

Momentum growing behind hatching a tech hub

By Nancy Dahlberg

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CARL JUSTE / MIAMI HERALD STAFF

Networking happens in the aisles of a filled-to-capacity Refresh Miami event called Founder Matchmaking held in August at University of Miami's College of Business. The event attracted about 300 people, a record attendance for a regular monthly event.

The vision: Entrepreneurs find many places to meet and mingle, maybe run into an investor or two. Accelerators accept the best and the brightest start-ups, which in turn stay and grow their businesses in South Florida. Tech companies and serial entrepreneurs open their doors to mentor others. Robust university systems supply the talented technologists and entrepreneurs in the making. Healthy angel networks fund many early-stage companies.

That's what a healthy ecosystem for start-ups is all about, and some leaders say the vision is within reach for South Florida. "It's about growing great entrepreneurs. They need to have a community supporting them," says Susan Amat, executive director of the University of Miami's Launch Pad entrepreneurship center and one of the leading

advocates of the entrepreneurial movement here.

Last week, Launch Pad [announced](#) it will open a community accelerator in January at the Terremark/NAP of the Americas building in downtown Miami. The companies selected for the [Launch Pad Tech Accelerator](#) will participate in a three-month program of intense mentoring designed to grow the businesses quickly, receive \$25,000 grants, and get mentoring and office space for the year. The Miami Downtown Development Authority has committed \$460,000 in funding over two years for operations. Miami-Dade County is kicking in \$1 million over four years to fund the grants to entrepreneurs.

And that's not all. Florida International University President Mark Rosenberg is hoping to include a required course on entrepreneurship for every undergraduate. New events, companies, nonprofit initiatives and funding groups have been springing up to support the entrepreneur. Consider:

- The [Knight Foundation](#) has announced a major new program to promote and fund entrepreneurship projects in South Florida. The nonprofit [Enterprise Development Corporation](#), under new leadership, recently expanded its incubator in Boca Raton and is at work on an incubator at Broward College. The [University of Miami Life Science & Technology Park](#) is gaining traction as a community hub for tech and the sciences, with co-working space, shared lab space, new restaurants and frequent events, in addition to a growing number of technology tenants that call it home.

- A wave of co-working spaces is expected to sweep in this fall. These include Pipeline Brickell opening in a couple of weeks, and a huge expansion of the recently opened LAB Miami in Wynwood set for early winter. Also scheduled to open in October: RightSpace2Meet's co-working space at UM's Life Science & Technology Park, and in Boca Raton, Caffeine Spaces. All plan to feature programs and services geared to the entrepreneur. ([See related story here.](#))
- Tech calendars runneth over, with 60 to 70 events every month in South Florida. The weekend-long AT&T Mobile App Hackathon drew a record 200 people in August, and regular monthly meetups for [Refresh Miami](#) in August and September packed in 300 people. Silicon Valley's Lean Startup Machine rolled into town and has vowed to lead quarterly workshops. Two weekends ago, hackers took over the Bass Museum to develop apps for the arts, and coming up Oct 12-14 Startup Weekends will be held at both UM's Launch Pad/Terremark space and at the incubator in Boca Raton. In what could be a yearly tradition, Miami will host WebCongress, a huge Internet marketing conference formerly held in Spain. The Latin America-themed program will be Nov. 29 and 30.
- On the horizon: FIU's third [Americas Venture Capital Conference](#) is set for December, a few days after Art Basel, and will be redesigned to be more like a TED conference, with thought leaders brought in from around the world, plus a shark tank, hackathon and more focus on networking. SuperConf will be back in late February, linking investors from inside and outside the region with South Florida's start-ups. The nonprofit Entrepreneur's Organization, or EO, is bringing its global annual meeting to Miami Beach's Fontainebleau next spring. Manny Medina, who founded, grew and exited Terremark, is spearheading a community effort to establish a large tech conference in Miami beginning in May 2014.

"We're about to hit the point where the ecosystem takes off. We're seeing a lot of momentum," says Brian Breslin, who has led the largest tech meet-up group in South Florida, Refresh Miami, since 2006. To sustain the momentum, he believes, government, the private sector and the entrepreneurial community need to come together and make growing a tech ecosystem a priority.

To be sure, start-up ecosystems have been sprouting up all over the country far from the mecca of Silicon Valley. Notable ones include Boulder, Austin and New York City. "We can take a page from their playbook," says Juan Pablo Cappello, an entrepreneur, investor and lawyer who recently co-founded a local angel network and is leading other efforts to bring investors and entrepreneurs together.

No doubt a healthy ecosystem to nurture the creation of high-growth technology businesses is needed, with the economy still underperforming, unemployment in South Florida higher than the state and national averages and brain drain still a key concern.

