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## **SILICON VALLEY – HISTORICAL OUTLINE AND SUCCESS FACTORS**

Term “Silicon Valley” metaphorically and physically describes a territory in the USA, California with a high concentration of research and educational centers, high-class IT specialists and venture capital firms, which are not afraid to invest in the sphere of high technologies. The results of their collaboration are numerous technologies and electronic devices that make our communication easier and life more comfortable. Silicon Valley remains a leading center of high perspective innovative projects, related to computes, programming, biotechnologies and mobile communication.

The name Silicon Valley is partly due to the merits of physicist William Shockley. In the middle of the previous century William moved to California State where he invented semiconductors. In the late 1950s the first ever microprocessor company “Fairchild Semiconductors” was founded. The use of silicon in production of microchips defined region’s name and specialization – Silicon Valley of United States. The phrase was coined by journalist Don Heffler on January 11, 1971 when he began publishing a series of articles entitled “Silicon Valley of USA” [1]. In his articles the author was writing about place Santa Clara south to San Francisco, where the headquarters of the largest IT companies were concentrated.

The idea to create a zone of the latest technologies originally belongs to Stanford University. In postwar years there was no money for the development of the university. There was only land owned by it. Therefore, the management of the institution decided to rent land for a long-term to companies which were engaged in innovative developments in the sphere of technologies. Thus, the university opened a research center.

Because these companies created jobs, one more problem was solved – the problem of «brain drain» – the outflow of students who graduated from Stanford to other parts of country for employment. For example, ex-graduates of Stanford University William Hewlett and David Packard stayed to work in Silicon Valley. Following the advice of Professor Frederick Termano they founded a company, which thereafter became a giant of IT industry. Famous Hewlett Packard was one of the first in the Valley.

California State is one of the most populous. In terms of GDP and the amount of billionaires it takes the first place in country. Accordingly, the infrastructure of famous area is extremely developed. There are some universities: Northwestern Polytechnic University, Carnegie Mellon University, San Jose State University, Santa Clara University, Stanford University.

The Silicon Valley includes seven thousand software and hardware companies. Among them worldwide famous: Apple, Adobe Systems, Advanced

Micro Devices (AMD), Apple Inc., Cisco Systems, Dolby Laboratories Inc., eBay, Google, Hewlett-Packard, Intel, Intuit, Juniper Networks, Maxtor, National Semiconductor, Nintendo, NVIDIA Corporation, Oracle Corporation, SanDisk, Sun Microsystems, Symantec, Yahoo! etc.

What turned a usual American land into a global center of high technologies? There are a few significant contributing factors:

- democracy, openness, lack of vertical governing body;
- lack of monopoly, that encouraged competition and consequently was favorable for motivation and further development;
- developed communications and a high level of cooperation, besides high level of competition;
- orientation on global market;
- venture capital – stakeholders invest significant funds in young and promising companies. Having received financial support they make their contribution to improvement of advanced technologies;
- advanced scientific and technical platform – 32 universities are located there. Besides the most famous Stanford and California universities, many colleges are located there.
- the area attracts people with innovative and creative ideas;
- orientation on global market and innovative technologies;
- good location – California State is one of the richest states with a good climate;

Despite the fact that Silicon Valley is technically developed, there is a high standard of life and good salary, there are some disadvantages of living there.

Firstly, the number of failed and unsuccessful projects exceeds the number of successful ones. Venture business by definition is risky. Silicon Valley is not only Apple, Hewlett-Packard, Intel, Google but also a thousand of failed startups. Up to 95% startups of Silicon Valley, even if they received an investment, do not achieve success.

Secondly, because of significantly higher level of salaries and income than in other parts of the country, this affects the cost of living, houses, social infrastructures and everything else.

Nevertheless, Silicon Valley remains a highly competitive environment for all its participants – investors, businessmen, employers etc. That's why the most of its people are forced to work under constant stress, under threat of failure or dismissal.

## **REFERENCES**

1. A New Home for the Mind? [http:// www.netvalley.com/ silicon\\_valley/ Don\\_Hoefler\\_coined\\_the\\_phrase\\_Silicon\\_Valley.html](http://www.netvalley.com/silicon_valley/Don_Hoefler_coined_the_phrase_Silicon_Valley.html)