Bringing the Benefits Home

David Alan Grier, George Washington University

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If you read enough regional reports on international tech development, you start to suspect that somewhere someone has built a successful career on the power of search-and-replace. These reports are strikingly similar. They all have a uniform goal and identify the same elements of a global technology cluster: access to capital, an educated workforce, good infrastructure, a strong local market, and supportive business and legal environments. You begin to wonder if the report author simply clicked a button and replaced San Francisco with Bogotá, Quito, or Montevideo.

After reading through a stack of these reports on Latin America, I struggled to distinguish them from similar reports on Africa and South Asia. I kept asking myself if identifying Silicon Valley as a model for innovation was addressing the right problem. Although Silicon Valley has been remarkably successful in developing new technologies, it might not be the ideal model for all communities.

Ben, a tech entrepreneur from Kentucky, once told me that “building a regional tech start-up is different from building a start-up in Silicon Valley. In Louisville, everyone wants you to succeed. In San Jose, they expect that you won’t.”

Regional developers—in the Midwest or further afield in Latin America—invest in technology to bring some of its secondary benefits to their region. They want tech startups to improve local infrastructure, introduce new skills to the workforce, strengthen local institutions, and teach the community how to use new ideas.

By contrast, in Silicon Valley or any other major development center, developers are less concerned about the secondary impact of new technology, as the local environment is already well developed. They want the primary impact of technology—the new product, the disrupted market, the novel institution, or the new way of thinking about the world.

As far as I can tell, Ben is trying to run a Louisville start-up with Silicon Valley ambitions. He leans heavily on his Kentucky supporters but works to connect with West Coast technology centers. Usually when I hear from him, he’s going to San Francisco, or returning from Seattle, or sitting on a plane answering email. He wants to bring the benefits of technology to Louisville but has to do it in the environment of Silicon Valley.

Ben’s strategy is similar to one used by a Colombian start-up I’ve been following. To many, this company is just another San Francisco firm. It shares a workspace with firms that have grown out of the local infrastructure. Yet, this firm is fundamentally connected to Colombia. Its CEO, Alex, and several main office employees are Colombian; the company received its initial investments from Colombia; and the company’s development office is located in Bogotá, even though they do little direct business with Colombia.

Alex tried running the company from different cities—New York, then San Francisco, then Tokyo, and back to San Francisco. “If you want to make an impact with technology,” he concluded, “you have to be in the Bay Area.”

If you look closely at Alex’s strategy, you can see echoes of the reports on Colombian technology that have been written by the World Bank or Banco de Desarrollo de América Latina. Alex works with the strengths of his home country and works around its weaknesses. This suggests a pragmatic approach to regional development. Rather than duplicate Silicon Valley, why not build on local strengths and then engage the global centers to bring those benefits home?

David Alan Grier is an associate professor of international science and technology policy at George Washington University. Contact him at grier@gwu.edu.