Startup scene flourishes in US capital

March 20 2014, by Rob Lever

Employees of start-up companies work at the offices of 1776 business incubator in Washington DC, February 11, 2014

In a large warehouse-type office, software coders work on apps, as "angel" investors and mentors help budding entrepreneurs figure out strategy for their startups.

This technology "incubator" called 1776 in downtown Washington has some 200 startup firms, and many more seeking to get in to the

collaborative workspace which provides desks, connectivity, technical assistance and importantly, connections for those with a dream or a mobile app.

A few years ago, the notion of Silicon Valley on the Potomac might have evoked ridicule. But the capital city in recent years has become home to thousands of entrepreneurs and a tech ecosystem supporting them.

"The ingredients we need for startups are right in our backyard," says Donna Harris, co-founder of 1776, which opened last April and quickly filled up.

With 15,000 square feet (1,400 square meters) in the downtown K Street corridor, 1776 accepts about half those applying for membership in the tech incubator.

"It's not just capital that people need. They need connections," Harris said.

By some measures, the District of Columbia has a startup scene which is bursting at the seams.

A survey last year by Fast Company magazine found the district had a higher number of venture-funded startups per capita than any of the 50 US states.

PriceWaterhouseCoopers ranked the city in the top 10 for business investment in the fourth quarter, with more than half of the $300 million going into software and IT services.

Startup scene 'vibrant'

"The startup scene in DC is vibrant, it's growing," says Christopher

Etesse, chief executive of FlatWorld Knowledge, a startup for digital textbooks and online educational services, which has grown to 32 people in the 1776 offices and is now preparing to move into its own offices.

Etesse says Washington "has some of the best universities and deep technical talent," and notes that "we're able to attract that talent but we don't have as much competition as New York City or Silicon Valley."

Mrim Boutla relocated to Washington from Indiana and moved into the 1776 for her e-learning and job placement startup saying the city "has both the nonprofit, the profit and government sectors that can interact and intersect in social innovation."

She said the shared workspace puts her in contact with "a great fellowship of changemakers" and "helps me stay energized in the lonely journey of being an entrepreneur."

Employees of start-up companies work at their designated spaces at the offices of 1776 business incubator in Washington DC, February 11, 2014

Some startups in the city are also flocking to warehouse-style shared workspace offered by WeWork, which has nearly filled up its office location in the Chinatown section with some 200 startups in technology and other sectors.

WeWork, which operates in several US cities and is expanding abroad, is opening two more locations in Washington capable of hosting as many as 1,000 startups.

"When you join WeWork you join the whole network," said Carl Pierre, who manages the Washington offices. "So you can arrange for a conference in New York, you can spend a week in San Francisco and work out of our space there."

Big fish, medium pond

Some of the credit for the startup ecosystem goes to people like Peter Corbett, who moved to Washington a decade ago to launch design and consulting firm iStrategyLabs, and has since become an angel investor, mentor and adviser to the mayor's office on tech policy.

"Being located here gave us the ability to be a very shiny small fish in a medium-sized pond and it allowed us to build national and international recognition," Corbett told AFP.

"There's plenty of capital, and the community is incredible."

Corbett began hosting meetups, hackathons and cocktail events for the

tech community and has seen attendance grow from a handful of people to hundreds.

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"Every year you have 20,000 young people moving to DC," he said.

"The way you build an ecosystem is having the density of brains, so there is friction. And the friction turns into ideas. That typically happens in Silicon Valley but it is happening here now too."

While startup activity has grown around the United States and globally, entrepreneurs get assistance in the city of Washington, where 1776 has support for the city government, Microsoft and other corporate sponsors who help with coaching, financing and other [startup](#) issues.

"There has been tremendous growth of both the support system and the community around entrepreneurs and startups" in the area, says Michael Chasen, a veteran of the city's technology scene who founded the education technology firm Blackboard—sold in 2011 for nearly $2 billion—and this year launched a social networking app called SocialRadar.

Chasen said Washington benefits from tax incentives, incubators like 1776 and the growing tech community which feeds new ideas.

The most prominent tech startups coming out of the capital include Blackboard and LivingSocial, the online deals group which grew quickly to some 4,500 employees globally before streamlining. But LivingSocial still has more than 500 employees in the city.

The region "features one of the country's most vibrant and creative start-up cultures and benefits from having a highly educated and tech-savvy population," notes LivingSocial spokeswoman Sara Parker.

The shared workplace is not a new concept but tech-friendly locations like 1776 and WeWork are attracting startups by offering services geared to them. This ranges from kitchen space and coffer to help with media, search optimization and financing.

"There's a certain vibe here," said Ian Reis, who is developing an app called Responder to assist local firefighters and emergency personnel, in the WeWork office.

"We've made contact with a lot of people we never would have met otherwise."

At 1776, collaboration is easy among the startups, says John Gossart of Ridescout, an app which helps people find the best commuting solutions.

"There are a lot of people with shared interests," he said. "There's a wealth of talent walking around the streets, and walking around in 1776."

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