

Activity Deliverable

19341

Service catalogue under the Service Broker activity

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Version	Date	Owner	Author(s)	Changes to previous version
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Executive Summary

The goal of the EIT Hub Silicon Valley was to issue an integrated catalogue to broker available programs and services provided by local organizations. The anticipated costs were for the compiling and designing of the online catalogue.

During the conceptualization of the project, we were in contact with ART-ER (Attractiveness Research Territory Emilia-Romagna) as they wrote a similar white paper some year ago that would serve as a starting point for our survey. After a couple of conversations with ART-ER representative in SF, we decided to join forces on this project as they were doing a study on how different European government entities are operating in Silicon Valley.

The ART-ER representative and the Cross-KIC Project Manager compiled a list of EU innovation organizations and finalized the questions of a survey to map the European innovation ecosystem in Silicon Valley. The finalization of the survey was a tedious task due to differences on the type of questions that both organizations wanted to include.

The project was presented during one of the EuropeSV meetings by the Hub Manager and ART-ER representative and several emails were sent to the European organizations. **Finally, 22 organizations filled-out the survey.**

The report was done by ART-ER with our collaboration due to personnel restrictions towards the end of the year at the EIT Hub SV.

1. Introduction and Objectives

Why is Silicon Valley Special?

The recipe for the creation of Silicon Valley is not obvious nor easy, but it's clear from the results that something big is happening here:

- There are more than 100 listed tech companies with a market value of over 1 billion dollars (so-called Unicorns)
- These companies combined are worth some \$2.8 trillion (an increase of 75% over the past 3 years), and account for around 6% of all corporate America's corporate profits
- The startup ecosystem in Silicon Valley is 6 times bigger than the New York City one, 9 times bigger than the London one, and 13 times the startup ecosystem in Berlin.
- Silicon Valley is home to about 30.000 startup companies (and growing).
- Here are absorbed 43% of the total US share of all VC investments and 30% of the global share of early-stage investments.

How did Silicon Valley become critical in the global startup ecosystem?

One of Silicon Valley's secret sauce is its people. They drive the economy and shape the region's quality of life. The region has benefited significantly from the entrepreneurial spirit of people drawn to Silicon Valley from around the country and the world.

Immigrants have contributed considerably to innovation and job creation in the region, state and nation, in particular:

Silicon Valley's percentage of foreign-born residents is significantly higher than California or the United States: Silicon Valley 38%, California 26.9%, United States 13.7% (2018 data) Silicon Valley continues to attract highly-skilled immigrants: foreign-born, employed workers with a BA or higher were almost 300.000 in 2011 (150.000 only in Science and Engineering)

Over 68% of the employed population with a BA or higher is foreign-born (in the US the number goes down to 25%). More than half of Silicon Valley's population speaks a language other than English at home.

OVERVIEW: EUROPEAN INNOVATION HUBS IN SILICON VALLEY

European entrepreneurs, along with their companies, are part of the diversity jigsaw puzzle that Silicon Valley is. They reach California from Europe seeking VC funding, mentor's knowledge and networking opportunities. Often they approach this context without the proper preparation and without the necessary skills to be able to develop meaningful connections to start partnerships or to raise capital.

European governments and organizations supporting innovation are aware of this need and are more and more present in Silicon Valley through their innovation hubs acting as facilitators, supporting and driving European ecosystem actors in their approach to the Bay Area.

European Innovation Hubs are the object of our analysis: organizations, often promoted by governments and funded with public money, with the mission of supporting a specific national (or regional) innovation ecosystem in approaching Silicon Valley.

This support can be in the form of mentoring, networking support, acceleration programs, trade missions, office space, curated introductions.

The main goal of these innovation hubs is to build a "two-way bridge" supporting innovation in both ways (going to Silicon Valley and coming back to Europe) offering a cutting-edge service for European companies and organizations, but also remarkably improving the European innovation ecosystem avoiding the uncontrolled "human capital (and startups) flight" and attracting international capitals towards Europe.

2020

EUROPEAN INNOVATION HUBS IN SILICON VALLEY

BY
ART-ER



SILICON VALLEY: WHAT IS IT?

Silicon Valley is the core of the worldwide startups ecosystem.

It's located in California, expanding from south San Francisco to San José: the area is approximately **1900 square miles**, with a **population of nearly 3 millions**.

The term "Silicon Valley" first appeared in Electronic News on January 11, 1971 with an article entitled "Silicon Valley USA" about the semiconductors history in the Bay Area.

But the concept of Silicon Valley, a region filled with **cutting edge technology**, **disruptive innovation** and **entrepreneurial mindset**, was born long before that.

Driving to 369 Addison Ave in Palo Alto (the heart of Silicon Valley) you find yourself in front of a green and brown garage with a big sign that says "Birthplace of Silicon Valley". The sign goes on and tells you a really interesting story:

"This garage is the birthplace of the world's first high-technology region, "Silicon Valley." The idea for such a region originated with Dr. Frederick Terman, a Stanford University professor who encouraged his students to start up their own electronics companies in the area instead of joining established firms in the East. The first two students to follow his advice were William R. Hewlett and David Packard, who in 1938 began developing their first product, an audio oscillator, in this garage."

[California Registered Historical Landmark No. 976]

Plaque placed by the State Department of Parks and Recreation in cooperation with Hewlett-Packard Company, May 19, 1989.

This garage is where HP and Silicon Valley were founded in 1938, by two guys who just got out from Stanford, with the help of their professor.

Hewlett-Packard headquarter is still in Palo Alto, but the company grew exponentially in the last 80 years reaching more than 300.000 employees.

Professor Frederick Terman saw this potential before time and encouraged his student to stay in the Valley, when present Silicon Valley was just a couple of companies and universities surrounded by fields and hills and apricot orchards.

This is how Silicon Valley was born, out of vision and courage.

The whole technology world changed after that, and is still changing (faster and faster).



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Here is the current European presence in Silicon Valley in terms of innovation hubs:



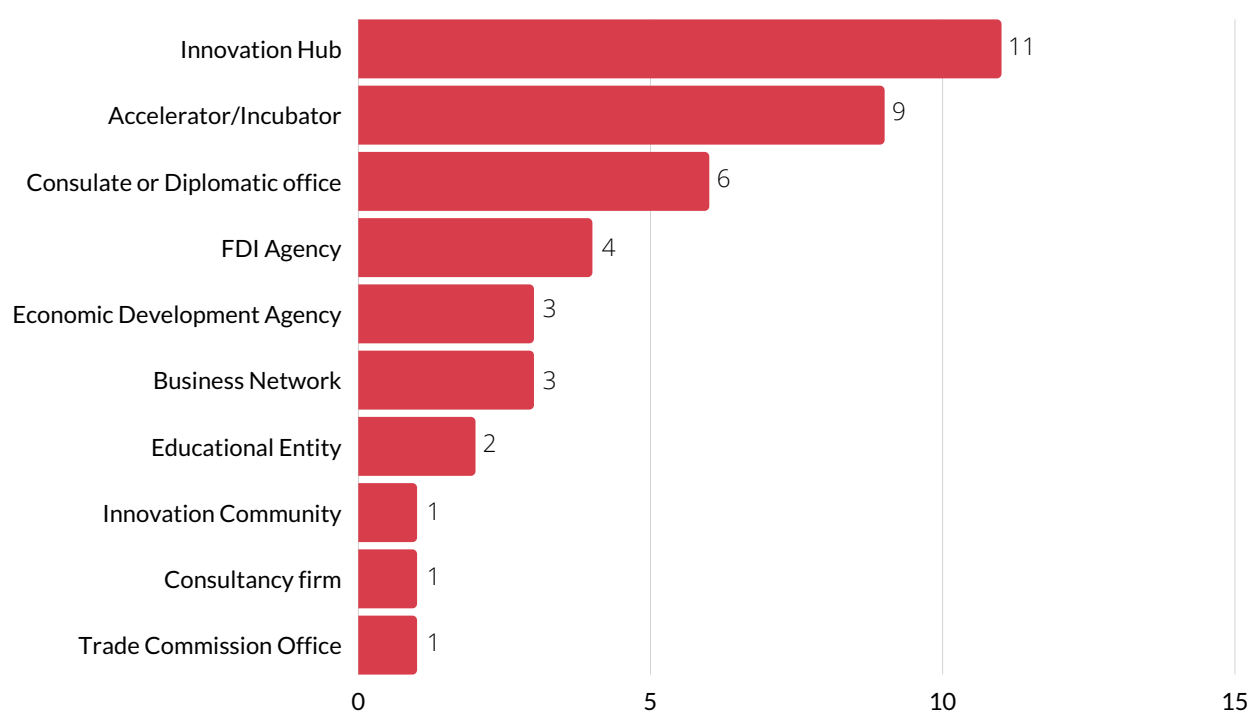
The analysis presented in this report was possible thanks to the data collected through an online survey filled by the European hubs directors during Q4 2020.¹

