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**EMPIRE STATE DEVELOPMENT, UNIVERSITY OF ROCHESTER AND  
ASSEMBLYMAN MORELLE ANNOUNCE UPSTATE REGIONAL SEED FUND**

*Fund to expand New York's technological strengths and promote commercialization*

New York State will expand its technological strengths and promote the commercialization that leads to economic growth through a \$2 million pilot seed fund project. Empire State Development (ESD), the University of Rochester and Assemblyman Joseph D. Morelle today announced the creation of the Upstate Regional Seed Fund. Excell Partners Inc., a not-for-profit corporation formed in 2005 through an agreement with University of Rochester Medical Center, will use the grant funds to make equity investments in high-tech startups and emerging companies. Cornell University and Syracuse University will also provide direct in-kind support.

“New York State is on its way to becoming a universally recognized center of innovation,” said Governor David A. Paterson. “New York is home to world-class companies and universities, and the creation of this \$2 million seed fund will encourage commercialization activities and university-industry collaboration. The fund will provide pre-seed and seed-stage funding to New York State technology-based companies from university and research institutions in the Upstate Corridor, including Rochester, Buffalo, Syracuse, Ithaca, Corning and Albany, leveraging the critical private venture capital to compete in today’s economy. This is an important first step in developing seed-stage equity resources in New York State.”

“Today’s announcement supports New York State’s high R&D capacity, increases the amount of pre-seed and seed-stage funding for companies commercializing technologies developed upstate, and fosters high-growth and high-impact companies that will create quality jobs for our residents,” said ESD Chairman & CEO Dennis M. Mullen. “This seed fund has long been a priority of mine as it will aid in that critical goal of investment between the laboratory and the marketplace, resulting in the start-up enterprises that define the well-documented economic expansion of regions, such as Silicon Valley.”

The pilot seed fund project will use New York State Assembly discretionary funds, to be administered by ESD, in partnership with upstate universities and Excell Partners Inc. The original proposal for the project came out of Governor Paterson’s Task Force on Diversifying the

New York State Economy through Industry-Higher Education Partnerships. The Governor created the Task Force in May 2009 to examine how the state can better utilize its university-based research and development resources to drive economic growth. The Upstate Regional Seed Fund business plan was created by Excell Partners Inc., which has invested \$2.4 million in 21 new companies since its inception. The lead partner is the University of Rochester, which is committed to covering operating costs and has acquired support in the form of in-kind commitments from Cornell University and Syracuse University.

“Research universities are sources of innovation and scientific breakthroughs that can become the basis for new commercial ventures and, ultimately, regional economic growth,” said University of Rochester President Joel Seligman. “One of the primary obstacles that stand between these innovations and the marketplace is the dearth of investment capital necessary to get these ventures off the ground. Thanks to the persistence and vision of Assemblyman Joe Morelle and Empire State Development under the leadership of Dennis Mullen, early stage technology companies in Upstate New York will now have access to the financial resources necessary to foster their growth and contribution to the state’s knowledge-based economy.”

“New job growth in our state and region will depend on precisely this kind of partnership between the public, private and academic sectors,” said Assemblyman Joseph D. Morelle, D-Irondequoit, who authored a 2005 report calling for a new approach to statewide economic development policies. “Earlier this year, I announced 250 new high-paying jobs through a similar collaboration between ESD and Greater Rochester Enterprise, and I’m proud to play a role in laying the foundation for even greater success by providing early-stage seed funding for the innovation and research taking place at our great higher education institutions. Excell Partners, Dr. Seligman and Dennis Mullen should be applauded for their vision and dedication to improving the upstate economy.”

“This seed capital comes at a critical time for high-tech startup companies in Upstate,” said Excell Partners Chief Executive Officer Theresa Mazzullo. “New York State is to be commended for recognizing the need and the importance of investing in innovative companies that will generate new jobs for the upstate region.”

“Syracuse University and other research institutions across Upstate New York are sources of great potential that have not been optimally tapped,” said Syracuse University Chancellor and President Nancy Cantor. “The Upstate Regional Seed Fund is exactly the kind of leverage needed to catalyze early-stage investment, bring promising innovations to market, spur job growth and position Upstate to lead in the global knowledge economy.”

“With funds like this, we can begin to keep promising minds and the startups that result in New York State, instead of losing them elsewhere,” said Cornell University President David J. Skorton. “The acute demand for such a fund was reflected in Governor Paterson’s Task Force on Diversifying the New York State Economy through Industry-Higher Education Partnerships, which recommended creation of an early stage, pre-seed and seed investment fund to make capital available to startups and small technology businesses.”

According to the Access to Capital Committee report that was part of the Governor's Small Business Task Force (2010), research and development data from New York State's colleges and universities suggest great potential for technology business growth. Sixty-eight percent of university startups created between 1980 and 2000 remained in business in 2001, compared with only 10 percent among non-university startups. In 2006, New York State colleges and universities spent \$3.8 billion on R&D (eight percent of the nation's total), second only to California, which spent \$6.5 billion (14 percent of the nation's total); however, in terms of venture capital investment, New York ranked fifth in the country, far behind California and Massachusetts. In 2007, more than \$14 billion in venture capital was invested in California, \$3.5 billion in Massachusetts and only \$1.2 billion in New York State. Only \$47 million of the venture capital investments in New York went to seed-stage or startup companies.

In carrying out the project, Excell will:

- Serve as the key upstate regional partner in identifying, developing, adapting, and implementing advanced technologies to enable the growth and competitiveness of existing and emerging companies; and
- Directly provide and serve as the conduit to pre-seed and seed-stage capital for existing and emerging companies involved in the development and commercialization of technologically advanced products and processes.

The Governor originally proposed a seed fund as part of the 2010-2011 Executive budget proposal. However, this was not adopted in the final 2010-11 State Budget. The Upstate Regional Seed Fund was approved by the Empire State Development Corporation Board of Directors meeting on December 16, 2010. It is hoped that this program will serve as the model for a fully funded program in the state budget.

Empire State Development is New York's chief economic development agency and administrator of the statewide business resource portal New York First ([www.NYfirst.NY.gov](http://www.NYfirst.NY.gov)). ESD is committed to being recognized on a global scale as the economic development engine driving job growth, strategic investment and prosperity in New York State. ESD is intent on paving the way for New York State to become the leader of the innovation economy and one of the most business friendly, productive and competitive economic development climates in the world. ESD also oversees the marketing of "I LOVE NY," the State's iconic tourism brand. For more information on Empire State Development, visit [www.esd.ny.gov](http://www.esd.ny.gov).

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