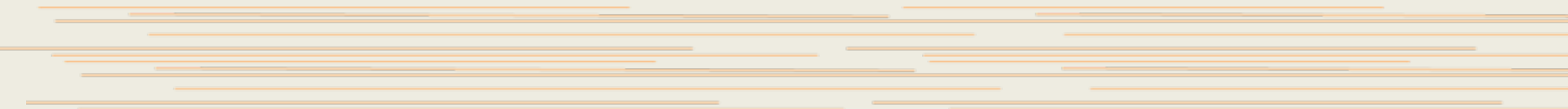


THE BAY AREA INNOVATION ECONOMY: current status and prospects

global drivers of change | current trends | areas for action

A series of approximately 15 horizontal lines of varying lengths and shades of orange and light brown, scattered across the lower half of the slide.



GLOBAL DRIVER:
the digitization of
the economy is
taking off



THE WATSON STARTUP ENGINE

WHEN IBM ROLLED OUT its artificial intelligence system, Watson, it also welcomed entrepreneurs to help it monetize the revolutionary technology. A key component to Watson is its cognitive capability—to learn as it goes along. Able to grind through millions of websites, documents, articles, and images in seconds, Watson can remember the research it gathers, as well as your response to it. So Watson becomes progressively more accurate—intelligent, if you will—as people use it. It can be everything from an uber-helpful call-center rep to an oncology adviser, recommending cancer treatments on the basis of a patient's genetic profile and thousands of clinical trials and medical journal articles it has analyzed.

IBM created several business lines around Watson and a developer platform called the Ecosystem. In Ecosystem, everyone is invited to play with Watson for free (for a limited time), some 77,000 developers have accepted. If your Watson-powered startup shows promise, it becomes a "partner," often via a quasi-incubator model, and enjoys access to IBM business and technology advisers—and a shot at a capital infusion from the \$100 million IBM is making available to Watson startups, like those featured here.

—ALIX STUART

350

Number of Ecosystem startups developing products with Watson analytics

Pathway Dynamics
San Diego

LIFESTYLE COACH

Pathway's Dme app will learn your eating and exercise habits and act as dietary coach, personal trainer, and health adviser. Ask it, "How much do I need to run to lose five pounds?" and Dme figures it out, knowing your current calorie intake and reading your Fitbit or other training-bracelet streams.

LifeLearn
Guelph, Ontario

DOGGY DOCTOR

A decision-making support tool and marketing platform for veterinarians, LifeLearn's cloud-based app, called SoFe, analyzes best practices around the world and provides continuing education on animal care.

Fluid
San Francisco

EXPERT PERSONAL SHOPPER

Go online and ask outdoor products company North Face, "What's the best tent for upstate New York in October?" Fluid crunches weather data and hundreds of product reviews and user manuals to give you the best options. Sales employees also teach the system how to better interact with you.

\$100 MILLION

Amount of money IBM is making available for Watson startups

SparkCognition
Austin

INFRASTRUCTURE GUARD

SparkCognition prevents attacks on things like electric grids and railroads by analyzing data from equipment sensors as well as external threat information. Security teams can avoid and solve problems, whether by flagging a railway car about to break down or restricting server access on the basis of the host country of an IP address.

Edge Up Sports
Kansas City, Missouri

OOOS BEATER

Whatever you know about football, Watson knows more. What's Peyton Manning's third-down-completion rate throwing into the wind in November? Watson will factor that in, so you can pick the optimal squad.

50

Number of technologies that outside developers can tap into

Purple Forge
Ottawa, Ontario

311 OPERATOR

Cities such as Surrey, Canada, are using a mobile app to answer citizens' questions about government services. (When is recycling pickup?) The Watsonized app can answer more than 10,000 questions, more efficiently and at lower cost than humans.

