

# It's the technology, stupid

August 24, 2012

**Matthew Hall**

Memo to mayors, state premiers and even ministers for broadband, communications and the digital economy: technology is the economy.

That is the view of urban economic development experts from New York City who have overseen the Big Apple's reinvention as a New Tech City to challenge Silicon Valley.

Punch drunk from the 2008 financial crisis that came close to gutting the city, the local government leveraged tech and digital sectors to rebuild and grow the local economy.

The impact of tech cannot be underestimated. "The city recognised this and knew it needed to do something," explained Bruce Bachenheimer, clinical professor of management and director of entrepreneurship at Pace University, New York. Money isn't the only answer, however. "You need a strategy," Bachenheimer said.

For Australian local governments looking to join the ranks of new tech cities, here are New York's lessons:

## 1. Diversify your economy

"That has been the guiding philosophy in our economic development," said Euan Robertson, executive vice-president at the New York City Economic Development Corporation and co-head of the Centre for Economic Transformation, in light of the global financial crisis.

"The financial services industry was very important to the economy but the economy was very exposed to the booms and bust of financial services. For risk management, you want a diversified portfolio. We realised we needed to double down on other aspects of the economy. It is entrepreneurial businesses that create jobs."

## 2. Partner with the private sector and spur entrepreneurship

"None of this would have been successful if all that we were doing was offering government money," Robertson said.

"The [strategy] had to be designed in partnership with the private sector and not-for-profits and they all had to build on the unique attributes that we have here. What every city has to do is think about what its unique competitive advantages are. For example, New York is the centre for capital markets in the United States and one of the major financial centres in the world. We are one of the major media centres. We are [also] a very large college town."

Knowing what the private sector needs is also a key. "In the '90s, people were chasing money," Bachenheimer said. "The saying was that if you could say dot-com you got money. Now people want revenue and profits. If you look at what New York is excelling at, it is not creating some technology, it is taking existing technology and applying it where there is real need."

### **3. Don't be shy, open up data to developers**

Question: what does a government own? Answer: information that often belongs to the public.

“We launched a program in 2009 called Big Apps, which was an attempt to take government data sets and open them up to app developers,” Robertson said. “That allowed them to create interesting and valuable apps that they could then build businesses around and make those apps available to the general public or business. It has been incredibly successful. That was something we could do with a comparatively small amount of small government investment.”

### **4. Foster talent, because talent creates things**

The 2008 crash did have a silver lining for start-ups. A lot of tech talent was cut loose by the high-paying financial services industry.

“It is difficult for a start-up to hire someone from Goldman Sachs,” Robertson explained.

Post-crash, there was talent on the streets for smaller enterprises to hire or strike out independently. Among other concepts, New York City's government partnered with the private sector to create "incubators" – budget shared office space with infrastructure – for start-ups and growth stage enterprises.

“Incubators are much more than cheap office space,” Robertson said. “They provide community and assistance for the business.”

### **5. Don't be stupid, encourage education**

In 2011, New York City Mayor Michael Bloomberg announced a partnership with Cornell University and Technion-Israel Institute of Technology to build a \$US2 billion, two-million-square-foot applied science and engineering campus on Roosevelt Island, an often forgotten part of the city.

“The biggest thing we did was Applied Sciences NYC,” said Robertson, of the project. “We found that a number of the key industries in New York City, whether it was fashion or retail or financial services or media are being disrupted by technology. Technology is the key driver of future economic growth. We needed a real engine to create that talent.”

<http://www.smh.com.au/it-pro/its-the-technology-stupid-20120824-24rc8.html>