1. It was not possible to collect data from: Invest in Bavaria, Polish Hub, West To West (Portugal). Therefore these organizations' complete data are not included in the analysis.

1. INNOVATION HUBS IN DETAILS

How are the organizations best described?

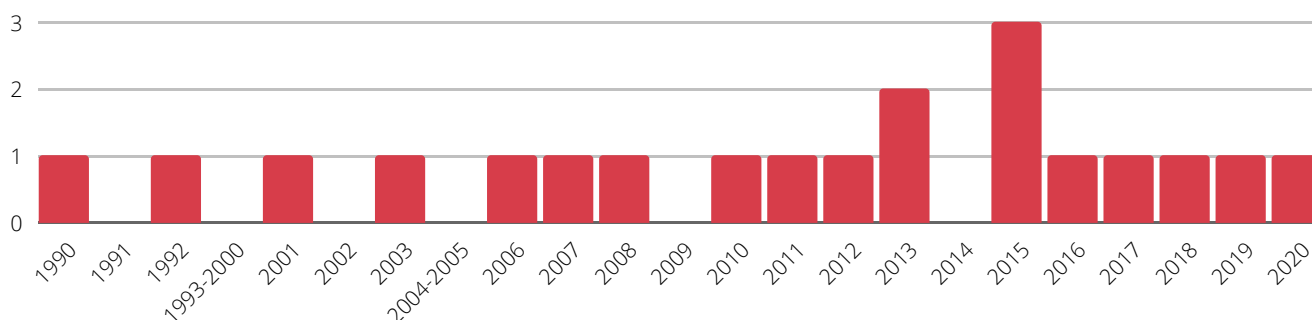
Supporting European innovation in Silicon Valley comes in **all sizes and shapes**. What we decided to call “Innovation Hubs” in this report for the sake of brevity, is in reality a mix of different organizations with a country-specific (or region-specific) interest and a focus on innovation. We asked the representatives how they would describe their type of organization (the question allowed multiple choice):



When were the hubs established in Silicon Valley?

The **longevous** innovation hub was founded in San Francisco in 1990, the **youngest** was established in Menlo Park in May 2020.

This is the timeline of European innovation in the Valley:



Europe, Country, Region?

The majority of innovation hubs are country-specific, promoted by national governments or institutions.

Some of them, although, have a broader or a more specific focus.

EIT Digital and Mind The Bridge have a **European target**, as well as Schoolab (even though it has also a specific French connection).

Nordic Innovation House **represents 5 countries**: Iceland, Norway, Sweden, Finland and Denmark. Some of these countries also have their own innovation hub.

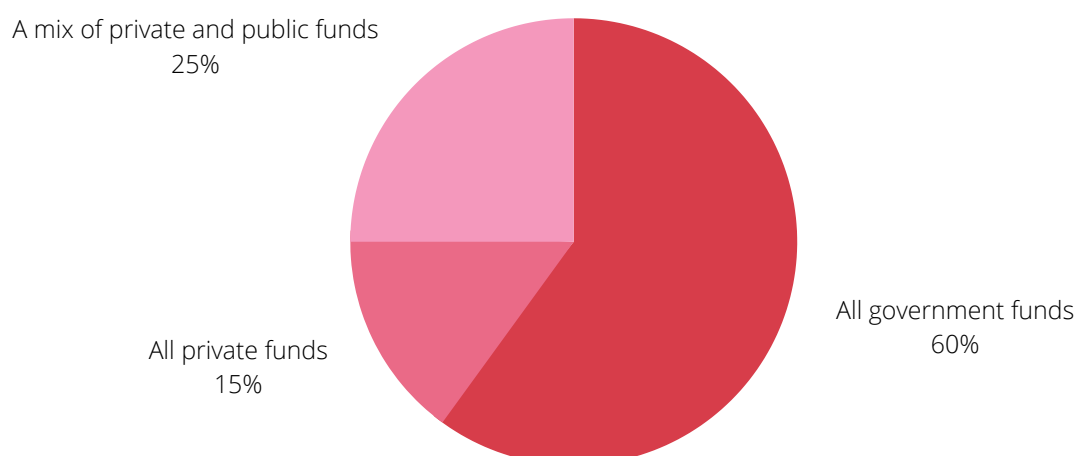
On the other hand, some countries also have a **regional representation**, focusing on a more curated group of companies and excellences: Emilia-Romagna (Italy), Catalonia (Spain), Wallonia (Belgium), Bavaria (Germany).



How are the hubs funded?

The innovation hubs are mainly **completely or partly funded with public money**. Only 3 organizations fully cover their activities with private funds through advisory or program fees paid by clients or variable fees on transactions.

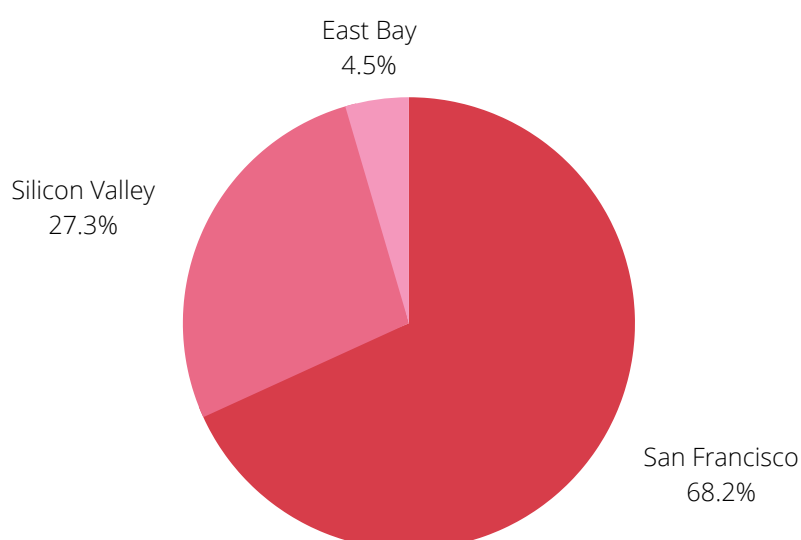
The initial goal was to collect information on the amount of budget allocated by each country, but the numbers are often sensitive, so it was not possible to gather an exhaustive picture. The few answers collected range **between 2 and 10 million dollars per year**.



