

Product Driven

An Interview with
Kevin P. Ryan, Founder, AlleyCorp

EDITORS' NOTE Kevin Ryan has launched several New York-based businesses, including GILT, Business Insider, MongoDB, Zola, Workframe, and Nomad Health. He helped build DoubleClick from 1996 to 2005, first as President and later as CEO. Currently, Ryan serves on the boards of Yale Corporation, Yale Investment Committee, and TECH:NYC, is Vice Chairman of The Partnership for New York City, Chairman of the Partnership for New York City's Innovation Council, is a member of the CFR Committee on Foreign Affairs, and is a Director for The Trust for Governors Island. He holds a B.A. from Yale University and an M.B.A. from INSEAD.



Kevin P. Ryan

COMPANY BRIEF Headquartered in New York City's Silicon Alley, AlleyCorp (alleycorp.com) is a network of affiliated companies founded by Kevin Ryan and Dwight Merriman, the former CEO and CTO of DoubleClick.

At a time when there is so much discussion around disruption in the marketplace, do you see this as a time of opportunity?

In my sector, I'm incredibly bullish.

In every single sub-industry, I'm seeing that technology is playing a more important role, and it's taking market share away from traditional players and extricating value. We see Google, Facebook, Amazon, and Apple growing while the rest of the market is not, and I also see hundreds of examples of smaller companies that are in their early stages of doing that. They won't be that big, but in their own sectors, they will create strong value.

While we have watched that growth over the past eight years, at the same time, we've also watched the value of *Forbes*, *The Wall Street Journal*, and *FORTUNE* decline dramatically because market share was taken.

I see this in Zola, a company that will easily do \$200 million next year in wedding gifts on the website, which comes at the expense of the traditional players. This year, 600,000 couples will use Zola as their wedding registry. One million people in year four will buy an item on Zola. Already more people buy on Zola than on GILT.

I have a company called Nomad Health, which is in the business-to-business area and hires temporary doctors. There is a huge doctor imbalance in this country so, especially in rural areas, many

hospitals need a specific type of doctor for a few months or even a weekend, and we developed a company to address that.

It's a big challenge to, for example, find a spinal surgeon in New York who can start February 1. With Nomad Health, we have 10,000 doctors listed in a searchable database along with their availability and their qualifications, and they can find jobs across the country. The hospital pays half of what they normally pay to find a doctor.

It's not a consumer site, but the company will be worth \$100 million over the next several years and create a very valuable and successful business, which is great.

I'm seeing so many opportunities like this out there.

You built companies like DoubleClick, which started small but became big, and at its core was innovation. Why don't big companies do that today, and how do traditional players remain relevant?

Some are doing a good job, but many are not, and the ones who are not are failing because it's a difficult challenge. Their efforts have to go to maintaining their current position. This doesn't leave them a lot of extra energy.

They haven't adapted to hiring the right people, so they can't get the most aggressive people from the top schools who have true innovative backgrounds to join them.

They're not willing to lose money in certain things because they're only worried about making this quarter's earnings, so they're at a disadvantage and that has to do with the stock market.

The traditional media companies aren't worried about long-term because they're not going to be around. Everything will be digitized in the future.

What will the retail landscape look like going forward, and what will decide who are the winners and losers?

Retail is very fragmented. We are looking toward brick and mortar stores to do a better job, and they will need to adapt and work together.

For example, in Manhattan, one could buy something in a store and have it delivered three hours later, but there is a loss of traffic in the store. The only advantage is that the store now doesn't need to keep inventory. Warby Parker can have a footprint of maybe a third of what it was going to have because there is no inventory. They don't run out of things and things can be mailed. If there are 15 stores in Manhattan, only one place has to hold inventory.

I think, however, that the problem will eventually be solved. Imagine I opened a warehouse in Queens and did same-day delivery for 100 different stores in Manhattan. With a truck leaving every hour, people could order something and immediately have it on its way to their house.

Then stores could diminish their footprints and keep less inventory in New York City than they currently do. There are all kinds of benefits to this, and it will happen over time.

Are you surprised by the growth New York City has achieved as a hub for entrepreneurs?

No one has ever disputed that New York has super driven, smart, intense, and well-educated people.

That's why our sector is doing great and will continue to be great. We'll probably become the number one industry over time.

It is certainly growing faster than any other industry.

In terms of U.S. competitiveness, do you still see the U.S. as the leader in innovation?

The U.S. has many problems, but not in the technology and innovation space. By and large, we're doing extremely well.

I'm worried most about the immigration policies of our current president, which are horrific for my industry. We will pay a price over the next 20 years for the things he's doing. Every large company has quietly created offices in other countries – there are probably 500,000 jobs that have been created in other countries. We want to hire these people here, but we can't because they're not allowed in. There aren't enough computer science graduates here, so we're forced to hire elsewhere. We have absolutely no alternative.

The U.S. had about 20,000 computer science graduates last year. Facebook, Amazon, and Google this year are probably going to hire 8,000 to 10,000 graduates in computer science.

This means U.S. companies have to hire these people abroad. Less of this would happen if people could come to the country.

The people I hire will work for me for three years, like people in Dublin, and then they start their own companies. The difference is, they will start those companies in Dublin as opposed to in the U.S.

We are handing tens of billions of dollars of value and hundreds of thousands of the most valuable jobs to other countries because of these policies. ●