



VISTA 2025 Goal 4:

Establish an innovation culture that supports entrepreneurship and business growth

VISTA 2025 Goal 4 Team Meeting

June 16, 2016

Meeting Notes

Team Members Attending: Ed Breiner, Larry Brotzge, Guy Fardone, Terence Farrell, Lou Kupperman, Marnie McCoy, Mark Trabbold

Also Attending: Marybeth DiVincenzo, Mary Fuchs, Mike Grigalonis, Gary Smith, David Sciocchetti

Terence Farrell

Opened the meeting and welcomed those in attendance and invited all to introduce themselves. Noted the misspelling of his name and asked for any other comment on the meeting notes for the march 31, 2016, Goal Team 4 meeting. None were received.

David Sciocchetti

Presented an article from 1985 that described Chester County as the high tech area for the Philadelphia region. Questioned whether that was still true and where we stood today.

Guy Fardone

Commented that we are not Silicon Valley and added that there was significant competition for recognition as a tech area today. Suggested that are further along than we are perceived to be. Described it as a public relations issue.

Lou Kupperman

Asked if that assessment was based on critical mass.

Guy Fardone

Responded that there was no hard data to support his position but his perception of how the local area sees itself. Described the region as a “hip” area but recognized that it was often seen as Philly centric. Mentioned iPipeline as an example of a company that is significant in the tech community but gets no real local press.

Gary Smith

Noted that he was there for the Reagan visit that was part of the WSJ Chester County article. Commented on how Bill Rouse created a new image and new look structures that attracted the tech community. Note that we now need to prepare for the next generation of tech companies.

Mark Trabbold

Stated that Philadelphia was “hot” and that Chester County could not compete directly with the city because there are things that the county can’t offer. Asked who will come to Chester County and suggested that focus should be on those companies already here and possibly companies from Delaware.

Larry Brotzge

Suggested that Chester County did not fizzle out but that other areas emerged and laid claim to the tech mantle. Suggested that we should focus on what is unique about Chester County.

Marnie McCoy

Suggested that Chester County was now more of a mature economy and that start-ups want to be in the city. Added that lack of transit is somewhat of a challenge.

Terence Farrell

Agreed that access and transportation is important but noted the critical mass of bio-pharma and IT companies in the county. Added that West Chester provides some of the “hipness” of downtown.

Guy Fardone

Stated that we will not be able to compete directly with downtown. Suggested that we look to the “30 somethings” who may be ready to leave the city.

Larry Brotzge

Thought that West Chester might be able to compete for start-ups but agreed that we should focus on Philly companies that “grow up”. Suggested a theme of “when you grow up, come to Chester County”.

Mark Trabbold

Argued that Philly provides a 24/7 culture that provides proximity to lots of things to do that allows for a mix of work and play.

David Sciocchetti

Questioned whether we should talk directly to start-up/tech companies making location decisions.

Marybeth DiVincenzo

Argued that we need more data to drive the next stage of entrepreneurship efforts.

Terence Farrell

Asked if the Take the Pulse survey shed any light on this question.

Mike Grigalonis

Reported that the survey confirmed that most of the respondents were located in Chester County because their business started here or because their CEO lives here. Added that he noted a significant millennial presence on a 4:30 PM trip from the Malvern station to Philadelphia.

Terence Farrell

Wondered whether a survey of similar train riders might shed some light on the larger issue.

Larry Brotzge

Suggested that one approach might be to assume a \$500,000 marketing budget and go through the exercise of deciding how you would allocate it in terms of target markets. Added that start-ups are the seeds of the future.

David Sciocchetti

Noted that a county marketing theme was actively being discussed by the Goal 3 team.

Lou Kupperman

Noted that the division into goal teams allows for more focus but does sometimes put the goal teams into silos. Asked how we should present ourselves from a marketing perspective. Suggested that we should analyze advantages and disadvantages and focus our marketing on the advantages. Noted that West Chester University was on the verge of becoming a major asset to these efforts and that West Chester was the epicenter of our ability to attract that who want walkable downtown environment with a range of amenities. Suggested that we may well be better than we think we are.

Guy Fardone

Commented that we do not need a major focus on capital because money will follow opportunities.

Mark Trabbold

Suggested that the other suburban counties are our real competition, not center city.

Lou Kupperman

Noted that we are part of the Philadelphia region, which provides challenges for standing out as a county.

Terence Farrell

Suggested we look to our strengths and noted that there is a great deal of innovation going on in the agriculture industry.

Guy Fardone

Added that innovation is everywhere noting that there are several “internet of things” companies in the West Chester area.

Lou Kupperman

Asked what are the names of the new tech giants in the county to rival those of the eighties.

David Sciocchetti

Added that the giants of the eighties “banged the drum” for the tech industry in Chester County and asked who is doing that today.

Larry Brotzge

Suggested that a script may be needed that makes the case for Chester County as a place to grow your company.