Where are the hubs located?

The majority of the hubs (more than 70%) are located in **San Francisco**, mainly in the Financial District area.

Only 6 are south of the city, in the **Valley**, in particular in Menlo Park, Palo Alto, and Sunnyvale. One, the Bulgaria Innovation Hub, is located in the **East Bay**, in Lafayette.



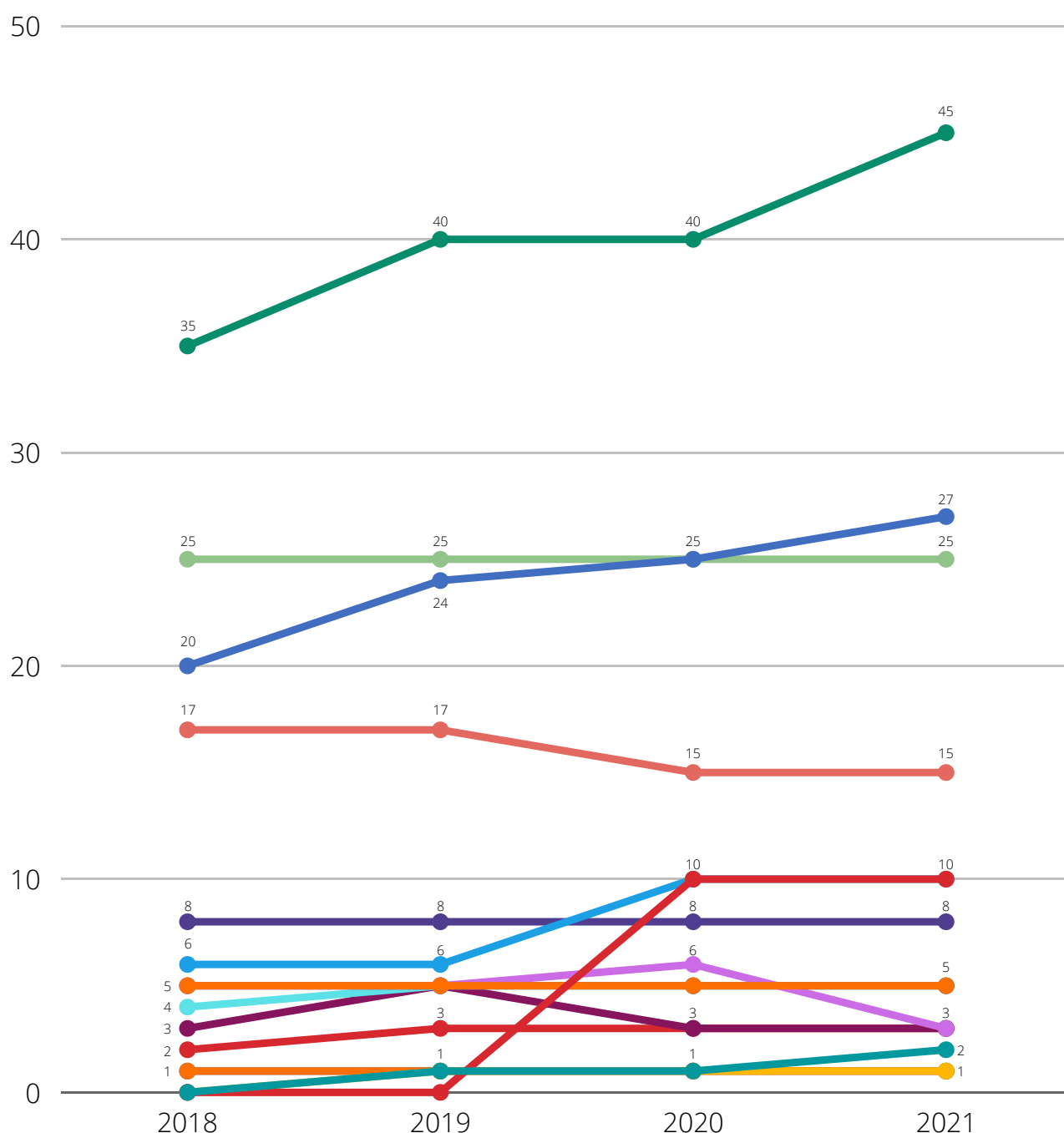
How many employees does each hub have?

The innovation hubs teams space in terms of employees **from 45 down to 1**.

The largest team is also the fastest-growing one: its 35 employees in 2018 **are going to become 45 in 2021**. 4 hubs are **represented by a one-person team**.

The number of employees in each team is **pretty much stable**, the most significant changes are +10, +7 or +4 in 3 years.

Two hubs are, on the other hand, **reducing the number of their employees**: one hub went from 6 employees in 2020 to 3 in 2021 (50% less) and another one went from 17 to 15 in 2020.



Employees focus: job titles

One interesting detail that came up from the survey is the broad range of qualifications among the managers of the hubs.

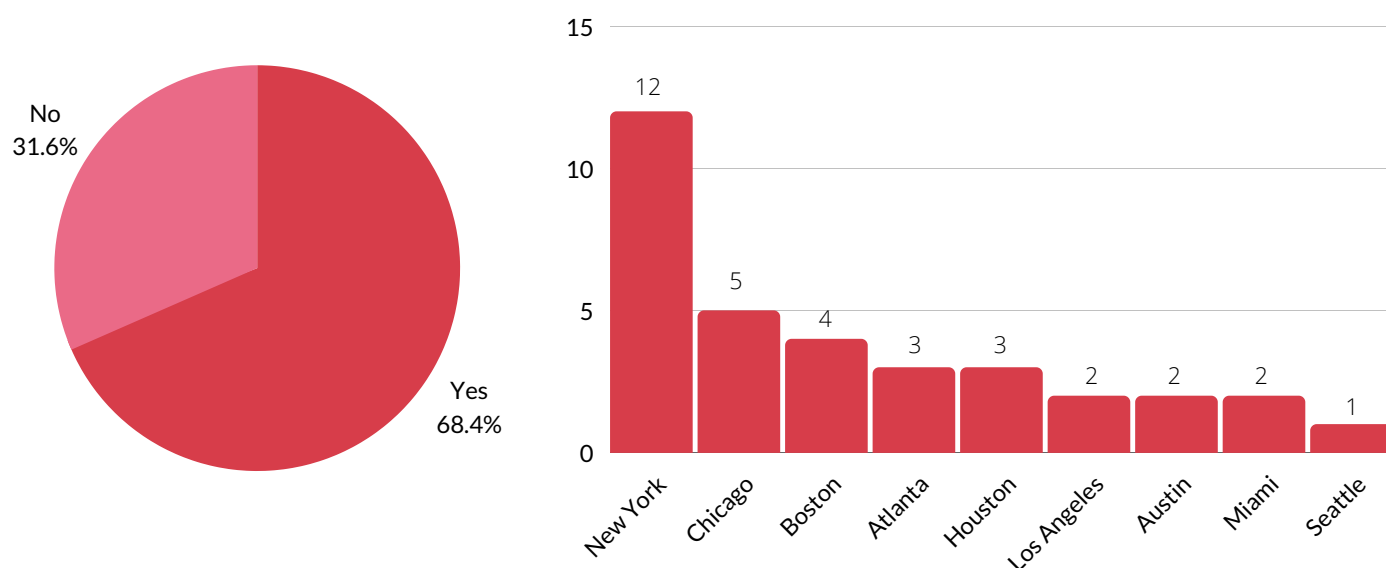
This can indicate how the Innovation Hubs are different one from the other and **not at all** standardized:

