POLISH SILICON VALLEY INITIATIVE
AS AN EXAMPLE OF BUILDING
AN INNOVATIVE "BRIDGE ORGANIZATION"
TO ACCELERATE EUROPEAN TECHNOLOGY
COMPANIES ON THE U.S.
AND GLOBAL MARKETS

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No 321

Warsaw 2013
ISSN 2083-9057

WERI Working Papers are circulated to stimulate exchange of information, discussion and critical comments.
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1. Introduction

From a governmental point of view, the principal objective of offering programs supporting the internationalization processes of companies’ activity is to improve the international competitiveness of domestic businesses and, as a result, to achieve national advantages from the increased export activities of those companies. Thus, both the commercial policy of a given country as well as the competitiveness of its economy in relation to other countries have an impact on the involvement in promoting export.

From the point of view of the companies, the programs supporting the internationalization processes should promote pro-export attitudes among managers and employees who participate in international transactions, facilitate solving specific problems related to these processes as well as contribute to the positive effects of activities undertaken on foreign markets.

Due to a proliferation of various definitions of the governmental support programs, it is assumed that a program supporting the internationalization of business activity refers to all public programs and measures which, directly or indirectly, contribute to an increase in the activity on international markets from the perspective of a company, sector or country, region or the whole economic block. Promoting national exports is therefore a top priority of many public policy makers, mainly because national exports provide the means to increase employment opportunities for the local labor markets, generate foreign exchange to finance imports, enrich public funds with additional tax revenues and - as a result – achieve higher economic growth and living standards.

Having in mind the above, the Polish Ministry of Economy has recently made a decision to build a “bridge organization” that will link Polish small and medium-sized enterprises with global value chains, through the U.S. market. The first pilot project is being implemented in 2013 in the Silicon Valley (SV), where incubators and accelerators are important catalysts for business and job creation on both sides of the Atlantic. The experience and knowledge gained from this pilot project will provide crucial insight for the further expansion into other leading innovation centers at both the U.S. and global levels. The aim of the Initiative is to strengthen the institutional capacity and increase cooperation, particularly

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in the area of knowledge about business acceleration between Polish and American governmental institutions. This will involve providing young Polish enterprises, operating in the sector of new technologies, with the adequate organizational support and guidance, as well as marketing and distribution services that will enable Polish-U.S. ventures to go global.

Therefore, it is necessary to create a solid organizational structure in the SV, so that Polish start-ups will have professional support and assistance in obtaining business contacts; it is also important to undertake actions, which will strengthen the transfer of knowledge from companies in the SV to companies residing in Poland. At its pilot phase, the project focuses on expanding the capabilities of the Trade and Investment Section of Polish Embassy in Washington D.C. by opening the Silicon Valley Acceleration Center, located in one of the leading SV business support institutions – the US Market Access Center, based in San Jose, with partner accelerators in San Francisco. This unique “soft landing zone” works exclusively with non-U.S. companies and foreign governments, focusing on helping them start-up their businesses in the SV and then to go global.

The goal of this paper is to analyze how to effectively build a governmental “bridge organization” throughout partnerships with Silicon Valley-based business support institutions, linking young Polish companies with the innovative SV eco-system, as well as by designing the advanced support programs for the competitively selected enterprises, based on a multi-phases approach, using the market experiences learned in offering acceleration programs in the greater San Francisco Bay Area by governmental organizations from other countries, especially from the EU Member States.

2. Characteristics of the Silicon Valley innovative eco-system

In terms of entrepreneurial eco-system, Silicon Valley has very unique combination of leading technology corporations, world-class universities and research organizations, vibrant social and professional networks as well as high density of business support institutions, especially those specializing in young technology companies’ mentoring and market launching. There are also many companies, including the foreign ones that have set up Research and Development Units in Silicon Valley to access new technologies, knowledge and financial resources. Because of the latter as well as a long history of creating successful technology companies, Silicon Valley start-ups have relatively easier access to funding, especially to venture capital (VC), that their counterparts in any other region of the world.
It is worth to mentioned that non-VC sources of start-ups’ financing are growing rapidly. For example angel investors – individuals who invest smaller amounts of capital at an early, meaning riskier, stage – fund more than 16 times as many companies as VCs do. In 2011 angels invested on the US market more than 22 billion USD in approximately 65 thousands companies, whereas venture capitalists invested about 28 billion USD in 3700 companies. Other, more and more popular in Silicon Valley, form of start-up investment is crowdfunding, whereby entrepreneurs can raise small amounts of capital from large numbers of individual investors in exchange for non-equity rewards like company’s products or services provided by supported start-up.

