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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

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1. PREFACE

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.¹ This fast-growing city² has rapidly become known as a startup, scaleup and technology hub that has even recently drawn Tesla motors to move its headquarters from California³. 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.⁴, Houston, as well as 49 Fortune 500 companies⁵. 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 York⁶ (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.

¹ (Tepper, 2020)

² (O'Donnell, 2021)

³ (Lambert, 2021)

⁴ (Wendlandt, 2021)

⁵ (Statista, 2021)

⁶ (Missouri Economic Research and Information Center, 2021)



2. STARTUPS & SCALEUPS IN TEXAS

2.1 MARKET OVERVIEW

Nicknamed “Silicon Hills”, Austin is home to Texas’ silicon chip design cluster⁷ 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 Austin⁸.

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 world⁹ for its established Oil & Gas players, but is quickly becoming a hub for clean energy technology development and funding in the U.S.¹⁰ 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.¹¹ In addition to energy and aerospace, Houston boasts the Texas Medical Center, the largest medical complex in the world¹² and a perfect place for biotech startups to raise capital through Houston’s robust med-tech research and investment network¹³.

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 skills¹⁴.

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 Dallas¹⁵.

Texas is home to 92 four-year colleges and universities¹⁶, with nine of those reaching Tier One status for research.

⁷ (Williams, 2016)

⁸ (Shead, 2021)

⁹ (Prado, 2021)

¹⁰ (Hampton, 2021)

¹¹ (Houston Airport System, 2021)

¹² (Smith, 2021)

¹³ (Moffat, 2020)

¹⁴ (Gonzalez, 2016)

¹⁵ (Office of the Texas Governor, Greg Abbott, 2021)

¹⁶ (College Simply, 2021)



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://wtenterprisecenter.com/about/>

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



4. ADVICE FOR FLEMISH COMPANIES

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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