Silicon Valley Visitor’s Guide

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Silicon Valley – where Ideas become Business
Your Home Base
Your Contacts
Networking with Success
Advice from Business Professionals
The experience by Collanos Software Inc.
Still uncertain? Read “Why working with swissnex and CTI Start-up USA?”

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Annex:
US Market Entry Checklist
Bioentrepreneur – Building a Business: Six steps to successful financing

August 2007
Get Connected

You the entrepreneur want to explore and do business with and in Silicon Valley?
Your start-up company needs funding, contacts to partner companies, skilled people and clients, or you need to validate your business model and technology?
It is your first start-up company: You want to do it right from the beginning and save trouble, time and money?

Plan a short-term visit to Silicon Valley and the San Francisco Bay Area. Reserve space at the CTI Start-up incubator at swissnex in San Francisco for your temporary office. There you can invite visitors, and establish a local presence including local mailing address and phone number. Investors especially appreciate this.
Efficiently meet the premium network of contacts that swissnex can introduce you to, all planned prior to your arrival. These contacts will point you in the right direction, give you honest feedback, and money or a signed contract if you are on target.

So that your visit is not a jump into cold water, prepare yourself for the way of life and business in Silicon Valley, where opportunities and pitfalls abound. The Silicon Valley Visitor’s guide helps you to prepare for this hotspot of entrepreneurship with contacts, lists of networking events and tips from professionals.

The Silicon Valley Visitor’s Guide was compiled by Birgit Coleman with CTI Start-up USA at swissnex San Francisco.
SILICON VALLEY – WHERE IDEAS BECOME BUSINESS
Silicon Valley is the southern part of the San Francisco Bay Area in Northern California in the United States. The term originally referred to the region's large number of silicon chip innovators and manufacturers, but eventually came to refer to all the high tech businesses in the area.

Silicon Valley encompasses the northern part of Santa Clara Valley and adjacent communities in the southern parts of the San Francisco Peninsula and East Bay. It reaches approximately from Menlo Park (on the Peninsula) and the Fremont/Newark area in the East Bay down through San Jose, centered roughly on Sunnyvale. The Highway 17 corridor through the Santa Cruz Mountains into Scotts Valley and Santa Cruz in Santa Cruz County is sometimes considered a part of Silicon Valley.

Silicon Valley hosts an extraordinary set of laboratories and research institutions which fuel local innovation. And with the world’s highest concentration of venture capital and a dense network of supporting industries, the Silicon Valley innovation “habitat” is uniquely positioned to nurture entrepreneurial activity.

In the years since the dot-com collapse, Silicon Valley has solidified its position as a global center for creativity in business and technology. Silicon Valley has long been effective at attracting entrepreneurs, incubating new companies, creating new products and services and introducing entirely new business models. The region also has a documented, well-established infrastructure of financial, legal, business and other start-up expertise.

Silicon Valley has a much higher concentration of core design, engineering, scientific and business management talent than other regions of the US. This talent group drives the creation of new ideas, methods, products and services, and business models that produce economic value and prosperity.

**History**

Silicon Valley’s origins are typically traced to the founding of the Hewlett-Packard Company (HP) in 1937. The small Palo Alto garage where two Stanford graduate students started an electronics instrumentation business has become a Silicon Valley landmark. Frederick Terman who moved to Stanford to become an electrical engineering professor after his graduation from MIT, encouraged his graduate students William Hewlett and David Packard to commercialize an audio-oscillator that Hewlett had designed while working on his master’s thesis. HP’s fortunes, like those of many of its East Coast counterparts, were shaped by the war. HP took off during the war. Military contracts for its electronic measuring devices and receivers boosted. HP provided a foundation for the region’s emerging electronics industry.

The Santa Clara Valley was dubbed Silicon Valley in the early 1970s after the main ingredient in the semiconductor. The industry had taken root in California with the location of Shockley Transistor in Palo Alto in 1955. The origins and subsequent splintering of Fairchild Semiconductor powerfully shaped the evolution of Silicon Valley. William Shockley, a Stanford graduate and one of the inventors of the transistor, left AT&T’s Bell Lab in 1954 to commercialize his invention. Two years after the firm’s founding, eight of its leading engineers, later known as the “traitorous eight”, decided to leave and form a competing venture. With the help of the NY investment banker Arthur Rock, they gained the backing of the Fairchild Camera and Instrument Corporation of NY and founded Fairchild Semiconductor Company. Fairchild spawned 10 spin-offs in its first 8 years.

By 1968 all eight of the firm’s original founders had left: Some went on to start new ventures, including Robert Noyce, Gordon Moore and Andy Grove, who, without a written business plan, convinced Arthur Rock to invest $2.5m in the Intel Corporation. Eugene Kleiner went on to become some of the valley’s most prominent Venture Capitalists (VCs). 31 semiconductor firms were started in Silicon Valley during the 1960s.