In addition to the above, such SV-based companies as Cisco, Google, Hewlett-Packard, Oracle or Apple in recent years have been very active in acquiring technology start-ups, local and foreign. That process creates unique market opportunities also for Polish companies, like specializing in text-to-speech IVONA software, which has been recently acquired by Amazon.com.

Also, on-site networking organizations, like Silicon Vikings, German American Business Association as well as US-Polish Trade Council are very good examples of networks that grew from a local activity among the expatriate communities into networks with an own structure, that provide - or make accessible - tangible services for members and newcomers. Silicon Vikings is a non-profit member organization for networking and promotion of technologies and businesses intersecting Silicon Valley (San Francisco Bay Area) and the Nordic region (Denmark, Estonia, Finland, Iceland, Norway, and Sweden). They connect the Nordic Region's and Silicon Valley's innovation and start-up ecosystems through technology and business driven events, activities and projects for the last 15 years.

German American Business Association (GABA) is a 10-years old non-profit, member-driven organization that fosters transatlantic knowledge-sharing and networking among German-American and Californian business and tech communities. The US-Polish Trade Council (USPTC) was formed in 2002 to promote California, and especially the Silicon

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5 Amazon.com, Inc. has recently announced that it has acquired leading text-to-speech technology company IVONA Software. IVONA delivers world-class technologies that power the “Text-to-Speech,” “Voice Guide” and “Explore by Touch” features on Kindle Fire tablets. Additionally, IVONA delivers text-to-speech products and services for thousands of developers, businesses and customers around the world (*Amazon.com Announces Acquisition of IVONA Software*, [http://www.ivona.com/us/](http://www.ivona.com/us/), January 25, 2013).
7 [http://siliconvikings.com/](http://siliconvikings.com/)
Valley, as a prime location for Polish high technology and science to build a presence and so increase cooperation and trade between the U.S. and Poland. All three networks interact with the governmental organizations bridging their respective economies with the Silicon Valley eco-system, like Enterprise Estonia, FinNode and Tekes (both Finnish), Innovation Center Denmark and Innovation Norway, or in the case of USPTC with newly established Silicon Valley Acceleration Center, being a joint initiative of Polish Ministry of Economy and Trade and Investment Section of Polish Embassy in Washington DC.

Silicon Valley has also very well developed higher education infrastructure with renowned universities like Stanford, with students being the founders of Cisco, Yahoo, HP among others, University of California - Berkeley or San Jose State University, with leading number of engineers graduating in the larger San Francisco Bay Area. High intensity of contacts between academia and start-up society has created a unique environment for close cooperation, which resulted in many very successful business projects jointly managed by risk-taking young entrepreneurs, students, and faculty members.

Having in mind the strategic role of Silicon Valley’s universities in stimulating and assisting entrepreneurs, the Warsaw School of Economics has signed a letter of intent with Lucas Graduate School of Business at the San Jose State University in California, with a purpose of establishing a long-term mutually beneficial association.

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9 http://www.usptc.org/
10 The letter of intent was signed on March 20, 2013 by David M. Steele, Ph.D, the Dean of the College of Business and the Lucas Graduate School of Business at the San Jose State University, and by Professor Tomasz Szapiro, the Rector of the Warsaw School of Economics (SGH). Both parties have agreed to exercise their best efforts to establish ties of friendship and cooperation, promote mutual understanding and international collaboration regarding the development of joint programs as well as to work toward more formal, complex, and binding agreements (http://www.sgh.waw.pl/ogolnouczelniane/press-office-en/aktualnosci/sjsu).
Figure 1.
The attractiveness of the Silicon Valley entrepreneurial eco-system

Source: own

3. Partnering with SV-based business support institutions to boost the home market technology companies’ expansion on the US market

It needs to be emphasized that the most popular form of support offered in Silicon Valley by foreign governmental agencies to technology start-ups from their respective countries is placing young companies in one of the local business support institutions. It is also worth mentioning that in the first part of the author’s research - undertaken within the Polish Presidency (July-December 2011), in cooperation with the European Union Delegation in Washington D.C., within the framework of the EU Trade Counselor Working
Group - programs combining innovation with internationalization were described by the EU Trade Counselors as one of the best methods of the European companies’ promotion on the US market\textsuperscript{11}.

