

How and Why of Promoting Entrepreneurship Abroad
Hoover Institution
Stanford University

Panel IV: An Entrepreneur's View on Promoting Entrepreneurship Abroad

Richard Boly: Thank you. I think that was some good news from someone who's close to the process. I think we were lucky to have Charles here. The next panel is a phenomenal group, and we've actually added one, because although I've tried my darndest to get more women and asked many, I was not successful. And I wanted to freely and openly admit my failure and remedy it as I could.

So, this is a phenomenal panel; these are foreign-born entrepreneurs who've had their success here in the U.S. and I think they can give us a litmus test to whether this is credible. How would this program that we do in Italy be seen in other countries? Is this something that would be seen as paternalistic or would it help both the country where a program like this was run as well as the U.S.? It's my great pleasure to introduce my good friend, Alberto Sangiovanni Vincentelli, a very early partner in the Partnership for Growth. He was my brain trust; I would run over and say Alberto give me an hour, let me come over I want to run these ideas by you. And I was very lucky because usually it's companies like, well don't take the blame, GM and Intel, who are asking Alberto for his brilliant advice and he'd give it to me for free. Alberto is a very successful professor at Berkeley in Electrical Engineering and a co-founder of two billion dollar software companies, Cadence and Synopsis. He proudly tells me he's written over seven hundred fifty articles but he only has two patents and those were forced on him by Berkeley. My good friend: Alberto Sangiovanni Vincentelli. Thank you.

Alberto Sangiovanni Vincentelli: Thank you very much. So we have a very fantastic panel here with lots of people and lots of different backgrounds. And you probably are the first panel where there is a person not from Stanford, and who has not studied at Stanford, and who has not taught at Stanford – that's me. I'm from Berkeley, the other side, "the Free Republic of Berkeley;" and in addition to that, I think when I met Carl, Carl Schramm, we had a fantastic lunch at Rome, and so on and so forth. I think I'm the best leading example of why he doesn't look for me. I'm a counterexample of everything: I didn't want to come to the United States, I was kind of forced to go to the United States, go and learn how you do research, go to the United States, so I never left, so here I am.

And I didn't want to found any company – I founded five. And so how come that we are studying all this entrepreneurship? This was an accident, after accident, after accident. So don't tell me why I became an entrepreneur, don't ask me why I stayed in the United States; it happened. So, another thing I would like to say is about teaching entrepreneurship. I'm probably one of the best experts in soccer in the world but I don't know how to kick the ball; I don't have any idea.

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And sometimes when I go to Harvard Business School, I'm giving talks and stuff, and such things, I tell them, "You know what? You are totally useless, because you are historians so you study what happened. You don't have an understanding for the future so you are like me; I know everything about soccer, I cannot play the game." So you know everything about entrepreneurship but you cannot teach really how to be an entrepreneur. You can teach history of entrepreneurship, you can try to find the common themes around it. Does that make an entrepreneur? I don't think so. And so I'm a bit contrarian in this kind of situation. I think it's more important to create the environment to make the entrepreneur grow and so as to create results.

And so with this, we have from right to left: we have my compatriot, Giacomo Marini, who was a founder of Logitech; he was an engineer, quote unquote, he was VP of Engineering, he has a degree from Pisa, and then he became a venture capitalist and chairman of companies. Then we have Vinita Gupta, who is another technical person, she got her master's in electrical engineering from UCLA, and is the first woman from India who founded a company in the United States and was able to take it public. Then we have Loïc Le Meur who is a serial entrepreneur from our cousin up north, France, and we are going to hear from him all we can about all the difficulties and good things that he found in France. He has founded companies in France and in the United States and it will be very interesting to get his view on what it takes to do that. We have Don Wood, who is actually going to kick off the panel here. Don is a single point here, he is a venture capitalist and he is American; he is the only American on the panel. But he knows so much about entrepreneurship and from where entrepreneurs come. Did any of you ever have an entrepreneurship class in India, Italy or France? I guess not.

And then we have Wenceslao Casares, who comes from Latin America, and he has some absolutely brilliant ideas, I must say, from a business point of view. He is the founder of Lemon Bank in Brazil and he is co-chairman of Bling Nation, which is a very interesting payment, automatic payment company. And then we have Kanwal Rekhi, who is actually a founder and icon of the Indian entrepreneurship world. Everybody who I've bumped into at this conference has said "He was my idol" so we are very fortunate to have Kanwal with us. So without further ado, I'd like to ask Don to talk to us about his experience about funding companies in, how many, eight different countries and four continents, and he's managing a six billion dollar fund, and it will be extremely interesting to get to know from him and what you found common among these different nations in terms of entrepreneurship, and what it took to know, to invest well in these countries and what is different?

Don Wood: Good. Well thank you Alberto. So I'm at Draper Fisher Jurvetson, I'm a managing director there, and I have probably one of the best jobs of anyone I know because I get to invest our funds and work with entrepreneurs on four continents and that's given me a pretty interesting perspective that I'd like to share with you today about what's working, what venture models work in which countries, and how we can really encourage the venture ecosystem in countries and develop it where it doesn't exist today. That's what Alberto asked me to speak about today, how we see what's working and what's not working, and Draper Fisher Jurvetson is a twenty-five year old firm, it started out in Silicon Valley, and venture capital is hundreds of years old in

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concept but it's been refined in Silicon Valley over the last thirty to forty years, and like any business, venture capital can be exported, that business model can be exported to different countries but it needs to be localized.

So we can't take what works precisely in Silicon Valley and take it to Russia or take it to Brazil. It needs to be localized but there are some common elements that don't change and they do cross borders just like banking or airlines or any industry, there's 80% in common that you want to preserve and then you need to localize. And so, what Draper Fisher Jurvetson has done is we have built a network of sixteen different venture funds on four continents, and we do it by having local investors with local limited partners who back their funds who have local autonomy, but they're connected through a common brand, DFJ, and they all share a little financial interest with each other so that they're incented to help each other so that they'll co-invest together, and in fact, we call it the McKinsey of venture capital. What we do is we have these funds share ideas, share their due diligence, share their best practices, and that's really what we think we can export.

