

## Talk CNY S1E6

Andrew Fish 0:06

CenterState CEO is Central New York's leading business leadership and economic development organization, committed to creating a region where businesses thrive, and all people prosper. Welcome to CenterState CEO's semi monthly podcast Talk CNY, presented by NBT Bank.

Kate Hammer 0:22

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John Liddy 0:43

So if non government agencies are a integral part of the innovation ecosystem in which CenterState is and you know, the parent of the Tech Garden and innovation is responsible for 85% of growth, what we're recognizing that we've done a lot of great work, we have some nice momentum, but we need to do more. And that's why we're going to be expanding our building to more than twice the size that it is now. So when we expand the physical space of the Tech Garden, we'll be also able to expand the programming in the audiences that we were able to deliver that programming to and the goal of a more diverse economy and a diverse innovative ecosystem will help the whole community grow.

Andrew Fish 1:19

John Liddy, Interim Vice President of Innovation and Entrepreneurship joins us today to talk about the region's growing innovation economy, and how the Tech Garden is expanding and evolving to meet the future needs of the ecosystem. I'm Andrew fish, Senior Vice President of Member and Business Experience at CenterState CEO.

Andrew Fish 1:32

I'm Kate Hammer, business coach and member at CenterState CEO. We are your hosts for Talk CNY. Hi, John.

John Liddy 1:45

Hey, how are you?

Kate Hammer 1:46

I'm great. Thanks so much for joining us today.

John Liddy 1:48

Thanks for having me.

Kate Hammer 1:48

All right. Well, you have been involved with the Tech Garden really, since its inception and you've seen the birth of a whole new innovation ecosystem. What has that been like?

John Liddy 1:59

It's been pretty amazing. I've actually been involved since before the Tech Garden, actually- The Entrepreneurial Council of the Chamber of Commerce where we are considering, you know, we want to be a little bit more innovative in town. And that was a bunch of industry folks deciding that they needed some better innovation within their own companies. And so they thought they would build this building and create an opportunity for the community.

Kate Hammer 2:21

Can you tell us a little bit about what is an innovation ecosystem? What does that mean?

John Liddy 2:26

The way I would define an innovation ecosystem, it has five parts. Well, first you have industry, like I mentioned, you know, the the founders of the Tech Garden in its initial. Then you have academia and education, folks, because you have to have those innovative new ideas to assist industry. Obviously, of government, creating policy to make sure that people are allowed to act freely. We have organizations like CenterState and non governmental agencies and the folks that are that really backbone and supportive. And then finally the finance side of it in the investment side.

Kate Hammer 2:54

Yeah, yeah. Well said.

Andrew Fish 2:56

Yeah, very, very, very much so.

Kate Hammer 2:58

So why is the innovation ecosystem is a critical part of our economy?

John Liddy 3:03

There's a study by Stanford that says 85% of economic growth is based off of innovation. And so that pretty much lays it out, right? And so-

Kate Hammer 3:11

Yeah.

John Liddy 3:12

And having those five parts is an integral part of it. And we've not always had all five parts, or having those parts all collaborate with one another. And so the Tech Garden in CenterState, is a focal point of the of the ecosystem is a really important part to be a convener of those entities to make sure we have the educational system that are coming in that we have the government agencies coming in that we have funders coming. And so as a centralized location, it makes it an integral part of that ecosystem.

Kate Hammer 3:36

Yeah, definitely.

Andrew Fish 3:38

When we think back about the inception of the tech garden, if you will, 2004 we have a collapsed parking garage in the city and the group of you thinking about how do we how do we bring more innovation here saw a vision there. How has that progressed over the years? I mean, there's been a lot of change in the almost 20 years now that we've been doing that work? What's that been like to kind of follow that progression?

John Liddy 3:59

That's a great question, Andrew. And I see it in kind of phases. In the initial, you know, the first couple of years, it was, hey, how do we fill this space, and it was a little bit more of a, a real estate thing.

Andrew Fish 4:08

Sure.

John Liddy 4:09

And then around 2008-2009, got involved with the universities. Universities were recognized, recognizing that experiential education and entrepreneurship was really important. And so from 2009 to 2015, we did a lot of outreach to the local and even the regional education. So we had teams that were participating from Rochester, from Cornell from Clarkson. Then about 2015, these universities and colleges recognized, "Wow, we should be doing this ourselves". And so they took the all these opportunities that we were having at the Tech Garden and brought them back on campus. And so from 2015 to about now, I would consider what I call the programmatic years. We were doing a lot of government based funding and a lot of corporate funding as well, where we're getting into

some more more specifics. So clusters, and that was the evolution of our Genius New York program, which is the uncrewed systems accelerator, now going into its seventh year.

