

The New York Times

September 9, 2007

Andrew Adam Newman

Peeking Into Cubicles to Find a Wealth of Tech Workers

New York is a major player in many realms, but when it comes to high technology, it is often dismissed as minor league. An article in Popular Science magazine in 2005, for example, rated New York 39th among high-tech cities, behind Milwaukee (31st). Minneapolis/St. Paul topped the list. But a new report says that New York actually has more high-tech workers than meccas like Silicon Valley and Seattle, and that it is just a matter knowing where to look for them.

The report, "Buried Treasure: New York's Hidden Technology Sector," does something that research institutes and magazines that rate cities rarely do: Along with counting heads at innovation leaders with outposts in Manhattan, like Google, Microsoft and I.B.M., it counts the high-tech workers it says are "embedded" in other sectors, like research and development departments at Memorial Sloan-Kettering Cancer Center and Tiffany & Company.

Do the math that way, and the New York Metropolitan Statistical Area, which covers southern New York and northern New Jersey, has nearly 620,000 technology workers, two and a half times as many as Silicon Valley and nearly twice as many as Boston.

"This is not a city where you drive down the street and see buildings with technology firms' names on them," said Sara Garretson, president of the Industrial and Technology Assistance Corporation, a nonprofit economic development organization that commissioned the study, which was conducted by Mt. Auburn Associates and Bayer Consulting. "We may have Google with 400 jobs, but they're in a building with no signage."

But if Google's workers are low-profile, the Web designers and systems analysts tucked into cubicles at financial services companies like American Express, Goldman Sachs or JPMorgan Chase are nearly invisible. Still, Ms. Garretson said that "a thread that runs through all those jobs is that they have specific skill sets and play specific roles in our companies, and they should be considered part of our technology sector."

For the study, which is to be released tomorrow, researchers surveyed executives at more than 180 New York companies that rely heavily on technology. The 47-page report recommends steps to foster growth, like creating an Office of Science and Technology Enterprises within the mayor's office and starting a "branding" effort to attract talent and financing to start-ups.

But such image campaigns are "gimmicky," said Russell Hancock, chief executive of Joint Venture: Silicon Valley Network, a nonprofit regional planning group based in San Jose, Calif.

"We're the only place in the world that's not trying to become Silicon Valley," said Mr. Hancock, who pointed out that a region in Ireland calls itself the Silicon Bog, and that before the dot-com bubble burst in 2000, a section of Lower Manhattan was sometimes called Silicon Alley. He added that Silicon Valley made it possible for New York to even try to achieve high-tech superiority.

"The technology we've invented here has introduced mobility to the work force, so that with a laptop and a phone you can work anywhere," Mr. Hancock said. He is not, however, relinquishing

the notion that his region — headquarters to companies like Hewlett-Packard, Apple and Yahoo — reigns supreme.

“Place still matters,” he said. “What’s in the Silicon Valley is a critical mass, just this dense, fibrous network of innovators, of technology people bumping into each other like molecules in a gas.”

Money matters, too. In the first half of this year, \$4.9 billion was invested in high-tech firms in Silicon Valley, compared with \$828 million in the New York region, according to data published by PricewaterhouseCoopers and the National Venture Capital Association. More than a quarter of the world’s venture capital is invested in Silicon Valley.

Ms. Garretson said prospective investors often look askance at technology start-ups that choose to operate in New York.

“Certainly there are firms here who, when venture capitalists come in, are advised to go to a community that might have a lower cost base or be perceived to be more of a center for a particular industry,” Ms. Garretson said. “The venture capitalists say, ‘Why don’t you move to Boston?’ Or, ‘Maybe you need to be in California because that’s where the action is.’ What we want to say is, ‘Hey, the action is here.’ ”