I was told we can only use one slide so I picked my favorite slide and so this slide here shows why we do what we do, and it shows the successes are no longer just in Silicon Valley. In fact, in recent years more than half the billion dollar plus wins have been outside the United States, and this is just a short list of some of the successes of Silicon Valley. And Draper Fisher Jurvetson has had the benefit of being in a number of these different companies. We've been in [Baidu](#) in China, Skype, and a number of the local companies. So, you know, we now have religion; we don't want to just do deals just an hour from home. And so we built this network and the network supports itself the shared ideas and shared investments. As we look around the world there are certain ecosystems that are working and thriving.

Certainly the U.S. is working, the European venture model varies country by country, the UK seems to be a bit of a hub, a hub of venture capital for Europe but every country has its own venture fund or five, so that's, I would call it, a mature market. China is rapidly becoming a developed venture capital ecosystem. We also have funds in Russia, and in Brazil, and in Vietnam, and I would say those markets aren't working yet; they don't have a vibrant ecosystem. What that means is if you're an early round venture capitalist and you make an investment, there won't be anybody to come in behind you to support that investment. And you can be left to be holding that investment and have to continue funding it and if you run out of money the company can go out of business. So you need, you need at least ten venture funds.

Israel jump started that model twenty years ago when the government created the ecosystem by starting venture funds and they now have a vibrant system. And Israel is a fantastic example because it demonstrates the resourcefulness; you don't need a big market. If you have great universities, engineers and you're resourceful, you can invent things and export them. So they did that from day one and that is a great model for other countries to follow because most other countries don't have a market that's big enough to build a large company; they need to be thinking about exporting. So unless you're in India or China or the EU or the U.S., you have to start day one thinking about building a global company.

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And the trap that a lot of companies fall in if they're in the Czech Republic, or they're in Poland, or maybe even in Brazil in some cases, if they focus solely on their own market, they're going to find themselves in kind of a middle-ground, it's not big enough to create a major company, so they need to be thinking early on. Some of the other barriers to the ventures that we see is entrepreneurs don't want to give up control of their company; they're not willing to sell preferred stock, give up a majority ownership, they fight that, and it doesn't work well with a venture model over time. And again, I mentioned the lack of follow-on investment. If you have too much government intervention; there's a risk of that in Russia. We worry about that. What you end up having to do is incorporate the company outside of the country so that you have a market you can take them public in, and then have contract law, international contract law apply. So where you have government intervention, you have the potential of graft or poor contract law that scares investors away. Those countries need to evolve in order to build this ecosystem.

And so what I think the U.S. can do is we shouldn't export our venture capital and try to have a U.S. venture fund try to go in and imperialistically invest in a country. You can do that and it will work for a while but the venture capital ecosystem needs to be local with local investors, local funders of those venture funds for it to really thrive. But what we can do and we are doing at DFJ is sharing the best practices with existing venture funds around the world. We try to export that 80% of the venture model that is exportable and then we try to localize with the right teams, and we co-invest with them, we share our brand with them because entrepreneurs are very brand-conscious; they like to have their money come from a brand that has had other successes and so we are able to share our brand.

That's our method of trying to create those ecosystems outside the U.S. We are unique in Silicon Valley in that we're not just looking at India and China, where the major VCs are looking. We're in Brazil, we're in Russia, we're looking at Central Europe, we're in Europe, we're in Vietnam and in Korea; we're looking at Japan. Japan has its own venture industry; it's been closed to the outside world and they've had hundreds of IPOs. They're all tiny IPOs and it's been a challenging market and we're looking there to try to bring some of the success to Japan of the model from the U.S. So with that let me turn it over to some of the expert entrepreneurs in the group.

Alberto Sangiovanni Vincentelli: Thank you very much Don. Next I would like to ask Loïc to tell us about his experience in France. We heard it is governed by Napoleonic laws top-down this morning and so it's very difficult to create the environment which is conducive to startups but I saw otherwise so I would like to know your opinion about that.

Loïc Le Meur: I'm not sure how much of an expert I am but I'll try to share a few things I've learned with you. I just moved to the U.S. two years ago and I've tried to take a look at why not only in France but in most of Europe, the internet companies cannot become global. And if you look at the internet space, I don't know about any other space, France is probably the best country to become a chef or to be in the fashion business, for example. But in the internet if you look at Europe as a whole – you showed Skype, yeah but that's a U.S. company now, it's eBay –

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we had a very good eCommerce company called [Kelkoo which was acquired by Yahoo](#). We had an amazing, founded by a friend [Brent Hoberman](#), Travelocity-like company called LastMinute.com; it became American as well.

So not only do we struggle to create global brands on the internet but also when they succeed they get acquired by U.S. companies. So that's like very sad. It's very, very sad. So what could you do? First, why is this happening like this? And you quoted it, but when you graduate from business school or you want to become an entrepreneur in Europe or in Paris, first you think local; so you want to dominate Paris. That's what I did when I created my first business was to be the best in Paris and so I created an agency, a dotcom, and I sold it to Omnicom. So that was my first U.S. contact and I sold my company to a U.S. company. And I was this is sad in a way because I should be fighting with them and not selling. And then when I started trying to become the leader of France of something and then the leader of Europe, I started very tiny companies – you can do this – but the problem is most people don't think that you have to be global day one.

And here that's a major difference I see and when you launch a business you really want to be global and a leader even if you're very tiny. And on the internet you can be the leader of something even if you're very tiny; look at Twitter which is leader of the real-time web, with Larry Page yesterday recognizing that they did a very bad job of indexing the web in real-time in sub-seconds. So that's like you know Twitter versus Google that's kind of impressive. So here is the point: how do you change that in Europe? So I've tried actually to contribute my part to this by launching a conference called [LeWeb](#), it's like Le Big Mac with Cheese, LeWeb, and it's in Paris in December and from day one I've tried to do a few things and learn from what was happening here and create the same ecosystem as in the Valley there in France for two days, only two days.

