

# Silicon Beach: LA tech hub where the sun always shines

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Better known for its palm trees and celebrities, Los Angeles is also emerging as a tech hub, with its so-called Silicon Beach area offering a sun-kissed alternative to Silicon Valley.

In recent years tech companies large and small, including Facebook, Google and Snapchat, have opened offices in Santa Monica, Venice or Marina del Rey—better known for shirtless surfers than web geeks.

They are joined by hundreds of cutting-edge startups and tech incubators like GumGum that are gobbling up space along Southern California's Pacific coast.

At DogVacay in Santa Monica, a sort of Airbnb for pets that impressed actor Will Smith so much that he invested in it, co-founder Aaron Hirschhorn says he has never looked back on his decision to set up shop downstream from San Francisco.

"Here I am a bigger fish in a smaller pond," said the 37-year-old, as about a dozen pooches owned or being cared for by employees lounged on cushions or strutted about in the sprawling open office space.

"I'm not competing with Facebook or Google to recruit engineers. It's a very close-knit community of techies and the networking is great."

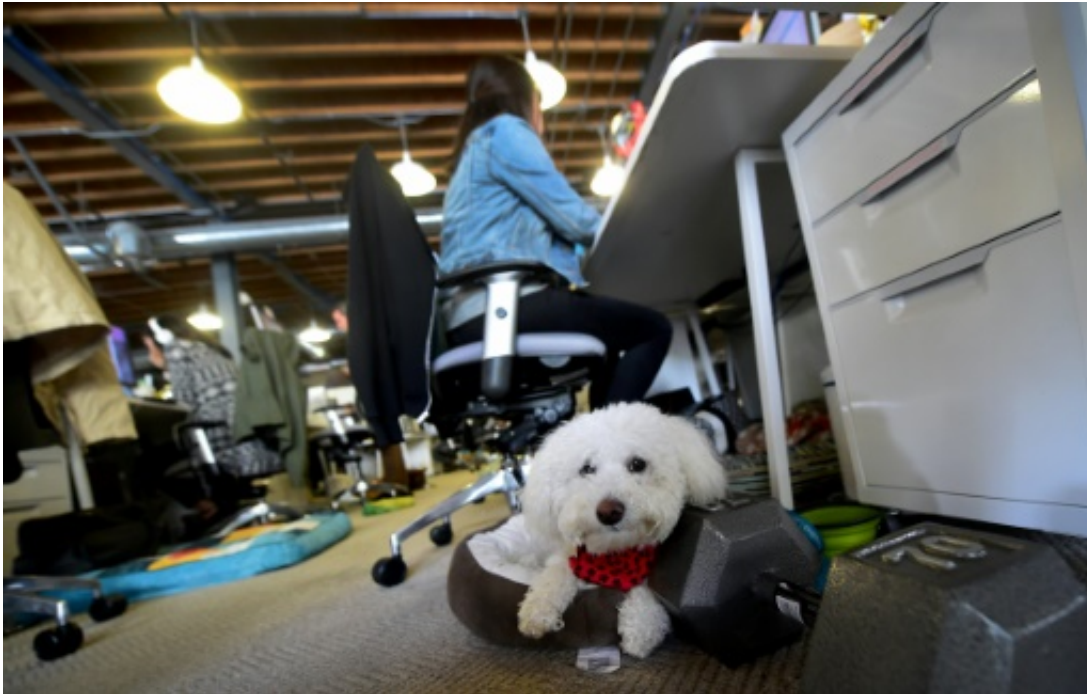
Skyrocketing commercial prices in the San Francisco area, historically considered the center of gravity for tech companies, is a key reason many start-ups have been relocating to Los Angeles.



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"It is so expensive for a company to expand in San Francisco," said Michael Schneider, 35, founder of Service, an outsourced customer service center that seeks to resolve disputes between customers and businesses.

"You have to raise at least 50 percent more for the same thing," he added, while acknowledging that San Francisco was unlikely to lose its title as "the tech epicenter of the world."



DogFin, a Bichon Frise, rests in a basket at the company offices of DogVacay in Santa Monica, California on March 21, 2016

## **Star power**

Another draw to the Los Angeles area for techies is the quality of life, said Schneider, whose startup—his fifth since high school—has raised \$3 million since he founded it nine months ago.

