

SECRETS OF SILICON VALLEY

What Everyone Else Can Learn From the Innovation Capital of the World

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MAIN IDEA

For all the turmoil which exists in the global economy, Silicon Valley continues to power ahead as the center of the innovation universe. In the last two years alone, more than 100 incubators have sprung up there and the number of angel investors trying to get in on the next big thing have skyrocketed. Today, more than 40 percent of all venture capital investments made in the United States each year are made by Silicon Valley firms.

So what does Silicon Valley do well that all its many imitators fail to do? It's certainly not the local government – California is widely regarded as one of the worst states in the union for business. The real "secret sauce" which makes Silicon Valley succeed are the 10 factors which contribute to Silicon Valley's unique ecosystem:

- Stanford University.
- Highly motivated people out to change the world.
- An understanding of the cycle of innovation.
- A pool of savvy entrepreneurs.
- Business models which are value-focused.
- A large pool of venture capital investors.
- A well established services infrastructure.
- Great places to meet.
- An outdoor lifestyle.
- Meritocracies – where great ideas win.

"At the core of Silicon Valley's success is that people rarely ask, "Who do you work for?" but rather, "What's your passion?"

– Deborah Piscione

"Silicon Valley (noun) 2013: A vibrant ecosystem of visionaries, innovators, investors, and destructive management (those not afraid to buck the status quo) whose culture and human capital is relationship-driven collaborative, and rewarded through meritocracy. Silicon Valley is the leading place to start an entrepreneurial venture due to its openness, nourishment, and tolerance for high-risk and failure. The innovation capital of the world is on the verge of exponential technologies, and the synergies between them will have a monumental shift on the world's economy. It is an ecosystem that provides a competitive advantage for those who embrace it."

– Deborah Piscione

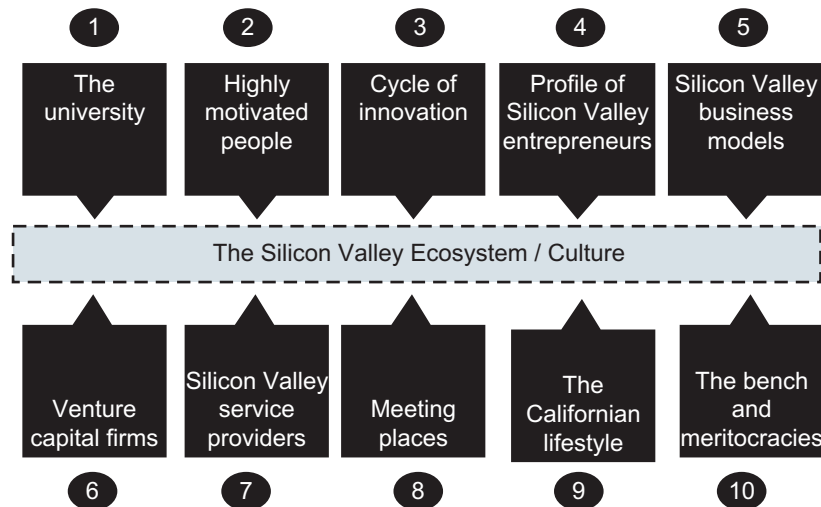
1. History – How Silicon Valley Came To Be Pages 2 - 3

There are eight historical events which have helped shape and mold Silicon Valley:

- | | |
|-------------------------|-----------------------------------|
| ▶ 1 Stanford University | ▶ 5 The growth of electronics |
| ▶ 2 The vacuum tube | ▶ 6 Shockley Semiconductor |
| ▶ 3 Moffett Field | ▶ 7 Spin-off culture |
| ▶ 4 Frederick Terman | ▶ 8 The growth of venture capital |

2. The Silicon Valley Ecosystem That Exists Today

When you strip away all of the trappings and embellishments and get beneath the surface, there are really just ten distinctive characteristics which make Silicon Valley the success it is today. The unique characteristics of the Silicon Valley ecosystem and culture are:



3. Can Silicon Valley Be Replicated? Page 8

The real challenge in cloning Silicon Valley is to replicate Silicon Valley's culture. That's tough because Silicon Valley has a culture which thrives on creative destruction rather than shying away from it. Creating a critical mass of the right environment, the right people and the right mix of brains and capital is also tough to duplicate. Maybe someone will get it right but it's hard to see at the present time.