Go Moment
Santo Monica, California

HOTEL BUTLER

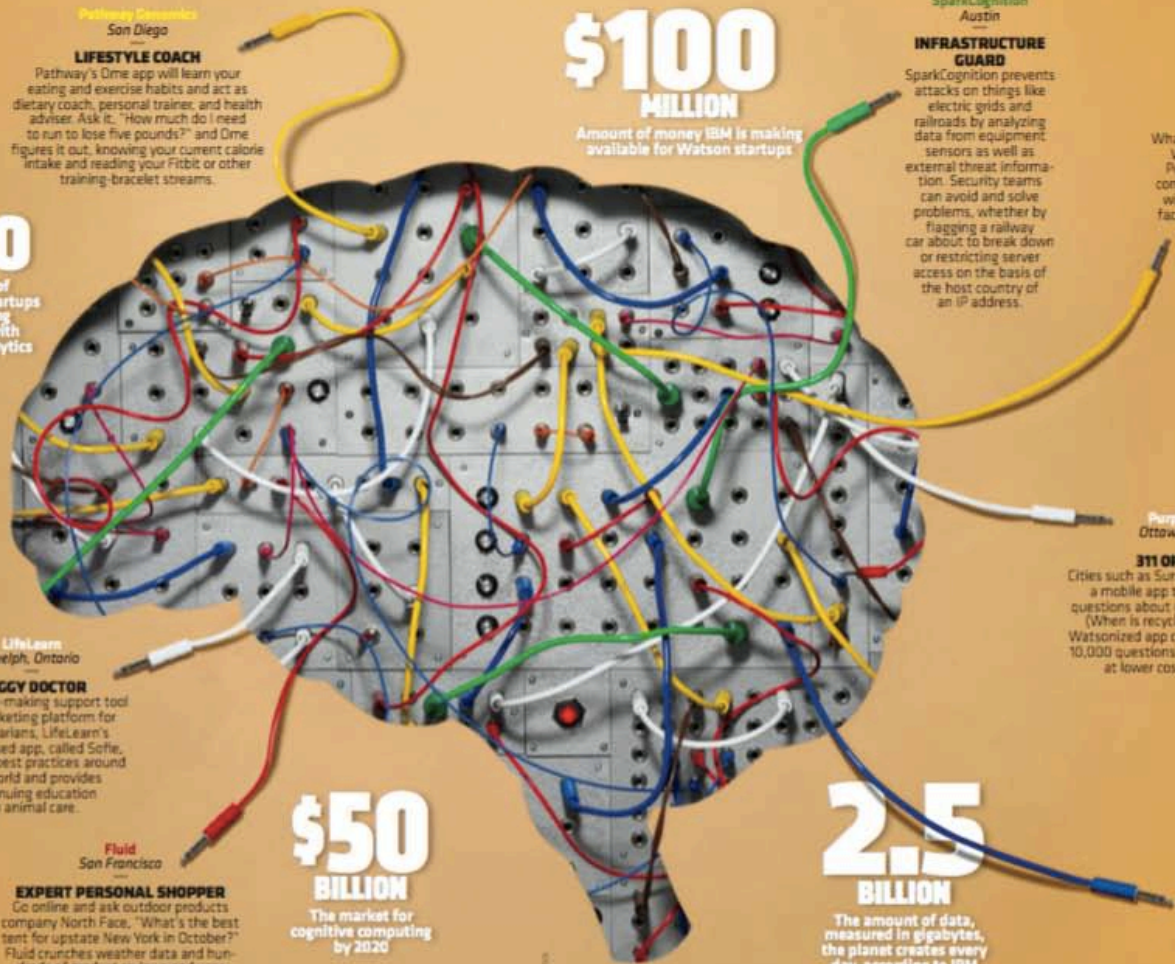
Need a lift to the airport? Wi-Fi password? Restaurant recommendation? Go Moment's app, called Ivy, is on it or texts staff if, say, feet are required to deliver extra towels to your room. The sky's the limit on what a guest can ask for, and the service measures how long it takes a staff member to resolve a request when humans must get involved.

\$50 BILLION

The market for cognitive computing by 2020

2.5 BILLION

The amount of data, measured in gigabytes, the planet creates every day, according to IBM



**GLOBAL DRIVER:
the
transformation
of production**



A microscopic image of a neural network, showing a dense web of blue and orange fibers against a dark background. The fibers are interconnected, forming a complex, branching structure. The blue fibers are more prominent and form the main structure, while the orange fibers are smaller and scattered throughout. The overall appearance is that of a highly organized and interconnected biological system.

