SILICON SQUARE

NYU BECOMES A VENTURE CAPITALIST FOR HOMEGROWN TALENT

by Kevin Fallon / CAS ’09

It was a science fair of sorts, but with no tiny volcanoes and no biology teacher awarding blue ribbons. The students, crammed into the bright Henry Kaufman Management Center auditorium on West Fourth Street, were burgeoning entrepreneurs from seven NYU schools participating in the university’s first technology expo, an offshoot of the newly launched NYU Innovation Venture Fund. They showcased their information-technology ideas—among them a networked water-testing device for disaster relief and a “dark flash” for low-light photography—to an audience of more than 100 investors, venture capitalists, tech experts, and fellow start-up entrepreneurs offering feedback and advice.

Set to dispense its first investments this spring, the fund seeks to commercialize research, technologies, and discoveries by NYU students and faculty with a $20-million venture-capital pool headed by managing director Frank Rimalovski. It makes the university a venture capitalist, investing in its own community’s research, ranging from biotechnology to computer software. “We’re looking for technologies that are addressing a measurable need with a team that can make that happen,” Rimalovski says. A sum of $2 million from the sale of an undisclosed IT company spun out of research conducted at the Courant Institute of Mathematical Sciences launched the fund, and donors are supplying the rest. Like any other venture capitalist, the fund wants to invest in startups—about six per year—that will generate a financial return to be reinvested in the fund, making it evergreen and self-financing. If the fund has net returns, donors may direct excess proceeds within NYU or toward the university-approved project of their choosing.

In years past, NYU has had much success in tech transfers—that is, in creating a legal entity within the university and then transferring ownership to another company. In fact, it has been the top university in technology licensing, beating out both MIT and Stanford in income from such transfers.

But, according to Rimalovski, those schools excel at—and NYU and New York City lag behind in—creating a group of locally based start-ups. He points to their legacy of entrepreneurship and strong ties to their communities: The legendary Sand Hill Road, for example, Silicon Valley’s hub of venture companies, forms the northern border of Stanford University’s campus. Rimalovski plans to capitalize on the university’s position in the city. “Entrepreneurship is really an industry that is newer to New York, and ties are not as deep and entrenched as they are at an MIT or Stanford,” Rimalovski says. “I’m trying to create some of that connective tissue.”

In order to be competitive with the other major entrepreneurial universities, the fund will supplement its start-up funding with a network of support. Beyond the initial investment—ranging from $100,000 to $1 million—Rimalovski will offer introductions to service providers such as law and PR firms, connections to other entrepreneurs and investors, incubators, staff, recruiters, and other tools that will create the early infrastructure for the companies and help launch their businesses. He’s modeling a mentorship program after one at MIT and plans to work closely with student clubs in the Leonard N. Stern School of Business, with the idea of fostering a new community.

One young alumnus, Dennis Crowley (TOSA ’04), co-founded the location-based social networking site Dodgeball while a student in the Tisch School of the Arts’ Interactive Telecommunications Program. In 2005, Crowley sold Dodgeball to Google and has since developed the even more popular “check in” service Foursquare. Stern student Trevor Owens (STERN ’11) made national news for his GoGo Chinese, an iPad and iPhone app that teaches Mandarin to children. Rimalovski hopes to use these examples to inspire others.

The ultimate goal for the fund is to create what Rimalovski calls the “virtuous circle,” an entrepreneurial culture that attracts like-minded students and faculty as well as more resources for research. One priority so far has been to get that message out to the NYU community. “I recently had a meeting with a faculty member at the med school, and he whips out the press release for the Venture Fund,” Rimalovski recalls. “He points at it and says, ‘Before I read this, I didn’t even know I was allowed to do that.’ That’s the mind-shift change we’re driving here. Letting people know that entrepreneurship is permitted, supported, and encouraged.”