Military and aerospace markets accounted for a diminishing share of the semiconductor business as the growth of the computer industry fueled demand for transistors and integrated circuits. Venture capital replaced the military as the leading source of financing for Silicon Valley start-ups by the early 1970s. By 1974 the region was home to more than 150 active VCs. A combination of university research, military spending and entrepreneurial risk-taking stimulated a self-reinforcing dynamic of localized industrial development.
Informal conversations were pervasive. Competitors consulted one another on technical matters with a frequency unheard of in other areas of the country. The region’s social and professional networks were not simply conduits for the dissemination of technical and market information. They also functioned as efficient job search networks. Silicon Valley was quickly distinguished by unusually high levels of job-hopping. An anthropologist studying the career paths of the region’s computer professionals concluded that job tenures in Silicon Valley averaged 2 years. As individuals moved from firm to firm, their paths overlapped repeatedly. As a result, Silicon Valley’s engineers developed stronger commitments to one another and to the cause of advancing technology than to individual companies or industries.

Status was defined less by economic success than by technological achievements. The region’s culture encouraged risk and accepted failure. The archetypical Silicon Valley start-up was formed by a group of friends and/or former colleagues with an innovative idea that they could not realize in their current workplace. They drew up a business plan, sought funding and advice from local VCs, and relied on an expanding circle of university researchers, specialized suppliers for additional assistance. VCs brought technical skill, operating experience, and networks of industry contacts as well as cash to the ventures they funded. The office complex at 3000 Sand Hill Road in Menlo Park, just a few miles from Stanford University became the HQs of VC activity on the West Coast. Service providers specializing in the problems of technology industry – lawyers, market research firms, consulting companies, PR companies, etc. played a similar role in VC. Like the VCs, Silicon Valley lawyers frequently brokered business connections as well.

Educational institutions were also critical to Silicon Valley’s burgeoning technical infrastructure. UC Berkeley rapidly expanded its master’s and doctoral programs in electrical engineering. In addition to, Berkeley became an important center of research in the fields of semiconductors and computer sciences. The California State university and community college systems were also important. By the 1970s San Jose State University trained as many engineers as either Stanford or Berkeley. Foothill College in Los Altos Hills, Mission Community College in Santa Clara and the De Anza College in Cupertino similarly became known for its extensive electronics training programs and links with local firms.

East versus west coast

Why Silicon Valley has adapted successfully to changing patterns of international competition while Route 128 (East Coast) appears to be losing its competitive edge?

Silicon Valley has a regional network-based industrial system that promotes collective learning and flexible adjustment. The region’s dense social networks and open labor markets encourage experimentation and entrepreneurship. Companies compete while at the same time learning from one another about changing markets and technologies.

The Route 128 region, in contrast, is dominated by a small number of integrated corporations. Its industrial system is based on independent firms. Practices of secrecy and corporate loyalty govern relations between firms and their customers, suppliers and competitors. Corporate hierarchies ensure that authority remains centralized and information tends to flow vertically. Independent firm-based systems are typically associated with capital-intensive industries such as oil, rubber, machinery, and automobiles. Regional network-based industrial systems are organized around horizontal networks of firms, producers deepen their own capabilities by specializing, while engaging in close relations with other specialists.

Silicon Valley’s founders were young engineers and lacked the experience of how business “should” be organized. These early entrepreneurs also rejected the bureaucracy and hierarchy of established East Coast corporations.

Start-ups in Silicon Valley rarely compete directly with established producers. California law, unlike that in Massachusetts and many other states, all but ignores non-compete agreements. As a result, employees have been free to move to competing firms and to work on related products as long as they do not disclose or use the proprietary information of their former employer. Veteran VC John Shoch concludes: “They say that there are six degrees of separation between all of us. In Silicon Valley, it is closer to two degrees of separation.”
Weather

Silicon Valley enjoys a year-round pleasant climate with temperatures never getting too severely hot nor too cold. The lows in the winter months hover around the 40s (4-5 degrees Celsius). Spring and late fall tend to have a comfortable average high of 65 degrees (18 degrees Celsius), getting down to a night low of about 45 degrees (7-8 degrees Celsius). Late summer and early fall temperatures can get up to the low 80s (27 degrees Celsius), with lows averaging 56 degrees (13 degrees Celsius). There is always a risk of fog in and around San Francisco, especially in the summer months. No matter what time your journey brings you to San Francisco, make sure to pack warm pullovers and (rain) jackets.

Universities, colleges and laboratories

The Greater San Francisco Bay Area encompasses a range of top-tier universities engaged in innovative research and development, including:

Universities:
Stanford University, www.stanford.edu/
San Jose State University, www.sjsu.edu
University of California, Berkeley, www.berkeley.edu
University of California, Davis, www.ucdavis.edu
University of California, Santa Cruz, www.ucsc.edu
Santa Clara University, www.scu.edu
California State University, East Bay, www.csuhayward.edu
Carnegie Mellon University (West Coast Campus), http://west.cmu.edu/

Colleges:
Foothill College, Los Altos Hills, www.foothill.fhda.edu
Mission Community College, Santa Clara, www.missioncollege.org
De Anza College, Cupertino, www.deanza.edu

Research labs:
Lawrence Berkeley National Laboratory, www.lbl.gov
Lawrence Livermore National Laboratory, www.llnl.gov
NASA – National Aeronautics and Space Administration - Ames Research Center, Moffett Field, California, www.arc.nasa.gov/
Corporate research labs such as PARC – Palo Alto Research Center, Inc. (www.parc.xerox.com), IBM Almaden Research Center (www.almaden.ibm.com/), SRI International (www.sri.com), SAP Labs (www.sap.com/usa/company/saplabs/index.epx), HP Labs (www.hpl.hp.com), etc.