The information provided by Counselors in the above mentioned survey showed that in the wide range of implemented programs there are a few mainstream tendencies. Definitely, the instruments promoting local innovations abroad, especially in Silicon Valley, where even micro- or small enterprises, provided with the relevant support, have a chance to go global, are viewed as the most efficient. Promoting internationalization of innovative European SMEs through the partnership with Silicon Valley accelerators and incubators is a highly recommended “good practice” in the US market.

According to the survey, the most popular forms of combining innovation and internationalization support in the US market are Member States’ partnerships with business incubators and/or accelerators located in Silicon Valley (Plug & Play Tech Center and US Mac Access Center were mentioned by more than half Member States). To date 14 EU countries has decided to introduce 16 such programs to their companies in the form of partnerships with:

- US Market Access Center (non-profit business accelerator and incubator) hosts “soft landing zones” for Czech Republic, Catalonia and Ireland as well as organizes Start-Up Camps in Denmark, Estonia, France, Hungary, Netherlands, Italy, Spain and Sweden\textsuperscript{12};
- Plug & Play Tech Center (mostly oriented on start-ups looking for VC investors and/or strategic partners) currently works with 6 EU MS: Austria (Austrian Trade Commission), Belgium (Flanders Investment and Trade and IBBT), Czech Republic (CzechInvest), Greece (Ministry of Education), Portugal (Leadership Business Consulting) and Spain (Barcelona Chamber of Commerce and Barcelona Activa).

\textsuperscript{11} P. Pietrasieński, \textit{Good practices in facilitating SMEs’ internationalization applied by the EU Member States on the United States market}, Results of the research undertaken within the Polish Presidency (July-December 2011), in cooperation with the European Union Delegation in Washington D.C., within the framework of the EU Trade Counselor Working Group, non-paper, Washington, D.C., February 2013.

\textsuperscript{12} Sweden is doing an extensive program, beginning with 3 bootcamps in the 3 different cities, with a total of 50 participating companies. The US MAC partner in the program is the InnovativeBridge Sweden. The program includes pitch practice and development, concluding with a pitch session, for which a representative from Silicon Valley’s Garage Technology Ventures is being flown to Sweden solely to oversee the judging. After the pitch sessions, 15 Swedish companies will be in residence of MAC’s facility in SV, with six weeks of pre-arrival mentoring, meetings and so on. They will then return to Sweden, and a subset of this group, statistically 5 companies, will return for a 3-months market immersion program.
The US Market Access Center\textsuperscript{13} is a unique example of an incubator which works exclusively with non-US companies and helps entrepreneurs to start up their businesses and then go global. It is a non-profit which receives financial support from public and private entities and charges governments and companies for mentoring and consulting services. They stress the importance of mentorship and have developed a business model for market entry which incubates the companies and prepares them to access the global marketplace. The policy objective of Member States already engaged in the partnership with US MAC is not to reduce jobs at the Single Market, but to help European companies expand on the US market and then at a global level. Globalization of those companies’ operations usually increases jobs in the originating country. The US MAC model is closely connected to San Jose State University, which provides market research programs, technology research as well as curriculum and business teaching methods.

On the other hand, Plug & Play Tech Center (P&P)\textsuperscript{14} is a profit model of incubator and business accelerator which features a high number of European companies, in most cases sponsored by Member States from various EU programs. P&P is headquartered in Sunnyvale, California; its global network includes 300+ tech startups, 180+ investors and a community of leading universities and corporate partners. P&P has now expanding its model internationally, having set up a satellite operation in Vancouver, Canada, and with plans for five centers, including Singapore, the Middle East, and Europe. The major difference of the P&P model - comparing to US Mac - is for profit concept, relying on venture capital entity (in that case – Amidzad Partners), which manages the P&P operations (US Mac’s management and employees are not allowed to represent or being part of any angel or VCs’ institution).