GLOBAL DRIVER:

**life sciences 2.0:
programmable biology**

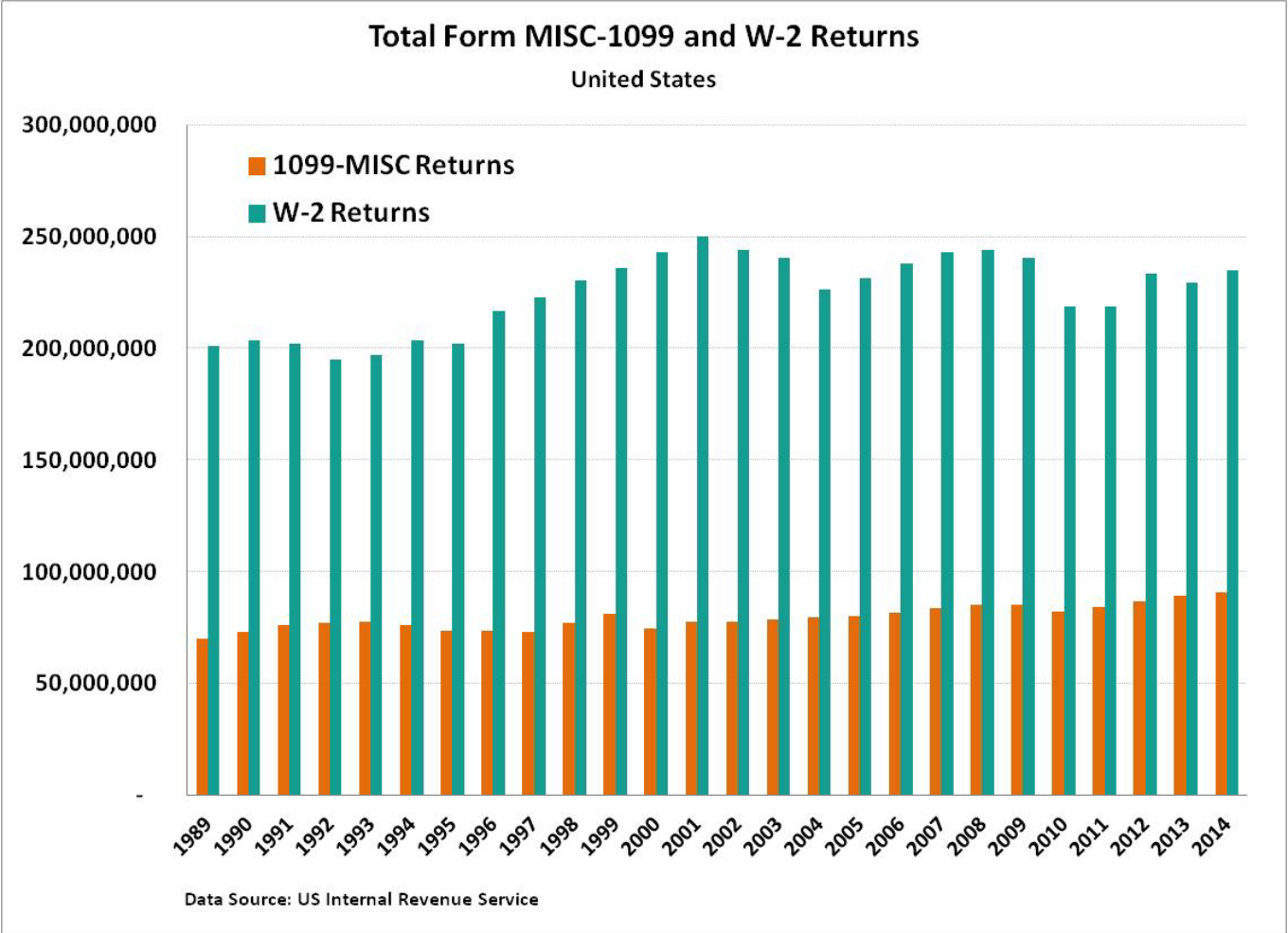


GLOBAL DRIVER:

