

The Silicon Valley Eco-System

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About Me

- Born in Taiwan, grew up in US. English is 3rd language
- BS & MS in Engineering from Stanford, MBA from UC Berkeley
- Worked for 3 Fortune 100's – Exxon, AT&T, Quaker Oats
- On founding team or early stage of multiple start-ups (InterNex, Pacific Internet in Singapore, trustee.org, Ascend – now Alcatel, UptimeOne, QALA, July Systems)
- Currently:
 - Managing Partner, MG-Team LLC – international strategic consulting
 - Board Member & Chair Emeritus, MIT/Stanford Venture Lab (VLAB)
 - Venture Partner, Silicon Valley, iGlobe Partners (venture capital)

Thriving Eco-System

The Silicon Valley has a complex, thriving eco-system where the many players all contribute to supporting and nurturing many of the start-ups to success. Investors, academia, technology labs, corporations, lawyers, banks, other professional firms, incubators, industry networking organizations (like VLAB).

Drivers for Start-Up Nurturing

- **Culture and Soft-Skills**
 - **Commercial Market Value Focus of R&D**
 - **Supportive But Limited Government**
 - **Global Market Perspective**
 - **Access to Investments – lots of different types of funding**
- **These provide basis for comprehensive support of entrepreneurs and start-up companies especially those coming out of universities**

Market Focused R&D

➤ **Stanford University approach**

- R&D with a focus on markets needs vs interesting visionary research not addressing big problems
- Stanford approach similar to Edison's process of innovation
- Licenses technology with huge royalties (Ex: Google)

➤ **vs MIT approach**

- More emphasis on visionary R&D without necessarily addressing a market need – leads to “interesting” inventions but without much commercial market value
- Traditional model is to charge companies fees to collaborate with university labs, but not to license
- MIT is changing model to be more similar to Stanford's model

Limited Government

➤ Support industry

➤ Limit regulation

- US government did not greatly regulate the Internet, and thus allowing mega start-ups like eBay, Yahoo.
→ Supported industry self-regulation (truste.org)
- The wireless industry has been the opposite case

➤ Limit hand-outs

- Giving out funds without requirements and oversight is not good. Broader programs are better (Commerce.Net)
- Example: Solyndra - \$500 million government guaranteed loan. Bankrupt.

Operating in Global World

- **Global markets necessary for scale**
- **Geographical barriers coming down**
 - Trade and travel barriers coming down → Visa requirements often being eliminated
 - Interconnected digital world facilitating global communication (Skype)
- **Need to increase acceptance of people of different race, religion, culture**
 - Stanford University is requiring students to live and study overseas
 - Seeing things from others' perspective

Comprehensive Support of Entrepreneurs

- **NURTURING:** Many mega-successful startups have emerged from Silicon Valley universities – Google, Cisco, Yahoo, Netopia/Farallon, Blue Kai, and more
- **Access** to mentoring, resources, investors, and more
- **Google example:**
 - Stanford University supported Larry Paige and Sergey Brin with hardware and services
 - Professors provided a lot of mentoring including key intros to top tier investors and experience management
 - PAYBACK: \$10+ million/month in IP royalties

Investors/ Access to Funding

- **FUNDING:** Silicon Valley has the most developed start-up funding eco-systems in the world
- Different types of funding include venture capitalists (aka institutional investors), strategic/corporate investors, angel investors, friends & family, and some governmental grants/loans
- Many players in the eco-system provide intros into investors

Incubators

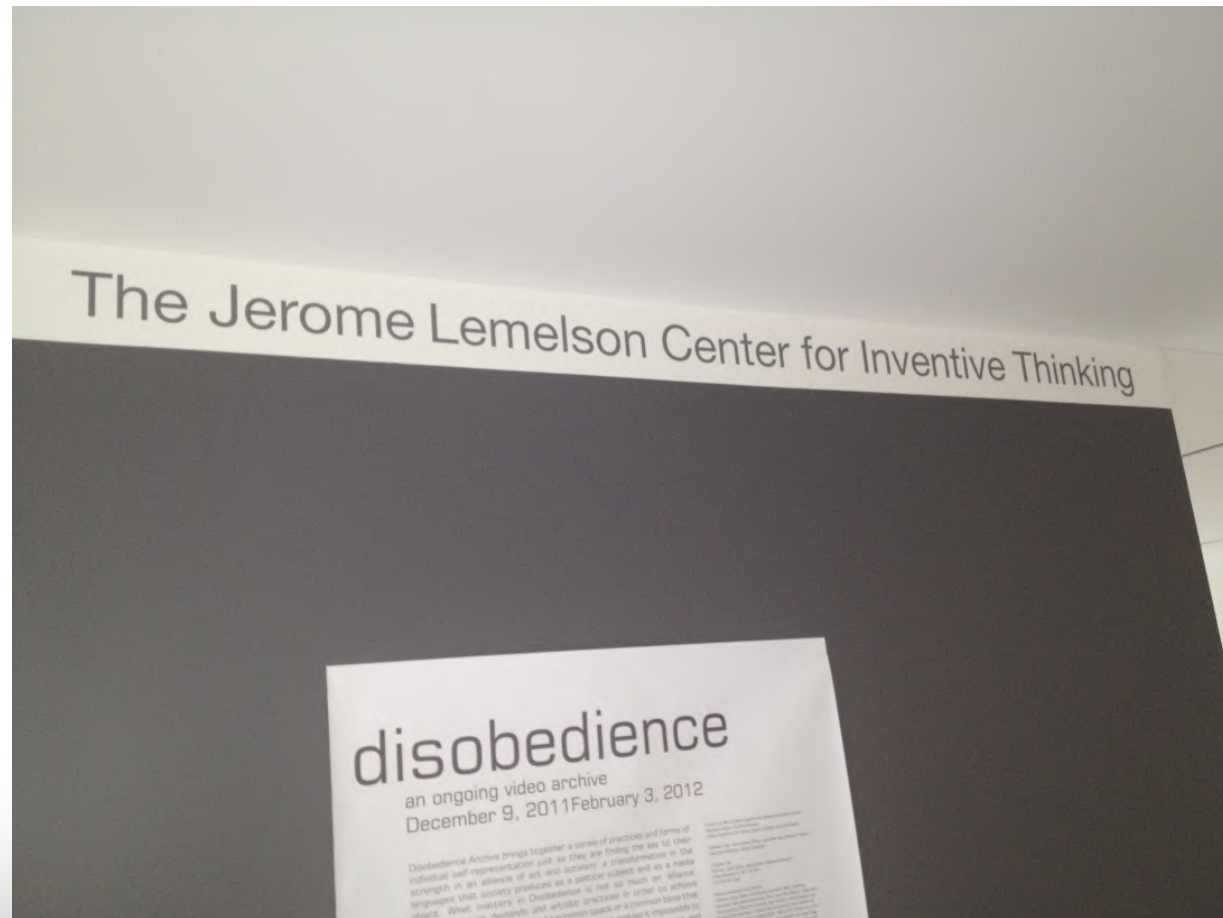
- Depending on the stage of the start-up or entrepreneur, more or less nurturing is required.
- **Incubators** provide basic start-ups services and mentorship and are ideal for early stage entrepreneurs
- **Accelerators** provide more market development services for later stage companies
- Variety of types of incubators based business model, academic focus, industry focus, geographical focus, and more

