

**IMMIGRANT FOUNDERS AND KEY PERSONNEL IN  
AMERICA'S 50 TOP VENTURE-FUNDED COMPANIES**

**BY STUART ANDERSON**

**EXECUTIVE SUMMARY**

Immigrants are increasingly important in driving growth and innovation in America, as evidenced by the role played by foreign-born founders and key personnel in the nation's breakthrough companies. Immigrants have started nearly half of America's 50 top venture-funded companies and are key members of management or product development teams in more than 75 percent of our country's leading cutting-edge companies. The research finds that among the top venture-backed companies, immigrant founders have created an average of approximately 150 jobs per company in the United States.

The research involved conducting interviews and gathering information on the top 50 venture-funded companies in the United States, which were ranked in 2011 by the research firm VentureSource based on factors that included company growth, (successful) track record of CEOs, founders and investors, and capital raised. The companies, all privately-held and with the potential to become publicly traded on the stock market in the years ahead, are today each valued at less than \$1 billion and have received venture capital (equity) financing within the past three years, an important indicator of the promise seen by investors.

The research finds that 48 percent, or 24 out of 50, of the country's top venture-funded companies had at least one immigrant founder. This illustrates the increasing importance and contributions of immigrants to the U.S. economy. A 2006 study conducted with the National Venture Capital Association identified an immigrant founder in 1 in 4, or 25 percent, of publicly traded venture-backed companies created between 1990 and 2005.

This study is the first to examine the role immigrants play on the management or product development team in leading private companies in information technology, health, energy, business and financial services, and other fields. The research found 38 of the top 50 companies, or 76 percent, had at least one immigrant helping the company grow and innovate by filling a key management or product development position. Chief technology officer, CEO and vice president of engineering are the most common positions held by immigrants in the top 50 venture-backed companies.

Interviews pointed to the uniqueness of America's entrepreneurial culture, with many believing it remains the country's greatest economic strength. Dr. Stefan Kraemer, who founded EndoGastric Solutions, said he came to the United States specifically to start a company. "In Germany, people would have told me, 'What are you doing, you're a surgeon, why do you want to do anything else, like start a company?'" said Kraemer. "To me, America is about having a dream and being able to realize it."

*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies*

The most common country of origin for an immigrant founder of a top 50 venture-backed company was India, followed by Israel, Canada, Iran and New Zealand. Other founders and co-founders were born in Italy, South Africa, Greece, Norway, Germany, the United Kingdom, Singapore, Switzerland, and France.

The stories of how the companies were founded carry a uniquely American feel. In true “only in America” fashion, two former students at Sharif University of Technology in Tehran ended up in San Francisco and established an online romantic social network that is considered a top destination for singles. The men had to abandon another company they started years earlier after an immigration attorney informed the pair it was virtually impossible for a foreign national to gain a visa as the founder of a startup company.

Israeli-born Ofer Shapiro didn't listen to those who said it was impossible to provide high quality video conferencing via an Internet platform. But today his company Vidyo is growing fast and upending a multi-billion dollar video conferencing industry.

If there is one overarching theme among these top 50 venture-backed companies it is how combining foreign-born and native-born talent creates a win-win situation that creates jobs and important innovations in America. When Olav Bergheim brought a young relative to see Dr. Richard Hill for glaucoma treatment, Dr. Hill told Bergheim, who was born in Norway, that he had an idea for a new approach. Bergheim said he would back the idea financially and they brought in Iranian-born Mory Gharib, an engineer, who developed the prototype for the “first human implant of a micro-bypass stent” to treat glaucoma patients for their new company called Glaukos.

While it is often large companies that are cited in media accounts supporting liberalized immigration rules for highly-skilled foreign nationals, Eric Lekacz, a native-born co-founder of ExteNet Systems, which provides network infrastructure for wireless providers, points out that hiring the right person can be even more critical for newer companies. “When in the emerging growth phase you have to get the best person without regard to race or ethnicity,” he said.

“For me, America was a magnet, I wanted to take the chance to work in Silicon Valley,” said Jef Graham, the British-born CEO of RGB Networks. “In the rest of the world, when someone presents an idea, the response is often, ‘Here's why you can't do it.’ In America, the response is ‘great idea’. That is a unique strength as a nation.”

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*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies***BACKGROUND AND KEY FINDINGS**

Nearly half of America's top venture-backed companies were started by immigrants. Moreover, more than 75 percent of these companies had one of more immigrants as a key member of the management or product development team.<sup>1</sup> These new findings indicate immigrants are playing an increasingly important role in starting and staffing America's cutting-edge companies. The research was conducted by gathering biographical data and from interviews with the top 50 venture-funded companies, which had been selected and ranked in March 2011 by the research firm VentureSource and published in the *Wall Street Journal*.<sup>2</sup> The factors that informed the rankings included company growth, (successful) track record of CEOs, founders and investors, and capital raised.<sup>3</sup>

To be eligible for the top 50 list, the companies "must have received an equity round of financing in the past three years and be valued at less than \$1 billion."<sup>4</sup> The companies on the list are considered innovative and poised for even bigger things. "Start-ups with potential for technological breakthroughs in healthcare, mobile communications and business software topped the *Wall Street Journal's* second annual Next Big Thing List."<sup>5</sup>

In 2006, I conducted research with Michaela Platzer for the National Venture Capital Association that concluded 25 percent (1 in 4) of venture-backed companies that became publicly traded had at least one immigrant founder. That research covered the years 1990 to 2005.<sup>6</sup> This new research, which focused on companies mostly started more recently, indicates the foreign-born have become even more likely to be a founder of a notable company. In addition, this latest research adds a new dimension to the contributions of the foreign-born by focusing attention on immigrants in key positions in management and product development at top companies.

