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By: Galen Moore

The first tenants to enjoy the views from the upper floors of the latest new office building on Boston's Fan Pier will pay no rent. The companies won't generate much revenue, either.

MassChallenge, a technology-startup incubator, announced Wednesday that, beginning in July, it will populate the 14th floor of One Marina Park Drive with 100 startups, the finalists in a \$1 million business plan competition. Gov. Deval Patrick and Mayor Thomas M. Menino were on hand for the ribbon cutting at the incubator, which has a free buildout from the building's developer, the Fallon Co., and a free two-year lease with sweeping views of the Boston Harbor Islands.

Patrick said he hopes the space will come to resemble the Cambridge Innovation Center, which in January announced it would expand by 50 percent its office space for startups — to 122,000 square feet in its Kendall Square location.

"We're going to see 100 really creative, imaginative go-getters," he said, "and they're going to be feeding off each other."

Menino said MassChallenge is key to his hopes that Boston can duplicate Cambridge's success, creating in the Seaport District a high-tech center on par with Kendall Square.

"We have a priority to build a platform for innovation on the South Boston Waterfront," he said. "I want to make the entire Innovation District ... a great home for the new economy."

However, developer Joe Fallon isn't staking his company's future on a high-tech surge along Fan Pier. He said so far most of the interest in the 18-story building has come from more established quarters in Boston business.

"It's lawfirms and financial firms, primarily, the tenants we continue to focus on," he said. "We are talking with life sciences companies. Some of the other tech companies have been a little bit slower on the growth side so we're not focused on them as much."

Applications to participate in MassChallenge were being accepted as of Wednesday, said CEO John Harthorne. The program will select the 100 most promising startups, then provide office space and coaching. Founders will be on their own to support themselves for the first three months of the program, after which MassChallenge plans to divvy up \$1 million between 12-to-20 winning teams.

With a staff of seven, MassChallenge will require \$500,000 a year to run, including a small budget for marketing, Harthorne said. The program has so far raised a total of \$1 million, and will need to raise an additional \$500,000 to complete its first year. It will have to repeat that fundraising effort successfully to run the program for a second year in 2011, he said. MassChallenge has a two-year lease in its One Canal Park space.

The program operates as a nonprofit and will take no equity in the startups it houses. Its backers include Microsoft Corp. (Nasdaq: MSFT), the Deshpande Foundation, Mass Tech Collaborative, the Blackstone Charitable Foundation and Solidworks Corp., a division of Dassault Systemes.