Academia

- **SILICON VALLEY:** Stanford University, UC Berkeley, UCSF, Santa Clara University, and more
- Lots of innovative research being developed
- Stanford runs or sponsors numerous organizations supporting entrepreneurship:
 - **MIT/Stanford Venture Lab** aka VLAB
 - **Stanford Technology Ventures Program** aka STVP
 - **BASES** – Business Association of Stanford Entrepreneurial Students
- Other universities have similar programs

New Academic Approach

*Seen at
MIT!*



Technology Labs

- In addition to R&D at universities, there are a number of technology centers developing innovative technology for start-ups
 - **SRI International** – formerly Stanford Research Institute
 - **PARC** – a Xerox company providing R&D services

Corporations

- Corporations are extremely active in the Silicon Valley eco-system in a variety of ways
 - **Technology Labs** – many like Intel, HP, IBM, Google, SAP, Vodafone host labs developing technology and solutions in partnership with university or entrepreneurs
<http://www.popularmechanics.com/technology/gadgets/news/a-sneak-peek-inside-four-silicon-valley-tech-labs#slide-1>
 - **Networking Events** – host a variety of educational and people networking events (EX: Orange BigData event, MeetUps at Google)
 - **Sponsorships** – Events, projects, and more

Lawyers

- Numerous **start-up legal issues** must be **addressed**: *corporate law and governance, public and private offerings of equity and debt securities, mergers and acquisitions, securities class action litigation, intellectual property litigation, antitrust counseling and litigation, joint ventures and strategic alliances, technology licensing and other intellectual property transactions, tax, and employee benefits and employment law, among other areas*
- Major firms - ***Wilson-Sonsini, Orrick, DLA Piper***
- Law firms also participate in industry networking through hosting and sponsoring events. Important role is making introductions.

Bankers

- Numerous **banking services** offered:
 - Traditional banking services – credit card, bank accts
 - Company line of credit, Bridge funding
 - Have investment arms
- Major firms – ***Silicon Valley Bank, First Republic Bank, Bridge Bank, traditional banks***
- Banks also participate in industry networking through hosting and sponsoring events and make intros. (Give good Christmas parties!)

Other Professional Firms

- Real Estate
- Human Resources Services
- Valuation Firms
- Branding Firms
- Many more...



Networking Organizations

- Networking organizations and events bring together the players and provide platform to present topics, to learn, to meet people
- Organizations are created around other organizations, industry focus, function
 - **MIT/Stanford Venture Lab** – universities
 - **Wireless Communications Alliance** – wireless
 - **Start-Up Monthly** – Yuri Rabinovich
 - **SVC Wireless** (Silicon Valley Chinese Wireless Technology Alliance) – around US-China wireless industry
 - Many others...

Other Start-up Regions (struggling)

- **Singapore** – have built up eco-system, but too much government control, not win-win culture
- **Spain** – political infrastructure, high jealousy
- **Italy** - corrupt government, old hierarchy issues, lots of emigration to US, some pockets of innovation

Other Start-Up Regions (headed in right direction)

- **Malaysia** – issues with historical corruption and empowerment, government support getting better (MDEC), cross-cultural acceptance, stronger sense of win-win than Singapore
- **Ukraine** – issues with corruption but younger generation of high integrity leaders emerging, lots of historic core technology (KPI and Russia), collaborative environment

Other Start-up Regions (successful)

- **Southern Sweden** (Malmo, Lund) – strong academia (Lund University), corporate support (Telia), collaborative culture, lots of networking →
Successes: PolarRose, MashMobile
- **Netherlands** – strong academia & programs, history of innovation, collaborative culture →
Successes: Layar, Q-go (acquired for \$30 million), TomTom, Bookings.com, ASML

THANK YOU!

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