

# Rochester's Innovation Zone nears 100 companies



**Christopher J. Brooks**, @AmericanGlow 9:55 a.m. EDT May 16, 2016



(Photo: MAX SCHULTE/@maxrophoto/File photo)

Rochester doesn't want to be the next Silicon Valley. Nor do city leaders see this as the new Triangle Research Park.

However, over the past few months, the city has made noteworthy progress in creating its own startup and research community inside a place that's been dubbed the Downtown Innovation Zone. Since announcing its creation last November (</story/opinion/guest-column/2014/11/09/innovators-moving-downtown-rochester/18667803/>), 23 companies have moved into the zone. Rochester has also nailed down which "anchor" organizations will groom startups for growth, when these organizations will open and where — all of which were question marks a year ago.

About 99 companies now call the Downtown Innovation Zone (<http://www.rocdiz.com/>) home and two organizations have been selected to provide incubator services. These companies and organizations envision creating their own tech identity separate from other established innovation areas. The next step to Rochester's innovation zone, organizers say, is to coax companies into sharing ideas that lead to more profits and more hiring.

"Creating jobs is definitely one of the big goals of this and wealth creation for the region," said Jim Senall, president of High Technology Rochester.

Although specifics aren't ironed out yet, the forthcoming American Institute for Manufacturing Integrated Photonics is slated to be a third innovation zone booster. The \$600 million photonics research facility will have its headquarters in Legacy Tower and workforce development operations in the Sibley Building.

## WHAT IS THE DIZ?

The Downtown Innovation Zone is basically all the downtown land inside the Inner Loop. Any business located inside the Inner Loop is technically part of the zone. However, the superstars of the zone are the software, retail and information technology companies located there. The zone also includes a handful of businesses just outside the Inner Loop, in High Falls and the East End.

In fact, the Sibley Building will be home to ample startup activity. Senall and HTR recently broke ground (</story/money/business/2015/09/09/htr-business-accelerator-construction-has-begun/71940028/>) on a business accelerator there designed to groom startups into major employers. The accelerator won't open until September 2016, but once completed it will sit in the heart of the innovation zone.

In their simplest form, innovation zones are like huge day care centers for businesses in their infancy. In Rochester's case, the Inner Loop is the daycare center fence, although there are a few stragglers just outside the fence in High Falls and parts of the East End.

Innovation zones are a mixture of startup and young companies that sit close to major research outfits, like universities or institutes, in a tight geographic space. The zones also feature ample affordable housing units and an array of retailers like grocery stores, restaurants, bakeries, coffee houses and cafes. The idea behind them is for an inventor, entrepreneur or small-business owner to build relationships with researchers, experienced business owners and venture capitalists and eventually create a new business that grows and hires hundreds, even thousands.

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**Rochester Innovation Zone:** (<http://rochester.nydatabases.com/page/rochester-innovation-zone>) Map

(<http://rochester.nydatabases.com/page/rochester-innovation-zone>) | Database (<http://rochester.nydatabases.com/map/rochesters-innovation-zone>)

They're gaining popularity across the country, with cities like Boston, St. Louis and Philadelphia much further along in the process and places like Chattanooga, Tennessee, Albuquerque, New Mexico and Rochester still in the early stages.

Some companies inside an innovation zone are older than others, but in general, startups and other budding businesses are there because they still need help growing. Innovation zones also rely heavily on "anchor institutions," which help small companies grow profits and staff.

And that's where HTR comes in.

Instead of providing animal crackers at snack time, HTR's accelerator will provide mentoring, workshops, 3-D printers for making product prototypes and direct access to venture capitalists. HTR is one anchor, focusing primarily on tech startups.

The Center for Urban Entrepreneurship opened in 2012. It temporarily operated at the Rochester Educational Opportunity Center at The College at Brockport, but the center staff has recently moved into its 5,000-square-foot space on the first floor of 40 Franklin St. The building also houses the region's Start-Up NY site, where two companies currently occupy space. The center still needs to name an executive director, but one RIT official said the CUE is slated to open in mid-January.

R. Carlos Carballada, the center's interim director, said the CUE will offer similar services to HTR, minus the 3-D printer and venture capitalists.

"We have a room that holds maybe 40 people and the hope is to conduct a series of lectures on business issues and invite people from the zone," Carballada said. "We might have someone from the SBA (U.S. Small Business Administration) talk about their programs or an attorney to talk about legal issues or a branding expert."

Aside from the lectures, the center will focus on nurturing mom-and-pop retailers by offering temporary incubator space, mentors and its cornerstone "building capacity" program. These programs will all work toward the same goal, Carballada said.

"We really want to see businesses in our programs increase their management skills, their earnings and their customers," he said.

Startup growth has already happened without the anchor institutions, but with HTR and RIT in their new homes, "it will accelerate in the most significant way," said Heidi Zimmer-Meyer, Rochester Downtown Development Corp. president.

It's somewhat difficult to gauge the progress of Rochester's innovation zone because several construction projects that seem unrelated are in different stages of completion. The anchor institutions are incomplete. More companies are trying to move inside the Inner Loop. Housing units are under construction as well.

Zimmer-Meyer and other downtown watchers say there are thousands of people moving into lofts and apartments downtown, meaning there are more potential customers for retailers and more employees for downtown startups. That's exactly the raw material needed, they say, to make sure the innovation zone helps startups grow.

