



# Investment Update

2016 YEAR-END



January 2017

**Founding Chairman**

Henry R. Kravis

**Co-Chairs**

Charles R. Kaye

Tarek Sherif

We continue to expand economic opportunity and encourage innovation in New York City, with active support from our investors and expert volunteers. Please see the attached 2016 Year-End Report to Investors to learn more.

In 2016, our focus was on life sciences, financial technology, and advanced manufacturing:

- In June, we released a report (“**New York’s Next Big Industry: Commercial Life Sciences**”) with the help of KPMG that became the road map for new public-private initiatives to make New York a global hub of commercial life sciences.
  - In December, New York State and New York City announced \$1.1 billion of tax incentives and capital grants to develop the facilities and funding needed to capture the economic benefits of New York’s biomedical assets. These commitments are among the largest made in New York to support the expansion of a high growth sector. Both plans are based on the analysis and recommendations made in our report.
  - Our portfolio of 11 early stage life science investments continues to make progress. We invested an additional \$750,000 in Rgenix (Rockefeller University spin out) as part of a \$33 million Series B round led by Novo A/S and Sofinnova.
- Our **FinTech Innovation Lab** has expanded to include 32 sponsoring financial institutions that serve as advisors and mentors for early stage entrepreneurs. The Lab, which we run in partnership with Accenture, concluded its sixth year in June 2016 with a Demo Day, hosted by Bank of America. The Lab’s 39 graduates have raised over \$336 million in follow on funding and have created over 380 jobs. The Fund has made direct investments in 6 of these companies, most recently in RevolutionCredit, which uses behavioral data to help consumers with access to credit.
- We have invested \$7.5 million in the development of **New Lab**, a first-of-its-kind center for emerging digital manufacturing companies, which opened at the Brooklyn Navy Yard in June. New Lab is 80% occupied with over 300 people working on advanced manufacturing projects. They are also building a network of corporate partners, including Autodesk, General Electric, Jet Blue, and the Simons Foundation.

Thanks to our Board, investors and volunteers for your support and guidance. Together, we will continue to champion the interests of the city and reaffirm its global leadership in innovation and job creation. As always, please reach out to us with ideas for meaningful investments and other feedback.

Our Warmest Wishes in the New Year,

Charles “Chip” Kaye, Co-Chair

Tarek Sherif, Co-Chair

Maria Gotsch, President & CEO

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# Partnership Fund Overview

Founded in 1996 by Henry R. Kravis and capitalized by the Partnership's global leaders of business and finance, the Partnership Fund's mission is to mobilize our investors' resources to create jobs and build a stronger, more diversified economy. Since inception:

**TOTAL INVESTED** **\$155M**

as of 12/31/2016

**TOTAL NUMBER OF INVESTMENTS** **175+**

## EXPANDING OPPORTUNITY

**\$62 million**

Increasing economic opportunity for under-served populations and expanding the city's number of minority and women-owned companies. Focus areas include Harlem and communities outside of Manhattan.

**\$32 million**

Leveraging private sector resources and expertise to promote city innovation and sustainability and to create needed infrastructure to support growth in new sectors.

## FOSTERING GROWTH

**\$61 million**

Catalyzing growth in new and emerging tech sectors including fintech, health IT, life sciences, and advanced manufacturing.

**\$49 million**

Invested in Women & Minority Owned Companies

**\$37 million**

Invested in Not-for-Profits

**\$40 million**

Committed to New York City's Life Sciences Sector

**46%**

Invested in Harlem and Outside of Manhattan

**\$336 million**

Financing Raised Post Program by FinTech Innovation Lab Graduates

**\$230 million**

Financing Raised Post Program by NY Digital Health Accelerator Graduates

**44%**

of Program Graduates Founded or Led by Women or Minorities

# 2016 Portfolio Updates

## BIEN CUIT

### EXITED INVESTMENT

In September 2012, the Partnership Fund invested in **Bien Cuit**, an artisanal bakery that produces handmade breads and pastries. The Fund's loan was used to expand Bien Cuit's 5,000 square foot kitchen facility, located in Sunset Park, Brooklyn. Bien Cuit also operates a retail location on Smith Street in Cobble Hill, Brooklyn. After securing a loan from JPMorgan Chase, Bien Cuit repaid in full the principal balance and accrued interest on the Fund's loan in September 2016. Bien Cuit created 22 jobs during the term of our loan.

**Project Volunteers:** Emma Frelinghuysen (Fresh Direct); Brett Traussi (Dinex Group)

**Strategic Investment Area:** Expanding Opportunity

## enigma

### FOLLOW ON INVESTMENT

In December 2016, the Partnership Fund made a follow on investment in **Enigma**. Enigma is a graduate of the 2014 FinTech Innovation Lab and provides a technology platform to manage large datasets from multiple sources across a variety of formats. Enigma links a client's private data with Enigma's own database of billions of data points from 5,000+ domestic and international public sector sources. Initial customers are in financial services and pharma.

**Fund Relationship:** FinTech Innovation Lab

**Strategic Investment Area:** Catalyzing Growth/Fintech

## KASISTO

### FOLLOW ON INVESTMENT

In December 2016, the Partnership Fund made a follow on investment in **Kasisto**. Kasisto is a graduate of the 2014 FinTech Innovation Lab. The Company provides a white-label intelligent virtual personal assistant that makes it dramatically easier for consumers to access mobile banking on the go. Using its conversational AI platform KAI Banking, Kasisto recently launched MyKAI, a banking bot which helps consumers manage money, track expenses, analyze spending and answer banking questions.

**Fund Relationship:** FinTech Innovation Lab

**Strategic Investment Area:** Catalyzing Growth/Fintech

## KINGS COUNTY DISTILLERY

### FOLLOW ON INVESTMENT

In December 2016, the Partnership Fund made a follow on investment in **Kings County Distillery**. Located in the Brooklyn Navy Yard, the Company makes handmade, organic corn-based moonshine and bourbon in its distillery and offers a tasting room, open to the public. The Fund's investment will be used to further scale production and accelerate growth to become a nationally recognized, regional distillery.

**Project Volunteers:** Dolores Concepcion (consultant); Andrew Conway (Credit Suisse); Mark Johnson (Pepsi-Cola Bottling Co. of New York)

**Strategic Investment Area:** Expanding Opportunity



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### FOLLOW ON INVESTMENT

In June 2016, the Partnership Fund made an additional investment in **New Lab**, a first-of-its-kind center for emerging digital manufacturing companies. New Lab opened at the Brooklyn Navy Yard in June 2016 and is now 80% occupied with over 300 people working on advanced manufacturing projects. New Lab is also building a network of corporate partners, including Autodesk, General Electric, Jet Blue and the Simons Foundation.

**Project Volunteers:** Michael Hulbert (Estée Lauder); Steven Jureller (Cauldwell Wingate); Whitten Morris (Newmark Grubb Knight Frank)

**Strategic Investment Area:** Catalyzing Growth/Advanced Manufacturing

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### EXITED INVESTMENT

In Summer 2011, **Olapic** participated in NYCSeed's Seedstart program and received funding from NYCSeed. Olapic is a visual marketing platform working with hundreds of global brands to amplify marketing and e-commerce channels with images and videos from real people, creating more personalized and powerful brand experiences. Olapic was sold to Monotype in July 2016 for \$130 million; NYCSeed received a 13.4x return on its investment.

**Fund Relationship:** NYCSeed Seedstart 2011

**Strategic Investment Area:** Catalyzing Growth

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### NEW INVESTMENT

In September 2016, the Partnership Fund invested in **RevolutionCredit** as part of a \$2M convertible note round. RevolutionCredit is a graduate of the 2014 FinTech Innovation Lab. RevolutionCredit uses behavioral data as an alternative way to evaluate a consumer's creditworthiness. Its mission is to improve upon the historically-focused FICO score, to improve marginal credit consumer's ability to obtain credit, and to provide an important new tool to credit providers.

**Fund Relationship:** FinTech Innovation Lab

**Strategic Investment Area:** Catalyzing Growth/Fintech

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### FOLLOW-ON INVESTMENT

In June and December 2016, the Partnership Fund made a follow on investment in **Rgenix**, as part of a \$33M Series B preferred stock round led by Novo A/S and Sofinnova. Rgenix is a preclinical stage biotechnology company with a mission to develop first-in-class cancer drugs designed specifically to target both primary tumors and metastasis, the main cause of mortality in cancer patients. Rgenix was spun out of Dr. Masoud Tavazoie's lab at Rockefeller University in 2015 and is headquartered at the Blood Center in Manhattan. This is the first investment in a New York City life sciences company by the two lead investors.

**Project Volunteers:** Noel Brown (Cantour Fitzgerald); Jennifer Foley (consultant); Liam Ratcliffe (New Leaf Venture Partners); Martin Vogelbaum (Celgene Corporation)

**Strategic Investment Area:** Catalyzing Growth/Life Sciences

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# Our Programs

Our enterprise tech programs leverage New York City's concentration of corporate customers to accelerate growth of early and growth stage tech companies in key sectors.



An annual 12-week program, the FinTech Innovation Lab gives early and growth stage companies developing innovative IT solutions for the financial services industry the opportunity to receive product feedback and potential proof-of-concept testing from the world's leading banks as well as mentoring from leading VCs, entrepreneurs and industry advisors. Our partner is Accenture.



An annual 5-month program, the New York Digital Health Accelerator supports growth-stage digital health companies developing cutting edge IT solutions in patient engagement, care coordination, telehealth, population health and behavioral health tech. Participants receive direct access to senior executives from 16 leading provider organizations in NY. Our partner is the New York eHealth Collaborative, an affiliate of NYS Department of Health.