Andrew Fish 5:02

It's amazing.

John Liddy 5:02

And also, when we started our climate technology focus, where we have two programs going on there, and the Clean Tech Center, and our Epic Buildings program. Now from 2023 on, we're gonna see a lot of great things with the new building.

Andrew Fish 5:14

Awesome. So, you know, you think about that progression. And, you know, really the programmatic years, I think is where we've started to see a lot of shift and, and how things have have evolved. We've really seen an uptick in the number of companies that we've been able to serve, right? I think in 2022 114, companies that participated in some sort of technical assistance with us, companies have secured over 15.8 million and follow on funding. And we've seen more than 70 million in total revenue and 113 new jobs created from these companies. So we're really starting to see an impact from this, right?

John Liddy 5:43

We really aren't and, and not only in those companies that we're serving those 114 are graduates as well. We've have several in the community that have graduated that are achieving unicorn status with a billion dollar valuation, you know, recently at Impel that had \$104 million investment last year, or the year before Density that had \$125 million, now it has a billion dollar valuation. So those folks that have gone through the program, I have been able to not only excel within the building as an as in graduated and gotten into the community.

Andrew Fish 6:11

It's fantastic.

Kate Hammer 6:13

We talk about the growth in the per capita of venture capital from a mere \$27 to over \$1,300, from 2012 to 2021. Is this a sign of progress? Can you explain that a little bit more?

John Liddy 6:24

It absolutely is a sign of progress, not only Well, funding always tends to be the metric, right? How is it that we're getting it? And so what does that mean? So that means faith, that means trust, that means belief in the ecosystem is working. And what we've seen is a

migration from investment from the coasts from, you know, Silicon Valley, and then, you know, eventually New York and now to midsize cities. And Syracuse has been recognized as having an innovative ecosystem, and is an investable ecosystem for companies to come in. And we've seen that in as I mentioned, the companies that have already gotten some investment, and in acquisitions, you know, just earlier last year now, TCG player was acquired by eBay. And so when you have companies like eBay coming into the ecosystem, saying, Wow, you have the capabilities, you have the talent, and you have these investable, companies will come there.

Andrew Fish 7:14

And that's something that we were really missing in this region, we missed that initial digital revolution, right, we had a lot of industrial base here. And we missed kind of that first wave. And that was evident in that \$27 per capita number that we experienced through that first decade of 2000. And so you know, now with these unicorns with eBays, acquisition of TCG, we're seeing a big change in that. And that's kind of requiring us to up our game a little bit, right? So if you'd mentioned it earlier, but we're going to make the Tech Garden bigger, tell us a little bit about that.

John Liddy 7:41

It's a fantastic opportunity. So currently, the Tech Garden is a 30,000 square foot building, we're going to add two floors to the top of that, and so will now be up to 76,000 square feet. It's going to take us about 14 to 18 months to get it all built out. But what that's going to allow us to do is- as I mentioned, that programmatic area that we've been able really to get and provide good support for companies in that validation side of things when they're past the idea and not quite to growth. And this is what you know what our sweet spot is with our accelerators. So with that, we're going to be able to bring that opportunity and those capabilities to more, to a greater audience. And so while we have some clusters that we've been, you know, in Climate Tech and UAS, we're going to be able to do that work for a greater group of individuals and a more diverse group of individuals. And so in that validation section, we'll be able to provide that we're going to create a Surge Accelerator that's going to be launching in August for the BIPOC community for tech adjacent firms. So that's in that validation cycle. We're also going to be going back to our roots a little bit on the scholastic side, on the ideation side and collaborating with with schools. We're going to have hardware space, and what you'll be able to see as you walk down that Harrison Street corridor, there'll be glass walls, you'll be able to see people working on companies doing that hardware, assembly and manufacturing. And then the folks that are walking will be will feel that they can be a part of that. Flip to the growth side of things after validation where we have venture capital coming in. Hey, you see your product market fit, we're interested in investing in you, we're going to have better access to capital there.

Andrew Fish 9:08

That's fantastic. And I think it's you know, it's a testament to really how this region is wanting to grow and how we as an organization are interested in equitable growth, that we're taking this tech innovation ecosystem and bringing individuals of color and women, others into the tech ecosystem where they haven't been able to see themselves before. And now they're gonna be able to see themselves, which it's really exciting.

