



Flanders
State of the Art

TECHNOLOGY SECTOR

IN TEXAS

FLANDERS INVESTMENT & TRADE MARKET SURVEY



Flanders
State of the Art

A central graphic showing a glowing green fingerprint on a dark green circuit board. Above the fingerprint, a stream of binary code (0s and 1s) flows upwards. The entire graphic is set against a dark background with a yellow border at the top and bottom.

TECHNOLOGY SECTOR

IN AUSTIN

FLANDERS INVESTMENT & TRADE MARKET SURVEY

CONTENTS

1.	Greater Austin.....	3
2.	Key industries.....	3
2.1	Data management	4
2.2	Cleantech	4
2.3	Advanced manufacturing	5
3.	Main players in technology.....	6
4.	Austin initiatives	6
5.	Startups in Austin.....	7
6.	Investment landscape.....	8
7.	Future Predictions.....	10
8.	Advice for Flemish companies	10
9.	Market research & Media resources.....	11
10.	Appendix.....	13

1. GREATER AUSTIN

As the 11th largest city in the United States and one of America's fastest growing cities, the greater Austin area attracts companies and talent from around the world. The capital of the southern state Texas provides a home to dynamic growth industries like Advanced Manufacturing, Data Management, Life Sciences and Technology. It is not without reason that the area is nicknamed as the Silicon Hills¹.

With the 1st place on Forbes "Cities of the future" and 8th place on "Best places for Businesses and careers", the city attracts talent and key players in the world.

The city has 947,897 people and yearly adds over 100,000 visitors to the bustle with its South by Southwest festival. This yearly organized event attracts global industry leaders in Film, Interactive, and Music as it has established itself as a major gathering of industry leaders in the technology field an essential destination for global professionals looking for networking opportunities. In 2017, the event had a direct participation of approximately 440,000 from 92 foreign countries and impacted the city of Austin with \$348.6 million (an increase of 7% with last year)².

According to the U.S. Technology Office Outlook report conducted by JLL³, Austin has a market score of 84.2 with a lower cost- higher industry opportunity. This places the city third in ranking, behind Silicon Valley (95.4) and San Francisco (87.3) but before Seattle (82.3) and Boston (). The JLL Tech Market score is based on economic momentum, talent pool, innovation and average cost.

The editors ranked Silicon Valley as the most resilient technology hub for the foreseeable future. They mentioned that the top five share many of the same qualities as Silicon Valley today, such as a highly educated workforce, numerous innovations measured by patent activity and strong net migration as a consequence of booming economies. In Appendix 1 we provide an overview of the top six cities according to the JLL Market score.

2. KEY INDUSTRIES

In Forbes' 2015 article, "Five cities poised to be the next Silicon Valley tech hub,"⁴ Austin was mentioned as the most attractive hub. The main reasons included a young and educated workforce, the large venture capital presence, and the affordability. Where already established tech hubs such as Silicon Valley are getting expensive and perhaps too crowded, Austin still has a lot of growth potential and opportunities.

¹ Analogous to Silicon Valley, as it is home to the headquarters for many technology corporations.

² South by Southwest, Facts, figures & quotes <https://www.sxsw.com/facts-figures-quotes/> consulted on February 26, 2018

³ JLL, Tech office trends fall 2017 <http://www.us.jll.com/united-states/en-us/Research/US-Technology-Outlook-2016-JLL.pdf> consulted on February 26, 2018

⁴ Forbes, 5 Cities poised to be the Next Silicon Valley Tech Hub, <https://www.forbes.com/sites/navathwal/2015/02/12/5-markets-poised-to-be-the-next-silicon-valley-for-real-estate/#23f7f4f9703e> consulted on May 5, 2018

Home to 5,500 tech companies with specializations ranging from hardware, software, social media technology, gaming and clean energy & power technology. This chapter will focus on the data management, cleantech, and advanced manufacturing industries because of their match to Flemish strengths.

2.1 DATA MANAGEMENT⁵

The region's data analytics add value to the many business operations through the analysis and manipulation of complex databases. The industry has companies in business intelligence, data as a service, analytics & visualization, apps and databases. High-profile companies in the region are Bazaarvoice, InfoChimps, Sotera Defense Solutions, and Tableau Software. The data management industry thrives on the combination of skilled talent, secure data storage, and reliable, cost-effective infrastructure and utilities available in the Austin region. These advantages attracted key players in the data center industry, including:

- **Dell** with two global data centers, comprising one of the largest storage-area networks in the U.S. and supporting more than 78,000 employees worldwide.
- **Oracle's** 130,000-square-foot data center hosts the world's largest Network Appliance and Dell/Linux installations under one roof. Oracle merged 40 data centers into this site.
- The headquarters, data center, and back-up command of **Electric Reliability Council of Texas** (ERCOT), the entity that manages the electric grid for the State of Texas.
- 300,000-square-foot data center owned and operated by **Citigroup**
- **Hewlett-Packard** with two data centers totaling 400,000 square feet

2.2 CLEANTECH⁶

The region is home to industry-leading wind turbine manufacturers, system integrators, and solar companies. They support clean energy research and development, biofuels, and energy storage with their educated workforce, technologies and research institutions. Austin has over 200 existing clean technology companies that employ 20,000 people and contributes approximately \$2.5 billion to the Central Texas economy.⁷

Although there is no doubt that California continues to dominate the U.S. Cleantech Leadership Index⁸, we can see that Texas (only ranked 21 in the state index) is making an effort to keep up by investing in the industry. In 2016, Texas ranked 3th in Clean-energy venture capital with a total investment around \$500 Million and ranked 2nd in clean-energy job by total number (after CA but ranked before New York, Michigan, Illinois, Ohio, Florida, North Carolina) with the biggest growth

⁵ The Austin Chamber of Commerce, key industries – data management <https://www.austinchamber.com/economic-development/key-industries/data-management> consulted on April 11, 2018

⁶ The Greater Austin 2017 Economic Development guide serving Central Texas <http://austinedguide.com> consulted on February 26, 2018 p. 24-25

⁷ Austin Technology Incubator https://ati.utexas.edu/wp-content/uploads/Economic-Impact-of-the-Cleantech-Sector_05.26.2015-Final_COMPLETE-2.pdf consulted on April 10, 2018

⁸ Cleanedge <https://cleanedge.com/reports/2017-US-Clean-Tech-Leadership-Index> consulted on April 10, 2018

noticeable in wind-energy employment⁹. Texas is also one of the eight states to get credit to have Department of Energy research labs, clean-tech incubators and top-ranked “green” Master’s programs.¹⁰

Austin is already in the top 10 metro areas in the 2017 Clean Tech Leadership Index.¹¹ It should be no surprise that San Francisco and San Jose are the Index leaders, as it has been the case for the previous five years. Only 0.08 points separates Seattle (number 8) and Austin (number 10). Strongest performances in are in Climate & Carbon Management (9), Green Buildings and Clean-Tech Investment (8 in both). Austin climbed 10 spots to sixth in the number of Energy Star buildings per million residents, and jumps six spots to 15th in per-capita Energy Star square footage.

With the support of the Greater Austin Chamber of Commerce, Austin is trying to establish this new clean energy reputation nationwide. In a CICE Case study from 2013¹², the Greater Austin Chamber Partners studies how Austin became a booming clean energy hub in a state long famous as a national center for oil and natural gas production. Their finding were that the tech-savvy workforce, a leading research university and a forward-thinking utility made the city rapidly attracting new energy businesses and capital from around the country.

2.3 ADVANCED MANUFACTURING¹³

Austin is a leader in advanced manufacturing with a highly educated and creative workforce. According to The Austin Chamber of Commerce, the sector creates 57,900 Central Texas manufacturing jobs and the 1,445 Manufacturing Firms account for 13.4% of Metro GDP. Manufacturers ranging from electronics, food production, medical devices, and others have found Austin to provide essential advantages to support the industry. Another advantage is its location and transportation infrastructure. Key players in this industry are IBM, Intel, Oracle, Emerson Process Management and 3M.

The city is a leader in semiconductor, electronics R&D and manufacturing. The semi-conductor industry grew here starting in the 1980s and ranked 9th in per capita patent activity, according to a 2013 Brookings Institute report, with an average of 2,500 patents per year. The US is the worldwide semi-conductor industry leader with about half of global market share. U.S. semiconductor industry sales totaled \$164 billion in 2016, directly employs nearly a quarter of a million in the U.S. and is America’s 4th biggest export after airplanes, refined oil, and automobiles (more than 80% of U.S. semiconductor companies’ sales are to overseas customers).¹⁴

⁹ Cleanedge <https://cleanedge.com/reports/2017-US-Clean-Tech-Leadership-Index> consulted on April 10, 2018

¹⁰ Cleanedge <https://cleanedge.com/reports/2017-US-Clean-Tech-Leadership-Index> consulted on April 10, 2018

¹¹ Cleanedge <https://cleanedge.com/reports/2017-US-Clean-Tech-Leadership-Index> consulted on April 10, 2018 (p. 31-46)

¹² Chambers for innovation & clean energy https://www.austinchamber.com/upload/files/CICE_case_study_Austin_7.pdf consulted on February 27, 2018

¹³ The Austin Chamber of Commerce, key industries –advanced manufacturing <https://www.austinchamber.com/economic-development/key-industries/advanced-manufacturing> consulted on April 9, 2018

¹⁴ Semiconductor Industry Association (SIA) <https://www.semiconductors.org/clientuploads/SIA%20-%20Industry%20Brochure%20-%20Web2.pdf> consulted on April 11, 2018

3. MAIN PLAYERS IN TECHNOLOGY

As the sixth in the top 50 most educated metro areas¹⁵, Austin has been experiencing booming business and we can notice this in the employment rate and job growth. Unemployment in February 2018 was as low as 2.8%¹⁶ which is 1.3% under the national average. Job growth was at 3.02%. and the expected job growth was 43.13%.

Austin-Round Rock had 60,070 jobs in computer and mathematical, accounting for 6.0 percent of local area employment, double the 3.0-percent national share.

Some of the larger detailed occupations within the computer and mathematical group included applications software developers (13,680), computer systems analysts (10,000), and computer user support specialists (7,530).¹⁷

Appendix 2 will give you an overview of all the biggest employers in Austin.

4. AUSTIN INITIATIVES

The Austin Chamber of Commerce¹⁸

The Austin Chamber of Commerce is a private, membership-driven organization comprising more than 3,000 business enterprises, civic organizations, educational institutions, and individuals. Its mission is to provide leadership that facilitates the creation of a prosperous regional economy and effective advocacy for its members. They are focused on keeping the Greater Austin region attractive and prosperous by addressing our most pressing challenges - infrastructure and talent development, for example- so businesses and communities of all sizes can flourish.

Innovative Austin¹⁹

Innovate Austin is an economic development initiative, powered by the Austin Chamber of Commerce focused on making Austin the number one region to start and grow a technology and innovation based business.

¹⁵ Kelly O'Halloran, Meet Austin's Top 100 tech companies: Employee count up 11 percent in 2017, Built in Austin October 31, 2017 <https://www.builtinaustin.com/2017/10/31/austin-top-100-tech-companies-2017> consulted on February 26, 2018

¹⁶ Ycharts, https://ycharts.com/indicators/austin_tx_unemployment_rate consulted on February 26, 2018

¹⁷ The bureau of labor statistics, occupational employment and wages in Austin-Round Rock May 2017 https://www.bls.gov/regions/southwest/news-release/occupationalemploymentandwages_austin.htm consulted on February 26, 2018

¹⁸ The Austin Chamber of Commerce <https://www.austinchamber.com> consulted on February 27, 2018

¹⁹ The Austin Chamber of Commerce, Innovative Austin <https://www.austinchamber.com/innovation> consulted on February 27, 2018

Austin Tech Alliance²⁰

“Austin Tech Alliance is a nonpartisan nonprofit that promotes civic engagement in Austin’s tech sector and using tech as a tool to tackle our community’s most pressing challenges. They work to make Austin a city of the future while protecting its unique culture.” – *Austin Tech Alliance*

5. STARTUPS IN AUSTIN

It’s not without a reason that the city was selected as the Number 1 city for Startup Activity” by the Kauffman Foundation in 2016. The city’s reputation as one of the fastest-growing tech communities in the country continues to prove itself, attracting top talent, investors, companies and entrepreneurs ready to launch and eager to innovate. In other words, it has never been a better time to launch a startup in Austin. Successful startups from Austin include:

1. Indeed.com

Indeed is the number 1 job site worldwide with over 200 million unique visitors per month. Indeed is available in more than 60 countries and 28 languages.

2. Homeaway.com

HomeAway is the world leader in vacation rentals with more than 2 million unique places to stay in 190 countries, and is a part of the Expedia, Inc. family of brands. The startup launched in 2005 and from then on focused on offering an extensive selection of vacation rental homes that provide travelers with memorable experiences and benefits, for less than the cost of traditional hotel accommodations. In 2016, the company won **The Travel Weekly Magellan Awards** for best vacation rental service in the hospitality industry.

3. Dell

American multinational information technology corporation based in Round Rock, Texas. Dell was founded in Austin in February 1984 by 19-year-old Michael Dell with only \$1,000.

