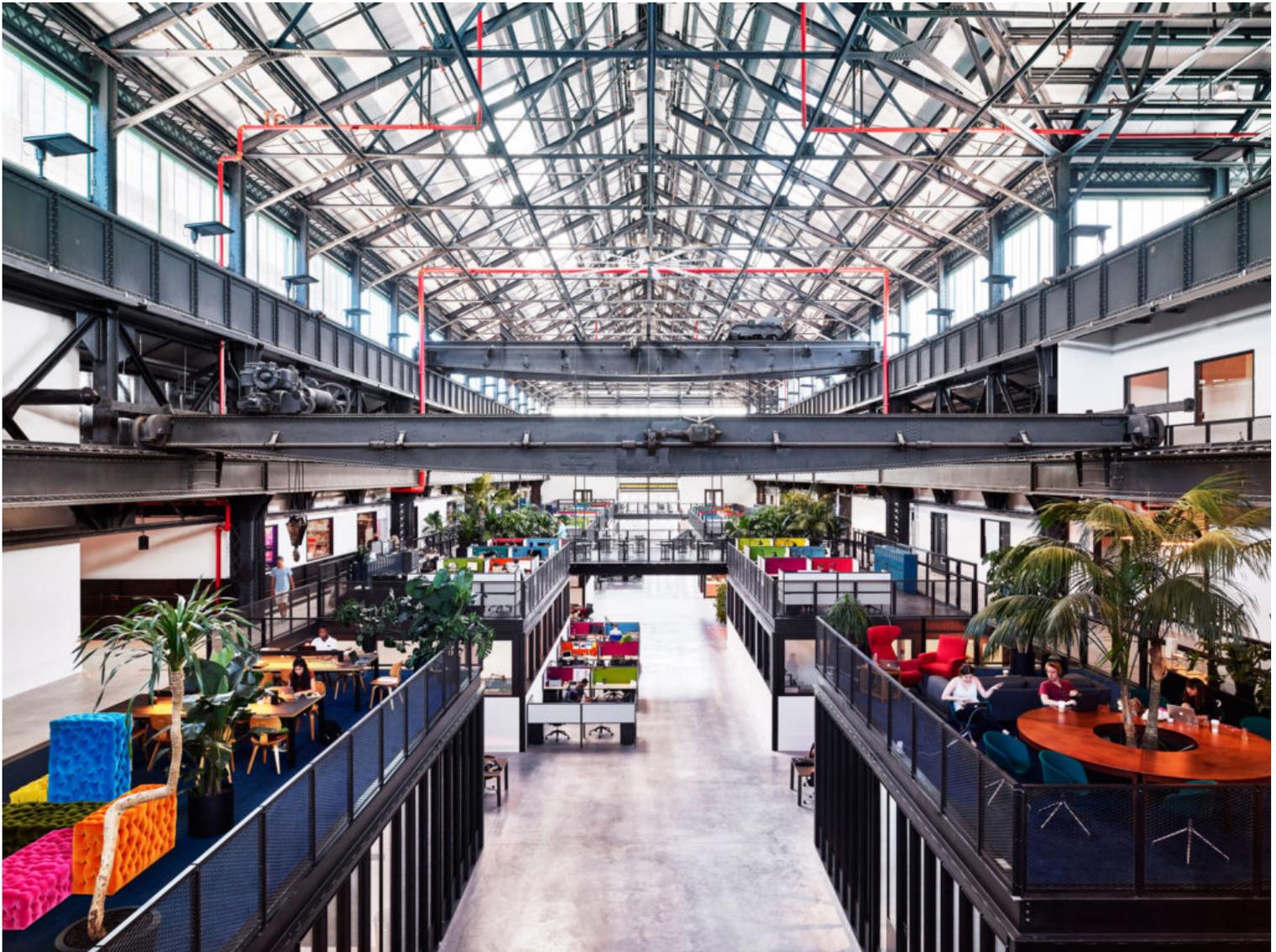


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A new Navy Yard program shows Brooklyn's tech bubble is as strong as ever

Venture capital firm Antler is playing the long game.

August 6, 2019 Michael Stahl



Inside New Lab. Photo by Spencer Lowell

Amazon who?

