

“Silicon Valley 1”



Weekly Learnings 39 / 2023

I am in Silicon Valley this week. I decided to look up its history. Here are my learnings:

1. In the 1890s, this area grew the French plum and produced 30% of the global output.
2. Leland Stanford, a New York rural resident and lawyer moved here in the 80's. Leland Stanford was the President of the Central Pacific Railroad. He became California Governor and then a senator.
3. Leland Stanford's son Leland Junior studied in Europe, contracted typhoid, and died in Italy in 1884. The Leland's were heartbroken and set up a University - Stanford University. Leland Stanford gave 8100 acres to the University on one condition that none of the land would ever be sold. This clause is important in the development of Silicon Valley.
4. Stanford University had 440 students in 1891, 30% women. Leland Stanford started the University with the motto "Get the students ready for personal success and to be useful to society" Education was free. Leland Stanford died in 1893.
5. Many intellectuals did not want America to enter WW2, citing the AMERICA FIRST logic. They prohibited the US from providing military equipment to Europe. America got pulled into WW2 and needed thousands of radios, headsets, and radars. The government-funded Stanford and associated companies in the area for this order.
6. In 1946, Frederick Terman became the Head of the Electrical Engineering Department of Stanford. He encouraged his professors and students to start companies in Santa Clara. He encouraged William Hewlett and David Packard, his students to set up a company that became HP in 1939.
7. Santa Clara had a unique labour law that helped. The non-compete clause didn't exist, so talent moved. Now back to the land, Terman decided to build and lease 660 acres of the original 8100 acres into the Stanford Industrial Park. These offices were let out only to tech companies and employees from these companies could study at Stanford but had to

pay twice the normal fees. This innovation of leasing set up a big repository of technology and talent.

8. In 1956, William Shockley, a Nobel prize winner set up Shockley Semi-conductor Laboratory. He was an abusive leader and eight of his employees left him to start Fairchild Semi-Conductor out of which Intel was born.
9. America was galvanised when Russia launched Sputnik in 1957. Investment poured into semiconductors and Fairchild provided the bulk of the capability for Apollo missions. This helped collaboration and eco-system thinking. In August 1959 Draper, Gaither & Anderson set up the first VC firm in Santa Clara.
10. Journalist Don Hoefler writing in Electronic News on Jan 11, 1971, labelled it SILICON VALLEY and that has stayed.

Silicon Valley has a neighbourhood impact of \$3 Trillion, employs 1 million IT professionals and has the highest percentage of homes priced at \$1 million or more, accounting for a third of new venture funding.

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