4. Whole Foods Market

Whole Foods Market was founded in Austin, in 1978, where it still is headquartered. Today, Whole Foods Market, Inc. operates natural and organic foods supermarkets. The company operates approximately 470 stores in the United States, Canada, and the United Kingdom and it also sells products online. Since August 28, 2017, Whole Foods Market, Inc. operates as a subsidiary of Amazon.com, Inc.

²⁰ Austin Tech Alliance <https://www.austintech.org> consulted on February 26, 2018

6. INVESTMENT LANDSCAPE²¹

For all of 2017, PitchBook and the National Venture Capital Association noticed that venture capital investors invested more money into fewer Central Texas startups than in 2016. Almost \$1.2 billion was invested into 207 companies last year, up from \$942 million invested in 211 deals in 2016.²² The city ranks 10th based on total VC Funds raised since 2006 and total VC Invested since 2006.²³

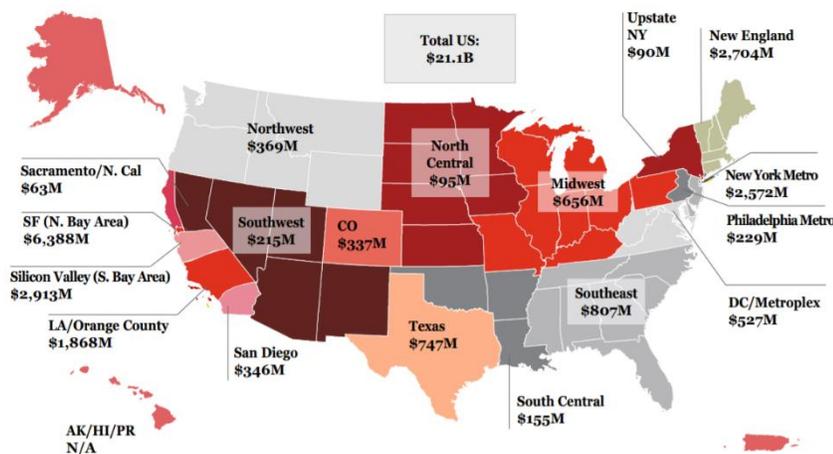
Across the entire country, \$84 billion was invested in 8,035 companies in 2017, a new record since the early 2000s, according to PitchBook/NVCA. Investment in Austin is in line with areas such as Pittsburgh, Seattle and Chicago.

The following map in Figure 1 gives an overview of all funding in the United States for the first quartal of 2018.²⁴

According to PwC MoneyTree, investments in VCbacked startups reached new heights for this decade with \$21.1 billion in the first of 2018 with an \$20M average deal size. They noted that while the amount increased, deal activity declined with 2%.

Top five states for investment are: San Francisco (N. Bay Area with \$6,388M), Sillicon Valley (S. Bay Area with 2,913M), New England (2,704M), New York Metro (2,572M) and Los Angeles (1,868M). The top five industries are internet, healthcare, mobile & telecommunications, software and industrial.

Figure 1: PwC | CB Insights Money tree™ United States, Funding by region Report Q1 2018



²¹ The Greater Austin 2017 economic development guide serving central texas <https://www.austinchamber.com/economic-development/contact/ed-guide> consulted on February 26, 2018

²² Business Journals Austin <https://www.bizjournals.com/austin/news/2018/01/09/funding-for-startups-climbs-in-austin-nationwide.html> consulted on April 11, 2018

²³ Pitchbook <https://pitchbook.com/news/reports/2016-us-venture-ecosystem-factbook> consulted on April 11, 2018

²⁴ PwC / CB Insights MoneyTree™ Report Q1 2018 https://www.pwc.com/us/en/technology/assets/MoneyTree_Report_2018_Q1_FINAL.pdf p 33-35, consulted on May 11, 2018

The following table in Figure 2 is a partial view of the VC investment in Austin as we concentrated to technology. The detailed overview can be retrieved from the Austin Chamber of Commerce. Additional venture capital data is available via the Chamber’s Economic Indicators page. What we notice right away is that most of the VC is invested in the technology industry. Focus is clearly on the semiconductor, software and energy industry.

Figure 2: Venture Capital Investment by Industry/Technology 2011-2015 ²⁵

Source: PWC/NVCA MoneyTree Survey.

	AUSTIN MSA MILLIONS	AUSTIN MSA % OF TOTAL	UNITED STATES % OF TOTAL
Biotechnology	\$249.7	7.8%	14.5%
Computers & Peripherals	\$82.2	2.6%	1.5%
Consumer Products & Services	\$223.0	7.0%	5.6%
Electronics/Instrumentation	\$7.0	0.2%	0.8%
Industrial/Energy	\$388.2	12.2%	6.2%
IT Services	\$150.1	4.7%	6.3%
Semiconductors	\$249.0	7.8%	1.2%
Software	\$1,449.0	45.4%	39.6%
Telecommunications	\$0.1	0.0%	1.1%
Total	\$3,189.7	100.0%	100.0%

Appendix 5 will give you an overview of investment capital companies such as angel investors, venture capital, private equity and family offices in Austin. We urge you to seek the guidance of a professional consultant, accountant, and/or attorney to help operating your business. The list is based on [The Austin INNO, A guide to the Austin venture capital and angel investing landscape.](#)

²⁵ The Austin Chamber of Commerce <https://www.austinchamber.com/economic-development/austin-profile/business-industry> consulted May 11, 2018

7. FUTURE PREDICTIONS

We believe that the city will keep on growing and attracting money and talent. Nearly 43 percent of Austin-area residents age 25 and older hold at least a bachelor's degree, and the its 86 four-year colleges and universities enroll nearly 468,000 students. Austin is growing in ranking among nonfarm payroll jobs growth (ranked #7 in 2016; Seattle came in at #6 and San Francisco ranked #10). Cost of living is still lower than the already established technology cities such as San Fransisco.²⁶

Today, Austin is a leader in semiconductor and electronics R&D and manufacturing. Industries that are expected to continue expanding their production in 2018, with some Austin firms playing a vital role.²⁷ The city claims that the main reason for this is their human capital of young, highly trained workforce and partnerships between the region's higher education institutions and the private sector. The region is growing in sectors such as automotive technology, medical devices, nanotechnology and aerospace manufacturing, as well as a rebounding of general manufacturing since the 2009 recession.

We expect rapid growth in cleantech as the "Economic impact of the cleantech sector in the Austin-Round Rock-San Marcos MSA" report expects employment to grow 11% in Austin by 2020 compared with 9.3% growth in the sector over the same period at the state level, and 6.37% nationally."²⁸ They believe in opportunities in Renewables, Energy storage & Smart Grid technology, Smart cities & Resilient Infrastructure, Watermanagement, Recycling and Advanced manufacturing

8. ADVICE FOR FLEMISH COMPANIES

The first advantage to note is the accessibility of talent in Austin. Ranked as one of the 10 most educated cities in America by Wallethub in 2017, Austin provides you with the right people. Besides, Austin's relatively young tech scene is a win for employers, as total payroll costs for employees in Central Texas are still highly compatible. The employer cost per \$100 of covered wages is only 0.74 in Texas, while the national average is established at 1.32. New York stands at 1.44.

Not only the employer benefits from the Texas payroll system. In a report by online hiring platform Hired, Austin ranks number one as most lucrative city for tech workers. Although salaries in the Bay area are higher in absolute terms, they only ranked 10th after adjusting for the cost of living. The booming startup scene and relative low-housing costs in Austin resulted in an average adjusted

²⁶ <http://cdn.coverstand.com/22347/481423/1c4b316c7f5dd7f41dead366ef7a6e84e1c2e210.3.pdf> consulted on April 11, 2018 p. 69 and Erin Morales, Austin moves higher among top-ranked cities for tech talent, Austin Business Journal (July 19, 2016)

²⁷ Austin American-Statesman <https://www.mystatesman.com/business/austin-2018-economy-tech-challenges-job-growth-more-dollars/w8LsOnKMV62ML6m0erezO/> consulted on May 15, 2018

²⁸ Economic impact of the Cleantech sector in the Austin-Round Rock-San Marcos MSA https://ati.utexas.edu/wp-content/uploads/Economic-Impact-of-the-Cleantech-Sector_05.26.2015-Final_COMPLETE-2.pdf consulted on April 11, 2018

salary of \$202,000 while a real average income is based around \$118,000. San Francisco only received \$142,000 after the cost of living index.²⁹ In Appendix 3 you can find a real tech salary overview. The second advantage of Austin is its central location in the major U.S. market. Austin is placed within 250 miles of the largest U.S. ports and has access to major highway systems and rail-served industrial sites. There is also a Foreign Trade Zone (FTZ), Freeport inventory exemptions and manufacturing sales tax exemption.

The biggest advantage to opening an office in Austin is the huge economy that Texas offers, but without being as saturated as California by percentage technology companies. Market entry in Texas gives a Flemish company access to high value customers without as much competition. General costs such as taxes and rent are also much lower.

Cost of living comparison

You would need around 7,763.22\$ in San Francisco, CA to maintain the same standard of life that you can have with 4,700.00\$ in Austin, TX (assuming you rent in both cities). This calculation uses our Cost of Living Plus Rent Index to compare cost of living. This assumes net earnings (after income tax). You can change the amount in this calculation.

- Consumer Prices in San Francisco, CA are 35.89% higher than in Austin, TX
- Consumer Prices Including Rent in San Francisco, CA are 65.17% higher than in Austin, TX
- Rent Prices in San Francisco, CA are 111.24% higher than in Austin, TX
- Restaurant Prices in San Francisco, CA are 12.92% higher than in Austin, TX
- Groceries Prices in San Francisco, CA are 57.46% higher than in Austin, TX
- Local Purchasing Power in San Francisco, CA is 19.01% lower than in Austin, TX

9. MARKET RESEARCH & MEDIA RESOURCES

We found following media and links to be very usufel while conducting this study:

- **The Greater Austin Economic Development Guide:**
<https://www.austinchamber.com/economic-development/contact/ed-guide>
- **Silicon Hills news:** Technology news about Austin and San Antonio:
<http://www.siliconhillsnews.com>

²⁹ Quartz, Tech salaries in Austin, Texas are effectively \$66,000 higher than in NYC thanks to the cost of living <https://qz.com/1195354/tech-salaries-in-austin-texas-are-effectively-66000-higher-than-in-nyc-thanks-to-the-cost-of-living/> consulted on May 5, 2018

- **Built in Austin**, online community for Austin startups and tech companies. You can find startup jobs, tech news and events: <https://www.builtinaustin.com/>
- **Austin Business Journal:**
- This handbook provides general guidance and assistance to those interested in developing or further expanding their business in Texas and beyond:
<https://businessintexas.com/sites/default/files/07/24/17/smallbusinesshandbook.pdf>
- **Texas Secretary of State:** <https://www.sos.state.tx.us/index.html>
- The official website of the **City of Austin / The Austin government:**
<http://www.austintexas.gov/business/starting-business>
- The Austin Chamber of Commerce, <https://www.austinchamber.com>

10. APPENDIX

Appendix 1 ³⁰

With the huge interest there has been a lack of office space but Austin is big, and there are opportunities with 500,000 square feet coming to the market.

	Austin	Boston	New York City	San Fransisco	Seattle-Bellevue	Silicon Valley
Market score	84.2	82.2	78.7	87.3	82.3	95.4
Office supply (total inventory)	49,895,588	165,961,172	459,872,906	75,805,957	92,866,684	69,533,923
Office cost	34.30	33.73	72.63	73.05	34.86	49.98
Office cost 12-month rent growth	5.3%	4.6 growth	3.7	10.5	8.8	19.5
Employee cost	106,307	135,454	142,846	175,196	149,018	226236
Annual wage growth 2015	4.6	3.1 growth	5.5	-0.2	-0.7	6.8
Total cost per employee (real estate and wages)	112,309	141,357	155,556	187,979	155,118	234,983
Venture capital	450.8M	2,345.8M	4,038M	11,316.9M	614.4	5,310.1
Total population	2,00,860	4,774,321	14,413,079	1,629,951	3,733,580	1,976,836
Talent pool (with bachelor or higher / age 25+)	41.5 %	35.2%	37.9	45.9	39.4	47.5
share of millennials (20-34)	24.6	21.9%	22.7	24.7	22.8	21.6
housing average monthly apartment rent	1,222	2,124	2,776	3,297	1,445	2,718

³⁰ JLL, Tech office trends fall 2017 <http://www.us.jll.com/united-states/en-us/Research/US-Technology-Outlook-2016-JLL.pdf> consulted on February 26, 2018

* Companies with headquarters or regional offices in Austin

SOFTWARE

Dell Technologies Inc. *

American multinational information technology corporation based in Round Rock, Texas. Dell technologies Inc. is the result of the "highest-valued tech acquisition in history" between Dell and EMC Corporation in 2015.

Dell with its two global data centers, is the biggest tech company in Austin, comprising one of the largest storage-area networks in the U.S. and supporting more than 78,000 employees worldwide located in Austin.

Apple Inc. *

Apple's massive campus in Austin is home to a customer service center, human resources functions, and its online store and is also home to a Mac Pro manufacturing facility, where the company's high-end desktop is constructed. The office has more than 6,000 employees which makes it the largest office outside its headquarters of Cupertino, California.

