



# Stanford eCorner

## Exporting the Stanford Ecosystem

Roelof Botha, *Sequoia Capital*; Kit Rodgers, *Cryptography Research*

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Video URL: <http://ecorner.stanford.edu/videos/3020/Exporting-the-Stanford-Ecosystem>

Responding to a question from Heidi Roizen, Stanford alumni panelists describe the challenge of exporting aspects of Stanford's entrepreneurial ecosystem. Sequoia Capital's Roelof Botha expresses the need for patience in developing interplay between academia, finance and industry, as well as flexible legal and financial conditions. Kit Rodgers of Cryptography Research also articulates why a willingness to fail is a crucial attitude for developing a vibrant ecosystem.



### Transcript

What you all think about broader than just Stanford, but the ecosystem in which Stanford plays a role here and if you would give advice to anywhere else, are there things that can be duplicated, are there things that can be not duplicated? If you were sitting some - in Silicon Fjord, what would you do to bring what Stanford has to those places? I've certainly thought about this a lot and I get asked this question when I go back to South Africa when people look at the success that we've had here. And I think one of the first things I would tell them is think about it the same way you think about building a company, which is you have to start small and you have to start iterating. Because the truth is what we all benefit from today took a century to build. If you go back and lot of this is captured in the report, one of the first companies in and around this area was Federal Telegraph and Professor Terman who had a huge influence on Stanford's collaboration with industry worked there for a while before he became a Professor of Engineering. And then he taught Hewlett and Packard and a bunch of other very well-known industrialists. He funded some of them. Those companies then spawned successive companies. And then you have this whole phenomenon in the economic school clustering that's taken place in the Bay Area where you have not only the research institutions, Stanford giving rise to these wonderful innovations that can help spawn companies. But you have a whole ecosystem of the sort of people who go work there not just the Stanford professor or student who start something, but all the other people that can make it happen, whether it's financing or landlords that understand how to work with startups, or lawyers who understand to work with startups and you get a whole ecosystem developing and you can't transplant that. It's the same reason you can't just transplant fashion from Milan and plunk it down somewhere else in the world, or diamond cutting in Belgium or whatever the case is.

So if you want to replicate what is here, you have to very patiently start to build, and you need to create the right foundations, and including things like protection of intellectual property, very clean and efficient bankruptcy system and these are all things that are taken for granted when you live in a place like this and they're all necessary institutions for you to encourage the formation of new ventures. So I think it can be done. And a long time ago, Fleet Street in London or Savile Row were the top of the industries in print and fashion or suit-making and those have gone by the wayside as other people have innovated. So it can be done, but you have got to be patient, and you really have to make sure you get all the pieces necessary. I mean there's a sense here that you can fail and that's okay also and that is not shared in other parts of the planet. I mean, personal bankruptcy or company fails, I mean, in a lot of other cultures it's difficult to get back up from that and even get a decent job at a big company after that. Whereas here, I mean, we may have a huge number of successful startups, we also have a huge number of failures probably more than most places. So, yeah, not you guys at Sequoia but - that's right,

yeah. But I think that's part of it as well, so there is an attitude about starting companies and maybe succeeding and maybe missing. The thing that I wanted about is can you replicate that? Because there was something very unique about the West in the late 19th Century about being a pioneer, it was a new place, it was a very nondenominational eco access and it's - it really was a meritocracy.

I mean, I'm sure it wasn't perfect meritocracy, but where in the world could you find a better meritocracy and you look around the world and can you replicate that somewhere else? So there is a former Stanford Professor Paul Romer, who has been on an endeavor to both Charter Cities. I don't know how many of you're familiar with his plans for this and that to me in a way is actually one of the most interesting ideas of replicating what Silicon Valley has because it takes - it gives you an opportunity to take a piece of land and really start with the clean slate. And maybe that gives you the opportunity to engender that kind of culture, but I think in many parts of world failure is such a burden on the individual that they wouldn't risk building a company.