

Learning to look further than Silicon Valley

From Mr Bijan Khezri.

Sir, In "Down in the Valley" (May 27), Paul Abrahams questions the validity and future of the Silicon Valley business model. During the 1990s the Valley became a synonym for an ecosystem where venture capitalists, lawyers, investment bankers, accountants and university research institutions formed clusters around entrepreneurs to encourage and leverage technology innovation. The article, however, falls short both in analysing the internal causes of the obvious fall and in putting the future into perspective.

The Valley's business model of clustering is not broken. Indeed, regional planners around the world will continue copying it – and rightly so. However, for Silicon Valley to remain one of the US's key drivers of national competitiveness, it must deal with two issues: first, getting the balance right between innovation

and its Wall Street-centred obsession with minimising time-to-liquidity; second, becoming less US-centric and more outward-looking.

As the Valley's business model has become increasingly geared towards Wall Street, the initial public offering route has served as the benchmark for all decision-making, with lawyers, accountants and investment bankers dominating the business development process. During the high times, being quicker to spot opportunities and to take those ventures to the public market was critical to success. Today a long-term approach, patience and total business focus have become the foundations for success in technology investment. Innovation cannot be subjected to capital markets' short-termism.

One of the Valley's biggest weaknesses has been its inward-looking nature. Almost everything has been about the

US way of adopting technology. Commercial strategies have been highly US-centric and therefore limited. Globalisation is less about pushing homegrown technology to the rest of the world than about out-innovating competitors by leveraging knowledge from all parts of the world. The advantage of coming from Silicon Valley is no match for a rival that can leverage knowledge from Silicon Valley, Cambridge (England), Bangalore and many other emerging clusters of innovation.

The future of Silicon Valley relies on its proven regenerative capacity; however, this time not as a centre of global innovation, driven by the capital markets, but as an integral part of a worldwide network of innovation clusters.

**Bijan Khezri,
Chief Executive,
Baltimore Technologies,
Dublin 8, Republic of Ireland**