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## Miami's growing tech scene tries to level up

*Can South Florida recast itself as a diverse, affordable innovation hub?*

By **Patrick Slisson** | May 8, 2018, 12:06pm EDT

Of all the changes taking place in Miami right now, one of the least appreciated may be the region's growth as a technology hub.

For many who associate the city, and South Florida, with Art Deco architecture, sunny beaches, and tourism, Miami's selection as one of [Amazon's 20 finalists cities](#) for its HQ2 contest may have come as a surprise.

But there's much more happening in Miami, and many in the local tech scene see the momentum increasing.

"Miami is in the midst of a transformation," says Philippe Houdard, a Harvard-educated Frenchman who co-founded [Pipelines](#), a network of shared workspaces in Miami and other U.S. cities. "Historically, the economy here hasn't been diverse. But it's changing, and the tech sector has played a key role."

Last year, area startups received \$1.3 billion in venture capital funding, placing Miami eighth on the list of U.S. cities in terms of VC activity, right between Seattle and Chicago. Silicon Valley doesn't have anything to fear anytime soon; San Francisco startups attracted \$23.4 billion in funding in 2017, or 34 percent of the nation's total.

For Houdard and others, Miami has different strengths, and many see a different route forward. As Trabian Shorters, a black social impact entrepreneur, explained in an op-ed, if the region embraces its diversity, it can [chart a path to a better future](#).

"For Miami to be successful in technology, it can't imitate [Silicon Valley's notorious white-guys-only approach](#) from the 1980s—[excluding the women](#), Latinos and African Americans who make up America's full team of genius," he wrote.

## **Can Miami raise its profile as an innovation hub?**

Urbanist Richard Florida, currently a visiting fellow at the [Florida International University-Miami Creative City Initiative](#), has said in the past that South Florida needs to make a greater effort to support the tech sector and envision itself as a hub for entrepreneurship.

“Miami still thinks of itself as a tourism economy, a hospitality economy, a real estate economy; it doesn’t see itself as a global city,” [he said](#).

The greater Miami economy, a market that includes 5.8 million people and was responsible for [\\$328 billion](#) in annual economic output in 2016, offers myriad opportunities for startups. Last year, the city ranked number one on the [Kaufmann Index](#), a widely recognized scale used by the tech industry and economists, and the sector has seen steady job numbers, [growing 27.6 percent between 2012 and 2016](#), according to data from the Miami-Dade Beacon Council, an economic development agency.

Many new organizations, incubators, and partnerships have taken shape over the last few years to accelerate that development, including Refresh Miami and The LAB, a coworking space. Neighborhoods such as Wynwood, Coconut Grove, and Brickell, as well as [nearby downtown Fort Lauderdale](#), have become tech destinations, and homegrown startups such as [WhereBy.Us](#), a newsletter publishing platform, and sales lead platform [Gramercy](#) have attracted national attention. The [much-hyped](#), multibillion-dollar augmented reality startup [Magic Leap](#) calls nearby Plantation, Florida, home.

Some argue Miami has always been a tech center, but never did a great job getting the word out. David Coddington, vice president of business development for the Greater Fort Lauderdale Alliance, points to firms such as IBM and Motorola, which employed thousands of engineers, had [large campuses](#) in the region for decades, and formed partnerships with local schools, such as Florida Atlantic University.

But it’s only over the last few decade that Miami and South Florida have been widely noticed by a new generation of tech companies.

## **Cultivating a new generation of entrepreneurs**

Today’s startups and tech workers aren’t necessarily looking for big firms—they’re more attracted to investment potential and innovation networks. Miami has steadily improved on both fronts. [500 Startups](#), a Silicon Valley-based accelerator that’s invested more than \$400 million in startups, officially opened a downtown office earlier this year, which many saw as a vote of confidence in Miami’s development.

Miami offers a significant cost-of-living advantage over other cities such as Boston, San Francisco, or New York, says Ana Gonzalez, head of the 500 Startups Miami office, and promising growth in tech related to the travel, hospitality, logistics, and transportation industries. She also sees increasingly more capital coming from Latin America. Previous generations of Latinos put their money into real estate, focused on more risk-averse investments. Now, as a younger generation comes of age, tech and startups are more familiar.

