

The Tri-Valley

The future has arrived



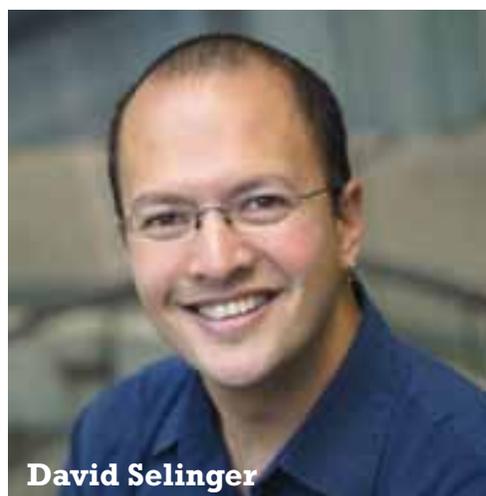
Stephanie Beasley

National labs unleash innovation



Chris Weeks

Bishop Ranch reinvents transportation



David Selinger

A new hub for artificial intelligence



Sanjeev Saxena

The pulse of medical technology

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Employees drive business at Sensiba San Filippo

With 175 employees spread across six offices in Northern and Central California, John Sensiba knows that adapting to the needs of employees is crucial to sustained business success.

That's why Sensiba, managing partner of Pleasanton-based accounting and business services firm Sensiba San Filippo, has staked his firm's brand on flexible work schedules, support of employee's philanthropic endeavors and the pursuit of a 10-year "impact goal" alongside traditional business metrics like revenue growth.

His philosophy, in a nutshell: "It's family, community, firm," Sensiba said.

And that's not an abstract notion. He cites his own son, a paramedic, with putting the firm's work in perspective.

"He really helps people in a very direct and identifiable way. It's harder to identify how we impact people," Sensiba said, adding that he finds providing financial stability and peace of mind the most rewarding aspects of the business.

When it comes to community involvement, charitable causes that Sensiba San Filippo employees have become involved with (and the firm now supports) include pediatric hospice provider the George Mark Children's House and annual efforts to provide back-to-school backpacks or holiday food bank services.

Part of that effort, Sensiba said, is focusing on local need in cities where the company operates.

"The San Francisco office and the Fresno office are about as different as you can get," he said.



John Sensiba

Day to day, another imperative is making the connection between impact efforts and the broader evolution of the workforce. Accommodating telecommuting preferences, even as large companies like Yahoo and IBM pull back on remote work, has been one boon for retaining talented employees, Sensiba said.

"I've found over the last 20 years that people who tend to be really successful within our four walls tend to be successful wherever they are," he said. "We have a tax manager in Michigan, and I don't think I've seen her in seven years."

Thinking longer term about the success of his business and employees in the Tri-Valley and beyond, however, Sensiba finds himself increasingly worried about more daunting systemic challenges. Exceedingly difficult immigration processes and the nagging lack of housing options throughout the region are two major examples.

"As the Tri-Valley's reputation grows to become the heart of California innovation, we will continue to surpass more and more regions throughout the nation."

TRAINING NEXT GEN TALENT FOR NEXT GEN JOBS

In 2012, Viji Suryadevara found herself at a crossroads. After hitting \$10 million in revenue, she had sold her content management and delivery company BPA Technologies to Moody's offshoot ICRA Group, which left her deciding what to tackle next.

While raising her family in the Tri-Valley, Suryadevara turned her focus to emerging technologies — Big Data, mobile, the early days of artificial intelligence — and encountered a sharper learning curve than might be anticipated for a seasoned technologist.

"Despite having two degrees in computer science and having worked with industry, it was very hard to get a grip of what was going on," Suryadevara said, which triggered a realization. "If it is hard for me, imagine how hard it is for everybody else."

That realization eventually manifested in Career Waze, a two-year-old Pleasanton startup that harnesses machine learning to personalize skills training recommendations for individual students. After securing the buy in of co-founder and former Oracle and startup executive Jayati Sengupta in early 2016, the company now has a staff of four in Pleasanton and 15 in India, where both women grew up.

With Career Waze, the pair is in many ways aiming to connect the dots between disparate innovation happening in the multibillion-dollar education tech, or ed tech, industry. With both consumer and enterprise offerings, the company aims to build out a "skill profile" for users and tell them what, where and how they might address gaps.