**THE NUMBERS**

A total of 24 of the top 50 venture-backed companies, or 48 percent, had at least one founder born outside the United States, according to the research conducted. Founders' place of birth was determined via interviews, followup requests, and available biographical information. The same process was used to determine whether a foreign-born individual held a key position in management or product development. Through the companies they started the immigrant founders and co-founders have created an average of about 150 jobs in the United States.

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<sup>1</sup> Note: Figure on immigrant founders has been raised to 48 percent and key management raised to 76 percent. Yammer responded after the study's initial release. The company's CEO/co-founder David Sacks was born in South Africa.

<sup>2</sup> Colleen Debaise and Scott Austin, "The Top 50 Venture-Backed Companies," *The Wall Street Journal*, March 10, 2011.

<sup>3</sup> Methodology of Top 50 List," *The Wall Street Journal*, March 9, 2011. (On *The Wall Street Journal* website.)

<sup>4</sup> Debaise and Austin.

<sup>5</sup> Ibid.

<sup>6</sup> Stuart Anderson and Michaela Platzer, *American-Made* (Arlington, VA: National Venture Capital Association, 2006).

*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies*

The research also found that 38 of the 50 top companies, or 76 percent, employed one or more immigrants in a key management or product development position, demonstrating the important role played by foreign-born personnel in breakthrough companies. The most common position held by an immigrant was Chief Technology Officer (CTO), with CEO and vice president of engineering also common. The report may underestimate the number of foreign-born as founders or key personnel in these companies, since individuals whose place of birth lacked reliable confirmation were not included. The most common country of origin for an immigrant founder of a top 50 venture-backed company was India, followed by Israel, Canada, Iran and New Zealand. Other founders and co-founders were born in Italy, South Africa, Greece, Norway, Germany, the United Kingdom, Singapore, Switzerland and France.

**STORIES OF IMMIGRANT-FOUNDED COMPANIES**

Dr. Stefan Kraemer

**ENDOGASTRIC SOLUTIONS**

German-born Stefan Kraemer founded EndoGastric Solutions in 2003 out of a desire to provide a medical procedure “less invasive and more beneficial to the patient.”<sup>7</sup> Kraemer’s idea for surgically repairing problems with the esophagus without using incisions has helped people suffering from chronic heartburn and related ailments, according to Chief Financial Officer Ken Ludlum.<sup>8</sup> The company, based in Redmond, Washington, employs 120 people today. “We think this can be a big company,” said Ludlum. “That will involve a lot of expansion.”

Kraemer was first educated in medicine in Germany and was invited to Seattle to work with one of the leaders in the field before returning to Munich. But Kraemer was not satisfied with only practicing medicine after he concluded there was a better approach to surgery that he could replicate on a larger scale.

To turn his idea into a company he needed to return to the United States. In a remarkable statement about culture, Kraemer explains why it was necessary to come to America: “In Germany, people would have told me, ‘What are you doing, you’re a surgeon, why do you want to do anything else, like start a company?’ To me, America is about having a dream and being able to realize it.”<sup>9</sup>

In the United States, the company he founded has received venture capital from 6 different entities. Kraemer said raising capital from experienced investors validates ideas from entrepreneurs like him, and represents a unique

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<sup>7</sup> Interview with Stefan Kraemer.

<sup>8</sup> Interview with Ken Ludlum.

<sup>9</sup> Interview with Stefan Kraemer.

*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies*

advantage America has over other countries. "To me it's the opportunity one gets in the U.S. vs. in Germany and Europe. I see it as a long-term strength and not something that will wane."<sup>10</sup>

**Table 1**  
**Immigrant Founders and Co-Founders of America's Top 50 Venture-Funded Companies**

Company	Immigrant Founder or Co-Founder	Product/Service*	Number of Employees**
Aprius Inc. (Sunnyvale, CA) Founded 2007	Marc Epitoux (Switzerland) Jean-Marc Verdiell (France)	IO virtualization and networked flash storage for servers.	25
Aster Data Systems Inc. (San Carlos, CA) Founded 2005	Tasso Argyros (Greece) Mayank Bawa (India)	Data management and advanced analytics for businesses.	102
Bivio Networks Inc. (Pleasanton, CA) Founded 2000	Junaid Islam (Canada) Homayoun Valizadeh (Australia)	Security of government and service-provider networks.	60
Boku Inc. (San Francisco, CA) Founded 2009	Mark Britto (Singapore) Ron Hirson (South Africa)	Service that lets consumers charge online purchases to their mobile-phone bills.	100
Castlight Health (San Francisco, CA) Founded 2008	Giovanni Colella (Italy)	Web-based software that gives employees personalized views of medical benefits and treatment costs.	100
Chegg Inc. (Santa Clara, CA) 2007	Aayush Phumbhra (India) Osman Rashid (U.K.)	Textbook rental service.	150
Cyan Optics (Petaluma, CA) Founded 2006	Steve West (South Africa)	Technology to deliver voice, video and data over broadband networks.	102
EndoGastric Solutions Inc. (Redmond, WA) Founded 2003	Stefan Kraemer (Germany)	Incisionless surgery for gastrointestinal diseases.	120
Etsy, Inc. (Brooklyn, NY) 2005	Haim Schoppik (Switzerland)	Online marketplace for buying and selling handmade goods.	185
Everyday Health Inc. (New York, NY) Founded 2002	Michael Keriakos (Canada)	Online publisher with more than 25 health-related sites.	400
Glam Media (Brisbane, CA) Founded 2004	Samir Arora (India) Raj Narayan (India)	Web publisher with 2,000 lifestyle sites offering advertisers targeted audiences.	500