Note: Top 10 of biggest tech companies in Austin. (2)

Indeed.com

Indeed is the number 1 job site worldwide with over 200 million unique visitors per month (Comscore, March 2017). Indeed is available in more than 60 countries and 28 languages.

Note: Top 10 biggest tech companies in Austin (7)

Google

Google LLC is an American multinational technology company with more than 450 Austin workers. The Google office has rooms named after the South by Southwest exhibition, which again emphasizes the impact of the event in the tech world. (KXAN, September 19, 2017)

Mood Media

Mood Media is a leading in-store media solutions company. They create emotional connections between brands and consumers through the right combination of sight, sound, scent, social mobile and systems solutions. They reach more than 150 million consumers each day through more than 500,000 subscriber locations in 100+ countries around the globe.

SOCIAL MEDIA SOFTWARE / E-COMMERCE / DATA

Facebook

Facebook is an American online social media and social networking service company based in Menlo Park, California. The Austin office was the first office Facebook's sales and online operations expanded outside of California.

Note: Top 20 biggest tech companies in Austin. (11)

³¹ Kelly O'Halloran, Meet Austin's Top 100 tech companies: Employee count up 11 percent in 2017, Built in Austin October 31, 2017 <https://www.builtinaustin.com/2017/10/31/austin-top-100-tech-companies-2017> consulted on February 26, 2018

EBay *

EBay Inc. is a multi-billion-dollar and multinational e-commerce corporation with operations in about 30 countries. The Austin office is home to some 500 people supporting finance, risk management, and customer service operations.

Note: Top 20 biggest tech companies in Austin. (13)

Bazaarvoice *

Bazaarvoice is a network that connects brands and retailers to the opinions of their consumers. Network analytics then help marketers and advertisers provide more engaging experiences that drive brand awareness, consideration, sales and loyalty.

Note: Top 20 biggest tech companies in Austin. (19)

Main Street Hub

Main street hub manages small businesses their social media and spread word of mouth online. Since its launch in March 2010, the company grew to a 27-person team with an estimated worth of \$10 billion.

Visa

Visa Inc. is an American multinational financial services corporation that facilitates electronic funds transfers throughout the world. In 2015, the Nilson Report, found that Visa's global network (known as VisaNet) processed 100 billion transactions with a total volume of US\$6.8 trillion.

GAMING

Activision Blizzard / Blizzard entertainment

One of the world's most successful standalone interactive entertainment company. Their portfolio includes: Call of Duty®, World of Warcraft®, Candy Crush®, Farm Heroes®, and Pet Rescue®. Their entertainment network has nearly 500 million monthly active users in 196 countries.

Note: Top 20 biggest tech companies in Austin. (12)

Electronic arts

Electronic Arts Inc. (EA) is an American video game company who was a pioneer of the early home computer games industry. As of September 2017, Electronic Arts is the second-largest gaming company in the Americas and Europe by revenue and market capitalization after Activision Blizzard and ahead of Take-Two Interactive.

Note: Top 10 biggest tech companies in Austin. (10)

Figure: Real tech salaries and adjusted for cost of living in Silicon Valley. Atlas | Data: Hired

City	Adjusted tech salary	2018 average tech salary
Austin	202,000	118,000
Seattle	182,000	132,000
Los Angeles	182,000	129,000
Denver	177,000	112,000
Chicago	173,000	113,000
San Diego	166,000	108,000
Toronto	157,000	73,000
Boston	150,000	118,000
Washington DC	148,000	116,000
SF Bay area	142,000	142,000
New York	136,000	129,000
London	100,000	78,000
Paris	85,000	56,000

Appendix 4: Region's largest employers

Employing 6,000 & over

Apple Austin Independent School District City of Austin	Dell Technologies Federal Government IBM Corp.	Samsung Austin Semiconductor Seton Healthcare Family	St. David's Healthcare Partnership State of Texas	University of Texas at Austin
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Employing 2,000-5,999

Accenture Amazon Applied Materials AT&T Austin Community College Flex	Hays Consolidated Independent School District Keller Williams Realty	Leander Independent School District National Instruments NXP Semiconductors	Pflugerville Independent School District Round Rock Independent School District	Texas State University-San Marcos Travis County U.S. Internal Revenue Service Whole Foods Market
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Employing 1,000-1,999

Advanced Micro Devices Austin Energy Regional Clinic Baylor Scott & White Healthcare Capital Metro Transportation Authority Charles Schwab Clinical Pathology Laboratories General Motors Goodwill Industries of Central Texas Visa VMWare	Hewlett-Packard Enterprise HomeAway Intel Corp. Lower Colorado River Authority Oracle Corp. Pfizer Pharmaceutical Product Development Progressive Insurance Co. Spectrum State Farm Insurance Co. U.S. Dept. of Veterans Affairs Wells Fargo Bank Texas Wayne Fueling Systems	YMCA of Austin Employing 500-999 3M Activision Blizzard AECOM Alorica American Cancer Society National Cancer Information Center BAE Systems Bank of America Bazaarvoice Centene Corp. CFAN Cirrus Logic Cisco Systems Xerox Yodlee	Cypress Semiconductor eBay Electric Reliability Council of Texas Electronic Arts Emerson Process Management Facebook Farmers Insurance Group Grande Communications Harte-Hanks H-E-B Indeed	JPMorgan Chase & Co. The Liquidation Channel Luminex Corp. Maximus Netspend Pearson Assessments Q2 Rackspace Sears Customer Care Silicon Laboratories Software House International SolarWinds St. Edward's University
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Appendix 5: The Austin investing landscape

Following list is a brief overview of Investment capital companies in Austin. We urge you to seek the guidance of a professional consultant, accountant, and/or attorney to help operating your business. The list is based on [The Austin INNO, A guide to the Austin venture capital and angel investing landscape](#).

Austin's angel investor networks

An angel investor is someone who puts their own finance into the growth of a small business at an early stage, also potentially contributing their advice and business experience. Angels make their own decision about the investment, and in return for providing personal equity they take shares in the business. The amount they invest is flexible.

1. Central Texas Angel Network:

Central Texas Angel Network (CTAN) has invested \$90 million in 150+ companies since 2006. The member-based organization features 185 individual accredited investors from an extensive cross-section of sectors and backgrounds. CTAN members not only invest; they also mentor entrepreneurs and connect them to business resources, providing critical support to the success of early-stage business and the Texas economy.

2. Southwest Angel Network:

The Southwest Angel Network is a non-profit organization with an educational mission. They have programs to help promote entrepreneurship with the underserved in the Austin community and what it means to establish growing and profitable businesses. The Southwest Angel Network supports equal access to capital for companies with diverse management teams, and has taken the [Startup Diversity and Inclusion Pledge](#).

3. Hill Country Angels:

Hill Country Angel Network is a group of investors that are looking to fund promising fledgling companies with identified high-growth potential. They invest in opportunities in high tech, low tech, life science, biopharmaceutical, medical device, education, oil and gas, industrial, clean energy, consumer product, media, sports, and gaming and entertainment sectors. Their goal is to offer capital and mentoring to take companies to the next level, increase valuations, and ultimately get to an attractive exit. Differing from most other angel investing organizations, participation is not a requirement and living in Texas or the U.S. is also not a requirement.

Private Equity Firms

Private equity (PE) firms raise funds sourced from high net-worth individuals and institutional investors such as pension funds, insurance companies, and endowments. Their investments are fewer in number than those made by angels and VCs but much larger in value. They seek out existing companies that are ripe for expansion or are under-optimized. They purport to help a healthy enterprise fulfill their business vision or expand their products and services by providing the needed funds.

<p><u>Vista Equity Partners</u> Vista Equity Partners was established in 2000 and exclusively focuses on enterprise software, data, and technology solutions. Today, they have over \$30 billion in cumulative capital commitments.</p>	<p>Current fund size: \$11B Stage: Late stage Focus: Software, data, and technology industries</p>
<p><u>Trilantic Capital Partners</u> Trilantic North America and Trilantic Europe are two separate and independent private equity investment advisors, each focused on control and significant minority investments in their respective geographies.</p>	<p>Current fund size \$2B Stage: Late stage Focus: All</p>
<p><u>Peak Rock</u> Peak Rock focuses on investing in opportunities where we can support senior management in driving rapid growth and profit improvement through operational and strategic change.</p>	<p>Current fund size \$700M Stage: late middle market Focus: Technology, healthcare, others</p>



<p>Blue Sage Capital</p> <p>Founded in 2003, Blue Saga Capital is a private equity firm with over \$200 million in management through two funds specializing in growth, recapitalization and buyout financings of small middle-market companies.</p> <p>Their focus is on:</p> <ul style="list-style-type: none"> • \$3-12M EBITDA • \$10-20M investment with ability to scale up • Flexible capital: Majority/minority equity, Mezzanine debt • Founder/family-focused 	<p>Current fund size \$150M</p> <p>Stage: Buyouts</p> <p>Focus: All</p>
<p>Strattam Capital</p> <p>Strattam Capital employs a blend of investment and management to spur long-term growth for their portfolio companies. Their goal is to build better business IT companies by removing constraints to growth, allowing their portfolio companies to realize their true potential.</p>	<p>Current fund size \$109M</p> <p>Stage: Late stage</p> <p>Focus: Ent SW, Digital Infrastructure, Tech Services</p>

Family Offices

<p><u>Hurt Family Investments (HFI)</u></p> <p>Hurt Family Investments are involved in 56 startups and counting. HFI has made 45 startup investments, 21 of which are Software-as-a-Service (SaaS) companies. Out of the 56 startups HFI are involved in, 39 are headquartered in Austin and 28 are SaaS.</p>	<p>Stage: Seed, Series A</p> <p>Focus: SaaS; Technology</p>
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A photograph of a server room with rows of server racks. The racks are illuminated with blue light, and several green indicator lights are visible on the front panels. Blue network cables are plugged into the racks. The image is slightly blurred, creating a sense of depth and activity.

TECHNOLOGY SECTOR

IN DALLAS

FLANDERS INVESTMENT & TRADE MARKET SURVEY

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TECHNOLOGY SECTOR IN DALLAS
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August 2018
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1. GREATER DALLAS

With a population of 1,281,047 people, Dallas is the 9th largest city in the U.S. and the 3rd largest in Texas. Thanks to its strong economy and low labor rates, Dallas is one of the top event and meeting destinations in Texas. The labor rates in Dallas are 27% lower than the national average and the cost of doing business is 7% lower than the average. The population in the metro area has grown from about 5.8 million people in 2005 to over 7 million today.

Dallas got the nickname “Silicon Prairie” because it is one of the largest employment centers for high technology in the U.S. The city is mainly known as a center for telecommunications manufacturing employment in the U.S. There is an area in Richardson, north of Dallas, nicknamed the “Telecom Corridor” in recognition of the proliferation of telecommunications companies in a small section of the community.

According to the U.S. News rankings, Dallas-Fort Worth is the number 18 best place to live in the U.S., based on quality of life, the job market and the value of living and people’s desire to live there. The Dallas-Fort Worth metro area offers both the big-city experience and quiet, suburban living. The cowboy life is still there in Fort Worth, while people in Dallas enjoy trendy bars and retail shops. There are over 80,000 hotel rooms in Dallas, with 13,000 in Downtown. The city has two major airports with more than 2,200 flights every day from over 170 destinations and easy access to Downtown from both airports via DART light rail. Once in Downtown, you can enjoy free rides on D-Link and McKinney Avenue Trolley.

Here are some other interesting statistics about the Dallas-Fort Worth area¹:

- The average annual salary: \$50,350
- The median age: 34.5
- The unemployment rate: 3.7%
- The median home price: \$210,181, while the average in the U.S. is \$222,408
- The median monthly rent: \$969
- Dallas is home to 25 of the richest Americans²

2. KEY INDUSTRIES

Dallas is home to many different industries, with technology industries in the lead. Major industries include defense, financial services, information technology and data, life sciences, semiconductors, telecommunications, transportation and processing. According to the Greater Dallas Chamber of Commerce, about 43 percent of Texas’ high-tech workers are from the Dallas-Fort Worth Metroplex.

¹ U.S. News Real Estate <https://realestate.usnews.com/places/texas/dallas-fort-worth> consulted on April 18, 2018

² The Business Journals Dallas https://www.bizjournals.com/dallas/blog/morning_call/2014/03/25-of-the-worlds-billionaires-call-dallas-fort.html consulted on May 14, 2018



2.1 TELECOMMUNICATIONS

The Dallas-Fort Worth (DFW) region is home to several major telecom companies and the Telecom Corridor is home to about 600 companies overall. Companies present in the region include Cisco Systems, Fujitsu and MetroPCS. But the Telecom Corridor not the only telecom cluster in DFW. In 2011, Research in Motion (who changed names to Blackberry in 2013) moved to Irving. Both Ericsson and Alcatel-Lucent moved their U.S. headquarters to Plano.

There are more than 800 privately owned telecom companies in the region, and dozens of public companies with their U.S. headquarters in Dallas-Fort Worth. The most well-known example is AT&T³. In 2008, AT&T relocated from San Antonio to DFW, and now is among the largest high-tech employers in the region with more than 37,900 employees working in Texas as of June 2016⁴.

Mobile app development companies are also entering the DFW region. Communications companies are looking to expand their services to capitalize on the trend toward mobile apps and they are recruiting developers in North Texas. Cloud computing and other innovative technologies are also a growing presence in the region.