Locating their company in the Tri-Valley made sense given the combination of more affordable real estate and the specter of many long days ahead.

"As a startup, you have to work long, long hours. There's no way around it," Suryadevara said. "If we have our company far, far away, that's two to three hours a day you're not spending with your family and not working on your company."

For Sengupta, who moved to the Tri-Valley from the Peninsula in 2012, the 2013 IPOs of local companies Veeva Systems and Workday has always symbolized a chance to finally end "that soul-crushing commute to the peninsula."

Now, she said, growth of the local tech industry is encouraging for her own company — though access to capital beyond angel investors, a dearth of funders with a technical background and few accelerator options for more seasoned entrepreneurs remain areas for improvement.

"There are a few people who want to foster innovation and a tech center here," Sengupta said. "It's still small."

One other idea on the horizon as the pair targets growth and additional fundraising for Career Waze: creating their own Tri-Valley venture fund to broaden the playing field for other startups willing to bet on starting their companies in the region.

"You don't really see a lot of women," Sengupta said. "I'm sure there are more. We just haven't met them yet."

"As a startup, you have to work long, long hours. There's no way around it."

Viji Suryadevara

February 2017

Evident.io – Cloud security and compliance automation software company Evident.io closed a \$22 million funding round this year, following up a \$15.7 million capital infusion last spring

January 2017

POC Medical – Four-year-old medical diagnostic hardware company POC Medical Systems raised a \$20.4 million Series A round

March 2016

10X Genomics – DNA sequencing technology company 10x Genomics landed a large Series C funding round with \$55 million

Unchained Labs – Life science tool provider Unchained Labs received another \$13 million in a Series C funding that boosted the company's total capital raised to \$38 million

August 2016

xMatters – San Ramon communication tech company xMatters raised \$42 million in a debt financing round on top of nearly \$10 million in previous equity funding

HealthTell – A \$26.1 million Series B round brought San Ramon diagnostic company HealthTell's funding total to north of \$35.5 million

call Silicon Valley generation five or six.”

Don Garman, founder and chief investment officer of Pleasanton financial advising firm Mirador Capital Partners, sees that evolution reinforced by an ever-expanding pool of tech talent drawn to housing at non-San Francisco prices and other suburban lifestyle perks.

“This is where those guys live – not when they're 25, but when they're 35,” Garman explains.

Cardwell has noticed a similar demographic trend at i-GATE in Livermore.

“You don't get the 24-year-old, hoodie-wearing, code-monkey entrepreneur out here,” he said. “You get people with 10-15 years of experience.”

In the Tri-Valley's case, with experience often comes a blend of work at large companies and more entrepreneurial pursuits. That potential source of more locally-developed business activity is what groups like i-GATE, Innovation Tri-Valley and others are trying to harness.

Garman and Hitchan, for instance, are two of the partners behind a new \$10 million investment fund raised by Tri-Valley Ventures.

“Venture capital being here as opposed to being somewhere else is a new development,” Schmidt said. “I've already been introduced

to partners from Accel Partners, Google Ventures, Andreessen. They all live here.”

Still, connecting the nascent push for more local funding to founders already active in the Tri-Valley will be key.

“The primary issue has been access to capital,” said Vijji Suryadevara, a veteran startup founder and CEO of two-year-old Pleasanton skills training platform Career Waze. “There is still a stigma that the hard startups are only on the Peninsula.”

CONNECTING THE DOTS

With talent and investment capital combining to buoy the Tri-Valley startup ecosystem, it's easy to get caught up in the momentum.

Particularly encouraging for industry supporters like Dale Kaye, CEO of Innovation Tri-Valley, is the brand the region is building for a more “empathetic” approach to launching new ventures.

“Unlike the pressure cooker atmosphere of other tech hubs, the Tri-Valley is known for its work-life balance and collaborative culture,” Kaye explained.

Still, those watching the evolution of the industry closely say there is reason to keep a close eye on dynamics that could pose problems down the road, like a high proportion of out-of-region commuters, rising

housing costs and increasing traffic gridlock. Providing opportunity to a mix of veteran and aspiring entrepreneurs who aim to keep their companies local is another issue.

“For young women entrepreneurs, there is very little infrastructure,” said Suryadevara of Career Waze, who added that she has encountered skepticism about her executive prowess due to gender despite a successful past acquisition and two computer science degrees. “We don't need extra marks for being women. We just don't want negative marks for being women.”