Employee demographic, wage, and productivity

- 53% of engineers and scientists in industry clusters are foreign born.
- Silicon Valley per capita income is 1.55 times greater than the nation.
- Average cluster wage in Silicon Valley is 75% higher than the US average cluster wage.
Core technology clusters

Silicon Valley is comprised of networks of key concentrations of industry. These include:

- Software
- Creative and Innovative Services
- Semiconductor and Semiconductor Equipment Manufacturing
- Computer and Communications Hardware Manufacturing
- Electronic Component Manufacturing
- Biomedical
- Corporate Offices

Competitiveness

Silicon Valley’s competitive edge is its ability to create new ideas, methods, product designs, services and businesses based on its engineering, science, and management expertise. This will be critical for your hiring process. You can tap into a pool of top talents.

Resources

- Regional Advantage – Culture and Competition in Silicon Valley and Route 128, AnnaLee Saxenian, ISBN 067475340-2
- The Ten Faces of Innovation – IDEO’s strategies for beating the devil’s advocate & driving creativity throughout your organization, Tom Kelley, ISBN: 038551207-4
- The World is Flat, Thomas Friedman, ISBN 037429288-4
- Essentials of Entrepreneurship – what it takes to create successful enterprises, TiE (The Indus Entrepreneurs), ISBN 047144453-7
YOUR HOME BASE

swissnex San Francisco

Initiated by the Swiss State Secretariat for Education and Research as a public-private venture, and managed in cooperation with the Swiss Department of Foreign Affairs, swissnex San Francisco is an annex of the Consulate General of Switzerland in San Francisco.

By „connecting the dots“ swissnex empowers all its partners, sponsors and active participants to join in exchanging information and discovering opportunities for collaboration. Switzerland and the US are strengthened in their position as leading locations for a dynamic approach to research, education, technology and innovation.

swissnex is a worldwide brand with outposts in Boston, San Francisco, Singapore and Shanghai.

www.swissnexSanFrancisco.org

CTI Start-up USA, swissnex San Francisco

Brokering information and facilitating contacts are key services offered to Swiss start-up companies involved with CTI Start-up and interested in exploring and doing business with or in the San Francisco Bay Area. There are various reasons why these services are key:

• Understanding the U.S. rules of the U.S. / Silicon Valley game
• Getting access to U.S. know how and market
• Connecting to leading service providers – lawyers, consultants, financial advisory, etc.
• Getting introductions to key players – business partners, board members, etc.
• Preparing for study tours in the U.S. / Silicon Valley
• Receiving Feedback / Validating business model and technology
• Coaching over video conferencing, etc.
• Resources and Access to FDA questions and process

Relocating to the U.S.? CTI Start-up USA services include:
• 2 offices for temporary use at swissnex San Francisco – on a first come first serve basis
• continued services on-site

www.ctistartup.ch
YOUR CONTACTS

Essential Business Contacts

These business contacts below will advice you and guide you through the steps necessary to get off the ground. For other targeted business contacts specific to your field and startup phase such as investors (Business Angels, Business Angel Groups, Venture Capitalists, any financing methods), press contacts, legal services for any specialities and industries, business services, etc. please contact Birgit Coleman, birgit.coleman@swissnexsanfrancisco.org, direct phone: 415-912-5901 ext. 105.

Immigration


Elliot & Mayock LLP, Immigration Attorneys, 220 Sansome Street, 12th Floor, San Francisco, CA 94104, 415-765-5111, infosf@emvisa.com

Financial and Administrative Set-up

Book-keeping and Accounting, Audit Preparation, Interim CFO Services, introductions to payroll services, banks, insurance companies, etc:


www.startupresources.com

www.accustart.com

Essential general contacts

swissnex San Francisco

730 Montgomery Street, San Francisco, CA 94111, ph: 415-912-5901
Christian Simm, executive director, christian.simm@swissnexsanfrancisco.org, ph: 415-912-5901 ext. 104

CTI Start-up USA, swissnex

730 Montgomery Street, San Francisco, CA 94111
Birgit Coleman, birgit.coleman@swissnexsanfrancisco.org, ph: 415-912-5901 ext. 105

Swiss Consulate General of Switzerland, San Francisco

456 Montgomery Street, Suite 1500, San Francisco, CA 94111
phone: 415-788-2272, visitor hours 9am – 12pm M-F
Further contacts

Nearby essential shops and offices:

- FedEx Kinko's Office & Print, 100 California St, San Francisco, 415-834-0240
- US Post Office: 1 Embarcadero Str, San Francisco, 800-275-8777
- Car-sharing programs:
  - Flexcar, www.flexcar.com
  - Zipcar, www.zipcar.com
  - City Car Sharing, www.citycarshare.org

List of Medical Doctors and Emergency Resource Numbers:
Pick up your copy at swissnex.