Gary Smith

Suggested that Guy Fardone and EvolveIP might be one of them.

Guy Fardone

Responded that because I live here and believe in the county, I was part of the effort to keep EvolveIP in Chester County. Added that he continues to believe in the opportunities and the future of the county. Discussed a Silicon Valley unofficial club called the Cuckoo’s Nest which is a quasi-social networking opportunity that brings

together many leaders of the tech community in the valley. Suggested this as a possible approach for Chester County. Noted that you can't put people in a room and tell them to innovate.

Marybeth DiVincenzo

Turned the team's attention to the Penn State Rev Up initiative. Described it as part of a system wide concept that Penn State Great Valley received \$50,000 to implement. Focused on faculty and students development of prototypes using university equipment. Designed to help vet new ideas in a manner that goes beyond just an academic approach. Includes a Lion's Cage competition similar to the Shark Tank concept and an entrepreneur's in residence component. Added that they were partnering with CCEDC and I2n.

Mark Trabbold

Commented that Penn State had a great location and a great shop in terms of equipment.

Mary Fuchs

Added that one element of the program scheduled to launch in September was to bring in entrepreneurs from the community to use the equipment to develop their prototypes.

Mark Trabbold

Suggested that this kind of "maker's space" was something not available in other counties.

Mary Fuchs

Briefly described the Tech 360 event and some of the challenges associated with it.

Guy Fardone

Commented that it was a good idea but that holding a large event and charging to attend may not be the best model. He suggested a more organic approach based on more frequent events and less formal structuring to establish consistency. Argued for a stop by and visit style that creates that "cool/hip" vibe similar to the model of Walnut

Street Labs. Suggested that Tech 360 could be the culmination of a series of these smaller events/activities.

Lou Kupperman

Mentioned the West Chester film festival as an example of an organic approach. Questioned whether we get “meetinged out” and wondered if we should focus on one or two top priorities.

Terence Farrell

Asked what it would take to bring together like minded people to discuss key entrepreneurship/technology topics. Suggested using the county’s craft breweries as a venue.

Marybeth DiVincenzo

Noted that Walnut Street Labs was a marketing success but that it needed a stronger administrative support network to succeed over the longer term.

Mary Fuchs

Briefly described the Liberty Valley Initiative as a group that supports entrepreneurship but that does not have a fixed base of operations.

David Sciocchetti

Raised the topic of non-dilutive capital and provided a few examples.

Terence Farrell

Mentioned Levante Brewing as an example of a company that started with funding from friends and family and ended up meeting their four year projection in one year.

Terence Farrell

Noted that this was Mary Fuchs last meeting and thanked her for her work on building an entrepreneurial community in Chester County.

Marybeth DiVincenzo

Noted that CCEDC will be looking for a full time person to take on the role previously filled by Mary.

Noted that bio-pharma was significantly featured in VISTA 2025 and asked about the current status of the bio-pharma start-up activity in Chester County.

Stacy Martin

Described some of the issues and challenges being faced by the Innovation Center at Eagleview (ICE), which was operating as a life sciences incubator. She noted that ICE was approximately 12,000 square feet in total with lab areas ranging from 800 square feet to 1,800 square feet. She stated that currently there are 7 tenants at ICE using both lab and office space.

She pointed out that “small” is a relative term indicating that some companies only need some bench space. She also stated that there were some building and zoning concerns that had to be addressed with companies sharing lab space.

She further noted that there were economic challenges to operating ICE. She stated that the Hankin Group was currently subsidizing ICE as the revenue generated was not yet covering all of the expenses. She suggested that part of the problem was that start-up tenants were sometimes challenged to pay rent even though it was structured to allow only one total payment per month. She added that a shared lab was being added in April that they hoped would help the ICE tenants. She noted that only two of the seven labs at ICE were currently available.

Ms. Martin also indicated that it appeared that there was less start-up activity in the life sciences/bio-pharma area in the recent past for reasons that were not clear.

Chris Fiorentino

Asked for clarification of the issues with the township.

Stacy Martin

Responded that standard building codes typically required demising walls between tenants in a multi-tenant building.

Lou Kupperman

Noted that this was a typical zoning/subdivision/building code issue that added to the challenge of creating incubator space.

Marybeth DiVincenzo

Stated that there were typically three aspects to business incubators – real estate (space), services and management. She noted that incubators are not necessarily the best real estate deals but they do help grow companies.

Ms. DiVincenzo also noted that the Ben Franklin Technology Center (BFTC) has historically seen about one-third of its start up in the life sciences/bio-pharma sector.

David Sciocchetti

Noted that the Chester County Planning Commission had initiated a task force to look at the impact of regulatory issued on the ability to adapt existing buildings and sites the changing market demands.

Larry Brotzge

Asked where life science/bio-pharma companies were going.