The strength and diversity of the telecom industry is projected to keep growing, with an increasing workforce and number of companies in the region⁵.

3. MAIN PLAYERS IN TECHNOLOGY

21 Fortune 500 companies have their headquarters in the Dallas area, including Exxon Mobil, AT&T, Texas Instruments and more. In addition, there are 13 privately-held companies with at least \$1 billion in annual revenues headquartered in the Dallas area⁶. We will briefly discuss the biggest players. More information on companies in the Dallas area can be retrieved from [Appendix 1](#).

- AT&T in Dallas

AT&T Inc. is an American multinational telecommunications company with a revenue of \$160.5 billion in 2017⁷. It is the second largest provider of mobile telephone services and the largest provider of fixed telephone services in the U.S..

³ Dmagazine.com <https://www.dmagazine.com/publications/d-ceo/2011/special-report-dfw-technology/north-texas-telecom-dominance/> consulted on May 9, 2018

⁴ AT&T's impact in Texas <https://engage.att.com/texas/impact/> consulted on May 9, 2018

⁵ Chesmar.com <http://chesmar.com/dallas/dallas-todays-telecommunications-hub/> consulted on May 9, 2018

⁶ City-Data.com <http://www.city-data.com/us-cities/The-South/Dallas-Economy.html> consulted on April 17, 2018

⁷ AT&T financial data https://www.sec.gov/Archives/edgar/data/732717/000073271718000002/ex99_1.htm consulted on April 18, 2018

ATHENA AWARD¹⁰

The Athena Award and Young Professional Leadership (YPL) Athena Award celebrate women who reach excellence in their professions, help the community in a meaningful way, and help other women reach their full potential.

SAY YES TO DALLAS¹¹

This Dallas regional chamber initiative is meant to attract and retain talent in Dallas.

5. STARTUPS IN DALLAS

Dallas is an excellent place to start a business. It is an attractive location for entrepreneurs thanks to the growing talent pool due to business relocations, less expensive cost of living, code programs and colleges and universities. There are also more than 40 colleges and universities, including the Texas A&M University, University of North Texas, and University of Texas systems. These provide local companies and startups with a large talent pool¹². According to Entrepreneur Magazine, an office space in Dallas costs more than 70% less than in New York City. In Dallas, you pay about \$15.62 per square foot, while in NYC, you pay about \$49.98. In addition, Dallas is centrally located with 2 airports, with DFW International Airport being within the top five busiest airports in the world.

Dallas has several startup news outlets, startup accelerators and coworking spaces. News outlets include the Dallas Business Journal TechFlash, LaunchDFW and D Magazine. Startup accelerators are Tech Wildcatters, RevTech and Unreasonable Labs. Coworking spaces are the Dallas Entrepreneur Center, The Grove, NoD Coworking, Common Desk and WeWork¹³.

DALLAS STARTUP WEEK¹⁴

Techstars Dallas Startup Week is a five day event hosted in Downtown Dallas. It aims to connect the rapidly growing startup community with opportunities for mentoring, partnerships and friendships through common goals or struggles and achievements experienced in the entrepreneur ecosystem. The Dallas Startup Week is the opportunity to unite everyone for a week of networking and education. They focus on increasing awareness revolved around our local startup community and the opportunities to

¹⁰Dallas Regional Chamber <https://www.dallaschamber.org/get-connected/leadership/athena-award/> consulted on April 18, 2018

¹¹ Say yes to Dallas <http://sayyestodallas.com/jobs/entrepreneurship-in-dallas/incubators/> consulted on May 14, 2018

¹² G2 Crowd <https://blog.g2crowd.com/blog/technology-research/the-state-of-b2b-dallas-fort-worth-tech-in-2017/> consulted on May 15, 2018

¹³ Startup Blink <https://www.startupblink.com/blog/dallas-startup-ecosystem/> consulted on May 7, 2018

¹⁴ Techstars Dallas Startup Week <http://www.dallasstartupweek.com/> consulted on April 24, 2018

get involved. They want to inspire entrepreneurs, freelancers and small businesses and provide them with resources towards following their business ventures.

OTHER STARTUP RESOURCES:

- Tech FW, a non-profit organization, has been providing entrepreneurs with mentorship to help them launch and grow emerging tech companies.
- Tech Nest, a free weekly meetup held at Tech FW for entrepreneurs to share their experiences and learn from each other.
- BigDOCC, (Dallas Open Coffee Club) is a weekly chat about the latest in technology, startups, digital lifestyle and business¹⁵.

6. INVESTMENT LANDSCAPE

Though Dallas ranks far behind some of the country’s venture capital hubs, it is still one of the top cities in the U.S. for investors looking for startups that will bring them sizable return. According to Pitchbook, which ranked 17 metros based on amount of venture capital invested and returns to investors, the average return on investment in Dallas-Fort Worth was 3.4 times, tied with Austin for 10th in the nation¹⁶.

A short list of possible investors can be retrieved in [Appendix 2](#).

7. FUTURE PREDICTIONS

The DFW economy is still a key driver of business activity in Texas. The area has many mature industries, including health care, logistics and technology. Dallas-Fort Worth and the surrounding area remains one of the best performing economic regions, a pattern expected to continue through the next five years.

Due to the large success of its startup community and the amount of Fortune 500 companies in the region, Dallas-Fort Worth is expected to continue to grow as a desirable city for businesses. Locals optimistically predict the area’s 6.8 million residents could be doubled in 20 years¹⁷.

Dallas-Fort Worth is at the forefront of innovation and continued investment in startups and incubators by the metroplex business and community leaders will help ensure that it stays that way. This

¹⁵ <https://blog.g2crowd.com/blog/technology-research/the-state-of-b2b-dallas-fort-worth-tech-in-2017/>

¹⁶ Pitchbook <https://www.bizjournals.com/austin/news/2018/03/21/what-austin-lacks-in-sheer-vc-investment-it-makes.html> consulted on May 14, 2018

¹⁷ Market Watch <https://www.marketwatch.com/story/most-business-friendly-city-in-us-is-dallas-2015-05-12> consulted on May 7, 2018



community investment combined with the favorable housing market, retail sales, average wages and a low unemployment rate contributes to the rapid growth of the region.

Telecommunications is predicted to remain the largest tech industry in Dallas-Fort Worth, with new companies and talent joining the region.

8. ADVICE FOR FLEMISH COMPANIES

Dallas has all the elements in place for Flemish companies in the telecom sector to set up a base for their U.S. operations, due to its status as a communications technology hub. Business Insider already ranked Dallas as the 11th “most high-tech city in the world” in August 2017 – climbing 17 spots in one year – due in part to its rapid increase in venture capitalists and “integration of technology into the city landscape”¹⁸ the labor rates in Dallas are 27% lower than the national average and the cost of doing business is 7% lower than the average.

According to Entrepreneur Magazine, an office space in Dallas costs more than 70% less than in New York City. In Dallas, you pay about \$15.62 per square foot, while in NYC, you pay about \$49.98. In addition, Dallas is centrally located with 2 airports, with DFW International Airport being within the top five busiest airports in the world with more than 2.200 flights every day from over 170 destinations.

COMPARISON¹⁹

You would need around 7,846.91\$ in San Francisco, CA to maintain the same standard of life that you can have with 4,200.00\$ in Dallas, TX (assuming you rent in both cities). This calculation uses our Cost of Living Plus Rent Index to compare cost of living. This assumes net earnings (after income tax).

- Consumer prices in San Francisco, CA are 50.36% higher than in Dallas, TX
- Consumer prices Including Rent in San Francisco, CA are 86.83% higher than in Dallas, TX
- Rent prices in San Francisco, CA are 147.63% higher than in Dallas, TX
- Restaurant prices in San Francisco, CA are 35.09% higher than in Dallas, TX
- Grocery prices in San Francisco, CA are 77.41% higher than in Dallas, TX
- Local purchasing power in San Francisco, CA is 23.26% lower than in Dallas, TX

¹⁸ G2 Crowd, The state of B2B Dallas Fort Worth Tech in 2017 <https://blog.g2crowd.com/blog/technology-research/the-state-of-b2b-dallas-fort-worth-tech-in-2017/> consulted on May 15, 2018

¹⁹ Numbeo https://www.numbeo.com/cost-of-living/compare_cities.jsp?country1=United+States&country2=United+States&city1=Dallas%2C+TX&city2=San+Francisco%2C+CA consulted on May 15, 2018

Best tech startups²¹

- Stackpath

StackPath is a platform of secure internet services built at the cloud's edge. Its services enable developers to build protection and performance into any cloud-based solution from SaaS to web publishing, gaming, media streaming and more, without the need of any cloud security and delivery expertise of their own. More than 800.000 customers, even Fortune 100 companies, are using StackPath.

- Compass Datacenters

Compass delivers your data center faster, with more features and personalization capability at a cost, that meets or beats competing alternatives, anywhere you want it to be.

- DriverUp

DriverUp is an online marketplace for automotive financing, powered by Sierra Auto Finance, a nationally recognized specialty auto finance company. They are the first platform that allows investors to easily participate in auto lending directly.

- Flywheel

Flywheel is an online platform that combines CMMS capabilities with energy and workforce management. It helps every employee run a better building. They connect customers to the data and insights they need to reduce operating costs, improve energy efficiency and optimize maintenance strategies.

- Homecare Homebase

Homecare Homebase develops mobile software solutions for home health and hospice agencies, using realtime data to reduce paperwork, streamline agency processes and boost productivity for expert patient care.

²¹The Tech Tribune <http://thetechtribune.com/10-best-tech-startups-in-dallas/> consulted on April 17, 2018

APPENDIX 2 - INVESTMENT

<p>The Dallas Angel Network</p>	<p>Links angel investors in Texas with entrepreneurs. Their angels consist of Dallas based investors as well as investors in Houston and Austin. They target startups and high growth companies in need of early stage private equity or venture capital.</p> <p>http://dallasangelnetwork.com</p>
<p>The North Texas Angel Network</p>	<p>Provides the investment funds a company needs to grow. Their group includes more than sixty successful entrepreneurs and business professionals who love to invest in innovative products, as well as offer their considerable experience and expertise to growing companies.</p> <p>http://www.northtexasangels.org</p>
<p>The Aggie Angel Network (AAN)</p>	<p>Not-for-profit corporation dedicated to providing quality early-stage investment opportunities for accredited angel investors, and to assisting early-stage high-growth potential technology companies with fundraising and advisory services.</p> <p>http://aggieangelnetwork.com</p>
<p>The Baylor Angel Network (BAN)</p>	<p>Investor network providing early stage capital to strong entrepreneurial teams with developed products or services and early customer traction.</p> <p>https://www.baylor.edu/business/angelnetwork/</p>
<p>Central Texas Angel Network (CTAN)</p>	<p>One of the largest and most active angel groups in North America and a significant source of early-stage capital to entrepreneurs from Texas and beyond. They invested \$93.4 million in 160+ companies since 2006.</p> <p>http://centraltexasangelnetwork.com</p>



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TABLE OF CONTENTS

1.	Greater Houston.....	3
2.	Key industries	3
2.1	Aerospace technology	4
2.1.1	Investment landscape	5
2.1.2	Future predictions	6
2.2	Medtech	6
2.2.1	Investment landscape	8
2.2.2	Future predictions	9
2.3	Edtech	10
2.3.1	Investment landscape	11
2.3.2	Future predictions	12
3.	Main players in technology.....	13
4.	Houston initiatives	14
5.	Startups in Houston.....	14
6.	Advice for Flemish companies	15
7.	Market research & media resources.....	16
8.	Appendix.....	17

For further information about other key industries in this city, we urge you to visit our website or to contact Flanders Investment and Trade.

2.1 AEROSPACE TECHNOLOGY

Houston is home to the National Aeronautics & Space Administration (NASA)'s Johnson Space Center, a \$1.5 billion complex housing one of NASA's largest R&D facilities and a source of the nation's best high-tech professionals in science and engineering. It has primary responsibility for the research, design, development, and testing of the space shuttle. It also selects and trains astronauts and controls manned space flights. The complex is an international powerhouse of technological development, employing approximately 17,000 engineers, scientists, and administrative personnel. In 2014, Johnson Space Center managed an annual budget of \$4.42 billion, with little bit over \$2 billion of that expended on contracts with Texas-based businesses.⁸

Texas in general is known for being one of the most important locations for the global aerospace and aviation industry in the U.S.. The broad range of aerospace activities in Texas includes fighter plane and helicopter assembly, navigation instrument development, advanced space-flight research, military pilot training, and commercial space travel.

The aerospace and aviation industry directly employs over 184,800 Texas workers at 1,350 firms⁹ and the state is one of the top three states for aerospace manufacturing jobs: 17 of the 20 largest aerospace manufacturers in the world, including Airbus, Boeing, Bell Helicopter, Textron, Gulfstream and Lockheed Martin, have major operations in Texas.¹⁰

- Rice University - Department of Mechanical Engineering
- The University of Texas at Austin - Department of Aerospace Engineering
- Texas A&M University - Department of Aerospace Engineering
- Texas State Technical College - Single largest provider of aerospace programs in Texas¹¹

The traditional government-monopoly model of space travel has begun opening to the private sector, as startup companies have become capable of designing and launching competitive space systems. Examples of private companies operating in Texas are: Space Exploration Technologies (SpaceX), Blue Origin, XCOR Aerospace, Boeing's Crew Space Transportation (CST).