## Programs by the Numbers:

**1513 applications**

(770 New York City-Based Applicants)

**82 graduates**

12 Program Classes

**70 corporates**

Participating in Programs

**34 investors**

Participating in Programs

**\$576 million**

Outside Funding Raised by Graduates

**560+**

Jobs Created

**204**

Pilots Carried Out

**550+**

Executives Engaged

**44%**

of Program Graduates Founded or Led by Women or Minorities

**Current Investments in Program Graduates**

Centripetal  
Digital Reasoning  
Enigma  
Kasisto  
Cureatr  
RevolutionCredit



# Portfolio Company Highlights

## American Prison Data Systems



**APDS**  
American Prison  
Data Systems

Provides corrections systems with secure, ruggedized tablets and educational content to improve prisoner rehabilitation and re-entry and to reduce recidivism.

**Project Volunteers:** Mark Colodny (Warburg Pincus); Jonathan Harber (EDGe); Ashish Rughwani (Dominus Capital)

**Strategic Investment Area:** Expanding Opportunity

**Highlights:** In 2016, APDS continued to secure new customers and expand existing contracts. In Sept. 2016, APDS was honored by the Berkeley Haas School of Business and B-Labs as one of "2016's Best Businesses in the World".

## Bionic Sight

### Bionic Sight

Company developing a prosthetic device to treat blindness that spun out of Weill Cornell Medical. Their pre-clinical work was supported by a BioAccelerate Phase I award.

**Project Volunteers:** Howard Fillit (Alzheimer's Drug Discovery Foundation); Lillian Oshva (NYU); Allyson Rinderle (Aisling Capital); Martin Vogelbaum (Celgene Corporation),

**Strategic Investment Area:** Catalyzing Growth/BioAccelerate Phase II

**Highlights:** Bionic Sight's device is undergoing clinical trial studies.

## Celmatix



Biotech company that spun out of Weill Cornell that leverages predictive analytics and genomics to create products focused on the treatment of infertility and proactive fertility management.

**Project Volunteers:** Martin Vogelbaum (Celgene Corporation); William Slattery (Deerfield Partners); Misti Ushio (Harris & Harris Group); Elma Hawkins (Cerulean Advisors)

**Strategic Investment Area:** Catalyzing Growth/BioAccelerate Phase II

**Highlights:** Celmatix received CLIA laboratory license from New York State and laboratory CAP accreditation, both with no deficiencies noted during inspection. In Dec. 2016, the CEO of Celmatix was named Disruptive Founder of the Year by Rock Health.

## Centripetal Networks



**CENTRIPETAL  
NETWORKS**

Provider of a cyber security system which can detect and stop millions of individual attackers without degrading network performance.

**Fund Relationship:** FinTech Innovation Lab

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** The Company continues to gain traction in the retail and financial sectors.

## Cureatr



Early-stage technology company providing a messaging system that improves coordination of care among hospital staff.

**Project Volunteers:** Justin Walter and Jon Swope (Bank of America); Milestone Venture Partners

**Strategic Investment Area:** Catalyzing Growth/ NY Digital Health Accelerator

**Highlights:** Cureatr is looking to leverage its technology platform and data networks by specifically targeting nursing homes which will provide significant data on quality and efficiency of care provided to patients.



## Digital Reasoning



Develops software that automates understanding and analytics for unstructured data such as emails, documents and social media.

**Fund Relationship:** FinTech Innovation Lab

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** In November 2016, Digital Reasoning was cited by Forbes in its 2016 Top 50 most innovative fintech companies. The Company continues to add customers in financial services and health care.

## Dual Therapeutics



Developer of therapeutics for prostate cancer, lung cancer, and acute lymphoblastic leukemia that spun out of Mount Sinai. Their pre-clinical work was supported by a BioAccelerate Phase I award.

**Project Volunteers:** Bonnie Fendrock (Consultant); Martin Vogelbaum (Rho Capital); Dave Hickey (Siemens Healthcare Diagnostics); John Piwinski (JJPiwinski Pharma)

**Strategic Investment Area:** Catalyzing Growth/BioAccelerate Phase II

**Highlights:** The Company is assessing the appropriate clinical plan going forward.

## Enigma



Provider of a technology platform to manage large datasets from multiple sources across a variety of formats. The Company links a client's private data with Enigma's own database of billions of data points from 5,000+ domestic and international public sector sources. Initial customers are in financial services and pharma.

**Fund Relationship:** FinTech Innovation Lab

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** The Company has closed multi-million dollar contracts with major financial institutions and pharmaceutical companies.

## Epibone



Biotech company spun out of Columbia University that is engineering stem cells into anatomically precise and patient-specific bone tissue replacements. Their pre-clinical work was supported by a BioAccelerate Phase I award.

**Project Volunteers:** Allyson Rinderle (Aisling Capital); Carl Gordon (OrbiMed); Paddy Mullen (Discovery Ortho Partners); Lillian Oshva (NYU)

**Strategic Investment Area:** Catalyzing Growth/BioAccelerate Phase II

**Highlights:** EpiBone continues to advance its pre-clinical studies. Epibone was named one of 11 early-stage healthcare companies to watch at the BIO 2016 conference.

## Freelancers Union, Inc.



Brooklyn-based nonprofit that together with its wholly-owned, for-profit subsidiary, Freelancers Union Insurance Company ("FIC"), provided affordable health insurance to freelance workers. FIC stopped offering insurance at the end of 2014 and is currently winding down operations.

**Project Volunteers:** Brian Kane and Jennie Peterson (Goldman Sachs); Paul Whitman (NY Life Insurance)

**Strategic Investment Area:** Expanding Opportunity

**Highlights:** In Dec. 2014, Freelancers withdrew from the New York State insurance market. The Company continues to pay outstanding claims.

## Grameen America



Non-profit microfinance organization that provides small business loans, savings programs, and other services to women small business owners living below the poverty line.

**Project Volunteers:** Mark Aaron (Tiffany & Co.); Marianne Brown (SunGard); Terri Ludwig (Enterprise Community Partners); Jim Wohn (Capital One Bank)

**Strategic Investment Area:** Expanding Opportunity

**Highlights:** Grameen America's NYC operation has grown substantially over the past 18 months and now has 41,125 members, of which 4,756 are new this year. They have made \$318M of cumulative loans in NYC since 2008.

## Hot Bread Kitchen



Harlem-based non-profit that trains immigrant and low-income women for jobs in the culinary industry.

**Project Volunteers:** Pauline Brown (consultant); Dan Leader (Bread Alone); Brett Traussi (Dinex Corporation)

**Strategic Investment Area:** Expanding Opportunity

**Highlights:** Since 2008, HBK has trained 143 women from 34 countries and graduated 56 to new culinary careers with access to benefits and opportunity for advancement. In 2016, HBK trained 40 women: 55% of the women are foreign born, 65% have a high school education or below, and 100% were living below the poverty line when they joined the program.

## Independence Care System



Independence Care System

Non-profit, managed care organization providing health care for homebound Medicaid recipients with severe disabilities. Its target population is a labor-intensive niche that competitors choose not to serve.

**Project Volunteer:** Jeffrey Krauss (Psilos Group Managers)

**Strategic Investment Area:** Expanding Opportunity

**Highlights:** ICS has grown to 6,400 members. To manage its growing membership, ICS continues to increase its staffing. ICS currently has 9,600 home care associates.

## Karos Pharmaceuticals



Biotech company developing oral drugs for the treatment of pulmonary arterial hypertension.

**Fund Relationship:** New Leaf Venture Partners

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** Karos continues to advance its therapy through successful, IND-enabling studies.

## Kasisto



A white-label intelligent virtual personal assistant that makes it dramatically easier for consumers to access mobile banking on the go.

**Fund Relationship:** FinTech Innovation Lab

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** Using its conversational AI platform KAI Banking, Kasisto recently launched MyKAI, a banking bot which helps consumers manage money, track expenses, analyze spending and answer banking questions. In Oct. 2016, Mastercard announced at the Money 20/20 conference a partnership with Kasisto to create a Mastercard bot for banks that issue cards. Kasisto closed a financing round in December 2016.

## Kings County Distillery

KINGS  
COUNTY  
DISTILLERY

Located in the Brooklyn Navy Yard, KCD makes handmade, organic corn-based moonshine and bourbon in its distillery and offers a tasting room, open to the public.

**Project Volunteers:** Dolores Concepcion (consultant); Andrew Conway (Credit Suisse); Mark Johnson (Pepsi-Cola Bottling Co. of New York); TJ Robertson (Le Duc's Wines); Brian Tolman (Studios Architecture)

**Strategic Investment Area:** Expanding Opportunity

**Highlights:** In May 2016, KCD opened "The Gatehouses", which offers a year-round tasting room, visitors' center and daytime coffee and food for the Navy Yard. Winner of the 2016 Distillery of the Year at the Guild Awards, with Best-in-Category, Gold Medals and Double Golds. In December 2016, the Fund invested an additional \$400,000 in KCD to further scale production and accelerate growth to become a nationally recognized, regional distillery.

## Lodo Therapeutics



LODO THERAPEUTICS

Life sciences company developing a discovery platform for small molecules derived from natural products to treat cancer, infections and diabetes. Spun out of Dr. Sean Brady's lab at Rockefeller University.

**Fund Relationship:** Accelerator Corporation

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** In Oct. 2016, Lodo Therapeutics was named in Chemical and Engineerings News' Top 10 startups to watch.

