



U.S. public policy

Innovation leaders ask government to support, not hinder, progress

Inside

- › Innovation leaders want policies that broaden opportunities, not limit them.
- › Leaders need progress on tech policy, taxes and access to talent.
- › Lack of action on tax and immigration reform is still a problem.
- › As cybersecurity threats increase, cooperation is critical.
- › Consumer privacy regulations overwhelm without solving problems.
- › Patent litigation reform and FDA improvements would help clear the path to growth.
- › Direct support from the government provides a boost.



Fast-growing businesses feel the impact of government action – and inaction. As innovators develop new ideas, bring them to market and scale to meet demand, they need access to capital and the best talent in the world. And, they need a regulatory landscape that encourages growth.

In our 2015 survey of executives in the technology and healthcare sectors, the top policy issues that emerged highlight the need for collaboration between government and companies on the leading edge of innovation. On issues ranging from immigration to consumer privacy, business leaders see a role for government in helping them bring their transformative ideas to the world.

Innovation leaders want policies that broaden opportunities, not limit them.

Entrepreneurs and executives remain focused on core business issues. They see success coming from new customers, new markets, raising capital and growing their businesses.

When it comes to business challenges in 2015, leaders see risk in areas where policy has an impact.

Executives believe their biggest opportunity in 2015 will come from:

43%

Sales and marketing

34%

New products or markets

12%

Access to financing

11%

Scaling operations



On the flip side, they see risk in policy-related challenges:

6%

Regulatory environment

9%

Access to talent

10%

Economy/business environment

23%

Access to funding/investment



“There are general questions of competitiveness. This includes making sure we have a well-trained talent pool and that regulations don’t get in the way of businesses growing.”

—Software executive

Leaders need progress on tech policy, taxes and access to talent.

As innovation hubs around the world gain traction, U.S. executives want government on their side to help maintain a leadership position in the innovation economy.

Single most important policy issue affecting innovation companies



Cybersecurity
14%



Consumer privacy
13%



Corporate taxes
11%



Immigration
11%



FDA regulation
10%



Patent litigation
9%

Lack of action on tax and immigration reform is still a problem.

Corporate tax and immigration reform have been top of mind for innovation economy executives for years. But the U.S. Congress hasn't made meaningful progress on either front, leading to frustration among business leaders.

11% of executives say immigration is their biggest policy concern, and 10% say immigration reform is the most important way government can help them in 2015.

88%

of these executives say current U.S. immigration laws affect their decisions about where to locate facilities or make acquisitions.

11% of executives say taxes are their most important policy concern, and 22% say tax relief is the most important way government can help them in 2015.

41%

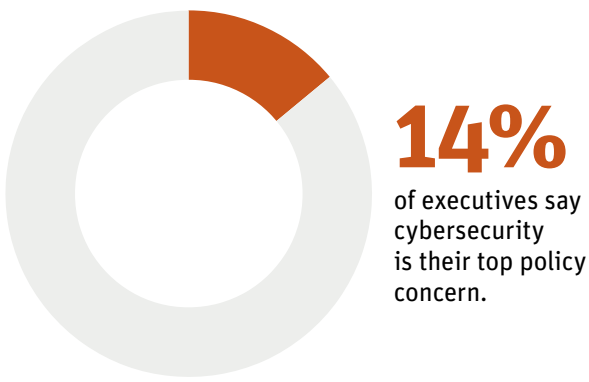
say the U.S. tax code has an impact on their strategic decisions.

“Stop the gridlock in Congress. Make decisions together; compromise. The fighting is affecting business confidence and our willingness to invest for growth.”

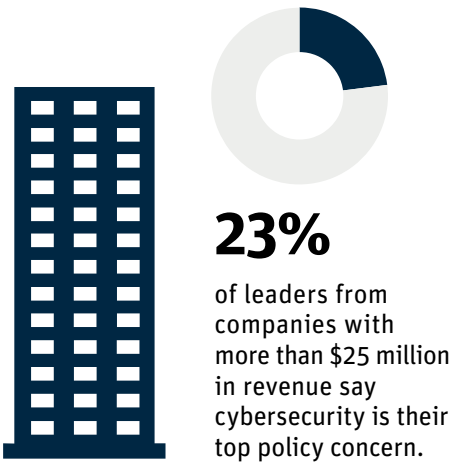
—Consumer Internet/digital media executive

As cybersecurity threats increase, cooperation is critical.

