

City's first biz incubator hatches first chicks

Five startups are set to “graduate” from Varick Street center and move on to the real world. Another 30 or so launches are bustling away as the city's earliest experiment in entrepreneurial development celebrates its first anniversary.

By Kira Bindrim
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Break out the birthday candle: The city's Varick Street business incubator is celebrating its one-year anniversary on Thursday.

A joint venture between the New York City Economic Development Corp., the Polytechnic Institute of New York University and Trinity Real Estate, the incubator at 160 Varick St. in SoHo was launched in July 2009, part of a broader effort by the city to foster new businesses. So far, the gamble has paid off – since the incubator's opening, tenants housed at 160 Varick have created upwards of 110 jobs, hired more than 250 freelancers and interns, and raised more than \$12 million in venture funding.

“This is the incubator that at this point has been open the longest, and the rewards we're reaping from it are even exceeding our own aggressive expectations,” said EDC President Seth Pinsky.

That success is especially good news for the EDC, which has announced a total of five business incubators – focused on everything from fashion to food – and expects to announce several more by the end of the year.

The Varick Street incubator currently houses 35 companies whose market niches run the gamut from green-retrofitting to digital forensics. In addition to ready-to-use office space, tenants at 160 Varick receive mentoring services and attend business seminars and networking events. But incubator director Bruce Niswander says the biggest benefit for entrepreneurs in the space is simply being around one another.

“The consensus among tenants is that it's all about the environment,” he said. “It's like having 100 to 200 people in a foxhole and they're all confronting the same enemy, but they have a different set of tools or things to work with.”

That camaraderie will make the next few months particularly bittersweet, as five of the incubator's tenants are expected to “graduate,” meaning they have closed a Series A or angel round of financing, reached 15-plus employees or have simply outgrown the incubator's resources.



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"The space has just been a wonderful environment for us to grow, get our legs underneath us and mingle with other like-minded companies," said Brian King, president and chief operating officer of sustainability firm Ecological LLC. Since becoming the incubator's first tenant in July 2009, Ecological has grown its staff to 14 full-time employees from five and raised nearly \$3 million in funding. Mr. King says the firm is now seeking between 4,000 and 5,000 square feet of office space.

The rest of Varick Street's first graduates include digital photo company Pixable, electric fixed-income brokerage platform iTB Holdings, social-scheduling startup Hotlist and technology company CB Insights.

The future of startups like Pixable and Hotlist will be another proving ground for the city's incubator experiment, as most entrepreneurs cite the high cost of doing business as a deterrent to locating in New York. (Varick Street's tenants pay just \$250 per person per month). But the city's swelling startup environment, coupled with lingering discounts on commercial space, bode well for the transition. Startups that include media firm Harmony & Friendship Web TV and geo-tagging service Foursquare have recently upgraded to new digs.

"These people are not without an awareness of the value of having a New York, New York address," said Mr. Niswander. The incubator's intent is to house only startups with intentions of staying in the Big Apple, and it's working with the city and real estate firms, including 160 Varick landlord Trinity Real Estate, to shore up affordable office space for future graduates.

More than 100 companies have applied for space at Varick Street, which means there shouldn't be any trouble finding replacements for the five departing tenants – who themselves don't plan to go far.

"We'd like to stay in the area because we want to keep an affiliation with the incubator," said Mr. King, who applied to 160 Varick after he heard Mayor Michael Bloomberg advertise it during a Yankees game. "I really can't say enough about how valuable it's been."

CORRECTION: The companies graduating from the incubator include Ecological, Pixable, iTB Holdings, Hotlist and CB Insights. This was misstated in an earlier version of this article.

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THE GRADUATES

Ecological

Develops and implements what it calls "sustainability action plans" for real estate portfolios, buildings and tenants to reduce costs, improve efficiency and achieve regulatory compliance. Since joining the incubator in July 2009, the firm has grown its full-time staff to 14 from five and raised nearly \$3 million in funding.

Pixable

Offers a fast, affordable way to turn photos from Facebook, Flickr and Picasa into printed memorabilia, such as photo books, calendars and posters. Since joining the incubator in November 2009, Pixable has expanded to 19 employees from four, and raised more than \$3 million in funding. It recently secured office space across the street from 160 Varick.

iTB Holdings

Operates an electronic fixed income brokerage platform, leveraging the Internet to help customers navigate and execute in the global bond markets. Since joining the incubator in August 2009, iTB has raised in excess of seven figures in investment capital.

CB Insights

Using a proprietary sourcing method that closely tracks high-value private companies, CB Insights says it offers customers access to fast, comprehensive private company intelligence. Since joining the incubator in July 2009, CB Insights has added three staffers.

The Hotlist

A geo-social aggregator that provides real-time information on where friends are and what they're doing, using location-specific data from sites like Facebook, Twitter, Google and Yelp to calculate the popularity of specific events based on a user's network of friends. It recently secured an \$800,000 investment from Centurion Holdings.

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