European schools in the San Francisco Bay Area:

- The German-American School, Menlo Park:
  275 Elliott Drive, Menlo Park, CA 94025
  650-324-8617, www.germanamericanschool.org

- German School-Silicon Valley, Mountain View:
  310 Easy Street, Mountain View, CA 94043
  650-254-0748, www.gissv.org

- French American International School:
  50 Oak Street, San Francisco, CA 94102

- Lycée Français La Pérouse;
  - 755 Ashbury Street, San Francisco, CA 94117
  415.661.5232, www.lelycee.org
  - 330 Golden Hind Passage, Corte Madera
  415/924-1737

For further general contacts and information, see electronic file “Le Petit Debroutillard – Guide Practique de San Francisco” (171 pages, in French only available).

A good local but also US wide resource is Craigslist - www.craigslist.org - to find anything starting from housing to used furniture, cars, handymen, discussion forums, ride sharing, childcare, volunteers, etc.
NETWORK WITH SUCCESS

Networking is probably one of the most striking elements of the San Francisco Bay Area environment. It is a total lifestyle. You network everywhere, share your visions and ideas and learn from others. Whoever you meet, you automatically think, How can we benefit each others business?

Try to adapt to this unique but exciting culture and mindset and take advantage of this opportunity.

You are not on your own. swissnex and CTI Start-up USA can help you to get connected with the right organizations, individuals, institutions and companies. By physically being in the same building and floor with the swissnex teams and members and the CTI Start-up USA coordinator Birgit Coleman, you can instantly tap into these pools of knowledge and contacts. The information received will reflect voices from Silicon Valley on an up-to-date basis. The contacts you will get introduced to will reflect an existing and trusted relationship and therefore most likely positive and fast outcomes.

swissnex has an event space that can host approx. 100 people seated and approx. 200-250 people standing/networking. Partner with swissnex for your own networking or launch events. swissnex will consult on event format, such as time and dates incl. local holidays, program, catering, event promotion and registration, working the ropes, how to invite keynote speakers, organize panel discussions and to find co-hosts for your own party.

How to network

How to prepare for and get started in the San Francisco Bay Area?

1. Produce US-size business cards and get in the habit bringing them with you all the time - even if you go to the supermarket, to a party, to the doctor, etc. People get connected everywhere at any time.

2. Brush up on your English, Silicon Valley Lingo and Hot Topics. Read blogs, read (popular Silicon Valley) magazines such as Fastcompany, Wired, Silicon Valley Business Ink, San Francisco Business Times, etc.; visit Toastmaster classes to improve your public speaking - www.goldengatetoastmasters.org

3. Have your elevator pitch and business plan pitch ready.

4. Leave the ties at home except a few. People in Silicon Valley generally speaking dress in business casual which means khakis, shirts and sometimes jackets. No ties.

5. Bring a friend or colleague with you. Networking will turn into more fun. Maybe your guest knows people he/she can introduce you to and therefore you can meet people easier plus you share with the new contact a common contact and established trust. A trusted contact is the foundament for exchanging knowledge and doing business.

How to work the room at a networking event?

1. Everybody does small talk.

2. Suppress your Swiss modesty and brag about your capabilities in a likeable way. Think big!

3. Don’t be shy. Ask people if you can „pick their brain“. People are generally helpful, open-minded, and friendly. Take away three more contacts and ask for introductions. Ask these three new contacts again for introductions. You will see the domino effect and how fast you can get connected within Silicon Valley.

The Day(s) after.

1. Follow up with things you promised 1 or 2 business days after.

2. For your follow-up meeting:

   a. Always stick to your agreed meeting time in order not to „burn“ your new contact.
b. Always have in mind to close with a „win-win“ situation.
c. Always have clear goals and an agenda in mind. Don’t waste people’s time.

Where to network

SAMPLES OF RECOMMENDED CONFERENCES:

• Demo, www.demo.com: contact Chris Shipley chris@guidewiregroup.com, Mike Sigal Mike@guidewiregroup.com or Cathy Brooks cathy@guidewiregroup.com
• IBF (International Business Forum), www.ibf.com
• AlwaysON Innovation Summit, Stanford, www.alwayson.goingon.com
• Technology Symposium at Stanford, www.usrts.org
• LARTA, www.larta.org, The Venture Forum & NIH Life Sciences Showcase
• Red Herring conferences such as ETRE and ATRE, www.herringevents.com
• TED conference, www.ted.com, Technology – Entertainment – Design, high-profile conference; invitation-only
• StartUp Camp, www.startupcamp.org
• Keiretsu Forum Angel Expo, www.k4forum.com
• TiE – The Indus Entrepreneurs and TiEcon, www.tie.org and www.tiecon.org