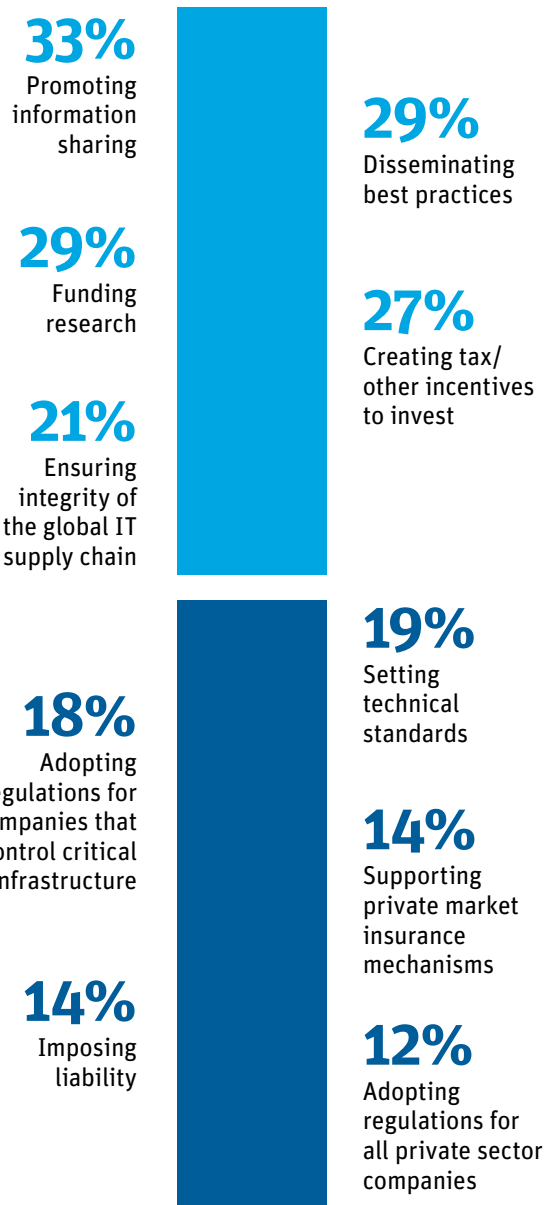
Cybersecurity breaches are becoming more frequent and more dangerous. Beyond enforcing regulations, policy makers can help innovators combat the threat.



Cybersecurity is particularly important to larger companies.

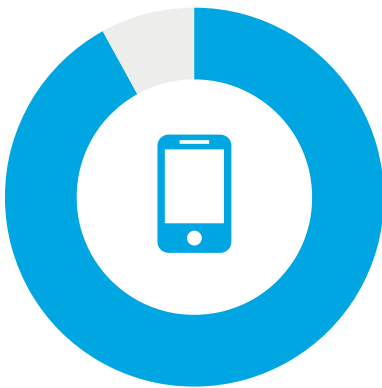


When asked where the federal government should play a significant role on cybersecurity issues, executives were more likely to identify supportive measures than regulations.



Consumer privacy regulations overwhelm without solving problems.

Entrepreneurs and executives take responsibility for protecting their customers' private information, but they need help. Keeping up with today's maze of regulations ties up resources that could be spent developing better defenses, such as encryption and tokenization.

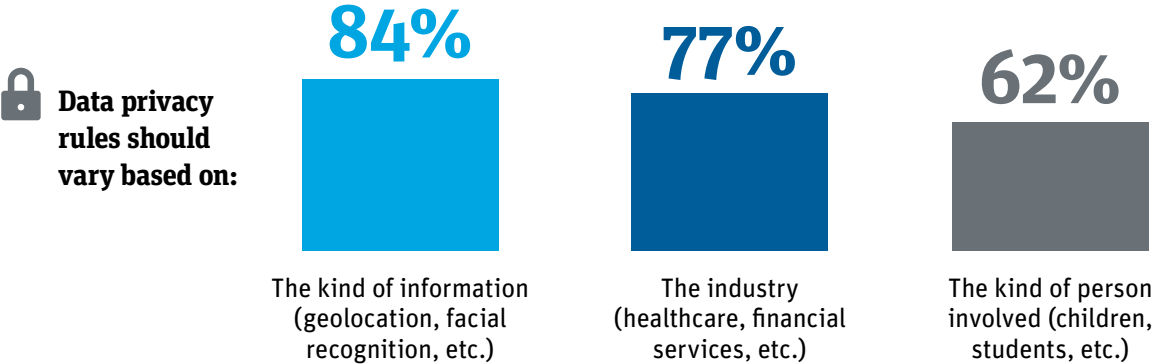


92%
say dealing with their customers' data is crucial to their company's long-term success.