It's all in English which first put me as an enemy of the state; you cannot hold an event in France all in English above a certain size and we started with one hundred people and now we have 2,000. And so by law you should have French translation; we don't. The only person who spoke in French was the French President when he spoke two years ago. President Sarkozy came, he spoke in French. And so all in English, now we have forty countries joining the event, it's truly global. It's actually much more global than the conferences here. And then I learned from here to showcase the examples of the best entrepreneurs. That's why you only have one Skype and very few companies there. It's that we don't like success too much. We hide success in most countries in Europe because it's like cultural whereas here you showcase Larry Page and the best entrepreneurs in the U.S. all the time; they are heroes. Whereas in Europe if you succeed you have to kind of hide for a little bit and if you fail well don't even bother and hide completely.

And I'm trying to help and go against that. We have fifty startups pitching every six minutes pretty much like the demo conference you have here or TechCrunch50 now. We have the best entrepreneurs at the conference like Niklas Zennström, the founder of Skype and others who come to speak and we all learn from their experience, and in five years it does help create a company like DailyMotion which is like YouTube, created before YouTube but you don't know about it. Of course, it was started in France so it's smaller. When you start you think more local,

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then you get less money, more difficult to find business angels as well. The VCs will put less money as well, so it's everything less. From what you see here, you go faster and bigger. But I think it's changing and I'll end it with a positive note, even though I moved here.

A few things which I think are changing. For example dating, I'm a board member of a company called Meetic, which is the number one dating company in Europe, and it acquired the Match.com business, so it did the opposite. It's Match.com that failed in Europe and we could talk about why but there are a lot of negative things that American companies do when they go to Europe is think that everything is like America and what is the common points between Portugal, and Sweden and France, and we're like friends and neighbors but we don't think exactly the same. And so this company is extremely strong by being, by understanding the different cultures among the countries in a way that Match.com didn't. There's another one around here called Vont Prive, which is worth five hundred million euros now, a retailer that has ten copycats in the US. And that's a very, very good sign. So it's changing but it's very challenging. And we can change that.

Alberto Sangiovanni Vincentelli: Thank you, Loïc. And I would like to move to Wences from Latin America. And I would like to ask him, does the movement of supporting entrepreneurship at the grassroots work? Do you have some comments? Or is there an alternative to that?

Wences Caseres: Yes, I will illustrate with an example. About twelve years ago, I dropped out of college in Buenos Aires to start a company. And I remember feeling like I was going against the wind, against the tide, against everything. The college made it very clear that I couldn't come back. My friends, all of them told me I was crazy cause I had a scholarship, I was in a good college. My girlfriend left me. It was not something you do. You look in the book and the book doesn't have that page. It's either you finish school and you become an executive, or you go into academia, or you work for your family business, but you don't start a weird thing that other people haven't tried before.

And when you look at how it is today, and this is not such a big time, you know ten years, twelve years is not that much for such a big social change. It's quite significant the change. When I go to the same university where I dropped out of, they happen to teach entrepreneurship now and they invite me to speak and all the kids have bright eyes and they dream of starting a company. It has become, maybe not yet mainstream, but it has become a page in the book. You can be an executive, you can go into academia, you can be an artist, but you can also be an entrepreneur. And it's hard to exaggerate the impact that this has. When I first met Richard Boly and he told me about what he was doing in Italy and his vision of how this could be applied elsewhere and the impact it could have, I had an immediate click with that idea because I could see how it already has an effect in Argentina.

It used to be that the word for businessman is 'empresario' and it has a very, very bad connotation in Latin America; it means that you are corrupt, it means that you are boring, it means that you are bald, it means a lot of things. (*laughter*) I didn't say it. But it's not cool; you don't want to be an empresario, not when you are seventeen and in high school. So, but it's

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curious to see that today we still have that word and it means a businessman, established businessman, family business, old school, but we have a new word a different word. We use the word entrepreneur, without a translation, we say entrepreneur and it means, it's the same thing, but in this case it's applied to someone starting something maybe more innovative, usually related to technology, and it's cool to be an entrepreneur and everybody wants to be an entrepreneur.

It's the same thing but we keep these two words and Endeavor in a lot of these countries had a lot to do with that change, creating the space for entrepreneur, not only as a word, but everything that came with it. And when I see the biggest impact that this has, in general, but from the U.S., in general, foreign policy, in particular if you will, is that I would say that, arguably, the differences that we have today between the people, we are the luckiest ones, we are able to enjoy the best things of today, and the unluckiest ones, may be the same as they were 1,000 years ago between the difference of a king and the plebeian or a farmer.

But the big, big difference today, is that the people who don't have access to the privilege, can have, they see it on TV, they see exactly what it is which is not the case before. They in a lot of these cases, when you have a country with 180 million people, and one hundred million don't have access to those things, but they see it everyday on TV, it can be a recipe for alienation, it can be a recipe for violence for destruction, and again, from a U.S. point of view, not necessarily but in many ways, it can be a recipe for despising Americans; you've seen an increment in that around the world.

But when you have Loïc showcase a local entrepreneur, or when you have a local entrepreneur in Brazil or in India or in China, become immensely successful and become an icon, a lot of other people in that country begin to believe that they can do it too. You don't need that all of them do it, just the hope the belief that they may one day that they can takes a lot of bad energy, of the bad social trends, and can channel them in a very positive and creative and very positive way. And I'm beginning to see that in a lot of Latin American countries and I think that's a very powerful, a much more powerful tool than we have acknowledged so far.

Alberto Sangiovanni Vincentelli: So in fact, when Richard Boly was mentioning the effort in Italy, the first thing that I stressed is that role models are the most important thing in countries that are not used to entrepreneurship and the like. So, for example, in Italy there is some sense and the feeling that the game is rigged, so you will never be able to break into the top level of society, so society is frozen. Even Italy, which is a modern country after all, when you look at the top echelon of the countries, it is frozen; it's been frozen for hundreds of years. And the most important thing is you have to tell people, whatever people you find the brightest and the best, that they have equal access to opportunity. And that is the point. It's not equal salary, everybody has to be equal socially, but the equality of access. Yes, we can in some sense. That is very true. In countries like Italy and France, even France, I must say, I found some of that . . .

Loïc Le Meur: What do you mean even France? Careful, you are Italian, so you shouldn't . . .

