

Creating a new Silicon Valley

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Talented Finnish scientists working with new technology need the help of business-oriented people for successful commercialisation.

The Helsinki metropolitan area seeks to make itself a geographic location that encourages high technology companies.

HERVÉ LEBRET starts with a contrast. Compared to American peers, European high-tech companies take almost twice as long to be listed on a stock market, have only a tenth of the market value and only one-sixth the employees.

Clearly the European model of fostering innovative start-ups has not generated the same massive success stories that are common on the other side of the Atlantic. So how can we improve our

model? In effect, how can we create a European-style system to build new Silicon Valleys?

VC Zone

Lebret points out the adage that some locales have money while others have brains. Silicon Valley was unique in that it had both the brains and the money. To create a similar atmosphere in Europe we need to have a similar system, but one based on European standards.

Lebret is an expert on high-tech entrepreneurship. He manages an innovation fund at École Polytechnique Fédérale de Lausanne and is the author of the book Start-Up. He was in Finland as a guest of Will Cardwell, Head of Aalto University's Center of Entrepreneurship. While here Lebret gave a talk regarding the building of new Silicon Valleys at a VC Zone event, a partnership between Technopolis and Greater Helsinki Promotion designed to bring international venture capitalists to the Greater Helsinki area. In essence, Helsinki already has the brains while VC Zone encourages the money.

Although VC Zone is still young, it has already had its share of successes. It has received commitments from four large international investors to use the service. Also, four Helsinki-based companies received investments totaling 16 million euros so far this year. Although the program is already showing results, Lebret was in



Hervé Lebret

Helsinki to explain his views on making the whole ecosystem work better.

Friendly ecosystem

“We need to encourage passion and ambition,” says Lebret. “This is a long-term effort, such as instilling self-confidence in school children. They need to learn from failure and become ambitious from watching role models. Ambition does not mean you won a gold medal at the Olympics, it means that you are trying.”

He also says that we need a “friendly ecosystem,” or a model conducive to the growth of new companies. Lebret states that venture capitalists are tough and bring value by challenging entrepreneurs. Scientists may be brilliant at creating technology, but need friendly help from business-minded people for successful commercialisation. As another example of a “friendly ecosystem,” Lebret mentions funding. “We need public financing at the first step, but the private sector should help entrepreneurs take the second step,” he says. “It is also important for successful founders to later become investors. They have start-up experience and can attract international venture

capitalists. The people behind F-Secure are a good example.”

Encouraging immigrants

Lebret also says that immigrants need to be encouraged. He points out that research has discovered that half of all Silicon Valley start-ups have at least one immigrant as a founder. Finland has its own success story as well with Mohamed El-Fataty’s Muxlim social network.

“If you are born a Finn you will have your family’s network,” Lebret explains. “If you are a migrant you have to build it yourself. You have to prove yourself. Europe must learn that migrants are not a threat.”

Finally, he says that we must develop a pioneering spirit which accepts uncertainty and risk taking as well as tolerates failure. “Maybe one per cent of Silicon Valley start-ups succeed,” Lebret says. “Ups and downs happen. Failures happen.”

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