Director of US Business Development
 Director of West Coast Operations
 Managing Director
 Innovation Attaché
 Head of Future Mobility
 Co-Director CEO Tech Ambassador
 coo Director
Silicon Valley Hub Manager
 Economic and Commercial Affairs' Attachée
 Head of Innovation & Sustainability
 General Manager
 Head of Western USA
 Trade & Investment Commissioner



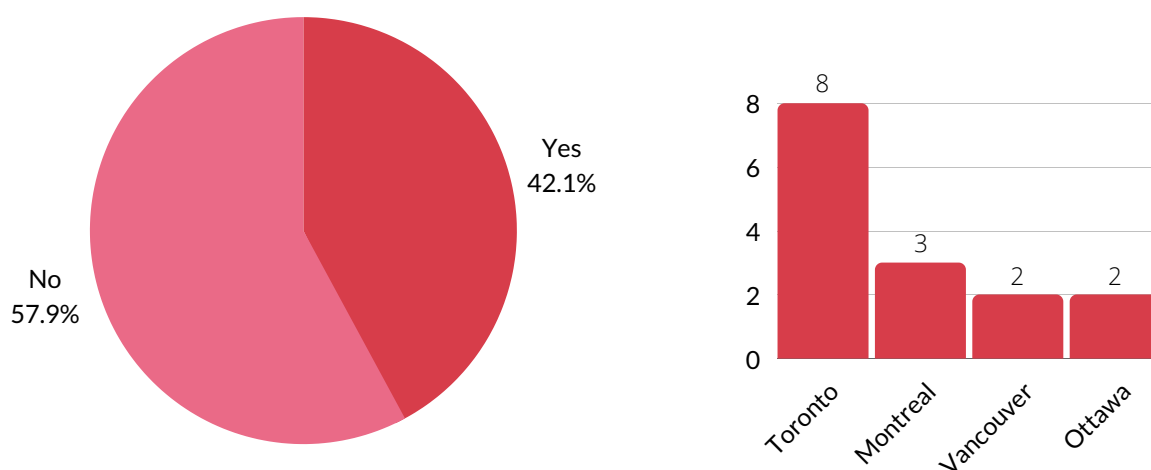
Do the organizations have other hubs in the USA?

The majority of the organizations managing the innovations hubs in Silicon Valley - 2 out of 3 - also have hubs in other cities in the US. The north-eastern area is the one that gathers the highest interest: **New York** has 12 innovation hubs, **Chicago** 5 and **Boston** 4.



Do the organizations have other hubs in Canada?

Canada has interesting ecosystems as well. 40% of the organizations consulted also have an innovation hub in Canada: all of them in **Toronto**, the rest are distributed among **Montreal**, **Vancouver** and **Ottawa**.



2. INNOVATION HUBS ACTIVITIES AND PROGRAMS

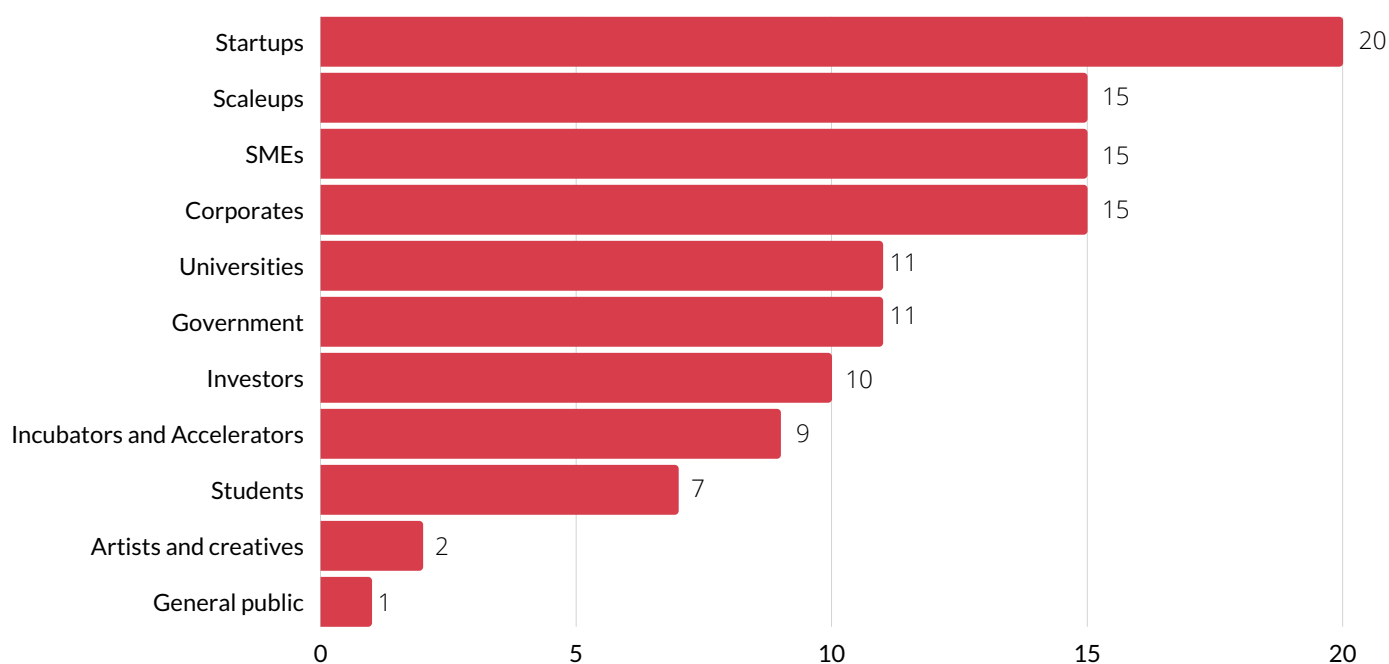
Who are the target audiences the hubs' activities and programs?

Companies of different sizes and shapes are the main target for the innovation hubs.

Every single hub works with **startups**, the vast majority also works with scaleups (the “evolution” of a startup), SMEs and corporates.

Half of the hubs also have as targets universities, governments, investors and incubators.

We also investigated how much each target is served compared to others. We discovered that the hubs mainly divide into **two different types** based on the **main target** they have: one type has the **startups as the main target** (more than 50% of the activities), the other has the **corporates as the main target**. The first group is primarily composed of government-funded organizations, while the second group depends more on private funds.