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Alberto Sangiovanni Vincentelli: Wait, I was giving France a plus, not a minus! That is to say, that in France it is easier if you like, is to say, to have the feeling that you can do things through the grandes écoles, that merit means something. But even then, I think that there is this feeling that through entrepreneurship you can break into this kind of elite of the grandes écoles, which is the good elite, not like in Italy or Latin America, where elite is not necessarily good.

Wences Caseres: Here let me build on that to finish, by saying that when I first started, I was coming from Patagonia from a sheep ranching family and I was trying to raise capital in Buenos Aires and it was maybe the most futile thing I've ever done. For two years, I would meet with anybody who would receive me. And very quickly you learn that in these countries capital is controlled by maybe fifteen to thirty-five families, depending on the size of the country, and if you weren't born in any of those families, or you didn't go to college with them, you're out of luck, and you begin to have immense admiration for how you're told things work in America and how meritocratic the system is, and if that were still the case, I think that the number of social tensions you build when people see what is possible . . . what you can have access to, but it is only restricted not based on merit, but based on things that have nothing to do with merit but you will never have access to that. It is a time bomb.

Entrepreneurship, the success of entrepreneurship in a lot of these countries, you can go and raise capital even if you are a nobody. It is an immense release . . . it changes that energy in a very good way, it channels it in a very good way. I have to say that, I have yet to meet a self made entrepreneur who has a very strong anti American feeling. Wherever I have met a self made entrepreneur, they will share my pro American view of the world. And that is part of the point . . .

Loïc Le Meur: You have not spent enough time in Russia

Don Wood: I was going to add the point that you need role models in countries then other entrepreneur will follow. The other thing we need is the concept of broad stock ownership across the company and that was the model pioneer here in Silicon Valley, but it is hard to export that concept. because I talk to many entrepreneurs outside the U.S, they say, oh my employees are very happy working here they don't need any equity. That is a big mistake because when that company is hugely successful if you have like Google five thousand millionaires going out going forth then you can very quickly break that elite sense because if you have one or two people who control that ownership it's not going to have nearly the effect of if you have twenty or forty who are owners.

Loïc Le Meur: The problem is the employees themselves don't care about stock. . .

Don Wood: They don't care but you know what . . . fine. Give it to them anyway because then it'll create huge success in coming years once that company is successful

Loïc Le Meur: That's a huge difference people here ask you for more stock and they can accept less salary for that in Europe it's really the opposite like I don't want your stock.

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Don Wood: All it's going to take are one or two examples and they will value it.

Loïc Le Meur: Yeah like Skype, I mean there are many rich people in Estonia now.

Alberto Sangiovanni Vincentelli: Exactly this is again the example, but there is also a low infrastructure with especially taxation. For example in Italy if you own stock then you are by law forced to keep the stock for so many years even if you are *peones*, you have two stocks in the company. Can't sell them for five years and the taxation is immense because the feeling of the legislation is that you have to punish these rich bastards. (*laughter*)

Anyway, that is a very important point because it also points to a role that the United States can have in trying to explain what the law can do to create more share of the wealth... creation of new enterprises. And with this I would like to move to India and we have heard that the Indian community has been spectacularly successful in percentage and also in absolute numbers and I would like to ask Kanwal Rekhi who has been one of the key persons in developing this situation to tell us what he thinks are the origins of this situation and what can we do to replicate that.

Kanwal Rekhi: I was in Aspen about four or five years ago and the CEO of Nokia was on the panel with me and he leaned over and said to me, "like what happened to you people? Did somebody turn the switch on?" Overnight here all he sees is Indians everywhere. He says you guys were Third World and now I see you everywhere and the Indian success in America is very well-known, but let me go back in history but let me go back in history it's all because the Russians launched Sputnik. The Indian success here can all be attributed to the Russians launching Sputnik. Because in 1958 when Russians launched Sputnik, there was fear in America that you were losing out, we do not have enough scientists, we do not have enough engineers and that led to the change of law in the [1965 Hart-Celler Act](#) immigration law did away with the natural origins as the basis of immigration and that allowed the Indians to come to America and I came in 1967.

Indian immigration really started 1966-67 and of course by the late 70s and early 80s we had done very well in professions and moving into entrepreneurship in the early 80s. I did my company in 1982, Excelan, and when you read the history of the Internet we were the first people to do the Internet. We pioneered the Ethernet and TCP IP networking in the U.S., which became the basis of Internet eventually and that company was very, very successful we produced over a hundred million units in the 80s as a result of that firm. And that really inspired a lot of other Indians my start-up...inspired lots of other Indians.

By late 80s early 90s the rush was on and we launched the Indus Entrepreneurs (TiE) in 1992. When the three of us met we compared notes, it was very clear that it was very hard for us, very lonely. We had no mentors, nobody believed in us. We had to be on our own and somebody said it shouldn't be so hard for our people. We should become the role models we should become the mentors and that was the basis of TiE. And you know the rest is history, by mid nineties the India itself was starting to look to us as examples. People in India were becoming entrepreneurs.

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Just to give you a history, in 1990 the Indian IT industry started in 1978 when India threw IBM out of India. They had this job base that needed to be serviced. The idea was out so people started to service those computers, started to service those applications.

In the 80s when the super microcomputers were becoming popular with UNIX and the OS the Indians found a way to sell this labor to U.S. companies. Saying we will process your old applications to UNIX applications. In 1990 the industry was worth one hundred million dollars in size, which is pretty large. Coming into 2000 the industry was one billion dollars in size and March of this year the industry was sixty billion dollars in size so the growth has been just like that. It all started because the Russians launched sputnik and the fear in the U.S. and we brought his new ideas back to India in the 90s. The Stanford had played a major role.

The Indian telecom industry, I don't know if anyone follows that but in the month of March fifteen and a half million new cell phones were sold in India just in one month. All of last year the average was about nine million per month, but in the year 2001 April 1st, April Fools Day there was only one million cell phones in all of India and there was a monopoly of the whole phone industry and then the whole sector was liberalized. From one million cell phones and seventy million land lines in April of 2001 and now we are close to fifty million land lines and over four hundred million cell phones in India and they are still growing at the rate of fifteen million per month.