71%
say dealing with the patchwork of data privacy rules diverts resources away from protecting consumers' privacy.

Executives do see a role for privacy regulations, and they agree that some types of data are more sensitive than others.



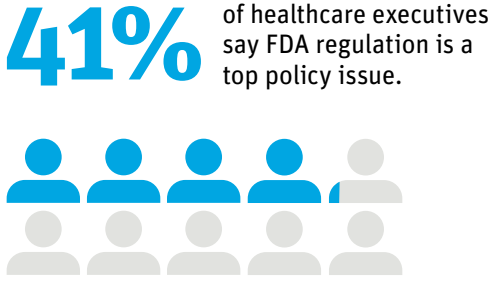
Patent litigation reform and FDA improvements would help clear the path to growth.

The number of innovation economy executives who say their company has been the target of a patent infringement suit or demand letter has increased by nearly 50% since last year.

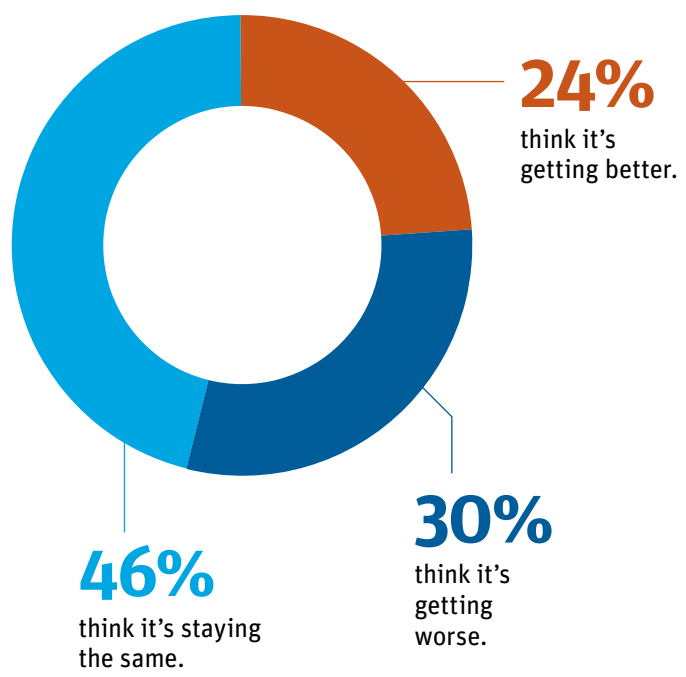
Targets of patent claims



Particularly in the healthcare sector, executives want the FDA to keep up its efforts to work with smaller innovative companies. They see this as a crucial step in maintaining the United States' leadership position in healthcare innovation.



Executive opinions on the environment at the FDA



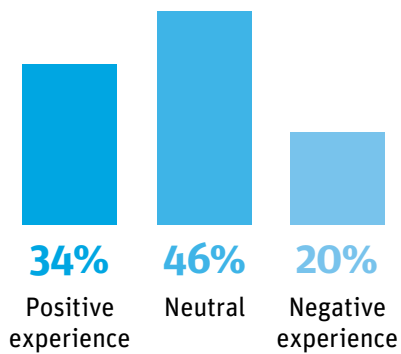
Direct support from the government provides a boost.