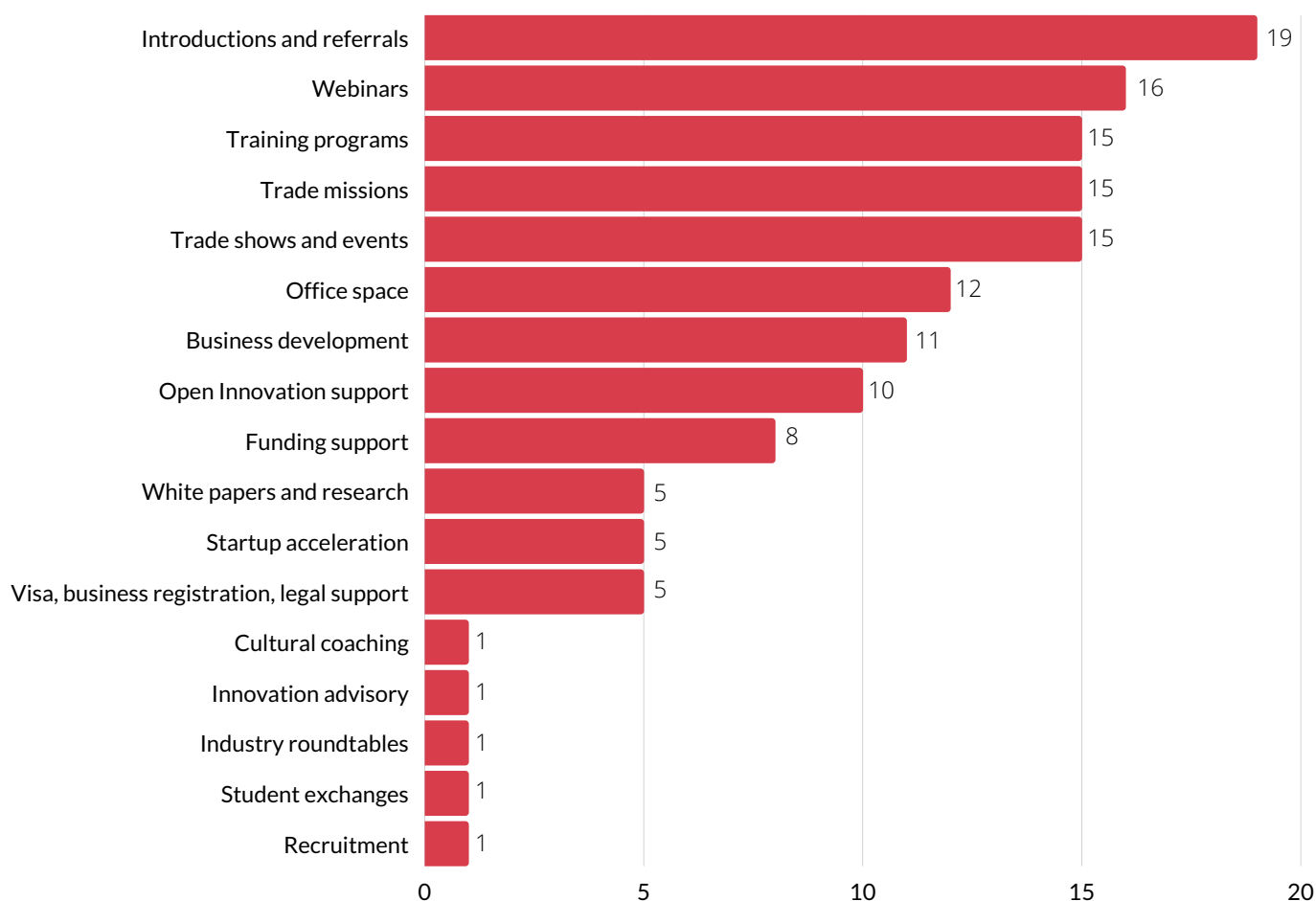


What kind of activities and programs do the hubs provide?

This question investigates the **core of the innovation hubs**, the answers are complex and detailed. The main focus is the business one: Introductions, Training Programs (mainly for startups), Trade Missions, Trade Shows, Business Development.

Below is shown the **overview of all the activities**, for each one it is displayed the number of hubs that offer it.

In the following pages, all the different answers we received are detailed, to give a **complete picture** of the full set of services that the European innovation ecosystem can find in Silicon Valley.



[Activities and programs]

Introductions and referrals



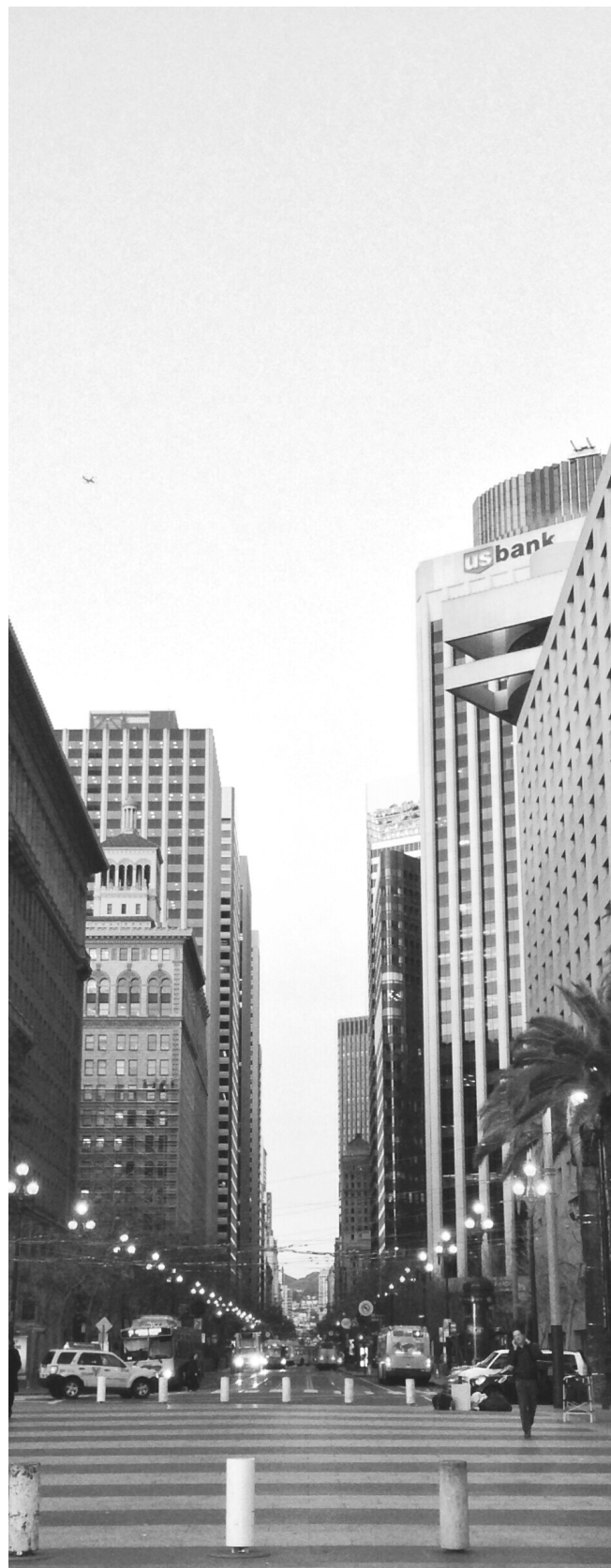
- We make introductions based on companies **readiness and needs**.
- We are the **connectors between Silicon Valley and our country**, we tell organizations to reach out for introductions to either side.
- We offer solutions **for startups and corporates**. Our **Outpost As a Service** allows our clients to be present in the Bay Area without the risks and the costs associated. Including access to a network of experts, suppliers, clients, scouting and business development, partnership and strategy.
- We make introductions free of charge.
- We make introductions **based on individual project** basis at no fees.
- We only provide introductions or referrals to companies in our immersion or scaleup programs.
- **Warm introductions with double opt in**. Normally 3-5 introductions at a cost of 3-500 USD total.
- We make many introductions and referrals and there is 0 charge for this - it's part of our program.
- We facilitate contacts between our country and US (West Coast) businesses through introductions. No fees. Always happy and willing to share background information and point our clients towards the right contacts in our country.
- Warm introductions with double opt-in to connect our ecosystem to the Bay Area, free of charge.
- We make introductions at no fees using **our network for connections**.
- We basically **open our network for our clients** (7000 SME's from our country).
- We provide **curated introductions to investors** and potential **customers**. We also provide introductions to **legal advisors** and **attorneys** to assist with incorporations and other legal matters.

