

Silicon Valley in Spotlight



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Thank you for the privilege of speaking today!

Questions? Just ping me any way you prefer. Laszlo@gmail.com



Laszlo Horvath

President and Founder



+1 703-801-7665



+1 650-353-2310



laszlo@activemedia.com

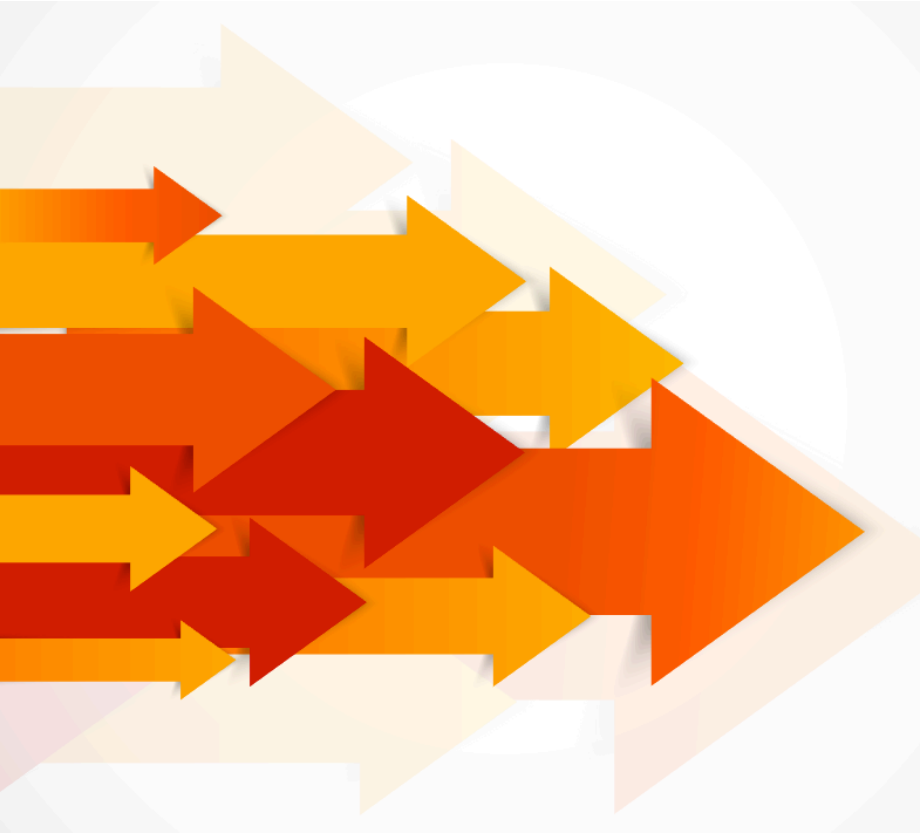


CallLaszlo



San Francisco Bay Area Silicon Valley
2995 Woodside Road
Woodside, CA 94062

Agenda



I. What makes the Silicon Valley what it is?

II. Should we and how should we create something similar in and around Hungary?

III. The Estonian example

IV. Case Studies

What makes the Silicon Valley the special place it is?



The majority of the US
GDP – soon – **without
stifling startups**
(innovation).

The “Valley of Heart’s Delight”

Stanford from the 1890-ies

- 1939: Stanford alumni David Packard and William Hewlett in a Palo Alto garage “the Birthplace of the Silicon Valley”.
- Moffett Field – Navy blimps during and after WW2.



Exponential growth history: “Earthly manifestation of Moore’s law”

