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Alliance to boost startups, hire more grads

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Intel Corp. and 24 venture capital firms will invest \$3.5 billion in U.S. technology startups over the next two years, as part of a broad initiative to boost the nation's competitiveness and create jobs.

The "Invest in America Alliance," pitched as a private sector counterpart to government economic stimulus efforts, also includes commitments from 18 corporations to increase hiring of college graduates. Participants include local technology heavyweights Google Inc., Cisco Systems Inc., eBay Inc. and Yahoo Inc.

Paul Otellini, chief executive of Intel, unveiled the effort during a speech at the Brookings Institution in Washington, D.C.

"Strong, enduring companies grow out of a culture of investment and a commitment to innovation," he said in prepared remarks. "There are things business can do and ought to do, independent of what government achieves. It would be a long-term mistake to let our future scientists and engineers sit idle after graduation."

There is widespread concern in the technology industry that the United States could lag behind rapidly developing nations like India and China and portions of Europe, as domestic tax, immigration, education and health care policies raise the cost of doing business or discourage investment. Sector lobbyists have been calling for reform in these areas for years.

"This investment is one step forward, but also an important bridge-building step with the public sector," said Carl Guardino, CEO of the Silicon Valley Leadership Group, a trade organization representing employers. It says "Silicon Valley is serious about putting our wallets where our words are."

It's unclear, however, to what degree these commitments represent job creation or investments above what the companies would have done anyway. Companies hire and venture capital firms fund startups as a matter of course. Businesses are likely to increase doing both as the economy improves, whether or not they join a patriotic-sounding alliance.

But either way, it's a positive sign for the economy and region that these major businesses are all saying they're in a position to hire and invest, said Stephen Levy of the Center for the Continuing Study of the California Economy in Palo Alto.

Participating venture capital firms include the big names on Menlo Park's Sand Hill Road, such as Draper Fisher Jurvetson, Kleiner Perkins Caufield & Byers and Khosla Ventures. Intel Capital, the Santa Clara chip giant's investment arm, has earmarked \$200 million for the program.

The \$3.5 billion will be invested over the next two years into sectors including clean technology, information technology and biotechnology, as well as emerging fields.

"It's an attempt on the part of the industry to inspire confidence, to send a message to the entrepreneur community and to the government that we're serious, that we're open for business and that we see lots of opportunities out there," said Dixon Doll, co-founder of Palo Alto firm DCM, which plans to spend \$200 million under the program. That's the same amount it expected to invest in startups during the next two years before it joined the alliance.

Other businesses pledging to increase hiring included Adobe Systems Inc., Microsoft Corp., Dell Inc. and Autodesk Inc. The exact extent of those commitments weren't specified, though the press release said "many" of the companies will double graduate hiring over 2009 levels, representing 10,500 jobs.

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