The tech industry remains a tiny portion of South Florida's economy compared to mega-employers like hospitality, healthcare and finance. The information sector in Miami-Dade County ranked 19th out of 20 industries in terms of the number of employees, yet the 2011 average wage in that sector was nearly \$80,000, well above the over-all average of \$45,000, according to the county's economic department. Growth of the tech sector is important because the economy at large is still dominated by very small businesses.

"We have more micro businesses, 1-10 people, than anywhere in the country," says Amat, who also leads [Startup Florida](#), part of the public-private national initiative called Startup America. "Why don't more of them grow? They don't have access to resources and access to customers and investors who will take chances on them."

Launch Pad's accelerator will accept 10 companies in three industries that already are community sectors: tourism/hospitality, creative (arts, design, music) and healthcare, Amat says. It will also "adopt" 25 additional start-ups as mentees with workshops, programming and inexpensive office space near the accelerator.

This newest accelerator will join [Incubate Miami](#) in downtown Miami, which launched its fall Accelerator class last month with six companies and has graduated 18. On the incubator front, the [C. Scott Ellington Technology Business Incubator](#) next to Florida Atlantic University, open since 2000, expanded from 10,000 to 14,000 square feet this summer and now holds 22 start-ups and an innovation lab for FAU students to work on their own invention or partner with private industry on a project. The incubator is already in talks to expand again, says Andrew Duffell, CEO of the Research Park at Florida Atlantic University, who also oversees the incubator with the Enterprise Development Corporation of South Florida.

Jerry Haar, executive director of the [Eugenio Pino and Family Global Entrepreneurship Center](#) at FIU, says the university also plans to open an incubator next year. There are other prestigious programs, including EO's invitation-only Accelerator Program. South Florida's program includes 20 entrepreneurs whose companies are bringing in at least \$250,000 in revenues. The three-year program is structured to take them past the million-dollar mark. Other accelerators, incubators or meeting spaces, both public and private ventures, are in early development stages.

Strong accelerators are an important building block of a tech community, says Ivan Rapin-Smith, a serial entrepreneur and partner in Idealy, a Belgian accelerator network. He moved to Coconut Grove in November and immediately began immersing himself in the tech scene.

"Peer learning is really powerful, like Plug and Play in Silicon Valley. As an entrepreneur, you need a place where you can go and not feel alone and you know there are people — entrepreneurs, investors — to help you," Rapin-Smith says.

Kristen McLean, CEO of [Bookigee](#), would agree with that. She founded her company in 2010 to help the book market evolve for the digital age; one of her products, WriterCube, a marketing and analytics system for authors, is set to launch this month. As part of the 2011 Incubate Miami class, she worked with strong mentors, but more of a mentoring culture is needed throughout the tech community, particularly from lawyers and accountants with early-stage company expertise, she says. "I'd like to see some thoughtful work on getting local firms familiar with best practices in the tech communities. We had to go back and clean up some mistakes we wouldn't have made with some knowledgeable help."

Bookigee, with a core team of six, has raised \$500,000 of seed financing in three phases from angels in Miami, North Carolina, New York and California, but McLean says a more sophisticated funding network is sorely needed in South Florida (see related story Tuesday). Still, she's hoping to continue growing her company in Miami. "Starting a company down here is an adventure," McLean says. "But Miami loves creativity — it is an awesome place."

Successful tech hubs from Seattle to Boston already have a mentorship culture where successful entrepreneurs open their doors to aspiring start-ups. Providing avenues for mentoring is important at companies at all stages, says Haar of FIU's Pino Center. In his 2013 plan — a venture mentor service to provide consulting and mentoring by highly experienced professionals to a small number of rigorously selected start-up, early stage and later stage firms.

MAKING IT WORK

Much of the debate of late has been on how to pull all these efforts together to speed up South Florida's emergence as a tech hub. What's needed, says Matt Haggman, the Knight Foundation's Miami program director, is an infrastructure — from co-working spaces and mentors to better access to funders — that allows the start-up community to better connect and engage.

Should a South Florida tech hub focus on one area of strength? John Sculley, former CEO of Apple and now an investor living in South Florida, had some thoughts on that during a recent [South Florida Technology Alliance](#) event at Citrix in Fort Lauderdale: "There are really interesting healthcare companies here and there is a lot of talent around. ... Florida is No. 2 in medical device companies... Healthcare is something where the South Florida technology community can start with an advantage, not behind the starting line."

Or what about focusing on being a gateway to Latin America? That sparked a literal [debate](#) in downtown Miami two weeks ago between Cappello and Auston Bunsen, a young entrepreneur behind SuperConf, an annual conference he began producing in 2010.

Cappello believes the area should play to its strengths, and Latin America's gateway is a natural one.