## New Lab



New Lab

Located in the Brooklyn Navy Yard, New Lab is an 84,000 SF collaborative design and fabrication workspace, bringing together a community of designers, entrepreneurs, corporations and academic institutions focused on design, prototyping and advanced manufacturing.

**Project Volunteers:** Barry Gosin (Newmark Grubb Knight Frank); Michael Hulbert (Estée Lauder); Steven Jureller (Cauldwell Wingate); Whitten Morris (Newmark Grubb Knight Frank)

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** New Lab officially opened at the Brooklyn Navy Yard in June 2016. New Lab has attracted 40 companies and is 80% occupied.

## New York Genome Center



World-class hub for genome sequencing, analytics, bioinformatics, high-performance computing and translational research—located in downtown Manhattan.

**Project Volunteers:** Dov Goldstein and Brett Zbar (Aisling Capital); Jo Natauri (Goldman Sachs)

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** Princeton University joined NYGC as an Associate Member, a collaboration that will help strengthen NYGC's focus on clinically actionable genomics and science. In 2016, Dr. Neville Sanjana joined the NYGC; he holds a joint appointment as an assistant professor at NYU and is a computational neurobiologist and bioengineer. Also in 2016, Simon Tavaré, PhD, joined NYGC as Senior Researcher; Dr. Tavaré is one of the world's experts in statistics and probability in computational biology. The Center currently has 179 employees.

## NY Accelerator Corp

accelerator ▶▶▶

A vehicle for capital-efficient investment in and management of emerging biotechnology opportunities in NYC, formed by a syndicate of top-tier venture capital and pharma investors and supported by a consortium of world-class research institutions.

**Project Volunteers:** Albert Hwang (Bank of America); Ron Lennox (Alia Ventures)

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** NYAC continues to focus on Petra Pharma and Lodo Therapeutics' operational launches. NYAC aims to launch a new company in early 2017.

## NYC Bike Share



Privately-owned public bicycle sharing system that serves NYC. The Fund's investment is funding expansion to high-need communities in Harlem, Bedford-Stuyvesant and Crown Heights, among others.

**Project Volunteers:** Kurt Chauviere, John R. Gwin, and Daniel Singer (McKinsey & Company); Tom Kuhn (Doorbrook LLC)

**Strategic Investment Area:** Expanding Opportunity

**Highlights:** In 2016, 14 million trips were taken by Citi Bike riders. Also in 2016, 139 new stations were added to the system and 7 new neighborhoods were added including East Harlem, Red Hook, Boerum Hill, Park Slope, Gowanus, and UES & UWS. There are now more Citi Bike stations than NYC subway stations. Citi Bike riders now take 60,000 trips per day on a regular basis.

## Petra Pharma



Petra is developing small molecules for the treatment of cancer and metabolic diseases. Spun out of Dr. Lewis C. Cantley's lab at Weill Cornell Medical.

**Fund Relationship:** Accelerator Corporation

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** Petra is advancing its preclinical studies.

## PIN Pharma



Early-stage, bio-pharmaceutical company which develops immuno-therapeutic drugs targeted at breast and colon cancer.

**Fund Relationship:** NGN Capital

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** PIN is working to complete its Phase I clinical trial studies.

## Red Rabbit



Located in Harlem, RR provides healthy breakfast, lunch and snacks to NYC charter, private, preschool and afterschool programs, approximately 75% of which serve low income children.

**Project Volunteers:** Don Jones (Verite Capital Partners); Brett Traussi (The Dinex Group); Elena Day (NYC Charter School Center); Mark Aaron (Tiffany & Co)

**Strategic Investment Area:** Expanding Opportunity

**Highlights:** Red Rabbit has benefited from the City's implementation of Universal Pre-K; its primary focus is on the Pre-K market.

## Repaigen



Developer of anti-aging cosmetics and therapeutics for DNA damage-related skin aging and disease; spun out of Weill Cornell Medical.

**Fund Relationship:** HighLine Venture Partners

**Strategic Investment Area:** Catalyzing Growth/BioAccelerate Phase II

**Highlights:** Repaigen continues to perform phototoxicity testing of naturally derived compounds.

## RevolutionCredit



Provider of software-as-a-service (SAAS) behavioral data and analytics platform for consumer credit decisions. RevolutionCredit uses gamification and financial literacy tests to identify upwardly-mobile customers who will perform 1 – 2 credit risk bands higher than their current credit score.

**Fund Relationship:** FinTech Innovation Lab

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** In Sept. 2016, the Fund invested \$250K in the Company as part of a \$2M convertible note round. The Company is converting pilots to customers.

## Rgenix



Early stage, pre-clinical oncology therapeutics company. Spun out of Dr. Masoud Tavazoie's lab at Rockefeller University.

**Project Volunteers:** Noel Brown (Cantour Fitzgerald); Jennifer Foley (consultant); Liam Ratcliffe (New Leaf Venture Partners); Martin Vogelbaum (Celgene Corporation)

**Strategic Investment Area:** Catalyzing Growth/BioAccelerate Phase II

**Highlights:** In June and December 2016, Rgenix closed on the two tranches of its \$33M Series B Preferred round led by Novo Ventures and Sofinnova Ventures, with participation from existing investors including the Fund (which invested \$750,000 in the round). The financing supports clinical development of Rgenix's lead drug candidates, RGX-104 and RGX 202, in addition to further development of its therapeutics pipeline.

## Scratch Music Group



Media services, marketing and logistics company which provides professional Disc Jockeys ("DJs") for corporate, hotel/resort, consumer and retail in-store clients. Scratch also operates DJ Academies.

**Project Volunteers:** Mark Aaron (Tiffany & Co); Pattie Lee and Lisa Walker (Macy's)

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** Scratch Weddings revenue continue to grow. Scratch DJ Academy opened its Atlanta location in Q3 2016.

## TARA Biosystems



Biotech company developing "heart-on-a-chip" tissue models for both toxicology and drug discovery applications. Spun out of Gordana Vunjak-Novakovic's lab at Columbia University.

**Project Volunteers:** Stacey Seltzer (Aisling Capital); Martin Vogelbaum (Celgene Corporation); Rachna Khosla (Amgen)

**Strategic Investment Area:** Catalyzing Growth/BioAccelerate Phase II

**Highlights:** TARA moved to the Alexandria Center in May 2016. TARA continues to develop and validate its technology to ensure maximum flexibility of its platform.

trueEX



Global execution and processing platform for interest rate swaps

**Fund Relationship:** Welsh, Carson, Anderson & Stowe Partners

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** In Nov. 2016, trueEX launched the first execution venue for real-time execution, processing and novation of non-cleared interest rate swaps. This innovation allows dealers and their buy-side clients to immediately benefit from full transparency of economic details.

Voxy



Early-stage tech company offering language learning services online and through mobile applications.

**Project Volunteers:** Jonathan Grayer, Steven Berger and Justin Kulla (Weld North)

**Strategic Investment Area:** Catalyzing Growth

**Highlights:** Voxy's pivot to focus on B2B customers continue to gain traction. In 2016, Voxy increased its number of customers by 50%.

# FinTech Innovation Lab



The Partnership Fund and Accenture launched the Lab in 2010, for early and growth stage companies developing cutting edge technology products for the financial services industry. Entrepreneurs are paired with leading financial institutions which provide product refinement, beta testing and deployment. Highly successful fintech entrepreneurs also participate as mentors. The program runs for 12 weeks, annually.

## Sponsoring Financial Institutions:

**AIG**, AllianceBernstein, **Ally Financial**, Amalgamated Bank, **American Express**, AQR Capital Management, **Bank of America**, **Barclays**, BBVA Group, **Blackrock**, **Capital One**, CIT Group Inc., **Citi**, **Credit Suisse**, **Deutsche Bank**, Fidelity Investments, **Goldman Sachs**, **Guardian Life Insurance**, **JPMorgan Chase & Co.**, KeyBank, Mastercard, **Morgan Stanley**, **New York Life Insurance**, Pitney Bowes, Rabobank, Scotiabank, Synchrony Financial, The D.E. Shaw Group, The Hartford, UBS, U.S. Bank and **Wells Fargo**

(**Bold = Selection Committee**)

## Supporting VC Firms:

Bain Capital Ventures, Canaan Partners, Contour Venture Partners, Nyca Partners, Partnership Fund for New York City, Rho Ventures, RRE Ventures, and Warburg Pincus.

## 2017 Program Highlights:

- Rabobank, The Hartford and U.S. Bank have joined as new participating financial institutions. Participation has grown from 10 financial institutions during the first year to 32 for 2017.
- Over 260 people attended the 2016 Demo Day hosted by Bank of America in June.
- Over 160 applications were received in early December for the 2017 class, which launches in April.

## Portfolio Company Highlights:

- 39 companies have graduated from the FinTech Lab, raising over \$336M of venture financing post program. Recent financings include:
  - RevolutionCredit (Class of 2014) in September 2016 raised \$2M of convertible notes from new and existing investors.
  - Digital Reasoning: (Class of 2012) in May 2016 announced a \$40M Series D round led by Lemhi Ventures and Nasdaq, along with existing investors Goldman Sachs and HCA.
  - Digital Asset Holdings (Class of 2015) in February 2016 raised a Series A round led by a consortium of Wall Street banks and other enterprises. The Company raised over \$60M in new money, which was one of the largest Series A rounds for a northeastern US company.
- The Partnership Fund has invested \$4.1M directly in six graduates:
  - Centripetal Networks (Class of 2013)
  - Digital Reasoning (Class of 2012)
  - Enigma (Class of 2014)
  - Kasisto (Class of 2014)
  - RevolutionCredit (Class of 2014)
  - True Office (Class of 2012— exited November 2014)

To create a robust fintech sector in New York City, our annual program connects growth stage tech companies to major financial services firms, investors, and experienced entrepreneurs.



