

## Dot.come-ons

The city's tech sector is booming, and creating jobs for many who don't know a beta test from a bitmap

By VIRGINIA BACKAITIS

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When John Auerbach told colleagues at the investment bank where he worked that he was leaving to join an Internet startup, he got more than one cockeyed look.

"You've gotten this far in finance and now you're leaving the industry?" he remembers one saying. "What are you doing?" asked another.

Auerbach wasn't dissuaded. He was stoked about being one of the initial hires at the Gilt Groupe, which hosts invitation-only fashion designer sample sales on the Web. Not only would his job as the director of finance give him the chance to apply his expertise to the Internet industry, but it would also connect him to the world of fashion, which had long intrigued him.

While some might think it risky to leave a solid job at a brick-and-mortar firm to work at a Web startup, a growing number of others, like Auerbach, are seeing it as an entrée to the land of opportunity.



And for good reason. As other industries remain stalled, New York City's tech sector is booming like never before — and it's creating jobs not just for tech geeks, but for workers who don't know a beta test from a bitmap.

The Internet is increasingly mirroring the "regular" economy, explains TechCrunch co-editor Erick Schonfeld, so just as there are retailers and media and communications companies in the real world, they now also exist on the Web.

What this might mean for some “real- world” workers is that their best shot at job security, let alone promotion, may not be with their current employer but in the Internet industry. Rapidly growing New York companies such as Gilt.com, Knewton.com, SecondMarket.com and Foursquare.com are hiring many workers who cut their teeth at monolithic blue-chip firms. In addition to the usual tech whizzes, they’re after people with experience and connections in advertising, fashion, public relations and finance. They want people with expertise in business processes, recruiting, sales and marketing, graphics, accounting and customer service.

“Growth in the Internet and e-commerce space creates jobs for people with other skill sets,” says Melanie Hughes, chief human resources officer at Gilt.com. At Gilt, only about a quarter of the firm’s 400-plus workers are computer engineers or other technology workers — and they’re currently looking to fill 70 positions.

While Internet businesses are growing all over the world, right now New York City is the hot spot.

“It’s catching up to Silicon Valley,” says entrepreneur Kevin Ryan, who is involved in six NYC-based Internet firms and who sold his former company DoubleClick for \$1.1 billion.

More and more venture capital firms are hedging their bets on city startups, says Schonfeld, so much so that VCs based in Silicon Valley and Boston are either setting up offices here or visiting regularly to sniff out investments. In the last two quarters, funding for NYC startups rose while it fell elsewhere, according to PricewaterhouseCoopers.

“In the last year, I’ve seen a big change,” says Dennis Crowley, co-founder of Foursquare, a much-hyped site whose members have grown from 5,000 to 2.2 million in less than two years. “Companies here are now proving they can be successful and that they are able to hire great teams.”

**OPEN FOR BUSINESS:** Foursquare.com co-founder Dennis Crowley in the fast-growing company’s new office space at Cooper Square.

The city is crawling with other big-buzz Web properties, from Gilt.com, which has gone from 120 employees last year to more than 400 today, to the innovative test-prep site Knewton.com, which raised \$12.5 million in April, and is hiring people with backgrounds in publishing and teaching as well as technology. Internet investors and analysts say New York is a logical home for the next wave of Internet firms because the industry’s growth is now less about silicon and fibers than about social interaction and conducting business on the Web. “Companies whose success depends on the application of technology to business insight and expertise have to be in a place where that insight and

expertise exists. That place is New York,” says Lawrence Lenihan of FirstMark Capital.

Gilt Groupe founder Ryan couldn't agree more. “Gilt would be at a disadvantage if it was based anywhere other than here in New York,” he says, “This is where the fashion industry is headquartered, it's where the advertising infrastructure exists, and it's more important for employment.”

Ryan certainly knows about the latter. Gilt has hired more than 400 employees since its inception in November 2007. One of Ryan's earliest recruits, chief merchandising officer Alexandra Wilkis Wilson, was invited to become a founding member not because of her dot-com experience (she didn't have any), but because she knew the fashion world. Auerbach, the i-banker whose colleagues questioned his move to an Internet business, has been promoted and now runs Gilt's men's division.

He's not the only one making the move from Wall Street to Silicon Alley. When Barry Silbert started the investment/technology hybrid SecondMarket.com, he drew heavily from Wall Street — though some of his initial hires had to think hard before leaving brand-name firms to join a dot-com.

“I was hesitant,” says chief strategy officer Jeremy Smith.

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"I was hesitant," says chief strategy officer Jeremy Smith.

Fortunately, I was wrong. The timing was perfect," he adds, noting that when Wall Street crashed, investors rushed to SecondMarket, a trading platform for illiquid assets, including shares in private firms. Today the company hosts more than 14,000 buyers and sellers, and has grown from fewer than 25 employees in 2008 to 135 and counting.

Elton Wells, who built his career at firms including Deutsche Bank, Bear Stearns and Goldman Sachs, now heads the company's structured products group, and has no regrets about the switch.

"It's less regimented," he says. "When you come up with new ideas for new products, they're easier to implement and execute. It's also easier to get the eyes and ears of the CEO."

The change has been more drastic for Charles Birnbaum, who spent four years on Wall Street wearing suits and analyzing deals, most recently as a vice president at Bank of America securities. This summer he's wearing flip-flops, T-shirts and shorts to FourSquare's downtown office, where he works in business development.

For anyone who hasn't done a FourSquare "check-in" yet, it's a bit like Twitter, except rather than tell people what you're doing, you use your smartphone to tell them where you are, give them tips about what to check out in your location, and earn "badges" (and sometimes discounts and freebies) while you're at it. The company is growing so quickly that earlier this year founders Dennis Crowley and Naveen Selvadurai had to halt hiring because they literally ran out of space, forcing workers like Birnbaum to take conference calls from the stairwell. They have a little more office space to work in right now, thanks to \$20 million in new funding, which will also pay for new hires in areas including business development, marketing, product management and recruiting.

The dress code is only one plus to his new job, says Birnbaum, who speaks glowingly about the energy at the startup, in terms that have rarely been used to describe, say, a bank securities division.

“Every day, every hour, you feel like you’re moving the needle forward, like what you’re doing could be making a major impact,” he says.

**Want to work for a 'Net firm? Here are tips on getting a foot in the dot-com door.**

\* Do your homework. Take the time to develop an appreciation for what makes their business unique and the processes that make them tick. Log on to the site and participate, even if it's just as a voyeur.

\* Show passion. This isn't a cold conglomerate. Every person who works there has poured their blood, sweat and tears into the company. They need to believe that you'll do the same. Being a genuine fan of the firm's site can count for a lot.

\* BLEND IN. When hiring, one thing people at these firms ask themselves is: “Is this someone we want to hang out with?” It took SecondMarket.com nine months to fill a vp slot, and “It wasn't because we had trouble finding qualified people,” says chief strategy officer Jeremy Smith. “It was because we had trouble finding a qualified person that fit.”

\* Network. This is always key, but especially in the insular tech community. If you don't have a friend who works at a company you're interested in, see if your friends have a friend who does. Find a Meetup group its employees belong to. Or follow them on Foursquare and hang out where they hang out. “Almost everyone who works here is a friend or a friend of a friend,” says Foursquare's Dennis Crowley.

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