Source: National Foundation for American Policy; VenuturSource; *The Wall Street Journal*. Note: \*Product/Service descriptions taken verbatim from "The Next Big Thing 2011," *The Wall Street Journal*, March 9, 2011. \*\*Number of employees from "The Next Big Thing 2011" as of March 2011 unless updated in new information obtained from companies.

<sup>10</sup> Ibid. Dr. Kraemer is currently vice president, medical affairs, at C.R. Bard, a large medical technology company.

*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies*

**Table 1 (cont.)**  
**Immigrant Founders and Co-Founders of America's Top 50 Venture-Funded Companies**

<b>Company</b>	<b>Immigrant Founder or Co-Founder</b>	<b>Product/Service*</b>	<b>Number of Employees**</b>
Glaukos Corp. (Laguna Hills, CA) Founded 2001	Olav Bergheim (Norway) Morteza Gharib (Iran)	Medical devices and therapies to treat glaucoma.	40
Imperva Inc. (Redwood Shores, CA) Founded 2002	Mickey Boodaei (Israel) Shlomo Kramer (Israel) Amichai Shulman (Israel)	Data security and audit systems for companies.	350
IronKey Inc. (Sunnyvale, CA) Founded 2005	David Jevans (Canada)	Secure USB storage and authentication devices and anti-fraud systems.	100
Nimble Storage Inc. (San Jose, CA) Founded 2008	Umesh Maheshwari (India) Varun Mehta (India)	Storage, backup and disaster-recovery systems.	55
RGB Networks Inc. (Sunnyvale, CA) Founded 2003	Edward Krause (Canada)	Technology for delivering video to TVs, computers and mobile devices.	165
Silver Peak Systems Inc. (Santa Clara, CA) Founded 2004	David Hughes (New Zealand)	Appliances that speed the movement of data between datacenters.	150
Suniva Inc. (Norcross, GA) Founded 2007	Ajeet Rohatgi (India)	Solar cells and modules.	190
Tx Via Inc. (New York, NY) Founded 2006	Aaron Tay (New Zealand) Colin Fleming (New Zealand)	Prepaid-card processing technology.	150
Vidyo (Hackensack, NJ) Founded 2005	Ofer Shapiro (Israel) Alex Eleftheriadis (Greece) Avery More (Israel)	HD-quality video-conferencing applications and services for computers.	200
Xactly Corp. (San Jose, CA) Founded 2005	Satish Palvai (India)	Web-based software for managing sales compensation.	140
Xsigo Systems Inc. (San Jose, CA) Founded 2004	R.K. Anand (India) Ashok Krishnamurthi (India) S.K. Vinod (India)	Hardware and software for managing datacenters.	110
Yammer Inc. (San Francisco, CA) Founded 2008	David Sacks (South Africa)	Private, secure social networks for enterprises.	100
Zoosk Inc. (San Francisco, CA) Founded 2007	Shayan Zadeh (Iran) Alexander Mehr (Iran)	Dating service using the web and social networks.	80

Source: National Foundation for American Policy; VentureSource; *The Wall Street Journal*. Note: \*Product/Service descriptions taken verbatim from "The Next Big Thing 2011," *The Wall Street Journal*, March 9, 2011. \*\*Number of employees from "The Next Big Thing 2011" as of March 2011 unless updated in new information obtained from companies.

*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies***ZOOSK**

In true “only in America” fashion, two former students at Sharif University of Technology in Tehran ended up in San Francisco and established a romantic social network that is considered a top destination for singles. Zoosk co-founders Alex Mehr and Shayan Zadeh met in Iran as students back in the 1990s. “Their dream was to someday start a company together and achieve success in the United States.”<sup>11</sup>

Even getting a visa to the United States was not easy. Since America does not maintain an embassy in Iran, Alex and Shayan needed to go to Turkey. With no air travel at the time between Iran and Turkey the two young men had to cross into Turkey on foot. Alex and Shayan roomed together at the University of Maryland and entered an entrepreneurship workshop. Along with two other friends, they put together a prototype for a new business software project, formulated a business plan and garnered second place in the competition.



Zoosk Co-Founders Alex Mehr (l) and Shayan Zadeh (r).

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<sup>11</sup> Information provided by Zoosk.

*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies*

Bolstered by success and with bigger dreams in their heads, the four men formed a company. "Initially I wanted to become an academic but we were excited and saw a lot of potential," said Alex. Then, the reality of U.S. immigration law reared its head.<sup>12</sup>

"Up until this point we had ignored the immigration aspects," said Alex. The "immigration aspects" soon became clear to them: an international student possesses no right to stay in the United States and work. To work legally in the United States long term, a company would normally need to file a petition on behalf of a foreign national for H-1B status, which is generally good for up to six years (with a renewal after 3 years). Then, a company could sponsor the individual, filing for permanent residence, also known as a green card.<sup>13</sup>

The immigration attorney they visited explained the law: It was unlikely the immigration service would approve an H-1B petition for individuals who are entrepreneurs and run the company. The attorney advised them: "I think you guys should stop doing this company and get a job." Alex and his friends were devastated by the news. "It was one of the worst days of my life," said Alex. "We almost cried."<sup>14</sup>

The four young men dissolved the company and went their separate ways. After Shayan finished his masters degree he joined Microsoft. One of the other friends left the country to work for an investment firm in the United Kingdom.