Both Plug & Play and US Mac are different from many other incubators in their significant and growing role as home for international firms and business operations. Both of them even have an “incubator-within-incubator” operation, e.g. in the case of the Czech Republic, the CzechInvest operates its SV office inside the P&P, but the newest program CzechAccelerator 2011-2014, supported from the EU Operational Program Enterprise and Innovation, will be managed in the partnership with US Mac, and in cooperation with Cambridge Innovation Center in Boston, to ensure for project participants advisory and

\textsuperscript{13} http://usmarketaccess.com/
\textsuperscript{14} http://www.plugandplaytechcenter.com/
consulting services, mentoring and coaching, and networking between participants and venture-capital funds, technology and business partners among others.

Both of the above mentioned Silicon Valley business support institutions are important catalyst for growth and job creation on both sides of the Atlantic. The availability of the venture capital as well as the close relationship with the Academia seems to be the key elements of the successful SV environment. Therefore, there was no surprise that programs combining Silicon Valley innovation support system with internationalization were described by the responders to the author’s survey as one of the most effective methods of the EU companies’ promotion not only on the US market, but also globally.

As the research showed, one of the most important element boosting European companies’ competitiveness in the US market is a good network of export promotion infrastructure that majority of the EU countries maintain in the United States. Promoting internationalization without being present in the most important business and technology centers in the US, like the region of Silicon Valley, proves to be difficult and decreases chances for the companies from the respective countries.

Then it is obvious that lack of supporting tools for technology start-ups in some of the Member States’ promotional systems, like in Polish one, could have a negative impact on their companies’ chances to successfully enter the US market.

4. Governmental “bridge organizations” – relations between dedicated resources and partnerships with business support institutions

The important criteria for distinguishing governmental “bridge organizations”, linking domestic companies with technology and financial resources of Silicon Valley innovative eco-system, should be resources engaged in their activity by governments and the nature of their relationship with local business support institutions.

Author’s analysis on the characteristic of BOs, responsible for promoting their home country’s innovative companies in Silicon Valley, shows that the size of the resources’ engagement into SV operations mostly determines how the governments are involved in the region (stand-alone national center or office located in selected “soft landing zone” institution).

In general, those countries whose governments decide to use limited resources, both financial and human, in their activities supporting indigenous enterprises in Silicon Valley, locate offices within so called “soft landing zones” in local business support institutions.
Therefore, among others, Czech Republic and Estonia, opened their one-person offices respectively Enterprise Estonia and CzechInvest in Plug & Play Technology Center in Sunnyvale and Japanese, whose government agency JETRO (Japan External Trade Organization) is headquartered in US Market Access Center in San Jose. In the latter, Catalan agency Competitiveness for Catalonia - ACC10 decided to locate its main operations in California. Representatives of those countries indicated in the interviews that they value the access to knowledge resources, including experienced mentors, as well as to the effective and efficient acceleration programs being offered by P&P and US Mac.

A decision on the establishment of an independent facility, to promote home country businesses in Silicon Valley, requires the involvement of far larger financial and human resources – in the latter mostly local specialists. Those specialists can be relatively expensive in the greater San Francisco Bay Area (in comparison to other technology hubs in the United States). Therefore, building an independent business support institution, including acceleration functions, will have to result in greater involvement of governmental resources, comparing to the offices located in specialized “soft landing zones”. This type of strategy was adopted by the largest foreign governments’ organizations in Silicon Valley: Innovation Norway, Swissnex, Enterprise Ireland and Innovation Center Denmark. First of those is a start-up support facility in Palo Alto, supervised by the Norwegian Consulate General in Silicon Valley; last, the Danish Innovation Center, combines the functions supporting science and technology cooperation with advanced business acceleration programs. This is the largest BO in San Francisco Bay Ares, with nearly 30 employees, mostly local professionals, supervised by a diplomat from the Embassy of Denmark in Washington D.C.

