



**Flanders**  
State of the Art



# **THE STARTUP & SCALEUP ECOSYSTEM**

# **IN TEXAS**

FLANDERS INVESTMENT & TRADE MARKET SURVEY

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THE STARTUP & SCALEUP

ECOSYSTEM IN TEXAS

Flanders Investment & Trade – Houston  
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# 1. PREFACE

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Texas' startup ecosystem is clustered around its largest cities – Houston, Dallas and San Antonio – with a particular bright spot in its capital city of Austin.<sup>1</sup> This fast-growing city<sup>2</sup> has rapidly become known as a startup, scaleup and technology hub that has even recently drawn Tesla motors to move its headquarters from California<sup>3</sup>. Google, Apple, Microsoft, Dell and more large tech players have established offices in Austin for years, with more companies announcing they are moving their headquarters or opening large offices every year.

Texas has a unique mix of factors within the U.S. market and globally that have led analysts to project continued growth and opportunity. This state is home to the most diverse city in the U.S.<sup>4</sup>, Houston, as well as 49 Fortune 500 companies<sup>5</sup>. Texas has established economic clusters in software, hardware and chip design, energy, biotechnology and life sciences, advanced manufacturing, aerospace and aviation, defense, cybersecurity, film production and more. Texas also enjoys a relatively low cost of living compared to California and New York<sup>6</sup> (the only two states with more Fortune 500 companies).

In this study we will showcase why this state is rapidly becoming a serious competitor for tech startups to the East and West coasts of the United States and offer advice for Flemish companies interested in this region.

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<sup>1</sup> (Tepper, 2020)

<sup>2</sup> (O'Donnell, 2021)

<sup>3</sup> (Lambert, 2021)

<sup>4</sup> (Wendlandt, 2021)

<sup>5</sup> (Statista, 2021)

<sup>6</sup> (Missouri Economic Research and Information Center, 2021)



## 2. STARTUPS & SCALEUPS IN TEXAS

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### 2.1 MARKET OVERVIEW

Nicknamed “Silicon Hills”, Austin is home to Texas’ silicon chip design cluster<sup>7</sup> and hosts many companies active in hardware manufacturing (Dell, AMD, IBM, Samsung, Texas Instruments, NXP semiconductors) and software engineering (Amazon, Apple, Facebook, Google, Indeed, Cisco, eBay, PayPal, Oracle, Blizzard Entertainment, Electronic Arts). Samsung has recently announced that they will build a \$17 billion USD semiconductor factory outside of Austin<sup>8</sup>.

While Austin is the creative industries hub of Texas and enjoys a reputation as both futuristic and laid-back, Houston and San Antonio are important hubs for other innovative clusters.

Houston is often referred to as the energy capital of the world<sup>9</sup> for its established Oil & Gas players, but is quickly becoming a hub for clean energy technology development and funding in the U.S.<sup>10</sup> Houston is home to N.A.S.A.’s Johnson Space Center and the Houston Spaceport, a federally-licensed commercial spaceport with more than 200 aerospace companies.<sup>11</sup> In addition to energy and aerospace, Houston boasts the Texas Medical Center, the largest medical complex in the world<sup>12</sup> and a perfect place for biotech startups to raise capital through Houston’s robust med-tech research and investment network<sup>13</sup>.

San Antonio’s defense industry cluster has grown naturally into a cybersecurity cluster within the state, drawing on its workforce of U.S. military veterans with computer programming and related technology skills<sup>14</sup>.

The Dallas-Fort Worth metroplex is home to a number of innovative companies including Facebook’s Oculus, Top Golf, AT&T, and Texas Instruments. The Dallas-Fort Worth metroplex has a long history of driving innovation in the semiconductor market, and Texas Instruments recently announced plans to build a new \$30 billion USD semiconductor factory outside of Dallas<sup>15</sup>.

Texas is home to 92 four-year colleges and universities<sup>16</sup>, with nine of those reaching Tier One status for research.

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<sup>7</sup> (Williams, 2016)

<sup>8</sup> (Shead, 2021)

<sup>9</sup> (Prado, 2021)

<sup>10</sup> (Hampton, 2021)

<sup>11</sup> (Houston Airport System, 2021)

<sup>12</sup> (Smith, 2021)

<sup>13</sup> (Moffat, 2020)

<sup>14</sup> (Gonzalez, 2016)

<sup>15</sup> (Office of the Texas Governor, Greg Abbott, 2021)

<sup>16</sup> (College Simply, 2021)



## 2.2 KEY TRENDS

In Texas, companies, both large and small, are working to solve the problems of today and provide solutions to tomorrow’s needs. Below are some of the major trends attracting capital and attention in the Texas startup & scaleup scene:

- Internet of Things (IOT)
- Carbon Capture Utilization & Storage (CCUS)
- Genomics
- Artificial Intelligence (AI)
- Climate Tech
- Fintech

## 2.3 SUPPORT & INVESTMENT

In this section we have attempted to include some of the most important organizations, institutions, networking groups, and funding initiatives for startups and scaleups in Texas. These initiatives are always changing and more are emerging each year, so this list is not meant to be exhaustive.