For Garman, one big potential benefit of growing the business case for launching companies in the Tri-Valley, rather than driving the 35 miles to Palo Alto or elsewhere in the Bay Area, is keeping the benefits of the area's talent pool closer to home.

“We shouldn't be outsourcing our No. 1 asset, which is all these brainiacs, to other valleys,” Garman said.

Though the flurry of new companies, funders and startup meeting points are all steps in the right direction for many, Cardwell adds that success won't happen in a vacuum.

“Innovation ecosystems are entirely about people,” he said. “The extent to which artificial barriers are constructed that keep people out — whether its housing or whatever it is — is bad for the ecosystem.”

ARTIFICIAL INTELLIGENCE

A new “center of the universe” for artificial intelligence?

This September, a new node in the Tri-Valley tech network will officially come online with the Bishop Ranch Intelligence Innovation Accelerator’s first class of startups.

“We’re on a mission to make San Ramon the center of the universe for artificial intelligence startups,” Founder and Executive Director Les Schmidt says matter-of-factly.

The new accelerator, which goes by the shorthand BRIIA, will operate as a for-profit enterprise within 12,000 square feet earmarked by the developers of the Bishop Ranch office park for entrepreneurial endeavors.

And BRIIA is also far from the only game in town when it comes to artificial intelligence and machine learning ventures taking root in the Tri-Valley. Startups in industries ranging from education (Career Waze) to home security (Deep Sentinel) and self-driving vehicles (AEye) also now call the region home.

“It’s this interesting combination of three things happening concurrently,” explained Deep Sentinel Co-Founder and CEO David Selinger, a veteran of Amazon, co-founder of Redfin and entrepreneur multiple times over. “We believe we’re in the second inning of A.I.”

What attracted Selinger to artificial intelligence now, he said, is a combination of hundred- or even million-fold improvements in computational power enabled by parallel technical breakthroughs. In an industry like home security, a mix of incumbents like ADT and newcomers such as Google-owned Nest, the opportunities for artificial intelligence are vast, he said.

Deep Sentinel, which recently closed a \$7.4 million funding round and employs 11 people in Pleasanton and Taiwan, aims to mass produce A.I.-equipped camera systems that evaluate potential threats to prevent both home invasions and increasingly common property crimes like package theft.

“We can provide a fundamentally different value to the end consumer,” Selinger said, citing a goal of going from 60 to 99 percent accuracy in threat detection. “Let’s not have ADT having thousands and thousands of false police

alarms.”

At BRIIA, Schmidt, an entrepreneur seven times over after two IPOs and two acquisitions, said the program will admit no more than 10 companies and offer a set 12-week lineup of mentoring, business planning and other events. That will leave room for several dozen co-working members at the space, plus time to develop corporate partnerships.

“Over time, we’re going to raise a fund,” he added.

With 10 million square feet of office space at Bishop Ranch, the idea is that founders who hit their stride at BRIIA will then stick around to grow their companies.

“They always have room for companies to grow at almost any size. It’s very strategic on their part,” Schmidt said of Bishop Ranch ownership. “Do you have to stay in San Ramon? No. But why would you leave?”

While nascent industry gathering places like BRIIA and a machine learning meetup that Selinger now hosts at the Deep Sentinel office in downtown Pleasanton are building momentum, he said the region will need to continue to focus on building infrastructure for local funding and more sophisticated talent recruiting.

“Right now I think it’s on balance a little risky,” Selinger said of the decision to launch in the Tri-Valley. “Capital is certainly important, but I think recruiting is probably the most important thing.”

Partnering with Livermore startup incubator i-GATE to host a job fair to better advertise the number of locally-based tech companies — estimated at around 450 by i-GATE — is one current pet project for Selinger.

Moving forward, he is also cognizant of allaying fears about his new industry’s pop culture associations with Big Brother-style surveillance.

“The two things come down to control and transparency,” Selinger said. “If you can accomplish those two in a really effective way consistently, you’re in a good position.”

