

## BUSINESS INSIDER

Conny Sturm | 24 January, 2011.

### Launching A Startup? Do It In Chile, Where The Government Is Spending \$40 Million On Entrepreneurs

Like many developing nations around the world, Chile has suffered from a historically-focused sense of identity, where opportunity is overshadowed by a sense of inadequacy when compared to the Western world.

The result is often a “brain drain,” where youth and talent are sought out and exported, creating what Chilean President Sebastian Pinera has identified as a “...lack of a true culture of innovation and entrepreneurship.”

**Start-Up Chile** is working to help the President achieve his ambitious goal of creating 100,000 businesses, and 800,000 jobs by 2014, by attracting technology entrepreneurs from around the world to come and work in Chile.



By focusing on developing a globally recognized tech-sector, Chile aims to reverse traditional “brain drain” patterns and become a destination for entrepreneurial immigrants and their projects.

#### Santiago Technology Scene

Santiago already has an active web technology scene featuring start-ups, over five university programs, networks of angels/VCs, varied community initiatives, and multinational corporate presence.

Popular start-ups from Santiago include, but are not limited to: **Atakama Labs** (social gaming), **Betazeta** (blog network), **Bligoo** (CMS/network), and **Needish**, a classified’s platform started by Oskar Hjertonsson, a Swedish entrepreneur who parlayed the site’s spin-off Clandescuento into a \$10,000,000 acquisition by GroupOn, where he now oversees all Latin American operations from their Santiago headquarters.

Corporations are also an active presence; many multinationals (including GE, Oracle, and Yahoo) maintain offices here, as well as **Sonda**, a locally based IT company with 10 offices throughout Latin America. For more information about companies located in Chile, ACTI is a helpful resource.

Local initiatives like **First Tuesday**, the recently hosted **Start Up Weekend**, as well as several MeetUp’s keep the tech community tight-knit, while larger entities such as **Chile Global Angels** and **Fundación Chile** ensure that when entrepreneurs are ready to raise money, the infrastructure and avenues required to do so are established.

Five major Universities are within the Santiago city limits as well as several colleges, all offering Computer Science programs, the most prestigious of which is currently hosted at **Universidad de Chile**.

#### Start Up Chile

**Start-Up Chile** tentatively has \$40,000,000 in government funding aimed at bringing 1,000 entrepreneurs to Santiago by 2014 with three primary goals:

- 1) Global entrepreneurs / start-ups will discover a rich talent pool and beautiful metropolitan city in Santiago and decide to operate their businesses, or satellite offices, in Chile; consequently helping Santiago become the innovation/entrepreneurial hub of South America.
- 2) The Chilean tech/business community will foster strong links with visiting entrepreneurs and consequently a network of valuable global connections will be established.
- 3) International participants will contribute to a broader understanding of entrepreneurship and innovation, helping to shift the Chilean mentality to one that is more global and less risk-averse.

The biggest draw for entrepreneurs, besides six months in a beautiful South American country, is that—unlike most U.S. based incubator programs—Start-Up Chile does not request equity in return for opportunity. Participants receive \$40,000 during the six months to build their company, network with other entrepreneurs, get involved locally, and of course, enjoy the sun.

Combine this with free temporary office space, connections with mentors/angels/VCs, and help settling into life in Santiago, and you've got an excellent climate for attracting entrepreneurs and fostering technological development; a veritable "Chilecon Valley", as **Steve Blank recently outlined on SAI**.

The first rendition of Start-Up Chile officially launches today, January 13th, as a pilot project with 25 companies selected from a pool of over 400 applicants. The projects are almost all web related, with teams focusing on a wide range of industries including design, e-commerce, education, and energy.

Today also marks the opening of the 2011 application process, and the opportunity for 100 new projects over the course of the coming year.

## Picsy Experience

**Picsy** arrived in Chile in late November as the Southern Hemisphere was transitioning from spring into summer, a welcome change as Toronto, our home, was just descending into four long months of winter. Within a week of our arrival, the Start-Up Chile team had arranged all of our necessary documents with the government, a bank account, and a furnished apartment: everything we needed to feel settled and get started working.

Since our arrival, **Picsy** has grown our audience from 700,000 visitors per month to over 1.2 million; a testament to the focus and resources Start-Up Chile provides us, as well as the ease with which we found a local developer, Francisco Aranda, to assist in building our platform.

Meeting, networking, and building with other entrepreneurs in Start-Up Chile has been a pleasure. The Start-Up Chile office is clean, communal, and most importantly for an entrepreneur, large enough to create your own space.

Besides **Picsy**, some of the companies already established here include **Junar** (a cloud-based data discovery and use service who recently raised 1.2 million in Series A), **Entrustet** (a service that helps you organize and prepare last wishes for your digital assets), **Vendder** (an online store platform for small businesses), **PieHole** (a network to profile, network, and discover voice talents), **PopUpChinese** (a social network for learning new languages), and **YumIt** (a social network for gastronomy).

We have also already had the pleasure of meeting many local influencers, including Jorge Barahona of **AyerViernes** (a digital strategy/design firm) and **Clerk** (a hotel management service), Victor Perl of Chile Global Angels (the primary Chilean angel network), and **Pictorial** (a platform matching illustrators with the classic stories, and selling the results as iBooks), as well as the team behind **Voxound** (a music discovery/sharing platform).

We have even met global VC's here, most notably **Larry Cheng** of **Volition Capital** at a recent event that hosted several top funds from the United States.

Downtown Santiago streets give a mesmerizing sense of ordered chaos, a street scene truly unlike any other in its organized effervescence. Taking the elevator up to the 17th floor of our midtown apartment reveals a rooftop pool with a 360 degree view of the city and the stunning backdrop provided by the Andes Mountains.

Hopping off a crowded subway onto one of the bustling walk-only streets, taking in one of the many street performers, or observing a friendly community protest, each step is both interesting and educational.

Foreigners in Santiago naturally congregate in the Providencia, Las Condes, and Centro areas, and spend their leisure time exploring places like Parque Arauco Mall, Drug Store Mall, Av Alonso de Cordova, Av Italia, Bella Vista, and Bellas Artes.

My morning ritual has taken a new twist in this part of the world, since checking the weather on my laptop reveals both the warm sunny day I am to encounter in Santiago, and the sub-zero city I left behind in Canada. Though in many ways Santiago is truly a world away from my home, I feel lucky to be a part of its emergence as a player on the global technology scene, watching it become connected to a world increasingly at its door.

**Picsy** is a recently launched image sharing/discovery platform that currently attracts over 1,000,000 visitors per month.

Daniel Eckler is the founder of **Picsy** and **EveryGuyed**. He can be contacted at [info@picsy.com](mailto:info@picsy.com)