Texas aerospace industry 2013 data.¹²

Industry	Employees	Firms
Air Transportation	59,691	357

⁸ NASA, Johnson Space Center http://www.bayareahouston.com/Assets/jsc-overview_3.pdf consulted on May 14, 2018

⁹ Go Big in Texas, Aerospace, aviation and defense <https://businessintexas.com/sites/default/files/07/24/17/aerospace.pdf> consulted on May 14, 2018

¹⁰ Aerospace Manufacturing <https://businessintexas.com/sites/default/files/07/14/17/profileaerospace.pdf> consulted on May 14, 2018

¹¹ Go Big in Texas, Aerospace, aviation and defense <https://businessintexas.com/sites/default/files/07/24/17/aerospace.pdf> consulted on May 14, 2018

¹² Go Big in Texas, Aerospace, aviation and defense <https://businessintexas.com/sites/default/files/07/24/17/aerospace.pdf> consulted on May 14, 2018

Airports & Other Air Transportation Support Activities	27,558	602
Aircraft Manufacturing	36,865	50
Aircraft Components Manufacturing	13,603	124
Guided Missiles & Space Vehicles Manufacturing	1,570	2
NA Search, Detection & Navigation Instruments	7,290	43
Satellite Telecommunications	623	53
Flight Training	2,986	74
Space Research & Technology	3,132	17

The largest subsector within the industry, is air transportation, which includes airlines, airport operations, and aircraft maintenance. The second largest subsector is aircraft and aircraft component manufacturing.

2.1.1 Investment landscape

Texas state leadership works closely with the aerospace industry, other governmental agencies, and academic institutions to coordinate industry development efforts.

Some examples are:¹³

- Spaceport Trust Fund
- Texas Enterprise Fund
- Texas Enterprise Zone Program
- Manufacturing Exemptions
- Governor’s University Research Initiative
- Skills Development Fund

Besides initiatives and support from Texas’ leaders, the U.S. Department of Commerce’s Economic Development Administration (EDA) awarded a \$1 million grant to the city of Houston to provide critical infrastructure in support of the Houston Spaceport education and incubation hub project. It is expected to create more than 300 jobs and spur \$12 million in private investment.¹⁴

Another Houston space tech program is the “The Commercial Crew and Cargo Program Office (C3PO)”¹⁵. The program invests financial and technical resources to stimulate the development of private transportation systems, ferrying both cargo and human crews to the International Space Station.

¹³ The state of Texas, Go big in Texas - 2017 Texas Aerospace, Aviation and Defense https://gov.texas.gov/uploads/files/business/aerospace_report.pdf consulted on May 5, 2018
¹⁴ U.S. Economic Development Administration <https://www.eda.gov/news/press-releases/2017/02/21/houston-tx.htm> consulted on May 5, 2018
¹⁵ NASA <https://www.nasa.gov/offices/c3po/home/index.html> consulted on May 14, 2018

2.1.2 Future predictions

Texas is big in aerospace in general, while Houston and Johnson Space Center share a history of leadership in space innovation. The Johnson Space Center will lead NASA’s International Space Station operations until 2020 and is responsible for the development of the Orion crew vehicle (part of NASA’s effort to send humans to Mars by 2030).¹⁶

The two biggest trends Flanders Investment and Trade noticed are: commercial space flights and deep space transportation.

2.2 MEDTECH

The definition of “medtech” continues to evolve. This results in conflicting data about the size and value of the Medtech industry, as many researchers use different terminology and measure different components. In EY’s Pulse of the Industry 2017 report,¹⁷ the study authors noticed following key takeaways for medtech:

- “The US and European medtech industries returned to growth in 2016, as resurgent revenue and net income at pure play medtech companies and conglomerates alike helped the sector recover from a disappointing 2015. Overall, medtech revenue grew 5% to more than US\$364 billion in 2016, compared with a 3% decline the prior year.”
- “Aggregate revenue for European medtech companies grew only 3% overall in 2016, with pure play medtechs (up 4%) once again outpacing conglomerates (up 2%), and commercial leaders growing more quickly than their smaller counterparts.”
- “In the US, medtech pure play commercial leaders posted a solid performance in 2016, as revenue increased 9% for the group, driving overall revenue growth for US medtechs up 7%. Net income and market capitalization for the commercial leader cohort also jumped 9%. That same group poured 10% more into R&D in 2016 than the prior year.”

	2015		2016		Change		%Change	
	US	EU	US	EU	US	EU	US	EU
Commercial leaders (pure plays)								
Revenues	116.3	64.4	126.6	66.8	10.3	2.4	9	4
R&D expense	7.9	4.0	8.7	4.0	0.8	0	10	0
SG&A expense	35.3	21.4	39.1	21.5	3.8	0.1	11	-1

¹⁶ Go Big in Texas, Aerospace, aviation and defense <https://businessintexas.com/sites/default/files/07/14/17/profileaerospace.pdf> consulted on May 14, 2018
¹⁷ EY Pulse of the industry 2017, as change accelerates, how can medtechs move ahead and stay there? <http://www.ey.com/Publication/vwLUAssets/ey-pulse-of-the-industry-2017/SFILE/ey-pulse-of-the-industry-2017.pdf> consulted May 9, 2018

Net income	11.5	6.3	12.6	7.6	1.1	1.3	9	20
Market capitalization	413.2	223.6	452.4	210.2	39.2	-13.4	9	-6
Number of employees	421,400	284,500	447,000	285,600	25,600	1,100	6	0
Number of public companies	43	18	42	19	-1	1	-2	6
Non-commercial leaders (pure plays)								
Revenues	13.3	5.5	13.3	5.1	-0.1	-0.4	-1	-6
R&D expense	2.7	0.7	2.5	0.8	-0.2	0.1	-9	22
SG&A expense	7.6	2.2	7.4	2.1	-0.1	-0.1	-2	-6
Net income (loss)	-3.4	-0.7	-3.1	-0.9	0.3	-0.2	-8	24
Market capitalization	65.7	24.1	59.8	27.3	-5.9	3.2	-9	13.3
Number of employees	53,600	23,100	50,900	23,700	-2,700	600	-5	3
Number of public companies	210	171	200	171	-10	-1	-5	-1
Conglomerates								
Revenues	81.6	66	85.2	66	3.7	1.5	5	2

Table 1: US and EU Medtech at a glance, 2015-2016 (US \$b.)

Numbers may appear to be inconsistent due to rounding. Other than revenues, all numbers have been reported for non-commercial pure-plays. Market capitalization data is show for 31 Dec. 2016 and 31 Dec. 2015.

Houston's biggest life sciences asset is the Texas Medical Center (TMC). With 1,345 total acres and \$25B in GDP, TMC is the 8th largest business district in the U.S. and the largest medical complex in the world. The center is home to the world's biggest children's hospital, Texas Children's Hospital, and the world's largest cancer hospital, the MD Anderson Cancer Center. Biggest biotechnology firms based in Texas are: Kimberly-Clark, Celanese, Acelyty, Greatbatch, Cyberonics.

Today, TMC is Houston's largest employer with more than 106,000 employees.¹⁸ Its extensive campus comprises: 21 renowned hospitals, 14 support organizations, 10 academic institutions, eight academic and research institutions, seven nursing programs, three public health organizations, three medical schools, two pharmacy schools and a dental school.¹⁹

With its highly international customer base, owing to Houston's diversity and global reputation, and overall national success, TMC has an estimated regional annual economic impact of \$20 billion²⁰ and

¹⁸ Texas Medical Center <http://www.tmc.edu/about-tmc/facts-and-figures/> consulted on April 20, 2018

¹⁹ Go big in Texas <https://businessintexas.com/sites/default/files/07/14/17/biotechreport.pdf> consulted on April 20, 2018

²⁰ The Tenant Advisor <http://www.coydavidson.com/houston/texas-medical-center-houston-healthcare-real-estate/> consulted on May 5, 2018

keeps on expanding. When completed in 2022, the new campus is expected to have a \$5.2 billion impact on the city of Houston and create around 30,000 new jobs.²¹

2.2.1 Investment landscape

With an emerging healthcare start-up dynamic in Houston, many initiatives were launched. The following list gives a short overview of the biggest incubators that created a close proximity with crucial connection points for entrepreneurs, scientists, and venture capitalists that previously did not exist in Houston. This focus over the last five years has created 175 startup companies in Houston (87 health tech, 42 med tech, 46 pharma companies).²²

We will briefly discuss the biggest incubators in this chapter, but more information about investors etc. can be found in [Appendix 1](#).

TMCX

TMCx is the Texas Medical Center accelerator program designed to catapult the development of early-stage life science and digital health startups. The program supports entrepreneurs by providing all kind of resources for growth, including office and meeting space, training curriculum and an extensive advisor network comprised of business and legal experts, health care professionals and executives and investors. With the program the Texas Medical Center wants to become one of the world's premiere life science commercialization clusters. They have partnerships with Apple and some well-known corporate residents are Johnson & Johnson Innovation's JLABS and AT&T Foundry for Connected Health.

TMCx accepts companies into the TMCx program ranging from early stage startups to companies that are FDA-cleared. They opened in 2015 with a cohort of 21 companies. Three years later they hosted 108 companies from around the globe and the current cohort of 22 health tech companies is drawn internationally, with 20% coming to Texas from Silicon Valley.²³

THE CENTER FOR DEVICE INNOVATION²⁴

Johnson & Johnson started an initiative together with the Texas Medical Center to accelerate the development of medical devices. William Cohn (Cardiac surgeon and serial medtech entrepreneur) leads the Center for Device Innovation at Texas Medical Center. The center for device innovation will not only focus on internal research projects but will also work with external entrepreneurs. Innovators enrolled

²¹ Houston Business Journal <https://www.bizjournals.com/houston/news/2018/04/23/photosnew-timeline-revealed-for-1-5b-texas-medical.html> consulted on April 24, 2018

²² JLABS Innovation <https://jlabsonline.com/blog/houston-healthcare-start-ups-starting-achieve-escape-velocity-gravitational-pull-oil-gas> consulted on April 23, 2018

²³ JLABS Innovation <https://jlabsonline.com/blog/houston-healthcare-start-ups-starting-achieve-escape-velocity-gravitational-pull-oil-gas> consulted on April 23, 2018

²⁴ MedCity news <https://medcitynews.com/2016/10/jj-teams-texas-medical-center-create-medtech-incubator/> consulted on April 18, 2018 & Texas Medical Center <http://www.tmc.edu/news/2017/11/center-device-innovation-opens-texas-medical-center/> consulted on April 18, 2018

at the CDI will have access to the preclinical facilities of Baylor College of Medicine, Houston Methodist Research Institute, and the Texas Heart Institute.

JLABS

JLABS offers a platform where emerging (pharmaceutical, medical device, consumer and digital health) companies can accelerate their scientific discovery. The program offers access to core research facilities hosting specialized capital equipment, educational programs, operational capabilities and a community of like-minded entrepreneurs. There are also opportunities with the Johnson & Johnson Innovation deal teams for venture capital funding, as well as the deal-making, therapeutic and technology area.

THE AT&T FOUNDRY²⁵

The AT&T Foundry creates an environment filled with AT&T innovators, industry technology providers, developers that helps startups move to the market faster. They have innovation centers in 6 cities around the world, and have started more than 500 projects and deployed dozens of new products and services since its inception.

2.2.2 Future predictions²⁶

According to the Pulse of the Industry Report 2017, carried out by Ernest & Young, the future for the MedTech industry is bright. They predict there will be more demand as the use of digital products and data-driven services continues to accelerate. Other enabling technologies such as augmented reality (AR) and additive manufacturing (AM, or 3-D printing), are expected to play an important role in the medtech future as well.

As the worldwide population is aging, the need for consumer-focused platforms is growing. By 2050, the world’s population over 65 is expected to triple, and the costs of treating chronic diseases will reach an estimated US\$47 trillion.

This could also be translated in a trend of product-centric medtech innovations bundled with services and solutions as real-time patient engagement, remote monitoring and more targeted care delivery. There is also an overall shift to value over volume. There is a clear demand for therapeutic focus and real-world data collection.

With the growing demand in medtechnology, cybersecurity will become a top priority. The growing connectivity of medical devices creates exposure to hackers (a scenario that could result in serious patient harm). Although the industry hasn’t had any kind of these malicious attacks, yet, medical companies are already spending more time and money monitoring potential threats. Regulators and

²⁵ AT&T Foundry <http://about.att.com/innovation/foundry> consulted on April 23, 2018

²⁶ EY Pulse of the industry 2017 [http://www.ey.com/Publication/vwLUAssets/ey-medical-technology-report-2017/\\$FILE/ey-medical-technology-report-2017.pdf](http://www.ey.com/Publication/vwLUAssets/ey-medical-technology-report-2017/$FILE/ey-medical-technology-report-2017.pdf) consulted on April 10, 2018



policymakers are also increasingly focused on the issue: in May 2017, the U.S. Department of Health and Human Services said health cybersecurity was in “critical condition”.