## Participants

- 32 Sponsoring Financial Institutions
- 8 Sponsoring Venture Funds
- 30 Entrepreneur Mentors

## 39 Graduates

**Partnership Fund invested in 6 graduates:**

Centripetal Networks • Digital Reasoning • Enigma  
Kasisto • RevolutionCredit • True Office

## 4 Exits



Inktank sold to Redhat for \$175M  
True Office sold to NYSE  
Standard Treasury acquired by Silicon Valley Bank  
BillGuard sold to Prosper Marketplace



**145 Pilots**  
carried out



**\$336M**  
of financing raised  
post-program



**380+**  
jobs created



Program replicated in

**London,  
Hong Kong  
and Dublin**



**33%**

of companies founded  
or led by women or minorities



## FinTech Program Graduates

Company	Company Description
<b>Class of 2016</b>	
51 Maps	Secures, integrates, and streamlines enterprise applications for employees on consumer devices over the public Internet without a VPN or changing the underlying code.
AlphaPoint	Powers digital asset exchanges and provides institutions blockchain-enabled solutions to store, track, and trade digital assets.
Cambridge Blockchain	Provides financial institutions with an asset agnostic, KYC-compliant control layer for blockchain transactions.
ForwardLane	Empowers financial advisors and their clients to make better decisions around their investments and geopolitical trends by synthesizing actionable insight from vast quantities of market data, internal and external broker research, news analysis, sentiment, regulatory filings and threat intelligence.
Quarule	Automates compliance program management, certification, and controls in scalable enterprise systems, by teaching computers the meaning of regulations, policies, standards and data.
Syndicated Loan Direct	Analyzes and distills complex syndicated loan transactions into easily usable financial information using artificial intelligence.
T-REX	Provides the valuation and risk analysis tools to unlock investment opportunities for hundreds of billions of dollars of capital to flow into renewable energy assets.
untapt	Uses Machine Intelligence to match technologists with hiring managers at a level of precision that far exceeds the digital hiring platform industry.
<b>Class of 2015</b>	
Digital Asset Holdings	Provides safe and efficient settlement of conventional and digital assets that eliminate counterparty risk and can reduce trade- processing time from T+3 to same-day settlement.
EverSafe	Protects older adults from financial abuse and identity theft by analyzing bank and investment accounts, credit card activity, and credit reports for suspicious activity.
MaxMyInterest	Employs a novel cash sweep technology that monitors interest rates daily and automatically reallocates funds among a client's own bank accounts to secure the highest yield while maximizing FDIC-insurance coverage.
PierceMatrix	Creates a unified defense against cyber-security threats by sharing threats, learning hacker locations, and making security recommendations.
Pay Your Tuition	Leverages its propriety technology platform to help low and moderate income students increase their prospects for private funding and to help address the growing funding gap for college tuition due to rising higher education costs.
Social Alpha	Applies large-scale machine learning and natural language processing to online news and social media sources to deliver real-time analysis of social media activity that is likely to affect financial markets.
Ufora	Leverages sophisticated algorithms and hardware infrastructure to automate the expensive engineering required to work with large datasets, enabling analysts to address real-world complexity and answer a firm's most important questions in seconds instead of months.
<b>Class of 2014</b>	
Enigma	Provider of a technology platform to manage large datasets from multiple sources across a variety of formats. Enigma links a client's private data with its own database of billions of data points from 5,000+ domestic and international public sector sources. Initial customers are in financial services and pharma.
Kasisto	A white-label intelligent virtual personal assistant that makes it dramatically easier for consumers to access mobile banking on the go. Kasisto is the most recent spin off from SRI International, the birthplace for the Internet, computer mouse, electronic banking and SIRI.
LMRKTS	Offers a more modern version of portfolio compression – a means for Sellside, Buyside, CCPs and end-users to optimize their counterparty risk in any market or payment system with fungible assets and liabilities.

<b>Company</b>	<b>Company Description</b>
Pymetrics	Uses neuroscience and big data to revolutionize career assessment and recruiting.
Revolution Credit	Provider of software-as-a-service (SAAS) behavioral data and analytics platform for consumer credit decisions. RevCredit uses gamification and financial literacy tests to identify upwardly-mobile customers who will perform 1 - 2 credit risk bands higher than their current credit score.
Standard Treasury*	Helps banks harness the power of developers and developer ecosystems by building, hosting, maintaining, and supporting white-labeled and co-branded developer platforms for banks worldwide. Acquired by SVB in Aug. 2015.
<b>Class of 2013</b>	
Centripetal Networks	Provides a breakthrough , network-based cyber security appliance (RuleGate), security applications and services.
Dashlane	Enables keyboard-less checkouts, registrations and logins by using advanced real-time semantic analysis to autofill webpage forms.
Inktank*	Helps organizations fully leverage the transformative power of open source Ceph to decrease storage costs, increase operational flexibility and free themselves from restrictive and expensive proprietary storage systems. Acquired by Red Hat for \$175M (May 2014).
Narrative Science	Creates human insight at machine scale. Its patented Artificial Intelligence platform, Quill, automatically analyzes data and produces narratives that are contextually relevant, personalized and actionable.
OpenFin	Enables financial services firms to use the latest HTML standards to deploy high-performance, interactive trading applications.
ScrollMotion	Offers mobile solutions for businesses across industries that help companies create, deploy and manage content by transforming sales, marketing and training into powerful apps.
<b>Class of 2012</b>	
Bill Guard*	Online bill monitoring and resolution management provider, serving consumers, merchants and the financial services community. Acquired by Prosper in Sept. 2015.
Centrifuge	Enables customers across industries to dramatically improve discovery time, reduce cost and the risk of fraud and security threats with big data analytics.
Digital Reasoning	Develops software that automates understanding and analytics for unstructured data such as emails, documents and social media.
EidoSearch	Allows financial professionals to generate new trade ideas and discover relationships spontaneously, by using the data itself as the search query.
True Office*	Creates data-rich mobile games that help companies reduce risk and save money, transforming mandatory compliance training into a fun, intelligible and quantifiable experience. Acquired by Intercontinental Exchange in November 2014.
Visible Market	Deconstructs the blizzard of daily market data via powerful mobile visualization screens.
<b>Class of 2011</b>	
Aqumin	Builds 3D visual interpretation software for the financial services industry.
CB Insights	Assesses the health of private companies with publicly available information through its Mosaic software.
Hanweck Associates	Offers high-performance, real-time analytics and risk products to the financial industry.
Lenddo	Empowers emerging market users to access credit by enabling them to use simple tools to calculate their credit worthiness and connect with interested lenders.
Syphr	Provides credit management and financial optimization applications that help banks engage customers and prospects. Company is no longer operating.
Zipmark	Building a combination of web-based payment infrastructure and applications for leading mobile platforms.

\* Acquired

# NY Digital Health Accelerator



The New York Digital Health Accelerator is a program run by the Partnership Fund for New York City and the NY eHealth Collaborative for growth-stage digital health companies developing cutting edge IT solutions in patient engagement, care coordination, telehealth, population health and behavioral health tech. The five-month program is unique in that entrepreneur participants are nominated and selected by the NYDHA Mentor Network of NY State's leading healthcare provider organizations. Their senior level executives – along with our strategic investor syndicate and entrepreneurs-in-residence – provide participants with product feedback and mentoring.

## Sponsoring Health Care Institutions:

Aetna, Allied Physicians Group, Central New York Health Home Network, CIRCARE, Greater Buffalo United Accountable Healthcare Network, Healthfirst, Memorial Sloan Kettering Cancer Center, Montefiore Health System, Mount Sinai Health System, NewYork-Presbyterian Hospital, Northwell Health, NYU Langone Medical Center, Rochester Regional Health, Sachs Policy Group, SBH Health System, Visiting Nurse Service of NY

## Sponsoring Investors:

Deerfield Management, Milestone Venture Partners, New Leaf Venture Partners, Partnership Fund for New York City, Safeguard Scientifics

## 2015 Program Highlights:

- Two key changes were made to the 2016 program to reflect an interest at our provider partners in seeing a more targeted set of digital health companies:
  - All applicants had to be nominated by one of the sponsoring providers, payers or VCs.
  - Growth stage companies with existing pilots/customers, rather than early stage, were targeted.
- Healthfirst joined as a sponsoring health care institution.
- The 2016 Program kicked off on September 13 with a launch event hosted by Medidata Solutions.
- The program will run from September 2016 through January 2017, concluding with Demo Day that will be hosted by PWC.

## Portfolio Company Highlights:

- Post program, 21 graduates have created over 160 jobs and raised ~\$230M in financing. Recent financings include:
  - MedCPU (*Class of 2013*) in March 2016, raised \$35M in a Series C preferred stock from University of Pittsburgh Medical Center (UPMC).
    - UPMC also invested secondary capital to secure control (>50%) of the Company through a tender offer to existing shareholders. NYDHA tendered its holdings of Series B Preferred Stock and its warrants to purchase common stock and received a positive return on its \$300K investment.
  - Noom (*Class of 2014*) in March 2016, raised \$8.5M in a Series C preferred stock round led by Samsung Ventures.
  - Aidin (*Class of 2012*) in February 2016, closed on a \$460K Series AA3 preferred stock round led by an angel, John Graney with Entami Corp. and Berggruen Holdings participating.