The innovators we surveyed say government agencies have worked with them in the following ways:

Selling products or services to the government



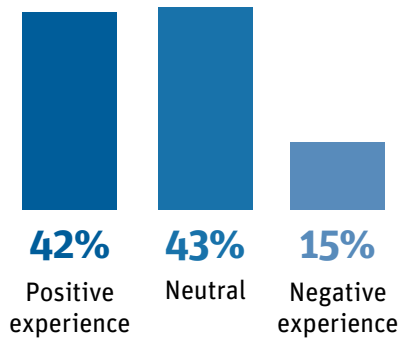
61%



Obtaining government grants



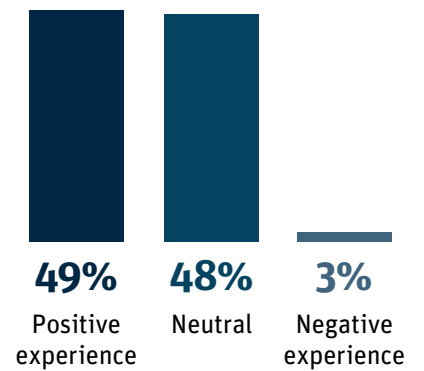
38%



Using government data



25%





About the Innovation Economy Outlook 2015 survey

Our sixth annual survey of executives from innovative companies worldwide offers insight into what's on the minds of leaders in the global innovation economy today. In the *Innovation Economy Outlook 2015* survey, we received more than 1,100 responses from executives in more than 30 countries, covering such topics as how innovation companies are faring, hiring projections and how government policies are affecting business growth. We heard from executives in innovation hubs around the world, who represent companies ranging from startups to global enterprises.

Total respondents

1,116

Industry sector



76% Technology (net)



18% Healthcare (net)

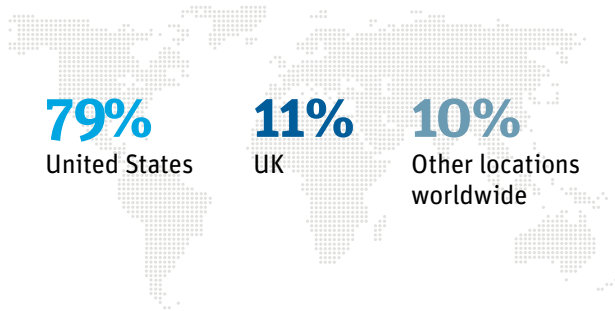
6% Other

Profitable

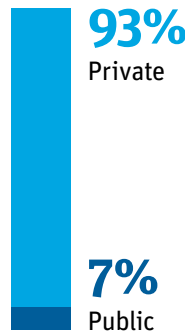


48% Yes
52% No

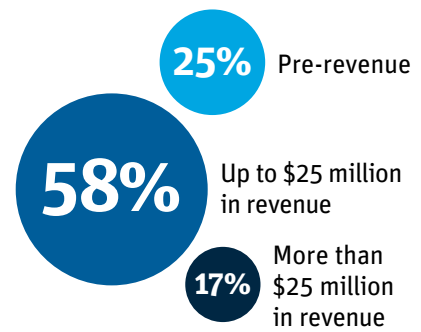
Primary place of business



Ownership



Revenue stage



About Silicon Valley Bank

For more than 30 years, Silicon Valley Bank (SVB) has helped innovative companies and their investors move bold ideas forward, fast. SVB provides targeted financial services and expertise through its offices in innovation centers around the world. With commercial, international and private banking services, SVB helps address the unique needs of innovators. *Forbes* named SVB one of America's best banks (2015) and one of America's best-managed companies (2014).

Silicon Valley Bank is the California bank subsidiary and commercial banking operation of SVB Financial Group (Nasdaq: SIVB) and a Member of the FDIC. Silicon Valley Bank and SVB Financial Group are members of the Federal Reserve System.

Learn more at svb.com/ieo

©2015 SVB Financial Group. All rights reserved. Silicon Valley Bank is a Member of FDIC and Federal Reserve System. SVB>, SVB>Find a way, SVB Financial Group, and Silicon Valley Bank are registered trademarks.

A third-party firm, Morpace, Inc., conducted the *Innovation Economy Outlook 2015* survey online on Silicon Valley Bank's behalf from December 6, 2014, to January 9, 2015.

The material, including without limitation the statistical information herein, is provided for informational purposes only and is compiled from the survey conducted by Morpace, a third-party source. The material is based in part upon information from third-party sources that we believe to be reliable. However, the material has not been independently verified by us, and as such, we do not represent that the information is accurate or complete. The information should not be viewed as tax, investment, legal or other advice, nor is it to be relied on in making an investment or other decisions.