"There's a ton of innovation going on in our region, but there's really no place to see it," Senall said. "This will be that place. It will be a vibrant, energetic, innovative place that attracts people to want to be here."

### **Significant work ahead**

Early signs of Rochester's innovation zone first appeared in 2000, Zimmer-Meyer said, when her organization noticed that more people were moving downtown. As people moved to the area, established businesses opened downtown locations and new businesses started.

The migration downtown continues today, Zimmer-Meyer said. More than 6,100 people live downtown and 2,440 more are coming soon, according to her organization's data.



The housing boom was its own separate trend, but the innovation zone idea itself took off last year when Zimmer-Meyer and city officials read [a Brookings Institute study about innovation districts](http://www.brookings.edu/about/programs/metro/innovation-districts) (<http://www.brookings.edu/about/programs/metro/innovation-districts>). They took stock of the downtown migration and the new startups moving there and [soon after declared](http://www.brookings.edu/research/papers/2015/06/24-one-year-innovation-districts-katz-vey-wagner) ([/story/money/business/2014/11/21/innovation-zone-adds-downtown-moxie-new-firms/70015848/](http://www.brookings.edu/research/papers/2015/06/24-one-year-innovation-districts-katz-vey-wagner)) that Rochester had its own innovation zone.

Jennifer Vey, a Brookings research fellow who [co-wrote a second study](http://www.brookings.edu/research/papers/2015/06/24-one-year-innovation-districts-katz-vey-wagner) (<http://www.brookings.edu/research/papers/2015/06/24-one-year-innovation-districts-katz-vey-wagner>) about innovation districts, said many other cities are building such districts. Some locales are further along than others,

**A view of Tower 280 which will be a mix of residential and commercial space.** (Photo: TINA MACINTYRE-YEE, @tyee23/staff photographer)

Vey said, but ultimately "almost all innovation districts have significant work ahead." Some places, for example, have companies in their district but haven't found an anchor or lack restaurants within walking distance.

Vey said Rochester is not unique with its multiple-anchor setup downtown. Philadelphia's innovation district, University City Keystone Innovation Zone (<https://www.sciencecenter.org/programs/university-city-keystone-innovation-zone>), is using the same approach with Drexel University and the University of Pennsylvania serving on a short list.

In St. Louis, the Cortex Innovation Community also has several anchors. One in particular — Biogenerator — has been open since 2003.

Biogenerator started by just giving money to companies in life sciences, including medical device firms and health care services. Over the years, the organization has built a laboratory for startups to do medical research, provided mentoring and created an Entrepreneur-in-Residence position that matches a startup veteran with new medical companies.

Eric Gulve, Biogenerator's president, said the organization has helped 54 companies.

"Those companies have gone on to raise, as of today, more than \$250 million from other investors," Gulve said. "But that took a long time and you've got to be prepared to support these companies from the germ of their idea."

### A casual place to meet up

With dozens of companies inside Rochester's innovation zone and two anchors opening soon, the next step is encouraging businesses to collaborate.

Zimmer-Meyer said her organization wants Inner Loop companies to know what each other is working on, but she's unsure what an event that could facilitate that might look like.



Buy Photo  
File photo: Work last year on filling in a portion of the Inner Loop. (Photo: TINA MACINTYRE-YEE, @tyee23/staff photographer)

"Should it be like pub crawls, just with other people's businesses?" she asked. "I don't want to impose on what I think it should be. I want to hear from everyone else."

Josh Lowery, operations director at innovation zone business Makeway, said he likes a pub crawl event. He offered his own idea.

"It would be interesting to do a speed-dating thing, but with businesses," he said.

No matter how the event looks, Vey at the Brookings Institute said Rochester is far enough along to where developers and planners need to start thinking about empty spaces where businesses can do "open innovation." The key is making sure it's a space where people can come and go freely without having to use access badges to swipe in or riding up 10 stories in an elevator, Vey said.

She mentioned Boston's District Hall (<http://districhallboston.org/>) as an example.

"There's a coffee shop, but it's actually a public space where people can meet for casual lunch or hold a meeting," Vey said. "They have whiteboards and it's unique. I don't think there are other places like District Hall."

Everyone involved in creating the innovation zone believe downtown will look and feel different a year from now.

Zimmer-Meyer believes there's so much optimism about the innovation zone that her organization held a luncheon last week to update people on its progress. Startups that recently moved into the zone talked about why they loved Rochester and Zimmer-Meyer declared there will be growth in the city for the first time in a while.

"We're at the front end of something big here," she said.

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### HOW TO MOVE INTO THE DIZ

There are two ways to move to the innovation zone. First, a representative of a business can visit [rochesterdowntown.com](http://rochesterdowntown.com), click on the office and commercial space link and search for an open store to occupy. Second, an entrepreneur can contact Heidi Zimmer-Meyer of the Rochester Downtown Development Corp and she will personally help find a good spot for the business. Zimmer-Meyer can be reached at (585) 263-6950. There are no special requirements businesses need to move into the zone.

## FINDINGS

- Almost 100 businesses call the Downtown Innovation Zone home
- 6,100 people live in downtown Rochester, according to data from the Rochester Downtown Development Corp.
- Another 2,440 people will soon move downtown, the RDDC says
- There are 21 housing developments happening right now that will result in 1,414 new units
- The RIT Center for Urban Entrepreneurship will open in January 2016
- The High Tech Rochester business accelerator will open in September 2016

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