From the Beginning until today

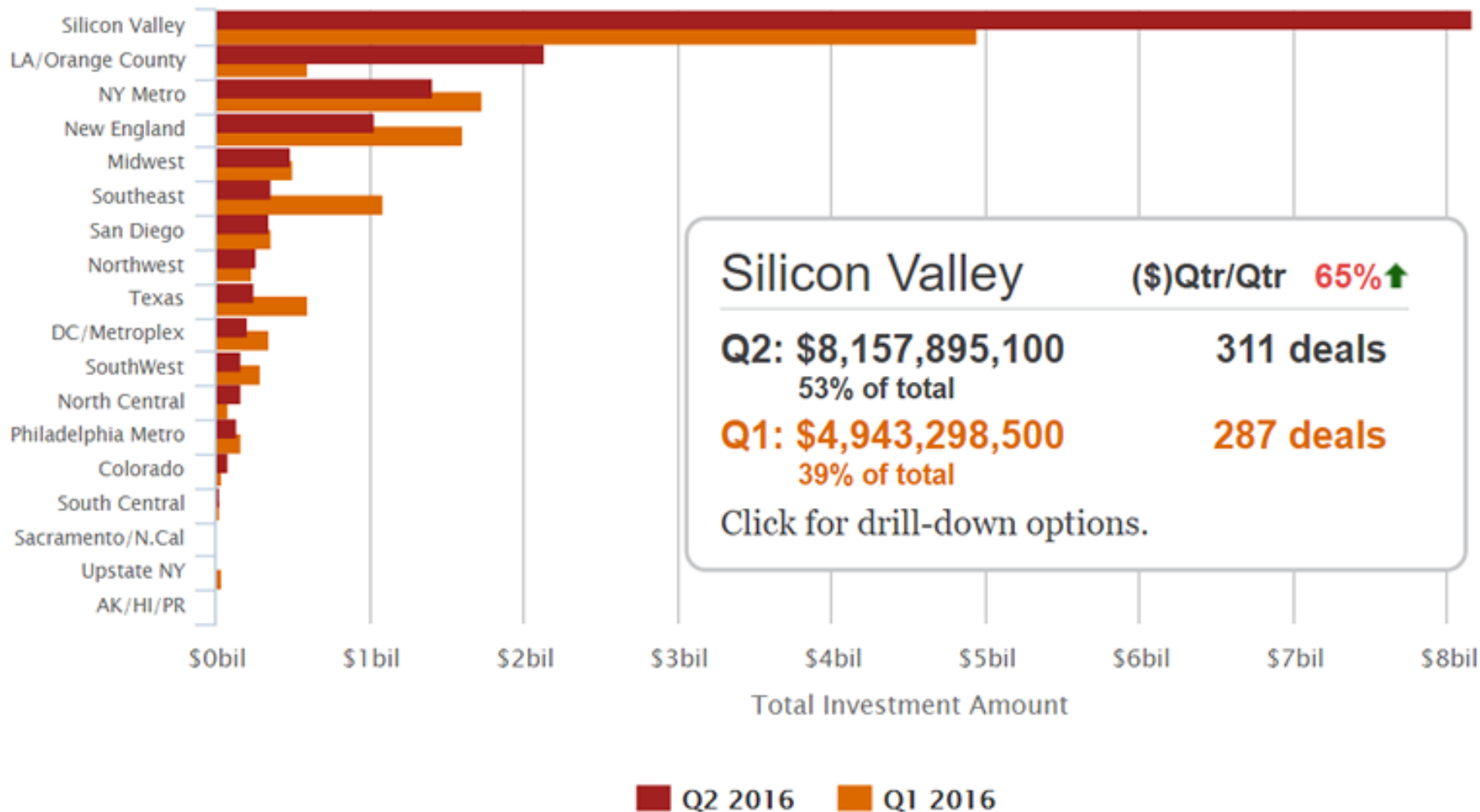
“Silicon Valley fever”

Mid-1950s with Shockley and Fairchild, later Intel, and other semiconductor firms. Microelectronics revolution, first PCs in the mid-1970s, continuing till today.



