

NEW YORK CITY

Building a Start-up Hub in Midtown Manhattan

An Interview with Howard P. Milstein,
Chairman and Chief Executive Officer, New York Private Bank & Trust



Grand Central Tech, a start-up incubator at 335 Madison

EDITORS' NOTE Howard Milstein, Chairman and CEO of New York Private Bank & Trust (NYPB&T) and its operating bank, Emigrant, is the third generation to lead the Milstein family business and philanthropic activities. An entrepreneurial builder of innovative companies, Milstein is a leading figure in local, national and global affairs. In addition to NYPB&T, Milstein chairs and operates the Milstein family's real estate companies and is an investor and partner in numerous entrepreneurial ventures.



Howard P. Milstein

In the philanthropic arena, Milstein is Chairman of the New York Blood Center (NYBC), the American Skin Association, and the Milstein Medical Asian American Partnership Foundation (MMAAP Foundation). He is a Trustee at Cornell University, an Overseer of Weill Cornell Medical College, and remains active at Harvard Law School on the Dean's Advisory Board. He also serves on the board of the National September 11th Memorial, and on the Nicklaus Children's Healthcare Foundation Board. Milstein has received numerous awards, including the 2008 Entrepreneur of the Year award from Cornell.

COMPANY BRIEF Developed in conjunction with the Milstein family, Grand Central Tech (GCT) is New York City's flagship technology accelerator, designed to support start-ups and entrepreneurial ambition by leveraging the city's competitive advantages. Overlooking Grand Central Terminal in Milstein office space that once housed Facebook's New York headquarters, GCT shortens the path to success and sustainability for the city's premier start-ups, generating lasting benefits for the broader economy.

You recently created what has become New York City's foremost tech accelerator, Grand Central Tech, at your million-square-foot office building, 335 Madison. Why so much interest in this area?

We have been building our portfolio of tech investments for some time, with a focus on fostering innovation in New York City. We believe in the importance of young entrepreneurs to the New York City economy and our real estate community, and in the role technology plays in our nation's economy as a whole. I believe the most powerful force on the planet is the American private sector, which is now being led by tech companies. All we need to do to confirm this is to look at the list of companies with the highest market capitalizations – they are mostly technology companies. Twenty

years ago, these companies barely existed, and they certainly didn't dominate lists of publicly traded entities.

How does a successful business executive begin to invest and lead in this area?

It starts with an understanding of how technology users now collaborate and network differently, combine ideas more fluidly, and fully integrate technology into the fabric of their personal and professional lives. Successful investing in this arena must start with the consumer and his or her needs, and then work back

to the technology. Working with my son Michael on these efforts, for example, allows us to bring a diversity of skills, experience, and understanding of new technology, which leads to success over the long term. Michael has taken the lead for us in many of these investments.

How has he done that?

First, he began to form relationships in Silicon Valley with the people he felt most comfortable with. He has nurtured our relationship with Cornell NYC Tech, the new applied technology campus in New York City, and has taken the lead as Chairman of our tech accelerator, Grand Central Tech, working closely with his co-founders, Matt Harrigan and Charlie Bonello.

How did Grand Central Tech come to be, and what are your goals?

The goal of Grand Central Tech is to help foster a tech start-up culture in Midtown Manhattan. When a floor in one of our office buildings, 335 Madison, which had housed the New York offices of Facebook, became available, we decided it would be the perfect site to create an incubator. Michael and his co-founders came up with a different vision for the accelerator, one focused on providing the ideal launchpad for entrepreneurial success.

How is Grand Central Tech different from traditional incubators?

Unlike traditional incubators, Grand Central Tech takes no equity in the companies selected and charges no rent for the entire first year. GCT is solely focused on the runway for start-up success. For the companies that succeed, we have additional office space in the building to meet their needs. We also can assist in financing and other support for these growing ventures as they move past the incubator stage. In this way, we are sowing the seeds for a new tech scene in Midtown Manhattan: close to the established finance, media, and global corporate enterprises so important to long-term success.

The proximity to established companies – whether it's the top banks, media conglomerates, or corporate headquarters – brings enormous benefits to these start-ups.

To that end, Grand Central Tech has developed a strong group of corporate partners, including Google, PepsiCo, Microsoft, JPMorgan Chase, Goldman Sachs, IBM, Verizon, and L'Oréal.

What is the role and focus of these partners?

Grand Central Tech has carefully assembled a prominent group of strategic advisors who are instrumental in selecting each class of start-ups, providing guidance, and shaping the program. Whether in tech, finance, telecommunications, or consumer products and retail, GCT's corporate advisors all have a wealth of experience and deep connections throughout their respective industries. GCT companies are not just creating tech for the tech community but building partnerships with entities that will form the core of the global economy for many years to come.

What are GCT's key priorities in achieving its goal to help foster a tech start-up culture in Midtown Manhattan?

Under the direction of Michael and his co-founders, GCT's goal is to attract best-of-breed New York start-ups focused on transforming industries. The ideal entrepreneur is savvy and accomplished enough to want to preserve equity and initial capital by gaining admission to GCT. Grand Central Tech provides an extensive package of free perks and services, including access to an in-house recruiting team to source premier talent and a broad network of interested VCs and angels. Grand Central Tech also has a proven track record of increasing the diversity of start-up culture.

How successful has GCT been since its founding?

Our accelerator has now chosen their third cohort of 19 companies for 2016-2017, selected from more than 1,000 applicants. This new class builds on the momentum and excellence of the previous GCT classes, which collectively have raised about \$90 million in financing and increased headcount by approximately 80 percent. In keeping with GCT objectives, across three classes, nearly two-thirds of GCT companies have been founded by either a woman, a veteran, or a person of color. Through the leadership and guidance of Michael and his GCT team, we're creating a new class of New York-based technology entrepreneurs – with a diversity of founders representative of the vibrancy of the New York City economy. ●