SAMPLES OF RECOMMENDED NETWORKING EVENTS AND ORGANIZATIONS:

Sources of networking events:

• www.workit.com
• www.upcoming.org

Regular Networking Events & Organizations:

• Swiss & beyond:
  o www.swissnex.org
  o Swiss American Chamber of Commerce events and the regular Stammtisch at swissnex, www.amcham.ch/chamber/m_sf_chapter.htm
  o www.swiss-list.org
  o German American Business Association, GABA, www.gaba-network.org
  o French American Chamber of Commerce, San Francisco, www.faccsf.com
  o Business Association Italy America, BAIA, www.baia-network.org
• Women related events:
  o Girl in Tech (GIT) / AdFemme, www.adfemme.com
  o Forum for Women Entrepreneurs and Executives, www.fwe.org
  o Women 2.0. Mixer, www.women2.org
  o Astia - formerly the Women's Technology Cluster, www.wtc-sf.org
• Bio and Nanotech related events and organizations:
  o International Committee of Bay Bio, www.baybio.org
  o MIT · Stanford · Berkeley Nanotechnology Forum, www.mitstanfordberkeleynano.org

• Others:
  o Peer Insight, www.peerinsight.com, for service innovation
  o MIT/Stanford Venture Lab (VLAB), www.vlab.org, an enterprise forum
  o Churchill Club, www.churchillclub.org
  o The Commonwealth Club, www.commonwealthclub.org
  o Dealmaker Media, www.dealmakermedia.com, for deal-flow
  o VC Task Force, http://www.vctaskforce.com, for entrepreneurs to network with investors
  o SVASE - Silicon Valley Association of Startup Entrepreneurs, www.svase.org
  o SDForum – the emerging technology connection, www.sdforum.org
  o STIRR Founder Mixers, www.stirr.net
  o SFBeta, Mixer, www.sfbeta.com
  o FountainBlue High Tech Entrepreneurs' Forum, www.fountainblue.biz
  o San Francisco Web Innovators, www.sfwin.org; Web Monday, see www.upcoming.org
  o Stanford is hosting a week of free entrepreneur events, http://eweek.stanford.edu
  o All Business School Social, www.mbabayarea.com
  o www.meetup.com; http://newtech.meetup.com, for whatever your interest to meet wherever you are

BOOK AND LINK RECOMMENDATIONS:

"Networking Survival Guide: Get the Success You Want By Tapping Into the People You Know" by Dianne Darling, ISBN 07140999-8


Advice from Business Professionals

The advices are compiled out of countless talks, presentations and interviews given by business professionals of different groups.

Advice from Silicon Valley Investors

Blueprint for Success: Team – Market – Product

Team – Startups are built around key leaders
  • A great founding team:
    o to gain unique insights into innovation, customer, technology, process, business model
    o encompasses smart and passionate entrepreneurs
    o is driven to succeed and create a sustainable business
    o desires to recruit a world-class management team
    o commits to operate ethically and with integrity
    o is like a marriage for 3-5 (+/-) years

Market
  • A defined Go-to-market Plan shows and includes
    o Early evidence of customer demand
    o Rapidly growing market opportunity
    o Marketing strategy – partners, PR, lead generation, etc.
    o Sales model and distribution - direct, channel, OEM, etc.
    o Pricing – license, subscription, premium/free, advertising, etc.
  • Solution to an acute pain point shows
    o Customers seek out a solution, quantifiable ROI
    o Opportunity to become the market leader in a category
    o Devotion to improving the “day in the life” of the customer
    o Clear target buyer/user of the product
    o Accounts for where the market will be, not where it is now
  • Competitive landscape well understood
  • Acknowledge unknowns and inherent business risks

Product
  • Clear and succinct value proposition
    o Enhance value proposition through greater functionality or adjacencies
  • Technical/market advantage
  • Minimum features meet customer expectations
  • Leverages current trends
    o Ride the wave of activities created by other startups
Investor Presentation a la Silicon Valley
- Vision Statement
- Executive Team
- Problem Description
- Product Solution
- Go-To-Market Plan
- Competitive Landscape
- Operating Plan
- Financing Details

Executive Summary a la Silicon Valley
- Vision Statement
- Market Opportunity
- Product Solution
- Go-To-Market Plan
- Competitive Landscape
- Executive Team
- Operating Plan & Financing

5 Key Points for a Profile of an ideal entrepreneur
- In a hot area of interest
- Delivers sales or technical advances
- Tells a compelling story and is presentable to outside investors
- Recognizes the need for speed to an IPO for liquidity
- Has a good reputation

