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Silicon Alley: A Big Splash with Little Flash

New York's strong tech sector has gone uncharacteristically unnoticed.

If one were to walk down Ninth Avenue in New York City, one could stand squarely in front of Googleplex East's front doors and not know they were at the feet of Web giants. The building is entirely devoid of Google icons, from its signature red-blue-yellow-green logo to the much fawned-over foosball tables and Razor scooters within

It is precisely this anonymity that Sara Garretson, president of ITAC (the Industrial and Technology Assistance Corporation), a nonprofit economic development organization, considers one of the reasons that New York City is just not known as a tech town.

"Google says they now have 1,000 employees in their NYC office and 400 are technologists. Anywhere else, they'd be in a big building with a sign on the door and everyone would know that Google is there. But in New York, they do not," said Garretson.

She added that in high-rise buildings, it's easy to be anonymous and it makes it difficult for people to comprehend the scale of the tech sector in New York City.

A new report makes an effort to describe exactly what that scale is, and surmises that it is towering. New York City's technology sector was 226,000 strong in 2004, and its metropolitan region, which covers southern New York and northern New Jersey, has nearly 620,000 technology workers, or two and a half times as many as Silicon Valley and nearly twice as many as Boston.

New York City's tech sector is thriving, found the ITAC-commissioned report, "Buried Treasure: New York's Hidden Technology." It's just uncharacteristically quiet for a city better known for big names like Wall Street and the bright lights of Broadway.

"Some of the best technology is the technology that you don't see. It's really embedded in New York, from Tiffany's to the Botanical Gardens. We're just a little more quirky here," technology program director for ITAC, Franklin Madison, told eWEEK.

New York's tech sector lacks recognition, something the report hopes to fix as it tries to accurately measure the city's technology sector by counting heads at big names with outposts in Manhattan such as Google, Microsoft and IBM, and by looking at embedded employees as well, from R&D departments at hospitals to IT departments at large stores.

The city's tech sector is hidden not only by a lack of signage and chest-thumping, but also by the fact that it's a giant among giants.

"We have a large presence of extraordinarily large global companies that tend to dominate our landscape, from business to media. And rightfully so, in the cases of Goldman Sachs, JPMorgan,

Pfizer and other Fortune 500 companies that call New York home," said Garrettson, explaining why tech headquarters tend to go unnoticed in the Big Apple.

The tech sector in New York is also different from that of Silicon Valley, and is better characterized by heads buried in research work in cubes of giant office towers than by IT gurus sitting around a coffee shop, kicking around the next big thing.

"You have invisible products being created here. Employees are quietly working on new technologies through R&D. It just doesn't get the noise that the new iPod does, but I can guarantee that some of the research that goes into them is done there," said Madison.

While Silicon Valley grew organically from its manufacturing roots, Silicon Alley joined an already-bustling business environment, having no choice but to be where the action is.

"Technology is here because it's close to the marketplace. New York's technology business is all about getting products and services out to the marketplace. They may not be creating a competitive product to Windows, but they're adapting and linking up advertising and financial services," said Garrettson.

This proximity to the marketplace was also the biggest draw for the companies that set up shop in New York City.

"Both in our survey and in our work with tech companies, proximity to markets and clients was the absolute number one reason they wanted to be here. They could find their customers and deal with them on a one-to-one basis," said Garrettson.

The marketplace these companies are drawn to is fueled in many ways by the work force.

"Larger firms said they were drawn here by a skilled labor force," Garrettson said. "If you ask Google why they chose New York—their facilities here are only second in size to those in California—they said it is because of the labor pool. And the labor pool is here because it's a great place to live."