Korean KITECH (Korea Institute of Industrial Technology) and Taiwanese ITRI (Industrial Technology Research Institute) are different types of bridge organizations. Both Asian organizations are concentrated on promoting technology issues, including arranging and mobilizing cooperation of domestic technology institutes with leading science and research centers in Silicon Valley like the Stanford University and UC Berkeley.
Figure 2.
Partnerships with Silicon Valley business support institutions and engagement of resources


Finnish governmental agencies represent a different approach, combining - in their stand-alone office in Santa Clara - the features of business support institution (FinNode/Finpro) with science and research activities (Tekes). FinNode USA, being an umbrella organization – has four main partners: Finpro, Tekes, the Ministry of Employment and Economy, and the Ministry of Foreign Affairs. Interestingly, till 2007 two Finish agencies (Finpro and Tekes) had been in Silicon Valley for many years, but operating separately. Then they established joint office under the FinNode brand, which have contributed to greater cooperation between incubation (technologies) and acceleration (products and services) processes on the US market. Although having a stand-alone office, they have entered in several partnerships with local business support institutions. These partnerships have made FinNode a very unique example of outsourcing many incubation acceleration services to local entities (by placing Finish companies in carefully selected “soft
landing zones”). It also resulted in designing one of the most advance governmental support programs offered to foreign companies in Silicon Valley – 4-stage Gazelle (Box 1).

Box 1. Finpro Gazelle program characteristics

<table>
<thead>
<tr>
<th>Designed for both Finnish start-ups and Born Global companies, each Finpro Gazelle is a 4-stage program for testing and developing business ideas in promising target markets. The program offers:</th>
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<tr>
<td>• Opportunities to evaluate the target markets effectively and reliably before final decisions on market entry and related investments are made</td>
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<tr>
<td>• A phased evaluation process, which allows optimization of the time and costs in planning market entry</td>
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<tr>
<td>• A wide understanding of specific requirements for market entry and opportunities to test the strengths of companies in target countries.</td>
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</table>

Finpro Gazelle's four stages are (1) Bootcamp, (2) Discovery Tour, (3) Preparation and (4) Acceleration, which aims to:

- Highlight each company’s capabilities and assess areas in each participant offering and value proposition that require development in the Bootcamp
- Ensure that companies are familiar with local aspects of each business environment by a 7-day Discovery Tour in the target country. Discovery Tours are intended to create relationships required to start up international business
- Prepare your company’s business for entry into the target market. Finpro helps check the pitch for customers, partners and possible financiers. The Preparation stage aims to check and define value propositions, value chains and business models
- Local acceleration to ensure the company is familiar with the real business environment during one month Acceleration stage present in the target country. During incubation, clients are supported by local Finpro experts in organizing and directing meetings with potential customers and partners.

5. Projected benefits of establishing Poland’s bridge organization and the “Polish Silicon Bridge” acceleration model

Having in mind the limitations of the human and financial resources, being at the disposal of the Trade and Investment Section of the Embassy of Poland in Washington D.C., as well in the course of:

- the executive session of the US-Poland Economic and Commercial Dialog (ECD), when the Polish Ministry of Economy’s Silicon Valley Initiative – building innovation bridges between the Silicon Valley and Poland, was presented (the whole document is in the Annex to the article); and
- two Memorandums of Understanding on cooperation between the Ministry of Economy (MoE), the Polish Agency for Enterprise Development (PARP) and the US

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15 http://www.finpro.fi/web/english-pages/finpro-gazelle
16 The US-Poland Economic and Commercial Dialog (ECD) is an official governmental dialog platform between Polish Ministry of Economy and US Department of Commerce, promoting trade and investment relations between both countries on an expert as well as executive levels. The last executive ECD took place in Warsaw on June 20th, 2012, and was co-chaired by Deputy Prime Minister, Minister of Economy Waldemar Pawlak and US Commerce Acting Secretary Rebecca Blank.
17 2 MoUs were intended to establish a framework for cooperation to reflect commitment of the signing parties: (1) to accelerate the potential of Polish companies to better attract investors and expand internationally; (2) to
Market Access Center, signed in New York on September 27th, 2012, in the presence of President of the Republic of Poland Bronislaw Komorowski, by Undersecretary of State Ilona Antoniszyn-Klik (MoE), President Bożena Lublińska-Kasprzak (PARP) and Vice President Peter Darling (US Mac), recently established the Silicon Valley Acceleration Center (SVAC)\(^\text{18}\), as a joint project of the Ministry of Economy (MoE) and its Trade and Investment Section in Washington D.C. (T&I), was placed (Fig. 2) in the I group of BOs (including among others Czechs, Estonians and Japanese), with relatively low level of resources’ engagement and generally high intensity of partnership with local business support institutions, namely the US Mac, based in San Jose and Rocket Space, based in San Francisco.