The last few months it has been about fourteen million and it's odd because a part of the ideas we have brought and Stanford played a role because the whole liberalization process of the sector was sort of enabled by people like me here holding the conferences at Stanford. We brought the policy makers from India, the minister of telecom was here. We flew them over, we paid for their expenses to come here and it showed them what they need to be doing and that led to be the change of policies. So looking back the immigration of Indians to the U.S. because the Hart-Celler Act at the end of 1965 really has led to India transforming itself overnight like the CEO of Nokia felt, but it was a long time coming.

Alberto Sangiovanni Vincentelli: Thank you very much; by the way there is one notable exception that we have seen today meaning that we don't have anyone from Taiwan or from China. It will be very important to understand what the phenomenon that is happening for example in Taiwan. How did Taiwan start developing? If you look at that its again the role of the immigrants in the United States that came back and created all the electronics industry in Taiwan was created by people that were trained here and working here and went back. And Taiwan created the environment for these people to be successful and I think that's another way in which the United States can help developing other people's economy is by this movement of people back and forth. Naturally people may think that we spent money of U.S. taxpayers to relocate these people and then we lose that money because these people go back, but actually it should be seen as a gain because we create a more wealthy environment worldwide so it creates better chances for our business to do better.

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Vinita as we said before was actually the first Indian woman who started a business and took it public so I would like to hear from you what could be done actually to foster entrepreneurship abroad among women because I think that this is a largely untapped market.

Vinita Gupta: Thank you, kind of struggling with the most relevant thing I can say which would be meaningful to the audience. Having said that I think I am an immigrant, a product of the society because I have operated in this Valley now for thirty-five years, went to college for my higher education and started a company in the heart of Silicon Valley in technology area in the times of internet days, saw the whole cycle and took it public etc. but I'm also I have two kids and I want to say I have a junior in Stanford though I went to UCLA and my husband got a PhD from Stanford and we had lived in the vicinity for the last thirty-five years so it's a very close bound with Stanford in many ways and I say that because my two daughters were very young at the time.

The older one was perhaps twelve years old and the younger one was more like seven and they both insisted and wanted to open a lemonade stand because it was a hot day and this is very capital in the U.S. which people from outside may not understand that, but she wanted a lemonade stand so after resisting I decided to open a lemonade stand for them and the younger one was a little shy so she recruited her older sister to go the cars when the cars stopped and serve them the lemonade when they asked for two lemonades or three lemonades and she collected the money so she made a deal with her sister. She said so how much are you going to charge, and her sister she named a price she said, "oh give me ten dollars" so you know as an entrepreneur standing and observing I said my goodness the little one has the spirit of entrepreneurship. She is collecting money on the come while the other one is settling and this is not to say how they would turn out to be, but it struck me as an entrepreneurship in the making that is some instinct risk-taking ability as parents we have observed our kids and we have a notion.

Anyway I thought that I would start off with that but there is an opportunity pool that I got in this country. I came here I had no mentors no models, role models. I mean there were no women, forget about Indian women, a woman that spoke with a different accent, but the opportunity I went I went to Kansas City, I went to Rhode Island, I went to New Hampshire. I was dealing with little resellers there and each one of them they did not pay attention to my looks all they cared about was, what was the product that I sold? Was there the value for them sufficient to take a risk from buying from a new company and all of them gave me the opportunity and I just think that is what makes this country so special. That it is not just embedded in Silicon Valley is my point in this whole thing.

So having said that I would say that I will comment on another part of being a woman entrepreneur, one of the things we miss is that we don't have wives, (*laughter*) and I say that because becoming an entrepreneur is not a lonely decision you make it whether you are a man or a woman if you have a partner you typically make it in a partnership. A man would not just pick up and say I'm leaving this job and I will not be making money and you guys have to come along and I'm going to start a company. You can't do that. So it is a decision that you make in

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conjunction with your spouse and in my case the role of running of home if it is important for you. You have to decide whether marriage is important for you, whether having kids is important for you, whether the relationship with your spouse is important for you and all of those factors, but you have to put systems in place. You have to run two companies, one company is running at home and one company is running at work and there are a lot of single fathers who face that situation so I'm not kind of patronizing women but I'm saying there is an extra challenge that a woman faces and as the role of men and women is overlapping it creates more stresses in marriages.

You have to learn to deal with those stresses or forget about it or give up your ambitions or one of the two have to give up these ambitions and those problems are not unique to the U.S. I think those problems are somewhat traditional, culturally rooted they are there in India, but Indian women in India are very successful. They are dedicated they are educated and in spite of the traditional pull being stronger in India compared to the U.S., a woman is typically more of a homemaker in India than here yet women in India are doing better and better. In fact they are doing in some respects better than women in the West. So, you know there are a lot of things I can talk about but I thought these are some of the views that perhaps I can uniquely reflect on which may not have been talked about before.

Alberto Sangiovanni Vincentelli: Thank you very much. Last but not least, my compatriot, Giacomo Marini, say something about the different culture between the U.S. and Italy. What it mean to be an entrepreneur.

Giacomo Marini: The difficulty of speaking at the end is everything has been said, I will emphasize a few areas that I've heard from the experience in Italy. Pierluigi, Daniel Borel, and myself, we chose the model of immigrating to the U.S. to develop a significant computer related company back in 1981 because at that time it was totally impossible to do that in Europe; we did not know what we were doing, probably, but we ended up there. One, one, thing I would like to point out is that from the beginning of this morning we have been using the word entrepreneurship in assuming that it means something; now, in certain parts of the world, particularly in Italy, it means something a little bit different: let me give you a quantitative example. If you go to Prato, which is a city close to Florence, where a lot of the relatively good and innovative textile industry, high end textile industry, in Italy, is, you are in a place where there might be 200,000 inhabitants, there are 60,000 companies...60,000 companies! So the definition of an entrepreneur in that context is one person, or two people, and not necessarily willing to grow.

