NYU TANDON INCUBATORS BOOST STARTUP SUCCESS AND NEW YORK ECONOMY IN 2015

Graduates boast a survival rate of nearly 90 percent—a near-flip of the typical failure statistic.

Demand for space surges, applications hit one per day.

New York City’s premier academic incubator initiative, operated by the NYU Tandon School of Engineering, welcomed 21 new companies in 2015, furthering a commitment to the startup community and New York’s economy.

As of December 2015, the NYU Tandon Incubators boast a survival rate of nearly 90 percent; of 64 program graduates, 56 remain operational. This stands in sharp contrast to the typical failure rate of 80 to 90 percent for startup companies in general.

“Behind this record of longevity are a number of factors that NYU Tandon Incubators employ while nurturing early-stage startups—from the careful selection of applicants with strong potential and... -more-
alignment with the research strengths of the university to a broad range of services that NYU and a select group of partners provide,” said Kurt Becker, NYU Tandon vice dean for research, innovation and entrepreneurship. “During 2015, we began a shift in strategic direction by complementing our proven early-stage nurturing with new, rigorous procedures to better prepare graduating companies for their next stage of growth. You will see us accelerating these efforts in 2016 with an increased emphasis on one-on-one mentoring focused on marketing, accounting, gaining access to customers, and connecting to capital and the investor community.”

Other 2015 highlights:

**Economic Impact**

Since launching in 2009 as the first incubator to partner with city government, the NYU Tandon Incubators have helped companies create more than 1,250 jobs, raise more than $175 million in capital, and achieve a local economic impact of $352 million.

Under the leadership of Pat Sapinsley, NYC ACRE—the city’s premier clean-tech incubator—experienced exceptional growth in 2015, accepting six new companies. Sapinsley, a noted figure in New York’s green-tech community, was appointed in June 2015 to the newly created position of managing director of all NYU Tandon clean-tech initiatives.

“Taking up the leadership reins at the NYU Tandon Urban Future Lab/NYC ACRE has been an exciting challenge for me,” Sapinsley said. “Our 90 percent success rate shows that NYC ACRE is indeed helping young entrepreneurs reach their full potential. At the same time we are contributing the New York economy while bringing market tool solutions to climate change, which is our ultimate mission here.”

She added: “Our calculations for 2015 show that for each public dollar invested in our efforts at NYC ACRE, our companies have created $8 of revenue and raised $4.50 in private funding.”

**Curating for Success**

The school’s incubator system has grown from one to three sites—in Manhattan, Brooklyn’s DUMBO neighborhood, and Downtown Brooklyn. During 2015, the network sharpened its policy of co-locating companies according to technology sector: DUMBO hosts digital media startups, Varick Street in Manhattan emphasizes data-enabled companies, and the Urban Future Lab in Downtown Brooklyn is home to NYC ACRE, NYU’s clean-tech incubator.

“The network of resources our incubators provides is never static,” said Steve Kuyan, NYU Tandon managing director of incubators and entrepreneurship. “We are continuously learning about companies’ individual needs and curating customers, talent, service providers, and mentors and, when the time is right, a targeted group of investors to each company. By being more focused, we are making connections for companies that are directed to their current needs and therefore highly valuable.”
Military Veterans Become Entrepreneurs

Several new programs and initiatives were introduced in 2015 to engage New York City’s veteran entrepreneurs. The VET (Veteran Entrepreneur Training) Program graduated its first class of 14 veterans, with the second cohort slated to start January 22, 2016. The goal of the VET Program is to educate and train veterans in transferrable basic entrepreneurial skills, but the first group achieved far more: By the time they graduated from the program, five had created startup companies. Since then, one of the companies has raised venture capital and a second is ramping up its website for public launch.

In November, NYU launched a pilot veteran-led business startup incubator within the NYU Tandon DUMBO Incubator in partnership with the nonprofit veteran support organization Prosper. Two companies from the VET Program were accepted into the veteran incubator.

Building New York City’s Entrepreneurial Ecosystem

Since its founding in 2009, NYC ACRE has been dedicated to supporting all of New York City’s clean clean-tech entrepreneurs—not just the companies at its incubators—through programming and hosting numerous events. This year, NYC ACRE launched the Clean Start Program with the NYU Center for Global Affairs, housed within NYU’s School of Professional Studies (SPS), to prepare mid-career executives for career in the clean-energy field. The 10-week program culminates in a capstone project with one of the NYC ACRE companies and results in a certificate from SPS.

Also in 2015, the NYU incubator initiative launched Flash Pitch, which puts eight companies in front of four investors who select the most promising startup. The event is open to all startups, with events drawing crowds of 250 people and investors from groups such as NYC Seed and New York Angels.

The reputation of the NYU Tandon Incubators spreads through initiatives like Flash Pitch, attracting more than 200 applicants annually.

