN GOV'T, ECON DEVELOPMENT176  
2 in different name sets and plot accessible routes-  
3 -  
4 CHAIRPERSON BREWER: Tom, you got  
5 to wrap up right now. That's it. One last  
6 sentence and we're done.  
7 TOM LOWENHAUPT: Alright,  
8 innovation and jobs are but--  
9 CHAIRPERSON BREWER: Okay.  
10 TOM LOWENHAUPT: --one of the many  
11 advantages that will arrive with the--  
12 CHAIRPERSON BREWER: That's done.  
13 TOM LOWENHAUPT: --adoption of .nyc  
14 community model.  
15 CHAIRPERSON BREWER: Thank you,  
16 next.  
17 TOM LOWENHAUPT: Thank you.  
18 CHAIRPERSON BREWER: 'Cause we got  
19 to move, next, who's next? We got to move fast.  
20 AVINASH KARNANI: My name is Avi  
21 Karnani, I built a company called Thrive, here in  
22 New York, and sold it to a company called Lending  
23 Tree earlier this year. Much of the testimony  
24 you've heard today has talked about capital and  
25 space and a variety of other problems. I'll add



2 two more to that: one is mentorship, we don't  
3 have enough of it in New York; and another one is  
4 stability. We'll submit our testimony in more  
5 detail to you guys in print so you can read. I'll  
6 summarize some of the proposals we had around a  
7 tech czar, which I think would be very helpful. A  
8 tech czar would be useful for providing economic  
9 incentives, coordination between the myriad of  
10 agencies and programming that you guys have sort  
11 of heard about today, and would also be helpful in  
12 bringing together a core of mentors, people from  
13 other industries, people with more experience, to  
14 help guide entrepreneurs and the people who are  
15 going to go work for entrepreneurs. Specific  
16 economic incentives that would be interesting  
17 would be legal formation help; subsidizing,  
18 personal income tax, or the sort of income, the  
19 tax of actual corporations that we're setting up;  
20 subsidized healthcare for people coming to work  
21 for startups and for entrepreneurs who are going  
22 to go start startups. I would love New York City  
23 to be the place where you can come and patent and  
24 idea. You know, there's a great number of people  
25 coming up with innovation, patenting costs between

\$12,000 and \$30,000. If New York City with its army of lawyers who are both in and out of work, could somehow help with that, that would be fantastic. You'd have young CS students and young biotech students coming here to say, "I have a new innovation, New York City will help me patent it," if that happens, people will sink roots here. In terms of coordination between the agencies, academia, landlords, business and the other stakeholders that we have in our ecosystem, which is certainly growing but it's still young, we need a way for all of, for entrepreneurs and employees to come to, let's say a website or some resource that allows them, that sort of guides them to where they need to go. It's roughly hard to figure out among the 200 different programs we've heard about here, which one I should pay any attention to.

CHAIRPERSON BREWER: [laughs]

AVINASH KARNANI: And then in terms of mentorship, we have folks who are, who are successful, who are older, who are young, who have done one, two, five startups, who have, you know, been the chairpersons of large companies, who are

now retired, and who all have an interest in fostering the community. If we can, in an SBA style core, bring together those people so that way young entrepreneurs and older entrepreneurs can come and sort of get guidance, that would be helpful. The Kaufman Foundation just released a study called "The Anatomy of an Entrepreneur," where they found in their research that 60 percent of entrepreneurs have one child. Of all the challenges we've talked about here in New York, they seem to be the kinds of things where you need to be a young 28 year old to sort of navigate, and maybe you can do it successfully. If New York City wants to be sort of a beacon of entrepreneurship, we need to be able to attract people with families who want to come here and take the kind of risks that we want them to take. And bringing together all of that into a, one of the organizations that you mentioned, where a tech czar would be very helpful.

CHAIRPERSON BREWER: Okay, thank you very much. And just before we have our last speaker, 'cause the Education Committee's awfully patient, Andrew Feigman from Digital Dawn

submitted testimony, as did Eric Evanstein from TechAmerica, and Kathleen Kane-Bardoff from Jump Start New York, it'll all be part of the record. Last speaker, thank you very much.

GARY WHITEHALL: Good afternoon.