The medtech industry is thriving in 2018, even as competition intensifies and customers grow more demanding. Medical technology companies will become more and more important and will find great opportunities in the healthcare future. A little hurdle on the road is the 2.3% Medical Device Excise Tax (MDET) that was reinstated on 1 January 2018 as part of the Affordable Care Act after two years of being suspended by the U.S. Congress.²⁷

2.3 EDTECH²⁸

We have to start this report with the note that data about the size and value of the edtech industry in the U.S. varies from source to source. The main reason for this is that the many researchers use different terminology & measure different components.

In 2016, the total U.S. edtech market was valued at \$33 billion and is made up of over 1,500 companies and 150,000 education apps. The industry is expected to grow to \$43 billion by 2019.²⁹ Apps are an important element of the edtech ecosystem, valued at \$2.5 billion in 2016 and expected to reach 5.8 billion by 2019. In 2016, pre-primary Education made up 40 per cent of the market; primary and Secondary Education 39 per cent; and Higher Education 21 per cent. The segments are predicted to stay fairly constant over the next three years.³⁰ The global market for digital services in education is predicted to be worth US\$130 billion by 2025.³¹

Texas is seen as an emerging hub for testing educational technology solutions. It’s attractive to companies because of its low state tax rates and affordable real estate. Texas is home to 208 colleges and universities, including Rice University, the University of Texas, and Texas A&M. Another advantage is that school districts can apply to become a district of innovation (DOI).³²

In mid-2017, Pitchbook³³ listed the top 10 states for capital invested in education technology since 2010. California ranked as the top state, with US\$2,903 million invested since 2010. New York was second with US\$890 million, and Utah third with US\$458. Other notable states include Washington DC and Virginia, which together had over US\$570 million, Massachusetts was fifth, with US\$250 million, Illinois had US\$155 million, and Texas with US\$151 million. Also in the top ten were Florida and Colorado.

²⁷ Internal Revenue Service, Medical Device Excise Tax: Frequently Asked Questions, <https://www.irs.gov/newsroom/medical-device-excise-tax-frequently-asked-questions> consulted April 10, 2018

²⁸ Australia unlimited, EDTECH US Snapshot <https://www.austrade.gov.au/ArticleDocuments/5085/Edtech-US-market-snapshot.pdf.aspx> consulted on April 9, 2018

²⁹ Technavio, Education Technology Market in North America 2015–2019 <https://www.technavio.com/report/north-america-education-technology-education-technology-market> consulted on April 9, 2018

³⁰ Technavio, Education Apps Market in the US 2015–2019 <https://www.technavio.com/report/usa-education-technology-education-apps-market-us-2016-2020> consulted on April 10, 2018

³¹ Frost & Sullivan, Digital Disruption in the Global Education Sector <http://www.frost.com/sublib/display-report.do?id=MBCA-01-00-00-00> consulted on April 11, 2018

³² Since 2015 Texas law allows several school districts to become Districts of Innovation (DOI) and claim exemptions from many state laws that affect public education. Innovation districts are allowed to operate in a similar manner as a charter school. More information about this topic can be found:

<https://www.atpe.org/en/DOI> & Texas Education Agency - Districts of Innovation: https://tea.texas.gov/Texas_Schools/District_Initiatives/Districts_of_Innovation/

³³ Pitchbook, US Edtech: The Next Chapter https://files.pitchbook.com/pdf/Edtech_Graphic.pdf consulted on April 11, 2018



2.3.1 Investment landscape

In 2017, US edtech companies raised \$1.2 billion across 126 edtech deals. The industry saw a resurgence after the little dip in 2016, when only \$1 billion was invested into 138 deals. The 2017 investment is the second-highest, following 2015 (\$1.4 billion).³⁴ The U.S. is the global leader in edtech fundraising from 2013 to 2016, accounting for 67 per cent of global edtech deals, followed by India and China at 6 and 5 % respectively.³⁵

If we break down the funding by category we notice that there is huge growth in curriculum products and more recent growth in school operations. Most of the investments were in seed & angel companies, with 56 deals. Most money went to series C investments: 494.5M, followed by series A and B with respectively \$243.0M and \$159.3M.³⁶ The US has many accelerators exclusively focused on edtech companies or that have edtech as one of their focus areas.³⁷ More information about investors in Houston can be found in [Appendix 1](#).

Angel / Seed	Early Stage	Late Stage
<ul style="list-style-type: none">• 500 startups – 27 deals closed• Learn capital – 22 deals closed• Reach capital - 21 deals closed• Kapor Capital – 17 deals closed• Techstars – 12 deals closed	<ul style="list-style-type: none">• Learn capital – 31 deals closed• Reach capital – 23 deals closed• Kapor capital - 22 deals closed• Rethink education – 17 deals closed• Greylock partners – 14 deals closed	<ul style="list-style-type: none">• Accel – 10 deals closed• Insight venture partners – 9 deals closed• Firstmark Capital – 9 deals closed• Rethink education – 9 deals closed• Bessemer venture partners – 9 deals closed• GSV Capital – 9 deals closed

³⁴ Tony Wan, Fewer Deals, More Money: U.S. Edtech Funding Rebounds With \$1.2 Billion in 2017 <https://www.edsurge.com/news/2017-12-19-fewer-deals-more-money-u-s-edtech-funding-rebounds-with-1-2-billion-in-2017> consulted on April 11, 2018

³⁵ CB Insights, Ed Tech Deals On The Rebound, June 2017 <https://www.cbinsights.com/research/ed-tech-startup-funding-deals-dollars/> consulted on April 11, 2018

³⁶ Tony Wan, Fewer Deals, More Money: U.S. Edtech Funding Rebounds With \$1.2 Billion in 2017 <https://www.edsurge.com/news/2017-12-19-fewer-deals-more-money-u-s-edtech-funding-rebounds-with-1-2-billion-in-2017> consulted on April 11, 2018

³⁷ Pitchbook, US Edtech: The Next Chapter https://files.pitchbook.com/pdf/Edtech_updated.pdf consulted on April 11, 2018

2.3.2 Future predictions

EdSurge, one of the leading industry publications for edtech in the U.S., has spotted the “trends that fuel edtech innovation and investment” in 2017. In this section Flanders Investment and Trade will recap the trends briefly:³⁸

- There is a need for better bandwidth to support the streaming demands of media-rich, 1:1 learning. More than 94% of schools are connected to the internet, but only 22% of them have enough bandwidth to support streaming demands.
- 1:1 (one device per student) is at 60% and growing rapidly. Main reasons are the combination of low-cost devices, an explosion of online learning content and ubiquitous connectivity.
- The most powerful AI tools improve on existing human processes and make workflows more efficient. The need for automation is more acute with large class sizes when the assessment and feedback demands on educators are heavy.
- The decline of the traditional publishers. Over the past 3 years, the S&P has been up 24%, but publishers Pearson and Houghton Mifflin Harcourt have been down 58% and 32% respectively. Barring a major change to the status quo in leadership, we anticipate this downward trend will continue. Marketplaces like TeachersPayTeachers and Nearpod will increasingly become the go-to place for educational content.
- One of the most unique and promising characteristics of technology is its ability to transcend physical boundaries and expand a learner’s circle of supporters. Smart education technologies recognize that human emotion is tightly bound to the learning process, and the best tools are built around this reality.

Edsurge predictions for the future are based on an increased competition between educational institutions. First of all the improved options in education and the increase in investments in edtech, doubled the number of private equity investments in the past few years, and venture capital investments have also grown by over 50 per cent. This makes edtech a very interesting industry. Second of all, mobile devices are becoming more common in schools, as tablets are used in 85 per cent of K–12 school districts.³⁹ This will lead to a search for higher customer value in edtech and consequently a search for improving productivity, efficiency and cost management.

The second prediction is a focus on student’s personal needs. We have already noticed a trend in more personalized learning and blended learning programs but the overall growth in distance learning in the U.S. (six million, or 30% of students enrolled in higher education are taking at least one distance course and the majority of these are undergraduate students⁴⁰), shows us that students seek options that fit their financial, geographical and time needs. This will eventually evolve in more demand of easy access to online learning platforms etc.

³⁸ Edsurge, Spotting the 2017 trends that fuel edtech innovation and investments <https://www.edsurge.com/news/2017-11-17-spotting-the-2017-trends-that-fuel-edtech-innovation-and-investments> consulted on May 14, 2018

³⁹ LearnLaunch, 2016 Massachusetts Workforce Report http://learnlaunch.org/wp-content/uploads/2016/09/Workforce_FullReport_FNL.pdf consulted May 9, 2018

⁴⁰ Digital Learning Compass, Distance Education Enrolment Report 2017 <http://digitalllearningcompass.org/download-report> consulted on April 16



Last but not least we expect an increase in virtual, augmented & mixed reality and adaptive learning over the next decades.⁴¹

3. MAIN PLAYERS IN TECHNOLOGY

Houston is home to the headquarters of 25 Fortune 500 companies. The most well-known ones are:⁴²

Phillips 66, ranked 34

Phillips 66 is a diversified energy manufacturing and logistics company with businesses in Refining, Midstream, Chemicals and Marketing and Specialties. They have over 140 years of experience and are represented globally.

Sysco, ranked 57

Sysco is a global leader in selling, marketing and distributing food and non-food products to restaurants, healthcare and educational facilities, lodging establishments and other customers around the world.

Kinder Morgan, ranked 229

Kinder Morgan is one of the largest energy infrastructure companies in North America. They own an interest in or operate approximately 85,000 miles of pipelines and 152 terminals.

Top B2B technology companies based in Houston are:⁴³

BMC

BMC is a global leader in innovative software solutions that enable businesses to transform into digital enterprises for the ultimate competitive advantage.

CloudNine

CloudNine empowers legal and business professionals with eDiscovery automation software and professional services that simplify litigation, investigations, and audits for law firms and corporations. They offer expertise in simplifying and automating the discovery of data for audits, investigations, and litigation.

⁴¹ QS, EdTech Investment and Venture Capital http://www.reimagine-education.com/wp-content/uploads/2018/01/RE_White-Paper_EdTech-Investment-Venture-Capital-2.pdf consulted on April 16, 2018 & 11 Ed Tech trends to watch in 2017 <https://campustechnology.com/Articles/2017/01/18/11-Ed-Tech-Trends-to-Watch-in-2017.aspx?Page=1> consulted on April 24, 2018

⁴² The Chronicle <https://www.chron.com/business/article/Houston-companies-on-Fortune-500-rankings-list-11202899.php#photo-10464750> consulted on May 15, 2018

⁴³ G2 Crowd <https://blog.g2crowd.com/blog/technology-research/houston-tech-companies/#changi> consulted on May 15, 2018

4. HOUSTON INITIATIVES

The primary City of Houston initiative for attracting economic growth is the Greater Houston Partnership⁴⁴, dedicated to helping businesses interested in relocating or expanding their companies in the City of Houston.

HOUSTON EXPONENTIAL⁴⁵

HX was created by the Greater Houston Partnership's Innovation Round Table, Mayor Turner's Innovation and Technology Task Force, and the Houston Technology Center. By convening the ecosystem, helping to build an innovation district in Houston, attracting talent to the region and promoting Houston's image, both locally and nationally, as a vibrant, innovative economy where startups thrive, we will bolster Houston's innovation ecosystem and drive the region to become a top 10 startup ecosystem.

The HX Venture Fund will generate a compelling return for investors, attract leading venture capital firms to bring their expertise and risk capital to the region, and create a key pathway for innovation and information flow between corporations, startups and innovators.

OFFICE OF THE GOVERNOR – ECONOMIC DEVELOPMENT AND TOURISM DIVISION

The Governor's Office of Economic Development and Tourism (EDT) serves as the state's leading economic development organization marketing Texas as the world's premier business investment destination. The division pursues business expansion and relocation prospects, with the goal of developing job creation and export opportunities for the Texas business community.

5. STARTUPS IN HOUSTON

Houston ranked in the top 10 for Business Facilities Magazine's Startup Activity 2017 report. The city has dropped from place 6 to 9, due in large part to its stagnation in startup density over the past decade and the nationwide trend of slowed startup activity in the last year.⁴⁶ One positive trend has been its high-growth company density (measured by the number of private businesses with at least \$2 million in annual revenue and three years of 20 percent annual revenue growth). From 2013 to 2015, Houston's high-growth density has increased from 81.5 to 112.4, according to Kauffman data.⁴⁷

⁴⁴ City of Houston, Texas <http://www.houstontx.gov/ecodev/> consulted on March 20, 2018

⁴⁵ Houston Exponential <http://houstonexponential.org/the-hx-story/> consulted on March 20, 2018

⁴⁶ Houston Business Journal <https://www.bizjournals.com/houston/news/news-wire/2017/05/18/fewer-startups-more-diversity-in-u-s.html> consulted on March 20, 2018

⁴⁷ Houston Business Journal <https://www.bizjournals.com/houston/news/2017/05/19/houston-falls-in-rank-as-startup-hub-according-to.html> consulted on March 20, 2018

This drop doesn't mean that Houston is less attractive for startup activities. The Houston Angel Network (HAN) for example, is the oldest angel network in Texas and most active angel network in the USA. In 2015, HAN members invested \$12M in 43 deals.⁴⁸ The 2013 Halo Report found that the Houston Angel Network was ranked as the third most active angel group in the nation. This means that in the past year, the Houston Angel Network had the third most investment deals out of all the formal angel groups in the nation.⁴⁹

A list of investors and incubators can be retrieved in [Appendix 1](#).