We have clustered our list according to the cities in Texas. Our final section covers other clusters outside of its largest cities, which may offer surprisingly robust support for startups or scaleups with niche interests that match those regions’ development goals.

## 2.4 AUSTIN

### Capital Factory

<https://www.capitalfactory.com/>

This accelerator has a robust mentorship network for startups that are accepted into its program and is located in the heart of downtown Austin, allowing it to host regular networking and startup community events.

### Tech Ranch

<https://techranchaustin.com>

Tech Ranch aims to equip innovation entrepreneurs, emerging small businesses and early stage ecosystems with insights, proven techniques, tools and processes you need to expand your social impact in the US, Mexico, Europe, the Americas or anywhere you do business around the world.

### Austin Technology Incubator

<https://ati.utexas.edu/>

This incubator is associated with the University of Texas at Austin. Established in 1989, it is the longest active technology incubator in the U.S.



### **EdTech Action Incubator**

<http://edtechaction.com/>

This incubator/accelerator focuses on education technology.

## **2.5 HOUSTON**

### **Houston Exponential**

<https://houstonexponential.org/>

This nonprofit was created to accelerate the growth of Houston's innovation ecosystem. In addition to hosting events and writing Venture Capital Reports, their website hosts a regularly updated list of resources that includes an ecosystem directory with coworking, venture capital, private equity, seed & angel capital, accelerators, incubators and more.

### **BioHouston**

<http://biohouston.org/>

This nonprofit was founded by Houston-area academic and research institutions to commercialize biotech and life sciences innovations. Their support includes in-person events, direct assistance to members, and a monthly newsletter.

### **Greater Houston Partnership**

<https://www.houston.org/>

This economic development organization serves the greater Houston area as its largest chamber of commerce. It was created in 1989 with the merging of three Houston-focused organizations. The partnership hosts regular networking events.

### **OwlSpark**

<https://owlspark.com/>

This accelerator program from Rice University was founded in 2012 to support entrepreneurship in the university's community through hands-on entrepreneurship experiences. OwlSpark participates in the Bayou Startup Showcase with RED Labs (a similar accelerator from the University of Houston).

### **RED Labs**

<https://www.bauer.uh.edu/centers/wce/programs/accelerator.php>

RED Labs Summer Accelerator program is a 12-week program designed to help teams of students, faculty and alumni of University of Houston who have startup ideas that culminates in the Bayou Startup Showcase – a joint pitch showcase between OwlSpark and RED Labs. (Currently only one team member needs to be a student, faculty or alumni of the university to participate.)

### **Rice Alliance**

<https://alliance.rice.edu/>

Rice University's initiative to support technology commercialization and entrepreneurship. This program was ranked the number one Graduate Entrepreneurship Program by Princeton Review and Entrepreneur Magazine. Their resources and events are offered to startups not affiliated with Rice University, as well.



### **Texas Medical Center (TMC) Innovation Institute**

<https://www.tmc.edu/innovation/>

TMC Innovation supports entrepreneurs from around the world through the TMC Health Tech Accelerator, which includes a coworking space, corporate partners and easy access to the Texas Medical Center life sciences cluster.

### **Greentown Labs**

<https://greentownlabs.com/>

Focused on sustainability, this incubator was founded by entrepreneurs to solve the climate crisis through entrepreneurship and collaboration.

### **Halliburton Labs**

<https://halliburtonlabs.com/>

Halliburton Labs is the accelerator of multinational Halliburton. Halliburton Labs is committed to the science and continued evolution of sustainable, reliable energy.

## 2.6 DALLAS-FORT WORTH

### **SKU Dallas**

<https://sku.is/>

SKU accelerates emerging consumer packaged goods brands with a world-class program driven by a thriving community of serial entrepreneurs & industry experts.

### **Tech Wildcatters**

<https://www.techwildcatters.com/>

TW Training Camp provides a customized program that will help you launch, grow, and scale your company to a world-class level.