So, Italy has had a lot of that type of entrepreneurship if you want, so the definition we are using here, what the Partnership for Growth initiative was, was to communicate a new definition of entrepreneurship which is more open, more open to partnership, to more people, to more components to come together, focused more on growth. Now, the growth might not necessarily be to one billion, it might be from one to fifteen people, but it's still focused on growth rather than survival, while the typical, if you look at the family enterprise, a lot of it is related to survival, it is a surviving company, it gives lot of strength to survival but that does not fuel

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growth, in fact it might hamper growth because of the family nature of it, not to say all family companies are of that nature but traditionally you can get into that situation.

So, if I want to go back to what may work or what may not work, in trying to move the model of an open model of an entrepreneurship or promoting that model in places like Italy and the rest of Europe, the job is going to be, in my mind, a little more difficult than in other places where major changes are happening. It's easier to promote it in Brazil right now because there are so many changes in the society and the economic system than there are in Italy where there are very few changes, and it's all about changes, as this morning when Secretary Shultz said. So, let me point out a few areas, where I'd like to reemphasize, we've talked about the ecosystem; I'd like to point out that it's all about the ecosystem; it needs to create all the various species of an ecosystem; if you look at Silicon Valley—it doesn't just mean venture capital firms, the ecosystem means, the whole ecosystem from thinking, from the laws, to the exit possibilities, the acquiring companies, to the cultural environment, to the intermediaries that make this flexible set of resources that make this factory of new enterprises work in Silicon Valley. And I would say that one important thing in the ecosystem is free advice, one thing that you discover coming to the U.S., coming to Silicon Valley is that you can get a lot of free advice.

And that's not that common in Europe; if information is power why should we share it? So, the ecosystem is much broader, is not just about the venture firms, you need to look at all the components and help all these components to develop. Now, the good news is also that many of these things are becoming more global so you don't necessarily need to have it next door, so you can go public in London, if you cannot go public in Milan or that type of stuff. The second thing that I think that Partnership for Growth was quite focused on in Italy were the cultural aspects; you need to change the way people think before they can change the way they act. I think we mentioned many of these elements, I would like to add that role models? are very important, very very important, not enough, we are not doing enough of that certainly in Italy, and we have to continue to do that.

The notion of success is good which is not obvious that wealth is good, and that it is shared, that both success and wealth are shared rather than kept to a small number of people; and that's the beginning I think, of, what I learned when I came to the U.S., that a slice of very big pie is better than an entire small pie. And positive thinking, again in Europe we have a lot of very negative thinking; "oh that will never work here, it's never going to work." Ok, so the cultural aspects are very important, so in that respect, the Partnership for Growth at the U.S. Embassy did in Italy was very good, which leads me to the third point; this is like everything, it takes a lot of work.

It is not done overnight. Even in Silicon Valley it took thirty, forty, fifty years to get where we are today. So, consistency and persistence of work are very important in trying to build this new environment and new ecosystem; changing the way people think. Particularly challenging in Italy, where consistency and persistence are not one of the virtues of the country. *(laughter)*.

So, it is also again, what Richard Boly said this morning, trying to make it permanent regardless of who is the new ambassador in Italy, trying to continue this activity, it's very important. So

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the ecosystem the cultural changes, persistence, it's very important in trying to move this new wave of entrepreneurial activity, make it grow, and engineer it better, and make a better world at the end.

The last thing I want to say is that as a U.S. citizen, and Italian citizen, it's very nice to see the initiative of the embassy, which I hope is starting an important change in the way that the U.S. embassies perform around the world: which is no more government to government but is the U.S. nation talking to the Italian nation; society to society. Talking to entrepreneurs, aspiring entrepreneurs, students, the kids, let's hope that this change started by Ambassador Spogli and Richard Boly can really continue with the activities of other embassies and create a new role for the embassies to contribute to the development of the world.

Alberto Sangiovanni Vincentelli: Thank you very much, and with this I would like to open the floor to questions, so, any questions on the floor?

Shervin Pishevar: Hi I'm Shervin Pishevar. I was actually born in Iran and came to America as a child. I'm an entrepreneur as well. And, I've had a little bit of experience. I've really enjoyed the panel. I wanted to touch on some of the things I've seen that are connected to what everyone talked about. I actually have a game company, we make games on the iPhone, and most of those games are actually created abroad, so we've built an office in Argentina, in Buenos Aires, we have forty engineers in Buenos Aires, a few engineers in Bucharest, about fourteen in Beijing.

Really I believe passionately in investing in entrepreneurs there, giving them stock, and I think that that's the model, there are ways functionally of giving structure that entrepreneurs here can follow, and maybe this is the beginning of that dialog, and we can share stories together, of your work in Argentina, and other entrepreneur, and share those stories and lessons, and maybe we can begin to spread this. One thing I tried, I tried this ten years ago, straight out of Berkeley, and it didn't work...

Alberto Sangiovanni Vincentelli: ... and then you came to Stanford. *(laughter)*

Shervin Pishevar: The problem was the Berkeley connection *(laughter)* But, when I tried it then, people weren't ready, the engineers and so on, and today, the quality of the engineers that we're working with abroad, is equal to if not surpassing the engineers here in Silicon Valley. So the competitive edge that we had before is gone, and the costs are a lot lower for us by building there, and giving stock, and so on. I think the one remaining advantage we have in Silicon Valley is we have great product people; we have amazing product managers, and great people designing products. I think that advantage will also go away. Because of things I'm doing and other entrepreneurs are doing abroad, they're learning this. The guys I'm working with in Buenos Aires are designing the product now, I'm stealing people from France and shipping them to Argentina now.

Loïc Le Meur: I have ten people in Bucharest, and they are generally better than the engineers I hire here, very. They work like crazy, and it's extremely impressive, and they cost a quarter.

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Shervin Pishevar: Absolutely, and what's interesting about that is that French citizens are moving not just to America but to Buenos Aires, and we had a Facebook engineer who also joined us who also move to Buenos Aires. So that interchange that's happening between engineers there and people who are moving there on behalf of our company, it's inspiring and exciting. The final thing I want to say is that I really believe in the work of Dr. Muhammad Yunus, one of my heroes, in microcredit, so anyone who's working here in that I'd love to connect with them. I took some of the profits from my first company and we built a home for twenty women in Kabul, widowed homeless women, it just opened last week, and we just got the first pictures of the first family moving in, and we're teaching them entrepreneurship. Just, I would personally love to connect with other people in the audience after to connect the dots.