How to build a bulletproof start-up?
- Establish a Company
  - Stress-Test Your Idea: validate business model and technology
    - You want candor and honesty, not diplomacy
    - The real question is: Would they pay money for your product?
  - Triumvirate founding team: ace technologist, strategic thinker and dealmaker
  - Draft Business Plan
  - Carry brand equity. Become Master of your Domain.
  - Incorporate. It comes with tax benefits and liability protection.
- Prototype the Product – guide your product development
  - Stake out Intellectual Property
  - Create an Advisory Board: Group of 6-12 people
- Develop & Launch the Beta Product
  - Staffing Up: Recruiting, Contracting, Poaching - from rivals
  - Assemble Back Office: accounting, payroll, benefits administration
- Launch the Product
  - Rule of thumb: about 20 employees at the time of launch, with roughly 60% of its
    headcount devoted to product development and engineering and the rest for
    management, sales and marketing for the first of many launches to come.
  - Build a New Board of Directors

For further information see [www.sba.gov](http://www.sba.gov) (US Small Business Administration) and
[www.pwc.com/moneytree](http://www.pwc.com/moneytree) (quarterly study of Venture Capital investments in the US)
Advice from BioEntrepreneurs

FDA Questions and Process:

Some Contract Research Organizations (CRO) specialize in the FDA process and sometimes take equity instead of cash as a lieu of payment. Contact Cato Research, www.cato.com or Birgit Coleman for introductions.

Definition – CRO:
A Contract Research Organization (CRO) is an organization that offers clients a wide range of pharmaceutical research services. In the Code of Federal Regulations (CFR), the U.S. Food and Drug Administration (FDA) regulations state that a CRO is "a person [i.e., a legal person, which may be a corporation] that assumes, as an independent contractor with the sponsor, one or more of the obligations of a sponsor, e.g., design of a protocol, selection or monitoring of investigations, evaluation of reports, and preparation of materials to be submitted to the Food and Drug Administration." [21 CFR 312.3(b)]

Services offered by CROs include: product development and formulation, clinical trial management (preclinical through phase IV), central laboratory services for processing trial samples, data management services for preparation of an FDA New Drug Application (NDA) or an Abbreviated New Drug Application (ANDA), and many other complementary services. CROs can offer their clients the experience of moving a new drug from its conception to FDA marketing approval without the drug sponsor having to maintain a staff for these services, which often have limited duration.

Local Incubator-like structures for companies in the life sciences field:

- MMRI (Molecular and Medical Research Institute), Sunnyvale, www.mmrx.org ($4500/month)
- San Jose Biocenter, San Jose, http://sjbiocenter.com/ ($2500 to $4000/month)
- QB3 at UCSF Mission Bay, San Francisco

See attached document „Bioentrepreneur – Building a Business: Six steps to successful financing“

To understand your risks, pitfalls and opportunities, book meetings with service providers, such as patent-, corporate- and immigration lawyers, accountants, consultants, etc. Usually the first hour and meeting is free of charge. To give you heads-up, you will be shocked by hourly rates service providers charge (up to $500/hr) but you will be surprised of the impact they can provide and add to your business. Many professional service providers take equity instead and defer payments.

Advice from Business Consultants

What are the first steps preparing for the US?

- Market entry strategy
- Recruiting and managing the right partners, suppliers, distributors, etc.
- Legal entity
- IP – Intellectual Property: Patents/Trademark/Licensing/Copyrights
- Regulatory steps: FDA (Food and Drug Administration), UL (Underwriters Laboratories – global trusted source for product compliance), etc.
- Taxes
- Setting up required processes
Roadmap to sell your product in the US

- Do you have a product or a prototype or a proof of concept?
- Have you studied demand in the market?
- Do you know your customers?
- What about competition?
- Pricing? Discounting? Sales? Indirect or direct sales?
- Have you considered localization? – Americanize your approach!
- Do you have the finances?

See attached document “US Market Entry Checklist” by the “atlantic resource group”

Consulting books?
There are a lot of books out there that can guide start-up companies through steps and provide them with checklists to get off the ground with their business in the US. Most business professionals claim that these books do more damage than good and that mostly start-up companies end up spending more money by cleaning up the mess afterwards.

A visit to the San Francisco Bay Area that spans from 1 week to one month would get you to meet the right people to advice you on all fronts and ends and gets you feedback on your business model and technology.

Advice from Corporate and IP Lawyers

- File First, Disclose Later
  Start-up companies have to make sure that their company owns the IP (Intellectual Property) and that proper agreements with early investors, advisors, contractors, etc. are in place. There are only a few countries such as the United States, Mexico, Canada and few African countries that give start-up companies one year from the moment IP has been publicly disclosed to file IP. In all other countries you lose the right to protect your IP.

- Often, Silicon Valley lawyers defer some legal costs in exchange for a percentage of equity and a guarantee of payback with the first round of financing.

- Start-up companies should earmark a minimum of $50,000 for worldwide patent filings to build a minimum of fencing around their concept.

- There are few buckets of costs to set up your company: 1) office space and infrastructure: If you are lucky you can get office space for $2 per square foot. 2) administrative and legal concepts: You should earmark between $5,000 and $10,000 for getting all legal documents and filings in place. For your administrative processes, you can rent temporary CFOs, accounts with no long term contract. 3) IP protection plan, see above.

