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## New, new brain drain in the Valley

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When Raj Vaswami joined a little Silicon Valley company called @Home from graduate school in 1996 he could not have imagined what lay ahead.

The consumer broadband company had the sort of free-wheeling engineering culture on which the Valley prides itself. "They let me do all kinds of things they had no business letting me do, like designing parts of the [network] infrastructure," the computer scientist says.

Mr Vaswami became chief scientist, while @Home went on to be one of the great boom-and-bust stories of the 1990s technology bubble. Its merger with internet portal Excite in 1999 and bankruptcy in 2001 were among the highest and lowest points of the consumer internet in its early years.

Mr Vaswami is now taking part in a different Silicon Valley boom. This one is sucking in talent from some of the industries that have dominated the region over the past decade, such as the internet, software and systems. It is driven by the same belief in unbounded opportunity that fuelled the rise of the internet.

Under the banner of "clean technology," this latest Valley obsession spans a wide range of technologies and industries. These include alternative energy sources such as solar power and ethanol; technologies geared to energy management and conservation; and new materials and industrial processes with varied environmental benefits.

For Silicon Valley's entrepreneurs, and its venture capitalists, the newness of many of these fields explains much of their attraction.

"I sort of got to a point in my career where looking at another software company was very unappealing," says Dave Cope, a serial entrepreneur whose last two start-ups were in enterprise software.

Scott Lang, who had spent more than 20 years at two information technology services companies, was feeling the same: "I thought the systems integration business was getting more and more commoditised."

Both have joined the rush to Silicon Valley's latest start-ups - Mr Cope to become chief executive of Purfresh, a provider of "clean solutions for food and water", and Mr Lang to head Silver Spring Networks, which aims to boost the efficiency of electric and other utilities.

To some extent there are technological overlaps that explain this brain drain from the more traditional Valley IT world. In fields such as data networking, systems integration and automation, skills developed elsewhere are becoming useful in new markets.

Mr Vaswami, now chief technology officer of Silver Spring, is applying the same expertise needed to build @Home's broadband network to create networks for utilities to monitor and improve their distribution. "It looked to us like the utility industry was going to face the same kind of thing as the telecoms industry in the 1980s and cable in the 1990s," he says.

The substance that gave the Valley its name also points to the overlap in technologies. Silicon is as core to the solar industry as it is to chips, one reason why there has been a boom - some locals say a bubble - in new solar companies in the Valley.

At the same time, the new industries are drawing on expertise that lay dormant when the consumer internet and enterprise software dominated the Valley.

"We're finding these guys are coming out of the woodwork - guys who did civil engineering in college and had to go into software because that's where the jobs were," says Paul Holland, a partner at Foundation Capital, a local venture capital firm.

Yet the brain drain to the clean-tech industry also draws on something other than pure technical expertise. Thanks to the IT boom, the Valley has been central in training a generation of US entrepreneurs. With new markets opening up in adjacent technology fields, it



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is only natural that those same executives are now making the switch.

Mr Cope says: "You can hire experts from [big companies like] ConAgra, but very few of these people can survive in a start-up environment." Executives like Mr Vaswami, who proudly calls himself "a small-company guy", are typical of this movement: they can't wait to grapple with the opportunities being thrown off by the traditionally monolithic energy and utility industries.

The can-do attitude of this Silicon Valley technology elite may be one of its strengths, but it can also sometimes look like hubris in the face of the challenges of a new industry.

An early case is Tesla Motors, maker of an all-electric sports car. Started by two executives who made their fortunes inventing an electronic book reader, and backed by Elon Musk, co-founder of online payment service PayPal, Tesla is a poster child of the Valley's push into new environmentally friendly industries.

Yet a faulty transmission system has already delayed production for a year - Mr Musk blames a design decision by the first CEO, who left under a cloud late last year. Former Flextronics boss Michael Marks stood in as interim CEO before the arrival of Ze'ev Drori, who made his mark with a company that produced a type of computer memory.

Mr Drori has said Tesla will ship its first cars this spring with a temporary make-do transmission, then offer a free upgrade when it overcomes the teething problems in its more ambitious system.

It is a move familiar to customers of the systems and software industries, where "1.0" versions of products are always assumed to be in need of improvement. How it will go down with buyers of a premium sports car remains to be seen.

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