Accelerators in Silicon Valley

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Notes

1. The 2014 Silicon Valley index. Joint Venture Silicon Valley/Silicon Valley Community Foundation.
2. These and the following figures are from Ester & Maas (2016, Chapter 1).
7. CBIA (2016) estimates that in the 1999-2013 period, the number of accelerators in the U.S. grew from 150 to 350.
9. Hathaway (2016b) identified over 170 accelerators in the US between 2005 and 2015 who have collectively invested in over 5,000 startups that raised almost $19.5 billion in funding.
11. See the International Business Innovation Association: https://inbia.org/.
12. Dempwolf et al. (2014) distinguish six types of startup support organizations: incubators, venture development organizations (including social accelerators), university accelerators, proof-of-concept centers, corporate accelerators, and innovation accelerators.
13. Graduate startup teams (N=619) were from two well-known and pioneering accelerators: Y Combinator and Techstars.
15. The Butler Venture Accelerator of Babson College is somewhat of an outlier even in a literal sense, as the college is located in Massachusetts. I decided to include their renowned accelerator program given the fact that Babson College is a premium university of entrepreneurship (ranking as no. 1 for 23 years) that recently expanded its program to San Francisco (www.babson.edu).
18. One of the Skype interviews lasted 35 minutes, due to the respondent’s agenda conflicts.
19. This applies to accelerators that provide workspace for program participants.
20. Edirol R-09, digital recording.
22. Two respondents did not reply to my repeated requests to approve their quotes.
23. This chapter is a summary of Chapters 3-10 of my book on Silicon Valley (Ester & Maas 2016).
25. Though terms such as “innovation ecosystems” are widely used, there is a need for conceptual clarification, consistent definition, and for prudent use of the ecosystem terminology (see Oh et al., 2016).
26. The following text is adapted from Ester & Maas (2016: 40-41).
27. Munroe (2009) adds quality of life as a discriminating factor in his Silicon Valley ecosystem model. Quality of life is undoubtedly important but its direct impact on innovation is difficult to measure other than a pull factor in attracting talent and innovative entrepreneurs.
29. The American HBO comedy TV series *Silicon Valley* offers many examples ridiculing this “changing the world” mantra.
30. Schumpeter (1942).
31. See e.g. The Disruptive Innovation Festival (https://www.thinkdif.co/about) or the TechCrunch disrupt events (https://techcrunch.com/event-type/disrupt/).
32. For different ways in which Silicon Valley high-tech companies address innovation, see: *The culture of innovation: What makes San Francisco Bay Area companies different?* San Francisco, Bay Area Economic Institute and Booz & Company, 2012.
33. See Müller & Murmann (2016) for an alternative view.
38. See Eesley & Miller (2012) for further data.
44. John C. Dean, ‘Fueling the revolution. Commercial Bank Financing.’ In: Chong-Moon Lee et al. (eds.), *The Silicon Valley edge*, 2000: 317. The reluctance of the big commercial banks to invest in new venture startups eventually led to the creation of the Silicon Valley Bank. Dean was the bank’s CEO until 2001 and is now managing general partner of Startup Capital Ventures. Banks, in the words of Stanford economist Thomas Hellmann (2000: 285), go for a financial portfolio that diversifies controllable risks. “By contrast, a venture capital firm will hold a very high-risk but high-return portfolio.”


47. Bill Gurley, ‘Above the crowd. On the road to recap: Why the unicorn financing market just became dangerous ... for all involved’ (http://abovethecrowd.com/2016/04/21/on-the-road-to-recap/).

48. See for a detailed overview: Bay Area Council Economic Institute (2012). *The Bay Area innovation system. How the San Francisco Bay Area became the world’s leading innovation hub and what will be necessary to secure its future.* San Francisco: Bay Area Council.

49. The latest addition to the Silicon Valley educational system is Singularity University, a private initiative focused on educating leaders to apply exponential technologies to address global change challenges (see: http://singularityu.org/).

50. The founding of Varian Associates, now Varian, is another telling example.


52. See: Bay Area Council Economic Institute (2016: 22).


54. As the Bay Area Council Economic Institute (2016: 60) concludes about the role of universities, in this case the University of California: “the university’s support for entrepreneurs and startups should be not seen as a shift away from traditional academics, but as an important way to amplify their impact.”


59. “Such a conflict of interest could incentivize lawyers to take advantage of clients or fail to exercise independent judgment in advising clients due to
having an equity stake, a major downside of such arrangements for clients.” (Weinberg & Heine 2014: 61).


62. The way in which failure tolerance is sometimes overstressed was brilliantly ridiculed in the HBO series Silicon Valley where Gavin Belson, Hooli’s CEO, describes failure as “pre-greatness” (Season 2, Episode 7).

63. The Silicon Valley culture of failure tolerance inspired the launching of the annual San Francisco based FailCon event (“Embracing Failure”) where entrepreneurs reveal and share their business misfires and mistakes.


66. Runway is running a separate EdTech accelerator as well. See chapter 5.

67. See: https://www.youtube.com/watch?v=SGj5cZnoodY.

68. 1 square meter equals 10.76 square feet.

69. Admitted startups receive a $25,000 equity investment. Startups that relocate to Runway’s San Francisco office receive up to four month of free office space for three team members.

70. For location updates, see: http://www.rocketspace.com/technology-campus-coworking-for-startups.


74. $15.5 million according to Crunchbase: https://www.crunchbase.com/organization/appmachine#/entity.


79. These four startups were acquired at undisclosed amounts and deal terms.
80. https://www.crunchbase.com/organization/valor-water-analytics#/entity
   https://www.crunchbase.com/organization/nexus-ewater#/entity
91. Tweet, October 14, 2014.
95. See: http://www.acceleratorassembly.eu/.
100. Ibid.
101. http://www.parlementairemoniteur.nl/9353000/1/jgtvgajcor7dxyk_jqvi5elpmjjeoy/vk36jula42zy?ctx=vg9pjpw5wszi&tab=t&start_tab1=300