6. ADVICE FOR FLEMISH COMPANIES

Houston is already an established healthcare hub and the medtech industry is only growing. There are many initiatives that are willing to help grow startups in this sector. The medtech industry in Houston continues to grow and this offers opportunities for Flemish companies in other sectors, like cybersecurity, 3D printing or Augmented reality to sell solutions that serve health care customers.

The small language barrier, low cost of living and similar business etiquette between Flanders and Houston makes it a desirable location for Flemish companies planning their first office abroad. Houston's large consular corps and international population make it well-equipped to support the needs of Flemish startups or established Flemish companies opening an office.

Flemish companies whose customers are from the oil and gas or medical sectors are particularly encouraged to consider a prospecting trip to Houston.

COST OF LIVING COMPARISON⁵⁰

You would need around 7,859.96\$ in San Francisco, CA to maintain the same standard of life that you can have with 4,200.00\$ in Houston, TX (assuming you rent in both cities). This calculation uses our Cost of Living Plus Rent Index to compare cost of living. This assumes net earnings (after income tax).

- Consumer Prices in San Francisco, CA are 51.95% higher than in Houston, TX
- Consumer Prices Including Rent in San Francisco, CA are 87.14% higher than in Houston, TX
- Rent Prices in San Francisco, CA are 144.43% higher than in Houston, TX
- Restaurant Prices in San Francisco, CA are 25.55% higher than in Houston, TX
- Groceries Prices in San Francisco, CA are 82.56% higher than in Houston, TX
- Local Purchasing Power in San Francisco, CA is 22.95% lower than in Houston, TX

⁴⁸ Houston Angel Network: Most active network in the U.S. <http://houstonangelnetwork.org/han/> consulted on March 20, 2018

⁴⁹ Houston Business Journal https://www.bizjournals.com/houston/morning_call/2014/03/houston-angel-network-cracks-the-2013-ranks-of-the.html consulted on March 20, 2018

⁵⁰ Numbeo https://www.numbeo.com/cost-of-living/compare_cities.jsp?country1=United+States&country2=United+States&city1=Houston%2C+TX&city2=San+Francisco%2C+CA

7. MARKET RESEARCH & MEDIA RESOURCES

We found following media and links to be very useful while conducting this study. They might help Flemish organizations to find more information about specific topics or the city of Houston.

MEDIA

Houston Chronicle: the Houston Chronicle is committed to covering state, national and international news <https://www.chron.com>

Houston business journal: Houston's business newsweeklies <https://www.bizjournals.com/houston/>

Edsurge: reports on the latest news and trends in the edtech <https://www.edsurge.com>

Tech Crunch: online publisher of technology industry news <https://techcrunch.com>

EVENTS - OWN WORDS

Station Houston: Station Houston is an organization that aims to transform Houston into a world-leading hub for technology innovation and entrepreneurship. On their website they offer a schedule of all events in Houston and they have over 350 members, including over 180 startups, 130 mentors, and dozens of high-impact strategic partnerships. <http://stationhouston.com/events/>

Houston Hackathon: The Houston Hackathon is a "civic" hackathon to solve problems that affect the greater public, such as traffic information, voter registration, or recycling programs, etc. <http://houstonhackathon.com>

SXSW EDU: The SXSW EDU is a component of the South by Southwest cluster. The conference hosts a community of optimistic, forward-thinking, purpose-driven stakeholders with a shared goal of impacting and innovating the future of teaching and learning. <https://www.sxswedu.com/about/>

PEOPLE

Shelby Joe, publisher of Thesis and Co-Founder of Piqosity.com launched a edtech meetup group.⁵¹ <https://www.meetup.com/nl-NL/edtechhouston/>

⁵¹ Shelby Joe, Edtech Houston launches to promote Houston education technology, Thesis magazine (September 1, 2016)

	<p>HAN is a non-profit association that does not charge fees to entrepreneurs; its revenue consists of membership fees and sponsorships.</p> <p>http://houstonangelnetwork.org</p>
Alliance of Texas Angel Networks	<p>The Alliance of Texas Angel Networks (ATAN) is a non-profit organization designed to increase the already high level of cooperation between many of the angel investors in Texas.</p> <p>https://allianceoftexasangelnetworks.com</p>

STARTUP INCUBATORS & ACCELERATORS

TMCx	<p>The program provides startup companies with shared workspace, a curriculum tailored to the needs of health care entrepreneurs and the guidance of over 120 advisors from the front lines of the industry. Companies have access to the world's largest medical center, all without membership fees or equity sharing.</p> <p>http://www.tmc.edu/innovation/innovation-programs/tmcx/</p>
Houston Technology Center	<p>HTC's facility provides a business environment and collaborative working space, with the added benefit of HTC perks.</p> <p>https://www.houstontech.org/</p>
Station Houston	<p>Station Houston aims to transform Houston into a world-leading hub for technology innovation and entrepreneurship. This vision unfolds as a community where people live, work and play, with Station serving as the connective tissue fostering our culture of innovation.</p> <p>Their membership includes over 180 startups, 350 members, 130 mentors, and dozens of high-impact strategic partnerships with corporations that represent the key industries driving Houston's economy.</p> <p>http://stationhouston.com</p>
Fruition Technology labs	<p>Launched in 2014 in the heart of the booming start-up hub of Houston, Fruition Technology Labs facilitates and nurtures the growth and advancement of Life Impact Innovations – a special group of startups that aim to make significant impact in the global commercialization of a business through the utilization of technologies.</p> <p>Their team of venture leads, collaborators and associates works closely with inventors at any stage of their business.</p> <p>http://www.fruitiontechlabs.com</p>



Enventure	<p>Enventure is a not for profit organization led by students and young entrepreneurs who are passionate about the growth of Houston's medical technology industry. Their programming empowers aspiring entrepreneurs to engage the startup community and launch their own startups.</p> <p>https://www.enventure.org</p>
TXRX Labs	<p>TXRX is a non-profit Hackerspace in Houston, Texas offering classes, lab space, and collective knowledge to help startups launch their ideas and projects. They are a project based group of makers, inventors, tinkerers, artists, crafters, and coders.</p> <p>https://txrxlabs.org</p>
Houston Launch Pad Initiative by Noel Group	<p>The Noel Group is pleased to announce the Launch Pad initiative to help businesses set up operations in Houston, Texas.</p> <p>http://www.houstonlaunchpad.net/houstonlaunchpad.html</p>



Flanders
State of the Art

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TECHNOLOGY SECTOR

IN SAN ANTONIO

FLANDERS INVESTMENT & TRADE MARKET SURVEY

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TECHNOLOGY SECTOR IN
SAN ANTONIO

August 2018
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TABLE OF CONTENTS

1.	San Antonio.....	3
2.	Key industries.....	3
2.1	Information technology	4
2.2	Cybersecurity	4
2.2.1	Military technology	5
3.	Main players in technology.....	5
4.	San Antonio initiatives.....	6
4.1	Events	7
5.	Startups in San Antonio.....	7
6.	Investment landscape.....	8
7.	Future predictions.....	9
8.	Advice for Flemish companies.....	9
9.	Market research & media resources.....	10
10.	Appendix.....	11

1. SAN ANTONIO

San Antonio is the seventh largest city in the United States and the second most populous city in both Texas and the Southern United States with 1,327,407 people in 2017.¹ The city, part of the famous “Texas Triangle”, has been the fastest-growing city of the top 10 largest cities in the United States from 2000 to 2010. Beside proven growth in population, San Antonio is ranked first in the 2016 Metro Rankings Report in Economic Growth Potential.²

With strengths in Aerospace, Biosciences, Information Technology, New Energy Economy (ranked sixth in the 2018 edition of Shining Cities’ list of the Top 20 Solar Cities), Financial Services and Military/Defense, San Antonio has a strong economic base. The city is also home to seven Fortune 500 companies and the South Texas Medical Center.

San Antonio is ranked in the Top 10 Cities to Work in Tech in 2016, according to a SmartAsset study.³ 3% of San Antonio’s workers are in tech with a median tech salary of \$84,070, which is 1.92 times the city’s average salary for all work. This was at the same time the fourth-highest wage ratio of any of the cities in the SmartAsset study, while the cost of living in San Antonio is the lowest in the top ten.

With its business friendly environment and the overall affordability (a cost of living which is 11.9 percentage points below the national average), San Antonio became a magnet for millennials with a 14.4 percent spike in its population aged between 18 to 34 from 2010 to 2015.⁴ Between February 2017 to 2018, 24,600 jobs were added to the San Antonio workforce.⁵ The unemployment rate was only 3.4% in February 2018, in comparison to an 4.1% national average.

2. KEY INDUSTRIES

San Antonio, historically known for its military training and operational excellence, has now expanded its role as a premier center for Information Technology and Cybersecurity in the U.S.⁶ Today, over 40 Cybersecurity firms are headquartered in San Antonio and the city has one of the largest concentrations of IT, Information Assurance (IA) and cybersecurity professionals in the nation.

¹ Suburban Stats <https://suburbanstats.org/population/texas/how-many-people-live-in-san-antonio> consulted on May 15, 2018
² Business facilities, 2016 Metro Rankings Report: San Antonio, TX Is No. 1 In Economic Growth Potential <https://businessfacilities.com/2016/08/san-antonio-tops-in-economic-growth-potential/> consulted on May 15, 2018
³ Smartasset, The Top 10 Best American Cities to Work in Tech in 2016 <https://smartasset.com/mortgage/the-top-10-best-american-cities-to-work-in-tech-in-2016> consulted on May 15, 2018
⁴ Culturemap San Antonio, San Antonio sees huge surge in millennial population <http://sanantonio.culturemap.com/news/city-life/02-20-18-san-antonio-millennial-population-surge-brookings-institute/> consulted on May 15, 2018
⁵ San Antonio Economic Development Foundation <http://www.sanantonioedf.com/media/economic-snapshot27/> (Urea of labour statistics, not seasonally adjusted) consulted on May 14, 2018
⁶ San Antonio Economic Development Foundation <http://www.sanantonioedf.com/industry-sectors/information-technology-cybersecurity/> consulted on May 15, 2018

2.1 INFORMATION TECHNOLOGY

The Information Technology (IT) industry plays a major role in San Antonio. In 2017, the industry, both large and diverse, consisted of almost 34,000 professionals.⁷ The majority of jobs were in Computer Systems Design, Data Processing, Hosting, and Related Services with a median compensation of \$78,042 compared to the national median wage of \$82,826.⁸ The three major subsectors are IT companies producing IT products and services (ranging from large, established firms to small, innovative startups), IT workers at non-IT companies and U.S. Federal Government departments and agencies. In 2014 the industry generated an economic impact of nearly \$10 billion.⁹

San Antonio has around 900 Department of Labor-designated IT companies. The IT products sector includes manufacturers of computer and electronic equipment and components, wholesale trade (including business-to-business electronic market), retail trade, and Internet and software publishing and employs 3,605 in the area.¹⁰ The services companies include providers of custom computer programming and internet services, web hosting companies, IT training, and equipment repair services. Services now provide nearly 80% of the industry's jobs and a majority of its economic impact.

2.2 CYBERSECURITY¹¹

As global connectivity continues to rise, cybersecurity has become an important challenge. A cyberattack is never unthinkable and could have major consequences. More and more sensitive data is stored online, and this increases the cost and complexity of securing personal, enterprise and government data.

According to Cybersecurity Ventures, a research and advisory company, global spending on cybersecurity reached \$77 billion in 2015, and is expected to reach \$170 billion by 2020. This is still small if you compare it to the estimated global cost of cybercrime. CSIS estimated in 2014 that cybercrime cost the world between \$345 billion and \$445 billion or in other words 0.62% of the global GDP.¹² In more recent reports, including one from Juniper Research, the estimated global impact of cybercrime is projected to reach over \$2 trillion by 2019.¹³

San Antonio offers a large population of experienced cyber technology personnel and Certified Information Systems Security Professionals. Around 60,000 people are involved in the science and

⁷ San Antonio Economic Development Foundation http://www.sanantonioedf.com/images/uploads/SAWorks_2018_Jobs_Report.pdf consulted on May 15, 2018

⁸ San Antonio Economic Development Foundation http://www.sanantonioedf.com/images/uploads/SAWorks_2018_Jobs_Report.pdf consulted on May 15, 2018

⁹ San Antonio Economic Development Foundation <http://www.sanantonioedf.com/industry-sectors/information-technology-cybersecurity/> consulted on May 15, 2018

¹⁰ San Antonio Economic Development Foundation <http://www.sanantonioedf.com/industry-sectors/information-technology-cybersecurity/> consulted on May 15, 2018

¹¹ San Antonio Economic Development Foundation <http://www.sanantonioedf.com/industry-sectors/information-technology-cybersecurity/> consulted on May 15, 2018

¹² McAfee, Economic impact of cybercrime – no slowing down <https://www.mcafee.com/us/resources/reports/restricted/economic-impact-cybercrime.pdf> consulted on May 15, 2018

¹³ Juniper Research, Cybercrime will cost businesses over \$2 Trillion by 2019 <https://www.juniperresearch.com/press/press-releases/cybercrime-cost-businesses-over-2trillion> consulted on May 15, 2018

technology workforce and 80,000 in the Department of Defense. There are over 80 companies in the San Antonio Defense Technology Cluster and they host major nationally recognized cyber-related professional events.¹⁴

2.2.1 Military technology¹⁵

San Antonio has one of the largest concentrations of IT, Information Assurance (IA) and cybersecurity professionals in the nation. Therefore it attracts major headquarters of government agencies such as the 24th Air Force, the Air Force Cyber Command, and the Air Education and Personnel Command. Other entities with a significant local information security mission include 25th Air Force, FBI, National Security Agency (NSA), The Cryptologic and Cyber Systems Division, U.S. Army North, U.S. Army South, U.S. Secret Service, U.S. Navy, and Department of Homeland Security (DHS).

