

Global Technology Companies Remain Committed to the Bay Area

Sean Randolph – July 1, 2022

When the pandemic upended the world we all went home and many of us are still there. Many small businesses closed but despite some visible departures tech prospered. It's not clear what the economy will look like when we fully reopen, but one indicator to watch is the presence of international companies and business organizations, a large community that is vital to the region's economic DNA.

The San Francisco Bay Area is home to a remarkable assembly of consulates, overseas government technology offices, globally headquartered R&D centers and corporate innovation offices, international corporate venture firms, scientific and university offices, international incubators and accelerators, and thousands of startups from overseas. They connect the region's economy to the world and support innovation-led both growth globally. Many startups coming from overseas – such as Palo Alto Networks, Hippo, Houzz, or Zendesk – become industry leaders with Bay Area headquarters, employing hundreds or often thousands locally and abroad.

During the pandemic most offices closed their doors, startup cohorts and business delegations stopped coming, and activity moved online. As the region's economy reopens, are these companies still in the Bay Area and how they see their future?

A new report by the Bay Area Council Economic Institute shows that the vast majority of these global technology and innovation organizations remain open and active, and business and government delegations are returning. Startups are returning too. Accelerators report a surge in entrepreneurship around the world and pent-up hunger among startups to come to the Bay Area. Last month's Plug and Play Summit, the first live summit in two years, drew a full house of more than 2000, 1000 of which came from overseas.

For the great majority of global organizations in the Bay Area the mission remains unchanged: participating in Silicon Valley's unique ecosystem, connecting corporate leaders to the region, working with universities, and investing in startups that can put them at the forefront of technological change. Behind this is an intensifying focus on

digitalization: the recognition that digitalization is transforming every industry and that much of the script for what that digital future will look like is being written here.

While a handful of global companies have closed their offices, new companies are arriving: the Italian automotive company Brembo, Irish AI and fintech company Altada, and Japan's Shimizu Bank among others. Other companies with an established presence like German pharmaceutical and life science company Merck, are expanding. As one new entrant from Japan comments, "Being part of Silicon Valley is a 'must have' for what we want to accomplish."

Governments are also upping their game through an expanded presence, with Germany, Italy and Ireland opening new innovation centers that host multiple agencies and universities as well as large companies and startups. Other countries, such as the UK, have designated their Consul General in San Francisco as their Technology Envoy to the United States. Denmark was the first to do this with the appointment of a Global Technology Ambassador in Silicon Valley.

The scale of this presence is impressive. More than 100 Japanese R&D centers, corporate innovation offices, and corporate venture arms are operating in the region, connecting Japan's innovation system with our own. Europe is close behind with nearly 80. More than 40 European-sponsored accelerators and government science and technology offices also operate here. They are joined by R&D centers, science offices, corporate innovation offices and accelerators from Korea, India, China, Australia, Singapore, Canada, the Philippines, Israel, Taiwan and most recently Mexico. Global corporate venture firms and sovereign wealth funds have a growing presence and are actively investing.

No other technology center in the United States or the world can replicate the depth and diversity of the Bay Area's innovation ecosystem. The presence of global companies and technology offices is an important part of that system. While technology activity will increasingly be spread across the United States this global dimension of Silicon Valley's economy is unique and is continuing to attract talent and investment. Despite its challenges, the region is still the site of choice for international businesses and organizations that are committed to being on the forefront of innovation.

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<http://www.bayareaeconomy.org/files/pdf/GlobalInnovationReport-Web101.pdf>