Alex continued school and was able, quite remarkably, to complete both a masters and a Ph.D. (in mechanical engineering) in only three years. He defended his dissertation in the application of complex systems, which had relevance to aerospace and later attracted the attention of NASA.

During his last year in school he sought a difficult-to-obtain O-1 temporary visa. Yet Alex's life story took another improbable turn. A friend told him about the Diversity Visa green card lottery and helped him enter. Alex won the lottery, gaining permanent residence through luck where starting a business had failed (due to U.S. law).

After beating the odds and receiving his green card, Alex worked with a small IT consulting company before being hired by NASA as a scientist. After working at NASA, Alex persuaded Shayan to join him in San Francisco to work on ideas for a company. During their brainstorming sessions ideas emerged for such things as a "wireless cat feeder." Eventually, the two came upon ideas more likely to attract the attention of investors.

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<sup>12</sup> Interview with Alex Mehr.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.



*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies*

The company that became Zoosk started as a Facebook application that allowed people to upload video and vote on which they liked best. The two saw their application as a market research tool. The videos morphed into an application for uploading photos from friends and rating the photos. That became one of the most popular apps on Facebook. Alex and Shayan realized the app contained elements of a dating site and observed the Facebook platform lacked a good site for singles.

"We immediately dropped everything else and put all our time and resources into developing a dating site," said Alex.<sup>15</sup> And this turned out to be a good decision. Started in 2007, today Zoosk has registered more than 50 million singles, while users have installed Zoosk mobile applications on more than 2.5 million mobile devices. The company has approximately 15 million active users a month.<sup>16</sup>

Although dating is a local experience, Zoosk has subscribers in more than 70 countries and is available to users in 25 languages. To date, the company has raised more than \$40 million in venture financing and in 2011 sales passed an annual rate of \$90 million.<sup>17</sup>

The company describes itself as "offering singles a seamless dating experience across online and mobile platforms that integrates the latest social features. Zoosk allows users to build a social graph by friending other Zooskers, discovering new connections via real time newsfeed and using virtual currency to buy gifts and boost their visibility."<sup>18</sup>

Alex believes a value of founding a company with someone else is the mutual support it offers. "Starting a company is a roller coaster in the early stages, there can be a lot of doubts. With a partner it's unlikely the two of you will have down days on the same day," said Alex.<sup>19</sup>

The company today employs 110 people and Alex Mehr's experience makes him supportive of improving U.S. immigration laws to make it easier for entrepreneurs to stay here and start businesses. He also supports making it easier for international graduate students in science and technology fields to gain permanent residence (a green card). "America is blessed that many highly talented people want to come here and stay here to start companies and work, but we tell many of them 'no',"<sup>20</sup> The story of Alex Mehr, Shayan Zadeh, and Zoosk tells us America gains when we say "yes."

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<sup>15</sup> Ibid.

<sup>16</sup> Zoosk.

<sup>17</sup> Financial information provided by Zoosk.

<sup>18</sup> Zoosk.

<sup>19</sup> Interview with Alex Mehr

<sup>20</sup> Ibid.

## GLAUKOS

Glaukos Corporation, based in Laguna Hills, California, is an example of how the founders of a startup can each bring different elements to the table, turning an idea or notion into a viable business that serves important needs. Olav Bergheim, born in Norway, brought a young relative to see Dr. Richard Hill about a serious eye problem, glaucoma. When told by Dr. Hill that currently the most viable treatment was a trabeculectomy, an old procedure, Bergheim asked if there wasn't another solution. Dr. Hill said he had an idea. "He had spent several years analyzing the clinical potential of implanting a micro-bypass stent into Schlemm's canal to restore physiologic outflow while avoiding the major drawbacks of invasive glaucoma surgeries."<sup>21</sup>



Glaukos founders (l to r) Richard Hill, Olav Bergheim and Mory Gharib.

Bergheim said he would back the idea financially. The two men then teamed up with Iranian-born Mory Gharib, Ph.D., the Hans W. Liepmann Professor of Aeronautics and the Professor of Bio-Inspired Engineering at the California Institute of Technology and the engineer who produced the Cad drawing and design. "Mr. Bergheim, Dr. Hill and Dr. Gharib subsequently formed Glaukos and immediately began development of the micro-bypass stent," according to the company's history. "Dr. Gharib provided the fluid mechanics of the design, as well as technical leadership. One month later, Dr. Gharib developed the first prototype and within one year the first human implant of the micro-bypass stent was performed."<sup>22</sup>

<sup>21</sup> <http://www.glaukos.com/about-glaukos/history>.