START-UP NY Taps 5 Startups

In another highlight of 2015, Governor Andrew Cuomo’s START-UP NY on December 16 announced two new companies would join the NYU Tandon Incubators for the state’s tax-free program designed to foster growth and economic development in the state. Together, the five START-UP NY companies at the NYU Tandon Incubators committed to adding 155 new jobs and investing $107 million. The companies are:

- **Board Vitals** is developing a machine learning computer adaptive testing (CAT) system to mimic advanced health exams, with appropriate statistical analysis and software development. It was the first START-UP NY company to join the NYU Tandon Incubators and is advancing from pilot testing to full integration with universities, health science libraries, and nursing, medical, and dental school systems. The Varick Street Incubator company said it will create 14 new jobs and invest $82,000 in the economy.

- **Rabt Technologies** is developing a content recommendation system based on a patent-pending algorithmic personalization model. By incorporating real-time behavior and user feedback, it creates the most appealing playlists or recommendations for each user, thus increasing engagement and retention. The company is a pre-revenue start-up that is developing the technology over the next two years. The Varick Street Incubator company said it will create 23 new jobs and invest $485,000.
• **Paperspace** delivers high-performance computing over the web (virtual desktop), has developed a proprietary streaming protocol that makes remote computers feel native, without using a traditional installer. The protocol is currently being beta tested. The company, based at the DUMBO Incubator, expects to create 71 new jobs and invest $287,000.

• **Avanan**, a software engineering company, produces cloud-based security software sold as a service. It moved to the Varick Street Incubator from another New York location and expects to create five new jobs and invest $101,000.

• **Geometric Intelligence**, an artificial intelligence software development company at the Varick Street Incubator, develops machine learning algorithms to process data with applications in natural language understanding, machine vision, and robotics. Its researchers and software developers with advanced degrees in neuroscience, linguistics, and machine learning create technology for a wide range of high-technology industries. The company said it will create 42 new jobs and invest $115,000.

**Growing Academic and International Ties**

The incubators maintain a strong academic connection to NYU. In December, NYU Tandon appointed a new round of eight faculty members—all with entrepreneurial experience—as Engineers in Residence to provide technical expertise to startup companies and integrate their incubator experience into their courses as well as the curriculum at the engineering school. Unlike many university-affiliated incubators, the Tandon ones accept both NYU alumni/founders as well as outsiders, resulting in a vibrant cross-fertilization that benefits both the incubator companies and the school’s academic culture.

During 2015, the NYU Tandon Incubators strengthened alliances with international business entities including the **German Accelerator**, which brings German entrepreneurs to the Varick Incubator; the **Berlin Cleantech Business Park and Innovation Center**; the **Ontario Centers of Excellence**, the **Danish Cleantech Hub** and the Dutch business development group called East Coast Electric. Additionally, the NYC ACRE incubator worked with a Scottish company, Smarter Grid Solutions, from its Strathclyde alliance and a Dutch electric vehicle charging company called EVBox.

**Startups Off to a Fast Start**

NYU Tandon Incubator companies that made news this year included

• **Agrilyst** won Tech Crunch Disrupt.
• **Bounce Exchange** moved into the New York Times Building and is expanding to Germany and Singapore.
• Clarifi, a Varick Street Incubator tenant, raised a $10 million round of funding and graduated.
• **CB Insights**, a graduate of the Varick Street Incubator, raised a $10 million round of funding.
• **Clear Grid Innovations** won Second Prize at Columbia University's Energy Symposium.
• **EVBox**, the EU’s leading electric vehicle charging company, launched its American operations at NYC ACRE.
• **Pure Energy Partners** helped to create and launch the new Carbon X prize for carbon emissions reduction.
• **Sistine Solar** won a coveted $1 million SunShot grant from the U.S. Department of Energy.
• **StyleSage** won a “Game Changer” Award in Europe.
• **Swyft Media** graduated from the Varick Incubator by way of acquisition.
• **United Wind**, an NYC ACRE graduate, secured $13.5 million in financing for small-scale wind leases.
• Verizon Powerful Answers awarded two companies $250,000: **Radiator Labs** and **Books that Grow**.
• Three companies—**BlocPower**, **Smarter Grid Solutions**, and **Sealed**—won New York State Reforming the Energy Vision (REV) demonstration / NY Prize contracts.

The NYU Tandon Incubators receive seed funding from the New York City Economic Development Corporation (NYCEDC) and programmatic funding from the New York State Energy Research and Development Authority (NYSERDA).

*The NYU Tandon School of Engineering dates to 1854, when the NYU School of Civil Engineering and Architecture as well as the Brooklyn Collegiate and Polytechnic Institute (widely known as Brooklyn Poly) were founded. Their successor institutions merged in January 2014 to create a comprehensive school of education and research in engineering and applied sciences, rooted in a tradition of invention, innovation and entrepreneurship. In addition to programs at its main campus in downtown Brooklyn, it is closely connected to engineering programs in NYU Abu Dhabi and NYU Shanghai, and it operates business incubators in downtown Manhattan and Brooklyn. For more information, visit [http://engineering.nyu.edu](http://engineering.nyu.edu).*