## NYDHA Program Graduates

Company	Company Description
<b>Class of 2016</b>	
BMIQ	Delivers evidence-based dietary and behavioral interventions for diabetes prevention.
Diameter Health	Improves healthcare quality and efficiency through clinical intelligence by offering targeted, proprietary solutions to health providers so they can avoid penalties and succeed in an era of health reform.
eCaring	A comprehensive home care management solution that provides actionable, real time healthcare information from the home.
Healthify	Helps payers and providers deliver on the promise of value by addressing the social determinants of health.
Somatix	A behavioral modification software platform, utilizing real-time interventions based on data gathered from standard wearables.
Spring	Uses machine-learning to dramatically improve behavioral healthcare.
<b>Class of 2015</b>	
Dorsata	Building software that streamlines care pathway development, consumption, and distribution - reducing waste and inefficiencies while improving patient safety and quality of care.
iVEDiX	Provides solutions for healthcare and other verticals, differentiated by its highly configurable visual analytics platform called miVEDiX which gives users the ability to drag, drop, and otherwise interact with their data in a variety of ways.
OffTheScale	A chronic disease, affordable health management platform which has shown to slow, stop and reverse the progression of chronic diseases.
Parable Health	Provides tele-monitoring and analytics for wound care. Parable helps provide more effective measuring, monitoring, and managing of wound patients to improve outcomes and reduce cost.
Teladietitian	Convenient, cost effective and efficient telehealth solution for nutrition counseling that provides high quality medical nutrition therapy consultations via a HIPAA compliant video, chat and phone portal.
Wellth	Allows payers and ACOs to maximize the value of every dollar spent on the care of high cost chronic disease patients.

<b>Company</b>	<b>Company Description</b>
<b>Class of 2014</b>	
AllazoHealth	Predictive analytics company that solves the problem of medication non-adherence for ACOs, hospital systems, payers, and PBMs.
Clinigence	Provides transformational clinical business intelligence that empowers healthcare providers to successfully transform from volume to value-based payment through real-time measurement of clinical quality, patient outcomes, and total cost.
Covertix	Empowers healthcare organizations to protect and control confidential data shared between patients, healthcare professionals, hospital networks, and 3rd party vendors.
iQuartic	Systematically structures and exploits electronic health records (EHRs) for analytics to enable evidence based and outcome driven care, creating real-time feedback loops for providers.
Noom	Develops mobile software that helps people live healthier.
Quality Reviews	Builds proprietary software to help healthcare provider organizations capture and analyze real-time patient feedback via its flagship product, RateMyHospital®.
Sense Health	Healthcare technology company offering a mobile care management platform that engages patients through interactive care plans.
<b>Class of 2013</b>	
ActualMeds (f/k/a AdhereTx)	Supports team-based medication management and reconciliation for high risk patients taking multiple drugs to reduce drug related hospitalization and re-admissions.
Aidin	Helps patients make the right choice for post acute care by providing them with ratings and reviews on local rehab centers and nursing homes.
Avado*	Allows clinicians and patients to securely communicate, track and manage health information, centralizing data from electronic health records and making it usable for all stakeholders. Acquired by WebMD in 2013.
CipherHealth	Follows up with patients over mobile technologies to ensure they follow discharge instructions, helping hospitals reduce preventable readmissions and avoid government penalties.
Cureatr	Provides a messaging system that integrates with directory, scheduling and paging systems to improve communication and coordination of care among doctors and other care providers within a hospital.
MedCPU	MedCPU technology reads and analyzes notes written by physicians in electronic medical records (EMR) to alert physicians of any deviations from clinical, best practice protocols. NYDHA exited this investment in March 2016 as part of an investment and tender for shares by the University of Pittsburg Medical Center. Return on investment for NYDHA was 2.4x and the IRR was 31.5%.
Remedy Systems*	Remedy Systems' key product unites all stakeholders involved in continuum of care through a secure mobile and web-based platform. Acquired by Remedy Partners in 2013.
SpectraMD	Real time data integration, analytics and reporting solutions for healthcare organizations to track key performance indicators in financial, operational, clinical, utilization and satisfaction domains. SpectraMD is reducing readmissions for heart failure, heart attack and pneumonia.

\* Acquired

# BioAccelerate



Program goal: to increase the number of biomedical commercial spin outs coming out of New York's world class academic institutions and to spur business and job creation in the bioscience sector. The program fills a critical gap in proof-of-concept and early stage funding for the sector in New York City. A panel of experienced VC judges approved investments and each researcher/company that received funding was paired with an industry mentor who provides guidance on commercialization and company formation.

In 2014, the Partnership Fund was selected by New York State to manage \$4M from its Innovate NYS Seed Fund program. Those funds were targeted at life science companies in New York City, with first priority given to recipients of BioAccelerate Phase I funding and to companies that presented at past Emerging Technology Summits organized by the Partnership Fund. As of December 2015, all the InnovateNY funds have been invested in 5 companies, including 12% in a low income neighborhood.

A total of \$15M is committed to this program, which includes \$5M for Phase I and \$10M for Phase II (which includes InnovateNY funds). There are two types of funding:

## Phase I

- Between 2010 and 2015, the Partnership Fund received 210 applications from 15 non-profit academic research institutions and awarded \$4.8M to 20 scientists. Final awards were made in late 2015. The program will not be renewed since many of New York City's academic institutions have established internal proof-of-concept funds. A number of these are modeled on the BioAccelerate Program.
- Each researcher was awarded up to \$250,000 to complete proof-of-concept research in the form of a grant with participation. Our funding was expected to be the last funding needed before commercialization.
- Spin out companies of BioAccelerate awardees have raised \$40 million in angel and venture funding.

## Phase II

- Up to \$1.5M per company to help launch an early stage company, structured as equity or a hybrid investment. Our funding must be matched by a minimum of up to \$500K (1:2 match).
- To date, we have invested \$4.7M (\$2.3M from Innovate NY and \$2.4M from BioAccelerate Phase II) in 7 companies.

## Program Highlights

Of the 20 scientists who received Phase I funding:

Research Ended/Milestones Not Met	3	15%
Research Underway	6	30%
<u>Research Ended/Milestones Met</u>	<u>11</u>	<u>55%</u>
<i>Companies Formed/Money Raised</i>	6	30%
<i>Companies Formed/No Money Raised</i>	3	15%
<i>No Activity</i>	2	10%
<b>Total</b>	<b>20</b>	<b>100%</b>

The BioAccelerate Phase II investments include:

- January 2014: Repairogen (Weill Cornell)
- April 2014: Dual Therapeutics (Mt. Sinai)
- July 2014: Bionic Sight (Weill Cornell)
- May 2015: EpiBone (Columbia)
- July 2015: Rgenix (Rockefeller)
- November 2015: Tara Biosystems (Columbia)
- December 2015: Celmatix (Weill Cornell)

## Phase I Recipients

Researcher	Mentor	Focus of Research
Julio Aguirre-Ghiso <i>Mount Sinai School of Medicine</i>	David Present <i>President, Pansend Life Sciences</i> Cherine Plummer <i>Managing Director, Pansend Life Sciences</i>	Oncology – Therapeutics 2016
Zaghloul Ahmed <i>CUNY</i>	Frank DeBernardis <i>Co-founder of Nascent Enterprises</i>	Central Nervous System – Devices 2011
Michelle Bradbury <i>MSKCC</i>	Jerry Korten <i>Entrepreneur and former CEO of Versamed</i>	Oncology – Diagnostics 2011
Anne Bresnick <i>Albert Einstein</i>	Linda Hogan <i>Executive in Residence of Care Capital</i>	Oncology – Therapeutics 2010
Ramanuj Dasgupta <i>NYU School of Medicine</i>	Edward Garmey <i>Chief Medical Officer of Cerulean Pharmaceuticals</i>	Oncology – Therapeutics 2012
Evripidis Gavathiotis <i>Albert Einstein</i>	Ariella Evenzahav <i>U.S. Head of Market Research, Takeda Oncology</i>	Oncology – Therapeutics 2016
Andreas Hielscher <i>Columbia</i>	David Present <i>Life Sciences Entrepreneur; Physician</i>	Vascular Optical Tomographic Imaging Devices 2014
Kent Kirshenbaum and Michael Garabedian <i>NYU School of Medicine</i>	Tony Caggiano <i>Vice President, Acorda Therapeutics</i>	Oncology – Therapeutics 2016
Kalle Levon <i>Polytechnic</i>	David Shaw <i>Managing General Partner of BlackPoint Group</i>	Infectious Diseases – Diagnostics 2010
Chuanju Liu <i>NYU</i>	Annarie Lyles <i>Managing Director at Bio-Gist Ventures</i>	Rheumatoid Arthritis – Therapeutics 2010
Suzanne Maher <i>Hospital for Special Surgery (HSS)</i>	Frank DeBernardis <i>Founder/CEO of Nascent Ventures</i>	Muskuloskeletal – Devices 2012
Sheila Nirenberg <i>Weill Cornell</i>	Milena Adamian <i>Director of Life Sciences Angel Network</i>	Ophthalmology – Devices 2011
Michael Ohlmeyer <i>Mt. Sinai School of Medicine</i>	Laura Philips <i>Board Member at Delcath Systems</i>	Oncology – Therapeutics 2012
Mark Philips <i>NYU</i>	Colin Freund <i>Chief Business Officer at Agennix AG</i>	Oncology – Therapeutics 2011
Brent Stockwell <i>Columbia</i>	Edward Garmey <i>Chief Medical Officer &amp; SVP of Cerulean Pharma</i>	Oncology – Therapeutics 2010
Alexander Travis <i>Weill Cornell Medical College</i>	Jerry Korten <i>Entrepreneur and former CEO of Versamed</i>	Genito- Urinary – Diagnostics 2012
Gordana Vunjak-Novakovic <i>Columbia</i>		Orthopedics – Therapeutics 2011
Judah Weinberger <i>Columbia</i>	Arikha Moses <i>Entrepreneur in Residence at The Vertical Group</i>	Kidney dialysis – Devices 2010
Howard Worman <i>Columbia</i>	Christian Kopfli <i>CEO of Chromocell</i>	Cardiovascular – Therapeutics 2010
Ming-Ming Zhou <i>Mt. Sinai School of Medicine</i>	Ariella Evenzahav <i>U.S. Head of Market Research, Takeda Oncology</i>	Oncology – Therapeutics 2014