Alberto Sangiovanni Vincentelli: Thank you very much. Would anyone else like to comment?

Loïc Le Meur: Just on the Bucharest thing I opened an office recently there, I think there is a huge threat to the U.S., as much as there is to Europe, I don't want to say Western Europe what is that anymore. Frankly, I mean, I arrived in Silicon Valley two years ago, and I had an image in my mind of what would be an engineering team here, and my experience has been that there not as hard worker as the team I have in Bucharest, maybe because it's not as nice there, so they just work... here it's too nice, but it's a big threat when you compare and you get four for the price of one, who are killing themselves, are super good and they are starting to get interested in stock, because they've learned that. Here to find an iPhone developer its 80-120,000 dollars, he will leave the office at 6pm and not be totally crazy unless you give him like ten percent of the company. I don't know, that is my experience and there I have an iPhone developer for 1,500 euros a month, who is extremely motivated and starts to believe in stock. So, I'd say it's a very interesting situation where Silicon Valley might lose, but what is left is the ecosystem, which is amazing.

Wences Caseres: I think that the cost advantage may not be so important, my current company is based in Palo Alto, I am based in Palo Alto, but my engineering team is ten people in Buenos Aires, ten people in Chile, and even if they

Loïc Le Meur: and here?

Wences Caseres: Zero here, zero engineers here, and like you before coming here, you know, Silicon Valley is like the big leagues, it's like the equivalent of Brazil or Argentina in the soccer World Cup final, so I expected here ..

Alberto Sangiovanni Vincentelli: and Italy ... *(laughter)*

Wences Caseres: Uh, uh, sorry, sorry, so when I was expecting to come here and say I am going to find the best engineering teams I have ever seen I didn't see them for the first six months. I lived here for three years now and I haven't seen them and first I thought well maybe they just don't come talk to a new start up like me ...

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Loïc Le Meur: You have a weird accent though ...

Wences Caseres: Yeah my accent you know Then I thought maybe established start ups. I began to see a pattern, one, my number is, one, brilliant engineer to four to nine average ones. But, you don't, but it's very hard to find a team that will have five brilliant guys ...well maybe they're in Google, in Cisco and even then you don't find them brilliant.

So even if tomorrow you raise my prices of my engineers in Argentina to the same level as here, I keep them there because the key thing is that I am buying is not the price difference is that I have a team of ten brilliant guys that I couldn't buy anywhere else.

Giacomo Marini: One thing I would like to say is that Silicon Valley is not about technology Silicon Valley is a machine that builds, it's a factory that builds companies very efficiently, that is the fundamental skill of Silicon Valley, the fundamental skill of Silicon Valley is how to make of an idea or technology to make a business and you have all the ingredients that do that in a relatively concentrated and that is why Silicon Valley has been able to able to do semiconductors, software, biotech, now cleantech I mean and ride the new wave, I mean because that's the fundamental skills that you find here. Now, clearly the gap is going to close with the rest of the world very quickly but there is still hope. I mean, the first ten years I was here I said this Silicon Valley cannot last. Now, I stop saying that.

Alberto Sangiovanni Vincentelli: Like Moore's Law

Kanwal Rekhi: You know the H-1B visa here, let me talk about this, it was the most stupid things I have heard of when I applied for the visa in 1969 I applied for the visa in May and I have a green card in my hand in September. I knew what I was going to do ..I put my roots down, I married here. H-1B puts people in limbo because this temporary visa for six years and they can't put their roots down they are in the limbo whether they will get the visa in the end or not, and they can't start up companies, they can't invest in things, it is one of the most stupid things, when they are waiting five to six years they are sent back. I can't see how possibly make sense for America to grant H-1B visas instead of real immigrant visas. It is one of the most stupid things I ever heard of.

Don Wood: I've got a question for the gentlemen with the game company. You said you had employees in four different countries I think. I'm curious how did you decide to go to four different countries rather than build a team all in Buenos Aires or one country, why did you spread out? And then how do you .. which country is best for outsourcing for your work?

Shervin Pischevar: Well thanks to Skype that I was actually able to decide, we communicate via that. So it's actually very easy for us to have multiple locations. The majority of our engineers are centralized in Buenos Aires about twenty people in Palo Alto, a few in Romania, and fourteen in China the main reason was I recruited Eric Huynh CTO who was the founding CTO of Ubisoft

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and Gameloft and he has built organizations in Bucharest with hundreds of engineers so he already had those contacts and we were able to avoid a lot of mistakes that others had made.

Don Wood: How do you contrast to different development environments and engineering teams?

Shervin Pischevar: The engineers in Buenos Aires are brilliant. As you were talking about, so it's a very European culture, I mean, of the things I noticed, my main partners are Jewish Polish immigrants from fifty years ago who escaped out of Europe and so education is highly valued there and so the quality of the engineers are incredibly high and the passion, just the passion and the work ethic you know these guys are sleeping at the office, working constantly. I go there every six to eight weeks and we have a rotation of our people from here in Palo Alto who go there. In Romania they are also brilliant and Loic could probably confirm so, absolutely brilliant, but they are missing some of the other skills, in terms of social skills of how you interact with other people. So we are teaching that, mentoring and on mentorship ...

Loïc Le Meur: That's true, there is no social software there yet, but, they focus very much. They don't have an IM or Skype open all day, they don't spend very much time on Facebook so it has pros and cons, but then if you ask them to work on a Google or Facebook API, they have to learn entirely because they are not connected to that.

Shervin Pischevar: Yeah, they just, I mean also, they'll just decide to do some absolutely unbelievable feat of engineering by themselves without telling us. *[laughter]* They'll stay up all night and then we created that jet game, it's a 3D, multi player jet game on the iPhone that's coming up. He single handed engineered most of the engine and so he would do these features over night...

Loïc Le Meur: Is that the pilot? The one that did five hundred thousand in revenue?

Shervin Pischevar: No no, it's coming out this summer.