[Activities and programs]

Webinars



- We organize around **100 webinars per year**, often sponsored, at no fee.
- We organize 12 webinars per year at no fees.
- 4 webinars per year, free of charge.
- We organize webinars **as part of our programs**, 3-4 per program, free of charge.
- 2-3 a year, no fees.
- More than 50 per year (in 2020) at no fee.
- We have organized one webinar this year (June 2020) so far. No fees involved.
- We create **exclusive and interactive content**. Our specialties are **open innovation, innovation strategy, sustainability, design thinking and design fiction**.
- We organize about one webinar per week, free of charge.
- We organize webinars **with Fortune 500/Forbes 2000 corporations** that are leading the way of open innovation strategies.
- Webinars 2-4 per month. A variety of **sector-specific webinars**. Usually free of charge.



[Activities and programs]

Training programs



- Our program is a **6-weeks immersion program for startups** with high-growth potential.
- The **growth acceleration program** runs twice per year for 3 weeks. We accept 6-8 high potential technology startups that have received **pre-seed/seed funding** from the local VC funds in our country, and have some initial **market traction in EU**, or other markets, and have the ambition to expand their business into the US.
- The Disrupt Tours are agendas **targeted to innovative clusters** in which **C-level executives** go to Silicon Valley to learn about disruptive technologies that will transform their sectors.
- Training on **innovation mindset and frameworks** (Design thinking, Design fiction, Ethical innovation, Lean Startup...), from 1/2 day to a week.
- Our training (or immersion) programs are available for **startups, investors and government** representatives to either have a reality check on their businesses and growth, learning investing best practices from Silicon Valley to be implemented in emerging funds elsewhere in the world or defining the best actionable steps to develop a scaling ecosystem of innovation within a region or a country.
- Programs with 8-10 companies between 2 days to 2 weeks.
- 5-week program with 10-15 companies for **market validation in the US**. Direct support and sparring with companies.
- Ranges from 5 days **investment readiness** camps to 6 months fellowships.
- **Program for startups**: 2 weeks, 10 companies, to understand the innovation ecosystem, to establish the first contacts and define a new business model through meetings with innovation investors and experts.
- **Program for incubators**: 1 week, 10 incubators, to exchange best practices on startup support and financial sustainability with the managing partners of the most important Bay Area incubators and accelerators.
- **Startup Bootcamp, Scaleup Bootcamp**: 1 week.

[Activities and programs]

Trade missions



- We organize delegation **visits about future trends and technologies**, as well as hosting local networking and innovation events. Through the cooperation agreement with Stanford University we facilitate **workshops on new trends and technologies** for businesses and scientists for our country.
- We welcome Trade Missions from our country and organize for them **visits to companies and B2B meetings**, free of charge.
- Trade missions are typically organized **for corporates that have not established open innovation practices** in preparation of more structured engagements to set advanced innovation goals.
- **Program for SMEs:** 1 week, up to 10 companies, program expenses covered (not accommodation or travel expenses), focus on meetings and intro (with the goal of partnerships).
- Trade missions of one week, 6 companies, **with the goal of business development**.



[Activities and programs]

Trade shows and events



- We organize trade shows e.g. **Pavilion at TechCrunch Disrupt**.
- Mainly supporting and facilitating for companies who attend **trade shows like SXSW, CES etc. We rarely cover major costs for trade missions.**
- Under normal circumstances, 8-10 events per year. 4-6 events arranged in partnership with our Consulate General. The target audience is **startups, scaleups and corporates from our country** seeking market opportunity in the US.
- 3-4 events per quarter with **~200 attendees each**.
- Depending on requests we offer **booths and entrance** at no fees. 4-6 events, business professionals in SV - VCs, corporates etc.
- We organize worldwide **more than 260 events, including trade shows**. We offer custom services for our companies.
- We offer **tailor-made participation** case by case.
- We support the participation of **companies from our countries in Trade Shows** (no fees involved). We have organized several events, about 3-4 per year. The target audience are entrepreneurs from our country who are active in the tech sector in the Bay Area.
- We organize events for the American and European communities that want to engage with our country.
- The target audience differs per event. On average about **2-3 events per week**.
- We organize "events" in the format of **Scaleup Summits, highly curated, invitation-only, matching activities** hosted by the most prestigious Stock Exchanges where corporates, investors and scaleups operating in specific industry verticals can do business and spot technology trends.
- We organize 2-4 community networking events per year to introduce the companies to the **local VC and startup community**.
- We offer tailor-made **physical and digital Learning Expeditions**.

[Activities and programs]

Office space



- **Free workspace** in a coworking space for **up to a month**.
- We offer office space for a fee in our newly renovated Innovation Center to **startups, government agencies and large corporations** that value the involvement in innovation activities.
- Virtual Membership / PO Box service: 125USD/Month/company. Membership with flexible desk, meeting room and PO Box service 750 USD/Month/person. Corporate Members with flexible desk, meeting rooms and event space 13.500 USD/Year/company.
- Office space for **1,000\$ per month including 5 hours of counseling**.
- We offer office space at a co-working space in downtown San Francisco to the visiting startups to conduct meetings and attend the program in person.
- **2 free desks** per company in a large co-working space.
- **Desk for two people, free, at Galvanize.**
- We offer space in San Francisco for 290euros/month.
- We offer Flex Desk, Private Office or PO Box, all for a monthly fee.



[Activities and programs]

Business Development support



- We provide business development support to **startups** that are part of our scaleup/ market entry programs. Programs are **custom based on partners' needs**.
- We provide business development support based on an **individual project basis** at no fees.
- Partly through programs and partly through **1:1 sparring with companies**. Cost based on hours spent.
- Our mentors **will actively promote startups** and connect them to interested buyers.
- We look for prospects, we establish the connection, **and we go along with the details of the contract**, free of charge.



[Activities and programs]

Open Innovation support



- We work with both corporates and startups to **identify challenges and enable technology transfers**, connecting our country and Silicon Valley.
- We offer innovation days which are attended by our corporate partners and allow startups to **pitch their products and services to interested partners**.
- **Corporate Program**: 1 week, 10 corporates, program expenses covered (not accommodation or travel expenses), to **study the best practices** in the Bay Area in terms of open innovation.
- Project acceleration with students, startups, non-profits. Usually from 4 to 12 weeks **delivering prototypes and POC**. Topics: Sustainable innovation, New business, access to a new market.
- Open Innovation services are at the core of our offer. We provide from management consulting services to restructure large corporations' teams for result-driven initiatives to supporting commercial agreements, investments of corporate venture capital departments, and M&A until due diligence.
- We co-founded a proprietary **open innovation platform**.
- We offer Open Innovation services **tailor-made** case by case.



[Activities and programs]

Funding support



- **We connect** - don't participate in the funding. Our services cost 80\$ per hour or are delivered as part of a training program.
- **\$40k in funding** in the form of office space, flight tickets, mentoring hours, access to conferences.
- Our parent organization offers **funding support** to startups and corporates based in our country.
- We have offered funding support in the past through a **side fund**.
- **Grants and soft loans** from our regional offices in our country. No funding directly from the San Francisco office.
- We offer a wide range of **financial incentives**.