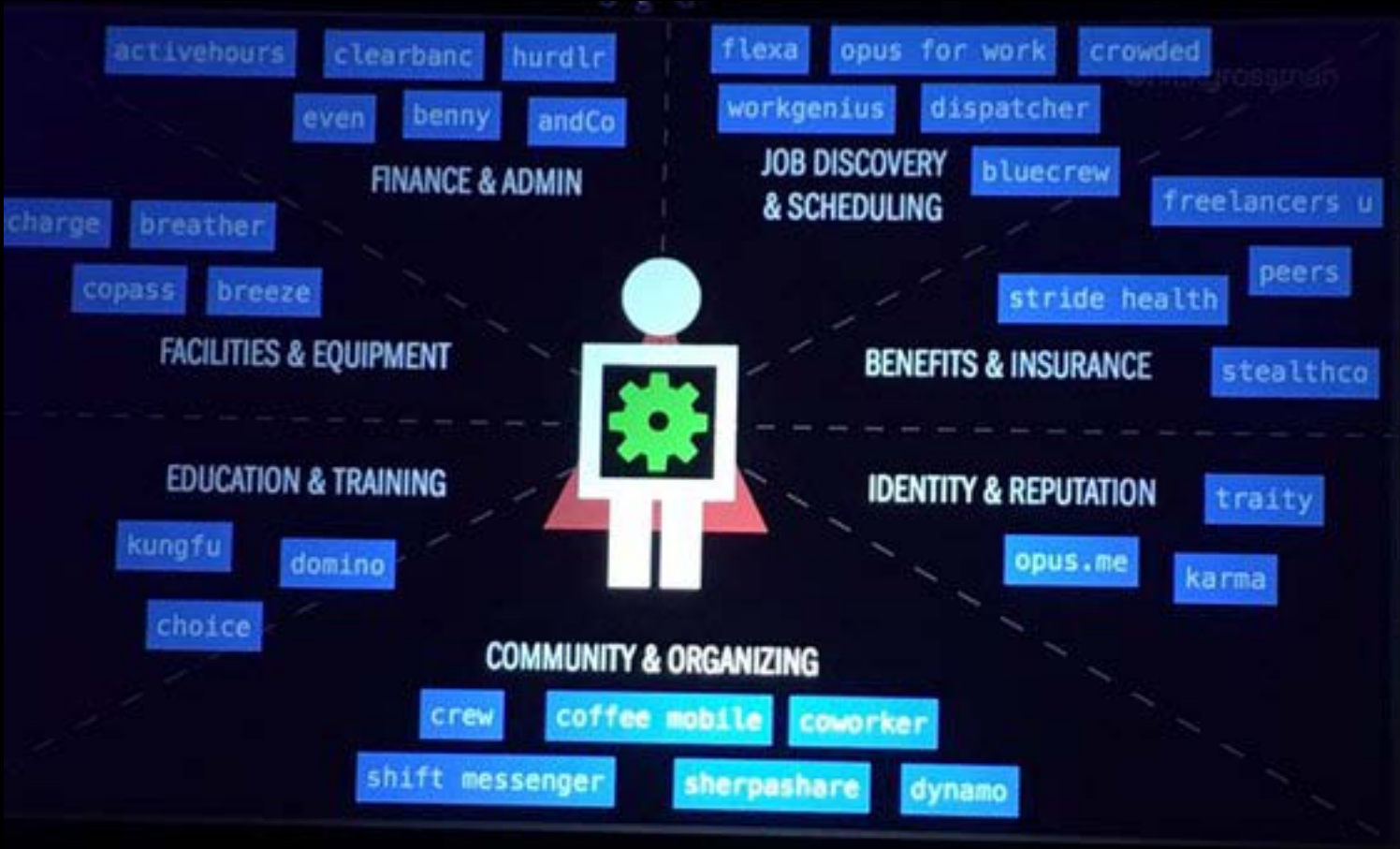
structural shifts in the labor market

- **Continued shift to services economy**
- **Population is growing at a faster rate than formal, full-time employment**
- **Persistent under-employment since downturn**
- **Falling job tenure**
- **Decentralization of production**