Launched in 2008, NYCSeed was one of the first institutional seed funds focused exclusively on New York City-based companies. Between 2008 and 2014, NYCSeed invested \$3.4M in 30 early stage companies and 3 SeedStart incubator programs, and also provided mentorship from notable entrepreneurs, technologists and venture capitalists to help entrepreneurs move from idea to product. NYCSeed is a public-private partnership between the Partnership Fund, NYU/Polytechnic, Empire State Development who collectively invested \$5.2 million, as well as non-profit ITAC. NYCSeed was fully invested as of mid-2014.

NYCSeed's initial focus was to support early stage digital media enterprises. As seed funding for consumer tech in New York City increased, NYCSeed shifted its focus to B to B and enterprise software companies which now account for 65% of the total portfolio. NYCSeed's SeedStart accelerator program, launched in 2010, was the city's first seed stage program for early stage media and enterprise tech enterprises. Its success spurred the launch of several new accelerator programs in New York City, including Techstars, Dreamit and the Partnership Fund's FinTech Innovation Lab.

NYU Polytechnic's investment in NYCSeed was one of a series of initiatives the school launched between 2008 and 2010 to better connect their students and faculty to New York City's entrepreneurial community. NYCSeed's managing director, Owen Davis, participated on NYU Poly's committee that integrated I2E (Innovation, Invention and Entrepreneurship) into the curriculum. He has also taught an intensive course (in both New York and Abu Dhabi) for students interested in launching their own companies.

## NYCSeed Portfolio Companies:

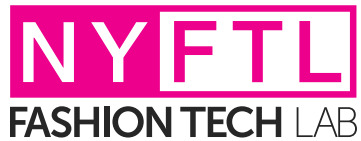
- Amicus
- Bench Accounting
- Bounce Exchange
- ClothesHorse\*
- Contently
- CourseHorse
- DataDog
- Eachscape
- Enigma
- Enterproid\*
- Fieldlens
- Infinio
- Little Borrowed Dress
- Magnetic
- NYC SeedStart (2010, 2011, 2013)
- Olapic (Seedstart 2011)\*
- Overlap
- Panvidea\*
- Path 101
- Placevine\*
- powhow
- SeatGeek
- SeeMe
- Somolend\*
- This Life\*
- Ticketfly\*
- Tout
- Ufora/Broad Street
- Valign
- Visual Revenue\*/  
Outbrain
- Zeel
- Zipmark

\* Acquired Companies

## Program Highlights

- NYCSeed portfolio companies have raised over \$638M in follow on financing, with four portfolio companies raising funding in 2016: Bench Accounting, CourseHorse, Enigma, and FieldLens.
- One of the participants of Seedstart 2011, Olapic, was sold to Monotype in July 2016 for \$130 million; Seedstart's \$20K investment yielded \$2.525M in cash proceeds for Seedstart of which NYCSeed was one of the five funds.
- NYCSeed portfolio companies have created over 1,250 jobs, of which 730 are in New York City.

# NY Fashion Tech Lab



The Partnership Fund launched and operated the NY Fashion Tech Lab (NYFTL) in 2014 and 2015 in partnership with Springboard Enterprises. At the conclusion of the 2015 program, the program was spun off to Springboard Enterprises who will continue to run the program in New York City and will also recognize the Partnership Fund as a co-founder. The Partnership Fund retains a small warrant coverage in each of the participating tech companies.

Modeled on the FinTech Innovation Lab and Digital Health Accelerator, the NYFTL is an annual program for early stage companies developing cutting edge technology products targeted at fashion and retail enterprise customers. Over the course of the initial two years, 14 fashion/retailers sponsored the NYFTL, providing mentorship from senior executives and \$20,000/annum in financial support. Through a competitive process, senior executives from these sponsors determined which companies were accepted into the program. The tech companies had the opportunity to refine and beta test their technology products in New York City with the participating retailers. There was also a group of 24 venture and business mentors who worked with the technology companies.

## **Retail Sponsors:**

Alex and Ani, Ann Inc., Bloomingdales, Coach, The Estée Lauder Companies Inc., Fossil Group, Inc., Global Brands Group, J. Crew, Kate Spade & Company, Li & Fung, LVMH, Macy's, Ralph Lauren Corporation, VF Corporation

## NYFTL Program Graduates

Company	Company Description
<b>Class of 2015</b>	
42 Technologies	Helps retailers identify ways to drive growth, reduce markdowns and optimize store operations by consolidating, normalizing, and visualizing complex data sets.
Cloth	Creates a virtual closet to allow a user to organize outfits, get dressed for the weather and see what others are wearing. Company in process of winding down.
Customer Engaged Pricing	Allows customers to name their price using a pricing platform integrated with a retailer's loyalty program.
Dropel Fabrics	Creates hydrophobic fabrics that repel liquids and stains while maintaining the softness and breathability of natural cotton.
InSparq*	Helps retailers instantly market and merchandise their trending products through display ads, email marketing and on-site recommendations. Acquired by Adiant owner of Adblade, the largest content-style native advertising platform on the web, in July 2015.
SKU IQ	Provides real-time inventory data through integrated offline and online systems that help retailers streamline their omni-channel strategy by syncing POS inventory and ecommerce site.
Sundar	Connects creative professionals with quality materials and qualified vendors globally using a collaborative platform.
Switch Embassy	An illuminated e-textile hardware to software platform that is scrunchable and washable.
<b>Class of 2014</b>	
Clothes Horse*	Helps online shoppers get the right size and fit using customer data and predictive algorithms. Acquired by Fits.me Holdings Ltd. in December 2014.
Nineteenth Amendment	A marketplace for fashion designers to showcase and sell their designs through an interactive, crowdsourcing model. Designers sell directly to shoppers pre-production and collect real-time demographic & sales data.
Perch Interactive Inc.	Uses interactive in-store digital displays to provide retailers and brands with data they can use to learn more about their customers and the effectiveness of their media.
Stylinity	Enhances the customer experience both in-store and online, using appropriate channel-specific technologies to seamlessly tie together all parts of omnichannel shopping.
Stylesage	Delivers real-time and predictive data analytics to fashion retailers and brands via a SaaS subscription platform to support key business decisions from pricing, design, and production to marketing, post-sales analysis, and foreign market entry.
Stylit	Patented styling platform that unites machine-learning with the artistry of real stylists. Users receive contextual head-to-toe recommendations tailored to their tastes and needs.
Suddenlee	Seamlessly connects online shoppers with the stores and brands they love. Shopping logistics technology enables Suddenlee to purchase all items on shopper's list from any boutique or department store in New York City and deliver next-day in a single box. Company currently dormant.
Trendalytics	Measures how consumers resonate with merchandise trends by identifying and synthesizing product attributes across social chatter, search behavior and shared images to reveal the most relevant insights that are actionable for merchandising and marketing teams.

\* Acquired

# Acknowledgments

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NYDHA CTOs, CIOs and CMOs  
NYDHA Chaperones

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Michael Laskoff  
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Tom Olenzak  
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# How Artificial Intelligence Could Catch Stock Market Cheaters

By Reuters

*Fortune*

Published: October 25, 2016

## **A new job for machine learning software: market surveillance.**

Artificial intelligence programs have beaten chess masters and TV quiz show champions. Next up: stock market cheats.

Two exchange operators have announced plans to launch artificial intelligence tools for market surveillance in the coming months and officials at a Wall Street regulator tell Reuters they are not far behind. Executives are hoping computers with humanoid wit can help mere mortals catch misbehavior more quickly.

The software could, for instance, scrub chat-room messages to detect dubious bragging or back-slapping around the time of a big trade. It could also more quickly unravel complex issues, like “layering,” where orders are rapidly sent to exchanges and then canceled to artificially move a stock price.

A.I. may even sniff out new types of chicanery, said Tom Gira, executive vice president for market regulation at the Financial Industry Regulatory Authority (FINRA). “The biggest concern we have is that there is some manipulative scheme that we are not even aware of,” he told Reuters. “It seems like these tools have the potential to give us a better window into the market for those types of scenarios.”

FINRA plans to test artificial intelligence software being developed in-house for surveillance next year, while Nasdaq and the London Stock Exchange Group (LSE) expect to use it by year-end.

The exchange operators also plan to sell the technology to banks and fund managers, so that they can monitor their traders.

Artificial intelligence is the notion that computers can imitate nuanced human behavior, like understanding language, solving puzzles or even diagnosing diseases. It has been in development since the 1950s and is now used in some mainstream ways, like Siri, an application on Apple’s iPhone

that can engage in conversation and perform tasks.

While financial firms are already applying artificial intelligence software for everything from compliance to stock-picking, it is only starting to become useful for market oversight.