"My view is you grab the niche where you are strongest, and you use that to get on the map," says Cappello. Once that ecosystem gets going, it spreads far beyond the Latin American focus, he says.

"My goal is that Endeavor [a global entrepreneurship nonprofit with a venture capital initiative], Start-up Chile, its counterpart in Colombia, 500 Startups, NXTTP [an accelerator in Argentina] — they will all have offices here," adds Cappello. "As soon as we accomplish that, we are off to the races because we have the entrepreneurs, the talent, we're very livable. Once we can get this going, the sky's the limit."

Bunsen believes the area doesn't need the gateway brand to succeed and that the region should focus its efforts at home. Even more specifically, it should hone in on a small geographic area — one to five square miles — that can serve as a hub. "There are too many pockets, which leads to disparate communities," he says. "We will be better served if everything was centralized."

The importance of "entrepreneurial density" is shared by some of the leading lights in the early-stage venture funding community, including Brad Feld of Boulder, the co-founder of TechStars and Foundry Group whose book, *Startup Communities*, just published, and others.

"One of the challenges of Miami-Dade is it is a very large diverse region, this [concept] puts the focus on where people will have collisions. Serendipity will occur because people will bump into each other," says Ted Zoller, a senior scholar at the Kauffman Foundation, an entrepreneurship research organization based in Kansas City. "Place does matter."

SPREADING THE SPIRIT

If you follow the recent activity around entrepreneurship, most of it is already clustering in the Brickell-to-Wynwood corridor in Miami. Some make the case that an area the size of South Florida can support more than one, and there is also a strong pocket of activity in the northern Broward/South Palm Beach corridor, where the IBM PC was born. But as far as start-up companies go, they are spread all over.

Numbers of start-ups in South Florida are hard to come by. The Knight Foundation has begun an effort to map South Florida's start-up scene. So far it has marked 155 start-ups, from Palm

Beach Gardens to Goulds. A week ago, a local nonprofit initiative called MapYourStartup.com launched — nearly 100 companies have already entered their information.

But growing an ecosystem takes time, entrepreneurs and community leaders point out, and an important piece will be shining a light on success stories spawned from the ecosystem, entrepreneurs, investors and community leaders say.

“When you have a good pocket of start-ups doing well, the service providers follow and an ecosystem starts building. You have to have the stamina, motivation and desire to create a snowball of things,” says Rapin-Smith. “The concentration in Miami is a great idea. This could really be a center.”

Wherever the tech community bases itself, it needs to come together, Rapin-Smith and others say. “There is a need for leadership that has the motivation, stamina and selflessness to invest in the community in the long run,” he says.

For now, there are encouraging signs that efforts are taking root.

While the area still battles its brain drain, Breslin says it’s inspiring to see students packing events for Refresh Miami, which now has 2,500 people on its mailing list, as well as other events around South Florida. Marketing to the students has been strategic: UM hosts all of Refresh’s free monthly events, and for other events with charges, students are often offered free or discounted tickets, he says. “If we get kids involved, they will stay in Miami,” Breslin says.

And even more, South Florida is starting to sprout examples of the ecosystem in action.

Albert Santalo, founder and CEO of the fast-growing healthcare tech start-up [Carecloud](http://Carecloud.com), recently announced a satellite office expansion in Boston, but the bulk of his team — now at 135 — will always be in Miami, he says. He sees the company as an incubator of sorts itself, spawning other healthcare technology companies as it grows.

A few start-ups, such as [Flomio](http://Flomio.com), which enables developers to build and deploy apps around NFC and other RFID technologies, and [71lbs](http://71lbs.com), which helps companies save money on shipping costs, have gone through accelerators elsewhere and come back to South Florida to grow their companies.

Brian Brackeen moved to Miami four years ago, and “loved it from day one.” He recently launched a new company, [Kairos](http://Kairos.com), which makes facial recognition software used for employer timekeeping. The Kairos team recently graduated from a Google-backed accelerator in San Francisco called NewMe and closed a seed round of \$500,000.

He and his co-founder considered basing their 19-employee company in Silicon Valley for the tech talent, Austin for its tax climate and tech savvy, and Miami for its lower cost of living and operating a business. “The concern we had was that there were not enough technical people in Miami to support our business,” he says.

“What we have recently learned is that Miami has a rapidly growing tech scene. It also boasts a multilingual workforce that can help us with our aggressive international expansion planned for next year,” Brackeen says. “It’s an exciting time in Miami. We look forward to growing with it.”

Coming Tuesday: A look at one of the biggest challenges in building a tech ecosystem: funding. Also watch the [Starting Gate](http://StartingGate.com) blog for more informational and updates on these programs and initiatives. Follow Nancy Dahlberg on Twitter, @ndahlberg

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