1099s are on the rise



diverse ecosystem growing around on-demand workers and companies

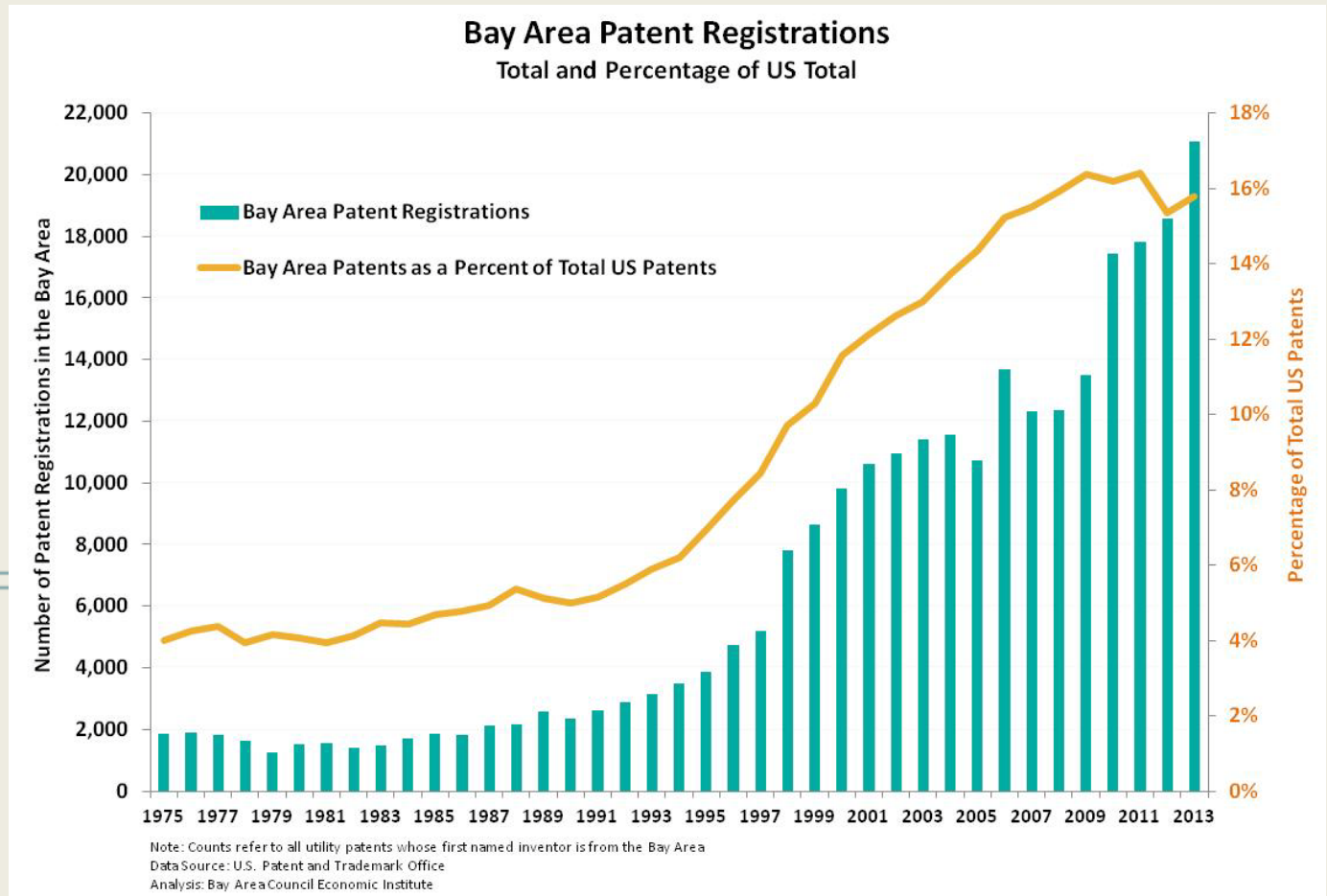


THE BAY AREA INNOVATION ECONOMY: current status and prospects

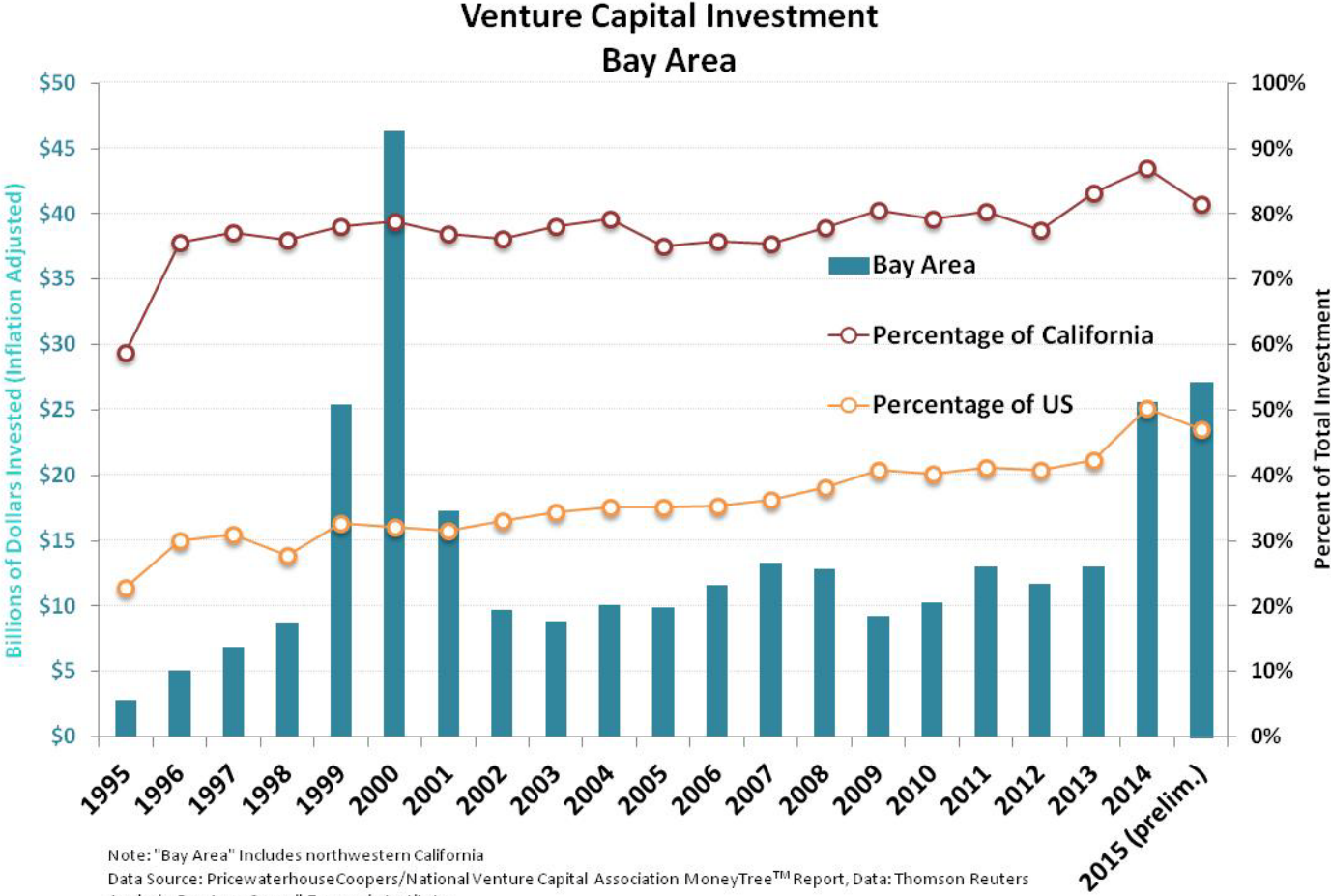
global drivers of change | **current trends** | areas for action

A series of approximately 15 horizontal lines of varying lengths and colors (shades of orange and brown) are scattered across the lower half of the slide, creating a decorative, abstract pattern.