Latest Startup investment data

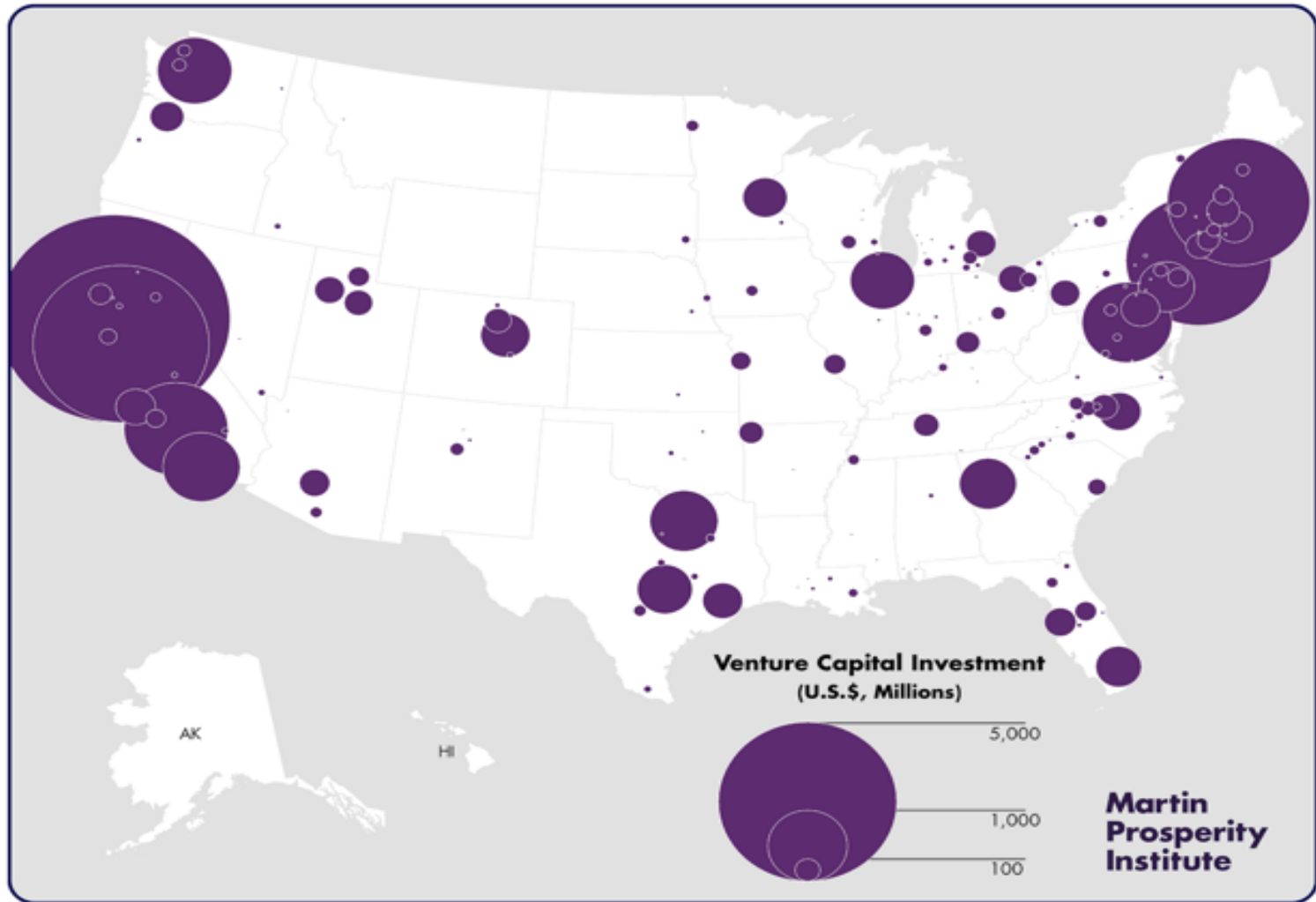
Venture Capital Investment by Region



Source: Source: PwC/NVCA MoneyTree™ Report, Data: Thomson Reuters (<http://pwcmoneytree.com/CurrentQuarter/ByRegion>)