The analysis of governmental “bridge organizations” allows author to believe that the potential benefits of newly established Silicon Valley Acceleration Center should include the following: /1/ arranging meetings of young Polish technology companies with potential US business partners (match-making), /2/ offering to Polish companies temporary office in Silicon Valley (office-sharing), /3/ providing training and mentoring services in cooperation with leading SV business support institutions, /4/ introduction of Polish companies to venture capitals and business angels, /5/ promotion of Polish breakthrough technologies (showcasing); /6/ analyzing technology trends in greater San Francisco Bay Area (innovation watch), /7/ intensification of cooperation with Polish professional diaspora organizations in SV, /8/ promotion of Poland as a destination country for US investors by positioning brand of Polish economy “Polska”, /9/ arranging cooperation between business support and academia/research institutions in Poland and SV and facilitating flow of information, /10/ collaboration with other BOs, governmental institution/agencies and business networking organizations, with emphasize on EU Member States’ entities, and /11/ increasing the value of Polish trade missions to SV.
To achieve benefits resulting from establishment of the Polish Silicon Valley Acceleration Center, especially those related to business support processes (enumerated in pp. 1-4), there is a need to design a multiphase acceleration program, offered to young Polish technology companies entering, through Silicon Valley innovative eco-system, the US and global markets. Learning from Finnish experiences, based on their successful Finpro Gazelle project, a 6-step acceleration model has been designed in cooperation with Polish Agency for Enterprise Development. The major goal of the program, named “Polish Silicon Bridge”, is to find for Polish companies right business partners and/or investors (including angels and VCs).

The project’s target groups are micro, small and medium-sized enterprises, operating in the following sectors: IT/ICT, nano- and bio-technologies, environmental technologies (clean-tech), smart grid solutions, astronauts and space technology, the intelligent construction as well as production of medical equipment and pharmaceuticals. The program is aimed at companies who already have experience in conducting business in international markets, with high potential for rapid growth. The project has a pilot character and the experience gained in the course of its implementation (2013-2015) will be used to expand the program for the years 2015-2020, also to other important world-class innovation centers located in such countries like Japan, China, Taiwan, Israel, India, and Singapore among others.

The proposed model (presented at Fig. 3) has been built on multi-phase approach to ensure that only carefully selected and well-prepared companies will take part in 3-months acceleration program in Silicon Valley, implemented by SVAC and PARP in cooperation with US Mac. The Polish Silicon Bridge model is based on the following steps (the full cycle of the program for a company should not exceed 6 months):

1) Project promotion and participants recruitment (in Poland, by PARP, mostly among recipients of their numerous support programs);
2) 2-day opening workshop for companies enlisted and eligible to participate in the program (in Poland, by PARP in cooperation with US Mac);
3) Panel of Polish and American experts to select those companies which will be offered to participate in next phases of the program (several parties);
4) Technology “Bootcamp” in Warsaw (5 days) and final selection of 7-10 best prepared companies for the SV part of the program (by US Mac, PARP and T&I);
5) 3-month acceleration program in Silicon Valley, managed by SVAC and PARP in cooperation with US Mac, Rocket Space and other local business support partners;
6) Advanced evaluation of the project’s results, with monitoring participants’ market results (e.g. value of exports, contracts, transactions), but also by measuring opinions of companies through sophisticated electronic Customer Satisfaction Measurement system (CSM), implemented recently by Trade and Investment Section of Polish Embassy in Washington D.C.).