<sup>22</sup> *Ibid.*

*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies***CASTLIGHT HEALTH**

Founded in 2008 by Italian-born Giovanni Colella and U.S.-born Todd Park, Castlight Health ranked number one on the Top 50 Venture-Funded Companies list. Based in San Francisco, California and employing 100 people, Castlight has developed a niche in an important health and commercial field – empowering individuals and employers to make informed financial decisions about health care. “When Life Technologies rolled out a high-deductible insurance plan at the beginning of the year, the biotech company wanted to ease sticker shock for employees accustomed to low out-of-pocket expenses,” wrote *Forbes* columnist Zina Moukheiber. “It offered a service from Castlight, which allowed them to compare costs for lab tests, and visits to primary care doctors, or orthopedic surgeons in their neighborhood. An employee in San Francisco can make the startling discovery that the price of a cholesterol test, for example, could range from \$11 to \$150. While it’s still early to measure savings, it’s not hard to see that the impact can be significant for consumers. At Life Technologies, 60% of employees have signed up for Castlight so far, and the company describes the number of return users as high.”<sup>23</sup>

**VIDYO**

Ofer Shapiro believes the place he was born shaped the way he views obstacles. Ofer was born in Nahalal, a place many Israelis consider a type of Plymouth Rock for Israel.<sup>24</sup> The settlers of Nahalal, which was founded in 1921, needed to make a livable place and build a community out of virtually nothing. “My grandfather’s generation said, ‘We have to live there, so let’s figure out how to drain the swamp.’” Ofer notes the first building the settlers constructed was a library.<sup>25</sup>



Ofer Shapiro

“Internet videoconferencing has been around for a few years, but the calls typically are characterized by jerky, low-resolution video. More-realistic, high-resolution videoconferencing systems generally require dedicated communications lines and expensive equipment, limiting their use,” explains *The Wall Street Journal*. “Vidyo uses a new video-compression standard to produce a high-definition videoconferencing product that can work on desktop or laptop computers, tablets and smart phones and travel over the Internet or 3G and 4G cellular networks.”<sup>26</sup>

<sup>23</sup> Zina Moukheiber, “Castlight is Poised to Play a Pivotal Role in Reducing Health Care Costs,” *Forbes*, October 13, 2011. <http://www.forbes.com/sites/zinamoukheiber/2011/10/13/castlight-is-poised-to-play-a-pivotal-role-in-reducing-health-care-costs/>

<sup>24</sup> Interview with Ofer Shapiro.

<sup>25</sup> Ibid.

<sup>26</sup> Michael Totty, “The Winners, Category by Category,” *The Wall Street Journal*, September 27, 2010.

*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies*

"Constraints make you think outside the box," said Ofer. And he believed the only way to make high quality video available over the Internet was to think about the problem in a new way. Using "telepresence" systems, a 3-hour video conferencing call from three sites or locations could cost a group of users \$3,600. Via the Internet and mobile applications, Shapiro said his company Vidyo can deliver the same quality for pennies on the dollar. Its chief competitors are much larger companies, Cisco and Polycom.

Independent research backs up Vidyo's role as a company that has "disrupted" and changed the video conferencing market. "We believe the video conferencing market is approaching an inflection point of more widespread commercial adoption driven by much lower-cost, high-quality enterprise solutions based in software," recently reported Baird Equity Research. "We believe this architectural shift will prove disruptive for hardware-based providers Cisco and Polycom, who currently enjoy dominant market share."<sup>27</sup>

Baird Equity Research labels Vidyo "a disrupter," writing, "Vidyo is a five year-old start-up offering SVC-based [software-centric, advanced compression technology] solutions at significantly lower price points than traditional solutions. The company is winning large competitive deals in both hybrid (desktop and conference room) and room-only accounts. Vidyo also recently announced a solution that allows service providers to virtualize its VidyoRouter architecture, enabling massive deployment through a Video-as-a-Service model." Baird Equity Research argues that we are seeing the "beginning of the end" for the traditional way of videoconferencing and foresees other companies "ultimately being forced to embrace software-intensive solutions."<sup>28</sup>

Around 2005, after working for an Israeli company in the United States and taking some time off, Ofer decided to tackle the problem of delivering high quality video conferencing over the Internet. He saw it as the wave of the future but also admitted to potential investors that everyone said it couldn't be done.

To help think outside the box, as his grandfather's generation had done, Ofer worked with Israeli-born Avery More to secure an initial round of venture capital and later added to the mix Alex Eleftheriadis, a Greek-born professor, along with other experts. Alex and Ofer assembled a small team and literally got in a room and thought about how to solve the problem. That was in June 2005. By October 2005, less than four months later, the company had a prototype.

Vidyo is growing fast, increasing from 140 to 200 employees worldwide during the 2011 calendar year. It also is receiving recognition, winning a 2010 "Technology Innovation" award from *The Wall Street Journal*.<sup>29</sup> The product

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<sup>27</sup> "Video Conferencing: Software-Based Solutions Driving an Inflection Point," Baird Equity Research, November 21, 2011, p.

<sup>28</sup> Ibid.

<sup>29</sup> *The Wall Street Journal*, September 27, 2010.

*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies*

encompasses primarily a business to business or business to consumer market, though it is possible to use their product consumer to consumer via Google Hangout. Vidyo differs from Skype in two ways: the quality of the transmission for users, and it gives the enterprise or service provider the option of full system control and security, making it ideal for business to business – or business to consumer – applications, according to Vidyo. About one-third of the company is employed in research and development and the company has been granted 12 patents, with more than 40 pending.

