

Core innovation

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p r i m e n s i o n

"The Software Business Cluster was an important starting point for Callidus."

- **Robert Youngjohns**, Callidus Software president and CEO

Three downtown incubators are making it easier for start-up companies to do business in San Jose. For more than a decade, the San Jose State University Foundation has operated and managed the Software Business Cluster and Environmental Business Cluster, which share 24,000 square feet at 2 N. First St. and the 14,000 square-foot U.S. Market Access Center at 111 N. Market St. The Redevelopment Agency's \$10 million invested in the incubators over the years has reaped the city more than \$12 million in sales tax revenue and provided jobs for more than 4,000 people, said **Ru Weerakoon**, the RDA's director of industrial development.

Stars of the program are Agile Software, which has grown from two to 678 employees, Calico Commerce, eGain Communications and Callidus Software - all now publicly traded companies. Callidus still has about 200 employees downtown at Santa Clara and San Pedro streets and 330 employees worldwide.

San Jose wins because the incubators improve the success rate of the startups, which tend to stick around their home turf, according to **Jim Robbins** and **Chuck Erickson**, directors of the environmental and software innovation centers, respectively. Less than 20 percent of the businesses involved in the incubation programs fail, they said. About 70 percent of the companies stay in San Jose after graduating from the incubation centers, they added.

The city has the largest concentration of business incubators in the United States. "The incubators fit the makeup of the city, which has always had innovation as a theme," Robbins said. "They're definitely an economic development tool focused on driving sales tax and job growth."

More than 240 entrepreneurial companies have participated in the incubators, which provide resources such as affordable space and business start-up services. Below-

market rent includes office furniture and space. Start-up services include assistance in strategic planning, marketing, financing, patenting and intellectual property.

The fledgling companies also have access to faculty advisors as well as student interns from the university's MBA, engineering and other programs. Businesses start with one to four employees each and may grow to 20-25 in the 18-24 months that it takes to garner enough revenue to break out on their own.

An advisory board reviews the business plan and scrutinizes applicants. Those that may be a little too early to capitalize on the incubators are referred to the Entrepreneur Center at Market and Santa Clara streets.



Nothing fancy, downtown business incubators look like regular office space.

San Jose business incubators at a glance

Environmental Business Cluster - 25-30 companies using the center - first of its kind in the United States - develop clean and renewable energy products, as well as other environmental products and services. Located at 2 N. First St. **Jim Robbins**, director. environmentalcluster.org

Software Business Cluster - This center, recognized by the National Business Incubator Assoc. as "Incubator of the Year," attracts up to 25 early-stage software and mobile technology companies at a time. Located at 2 N. First St. **Chuck Erickson**, director. sjsbc.org

U.S. Market Access Center - already successful international firms specializing in I.T., life sciences & solar/renewable energy come to this center to understand U.S. marketing and strategy. They use the experience to locate service-side clients, straighten out product & employment legalities. Trade agencies, mostly from Japan and the U.K., facilitate the companies coming to San Jose. Located at 111 N. Market St. **Bob Vander Woude**, CEO. usmarketaccess.com

Electronic Transportation Development Center - In January, Robbins and city transportation director Jim Helmer announced intentions to roll out from the Environmental Cluster the first facility in the U.S. to focus solely on the design and development of alternative fuels and hybrid commercial vehicles. Located at 2 N. First St. synergyev.com/synergy/autoshow/index

San Jose Bio Center - The city also hosts the first bio center in the state, a 36,000 sq.-ft. facility where fledgling companies utilize dry and wet labs. Located at 5941 Optical Ct, Edenvale Technology Park. **Melinda Richter**, director, sjbiocenter.com