Figure 3.
“Polish Silicon Bridge” Acceleration Multi-Phase Model

Because the goal of this paper was to analyze how to effectively build the Polish governmental “bridge organization” in Silicon Valley, the concrete solution was presented. The establishment of Silicon Valley Acceleration Center, in partnership with US Market Access Center, links young Polish technology companies with the innovative SV eco-system. According to the author, business acceleration functions of this newly established office should be based on the advanced support program designed for the competitively selected enterprises and built on the multi-phase approach, starting from the “technology boot-camp” in Poland and finalizing with its business acceleration stage on the US market.
Annex

The Polish Ministry of Economy’s Silicon Valley Initiative¹⁹

/Building innovation bridges between the Silicon Valley and Poland/

Presented on the Executive Session of the US-Poland Economic and Commercial Dialogue (ECD) at the Ministry of Economy (Warsaw, June 20th 2012, 13:00-14:00, Room AB)

Rationale:

Recognizing the growing importance of promoting entrepreneurship in the Poland-U.S. bilateral relations, as well as the increasing the number and scale of technology start-ups that create economic growth, innovation and quality jobs, the Ministry of Economy of the Republic of Poland (MoE) has made a decision to build an “innovation bridge” that will link Polish small and medium-sized businesses with global value chains, through the U.S. market. The first pilot project will be implemented in 2013 in the Silicon Valley (SV), where incubators and business accelerators are important catalysts for business and job creation on both sides of the Atlantic. The strategic objective is not to reduce jobs in the places where start-ups are born, but to help them expand to the global level, using expertise of the world class U.S. business support institutions.

Programs for start-ups in the U.S. overwhelmingly stress mentoring and coaching companies, allowing them to develop the business potential of their ideas. The experience of young Polish companies in the SV shows that the main problem in developing their business could be lack of practical skills and knowledge required to enter the high-tech global marketplace. Most young companies declare bankruptcy during the start-up phase due to the lack of liquidity and ability to integrate into the highly competitive U.S. innovation market.

The experience and knowledge gained from this pilot project will provide crucial insight for the further expansion into other leading innovation centers at both the U.S. and global level. The program will be focused on those companies which are willing to keep main operations in Poland, while opening up to the U.S. and then to the global market.

The overall aim of the MoE’s Silicon Valley Initiative:

The aim of the project is to strengthen the institutional capacity and increase cooperation, particularly in the area of knowledge of business incubation and acceleration between Polish and American government administrations, for the mutual benefit of both parties. The SV Initiative will make it possible to partner, thrive and enhance the bilateral commercial relationship. In addition, it will foster peer networking and accelerate the potential for innovation within U.S. and Polish business communities.

¹⁹ The MoE Silicon Valley Initiative’s draft was prepared by Head of the Trade and Investment Section of the Polish Embassy in Washington D.C. Minister Counselor Pawel Pietrasinski, then approved by Undersecretary of State in the Ministry of Economy Mrs. Ilona Antoniszyn-Klik and presented to the American delegation, headed by US Secretary of Commerce Rebecca Blank on the Executive Session of US-Poland Economic and Commercial Dialog, chaired by Deputy Prime Minister and Minister of Economy Mr. Waldemar Pawlak on June 20th 2012 in Warsaw.
This will involve providing young Polish firms, in the sector of new technologies, with the adequate organizational support and guidance, as well as marketing and distribution services that will enable Polish-U.S. ventures to go global. Moreover, the project is expected to create a solid network of contacts, as well as maintain and nurture the connections created in the SV business ecosystem.

Overview:

The project will be divided into three consecutive stages, namely:

I. **ESTABLISHMENT OF A SATELLITE EXPERT’S OFFICE IN SELECTED SV ACCELERATOR**

It is necessary to create a solid organizational structure in the SV, so that Polish start-ups will have professional support and assistance in obtaining business contacts; it is also necessary to undertake actions, which will strengthen the transfer of knowledge from companies in the SV to companies residing in Poland.

For the sake of cost efficiency, the first stage of the project will include the recruitment of the local, bilingual expert, who will be working in close cooperation with the Trade and Investment Section of the Embassy of Poland in Washington D.C (T&I). T&I will be responsible for initiating Poland’s representative office in the SV under the umbrella of preselected SV accelerator. The latter should be chosen using expertise from U.S. Department of Commerce, SelectUSA and/or other U.S. agencies, as well as by the guidelines published in T&I’s non-paper: “Results of the research undertaken by the Polish Presidency, in cooperation with the European Union Delegation in Washington D.C., within the framework of the EU Trade Counselor Working Group, on good practices in facilitating SME’s internationalization applied by the EU Member States on the United States market”.