### **TECHFW**

<https://www.techfortworth.org/>

TechFW was founded in 1998 and is a non-profit 501(c)(3) partnering with the University of North Texas Health Science Center, the City of Fort Worth, the University of Texas at Arlington, to help entrepreneurs bring to market innovative technologies that will impact the environment, empower the community and improve healthcare.

## 2.7 SAN ANTONIO

### **VelocityTX**

<https://www.velocitytx.org>

VelocityTX built the first Innovation Center in the city's near eastside to facilitate collaboration and the collision of ideas, drive innovation and foster the entrepreneurial spirit. This 17,000 square foot state of the art facility brings together a like-minded community of people who want to change the world – innovators, thinkers, doers, connectors.





**San Antonio Technology Center**

<https://satc.org/>

This office space focuses on connecting biotech firms, technology businesses and entrepreneurs in San Antonio.

**CyberSecurity at Port San Antonio**

<https://www.portsanantonio.us/CyberWorksHere>

A hub that leases spaces to start-up and established cybersecurity operations, with plans to build an innovation center that will host tech competitions.

**Bexar County Innovation Fund**

<https://www.bexar.org/2795/Innovation-Fund>

This fund is used to accelerate the growth of digital information technology, with an emphasis on collaborative, multi-agency applications.

**Bexar County Small Business & Entrepreneurship Department**

<https://www.bexar.org/145/Businesses>

This department from Bexar County helps entrepreneurs start businesses through personalized support.

## 2.8 OTHER CLUSTERS IN TEXAS

**ScaleUp Rio Grande Valley**

<https://www.utrgv.edu/scaleup/>

This helps established business owners in the Rio Grande Valley with trainings, advice and networking opportunities.

**Brazos Valley Economic Development Corporation**

<https://brazosvalleyedc.org/>

This public-private organization is located near Texas A&M University, which boasts a highly-educated workforce and a low-cost business environment at the center of the Texas Triangle (the area between Dallas/San Antonio/Houston.)

**West Texas Angel Network**

<http://wtan.org/>

This organization is focused on introducing investors and entrepreneurs in the Amarillo area.

**WT Enterprise Center**

<https://wtenterprise.com/about/>

This organization helps local entrepreneurs in Amarillo with certified business coaches, facilities and other programs and resources.

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### 3. EVENTS

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There are numerous events held in Texas each year to support startups and scaleups, and this list is not meant to be comprehensive as they are always changing.

Here are some of the most important networking events for startups and scaleups in Texas:

#### **South by Southwest**

Annual event – March 11-20, 2022

<https://www.sxsw.com/>

Texas' largest and most international startup-focused event is the South by Southwest festival (often abbreviated SXSW), held in Austin each year. This festival started as a music festival and has grown into a multisectoral festival covering music, film and "interactive" technology, a catch-all term referring to all kinds of emerging tech including software, hardware, gaming, artificial intelligence, augmented reality, the metaverse, financial tech, startups, scaleups, clean tech, education, health and all kinds of other emerging technology or disruptive industries.

#### **Innotech**

Annual event – April 27, 2022

<https://www.innotechaustin.com/>

Innotech is a one day business and technology conference located in Austin, Texas. The conference highlights the latest in trends for IT leaders, developers and IT professionals.

#### **TECHSPO Houston**

Annual event – May 26-27, 2022

<https://techspohouston.com/>

TECHSPO Houston brings together some of the best developers, brands, marketers, technology providers, designers, innovators and evangelists looking to set the pace in our advanced world of technology.

#### **Startup Weeks:**

- Dallas Startup Week, August 7-11, 2022 - <https://www.dallasstartupweek.com>
- Austin Startup Week - <https://www.austinstartupweek.com>
- Houston Startup Week - <https://houston.startupweek.co/>
- San Antonio Startup Week - <https://sasw.co>



## 4. ADVICE FOR FLEMISH COMPANIES

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Our Houston office encourages Flemish startups or scaleups that are considering entering the U.S. market to contact our office for advice about whether Texas could match their goals for funding, talent, customer acquisition and operating costs.

Flanders Investment & Trade has established contacts with local support networks for startups and scaleups and can offer introductions to support organizations, B2B prospection programs with potential customers, or tailored advice on opening an office and navigating regulations.

While traditionally Texas has been synonymous with oil & gas, the state offers abundant opportunity for companies in a variety of sectors. Texas is a very large state and is home to a number of companies, both large and small, who focus on cutting edge sectors including cleantech, AI, life sciences, renewable energy, logistics, fintech, chemicals, and IT... just to name a few.

While Texas may not be the right fit for every company entering the U.S. market, you may find that it's beneficial to compare operating costs in Texas to other states and meet with local support organizations to put together a cost-benefit analysis when deciding where to open your first U.S. office.





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