Stacy Martin

Indicated that Bucks County was one destination and the University City Science Center was another. She described two companies from Boston that ended up in New Jersey as a result of funding availability.

Larry Brotzge

Asked if there were any other locations in Chester County for start-up life sciences/bio-pharma companies. He added that these types of companies find space where they find it given their specific needs.

Mary Fuchs

Noted that ICE was the only life sciences/bio-pharma incubator in the county. Added that in 2012 there were effectively no incubators/accelerators or co-working spaces in Chester County. By 2016 there were 8 and 3 virtual start-up locations.

Ms. Fuchs highlighted the BizTract facility in Malvern, a co-working space located in a former doctor's office that seeks to mentor start-ups.

Mark Trabbold

Indicated that the Amptech facility operated as a loss leader for the main use as a plasma applications technology company. This facility currently has 6-8 companies that pay no rent but provide equity options for the use of the space.

Mary Fuchs

Noted the importance of I2n as critical to building networks to support the start-up community.

Terence Farrell

Noted that the Artisan's Exchange in West Chester was another form of business incubator not focused on technology.

David Sciocchetti

Asked about using critical equipment to attract and assist incubator tenants.

Stacy Martin

Responded that it was possible but that there were regulatory issues and operations and maintenance cost issues that made it difficult.

Lou Kupperman

Noted that while individual locations may be in competition, the overarching goal is to grow young companies and I2n is a key piece of the integration of these efforts.

Mary Fuchs

Added that i2n has a mission to support start-ups in the region. She noted that i2n grew out of the combination of the Delaware County and Chester County Keystone Innovation Zone (KIZ) programs. She added that i2n manages the KIZ tax credit program for these counties. The KIZ tax can provide up to \$100,000 a year to qualifying area start-ups.

Marybeth DiVincenzo

Noted that the Ben Franklin Technology Center, Penn State Great Valley and Villanova University were part of the I2n merge.

Gary Smith

Commented that i2n (like other state KIZ programs) receives no administrative funding. This poses significant challenges for the long term future of the program.

Vince Liuzzi

Questioned whether the move of Walnut Street Labs from its location in West Chester was the result of a business model or real estate issue.

Mary Fuchs

Responded that it was both, noting that the storefront location added to the “buzz” but had a higher price.

Mike Ghobrial

Noted that co-working spaces in Philadelphia were beginning to cannibalize each other. Added that suburban locations including Norristown, Bridgeport and Conshohocken were better choices. Also described Liberty Valley Initiative as a forum for start-ups in the area. Noted that retail sites allow for social interaction and high visibility.

Terence Farrell

Questioned how a meet up approach is financially viable.

Mike Ghobrial

Responded that the goal is to reach out to entrepreneurs and get them to talk to each other. He added that using social media gets the word out and people just show up bringing many different concerns, questions and problems for discussion. One of the challenges with this approach is finding space to host the meet ups.

Chad Byers

Commented that that is the Southern California model. If you keep bringing people together someone will be able to help with your issue.

David Sciocchetti

Asked what it will take to build/strengthen this model in Chester County.

Mike Ghobrial

Responded that it is really hard to raise early stage money here. He added that space needs come later for software start-ups. He suggested that the critical issue is understanding what is actually happening. He offered the notion the West Chester is emerging as an “internet of things” hot bed with several companies in this field located there. He added that perhaps there was no real finger on the pulse of entrepreneurial activity in the county.

Lou Kupperman

Suggested that one takeaway was that we will need locations for entrepreneurial activities that are not driven by a for profit motivation.

Chris Fiorentino

Commented that it might be possible for specialized university equipment to be shared/used by entrepreneurs. He suggested that this was a concept that could be explored.

Mike Ghobrial

Noted that that engineering equipment that was installed at Penn State Great Valley for its new engineering program could be highly desirable.

Mark Trabbold

Suggested that some of this was happening in Philadelphia where places spring up and then die. He offered Benjamin's Desk as a model that seems to work.

Larry Brotzge

Stated that start-ups like to be near other start-ups. Asked who's here in Chester County. He added that Robin Hood has 35-40 members.

Chad Byers

Suggested that a virtual and variable model that would help Chester County become one of the "places to be".

Mary Fuchs

Noted that in prior years Tech-360 had been described as a tech summit. It has been somewhat modified to raise the profile of the county for "cool" companies that we don't know are here.

Keith Goldan

Suggested that Jane Hollings with NuPathe was working to bring capital to the region for the life sciences sector and could be part of this discussion.

He also noted an overlap between the county and the region. He suggested that attraction happened at the regional level but that we were responsible for creating a nurturing environment at the county level and collaborating with the rest of the region.

Mike Ghobrial

Commented that the same point had been raised in Philadelphia. Added that the Greater Philadelphia Chamber of Commerce had limited efforts in the suburbs and should be held more accountable for their lack of focus on the suburbs.

Terence Farrell

Thanked all for attending and adjourned the meeting.

