High Tech Rochester and Venture Creations fuel growth
Written by Bennett Loudon staff writer
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Without the business incubator at High Tech Rochester’s Lenox Tech Enterprise Center in Henrietta, Jeff Helfer might have moved his company, Diffinity Genomics to another city.

“When you think about biotech, you think about super-clusters that exist in Boston, Philadelphia, southern California, places like that,” said Helfer, whose company makes a special kind of pipette tip for DNA researchers.

“If High Tech Rochester wasn’t there, even though we have a relationship with the University of Rochester, I would probably think about relocating to one of those super-clusters,” he said.

Helfer’s company is just one example of dozens of firms that have been nurtured in Rochester-area business incubators and assisted by the region’s network of programs and resources that have become an important tool for local economic development.

Results to tout

Since 2003, 18 companies have “graduated” from the Venture Creations incubator operated by Rochester Institute of Technology. In the past three years, companies from the incubator have created about 330 jobs, said Bill Jones, director of Venture Creations.

Venture Creations, a 37,000-square-foot facility, recently celebrated the graduation of six companies — Exiscan, OptiCool Technologies, Sweetwater Energy, Tenrehte, ThingWorx and Vnomics — that have created 86 jobs so far.

Those companies participated in Venture Creation’s Clean Energy Incubator program, which was created in 2008 with a $1.5 million grant from New York State Energy Research and Development Authority.

“I don’t think we’re going to be the savior of Rochester, but if you’re looking at a payback, or return on investment, five years from now the combined revenue of those six companies will exceed $100 million, and that’s on an investment by NYSERDA of $1.5 million,” said Jones.

“Is that going to save Rochester? No, but there ain’t many groups that can be in a position to tout that,” he said.

20-year mission

Duncan T. Moore, vice provost for entrepreneurship at the University of Rochester, said the climate for new businesses in the Rochester area is “probably the best its ever been.”

“There’s a pretty good recognition that the future of this community is going to be based on entrepreneurship and innovation and not on big business,” Moore said.

“Changing an economy around, as we’re having to do in Rochester, from a big business orientation to small business and entrepreneurship, is a 20-year mission. It takes a generation. And I think we’re seven, eight years into that mission,” Moore said.

High Tech Rochester, which has operated the 50,000-square-foot Lenox Tech Enterprise Center facility since 1997 and the 40,000-square-foot Rochester Bioventure Center since 2007, has graduated 72 companies, including 12 that have been acquired by other companies. High Tech Rochester currently has 20 clients, including 14 tenants and six affiliate clients, who don’t use space at the incubator but take advantage of the incubator’s resources.

James Senall, president of High Tech Rochester, said about 65 of the 92 companies, including the ones that have been acquired, are still operating. That’s a success rate of about 71 percent, which far exceeds the chances for startups who go it alone. Surveys generally show that startup companies outside of an incubator setting have a
success rate of about 10 percent to 30 percent, Senall said.

Senall admits the exact amount of jobs created by companies at his incubators is unknown, but a recent survey put the number at 694.

“The problem is privately held companies don’t like to give out information. We ask for jobs, we ask them for revenues, we ask them for investment and other things. They don’t like to give that out,” said Senall.

And once companies have been acquired it’s impossible to get a response, he said.

Entrepreneurial ecosystem

High Tech Rochester’s target clients are technology companies with anticipated annual revenues of at least $10 million. Venture Creations works with companies in fields that relate to programs at RIT.

Venture Creations puts a three-year limit on how long a tenant can stay. High Tech Rochester doesn’t have such a deadline. Incubator tenants pay rent, but it’s less expensive than market rates.

Both incubators provide all the resources necessary to run a business, such as meeting rooms, printers, and Internet access.

Plus, they help with business plan development, introductions to potential investors, and access to college students to help with market research. The incubators also have existing relationships with local companies to provide technical assistance such as engineering and design work.

The success rate for startups at incubators may be higher because those companies are carefully screened before being admitted. Last year, for example, High Tech Rochester interacted with 259 entrepreneurs. They didn’t all apply, but only 11 were admitted.

In addition to requiring potential annual revenues of $10 million, High Tech Rochester officials check to make sure companies have patents and legal rights to intellectual property needed for the business to succeed.

And they determine whether the entrepreneur is open to accepting advice and being coached.

The incubators are just a portion of what Senall calls the local entrepreneurial ecosystem that also includes SUNY Brockport’s New York State Small Business Development Center, the Technology Farm incubator in Geneva, Ontario County, SCORE, a small business education and mentoring program, plus an array of networking groups, research academic programs at local universities and investment firms.

David Pillischer has been so impressed by the resources available in the Rochester area that he is not only a tenant at the High Tech Rochester incubator, but he plans to soon move to the Rochester area instead of making a weekly 300-plus mile commute from his home near Hackensack, N.J.

Pillischer hopes to start manufacturing a braille embossing machine that blind and visually impaired students and professionals can use to take notes during classes and meetings without distracting others.

“Before this, braille writers were either difficult for a child to use, or very noisy, and it drew a lot of attention to a blind student. It would disrupt the class,” Pillischer said.

“The business is going to be located here. We’re going to manufacture here, and we’re going to use as many businesses as we can in this area to make all the parts and everything necessary to produce this.” said Pillischer.