



Construction outside of the new Underground Elephant offices in downtown San Diego Photo by Heather Overman

# Setting the Stage

California's history of creating a perfect platform for startups just got even better.

by Crystal Villarreal

**F**rom Silicon Valley to some of the most well-known start-ups in the country — Tesla, Lyft, Airbnb, Uber — California knows how to foster creativity and turn it into a viable product. There must be something in the water that's led to all the successful startups across the state. Or it could be the state's Innovation Hub program, which consists of the largest group of innovation regions in the US.

"The Innovation Hub program was set into law in October 2013, and includes 16 regional innovation hubs that span the state," says Louis Stewart, deputy director of innovation and entrepreneurship for GO-Biz. "Innovation hubs are a collaboration effort among government, industry and nonprofits to figure out the best way to commercialize some of the innovations and

# California Exports

by region

Los Angeles-Long Beach-Santa Ana	(\$79.8 billion)
San Francisco-Oakland-Fremont	(\$31.8 billion)
San Jose-Sunnyvale-Santa Clara	(\$22.8 billion)
San Diego-Carlsbad-San Marcos	(\$16 billion)
Riverside-San Bernardino- Ontario	(\$10.9 billion)
Oxnard-Thousand Oaks-Ventura, CA	(\$6.2 billion)
Sacramento-Arden-Arcade-Roseville	(\$6 billion)
Bakersfield-Delano	(\$4 billion)
Fresno	(\$3.7 billion)
Santa Barbara- Santa Maria-Goleta	(\$2.5 billion)
Santa Rosa-Petaluma	(\$2.1 billion)
Stockton	(\$2 billion)

Source: California Governor's Office of Business and Economic Development

new services in California."

In 2014, Forbes listed San Diego as the No. 1 place for startups. Community colleges and universities such as the University of California (UC) San Diego help new businesses thrive through incubators, accelerators and research and development programs. One of the latest collaborative spaces for student entrepreneurs is The Basement. The programs implemented in the new incubator will educate students on the process for starting a business and evaluating the idea's chances of succeeding in the market.

"With the students, it's a little different because they can go into the entrepreneur center and start working in the lab," says Stewart. "With the research and faculty, they tend to do agreements. It's usually a group of people within the university that work directly with the Tech Transfer offices to see if there's a market for what

they're doing."

The UC campuses are consistently ranked among the best academic institutions in the country as they continue to foster innovation across campuses.

*AffordableSchools.net* names five UC campuses on its top 50 Most Entrepreneurial Schools in America. UC Berkeley ranked second to Stanford; and UCLA, UC San Diego, UC Irvine and UC Davis also made the top 50.

"I think right now what we're seeing at the university startup level is the lean business methodology, where you put out the most viable product, you measure, get feedback and go

**All 12**  
metropolitan areas in  
California exported over  
**\$1 B**  
in merchandise  
exports in 2012.

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## REGIONAL LOCATIONS OF THE INNOVATION HUB PROGRAM



Source: California Governor's Office of Business and Economic Development

back to the lab to start again," says Stewart. "So we're starting to see a much quicker race to commercialization."

## More than Competition

"At the public universities like the University of California, they are already starting to look at venture capital," says Stewart. "Out of UC as a whole, the active seed fund and some of the companies that are venturing in have access to incubators. Those companies can either be started by students or they can be outside companies that are partnering with the university."

The California Competes Tax Credit is part of the Governor's Economic Development Initiative that has awarded around \$180 million to 241 companies that have the potential to create 35,000 jobs in the state. California Competes will keep entrepreneurs churning with 25 percent dedicated to small

businesses. The initiative will aid in promoting even more innovation in California. "More innovators and entrepreneurs will put this to good use," says Stewart.

Underground Elephant and Planet Labs are two technology startups that are gaining recognition in their respective fields. Underground Elephant is a leading ad-technology company, providing marketing services and

Small and medium-sized firms generate more than



of California's total exports.



**Planet Labs, based in San Francisco, is an aerospace and data company that manufactures satellites.**

Photo courtesy of Planet Labs

technology for large enterprises leveraging digital marketing in the customer acquisition strategy. The startup is in the process of building its new facility in downtown San Diego.

Planet Labs is a fast-growing aerospace and data company that promises to change the way we see the world. The startup chose California because of access to talent and the ability to secure capital investment for innovative ideas. Planet Labs is building an ecosystem of partners, customers and developers to build applications on top of Planet's data platform.

"They believe that California has been good to them and want to give something back," says Stewart. "They will launch an initiative called 'Open California,' where they will make their imagery data for the state of California freely available for the community to use to build apps."

The startup received a \$4.3-million tax credit award through California Completes. Planet Labs has manufactured over 100 satellites and operates the world's largest constellation of imaging satellites today.

"In California, they were able to find the right people to build Planet Labs and the capital to get it off the ground," says a Planet Labs spokesperson. "The state is great for startups because of the wealth of talented individuals with technical and science backgrounds coming out of leading universities, as well as the ability to secure capital investment in truly innovative ideas to build new, ground-breaking companies."

In short, startups will continue to thrive in California, and the state will continue to breed some of the most recognized new businesses in the country. 🐻