John Liddy 9:28

We are super excited about it. And we're designing the building with that in mind, right? And so we've heard from community members, a'I don't feel welcome when I walked by that building". Now we will and we're designing the atrium for that we're designing the hardware spaces. We'll have a podcast room for that, because what we're finding is a lot of these companies really have to get their influence out and they have to that's a methodology of marketing. And what we're doing is listening to the entrepreneurs that hey, this is what I need. And it's not just a bunch of offices.

Kate Hammer 9:54

Yeah.

John Liddy 9:54

So we'll have a 3,000 square foot- an additional theater, you know, on the side second floor similar, bigger than the one that we have currently on the first floor. We'll have a drone deck, we'll have a 5,000 square foot drone deck. As I mentioned, we're in our seventh year of the UAS program, Genius New York. And so that'll be one more opportunity to meet the entrepreneurs where they are.

Andrew Fish 10:14

So you mentioned the the expansion projects going around about 14-18 months, what happens to to our, our Tech Garden clients, what happens to the programming during that time when you know hammers are flying and and saws are running and all that?

John Liddy 10:27

Well, since hammers are flying and saws are running, we are going to have to move out of the building for a short amount of time during that construction. But we're moving right next door.

Andrew Fish 10:34

Okay.

John Liddy 10:34

So we will be proximate. And so people don't have to change their parking situation, they'll still be able to come. And so programming will continue on right next door in the equitable building.

Andrew Fish 10:42

Fantastic. We got a little more space in there too, as we grow into the new space, or?

John Liddy 10:46

We've designed it appropriately so that we can grow along the way.

Kate Hammer 10:48

So, this expansion will enable us to serve more companies who are at various stages in their lifecycle. Can you talk about that and why it's important?

John Liddy 10:57

Well, if you think of the evolution of a startup or a venture, it's, you know, there's a continuum, it's the ideation, is there a problem do I is, you know, do people want to buy it, right? And so that's that formation session. And we don't do a ton of work there and frankly, our universities and some of our other incubators do that. So we're going to collaborate with them to bring them into it. So think of it as a funnel. And then where we shine right now is on that validation side, you have what we call a minimum viable product, you have something I can show to you. And you can see if it works, and you want to use it or not. And so that validation that we have a really strong program and ensuring that we're building the right thing, instead of a solution in search of a problem, right. So that's where that fit is. And so, as I said, we've done it, well in the UAS space, we've done it well, in the climate technology space, we're going to do that for more people. Since we have you know, we're good at it, we're going to do more. And we're going to do it for a more diverse population. And I'm really excited that the you know, the Surge Accelerator will be launching this summer. And then after that, what we've realized is we need a second gear, "Hey, I've been able to, I've got product market fit and now I have to build out my assembly. I have to hire more engineers, I have to hire more assemblers," you know. And so it's a wide variety of folks. And that usually requires access to capital. And so we're pursuing multiple methods so that we can not only get companies from ideation to validation, but to funding underground. And eventually what that will mean is the will lose them. How we lose them? They're going to they're going to graduate and they're going to move to other places within the community. You see that up and down Warren Street with a ton of graduates out of the Tech Garden. And that's a great thing. And that's one of the benefits of being part of CenterState is that I just call up economic development., "What kind of buildings do you have that have 10,000 square feet that we can do some assembly that have, you know, loading dock," okay. And then we have that relationship and that can happen?

Kate Hammer 12:44

Yeah, those calls must be some of your favorite ones to make.

John Liddy 12:47

They are I will tell you that the the entrepreneurs are good, they make them before I can, right?

Kate Hammer 12:52

Oh! Okay!

John Liddy 12:53

We're doing a little deconfliction of that- Yeah, o make sure that everyone's talking the same language and like, oh, yeah, they said they needed X, Y, and Z. And so it's fantastic to make those. Hey, it's you get, you know, it's not a sad thing when someone graduates, it's a great thing.

Andrew Fish 13:06

It's a celebration.

John Liddy 13:07

Yeah.

Andrew Fish 13:07

John is so exciting to be doing this work with you, CenterState. One of the other things that I think is really interesting that we haven't touched on yet, as it relates to this expansion, is the opportunities for innovation that exist with existing companies. And we're really looking at ways in which we can support kind of companies that are already here in this space that maybe aren't considered entrepreneurial, or just starting up. But there's really opportunities for innovation with them, too, isn't there?