Ofer is bullish on America as a place with a great business culture. “The business culture is honest, open with a good infrastructure and it’s relatively easy to start a business,” he said. Like other entrepreneurs he is concerned about how U.S. immigration laws operate, particularly given today’s global economy. “We have people, but if we can’t add other people because of immigration restrictions that hurts the local economy because we could create even more jobs in the United States.”<sup>30</sup> Following his grandfather’s generation’s lesson to persist even if told something couldn’t be done, Ofer and his fellow immigrant founders have created 170 jobs to date in the United States and established a valuable technology for businesses and consumers.

**IRONKEY**

Canadian-born David Jevans founded IronKey in 2005 and the company today employs 100 people. Based in Sunnyvale, CA, IronKey plays an important role in preventing fraud in online, mobile and cloud-related applications and devices. Online banking is growing by 40 percent annually according to company officials and most fraud is now committed by international crime organizations. In addition to its foreign-born founder David Jevans, CEO Art Wong, Sr. V.P, Engineering Sam Farsad, and Sr. V.P, Product Management Ajay Nigam were all born outside the United States. Jevans holds several patents related to data protection. “You are unlikely to find a Silicon Valley company that doesn’t have foreign-born employees in important positions,” said Kevin Bocek, vice president of Marketing at IronKey. “It’s a meritocracy and incubator for talent. There is a global market for talent and all software and cloud computing companies are now required to be global if they want to compete.”<sup>31</sup>

**GLAM MEDIA**

Glam Media has over 2,500 publishing partners in the U.S. and Europe, focused on placing name brand advertisers on “mid-tail” and niche websites beyond the top 100 most visited. “A key premise of the company is that name brand advertisers need ways to efficiently and effectively reach web visitors to more specialized websites,” according to Paul Loeffler, head of corporate communications at Glam Media. “Advertisers want to reach smaller groups of visitors that come back frequently and spend great amounts of time on sites because

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<sup>30</sup> Interview with Ofer Shapiro.

<sup>31</sup> Interview with Kevin Bocek.

*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies*

they are passionate about the subject matter, which is very focused."<sup>32</sup> Started during Fashion Week in 2005, the company employs 500 people today following a recent acquisition of Ning. Two of the company's founders are foreign-born, Samir Arora and Raj Narayan, both born in India. Arora serves as CEO and Chairman, while Narayan is vice president and chief architect, engineering.

**Table 2**  
**Immigrant Key Member of Management or Product Development Team in Top VC-Backed Companies**

<b>Company</b>	<b>Industry*</b>	<b>Immigrant Key Member of Management or Product Development Team</b>
Achaogen Inc.	Health Care	CEO & Chief Medical Officer
Active Network Inc.	Information Technology	Chief Technology, Product and Innovation Officer Senior V.P./Senior G.M., Outdoors V.P., Engineering V.P., International V.P., Technology
Aprius Inc.	Information Technology	V.P., Product Marketing
Aster Data Systems Inc.	Information Technology	V.P., Development V.P, Engineering and Big Data Lab
Bivio Networks Inc.	Information Technology	V.P., Worldwide Sales V.P., Software Engineering
Carrier IQ Inc.	Information Technology	V.P., Marketing
Castlight Health Inc.	Health Care	CEO/President Chief Technology Officer V.P., Finance
Chegg Inc.	Consumer Services	Senior V.P.
Cyan Optics Inc.	Information Technology	Chief Technology Officer
Everyday Health Inc.	Consumer Services	President
ExaGrid Systems Inc.	Information Technology	Senior V.P., Engineering
ExteNet Systems Inc.	Information Technology	Chief Technology Officer
Fusion-io Inc.	Information Technology	Chief Technology Officer
Glam Media Inc.	Consumer Services	CEO/Chairman V.P. and Chief Architect, Engineering
Imperva Inc.	Information Technology	CEO/President Chief Technology Officer V.P., Worldwide Client Services V.P., Engineering V.P., Finance
Iron Key Inc.	Information Technology	Chairman CEO Sr. V.P., Product Management Sr. V.P., Engineering
Jive Software Inc.	Information Technology	Sr. V.P., Product Management V.P., Customer Success

Source: National Foundation for American Policy; VentureSource; *The Wall Street Journal*. Note: \*Industry type taken verbatim from "The Next Big Thing 2011," *The Wall Street Journal*, March 9, 2011.

<sup>32</sup> Responses from Paul Loeffler to questions via email.

*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies*

**Table 2 (cont.)**  
**Immigrant Key Member of Management or Product Development Team in Top VC-Backed Companies**

<b>Company</b>	<b>Industry*</b>	<b>Immigrant Key Member of Management or Product Development Team</b>
Nimble Storage Inc.	Information Technology	CEO V.P., Engineering Chief Technology Officer
Patient Safe Solutions	Health Care	Director, Business Development
Pivot3 Inc.	Information Technology	Chief Marketing Officer V.P./GM, International
Prosper Marketplace Inc.	Business and Financial Services	Exec. V.P., Technology and Operations
Rally Software Development Corp.	Information Technology	Director, Product Management
RGB Networks Inc.	Information Technology	CEO/Chairman Chief Technology Officer V.P., Marketing V.P., International
ServiceNow Inc.	Information Technology	CEO Chief Technology Officer
Silver Peak Systems Inc.	Information Technology	Chief Technology Officer
Soasta Inc.	Information Technology	V.P., Engineering
SpiderCloud Wireless Inc.	Information Technology	V.P., Product Management
Suniva Inc.	Energy and Utilities	Chief Technical Officer
Tx Via Inc.	Business and Financial Services	CEO
Vidyo Inc.	Information Technology	CEO Chief Scientist
Workday Inc.	Business and Financial Services	V.P., Development
Xactly Corp.	Business and Financial Services	Chief Technology Officer
Xirrus Inc.	Information Technology	Chief Marketing Officer V.P., International Sales
Xoom Corp.	Business and Financial Services	Chair
Xsigo Systems Inc.	Business and Financial Services	CEO Vice Chairman V.P., Engineering V.P. Business Development
Yammer Inc.	Business and Financial Services	CEO
Zilliant Inc.	Information Technology	V.P., Pricing Science
Zoosk Inc.	Consumer Services	Co-CEOs V.P., Marketing