High risk capital, fueling cycles of innovation

Geography of US Venture Capital Investment

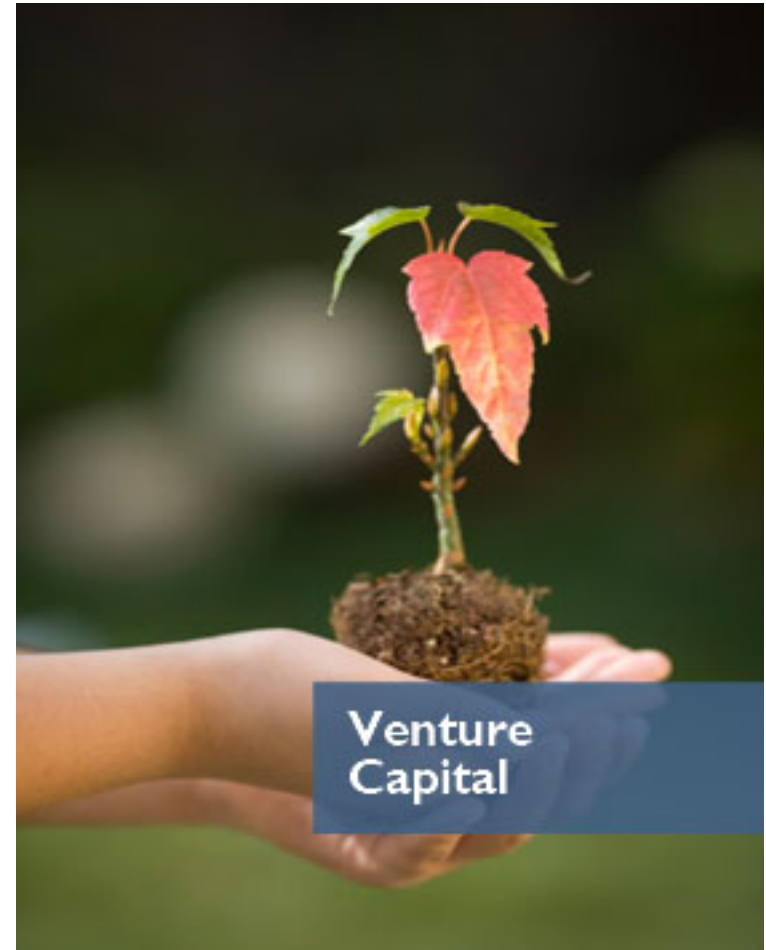


<http://www.dealstreetasia.com/stories/singaporetemasek-to-open-second-us-office-in-san-francisco-seeks-more-us-investments-46741/> (2016)

Total investment \$\$\$ in the US

Venture Capital Investment

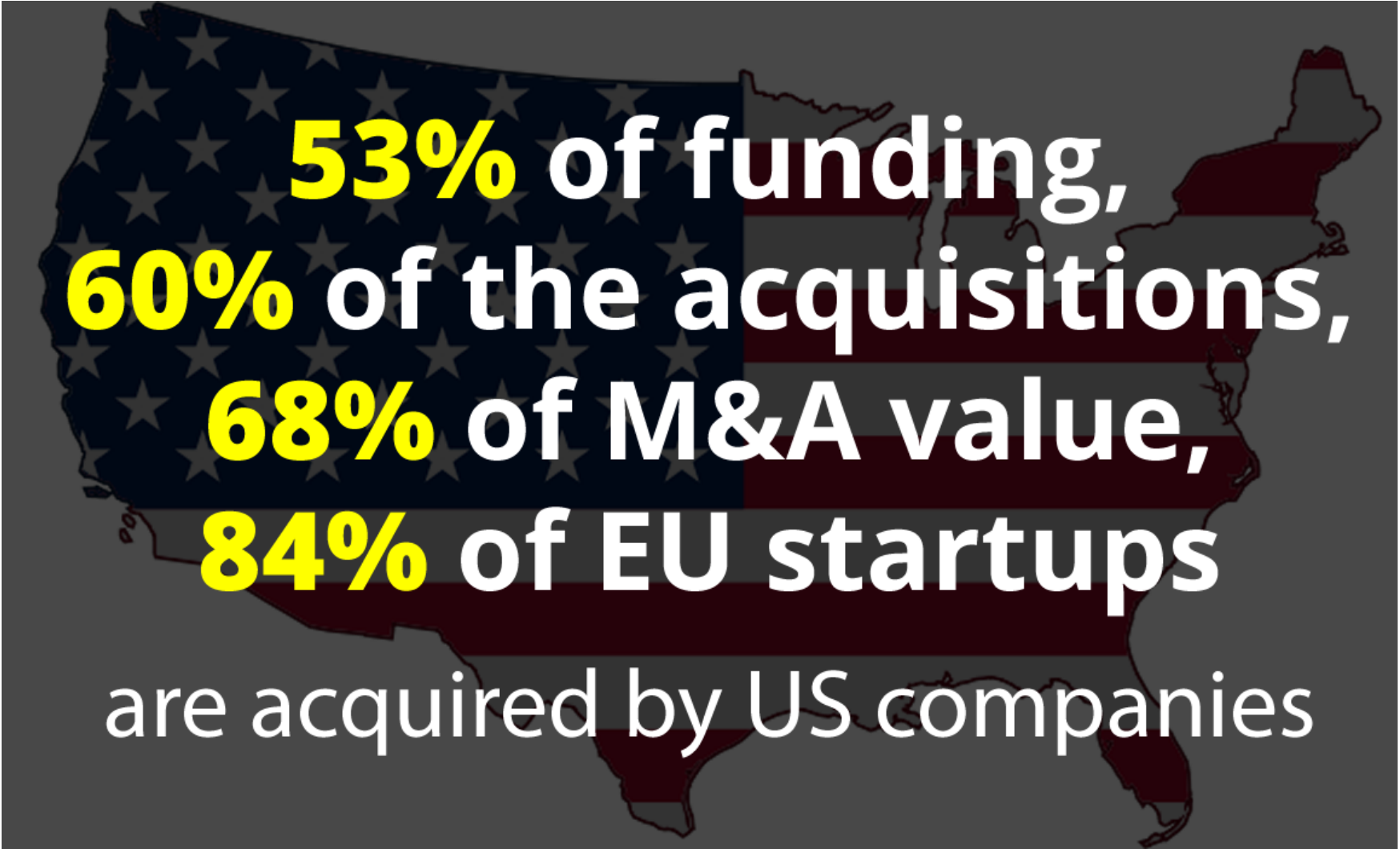
\$58.8 Bn in VC money
\$11.3 Bn for startups
(2015)