“We haven’t really let the machines loose, as it were, on the surveillance side,” said Bill Nosal, a Nasdaq business development executive who is overseeing its artificial intelligence effort.

## **50 Billion Events**

Market surveillance generally relies on algorithms to detect patterns in trading data that may signal manipulation and prompt staff to investigate. But the sheer volume of data can lead to an overwhelming number of alerts, many of which are false alarms.

FINRA monitors roughly 50 billion market “events” a day, including stock orders, modifications, cancellations and trades. It looks for around 270 patterns to uncover potential rule violations. It would not say how many events are flagged, or how many of those yield evidence of misbehavior.

The machine learning software FINRA is developing will be able to look beyond those set patterns and understand which situations truly warrant red flags, Gira said.

Machine learning is a subset of artificial intelligence in which computers figure out new tasks without having been programmed to do so. In the case of market surveillance, that would mean the computers “learn” which trading patterns lead to enforcement charges, in order to flag the right ones.

FINRA plans to test the new tool next year alongside its existing systems to compare the results.

The regulator has already moved its surveillance systems to Amazon.com web-based cloud, giving it more computing power to quickly analyze massive data.

Nasdaq is working with cognitive computing firm Digital

Reasoning, which it invested in earlier this year.

LSE has teamed up with IBM's Watson business and cybersecurity firm SparkCognition to develop its AI-enhanced surveillance, Chris Corrado, chief operating officer of LSE Group, told Reuters in an interview. Watson has become something of a household name, having bested contestants in the game show "Jeopardy" in 2011.

### **Trader Integrity**

The technology would not necessarily prevent events such as the 2010 "flash crash," when the Dow Jones Industrial Average temporarily plunged more than 1,000 points. However, it could be quicker to catch manipulative behavior thought to contribute to them, potentially saving market watchdogs time and money.

FINRA, Nasdaq and LSE would not provide specific figures for how much the software costs to develop or how much money they expect it to save.

For instance, investigators spent years cross-referencing trading data with old electronic communications to make their case against a group of global banks whose traders were rigging foreign exchange benchmarks. Nasdaq said the software it is testing with Digital Reasoning and other financial firms could do that task almost in real time.

Artificial intelligence startup Neurensic on Wednesday launched a tool that creates an "integrity score" for traders based on how their trading patterns match up against patterns regulators have deemed suspicious. "To have that information in terms of running your business more efficiently or proactively avoiding regulatory troubles is huge," said David Widerhorn, the firm's chief executive.

Neurensic has also worked with regulators on market-manipulation investigations and is in talks with two exchanges on supplying artificial intelligence software for surveillance, he said.

# Brooklyn's New Lab Is an Inventor's Paradise

How an abandoned building in the Brooklyn Navy Yard became a hub for pioneering startups

By: Elliott Krause

*The Wall Street Journal*

Published: October 17, 2016

Today's Manhattan rents act like a moat, keeping out inventors with big ideas and tight budgets. But thanks to a \$30 million renovation (a mix of public tax credits and private investment), an abandoned building in the Brooklyn Navy Yard was transformed into New Lab, a sprawling, 84,000-square-foot collaborative workspace designed to foster innovation in robotics, aerospace and energy.

The inventors' playground opened last month with 41 growth-stage companies, all of which have access to a product-development team, four prototyping labs with 3-D printers and a woodshop. The table saw is not exactly new technology, but this batch of innovators—unlike many of their West Coast counterparts—is building more than apps. New Lab tenants create tangible goods: a Hot Wheels-size robot that inspects municipal pipes for gas leaks; a floating shelf that harnesses magnetic energy to levitate out from the wall. BioLite's smokeless stove, which converts excess heat into electricity, was originally designed for charging campers' smartphones, but it's now being exported to the developing world—where pollution from indoor cooking kills more than four million people a year. To build prototypes and tweak design, these inventors need access to multimillion-dollar machinery that no bootstrapped startup could afford on its own.

At New Lab, StrongArm Technologies, which builds "ergoskeletons" to protect factory workers and other manual laborers, can 3-D print a prototype, show it to the full-time development team and incorporate its feedback into the next design—effecting a one- or two-day turnaround for a process that would otherwise take weeks. New Lab has even lured established companies like Honeybee Robotics, a 33-year-old space-technology firm that builds robots for NASA that have been to Mars. Not bad for a borough best known for its craft beer and thrift shops.

# Can Giving Prisoners Android Tablets Save Taxpayers Money?

By John Bonazzo

*Observer*

Published: October 5, 2016

The U.S. prison system is absolutely massive—more than two million Americans are currently in jail, and 40 percent of inmates return to prison within three years. This also takes an economic toll—\$74 billion in U.S. taxpayer money is used annually to offset correction costs for America’s 2.2 million prisoners (who represent 22 percent of the entire world prison population).

But can a New York City tech startup help solve these problems using just an Android tablet?

American Prison Data Systems (APDS) has patented a digital solution for U.S. corrections departments. By providing inmates with services like educational e-books and webcasts of college classes, the company hopes to make prisons safer, help municipalities save money and improve inmate outcomes by reducing recidivism.

“When they are released, they can make better decisions and reintegrate into society,” Chris Grewe, founder and CEO of APDS, told the *Observer*.

APDS is a public benefit corporation, which means that its goals include positive impact on society and the environment, not just making a profit. The company is incorporated in Delaware because of the state’s famously liberal incorporation laws.

The customized Android tablets APDS distributes to prisons are very rudimentary, and thus inexpensive. Each one has six basic functions: a recreational reading library, a digital law library, an electronic dropbox for documents like the inmate handbook, a messaging platform for prisoners to communicate with personnel like nurses and teachers, a Digital Learning Platform and a Distance Learning Function.

The final two sections put APDS’ educational mission into practice: the Digital Learning Platform enables prisoners to study different subject areas (including foreign languages) at a managed pace. This section also features educational TED Talks—APDS is the exclusive provider of TED Talks in the

correctional space.

The Distance Learning Function lets inmates go outside the jail by connecting them to community college classes via video conference—they can even get course credit.

Each tablet can be customized so that inmates can read in the format most comfortable for them—books are available in different languages, and there is also an audiobook option.

All APDS content is also curated and filtered so that prisoners can’t log onto social media or entertainment websites.

“There’s no Twitter or Facebook, and you can’t watch porn or even football,” Grewe pointed out.

APDS-approved webpages are even posted on a private drive to increase security.

“We’ve had three and a half million man hours of use, and no inmate has gotten onto a page they weren’t supposed to,” Grewe said. “That means safety for the inmates, safety for the correctional officers and safety for the public.”

Indeed, the use of digital books and educational tools helps decrease violence in the prison itself.

“You cannot hide a razor blade in a digital book,” Grewe said. “Corrections officers don’t need to be searching the library anymore.”

This decrease in disciplinary action leads to cost reductions for corrections departments that use APDS—each tablet costs about \$1,000, but Grewe estimates that in the long run municipalities can save between \$3,000 and \$5,000 per inmate

The company has partnered with penitentiaries in Indiana, Texas, Virginia and Pennsylvania—and since APDS was founded in New York City, there is a program for young adults serving time at Rikers Island as well.

“Most jails would love to provide education to inmates and keep them constructively engaged for a longer portion of the

day, because a prison is a very hard place to run a school,” Grewe said. “Rikers is a remote location without a lot of classrooms and teachers, but we want to help these juveniles who are having their first and hopefully last experience with the criminal justice system. We want to make a difference in the whole world, but we want to start in our own backyard.”

A representative for the New York City Department of Corrections did not reply to a request for comment..

Grewe said that APDS’ ultimate goal, at Rikers and beyond, was to help every person incarcerated in the United States find educational resources that will help them succeed once they’re released.

“Let’s run a prison system that works, rehabilitates people and gives those who deserve it a place to succeed,” he said.

# If You Haven't Texted a Banking Chatbot Yet, You Will Soon

By: Amber Murakami-Fester

*Time*

Published: October 4, 2016

## **Say goodbye to those annoying automated menus.**

Text a question like “What’s my credit card debt?” or “How much did I spend on gas this month?” and the friendly answer comes within seconds.

“Let’s see,” it begins, before listing the requested information.

This is a banking chatbot, a software program that understands and responds to questions and commands about your bank account. It’s like your bank’s customer service representative — powered by artificial intelligence.

This one is named MyKai and was released by artificial intelligence software company Kasisto in June. Any question you ask sends the bot to your transaction history for an answer.

“You can ask whatever you want, any time you want,” says Dror Oren, Kasisto’s vice president of product. “You’re not limited to the features that appear on a list of buttons and menus.”

With chatbots, learning about our finances will be quicker, more convenient, and, oddly, maybe a little more human.

## **Time for a chat**

Customers can use the chatbot to track their finances when they create a MyKai account. Connecting it to their bank’s online account will let the bot see and read only their transactions. It can transfer money if it’s connected to a separate Venmo account. Users won’t have to download a new app — the bot operates out of Facebook Messenger, Slack or text, which customers can select through the MyKai account.

Kasisto has also partnered with the Royal Bank of Canada and DBS Bank in Singapore to provide those banks with chatbot technology, which will debut later this year. Bank of America is collaborating with Facebook Messenger to release a chatbot platform by the end of 2016.

## **Making Connections**

The banking industry expects other institutions to follow suit.

“Just as all banks have apps, all banks will have bots,” says Jake Tyler, CEO of banking chatbot company Finn.ai.

The chatbot industry is in the early stages. Both Oren and Tyler expect the market to initially be cluttered with low-quality bots that might misinterpret some texts.

