



NEWS

- Local
- Sports
- Nation/World
- Business/Tech
- VC Notebook
- Layoff Tracker
- Bill Virgin
- Personal Finance
- Sci-Tech
- AP Biz Wire
- AP Tech Wire
- PR Newswire
- Business Wire
- Boeing
- Microsoft
- Environment
- Education
- Webtowns
- Photos/Multimedia
- Special Reports
- Blogs

LIFE & ARTS

- Calendar
- Restaurants
- SeattleNoise
- TV Listings
- Movie Times
- A&E
- Lifestyle
- Health & Fitness
- Getaways
- Comics & Games
- Horoscope

COMMENTARY

- Opinion/Columnists
- Letters
- David Horsey
- Forums
- Soundoffs

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- RSS/Web Feeds
- Mobile Feeds
- On Your Site

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- NWsource
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Wednesday, November 15, 2006

## Immigrants behind startups

### 1 of 4 public firms founded by foreign-born, study says

By ANDREA JAMES AND JOHN COOK  
P-I REPORTERS

Successful entrepreneurs possess a rare medley of qualities -- hunger, business savvy, drive and intelligence -- that inspire awe and sometimes envy in everybody else. Many people who have started publicly traded American companies share another common trait:

They weren't born in the U.S.

Since 1990, immigrants have founded one out of every four public, venture-capital-backed companies, according to a study released today commissioned by the National Venture Capital Association.

That figure is even higher in high tech, where immigrants founded 40 percent of such businesses. And in the private sector, nearly half of all venture-backed startups surveyed were founded by immigrants.

"One thing about being an immigrant is that you don't take things for granted," said Nosa Omoigui, who founded Bellevue search startup Nervana in 2001.

The 35-year-old Nigerian-born entrepreneur said being an immigrant is absolutely what toughened him up for corporate America.

"Many immigrants feel blessed to be in the U.S." said Omoigui, who worked at Microsoft Corp. after receiving two advanced degrees from Carnegie Mellon University.

"To even get venture capital money -- it is very, very clubby," he said. "It is who you know. But if you are an immigrant, you don't know anybody. What happens is that that provides the extra fuel and the extra determination."

Foreign-born entrepreneurs are overwhelmingly from India, followed by Israel and Taiwan.

Their companies are concentrated in five states: California, Massachusetts, New Jersey, Washington and Texas.

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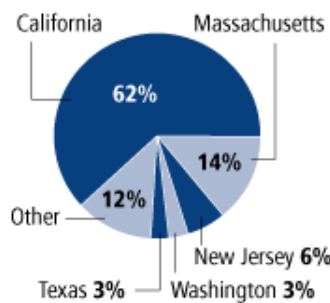
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### TOP STATES FOR IMMIGRANT FIRMS

Five states, including Washington, are home to the majority of public firms founded by foreign-born residents.

#### BREAKDOWN BY STATE

Of all immigrant-founded, venture-backed U.S. public companies



Source: Study: "American Made: The Impact of Immigrant Entrepreneurs and Professionals on U.S. Competitiveness." SEATTLE P-I



Immigrant entrepreneurship always could be seen in small businesses such as restaurants and gas stations.

But the study points out that immigrants are successfully running many large firms that trade on the stock market.

Though their founders were born elsewhere, the corporations mentioned symbolize American ingenuity and innovation -- Intel Corp., Sun Microsystems Inc., Yahoo Inc., Google Inc. and eBay Inc.

In a sense, it is an old story -- the hard-working immigrant who comes to the U.S. to seize opportunity and makes it.

But today, two-thirds of the immigrant entrepreneurs surveyed say that it's harder for foreigners to start businesses, because they can't get in.

The venture capital association hopes to use the study findings to influence U.S. policy to allow more skilled workers into the country every year. Copies will be hand-delivered to every member of Congress today, according to the association.

"What you see in the details is the overall importance of maintaining an open legal immigration system," said Stuart Anderson, executive director of the National Foundation for American Policy, which prepared the study along with Content First.

Too often, the immigration debate centers on unskilled workers, he said. Immigrants from Latin America, who frequently drive the discussion, have founded few public, venture-backed companies.

"We see not only how immigrants can positively influence America, but how America can positively affect immigrants," Anderson said.

Critics of raising visa quotas say doing so would cheapen the labor pool and cost American citizens jobs.