When the Jeff Bezos-born tech giant retreated in February from its pact with New York City to open **a headquarters in Queens**, many speculated the five-borough people and politicians who waged all those virulent protests would come to regret them.

Forbes wrote of the trillion-dollar digital retailer, infamous for **union busting** and **paying no federal income taxes**, that “By way of proximity, it could have injected capital flow into New York.” **Curbed** argued “Amazon’s move to Long Island City could [have] paved the way for other large companies to move into the neighborhood.” A tech-training company CEO called the rejection of Amazon the “**facepalm heard around the world**” and a “**self-own by the entire NYC ecosystem**.”

But the tech bubble in New York — dubbed “Silicon Alley,” an urban play on the Bay Area industry hub nickname — shows no signs of bursting.

Silicon Alley

Venture capital firms **poured \$8.6 billion into New York-area companies** during the first half of this year — a 50 percent increase over the same time period in 2018. Google is **building a \$1 billion campus** in lower Manhattan and doubling its local workforce, while Amazon continues to invest in New York, namely at its Asimovian **packaging warehouse on Staten Island**, where robots work alongside human employees.

Now, a new startup-assisting program in the Brooklyn Navy Yard offers even more proof that Silicon Alley’s future is sound — and might provide even more welcoming pastures than those of Central California.



The Brooklyn Navy Yard. Eagle file photo by Paul Frangipane.

Antler, a venture capital firm (called VCs, in brief) founded a year and a half ago in Singapore, recently announced **\$6,000 stipends** offered to select aspiring tech founders who will relocate to New York to begin building their companies.

The founders will work out of **New Lab**, the 84,000-square-foot, tech-focused community office space at the Navy Yard, already home to more than 760 entrepreneurs. New Lab partnered with Antler to bring their program — called a “startup generator” — to Brooklyn, after Antler launched nearly identical generators in six other cities on four different continents.

A new vision

Unlike most other VC providers that swoop in and claim prime cuts of equity from a startup that has a product, business model and other company bones already in place, Antler funnels money and support into founders sometimes offering little more than an idea. The firm says this approach not only provides advantageous business opportunities — for both parties — but also a chance to diversify the look of the tech sector’s C-suite stars.

“One of the things that we’re really trying to educate the market on — and also simultaneously solve — is that the underrepresentation of female and minority founders is not necessarily intentional, it is actually just a reflection of socioeconomic conditions,” says Antler co-founder Tyler Norwood. He blames an “affluence gap” between white males and females and minorities for the too-white-**skewed executive demographics in the tech sector**.



Antler co-founder Tyler Norwood. Photo courtesy of Antler

“Jeff Bezos is a great example,” Norwood continues. “He talks about, like, building Amazon out of his garage. Yeah, his parents seeded him to do that. ... If you have bills to pay, if you have a family to take care of, if you have other responsibilities, and starting a company means going six, 12, 18 months with no income, it just doesn’t work.”

Off to the races

Since opening applications to the Navy Yard program a month ago, Antler has already fielded paperwork from 900 hopefuls across the country, according to Norwood. The window to apply will remain open until early September, but when the program begins on Sept. 23, it will only include the 75 to 100 founders who made the cut.

Norwood says 60 percent of the applicants that have passed the first stage of judgement are women. Ultimately, Antler’s Singapore program saw around 32 nations represented among its 100 founder finalists, according to Norwood, while its Amsterdam iteration had roughly 56 nations represented across the same number of founders. Though the Brooklyn program is only open to U.S. citizens, Antler ensures ethnic diversity will be widespread throughout their pool of entrepreneurs.



Inside New Lab. Photo by Spencer Lowell

At the end of a nine-week team- and business-model building period at New Lab — during which time the stipend will cover founder living expenses — the budding company heads will present their future plans to an Antler investment committee. The founders will look to score \$100,000 in funding in exchange for an Antler and New Lab 10 percent equity stake in their company.

“After investing, Antler and New Lab work closely with all teams to rapidly launch and scale the business, as well as secure external funding,” Antler’s website says. “The program culminates with Demo Day; where teams secure funding from some of the world’s preeminent angels and top institutional investors.”

“We would love for them to stay here in the [New York] ecosystem with us,” Norwood says, while Antler and New Lab “continue to be an active investor, and continue to be the first call that the founders would make anytime they have a question.”