Source: National Foundation for American Policy; VentureSource; *The Wall Street Journal*. Note: \*Industry type taken verbatim from "The Next Big Thing 2011," *The Wall Street Journal*, March 9, 2011.

## PATENTS

### SILVER PEAK SYSTEMS

Patents by foreign-born employees play an important part in startup companies and Silver Peak, based in Santa Clara, California, is a great example. "All issued Silver Peak patents have foreign inventors," according to Tony Thompson, senior director, corporate communications at Silver Peak.<sup>33</sup> The company's founder and Chief Technology Officer David Hughes, who was born in Auckland, New Zealand, holds 34 patents in his career, including six issued for Silver Peak. Damon Ennis, vice president of product management, was born in Northern Ireland and holds 5 patents, including one for Silver Peak. British-born Carl Hubbard, vice president of engineering, moved to America with his family as a child. He holds three patents.

"David saw an opportunity to architect wide area network (WAN) optimization technology in software and create 'virtualization' appliances, where other vendors are and were doing it with hardware," said Tony Thompson. "This has allowed for 'virtual' WAN optimization to really take off." Thompson said virtualization allows the company to offer significantly better performance for wide area networks at one-third the cost of competing hardware products.<sup>34</sup>

### BOKU

Ron Hirson's parents opposed Apartheid and left South Africa after the Soweto riots when Ron was 7. His father works today as an immigration attorney in California. Fellow co-founder Mark Britto, born in Singapore, came to America as a boy as well. Erich Ringewald, the third co-founder, though born in America, has Swiss parents. The three men had worked together starting other companies and joined forces to create Boku when they saw a big opportunity in mobile payment. Hirson has 45 patents.



Ron Hirson

Boku, based in San Francisco, was started in 2009 and already employs 100 people. The company's service that allows online purchases via mobile devices is now available in 66 countries. "The nature of the Internet is you can create a platform or service that can be headquartered within 20 miles of San Francisco but available anywhere on earth," said Ron Hirson. "And if you have customers from around the world you need a global workforce, people familiar with local cultures." He sees the company's best growth prospects in Western Europe and Turkey.<sup>35</sup>

<sup>33</sup> Interview with Tony Thompson.

<sup>34</sup> Ibid.

<sup>35</sup> Interview with Ron Hirson.



## A GLOBAL WORKFORCE

### XOOM

Maintaining a global workforce can be important for any company but it is particularly crucial for a company like Xoom, which provides money transfer services to 30 countries. In an industry long dominated by brick and mortar operations, most notably Western Union, Xoom CEO John Kunze said it can provide the same service today online, in less than a minute, at two-thirds less cost.

The company has made significant inroads in the Philippines and India, and is growing in Mexico and the Dominican Republic. "It is hugely beneficial to have workers with experience in those markets," said Kunze. "Our employees have empathy for the users because many use the service themselves to send money to family members."<sup>36</sup>

Although started by two native-born founders, Alan Braverman and Kevin Hartz, the company's chairman, CFO, senior vice president of marketing and one-third of its workforce is foreign-born.



Xoom CEO John Kunze

### ONCOMED PHARMACEUTICALS

OncoMed Pharmaceuticals, based in Redwood City, California, focuses on medical breakthroughs that "target the pathways critical to cancer stem cells." According to Paul J. Hastings, President and CEO of OncoMed Pharmaceuticals, the company's founders were native-born as well as its most important patent holder/drug discoverer (Austin Gurney). Four foreign nationals are listed on company patents. All of these foreign nationals are in senior positions in *other biotech* star-ups now, all in the area of cancer, noted Hastings. "Our little company has been the seed of many startups, and we are proud, as a startup of that."<sup>37</sup>

Hastings believes combining American-born and foreign-born talent is likely to continue to work well for OncoMed. "We have many new foreign nationals at OncoMed, and I am sure they will be major inventors on our newly filed or soon-to- be filed patents." The company has an internship with a university in France. "We spend lots of time and money getting talented folks visas to work here from India, China, and Europe," said Hastings.

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<sup>36</sup> Interview with John Kunze.

<sup>37</sup> Interview with Paul J. Hastings.

*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies***EXTENET SYSTEMS**

ExteNet Systems, which provides network infrastructure for wireless providers, is another example of a company with native-born founders but where foreign-born talent has played an important contributing role. Eric Lekacz, a co-founder of the company and vice-president of business development and strategy, said although he was born in Detroit, he lived in London and other members of the management have spent significant time abroad. Although a relatively small company, with 86 employees, it is striking how ExteNet's leaders think globally in the same manner as companies on the Fortune 500 list.