"You have the weather, a change of pace and you get away from a very endogenous environment in the Bay Area (of San Francisco) where everybody only talks about tech," he said.

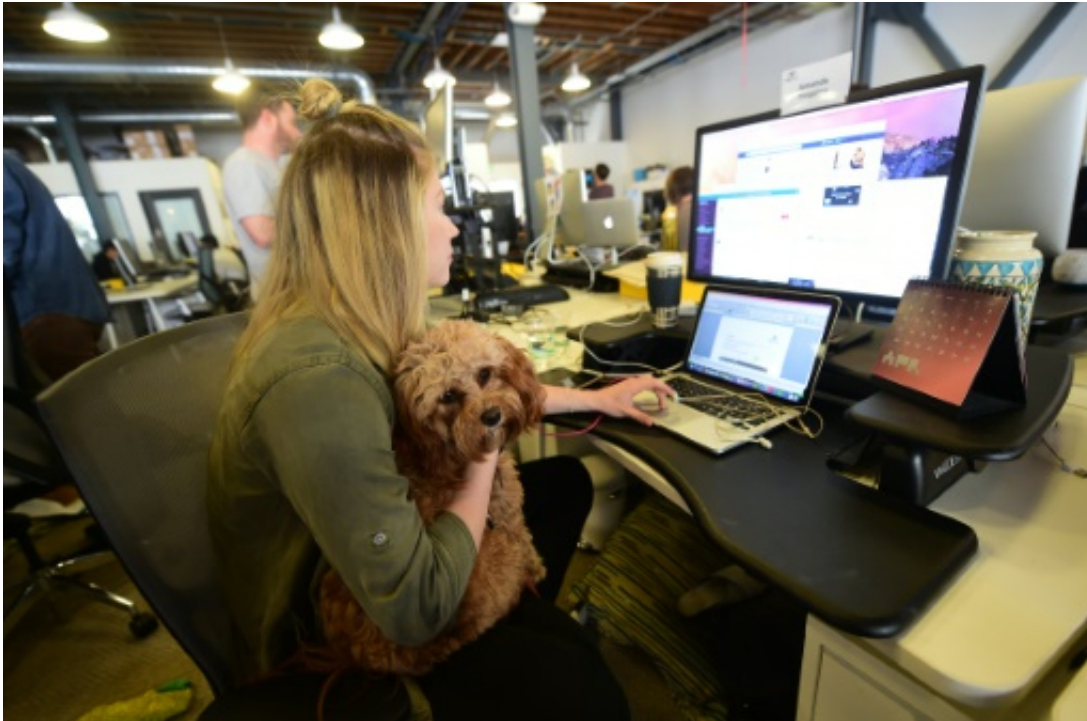


DogVacay co-founder and CEO Aaron Hirschorn poses behind the company's logo on the entrance to company offices in Santa Monica, California on March 21, 2016

The tech boom in Los Angeles has been fed by a number of local success stories in the last five years, including Snapchat, now valued at \$16 billion, the streaming service Hulu, valued at \$10 billion, or the dating app Tinder (\$3 billion).

Even Hollywood celebrities are taking notice of Silicon Beach's growing allure and riding the wave of success.

Model and actress Jessica Alba in 2011 co-founded Honest Company, one of LA's hottest startups that makes non-toxic and eco-friendly products.



DogVacay employee Amanda Huggins holds guest dog Fanny while working at her computer terminal at the company's offices in Santa Monica, California on March 21, 2016

The actor Ashton Kutcher has invested in some of the world's most buzzed about startups.

Among the hottest today is Dollar Shave Club, in Santa Monica, which sells razors and other grooming products, or Scopely, a mobile-game network company that has seen 600 percent growth over the last 10 months.

"Los Angeles has always been a trend-setting city and it's important if you're building consumer-oriented mobile companies," said Michael Jones, a venture capitalist and founder of the incubator Science, in Santa

Monica.



Michael Schneider of tech startup Service pictured at his company office in Beverly Hills, California on March 4, 2016

But Jones, who recently started Wishbone, a trends app geared toward teenagers, said San Francisco—at least for now—remains the nerve center for tech investors.

"Can we have 10 companies over \$1 billion here? I think it's possible," he said.

"I'm not sure though that we can do 50."

Nonetheless, he expects Los Angeles will continue to give San Francisco a run for its money.

"I think the LA scene can grow extremely big," he said.

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