John Liddy 13:29

Yeah, you know, what's old is new again, right? When we, when the Tech Garden was initially formed by large companies in this in this community, that was what their thought was, and then it was never really happened. No, skunkworks, no innovation, no opportunity, "Hey, I have an intelligent software engineer, I'm gonna send them down to the Tech Garden to understand what an innovation process looks like". And in all transparency, we're already having these conversations with companies in town, I'm not going to name them right now. Some large companies that you know, are already going to be in the tech garden. And we're excited about that. And the value proposition goes both ways, right? That's the

value of the relationship that CenterState brings, right? They have this membership group that can provide mentorship, they can provide, you know. Entrepreneurs don't always know what the problems in industry are. But all these industry do, they can they got a list of them, right. And so they can come and say, hey, here are the nine things that we're considering. Here's areas of interest for you, entrepreneur. Let's hold a hackathon. Yeah, let's do a innovation sprint. Let's take a look at how we could assist one of them.

Andrew Fish 14:30

Yeah, because entrepreneurs sometimes are creating a solution to solve a problem. But sometimes they have a solution and look up in search of a problem. Right? So that's a good way to do that.

John Liddy 14:40

Yeah, having worked a lot in the education space, I've seen plenty of that. And you know, the average age of an entrepreneur in the United States is 53.

Andrew Fish 14:47

Wow.

John Liddy 14:47

And that reason the reason for that is because they've been there done that seen the problem. Now they have a reason to go out and innovate.

Andrew Fish 14:53

It's great.

Kate Hammer 14:54

Oh, I love that stat. 53 you said?

John Liddy 14:56

Mmhm.

Kate Hammer 14:56

Wow.

Andrew Fish 14:57

So, the the expansion is going to be fantastic. What I'm also really excited about is what this thing is going to look like from the outside and how it's going to change that Harrison Street Warren corner that corridor, the convention district. Is there anywhere people can

go and check out those renderings to see what the what the what it's going to look like, conceptually?

John Liddy 15:13

If you go to the website, [thetechgarden.com](http://thetechgarden.com), you'll be able to see renderings of what that building will look like. There's not a lot of them and you're in like construction, they changed a little bit, but you'll get a good idea of what that looks like, from Harrison Street and Warren Street.

Andrew Fish 15:25

Awesome.

Kate Hammer 15:26

Yeah. And we'll drop that link right in the show notes so everyone can find it easily. It was very interesting hearing you talk about all of the companies that you've served, that you've helped throughout 2022. Is there a specific story that you could tell some examples?

John Liddy 15:39

Well, the one I probably know best and is pretty interesting is that of Density. The origin of Density was actually precursor by a software firm that was started in a class that I taught at Syracuse University where I had a couple of people, "Hey, I'm a technologist, I don't have a company yet. And I'm going to partner with folks." Then three technologists decided to get together and formed their own software company. You know, fast forward to them doing a lot of enterprise based software for companies, what they did is they took that retained earnings that they were earning, and they invested in projects. And they did a couple of projects. And so this is the true nature of innovation: Try this, try that, try this. And they eventually they decided that they were the story is that they were tired of waiting for coffee in line at Kubal. They wanted to know if people were there, right? And so they created this methodology to measure. And then Apple changed the way that they did data tracking, right, and so that and so all sudden, where they thought they could get all these IP addresses from iPhones, that was no longer allowed. And so well, the interesting part of that is, they fell in love with the problem, not the solution, "Hey, I can only do it this way". They recognize this is still a problem. I need to fix this. And so they created a new methodology that had a lot to do more with hardware. So they had to pivot, you know, from a bit of a software solution to a hardware. And then they started pitching it. They had pitched it to an angel investor guy, very famous guy named Jason Calacanis, who said, "Yes, I will fund you. But Andrew, you have to move to Silicon Valley". They put one person out in Silicon Valley restaurant in Syracuse, right? And they were one of the very first companies that was a remote company. And so because they had this, they recognize the value of Central New York. And they had that distributed, they had a couple people in San

Francisco, a bunch of people here in Syracuse, fast forward, they were starting to offshore, their manufacturing, recognized that there was more value in doing the assembly right here in Central New York. It's a long way home to get there, but from a class to assembly in Central New York, to a company that's now worth a billion dollars.

Kate Hammer 17:39

How about that?

Andrew Fish 17:40

It's fascinating and the opportunities that that could have gone elsewhere, or they could have given up or they could have taken a different route are endless in that yet, here they are and continuing to grow and graduated out of that "graduated", we put that term in quotes. Graduated out of the Tech Garden and you know, are continuing to innovate.

