

Incubation's Future: A conversation with **Ann Lansinger**, President of The Emerging Technology Center.

By: Newt Fowler

With apologies to Twain, “the reports of Incubation’s death are greatly exaggerated.” Incubation is thriving but not as the model you might remember. Focus has rapidly evolved from bricks and mortar as the leading attraction, to that of collaboration, resources and support. Programs for tenants are no longer formulaic, as expectations are high for focused resources. So Ann Lansinger, President of Baltimore’s Emerging Technology Center, and I recently sat down to catch up over lunch on the future of incubation.

The Skinny. The Emerging Technology Center (ETC) is a non-profit business incubator focused on growing early-stage technology and biotechnology companies in Baltimore City. The ETC offers wired space, flexible leases, shared services and equipment, tech support, and on-site management. But beyond such assumed amenities, the ETC also offers access to customized business and technical assistance, support services, management advice, and networking contacts. The ETC provides an environment where start-ups can realize their potential through partnerships, joint ventures and collaborations.

Regarding Ann... The Baltimore’s incubation scene started with Ann’s arrival at the ETC when it was formed. It is fitting that our conversation about the future of incubation should be with Ann, as she was here for the beginning of the incubation community in Baltimore and this year she will be retiring from that community. Ann was the Founding President of the Maryland Business Incubation Association and still serves on its Board. She has also been a leader of the incubation movement nationally, including serving on the Board of the National Business Incubation Association. The list of organizations she has served and shaped would make this column sound a tad elegiac; suffice it to say that with Ann’s leadership, the ETC has been a finalist two years running for the National Incubator of the Year and for four consecutive years, an ETC client company was selected from over 35,000 companies and recognized as the “Incubator Company of the Year”.

Maslov’s Hierarchy of Needs. Twenty years ago, incubation simply meant cheap space. “Your basic needs were met,” recalls Ann. Tenants presented plans for review under the same analytical structure, as if one approach worked for all. Regrettably, according to Ann, “the resulting theory was that only the weaker companies went into an incubator.” There needed to be a conference room, a shared copier and fax machine, some administrative support and with that you had an incubator. Basic needs were met, what more could one want?

Not about the Dirt. Today, “incubation is not real estate oriented, it more program and service driven,” says Ann. “The issues [our companies] face today are resource driven, more sophisticated in nature, and oriented to needs of each company.” With these evolving needs, Ann also recognizes that “the level of skills has increased” for her staff. When asked what Ann is seeing as national trends, her colleagues are hiring PhDs and cashed out entrepreneurs to guide their incubator companies. “There is an increasing use of entrepreneurs in residence.” Another trend is to link angel networks or even a captive venture fund with an incubation program. It’s not about the space any more.

Space 2.0: In fact, Ann feels that incubation space itself is being rethought in fundamental ways. As our conversation moved closer to home, I asked Ann about how she envisions the ETC of the future. “Blended space, part open and part dedicated facilities.” For Ann, the open space would be very flexible, designed to be adjusted, moved, reset and basically configured anew, as entrepreneurs, groups and other users self-design to meet their needs. “Companies will no longer be tied to dedicated desks.” Ann recognizes what we have explored in prior columns, that “bricks and mortar are being rethought as new generations of people decide how they want to work.” The ETC of the future will be in Ann’s view a highly open and adaptive environment, where the companies will “own” the space planning process as much as the landlord does.

New Financial Model. Such a changing format for incubators begs the question of how it gets funded. Ann realizes that the old model of charging for a room is under stress. As increasing options for space are available and as incubators are advancing their service delivery to a higher level, the model requires both funding for the real estate operations and also funding for the services. With space previously dedicated to one company being opened up for use by many, incubators have to rethink their revenue models. Ann is very frank in acknowledging that incubators that offer little more than an office will have no excess cash flow to pay for the quality services now expected and will struggle to remain relevant. So according to Ann, “fee for services will become more common” and “fee for the co-working space” will also help. Yet one is left wondering whether there will be a funding gap in the incubator of the future – given the pressure to pay for a different type of advisory talent. Ironically while much has changed over the past 20 years in incubation, one thing hasn’t – the best envisioned models still suffer funding gaps.

The Other Funding Gap. Our conversation ended where many of them have when involving Greater Baltimore’s start-up community – the paucity of angel funding for the earliest of company formation. “Early stage capital remains a challenge.” What is absent in Baltimore that is increasingly seen in other leading incubators is “an angel network linked to the incubator.” Even with the evolution since the ETC first opened, the funding gap continues to impede company growth.

The Take Away. So incubators with doors... effectively creating silos, are giving way to collaborative environments. The role as provider of real estate is evolving to that of facilitator. One size fits all approach to business models and coaching is evolving to customized support. The incubation model, in Ann’s vision, is inverting, a fundamental shift from classic tenants with doors to affiliates who visit each other as much as the ETC staff when they have the need. Space becomes collaborative and not possessive. It’s an interesting time for Ann to be retiring, as she reflects on all that has been accomplished, there remains an intriguing future ahead.

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Learn more about the Emerging Technology Center at: www.etcbaltimore.com

For comments about this article or thoughts on future conversations, let me know at: nfowler@rosenbergmartin.com

With more than 25 years experience in law and business, **Newt Fowler** advises many of the Greater Baltimore region's entrepreneurs and technology companies, guiding them through all aspects of business planning, technology commercialization, and M&A and financing transactions.