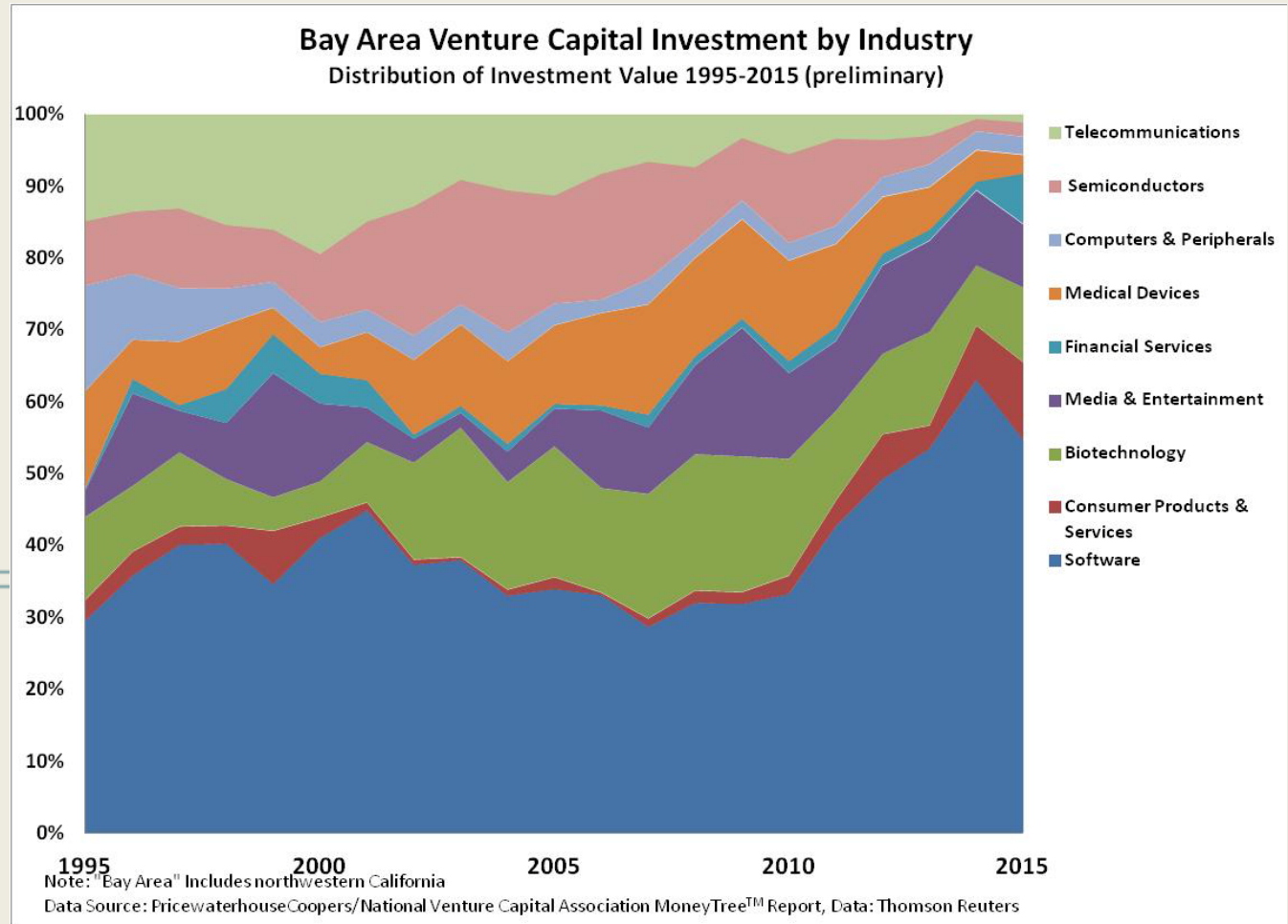
patent powerhouse



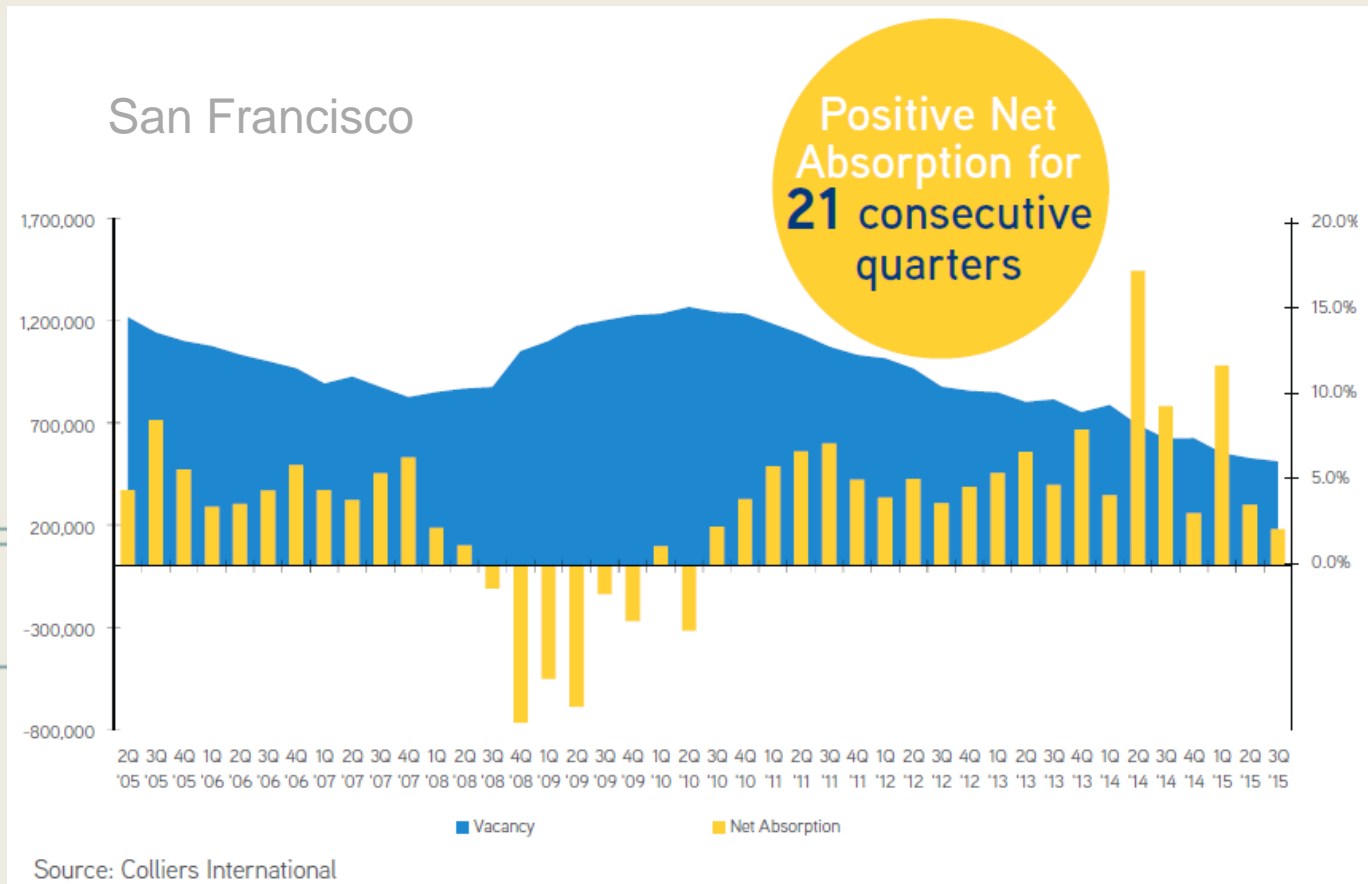
strong surge in VC investment



software reigns but newcomers growing




strong demand for commercial space across region



THE BAY AREA INNOVATION ECONOMY: current status and prospects

global drivers of change | current trends | **areas for action**

A series of approximately 15 horizontal lines of varying lengths and colors (shades of orange and brown) are stacked horizontally across the width of the slide, creating a decorative graphic element.



rising **income disparity**
must be counteracted through
improving **economic**
mobility.


big data => big insights



THE ECONOMIC GRAPH

LinkedIn Economic Graph

60,381 followers



**affordable housing
and adequate public
transit systems** must be
addressed in order to sustain
economic activity and **widen
prosperity.**

harnessing the future