John Liddy 17:58

They paved the way and they demonstrated with the value of having a hardware center is so we've had follow on companies that have gone through that. We had a company called Photokite that one and they did all their assembly of their hardware within that building. It's not a makerspace per se, because we're not doing 3D printing and you know, making Star Wars for figurines, right? We're actually building and assembling hardware within the building.

Andrew Fish 18:18

It's exciting.

Kate Hammer 18:19

Yeah.

Andrew Fish 18:19

Want to spend just a minute I'm talking about, you know, we we provide a ton of value to our clients in the Tech Garden, the success, it is very evident. But it's not necessarily something that we provide all that support, right, we have a network, we've got a resource pool, we bring a lot of things to the table for them as that facilitator, right? How has that been working? Is that successful? How are we how are we kind of bringing unique value prop to that?

John Liddy 18:42

Well, first of all, we have access to an incredible cadre of folks, right and not all incubators, accelerators have that. They don't have a parent organization that has memberships in the 1000s that we can say, "Hey, I need someone in XY and Z space that has subject matter

expertise of A, B, or C". And a lot of times that's cold calling, and people are just trying to make those relationships. Those are already ingrained with companies that I've got long term. They've been here for a long time, right. And so there's a faith there's a trust that if we call up a tech company that say I need some mentorship in an area of hardware assembly in this area, they're gonna know that they're gonna have a good relationship, we facilitate that mentorship, so it's not just "hey, go talk to him," right? It's not a fire and forget. And so the industry partnerships and the community members that we have a real good, strong part of that. In our UAS space, in our Genius Program, we have something called Executive Advisors, these are people that are retired generally, that have been had good success and are really giving back at this point. So they're not currently in the workforce. And so what we use them for is to educate these mentors. This is how I interact with a startup. Yes, this is a pain to do this. This is what how I handle it. Right. And so by having that near peer relationship of someone that has been there, done that, and also it comes from industry, that really gives us a lot of credibility.

Andrew Fish 20:02

We will continue this conversation in a minute. But first here is a note from Talk CNY's presenting sponsor, NBT Bank.

NBT Bank Sponsor 20:10

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Andrew Fish 20:41

So continuing this conversation, this year's annual meeting in two weeks, our speaker is going to be David Hall. He's the Managing Partner at revolutions Rise of the Rest Seed Fund. He's planning to talk about the shift that we're seeing from coastal tech hubs, to midsize cities like Syracuse. Tell us why this trend is important and how a community like ours can benefit and how we're already seeing some of the signs of that trend.

John Liddy 21:01

First of all, a big thank you to David for investing in Spark Charge, one of the companies that has come through the Tech Garden and from the Clean Tech.

Andrew Fish 21:08

Yeah, absolutely.

John Liddy 21:09

He's putting his money where his mouth is right. And so why is it important that we talked a little bit about that bicoastal? You know we started Silicon Valley, and then we went to New York, and these midsize cities, which especially after COVID, right, you saw the big migration out of these large centers in San Francisco with incredible degradation in population. So why do I want to be there? If I have an innovative ecosystem? I have a cost of living that is way better than these larger?

Andrew Fish 21:35

Yeah, for sure.

John Liddy 21:36

Oh, by the way, I have this large company that's going to, you know, improve the economic status of this community immensely. So I can see great things on the horizon. It's not I'm going to go there and invest there, and suddenly, it's gonna go away. Right. And so there is a benefit of the, in the education space here. We have, you know, one of the best educated geographies in the United States. And so statistically, outside I think, Boston, I think we're it.

Andrew Fish 22:01

Yep.

John Liddy 22:01

And so wow, I have talent, I have, I have the economics. I have the future. I have some past experiences of investments that have done well for me, all that lends itself to getting to these midsize cities and doing investment there.

Andrew Fish 22:16

Sounds like a lot of excitement for Syracuse.

Kate Hammer 22:17

It sounds like midsize cities are right sized cities.

Andrew Fish 22:21

Mmmm Absolutely. Well, John, thank you so much for being here today really appreciate the time exciting things happening at the Tech Garden in our innovation ecosystem. And man, I just can't wait to see what that programming is like, a couple years from now after the expansion. And after we're growing this programming for a variety of individuals and really looking to change the way the innovation ecosystem in Syracuse or rather continue

the momentum that we've seen in the change and innovation ecosystem here in Syracuse. So thanks for being here.

John Liddy 22:52

Thank you.

Kate Hammer 22:53

Yeah, yeah, thanks.

Andrew Fish 22:55

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Kate Hammer 23:23

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