Seattle has its share of foreign-born entrepreneurs -- many of whom came on a skilled worker visa. Naveen Jain, the founder of Bellevue-based InfoSpace Inc., is one of them.

"I came to this country in 1982, and like any other immigrant, I came with \$10 in my pocket, and I started to work for a living," said Jain, who emigrated from India. He worked in New Jersey for a year, California for seven and then, at the urging of his wife -- also a businesswoman -- landed a job in the Pacific Northwest working for Microsoft.

In 1996, he founded InfoSpace, and seven years later, he started another firm, Intelius Inc. Jain, 47, who is now a citizen, found it easy then to get a visa and a green card, especially with an engineering degree from the highly competitive Indian Institute of Technology.

"Immigrants tend to be extremely hard workers -- especially people coming from India," Jain said. "There is a tremendous amount of competition for every level of education."

In hiring, he said he doesn't look at nationality.

"Some would ask, do I discriminate against people? And my answer is absolutely yes," Jain said. "There are only two types of people in the world, people who are smart and people who are not as smart, and I only hire people who are smart."

Immigrant-founded companies tend to coalesce around strong engineering schools and international airports. Fifteen years ago, Washington would not have been on the list of five states, said Sandeep Shrivastava, president of TiE-Seattle, a non-profit formed to support South Asian entrepreneurs but now represents Americans, too.

Microsoft and the tech sector have fostered a boom in foreign-born workers who spin off their own companies, said Shrivastava, who is also managing partner of Indus Fund, an India-focused hedge fund.

Immigrant entrepreneurs tend to be very idea-driven, passionate and interested in technology. And venture capitalists reward that by throwing big bucks their way, he said.

Engle Saez, who founded a men's clothing company before moving on to executive positions at Starbucks and Eddie Bauer, said being an immigrant has nothing to do with his success. For him, it's more about coming from a family of entrepreneurs.

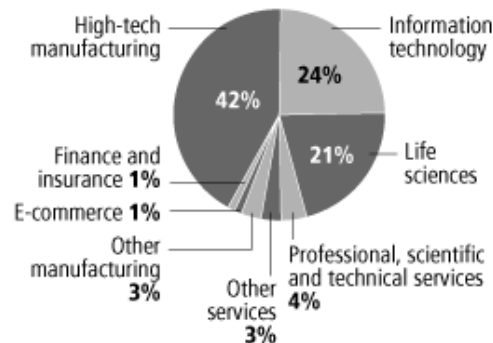
Saez, 51, came to the U.S. in 1962 at age 7. From selling strawberries and corn as a child in Philadelphia to recently raising \$2.5 million in

## IMMIGRANT-FOUNDED STARTUPS

Immigrants who move to the U.S. as adults and start American companies tend to be highly educated in science, engineering and math. About 87 percent of public companies founded by immigrants fall into three large industry sectors: high-tech manufacturing, information technology and the life sciences.

### BY LEADING INDUSTRIES

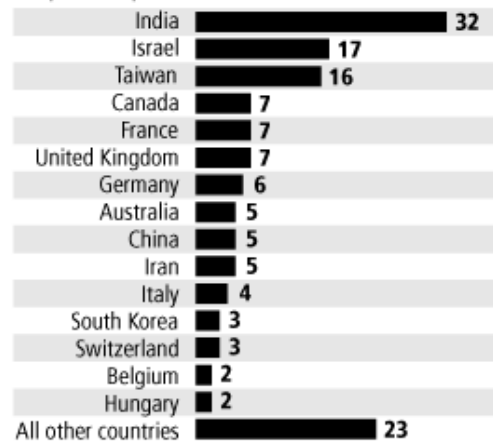
Breakdown of all immigrant-founded, venture-backed U.S. public companies



While India leads as the native country of the most founders of American public companies, European-born immigrants account for 25 percent of all company founders.

### BY COUNTRY OF ORIGIN OF FOUNDERS

Breakdown of all immigrant-founded, venture-backed U.S. public companies



Source Study: "American Made: The Impact of Immigrant Entrepreneurs and Professionals on U.S. Competitiveness" SEATTLE P-I

funding for Seattle-based Zovo Lingerie Co., entrepreneurship is in his blood, he said.

"You hear the stories when you are a kid and you have a higher tolerance for risk," said Saez, whose family fled Cuba for Spain and then the U.S.

"I come from a family that was very affluent, as wealthy as you could be, and then lost everything. I have never been afraid to make it and lose it."

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