Loïc Le Meur: Flight control. That's entrepreneurship, one guy can make an iPhone application that does five hundred thousand dollars in two months. Zero marketing, nothing.

Shervin Pischevar: The final point I want to make about mentorship. I invest a lot and I am sure you do as well in mentoring people and I'm the beneficiary of the mentorship that I've been provided by others here in America. From a very young age. I think that the brilliance of America is actually people as you were saying are so open hearted about their knowledge. They're so giving about their knowledge and that's the greatness of America is that sharing of the knowledge in a non selfish way. It allows immigrants to also flourish and achieve great things.

I mean I was straight out of college and I read about Jamie Diamond who was at Citibank at the time, he had left and I read an article in Time about him and I said, "I'm just going to call this guy." So I called and he actually picked up the phone at his office himself and I asked for Jamie

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Diamond and he said, “This is him.” And I was like, “Oh my God!” and I am in my garage and I knew I had maybe thirty to sixty seconds before I lost his interest and he ended up investing in my first company and it’s that kind of openness and mentorship and I think the idea of apprenticeship that really started in Europe has gone. The art of apprenticeship and mentorship and its really flourished here and I think anything that we do abroad has to be very centered on creating mentorship opportunities for people like us.

Janice LeCocq: When I started Griffen Sciences we had sort of an unusual chemistry which was the total chemical synthesis of protein. I had only one American scientist working for my company out of fifteen. Everybody else was from somewhere else and we were paying for all of the immigration costs for the H-1B visas, which we did manage to get although it got really tough, so we were actually paying market rates for people, we weren’t paying them less plus all the immigration costs and I could not find Americans with that level of skill and I think that there are several things that pick up here. The good news is, is that all of these countries are now getting more entrepreneurial and they got people who are getting more and more well educated and more competitive and yeah, it’s a little threatening to the U.S., but I think it’s a challenge to the U.S. to improve our education system.

Young men are actually getting worse and worse from the standpoint of getting education. Women are now the top number, higher percentage at our veterinarian schools and medical schools than men. The women are still working harder, but I think that we have fallen down on science education, on math education, everything and that’s why all these people are saying that I’ve got brilliant Romanians, I’ve got brilliant Brazilians. We’re really screwing ourselves if we don’t start paying attention to that kind of technical education and my only hope is and this is the optimism thing from Condi Rice is Americans have rallied when they need to rally. We are always slow. We are always coming in late. We rally. . .

Kanwal Rekhi: One more Sputnik!

Janice LeCocq: Yeah! I just hope to hell, excuse my language, that we get our act together so we can participate in this and we are not standing there feeling like victims watching the world go by and seeing “Silicon Valley,” which I don’t think is just Silicon Valley, but the whole United States getting passed by because people are doing a better job of our model than we are.

Loïc Le Meur: I don’t thin that’s going to happen anytime soon.

Alberto Sangiovanni Vincentelli: There is one thing that I always try to say to a European University, the great thing about the American university system is that our fishing pond is the world so at Berkeley you get the best and I am sure at Stanford even more so. You get the best of the best, worldwide so I wouldn’t even consider the American in relation to the Romanian ... It is whoever comes to a top university in the United States is really good. Now the kind of average engineer that you were talking about, I bet they are not coming up from the best school and because the number of you that come out from the best schools are limited.

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The other thing about the percentage of Americans in this kind of jobs and science and engineering. In my opinion comes from the fact that an engineer in UK as well as United States when your toilet doesn't work in your hotel room, you call the and they say, "I'll send you the engineer to fix the bathroom." And when you go to the train station in London and you get the driver of the train is an engineer. Right? And so it's the global perception, of engineering and science is a lower class job. While law and MBA and guys like this are the top of the cream. Now if you go to France for example, which is a very interesting place and Italy, to some extent, it's engineers that were considered the top of the chain, right? So if you were good and you were coming from a good family you go to engineering. Law school in Italy where the low low low low the low was very low. So, the turkeys would study law, I swear to God that was the case.

Loïc Le Meur: The problem is that we love to build bridges, but the problem is when they're not entrepreneurs enough, but French engineers are amazing. They just go to Pons de la crum and you know that's problem.

Alberto Sangiovanni Vincentelli: This is the problem in terms with entrepreneurship. It is a good thing if you are starting a company that wants to hire good engineer, good manager the fact that your society, values science and engineering is extremely important.

Kanwal Rekhi: India is like that.

Don Wood: You know I was listening to you talk about how we need to do this in order to be competitive and I guess I am wondering if that is really true? It's not like in soccer we can compete globally and have national rivalries, but when we now have and the borders are coming down and you can have innovation Skype in Europe and you can have a turban blade manufacture in China or a low cost solar cells coming in from China, we are all benefit. So I think we really should be looking at how to push the...this entrepreneurial spirit and create this environment everywhere not think so much about our country versus their country because we're all going...

Janice LeCocq: I agree I just think that we shouldn't think that we should say that everybody else will do it. We just should not lose that in ourselves is what I am saying.

Alberto Sangiovanni Vincentelli: Yes, last question...

Wasiq Bokhari: One out of fifteen, one out of twenty people are from the U.S., I'm not surprised that the population is 1/20th of the global population. It just says to me that you're a very open society, which you will statically get a larger proportion of the population. My first question is, how do we retain as many of those as possible? How do we retain the other fourteen or nineteen so that they keep adding to our domestic workforce?

Don Wood: We may not need to retain them because we can have them working for our companies wherever they choose to live.

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Alberto Sangiovanni Vincentelli: Last comment and than we have to...

Vinita Gupta: OK, I think the only thing which I have not heard. I understand there are a lot of shortcomings we are losing ground and all that is accepted and we need to work on that, but company like Apple and its innovative products. They are being created in the U.S. with U.S. engineers. I mean not to forget that their level of when you get the good U.S. engineer they can produce lots more innovative products a lot faster and they can be the best that we still have that little edge in the top notch engineers.

Kanwal Rekhi: Well, all the chips are designed in India for the iPod.

Alberto Sangiovanni Vincentelli: But the concept came from Silicon Valley. Thank you very much for your attention and I thank the panel.

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