Since 2013, the Knight Foundation, a national nonprofit that invests in cities once part of the Knight Brothers' newspaper empire, expanded its mission in Miami beyond arts and toward tech, emerging innovators, and entrepreneurs. **Startupbootcamp's** first U.S. program kicked off in Miami thanks to a \$2 million Knight grant. Where Miami, with its less developed tech ecosystem, falls behind other cities is in leveling up: Another Kaufmann report from last year found the city ranked 36 out of 40 metropolitan areas in terms of **entrepreneurial growth**. Startups are coming together, but failing to achieve liftoff into mid-size companies in a region without more mature, developed industries.

“We’re doing a good job in early-stage funding, and still working on getting to that next stage,” says Sam Gill, vice president of communities and impact for the Knight Foundation. “We just haven’t seen the motor become self-sustaining just yet.”

### **How does Miami build on this momentum?**

Miami’s continued ascent as a tech hub requires more than just additional VC funding. According to research by the **FIU-Miami Creative City Initiative**, the city needs to invest in **talent** and **research**. The region spends roughly \$565 million a year on university research and development, placing it 24th among U.S. cities, 43rd when adjusted for population size.

To make up that gap, many see the region’s diversity as a huge, relatively untapped asset.

“There’s diversity of talent here, but it’s also a truly diverse place,” says 500 Startups’ Gonzalez. “Miami is more accepting of people. You see more women and people of color in tech, not just the traditional white male.”

“One of the things we’re trying to figure out [is] how can we get those younger, more diverse audiences into tech,” says Gill.

The Knight Foundation’s investments in the city have zeroed in on many existing programs that promote diversity, including events like [Emerge Americas](#), which focuses on connecting Latin American, European, and U.S. businesses, and [BlackTech Week](#), organized by local nonprofit [Code Fever](#), as well as [PowerMoves](#), an initiative to raise the number of venture-backed founders of color and minorities.

A great, locally based example of this strategy is the [Tribe Co-Work & Urban Innovation Lab](#), a 10,000-square-foot coworking space in the Overtown neighborhood, founded by Felicia Hatcher and Derick Pearson, local black entrepreneurs and founders of Code Fever. This neighborhood maker lab, accelerator incubator, and classroom fits into a vision of neighborhood-centered development, offering tools, training, and one day, hopefully, funding for students of color aspiring to work in tech. Hatcher calls it a strategy to rid black communities of “innovation deserts.”

Even with these investments and programs, the city’s tech scene still has a long way to go before it reaches equity. Several women who are leaders in Miami’s tech companies recently told the [Miami New Tropic](#) that true parity was a long way away. When Hatcher was asked about challenges facing the local tech scene by the *Miami Herald*, she said “[the inclusion of minority communities](#) is still not a priority.”

## **Building spaces for startups**

Miami city commissioner Ken Russell, whose district includes many of the neighborhoods where tech companies are blossoming, such as Brickell, Coconut Grove, and Wynwood, believes walkability, green space, culture, transportation, and connectivity can be as important as funding.

“It’s not the sun and sand that makes us attractive,” he says. “The city has recently changed its focus to help companies that are starting up here organically, creating their own workforce. There’s a lot of vibrant, early-stage businesses we haven’t seen here before.”

Russell sees that kind of connectivity as a key infrastructure investment the city can provide. In addition to [the Underline](#), a forthcoming linear park underneath a highway that will terminate in Brickell, he’s also [pushing for development](#) of the [Baywalk](#), a linear park that he says would “breathe a whole new life into the city.”

“One of my biggest charges is to make the core of the city as affordable as possible, and to make sure the workforce doesn’t have to commute two hours to get there,” he says.

Can Miami make it to the top tier of tech hubs? The city is certainly planning for big growth on the ground. The **\$1 billion Magic City innovation district** in Little Haiti, a 17-acre project being developed by billionaire Guy Laliberté, envisions a huge, **walkable campus**.

The project, which would break ground in 2020 and include roughly 2,500 rental units, raises significant worries over displacement and rising rents, since rents in the area already saw **double-digit increases** in the fall, according to the *Miami New Times*, and this kind of large-scale development echoes how **Wynwood** went from working class to edgy to high-end retail.

Magic City may represent the challenges that face Miami at this kind of inflection point. As the tech sector evolves, can its improved fortunes be a tide that lifts all boats?