PLAYERS TO WATCH

AEye – Fresh off a \$16 million Series A funding round from Silicon Valley backers like Kleiner Perkins and Intel Capital, Pleasanton-based AEye uses Lidar technology for the “robotic vision” systems the company hopes to apply in the field of autonomous vehicles

Deep Sentinel – With seven employees in downtown Pleasanton and a nascent manufacturing arm in Taiwan, the home security startup is using \$7.4 million in venture capital funding raised this spring to work toward commercialization of its smart camera systems

Career Waze – The online education space is nothing if not busy, which is why Pleasanton-based Career Waze is using machine learning to more precisely identify and suggest educational opportunities for users looking to hone their technical prowess

BRIIA — The Bishop Ranch Intelligence Innovation Accelerator, or BRIIA, will host its first class of startups this September in a bid to become a “center of the universe” for artificial intelligence in San Ramon.

SHOW ME THE MONEY

Growth mode: Funding a tech ecosystem

Don Garman has lived in the Tri-Valley since the dot-com boom, but there's one thing about the current tech cycle in the Bay Area that's gotten under his skin.

Despite the Tri-Valley's concentration of affluent executives and entrepreneurs, the vast majority of venture capital bankrolling local companies — a full 100 percent raised in the first quarter of 2017, he said — still comes from the region's famous Western neighbor.

"All of the capital that's come in here to fund these great ventures is Silicon Valley," said Garman, the founder and chief investment officer of Pleasanton's Mirador Capital Partners. "We ought to be the incumbent player."

Though tech boosters in the Tri-Valley are pleased to see more locally-grown companies raising seven- and eight-figure sums, anxiety remains that a lack of concentrated capital close to home is a missing link in the region's economic development.

There are signs, however, that the math could be starting to change.

This summer, Garman and three partners at the recently-formed Tri-Valley Ventures closed an initial \$10 million fund. The nascent venture capital firm has already started a portfolio with area companies including Pleasanton robotics company AEye, home security startup Deep Sentinel and software provider SwarmSales.

Add to that an ever-expanding network of incubators, accelerators and other entrepreneurial ventures — some with plans to launch their own new investment funds — and the financial picture gets more intriguing.

"You start to see this infrastructure with space and collateral services developing from Livermore all the way up to Walnut Creek," said Greg Hitchan, managing director of Tri-Valley Ventures. His new firm, he adds, is "focusing on the earlier stage in the funding cycle, the first kind of institutional capital in."

THE PITCH

Garman's firm calculates that venture capital funding for Tri-Valley companies grew to a total of \$350 million in 2016, up 29 percent since 2012. Only a small fraction, however, came from local investors.

For Jayati Sengupta, co-founder and chief product and marketing officer for Pleasanton personalized learning startup Career Waze, a lack of local funding has been

among the biggest obstacles after starting her two-year-old company in the Tri-Valley instead of the Peninsula where she previously worked.

Also a factor, Sengupta said, is a dearth of local investors with technical backgrounds. A nagging sense in investor meetings throughout the Bay Area that venture capital remains largely a "male club" is another hurdle she hopes to see resolved.

Though Career Waze is currently growing in the Tri-Valley and India, Sengupta said one approach she and co-founder Viji Suryadevara are considering is leveraging connections in Silicon Valley to launch their own investment outfit.

"If nobody does it, we're thinking about creating a fund of our own," Sengupta said.

FINDING A NICHE

As Tri-Valley Ventures gets off the ground, Garman said the firm aims to make 10-12 investments over three years with its initial fund. At the new Bishop Ranch Intelligence Innovation Accelerator (BRIIA) slated to host its first cohort of entrepreneurs in the fall, Founder Les Schmidt said the goal is also to create an in-house investment fund.

Whether these and other seed-stage funding efforts will lead to larger funds for more mature companies remains to be seen. In the meantime, better leveraging a concentration of investors who live in the Tri-Valley but work at firms in Silicon Valley is another approach.

One point of emphasis for Garman is to support emerging industry clusters, what he calls "under-appreciated themes," or an increasing density of local companies working in fields like medical technology, cloud software and robotics.

"We just need one to really hit," he said.

Though Tri-Valley companies may stretch their networks for funding today, Garman said he is also thinking longer-term about reversing the dynamics currently in play — that is, luring away businesses that have traditionally located in the Bay Area or elsewhere.

"Eventually, the holy grail will be attracting companies where the technology is elsewhere but we're bringing them here," he said.

CASHING IN

\$272 million – total 2012 venture investment in Tri-Valley startups

\$350 million – 2016 venture capital investment in Tri-Valley startups

29% – Five-year change in Tri-Valley venture funding from 2012-2016