II. **CREATION OF POLAND-U.S. INNOVATION BRIDGES IN THE FORM OF ADVANCE SUPPORT PROGRAMS BASED ON TECH.-“BOOTCAMPS” FORMULA IN POLAND AND ACCELERATION PHASE IN THE U.S.**

Taking into consideration the preexisting bilateral trade and investment partnership, as well as the fully-functioning institutional networks in place, the project aims to explore all avenues for business support. At this stage we would like to build upon newly established collaboration between SelectUSA and the Polish Information and Foreign Investment Agency (PAiIiIZ), as well as cooperation between the Polish Agency for Enterprise Development (PARP), newly created Investor and Export Assistance Centers (COIE) and U.S. Commercial Service.

An important element within this stage of the project will be thorough preparation of the selected Polish companies, which will take place in the so-called tech-“bootcamps” in Poland. This process will be undertaken by MoE, in cooperation with PARP, and will include transfer of business knowledge, as well as mentoring in order to decrease the cultural divide. Selected Polish start-ups will present to panels of SV industry experts for review, assessments and feedback on their innovations. SV panelists will offer feedback on each company’s potential in the U.S. market and recommendations for growth and expansion. They will pick the most prospective companies to participate in the next phase of the program, which will be organized in the U.S. accelerator. It will allow the best young Polish SMEs to better attract potential investors, which will lead to a greater sustainability of their business ventures.
III. OPENING THE MINISTRY OF ECONOMY’S TRADE AND INVESTMENT SECTION IN THE SV AS A BRANCH OF THE CONSULATE GENERAL OF POLAND IN LA

The third and final stage of the project will focus on expanding the capabilities of the Consulate General in Los Angeles by opening a Trade and Investment Section within a chosen U.S. business support institution. This new full-fledge branch will provide promotional support, “match-making”, logistical services and information. Recipients of these services will be Polish businesses interested in expanding their operations to the U.S. market; and American companies aiming to conduct business in Poland; as well as business entities planning to enter the global market via the SV.

Expectations from the U.S. Department of Commerce and its Select USA program:

- To help MoE/T&I facilitate a partnership agreement with a renowned business supporting institution in the SV in order to establish a representative office:
  - e.g., in partnership with business support institutions operating on the commercial basis, such as Plug & Play incubator, which is geared to care for start-ups seeking investors and strategic partners, and I/O Ventures Incubator, which has Polish roots in its ownership and management structure; and/or
  - e.g., in partnership with business support institutions running on a non-profit basis, such as U.S.-Market Access Center accelerator, whose programs include three phases. Firstly, a start-up camp in the country’s foreign partner. The second stage focuses on mentoring. The third phase serves as the introduction of the company to U.S. and/or global markets. This is a unique accelerator, which works exclusively with non-U.S. companies and foreign governments, focusing on helping them start-up their businesses in the SV and then go global; and/or
  - with other business support institutions recommended by U.S. Department of Commerce, as well as EU Member States and EU Delegation in Washington D.C.

- Collaboration on a series of “Business Development Conferences” focused on mutual areas of potential investment and joint venture projects, and other business opportunities to promote innovation policies and their respective support institutions, such as incubators and accelerators in the SV (e.g. T&I, in cooperation with DoC and SelectUSA, can organize joint mission of Polish young technology companies interested in doing business/investing in California).

- Creation of an exchange mechanism for “good practices” in supporting start-ups in Poland and in the U.S., while also incorporating the central ideas of President Obama’s Start-up America Initiative (one of the ideas is to organize joint workshops on supporting start-ups as a major source of jobs creation).

- Assistance from the U.S. Department of Commerce and the U.S. Commercial Service in San Francisco for the establishment of permanent Polish MoE’s representation (T&I Section) in the SV’s business support institution specialized in accelerating young foreign technology companies in the U.S. as well as on the global market.