The Brooklyn factor

Stakeholders in the region’s burgeoning tech scene, especially those based in Brooklyn, are praising the program.

“Less than 40 percent of start-ups in Brooklyn benefit from VC funding, and Antler and New Lab’s support will be a major asset for creating more good paying job opportunities for small business here in the borough,” Ana Oliveira, board chairperson of the Brooklyn Chamber of Commerce, wrote in an email to the *Brooklyn Eagle*.

“**Brooklyn’s innovation economy** is attracting a new generation of entrepreneurs in tech, research and design, manufacturing and creative industries,” she wrote, adding that the borough’s “start-up growth rate over the last 10 years outpaced New York City’s (356 percent versus 308 percent) and was second [nationally] only to San Francisco.”



New Lab CEO Shaun Stewart. Photo courtesy of New Lab

Part of the allure of Brooklyn for New Lab is the growing presence of tech-focused academic institutions, says company CEO Shaun Stewart.

“In the same way the Bay Area is driven by Stanford and a range of other institutions pumping out talent, you’ve now got a pretty strong [education] ecosystem here in the city,” Stewart observed. “And talent that used to say, ‘I gotta go to California to work for Twitter or Facebook or whoever’ — now they’re staying here.”

Elevated education

Downtown Brooklyn’s **NYU Tandon School of Engineering**, for example, has **recently raised its profile** in tech education — expanding its programs in the fields of **cybersecurity**, wireless communications, and other areas — while luring new students from far away as Florida, Texas and California after a long history as a commuter school.

Kurt H. Becker, Tandon’s vice dean for research, innovation, and entrepreneurship, said programs like the Antler/New Lab generator “really drive the innovation economy in Brooklyn.” He noted its similarities to Tandon’s **Future Labs program**, founded a decade ago as the first university-affiliated incubator in New York City.



CS4CS, a unique program at NYU Tandon in Brooklyn, gives nontraditional students a three-week immersion experience in cybersecurity. Eagle file photo by Mary Frost

“We’re also taking in startups; we’re giving them portfolio curated services,” Becker said, characterizing Future Labs as a “six-month boot camp” for founders, with an additional two-year incubation program attached to it.

The school does not fund these companies, but its “exit strategy for [them] is to connect them to the local angel and VC community.” Around 105 companies have successfully completed Future Labs and procured funding to date, Becker said. The school also has a special **Veterans Future Labs** for ex-military personnel — another underrepresented demographic in tech, Becker said — who want to start a company.

Among the city’s many other startup-friendly programs, the New York City Economic Development Corporation, an investor in the Navy Yard, opened the doors to their own tech company incubator facility, Sunset Park’s **Futureworks Makerspace**, in May. The NYCEDC says the incubator’s four programs will create more than **2,000 well-paying jobs** over the next decade.

Investing in an influx

With better schools, facilities and **government support** — not to mention the draw of New York City itself — the local tech boom seems to partly explain the area’s **recent population growth**, which is expected to continue.

One **Department of City Planning report** estimates that New York’s population will exceed 9 million people by 2030, and a **StreetEasy study** showed that, of the people who moved to the city from elsewhere in the U.S. in 2017, more were from California than any other state — with one-third of them coming from the Bay Area. “[W]hile more people from Los Angeles than San Francisco move to New York overall, Brooklyn attracts more former San Franciscans than Angelinos,” the study concluded.

And as more people flock to the city — some perhaps abandoning the ultra-pricey San Francisco housing market and the Silicon Valley white boys’ club — they place greater stress on area infrastructure, especially the already-in-crisis transit system.

“More needs to be done to address transit needs for everyone, especially as we see an inflow of new city residents coming here to start a company,” said Danny Pearlstein, policy and communications director at the **Riders Alliance**, a public transit rider advocacy organization.

“No one comes to New York City or invests in New York because it’s a good thing to do, socially. People come because of the quality of life in the city, thanks in large part to its infrastructure and the opportunities the city presents to them. We want people to keep coming here to build companies, but legislators need to continue to make sound investments in transit.”



