WiNG

Location, Location, Location

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Does it matter where you choose to start a new company? I recently had the chance to debate that question with Damien Patten, the founder of Banjo, a service that combs through people's public social-media posts and scours other digital sources to gain insights into events happening around the world. On the day we were on stage together at the Collision conference in Las Vegas, Patten had just revealed that his company had raised $100m from Softbank in a financing round (ban.jo:press:funding2015) . Banjo, which has struck a chord with news organizations who use it to enhance breaking news coverage, is an intriguing example of a startup that is the product of a journey encompassing multiple cities.

Patten explained that he came up with the original idea for the service while living in Boston. In the aftermath of the terrorist attack on the Boston Marathon, he was amazed by the number of images of the event that surfaced rapidly on social media and how other organizations were using them as part of their reporting. Fascinated by this phenomenon, he began working on the image-recognition and machine-learning software that ultimately became Banjo.

But that transformation was accelerated by a period he spent in the Bay Area. In our discussion, Patten argued that Silicon Valley is still unique in its ability to foster innovative companies for a variety of reasons. These include the opportunity for entrepreneurs to learn from one another, to tap into deep pools of smart capital and to find talented—though not exactly cheap (http://www.cnet.com/news/silicon-valley-talent-wars-engineers-come-get-your-250k-salary) !—engineers.

Yet in spite of all this, he decided to set up shop in Las Vegas, where Banjo now has an office in addition to its one in Redwood City. In spite of Tony Hsieh's admirable efforts to establish downtown Las Vegas as a tech hub, the city is still painfully short of great engineering talent. So why the move? Patten claimed it is partly because many corporate clients visit Vegas once or twice a year for conferences and vacations. This gives him an opportunity to whisk executives around Banjo's operations center. He also argued that Vegas has a reputation for providing outstanding

customer service (can’t argue with that!) and this has produced a great pool of customer support talent—something that was key to the success of Zappos, the online retailer Hsieh turned into a powerhouse.

Patten claimed that while location matters to the success of startups, entrepreneurs should think creatively about how they tap into the skill sets offered by different cities in America, Europe and Asia. Technology has certainly made it easier to create distributed teams. But when companies are young, having the core team in one geographic location can be crucial in establishing strong and durable roots. Banjo, whose latest raise is a Series C, is at a stage where it can afford to spread its operations out more. Much younger startups that try to do the same thing could well end up nursing a Vegas-style hangover.

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