[Activities and programs]

Startup Acceleration



- Each selected startup can spend up to **3 months in Silicon Valley** and participate in an accelerator program, designed specifically for the participants or join an accelerator program from a partner such as **Plug and Play** or **Founders Space**. The startups are paired with specific mentors in our network, based on their needs in product/technology, business and organization development, in order to further accelerate their growth.
- **3 - 9 month** programs consisting of Bootcamps, Lectures and up to 100 hours of Mentor support per company.
- **90 days, 3 batches a year, 5 companies per batch.**
- International Accelerator: **4 startups for 3 months at Plug and Play.**
- Acceleration Program: **10 weeks.**

[Activities and programs]

White papers and research



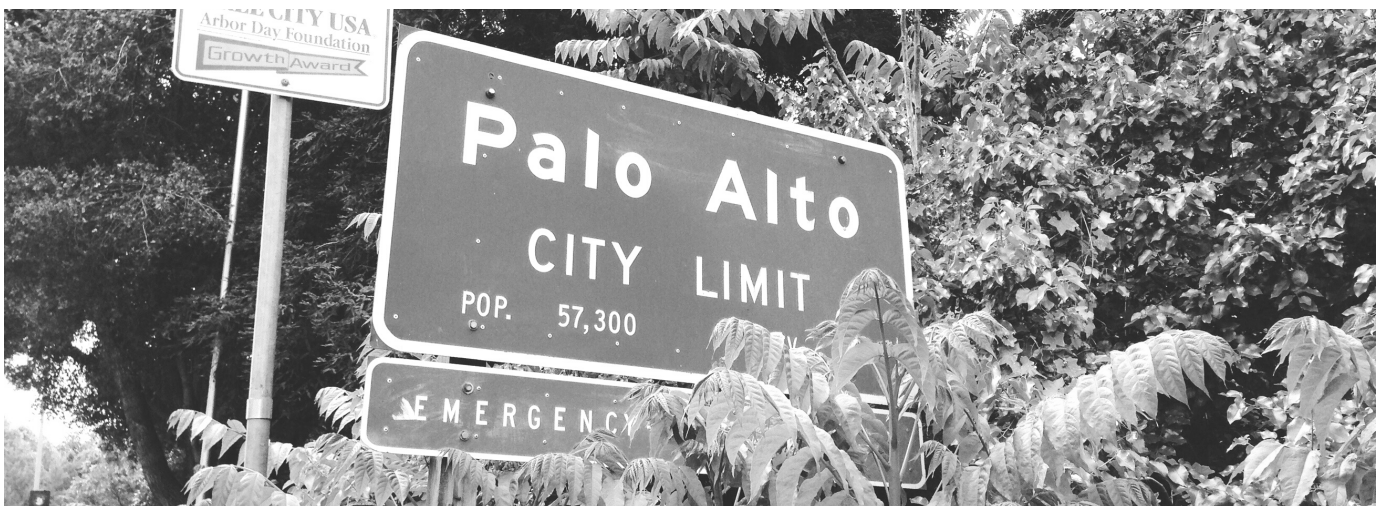
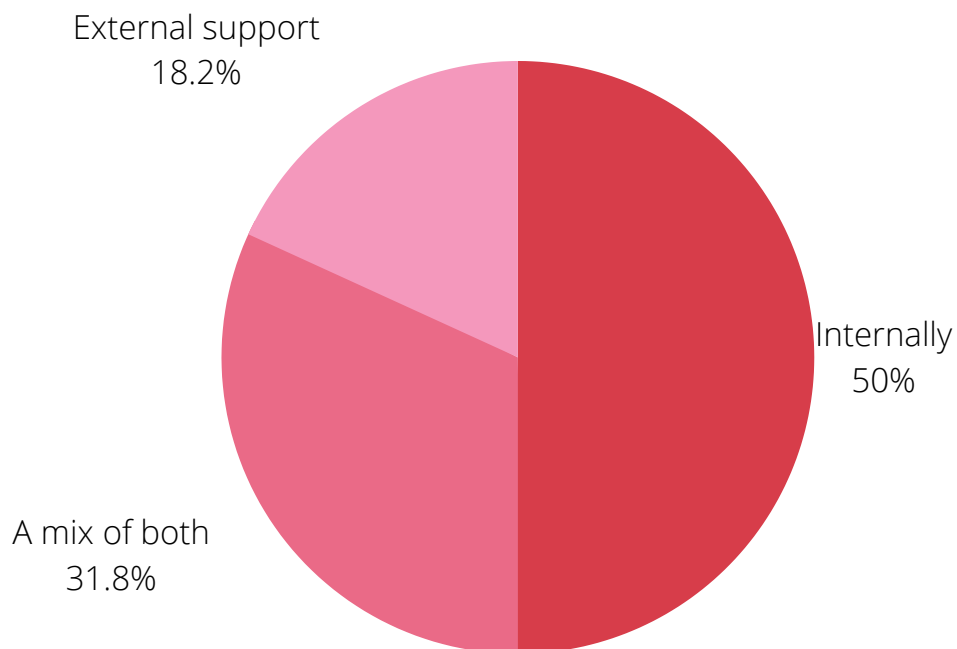
- The Innovation Antenna service consists of **customized reports** to detect **trends**, new **technologies**, **startups** and **new business models** for SMEs and big corporates.
- We write custom reports e.g. Future of Mobility in Silicon Valley.
- As part of our knowledge base, we crunch data and create reports of startup ecosystems around the world. **Each report is created ad-hoc** with the sponsors/partners and based on the research needed to complement the available data.
- We write more than **50 research papers per year**, at no cost, public service, or sponsored.

Are the programs executed internally or with a third-party provider?

The hubs are organized with a **good mix** of programs developed and executed both internally and with external providers' help.

Half of the hubs are **fully independent**, carrying on the activities with no outside help. This is mainly the case for hubs with a higher number of employees.

The ones seeking support are working with a diverse pool of contractors as **Universities** (e.g. Stanford or Berkeley), **consultants** (e.g. USMAC), or **accelerators** (e.g. Plug and Play or Founders Space).