Additionally, the Joint Base San Antonio (JBSA) serves as a major hub for medical treatment, flight training, cyber operations and military intelligence. With its size and prominence the base has a substantial impact on the local economy in San Antonio and in Texas. JBSA contributes 65% of Texas' total military GDP, generates an annual disposable personal income of approximately \$17 billion and an overall impact estimated at \$48.7 billion (together with The Texas Comptroller of Public Accounts). The military organization accounts for 3.4% of the area's total employment and 64% of Texas' total military population. Nearly one out of every eight people is associated with JBSA. They are employees, retirees or family members!

3. MAIN PLAYERS IN TECHNOLOGY

The State of Texas is number two in the nation for science and technology. And according to Computerworld Magazine, San Antonio is number two in the nation for information assurance, behind only Washington, D.C.¹⁶ The city's association with the military and with scientific research has helped create a unique combination of cyber resources useful to many business operations. The city offers the kind of network connectivity needed to support all security levels of Global Cyber Operations such as the Joint Worldwide Intelligence Communication System and the National Security Agency Nets, DISA GIG Network (Defense Information Systems Network) and GIG-BE (Global Information Grid Bandwidth Expansion, which helps link major government intel community sites). San Antonio also has the second largest concentration of data centers in the U.S., as well as 80-plus companies specializing in defense technology.¹⁷

¹⁴ The San Antonio Economic Development Foundation <http://www.sanantonioedf.com/industry-sectors/information-technology-cybersecurity/> consulted on May 15, 2018

¹⁵ The San Antonio Economic Development Foundation <http://www.sanantonioedf.com/industry-sectors/military-defense/> consulted on May 15, 2018

¹⁶ San Antonio Economic Development Foundation <http://www.sanantonioedf.com/industry-sectors/information-technology-cybersecurity/> consulted on May 15, 2018

¹⁷ The Business Journals San Antonio <https://www.bizjournals.com/sanantonio/news/2017/10/24/utsa-partners-with-rackspace-on-new-center-to.html> consulted on May 15, 2018

San Antonio is also home to seven of the top 500 Cybersecurity firms 2017. In [Appendix 1](#) you can find a brief description of these seven firms.

4. SAN ANTONIO INITIATIVES

The San Antonio's Cyber Innovation Technology & Research Consortium (CIRC), formed in 2007 with the intention of linking San Antonio's academic institutions with government, industry, and economic development initiatives, has cultivated a public-private partnership that supplies an experienced cyber technology workforce. The program supports San Antonio's current initiative to become [CyberCityUSA](#). It also strives to meet the information technology needs of organizations within the city of San Antonio as well as the surrounding communities.¹⁸

Some of these academic and research institutions are (Marked with an * are nationally recognized as Centers of Academic Excellence by the National Security Agency and the Department of Homeland Security.):

The University of Texas at San Antonio (UTSA) Institute for Cyber Security (ICS)*

The University of Texas at San Antonio is the largest university in the San Antonio metropolitan region with nearly 31,000 students. It has the number one cybersecurity program in the nation according to Hewlett-Packard (Ponemon Institute). Their College of Sciences spends more than \$26 million each year on research and provides top programs in nanotechnology, brain health, stem cells, medicinal drugs, infectious diseases and vaccine development, and cybersecurity.¹⁹ Only recently UTSA received a \$1 million grant to increase student success and diversity in computer science.²⁰

Texas A&M University, San Antonio, Center for Information Technology and Cyber Security.*

Texas A&M University-San Antonio has been designated as a National Center of Academic Excellence for providing quality training in cyber-security and information assurance.²¹

Other schools are: St. Mary's University School of Law - Center for Terrorism law, Southwest Research Institute – awarded 1st DHS Cyber Security Research & Development Program, Texas Research & Technology Foundation - Texas Technology Development Center and the Information Technology & Security Academy.

¹⁸ San Antonio Magazine <http://www.sanantoniomag.com/SAM/August-2013/Cyber-City-USA/> consulted on May 14, 2018

¹⁹ The University of Texas at San Antonio <https://www.utsa.edu/about/glance/marks-of-excellence.html> consulted on May 14, 2018

²⁰ The University of Texas at San Antonio <http://www.cs.utsa.edu/news/161/51/UTSA-receives-1-million-grant-to-increase-student-success-and-diversity-in-computer-science/> consulted on May 14, 2018

²¹ Business journals <https://www.bizjournals.com/sanantonio/news/2012/04/18/texas-am-san-antonio-earns-excellence.html> consulted on May 14, 2018

There are nearly 160,000 students enrolled in 15 colleges and universities in the San Antonio area, most of which offer specific cyber science curricula, training and certification.²²

4.1 EVENTS

San Antonio hosts around a dozen nationally recognized, cyber-related professional events. They were the first city in the nation to do a “dark screen” cybersecurity exercise, where one evaluates a city’s ability to respond to a cyber-attack. Other events are:

- The annual San Antonio Cyber Summit, that offers hands on training and social events.
- The UTSA Center for Infrastructure Assurance and Security (CIAS) hosts the finals of the National Collegiate Cyber Defense Competition on a yearly basis, in which college students from around the U.S. compete in real-time exercises defending an enterprise from attacks. CIAS has led cybersecurity exercises in 12 states and seven Texas communities.
- SMEs for Cyber Storm exercises (local/metro area focus).

5. STARTUPS IN SAN ANTONIO²³

San Antonio’s startup culture has often played second fiddle to other Texas cities such as Austin or Houston, particularly on the tech side. Therefore the city developed a mission to change this mentality. The key was to find out what San Antonio was good at and develop around it. San Antonio seemed primed for tech startups with a more technical focus, the so called “infrastructure tech”.²⁴

Initiatives such as The San Antonio Economic Development Foundation (SAEDF), San Antonio small business development center, Institute for economic development and The San Antonio MBDA Business Center are dedicated to helping entrepreneurs flourish and grow in today’s marketplace.

Collaborative co-working spaces such as Geekdom and the initiatives from the Port San Antonio to provide newly built office spaces for companies in the industry make San Antonio more and more attractive for startups.

²² The San Antonio Economic Development Foundation <http://www.sanantoniodef.com/industry-sectors/information-technology-cybersecurity/> consulted on May 14, 2018

²³ San Antonio Business Journal <https://www.bizjournals.com/sanantonio/news/2017/12/29/year-in-review-major-san-antonio-tech-milestones.html> consulted on May 14, 2018

²⁴ Xconomy <https://www.xconomy.com/texas/2017/08/16/coming-of-age-san-antonio-startups-experience-busy-summer-of-ma/> consulted on May 14, 2018

Once you're convinced you want to start a business in San Antonio, more information on how to start a business in San Antonio can be retrieved from the City of San Antonio's Small Business Resource Guide: <http://www.sanantonio.gov/SBO/Start-A-Small-Business>

6. INVESTMENT LANDSCAPE

The United States is known for spending a lot of money on defense. And while much of that funding goes toward buying missiles, planes, and ships, cybersecurity is gaining greater importance. President Trump's budget proposal²⁵ includes a \$3 billion boost to cybersecurity funding in the Department of Homeland Security, according to The Hill, which already rose to \$6.7 billion under former President Barack Obama in the 2017 fiscal year.²⁶

San Antonio is not a hotbed for venture capital activity, but it is improving. According to American City Business Journals, San Antonio's investors have deployed \$863.4 million of venture capital into San Antonio-area companies since 2006, including deals in 2017.

This area saw a 10-year increase in VC funding of 456 percent through 2016, making San Antonio the sixth-fastest-growing metro area when it comes to venture capital flowing to local startups from 2006 to 2016, ACBJ's data shows.

Besides scoring high for its 10-year change in VC funding volume, San Antonio showed a significant increase in its number of deals. The 170 local companies funded since 2006 coincides with a 10-year increase of 567 percent, placing the Alamo City area third behind the Nashville and Cincinnati areas at 1,350 percent and 640 percent, respectively.²⁷

In [Appendix 2](#) we list local, San Antonio based, resources that can assist you with your desire to start a business by providing guidance, ideas, networking, legal advice, funding and more.

²⁵ The Hill, Trump budget seeks \$3B for Homeland Security cyber unit <http://thehill.com/policy/cybersecurity/334773-trump-budget-seeks-15-billion-for-homeland-security-cyber-unit> consulted on May 14, 2018

²⁶ Department of Defense https://www.defense.gov/Portals/1/features/2016/0216_budget/docs/2-4-16_Consolidated_DoD_FY17_Budget_Fact_Sheet.pdf consulted on May 15, 2018

²⁷ San Antonio Business Journal <https://www.bizjournals.com/sanantonio/news/2017/08/22/san-antonio-areas-venture-capital-pipeline-among.html> consulted on May 14, 2018

7. FUTURE PREDICTIONS

According to the 2017 Official Annual Cybercrime Report²⁸, more and more companies will cross paths with cybercrime. Cybersecurity Ventures predicts that a business will fall victim to a ransomware attack every 14 seconds by 2019, increasing from every 40 seconds in 2017 and attacks on healthcare organizations are expected to quadruple by 2020. Small businesses will make nearly half of all cyberattacks victims.

Therefore Cybersecurity Ventures expects 2018 to be the “Year of Security Awareness Training”. Global spending on security awareness training for employees is predicted to reach \$10 billion by 2027, up from around \$1 billion in 2014. The 5 most cyber-attacked industries in 2017 – healthcare, manufacturing, financial services, government, and transportation – are predicted to remain the same for 2018, although the rank order may change.

Cisco estimates that Internet of Things (IoT) devices will be the biggest technology crime driver in 2018. The number of IoT devices will be three times as high as the global population by 2021. There will be many new opportunities as every industry has gone “Tech” – AdTech (advertising), FinTech (financial services), EdTech (educational technology), GovTech (government), LegalTech (law firms), etc.

These problems open up new and surprising opportunities for companies in the cybersecurity industry.

8. ADVICE FOR FLEMISH COMPANIES

For Flemish organizations active in cybersecurity, San Antonio presents a valuable opportunity. To become successful in this domain, one needs access to knowledge, talent, and support. All three are available in San Antonio.

Historically known as America’s home for military training and operational excellence, the association with the military and scientific research has helped create a unique combination of resources that includes the second largest concentration of cybersecurity professionals in the U.S. and multiple National Centers of Academic Excellence in Information Security. Local cybersecurity experts are engaged at places like the National Security Agency’s Texas Cryptology Center and U.S. 24th Air Force Cyber Command.

²⁸ Cybersecurity Ventures, Cybercrime Damages \$6 Trillion By 2021 <https://cybersecurityventures.com/hackerpocalypse-cybercrime-report-2016/> consulted on May 15, 2018

APPENDIX 2: INVESTMENT LANDSCAPE

<p>Launch San Antonio</p>	<p>LaunchSA, previously called Café Commerce, tries to make entrepreneurship easier and to strengthen the support infrastructure for small business owners.</p> <p>One of their initiatives is called ONE MILLION CUPS, where on a weekly basis two local entrepreneurs present their startups to an audience of mentors, advisors, and entrepreneurs in 6 minutes. Afterwards there is a Q&A, where they gain insight into possible ways they can improve their businesses and connect with a community that truly cares about their progress.</p> <p>http://launchsa.org/about/</p>
<p>Velocity TX</p>	<p>The next generation of the Texas Technology and Research Foundation is gathering a group of co-investors to match early stage funds in an effort to keep startups growing in San Antonio. Velocity TX is also bringing international technology startups to San Antonio inside an innovation hub under construction on the city's East Side.</p> <p>https://velocitytx.org/</p>
<p>LIFT FUND</p>	<p>LiftFund is a non-profit organization that provides credit and services to small businesses and entrepreneurs who do not have access to loans from commercial sources and provides leadership and innovation to the micro-lending industry. They partner with SBA lenders and other lending institutions to provide small business loans, SBA 504 Loans, and microloans in Texas and throughout the South Eastern USA.</p> <p>https://www.liftfund.com</p>
<p>T3DC</p>	<p>T3DC is a leader in providing early-stage investment capital and support services for entrepreneurs in medical, scientific, and tech fields in Central Texas.</p> <p>http://t3dc.org/</p>
<p>VENTURE WEEKEND – 3 DAY STARTUP</p>	<p>VentureWeekend San Antonio is a program run by VentureLab, where you start a company over the course of three days. The organization rents work space, recruits 40 students and young professionals with a wide range of backgrounds, caters food and</p>