My name is Gary Whitehill, and I'm the Founder of New York Entrepreneur Week. New York Entrepreneur Week is a 501(c)(3) organization formed around a single belief: that entrepreneurship can change the world. In the pursuit of this idea, the foundation's objective is to equip and unite a new generation of world changers, enabling them to elevate the impact of entrepreneurship on education, communities and economies all around the globe, and specifically here obviously in New York. To this point, the movement has been an unprecedented success. Throughout the week of November 16<sup>th</sup> through the 20<sup>th</sup>, we had over 2,600 entrepreneurs attend New York Entrepreneur Week, and over 7,500 viewers online. Since we're cut on time, I'm going to cut right to the chase, which I'm sure everybody will love. When looking at the state of entrepreneurship, specifically here in New York, there's an important lesson to be

learned. Although there are many resources here for entrepreneurs, and obviously we've talked about it for the past three-and-a-half hours, these resources are extremely disparate. There are many great organizations with visionary missions, and they're choosing, achieving great things in the entrepreneurship space, whether they're a for profit, a nonprofit, a city organization, or a state organization. However, the issue is that these organizations are very micro-focused on the execution of their individual own mission. As a result, organizations become increasingly more disparate and further pushed into their own silos. An entrepreneurship as an ecosystem itself, suffers greatly. The three points I would like to talk about very quickly, about the ecosystem, the critical funding holes, the fragmented infrastructure we have an as ecosystem, and the challenging intricacies that we do have here. For entrepreneurship to become a powerful force that it can be in driving the economy here in New York, we need to break down a lot of these barriers that you see and a lot of these silos, and to build platforms which actually

2 connect not just the tech community, but the tech  
3 community with every type of community that we  
4 have here in New York. We don't have that right  
5 now. We need to support each other, each  
6 vertical, help each other build vision, and  
7 leverage each other's collective strengths.

8 Building superior platform--from a resource and  
9 feasibility perspective, instead of creating--one

10 of the Council Members was up here before talking  
11 a new office organization or website--I would  
12 challenge the Council to actually consider

13 leveraging and providing additional resources to  
14 the established organizations. They've already  
15 solidified themselves here in the community. As

16 an example, these organizations include Astia, a  
17 women's president organization, Entrepreneurs  
18 organization, Women's - - , New York Tech Meetup,

19 Manhattan Chamber of Commerce, The Hatchery, MIT

20 Enterprise Forum, Columbia Technology Ventures,

21 Blue Venture Community, Angelsoft, Geary's Guide--

22 CHAIRPERSON BREWER: Okay, you need  
23 to wrap up. You need to wrap up, I'm so sorry.

24 GARY WHITEHALL: Yeah, absolutely.

25 The reason I mentioned each and every one of these

2 organizations, and I had a plethora more, is  
3 because we aggregated and partnered with each of  
4 these organizations here in New York. The point  
5 being is that the overall, the overall point here  
6 is that the entrepreneurial community is extremely  
7 complex and diverse, and focusing on one intricate  
8 mechanism out of the entire ecosystem won't solve  
9 the systemic problems that we have. Two  
10 recommendations I have very quickly, from a 30,000  
11 foot, is an incentive to investors to in fact  
12 become the white knights we talked about VCs--

13 CHAIRPERSON BREWER: Okay, you got  
14 to sum up right now.

15 GARY WHITEHALL: Sure.

16 CHAIRPERSON BREWER: That's it.

17 GARY WHITEHALL: Ease taxes on  
18 investment income that is held more than five  
19 year--on investments held more than five years in  
20 New York City companies.

21 CHAIRPERSON BREWER: Okay. We will  
22 include your entire testimony.

23 GARY WHITEHALL: Okay, thank you.

24 CHAIRPERSON BREWER: I'm so sorry,  
25 but the--

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2 GARY WHITEHALL: That's okay,

3 that's fine.

4 CHAIRPERSON BREWER: Thank you very

5 much, thank you to the staff, and we will make

6 sure that every recommendation gets considered.

7 This has been a great hearing. Sorry Education.

8 [gavel] concluded. [background noise] Sorry,

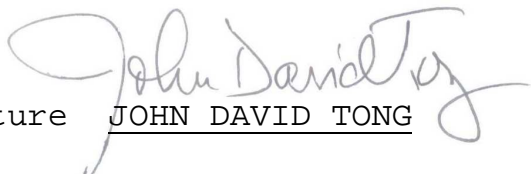
9 Robert! [background noise]

10



C E R T I F I C A T E

I, JOHN DAVID TONG certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

  
Signature JOHN DAVID TONG

Date DECEMBER 28, 2009