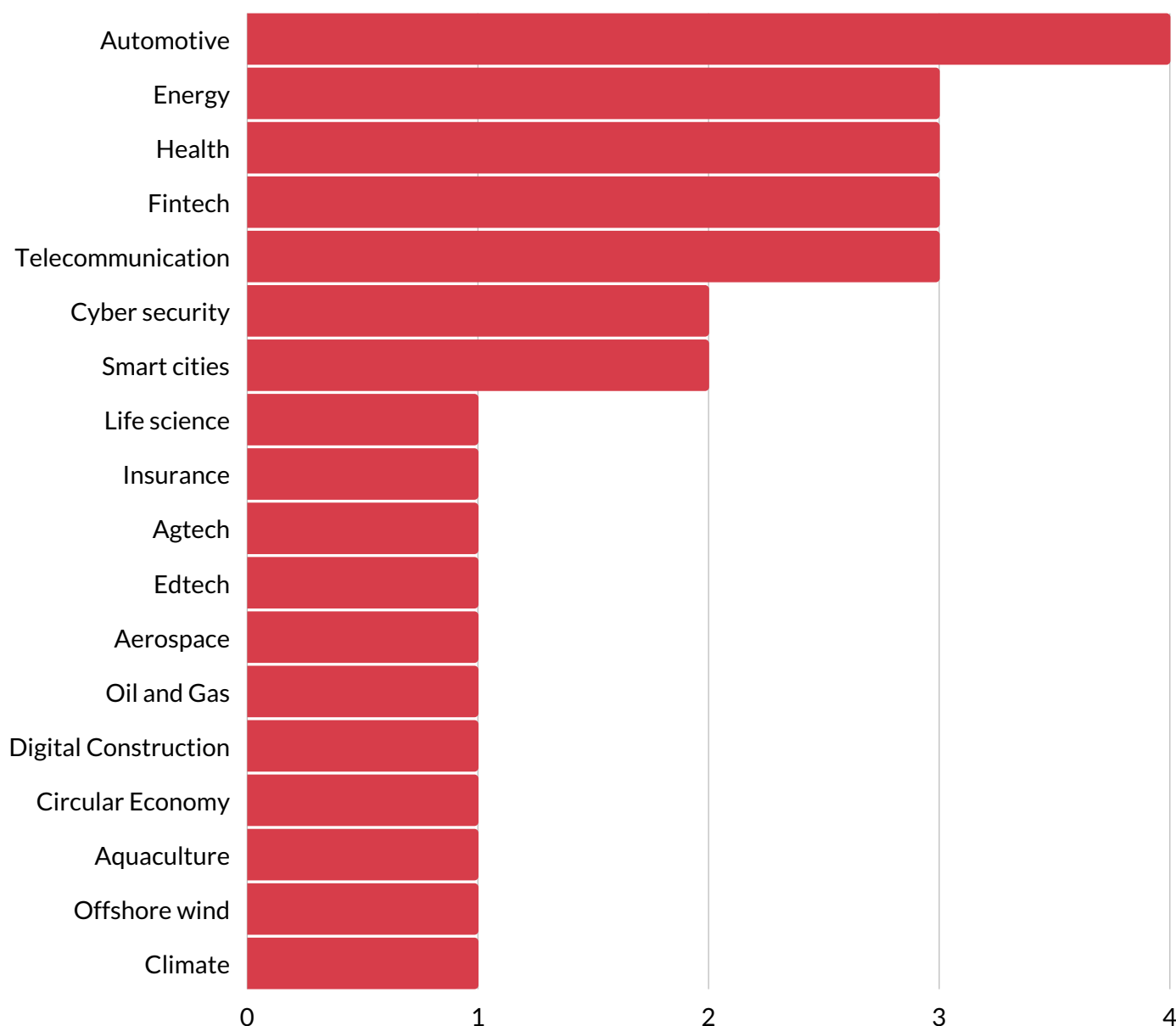
Do any of the hubs' activities have a specific vertical focus or sector?

All the hubs are focused on **technology companies innovating** in various sectors.

All of them, except for 5 have at **least one vertical program or activity** (as trade shows, events, webinars).

The verticals vary a lot, only a few like **Automotive, Health, Fintech, Energy** and **Telecommunication** appear to be a more consistent topic of interest.

One hub also has a specific program for **Women in Tech**.



3.COVID-19 PANDEMIC IMPACT ON THE INNOVATION HUBS

COVID-19 pandemic **widely impacted** the activities and budgets of all the hubs. The most significant and most demanding change was the **virtualization** of all the programs, missions, events, trade shows.

One of the main reasons for having a Silicon Valley innovation hub is the **direct contact with the ecosystem**, within the territory. This connection is **mainly accessed in-person**, as it is the most efficient way to reach the local network and stakeholders, the way the most important and meaningful business relationships have been usually developed. Taking out of the picture the “in-person” factor made the hubs’ activities much less effective.

Companies and governments' **budgets for international activities decreased**, on average, leaving less room for the hubs’ work plans.

2021 plans are still very unclear.

Some changes that were introduced in 2020 will remain - remote work, some virtual meetings - but generally, things are expected to **go back to the way they were before around Q3 2021.**



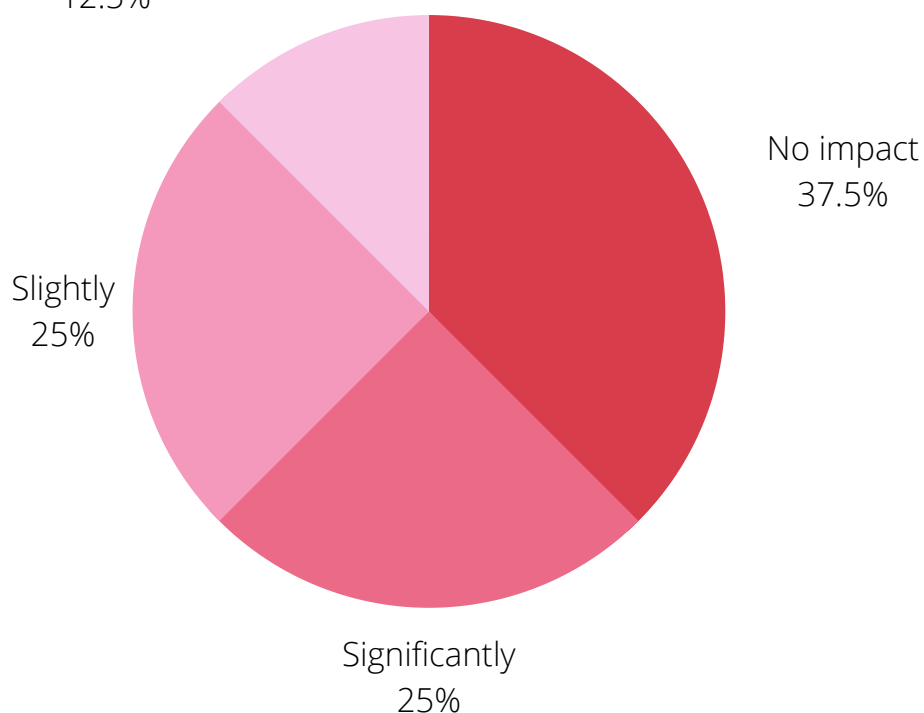
How did COVID-19 impact the budgets?

In general, the hubs had a **slight or no impact** on their 2020 budget.

The most impacted hubs, budget-wise, were the ones funded privately, as the public ones mainly planned their 2020 budgets at the end of 2019, before the pandemic hit.

The public-funded hubs are expecting to see an impact in their budgets in 2021.

Impact expected in 2021
12.5%



CONCLUSIONS

One size does not fit all.

The innovation hubs are all different from each other in **size, history, activities**. There is not a specific recipe to create the perfect hub, but they are all built on a common ground: they all believe **Silicon Valley is the place to be** in order to be on top of the innovation trends worldwide.

The trend is positive.

The first European innovation hub in Silicon Valley was founded in 1992 and it's still going strong. Every year there is a **new hub created** and the teams of the established ones are **growing** (one hub added 10 new team members between 2018 and 2021).

There are 4 regional excellences represented in Silicon Valley and 2 hubs with a European mandate. The hubs are connecting with each other more and more and **the European network in the Bay Area is getting stronger**.

2021 is unclear, but virtual is not the (complete) answer.

Even though **some activities will stay virtual** in the long term (some webinars, events, meetings), the main core of the innovation hubs is the network of **human relations** built in years and years of physical presence in the Valley.

This is the **true value** that the hubs can convey to the ecosystems back home, and it cannot be replaced effectively by virtual interactions.





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