Traffic heading into Manhattan. AP Photo/Mary Altaffer, File

Pearlstein did not express misgivings about Antler’s sponsoring of transplant entrepreneurs, however. “Unless you’re telling me 75,000 people are suddenly going to work at the Navy Yard, I don’t think this program warrants much concern,” he said. (Norwood notes that Antler’s program is open to New Yorkers, as well.)

Of course, population growth impacts the local housing market, too, in terms of unit availability and affordability. As the five boroughs have enjoyed quite the **economic** and **developmental** renaissance over the past decade or two, the rise of gentrification — or “**economic displacement**,” a phrase often used in place of the polarizing g-word these days — has given way to a number of housing advocacy groups, including **IMPACCT Brooklyn**, which chimed in on Antler’s plans:

“As investors and innovation hub managers like Antler and New Lab encourage start-ups, we feel there is also a duty for them to encourage entrepreneurs moving to New York City to have an understanding of the existing community at large,” Bernell Grier, executive director of IMPACCT Brooklyn, wrote in an email to the Eagle.

“[W]e understand the delicate balance between economic growth and housing displacement [but] want to be assured that current residents’ housing situation[s] will not be disrupted, that no one will be displaced, and that the start-ups are introduced to the wealth of human capital already available in our great borough. Starting startups with a balanced view will result in success on multiple levels.”

Netting positive

To address these concerns, Antler recently hired **Ryan Sommerville** as New York program director, to help make sure “our net contribution to the community is always positive,” Norwood said. Part of Sommerville’s Antler bio boasts that he worked with “Start Small, Think Big — a nonprofit organization that provides pro-bono services to empower low-income entrepreneurs.”

Norwood said he also expects Antler’s eventual founders to volunteer with **City Harvest**, the food rescue organization that helps feed needy New Yorkers, and participate in other for-the-greater-good efforts.

“We’re not just using the community to build and launch successful companies,” Norwood said. “We’re also understanding that, even if you’re only here for six months to build a company, this is your community for the time being and it’s important that you give back.”



Eagle file photo by Chase Brush

New York, Norwood said, is the 14th city of which he has been a resident. He lives in Brooklyn Heights. “I’ve never lived in a city which had such a strong sense of community as in New York,” he added. “That’s something we definitely want to continue to promote.”

For New Lab’s part, Stewart said the company, in tandem with the Navy Yard as a whole, has been “cognizant” of their socioeconomic impact “from the beginning.”

“We’ve been a part of helping to catalyze that movement to make this area more livable,” he says. “I think you have the people who have resided here long before New Lab got here who, hopefully, are seeing improvements in the environment that they live in.”

A strong future

In addition to hosting **many workshops that are open to the public**, New Lab has worked with grant-writing companies to **build education programs** that welcome local schools onto the grounds, giving the students a sneak peek at what a future career in tech might look like.

Stewart added that, thanks in part to the Navy Yard's presence, there's been a beefing up of neighborhood amenities, including the soon-to-open Wegmans grocery store, which is bringing **jobs** and fresh food at a **budget-friendly** price to the area. ("It's not a Whole Foods; it's not a Trader Joe's," a friend of mine who lives close by told me the other day, implying that Wegmans' arrival doesn't reek of old gentrification benchmarks.)

There's better transportation around the Navy Yard as well, in the form of its ferry to Manhattan and shuttle buses to subway stations, also open to the public.



Inside New Lab. Photo by Spencer Lowell

As Antler and other VCs provide New Yorkers — transplants or the born-and-raised variety — opportunities in tech, the Amazon fiasco is fast fading into memory.

"People don't even talk about it anymore in the tech ecosystem," Norwood said. "Everyone's moved on."

New York City's tech sector continues to thrive with ever-growing authority — and with Brooklyn operating as its epicenter of big dreams.

"I think Brooklyn is important for the entire country," Norwood said. "Brooklyn is going to be a very inspiring and very hopeful example of how cities can go through a renaissance.

"[We're] showing that you can take all this old infrastructure ... and repurpose it into an entirely new economic zone, which helps a whole city transition from one economy to the new, information economy. And, I think, what better place for that to happen than in New York?"

Michael Stahl is a freelance writer and editor. A former high school English teacher, he has written for Rolling Stone, Vice, the Village Voice, Narratively, Splitsider, Outside Magazine and other publications.