For further information see the US government’s trademark website: www.uspto.gov
For Franco Dal Molin, founder of Collanos Software Inc., the engagement in the Silicon Valley was essential for the further development of the Swiss CTI start-up company and the release of the first version of Workplace.

**Why did you bring Collanos into the Silicon Valley?**

Different reasons at different times.

In 2003 we had started developing our groundbreaking and innovative software in Switzerland. It uses novel approaches we really believed in, but it was still a “raw idea” and difficult to pitch to Swiss investors. In 2004 and into 2005 I realized it was impossible to find emphatic seed investors in Switzerland. We were forced to stop all activities. Going to the Bay Area was a way of breaking out of a desperate and “locked-in” situation.

Furthermore, what we needed back then were open people willing to genuinely evaluate our approach, adopt our “Workplace” application in early trials, and provide unbiased, straight, while still professional and constructive feedback. Such an open, visionary and “yes, it’s possible” attitude environment, I knew from several visits, we would likely find in the Silicon Valley.

People here appreciate new solutions and take the risk to try them. In addition to gaining access to expert’s knowledge, we wanted to find funding to re-launch our start-up with a vengeance.

**And did the Valley hold the promises?**

In terms of access to experienced serial entrepreneurs, openness to bounce ideas and challenge concepts, as well as the willingness to contribute time and “work for shares”, it did very much so. In terms of finding funding, no! We couldn’t raise additional money in the US. But we exposed our product to this very competitive market and got valuable feedbacks. Furthermore we established several non-formal collaborations with other software companies like Sun Microsystems, which wouldn’t have been possible when based in Switzerland. And we got to know our competitors. All these inputs allowed us to fine-tune our vision, adapt our positioning and go-to-market strategies, and release our first product in January 2007.
What was the impact of being located at and supported by swissnex and CTI start-up USA?

swissnex offered us a worry-free “turn-key” office environment, a paradise. We didn’t have to struggle with all the administrative stuff. From day one we could simply sit down, plug-in our notebook computers, and focus on bringing Collanos further. It was a very supporting environment. A lot of essential contacts I got through the vast network of swissnex and CTI start-up USA. The infrastructure at swissnex is fantastic; we could use the large board room for meetings and workshops, and even host our US launch party with 100 guests in the “event hall”. And for any question we could ask the well-informed and friendly people in our shared office.

Will Collanos keep an outpost in the Bay Area after your term at swissnex has finished?

After releasing our first product version, we are now focusing on the improvement of Workplace and on the development of premium features. Nowadays, we are managing all our activities from our main Zurich office, including coordinating with our near-shore development teams in the Ukraine and in India. The role of our US subsidiary has (temporarily) been reduced to PR and community support activities. Nevertheless, we certainly want to come back and install a lasting outpost in the area. It’s worth it.

Additional information about Collanos’ chronological business development in the US can be found here:
Web Site: http://www.collanos.com
Blog: http://blog.collanos.com

Key steps, lessons learned, tips
by Swiss entrepreneur Franco Dal Molin

I. June 2005 – First Evaluation Visit (3 weeks)
  • Flight, rental car, staying with friends: total cost < CHF 3,000
  • 35 meetings - met with over 70 people
  • Networking events in Silicon Valley
  • Compiled a “New Insights” business summary
  • Board decision in Aug/Sep: Let’s try it and “Go West”

II. Lessons Learned - Part I
  • Intensive “crunch mode” pays off – one month is a great start
  • Bounce ideas openly with experts, angels, VC’s, lawyers, consultants
  • Seek and get straight, unfiltered, expert’s feedback
  • Be open, reflect, learn, try it out
  • Re-write business plan to make it “Silicon Valley compatible”

III. Relocation / Re-launch
  • Moved here “light” (suitcase and notebook)
  • Travel up to three times back-to-back with the 90 days US visa waiver program
  • Connect and network all the time: events, events, events!
  • Based out of swissnex, San Francisco
  • Team building activities
IV. Lessons Learned – Part II

• Tap all possible sources
  o Swiss American Chamber of Commerce
  o Professional associations (SVASE, SDForum, …)
  o Forums, postings, blogs, parties
  o Former executives network: Mentonet
  o swissnex
  o …and many more!
• Basic needs: Place to sleep, car, internet connection, cell phone
• Team building takes a lot of time

V. What Worked & Helped

• Jump-start everything with a set of contacts, names, associations…
• Go to events & network (all the time, everywhere, with everybody)
• Introductions work – people help you out
• Positive “Yes, it’s possible!” attitude
• Knowledgeable people / serial entrepreneurs / experts
• Ecosystem works → i.e. lawyers defer invoices, people work for shares, etc.
• Breadth of feedbacks, intensity, speed

VI. Ideas for CTI Start-up (especially for early stage software companies)

• Provide an “info hub” for Silicon Valley
• Help with contacts, names, etc.
• Tips & tricks, case studies
• Support a “Silicon Valley immersion” experience
• 1 month in Silicon Valley in “crunch mode”
• Support a “think big, your market is global” approach
• Encourage a network of entrepreneurs, share & learn
• Don’t expect a “comfort and all inclusive service package” from CTI Start-up. You still got to do the work yourself. JUST DO IT!
WHY WORKING WITH SWISSENEX AND CTI START-UP?