But eventually, bots will become so sophisticated people won’t be able to tell them apart from humans, says Steven DeLaCastro, head of the digital banking program at Cognizant, a technological consulting company.

People like engaging with an active voice over a passive one, DeLaCastro says, meaning it’ll be more fun to talk to a robot that “listens” to what you say than respond to an automated menu you might encounter in a phone call to the bank. “The interaction seems more human-like and even fulfills an emotional need.”

For customer service representatives at banks, it means less time spent answering questions about your total balance, and more time handling more complex tasks.

And for customers, it might be a break from automated menus.

# New Lab, a Brooklyn hub for future manufacturing, opens for business

The huge workspace, which took over a former shipbuilding site, seeks to catalyze a new generation of high tech business

By: Patrick Sisson

*Curbed*

Published: August 31, 2016

It once launched warships during both World Wars, a gritty manufacturing hub that could have served as the backdrop for *Rosie the Riveter*. But the array of colorful cubicles, reserved black paint, and 3D printing machines now inside the this waterfront site suggest at least this portion of the Brooklyn Navy Yard has been renovated for the high-tech era.

The New Lab, a new 84,000-square-foot manufacturing site, stands as both an optimistic view on the future of industry and New York City's most recent big bet on economic development. Originally built in 1902 as a shipbuilding facility, the space, which officially opens on September 24, offers some obvious symbolism; amid a forest of curated indoor plants, a fancy cafe featuring the work of up-and-coming chefs, and multihued work stations for laptops, the rugged cranes from decades past, which used to haul ship part, hangs overhead. Whether it can live up the the hype and expectations remains to be seen.

The selling point, according to David Belt, the developer behind this massive public-private partnership, is providing the kind of connections and shared resources that make software startups successful to new, high-tech manufacturing companies. New Lab provides space to a curated list of firms working in hardware, robotics, connected devices, nanotechnology, artificial intelligence, and smart city tech (as part of the Urban Tech NYC program), offering differing degrees of membership, from access to shared workspaces to permanent offices (studio spaces range from 1,000 to 10,000 square feet).

"Hardware is difficult to do anywhere, and especially in New York," says Belt. "Something like a makerspace or a hacker space doesn't provide enough for these companies."

Belt, who runs the Macro Sea development company, first saw the site in 2011, a massive empty shell, and thought this space could be both preserved and utilized for today's workers. He was inspired by the multidisciplinary ideals of famous schools such as Bauhaus and Black Mountain College, seeking to create a collaborative workspace that doesn't look like a stale, Silicon

Valley stereotype. Designed with Marvel Architects, New Lab makes a deliberate nod to the past with its vast chasm of open space that bisects the building; maintaining the original layout of a shipbuilding hub makes things less efficient, but also makes a better case for historic preservation tax credits.

In addition to working in a space with peers in the tech and hardware worlds, New Lab's other big advantage for companies is the expensive shared workspaces, including fully-stocked wood and metal shops, CNC machines, digital lathes, and a huge 3D printer from a German company called BigRep that can print full-size furniture. Founders and designers get a high-end shop with all the gear they need for prototyping and testing out ideas, ideally allowing for quicker ideation and innovation, according to Belt.

Many of the tenants, who moved in earlier this summer, echo that sentiment. Francis Bitonti, founder and President of Studio Bitonti, a design firm that focuses on high tech manufacturing, says he was attracted by the caliber of talent at New Lab. He had been leasing another space in New York, but after spending a few months in the new Brooklyn facility taking advantage of the millions of dollars worth of high-tech equipment for testing and prototyping, he canceled lease on the other space.

"Not every idea you have works, but at New Lab, at least I have the ability to test things out," he says. "This places gives me room to play."

Sean Patterson, the CEO/Founder of StrongArm Technologies, which develops ergonomic robotics meant to assist industrial workers—think a harness-like exoskeleton that allows workers to carry heavier devices longer—also feels New Lab can help foster growth in New York's manufacturing economy at large. Producers such as StrongArm that make specialized, limited-run products don't benefit as much from the economies of scale that often send business to China, and instead need quick, efficient, and local work-for-hire. His team often contracts out work to machine shops and other businesses in New York and



New Jersey, and he sees other New Lab tenants doing the same thing.

The space also seems comfortable, despite the mammoth dimensions, and relatively quiet, even with the cavernous, 70-foot-tall ceilings (engineering firm Arup consulted on sound design). The main floor contains banks of colorful cubicles amid the building's black steel frame, as well as a cafe and lounge (done up in curvy, '70s-era Italian furniture and a custom infinity mirror bar). The second and third floors contain additional workspace and studios, with similar splashes of color. Typing away on a cubicle on the second floor, it can feel like working inside a college football stadium during off season.

Of course, the idea of this space is to not only support existing jobs, but to create many, many more by giving new companies space to expand and survive post-startup growing pains. The city hopes New Lab can help it meet its lofty goal to create 15,000 jobs in the Navy Yards by 2020, and gave plenty to the effort/ The 10-month redesign cost roughly \$30 million, \$12 million of which was public support and tax credits from the city and state.

Currently, 27 firms work at New Lab. Full capacity will be between 50 and 60 firms, and Belt expects to expand into other buildings on the Navy Yard site in the near future. Belt pointed to some of the other massive structures in the Navy yards and explained that this additional empty space will hopefully be filled by companies that "graduate." New Lab helps them become growth stage companies.

"We want to be a catalyst for a whole range of industries that support the firms here, such as design and advertising," says Belt. "New York is never going to be able to compete on cheap wages, but as manufacturing becomes more locally distributed, we can absolutely compete in terms of innovation and design."

# Meet the Fast-Growing Company That Wants to Make the Web More Polite

Bounce Exchange Named Inc. 5000's Fastest-growing Software Company

By: Tess Townsend

*Inc. 5000*

Published: August 19, 2016

You visit a website for the first time and right away you get a request for your email address. You're tempted to flee. After all, do you really want to give some random site your information? You've only just met.

New York's Bounce Exchange wants to give you a reason to stick around. The behavioral automation software and analytics provider is on a mission to make the internet more polite. By analyzing user behavior--for instance, from where someone enters a site and the amount of time he or she spends there--Bounce Exchange wants to maximize conversion. In other words, it wants to help you turn consumers into customers.

"The reality is our clients are in business to do business, so they have things they want people to do," says Bounce Exchange co-founder and CEO Ryan Urban. The trick, adds Urban, is to help consumers have a better experience online by tailoring websites to their behavior.

For someone browsing the web, the tactics might seem obvious, but in a marketing world still fueled by competition for mere views, this puts the company, which also goes by BounceX, ahead of the pack. The strategy is also starting to pay off. The company's revenue ballooned to more than \$15.7 million last year, up from \$107,216 in 2012. By 2018, it expects to bring in more than \$100 million in annual revenue.

If you ask Urban what's behind his company's growth, you'll get a boilerplate response: "It's been very organic, mostly client driven." The company's first client was online retailer BustedTees. It now counts about a dozen Fortune 500 companies as customers, as well as dozens of popular internet retailers and eight of the world's 10 largest publishers.

However, Rob Enderle, founder of Bend, Oregon-based Enderle Group, says there's something more tectonic afoot. Bounce Exchange has tapped into a market that's only just now emerging, says the technology industry analyst. The marketing world still largely revolves around views and clickthroughs of

ads and websites, but companies are starting to think more about conversion.

The reasons are plentiful, says Enderle, noting that conversion--for instance, signing a new subscriber or triggering a sale--leads to actual money coming in. While some companies promise ad views, a company like Bounce Exchange is promising a return on investment. "In theory, the money you pay to them, you get a hard return on," he says.

What Bounce Exchange does specifically is monitor where site traffic comes from--examples being ads, Google searches, and social media--and what customers do on websites. Someone who stays on a news site for an extended period reading multiple articles may be prompted to share his or her email address or pitched a paid subscription, for example, while someone who reads half of one story and then leaves might simply be served an ad.

Another example: A credit card offer that comes with the perk of 20 percent off of a purchase won't be offered to the person who spends only \$20. It might instead go to the person making a \$200 purchase.

Urban got the idea for the company in 2010 while attending a three-day digital marketing analytics seminar as an e-commerce consultant. He said it was clear to him that the instructor didn't know what he was talking about when the lecture turned to conversions.

"So I stopped listening and started thinking: 'What was the real problem that needed to be solved?' It started with a simple question: If you had the power to know precisely when people were bouncing [leaving a site], what would you do with it? I dragged my friend out of the class right there and told him I was starting a company," Urban recalls later in an email. "I spent the rest of the seminar with my headphones on fleshing out the idea."

Urban's high energy and wide-ranging attention span carries into how he runs his now 200-person company. Each morning,

Urban walks a lap around his company's office and says hello to each staffer. It's a demonstration of the type of energy Bounce Exchange looks for when it hires.

"Everyone here talks a mile a minute," he says, inserting a quick, rhythmic "da-da-da" imitation of conversation flow. "I can't keep up with the brains of some of the people here."

Enderle couldn't, off the top of his head, think of a company that focuses exclusively on conversion as Bounce Exchange does, though he did suggest that larger analytics firms such as Salesforce offer the service. Still, Bounce Exchange has an edge in these relationships because it's small and nimble--making it faster to adapt and respond to customer needs than larger shops, says Enderle.

This is also indicative in some of the challenges Bounce Exchange faces. Marketing departments can be slow to change, says Enderle. "It's always hard fighting the status quo, and this company is fighting the status quo."