

CENTRAL NEW YORK

BUSINESS JOURNAL

StartFast is coming to town

Remember the heady days before the dotcom tech bubble broke in 2000? Investors were throwing dollars at any high-tech startup that had a business plan. Companies without revenue boasted market capitalization based on multiples of 500 times trailing earnings (i.e., profits that were projected to appear sometime in the future).



**NORMAN
POLTENSON**
FROM THE
PUBLISHER

At the center of this bubble were incubators, set up to attract high-tech, startup companies. Financiers, engineers, and entrepreneurs flocked to these incubators both to invest seed capital and to nurture the fledgling enterprises. The formula was to invest large sums and retain a majority interest in the company.

A dozen years later, tech incubators are back in vogue. There are, however, two differences. First, the directors of these incubators now wisely call them "accelerators." Second, the investors learned to spread around smaller investments in many more prospects and require a far more modest equity stake. This concept is based on the volatility of a rapidly changing environment driven by social media, smart phones, the iPad, and the concomitant difficulty of picking winners.

Our area is accustomed to seeing accelerators along the lines of the Tech Garden in Syracuse, a model operated by CenterState CEO and supported in large part by government funding. To its credit, the Tech Garden has incubated more than 75 businesses, provided technical assistance to more than 500 ventures, and even incubated more than 100 student entrepreneurs in its "Student Sandbox."

Enter StartFast, a new kind of venture accelerator based on the TechStars model, which owns four accelerators.

Back in February, I wrote about a day I spent in Upstate with a founder of TechStars, Brad Feld. The Techstars Network, the name given to the affiliates not owned by the parent TechStars, is now spreading internationally and is largely funded by private capital and run by private entrepreneurs. It is a 90-day

program for startup entrepreneurs who apply both for an initial cash investment of up to \$18,000 and three months of mentoring by nationally recognized entrepreneurs. Each accelerator entity attracts an applicant pool of 500 to 1,000 and only selects 10 companies. The investors retain a modest 6 percent of the equity stake. (For more detail on the Syracuse program, read Kevin Tampone's article on page 1 of this issue.)

The Techstars Network is coming to Syracuse in mid-May and continues until mid-August. The 10 winning companies will be housed in the center of the city so they can interact with each other, other area tech companies, and with the community. The program, as described to me by Feld, consists of 30 days of "keeping your head down" to figure out what you are doing, another 30 days to develop the business plan, and the last 30 days to raise the funds and launch the company.

What makes the Techstars Network different? First, the program is driven by successful entrepreneur-investors who have a national track record of success. Second, all of the capital invested is from private sources, which means the taxpayers are not on the hook. Third, the investors must make a multi-year investment commitment to ensure that the program has stability. Fourth, the entrepreneurs work with some of America's brightest and most successful mentors who comprise a national network upon which to draw. And finally, the two co-directors of Syracuse's StartFast accelerator are seasoned veterans determined to make their new venture a success.

Meet Nasir Ali and Chuck Stormon

Nasir is a Princeton alumnus with an undergraduate degree in physics and a concentration in economics. He went on to Yale to earn an MBA degree in finance and operations management. Before beginning his career as an entrepreneur, Nasir worked on software, telecommunications, and systems-integration projects for Fortune-100 companies. He next co-founded two companies before joining the consulting firm Booz Allen in Washington, D.C., working with the IRS to manage a \$1 billion technology modernization and workforce restructuring initiative.

Nasir came to Syracuse to head up the new Tech Garden, with a mission to create an entrepreneurial culture in the incubator.

He is currently the executive director of the Seed Capital Fund of CNY and also the CEO of Upstate Venture Connect, a nonprofit company dedicated to increasing entrepreneurial opportunities for Upstate.

Chuck Stormon holds both a bachelor's and a master's degree in computer engineering from Syracuse University. I interviewed Chuck in 1987, shortly after he spun off his first company, Coherent Research, from the CASE Center. Over nearly a quarter century, he founded four companies.

His résumé shows extensive experience in the telecommunications, Internet, software, semi-conductor, defense, and electric-utility industries as a senior corporate executive. He has worked both in public and private companies with annual sales ranging from \$5 million to \$500 million and is knowledgeable in mergers and acquisitions, creating strategy and vision, team-building, recruiting and restructuring, market positioning, customer interaction, and driving sales.

Brad Feld told me there are three requirements to developing a successful entrepreneurial community. First, the community has to take a long-term view of the process. Second, the program has to be led by entrepreneurs and requires entrepreneurs as mentors. Third, the community has to "do things that engage startups."

It looks like the funding will be in place by the end of the year to ensure that the program launches next spring. The entrepreneurs and mentors are also in place and eager to participate. Now it's the community's turn to engage the 10 winners.

StartFast is an exciting program that promises to nurture a stream of high-tech, fast-growing companies right here in our region. Equally exciting is the track record of these programs: a large percentage of the startups remain in the host city. The reward is not just monetary for the investors and entrepreneurs, but also jobs and growth for the entire community.

As a certified curmudgeon, optimism does not come easily. Except when it's spelled StartFast. Ali and Stormon are our catalysts for a new and promising venture. They deserve our support, so get engaged. □

Norman Poltenson is publisher of The Central New York Business Journal. Contact him at npoltenson@cnybj.com