Let me share with you stories and examples I, Birgit Coleman, experienced in the past since the swissnex San Francisco inauguration, November 2003.

When going to California

Silicon Valley Specifics

Silicon Valley has its own lingo and rules. swissnex uses video conferencing to introduce start-up companies to venture capitalists and angel investors to practice their pitch, to prepare for typical and non-typical questions, to get start-ups implement the language used by investors in their own repertoire, to receive honest feedback, and ultimately to be better prepared for meetings in person with investors that are important for their business.

What a Small World

Sometimes it takes a step outside of Switzerland and to go to the United States in order to

- get attention from investors back in Switzerland or Europe by having validated the business model and technology in Silicon Valley
- to get your first clients and (pilot) projects in Switzerland and Europe
- to get in the U.S. to an important client, business partner or even exit strategy partner in Switzerland

English Is Not English

Silicon Valley draws the best talents from around the world. For many people, English is not their native tongue. It takes an experienced ear to understand foreign people speaking English. For Europeans it is easier to understand English with a European accent. But what about the Asian accent? You can get dizzy only by listening to a person from India speaking English.

At the very beginning, it can be helpful to Swiss start-up companies that trusted locals attend their business meetings to broker the right information, iron out cultural misunderstandings and to make sure that both parties are on the same page. Therefore it is important to prepare well in advance for important meetings. It is even more critical for people from abroad to prepare twice as much as they are used to in their home country. It is well invested time. It will pay off.

Discover Yourself

It is simultaneously also CTI Start-up USA’s motivation to turn a founder / entrepreneur into a self-sustainable case, meaning we at swissnex do not only want to teach him or her how to eat but also how to fish so he or she can take care of her or himself in the future.

The Holistic Approach

Silicon Valley provides a very holistic approach, making you understand the added value of a social network, giving you access to build a global network and to become therefore self-sustainable which often results in serial entrepreneurship, volunteering, coaching, mentoring, donating to charities, etc. Becoming and being an international exposed entrepreneur can open many doors undiscovered in yourself, for your business and for the universe.
When going global

Brokering Information and Contacts Globally

Silicon Valley is the gateway to the Pacific Rim. People often start from the U.S. West Coast to do their first homework about their market entry to Asia. There are a lot of successful and influential Asian people in Silicon Valley who are more than happy to link to their home countries.

A Global Platform: swissnex

Tap into swissnex’ global network. It partners with its offices in Cambridge, MA, Singapore and Shanghai. In addition to this network, swissnex has relations with other Swiss and foreign Consulates and Embassies, the Swiss scientific counselors placed throughout the continents, other Swiss organizations represented abroad such as the Swiss Business Hubs, Location Switzerland, and Pro Helvetia, talents living abroad, managed by the database SwissTalents, www.swisstalents.org, etc.

A Global Platform: CTI Start-up

What if your start-up needs introductions across borders and across industries? What if your startup needs cheaper specialized talent or access to 24/7 service call centers and infrastructures? What if your company seeks funding outside of Europe and the US? Silicon Valley is not the only hub. Israel, for example, has 150 Venture Capital funds and produces annually more than 3000 startups. The money comes from all around the world.

Innovation cannot be seen as a local or regional effort only. In order to grow and scale innovation, and to stay competitive you have to think and act globally.

CTI Start-up also has established relationships across borders with incubators, organizations, consulting and technology services companies offering industry-specific solutions, strategic outsourcing, and integration services through onsite, offsite, offshore delivery model that helps companies achieve rapid deployment, quality and reduced costs.

Play by local rules

Different countries and markets play by different rules and have different expectations. In order to be compliant with local rules and regulations you need to have access to the right resources. In the case of incubators, they are often supported by the local government. Thanks to these established relationships you automatically can tap into these governmental resources, policy-makers, and other door openers which can be crucial for your first contracts, referral projects, and sometimes the way business gets done in certain countries.

Don’t assume! Be alert!

Speaking a lot about „trusted“ resources, there are also pitfalls.

Although we assume that a local contact, relationship or an introduction should benefit with trust, cultures and realities are different. Be alert and do not assume! China copies quickly your ideas and technology. A facilitated contact does not mean that there are no pitfalls ahead.

Human Capital Abroad

Hiring abroad bears all kinds of risks and questions. India provides solutions in regards to global access to human capital and re-defines the Knowledge Process Outsourcing (KPO) domain. First, you can borrow staff rather than hiring them with all risks and strings attached. Later, if you decide that you would like and that you can afford to hire them, after any period of time you can hire your staff you worked together with and trained on your product or services in the past.

Around The Clock

A start-up company should be aware before hiring talents internationally that to cope with multiple time zones can be challenging. Chances are high that start-ups will end up working around the clock only to keep up with the flow of communication. You also have to ask yourself „Do I have the capacity and money to cover my business day and night?”. 