Source: <http://nvca.org/pressreleases/58-8-billion-in-venture-capital-invested-across-u-s-in-2015-according-to-the-moneytree-report-2/>

California: more than the rest -- combined

Comparing Share of M&A and Funding by Count (number of companies)



53% of funding,
60% of the acquisitions,
68% of M&A value,
84% of EU startups
are acquired by US companies

Some of the latest deals between San Jose & San Francisco

Venture Capital Investment

Top 10 venture deals in the bay area:

- Social Finance of San Francisco, **\$1** billion
- Palantir Technologies of Palo Alto, **\$450** million
- GitHub of San Francisco, **\$251** million
- Stem CentRx of South San Francisco, **\$250** million
- Medallia of Palo Alto, **\$150.3** million
- Auris Surgical Robotics of San Carlos, **\$149.5** million
- Twilio of San Francisco, **\$130** million
- Tanium of Emeryville, **\$127.6** million
- Thumbtack of San Francisco, **\$125** million
- Tintri of Mountain View, **\$124.6** million.



Source: MoneyTree Report released by PricewaterhouseCoopers and the National Venture Capital Association (2015)

Create new categories, build platforms, not standalone products

Profiles of Innovators in the Silicon Valley – Financial profiles, valuations later

- **Need Seekers** adopt a first-mover strategy. They actively and directly engage both current and potential customers to help shape new products and services based on superior end-user understanding. (Tinder)
- **Market Readers** adopt a second-mover strategy. They closely monitor both their customers and competitors, but they maintain a more cautious approach. (Google)
- **Technology Drivers** follow the direction suggested by their technological capabilities, leveraging their sustained investments in R&D to drive both breakthrough innovation and incremental change. (Apple)



Silicon Valley “magic”: attract talent

Counter-cultural, libertarian spirit

- Non-hierarchical culture: engineering focused, hyperactive, anti-establishment, analytics-based, immigrant friendly, startup friendly.
- "Silicon Valley Bubble": just about everybody
 - Critical mass of new entrepreneurs, serial entrepreneurs, angel investors, VC investors, late stage investors, and corporate decision makers / strategic buyers.



Silicon Valley style collaboration: we are all on the same team (kinda...)

What Makes Some Silicon Valley Companies So Successful?

- Strong leadership / Founders enable true collaboration.
- Give employees (and their dogs) a long leash.
- Create a new category vs incremental improvements (AOL).
- Think like engineers *and* customers.



Should we and how should we create something similar in Hungary?



Every time you copy something, you will produce lesser quality of the same thing.

The Hungarian SV: how to keep the developer base here

Why is SV hard to recreate? Do you need to?



First is the **money**.

60 years X \$58Bn



Second is the **Culture**.

The Hungarian SV: Product development here, biz development there

The “Hungarian (Startup) Orange”: buildings, overhead, infrastructure?

- **Assist Startups**

- Adept to culture - separate
- Tutor: Learn the basics.
- Mentor(s).
- Fundraising.
- Angel Investors.
- Professionals, Advisors.



The Estonian example: direct links to SV vs the alternative

Clarity of mission, focus, motivation, team effort