"We have worked internationally and developed contacts, so we might be just as likely to find the critical person we need is working in Europe as in the U.S.," he said. "And if it's a foreign national, we will go through the pain" of the immigration process.<sup>38</sup>

While it is often large companies cited in media accounts supporting liberalized immigration rules for highly-skilled foreign nationals, Lekacz points out that hiring the right person can be even more critical for newer companies. "When in the emerging growth phase you have to get the best person without regard to race or ethnicity," he said. "We have a mix of people from all backgrounds. It's pretty amazing. It just naturally happened. They were the best people for the job."<sup>39</sup>

ExteNet Systems helps provide infrastructure solutions for wireless service providers, often doing it at a savings of 30 to 50 percent, according to Lekacz. To drive down the costs and avoid the costs often associated with "wiring" a building – it's been necessary for ExteNet Systems to be creative. An important part of that creativity has come from Tormod Larsen, the chief technology officer who was born in Norway. "Through his knowledge and expertise, Tormod has developed patents and also helped identify patents we needed to acquire," said Lekacz.<sup>40</sup> Steve Kingwell, vice president of implementation, was born in Canada. Based in Lisle, Illinois, ExteNet Systems ranked fifth on the Top 50 list and raised \$128 million in capital in 2010.

**ACHAOGEN**

Another company that venture capitalists believe may be poised for growth is Achaogen, based in South San Francisco, California. Started in 2004, by four U.S.-born founders, the company today is led by CEO and Chief Medical Officer Kenneth J. Hillan, who was born in Scotland and received his medical training at the University of Glasgow.

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<sup>38</sup> Interview with Eric Lekacz.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

*Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies*

"Achaogen has a very diverse group of managers and employees, including employees from Scotland, India, Ireland and other countries," according to John Hollway, Achaogen's vice president for business development. "We rely on their diversity and creativity to solve the many challenging problems of drug development."<sup>41</sup>

Hollway expresses confidence in the company's future growth prospects. "Achaogen hopes to build a world class drug discovery and development company," said Hollway. "Our expectation is that we will commercialize our first products in the United States and will work with commercial partners in ex-U.S. markets; over time, we hope to build a global pharmaceutical company."<sup>42</sup>

## **RGB NETWORKS**

RGB Networks, started in 2003 by Canadian-born Edward Krause and American-born Peter Monta and Adam Tom, delivers high quality video service for consumers via telecom, cable and satellite companies. The company employs 175 people, led by British-born CEO Jef Graham.

This is the third startup company led by Graham. The company's vice president of marketing was born in Iran and its vice president of international sales was born in Italy. RGB Networks is backed by two of Silicon Valley's leading venture capital firms Kleiner Perkins Caufield & Byers and Accel Partners. "They back companies when the idea has the potential to be large, diverse in product, and with a predictable revenue growth," said Graham. He views IP video as one of the last great frontiers for data. He took the job as CEO because he thought it would be "fun" and an opportunity to leave a legacy.<sup>43</sup>

Much of the hiring at startups, in Graham's experience, involves people with 5 years of experience seeking new opportunities and increased responsibility in a startup environment, rather than hiring many people fresh out of school. Graham said what is unique about America and Silicon Valley is that in Japan employees would ever leave an established publicly traded company to take a chance working for a startup.

"For me, America was a magnet. I wanted to take the chance to work in Silicon Valley," said Graham. "In the rest of the world, when someone presents an idea, the response is often, 'Here's why you can't do it.' In America, the response is 'great idea'. That is a unique strength as a nation."<sup>44</sup>

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<sup>41</sup> Reply to questions via email from John Hollway.

<sup>42</sup> Ibid.

<sup>43</sup> Interview with Jef Graham.

<sup>44</sup> Ibid.

## **CONCLUSION**

Immigrants are increasingly important in driving growth and innovation in America. Research conducted via interviews and company information finds immigrants have started nearly half of America's top 50 venture-backed companies and are key members of management or product development teams in more than 75 percent of our country's leading cutting-edge companies. The research finds that among the top venture-backed companies, immigrant founders have created an average of approximately 150 jobs per company in the United States.

Today's breakthrough companies are often founded by immigrants or at least employ a foreign-born scientist, engineer or CEO crucial to business growth and product development. Executives say access to talent from around the world is even more important to companies in their emerging growth phase.

One of the lessons of the research in this report is that America wins when we are open to talented individuals. Policies that help retain talent in the United States are likely to yield both more startup companies and the personnel needed to create more jobs and innovation in America.

## ABOUT THE AUTHOR

Stuart Anderson is Executive Director of the National Foundation for American Policy, a non-profit, non-partisan public policy research organization in Arlington, Va. Stuart served as Executive Associate Commissioner for Policy and Planning and Counselor to the Commissioner at the Immigration and Naturalization Service from August 2001 to January 2003. He spent four and a half years on Capitol Hill on the Senate Immigration Subcommittee, first for Senator Spencer Abraham and then as Staff Director of the subcommittee for Senator Sam Brownback. Prior to that, Stuart was Director of Trade and Immigration Studies at the Cato Institute in Washington, D.C., where he produced reports on the military contributions of immigrants and the role of immigrants in high technology. He has an M.A. from Georgetown University and a B.A. in Political Science from Drew University. Stuart has published articles in the *Wall Street Journal*, *New York Times*, *Los Angeles Times*, and other publications. He is the author of the book *Immigration* (Greenwood, 2010).

## ABOUT THE NATIONAL FOUNDATION FOR AMERICAN POLICY

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