



# National Aerospace Laboratories

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## The Information Pasteboard

### NAL signs MoU with Genser Aviation

NAL and Genser Aviation signed, on Wednesday 11 November 1998, an enabling memorandum of understanding (MoU) which will allow Genser to be NAL's partner in a wide variety of aerospace technology marketing exercises. At the brief function to sign the MoU, Dr T S Prahlad, Director, spoke of the need for NAL to forge partnerships with professionals "who understand the name of the game" in marketing aerospace technologies, products and design

services. Dr B R Somashekar, Director, NALTECH hoped that the alliance would lead to "successful contacts and contracts". Mr Arunakar Mishra, Chief Executive, Genser, made a brief presentation on Genser's initiative to "bring in opportunities and provide all-round support to Indian aviation". Among those who witnessed the MoU signing were Wg Cdr I M Chopra, Former Chairman, HAL, who has agreed to be an adviser to Genser.

### P K Panda's distinction

Mr P K Panda, Scientist, Materials Science Division has been selected for the Young Engineer Award 1998 of the Indian National Academy of Engineering. Earlier this year Mr Panda was also the recipient of the 1997 NAL Young Scientist Award.

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*The Information Pasteboard reports on NAL activity every week.*

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### Bangalore IT.com'98: Explaining the success of the Silicon Valley

In 1979, as a graduate student at Berkeley and one of the first scholars to study Silicon Valley, AnnaLee Saxenian, now Professor at University of California, confidently predicted that Silicon Valley "would stop growing because housing and labour were too expensive and the roads were too congested". Nothing of the sort happened; in fact the largest wave of start-ups began soon after. Five years later, *Business Week*, "with even greater authority" announced that "Silicon Valley was going down the tubes" in the face of stiff Japanese competition. It didn't; by the late 1980's, Silicon Valley was flourishing all over again.

AnnaLee Saxenian's lucid narrative on why Silicon Valley keeps growing, "when economic theory and even common sense" suggested that it had reached its limit was one of the highlights of the Global Village seminar. "Traditional business models", Saxenian discovered, "cannot

explain Silicon Valley's success", and after hundreds of interviews with technology executives, she concluded that "Silicon Valley had pioneered a new business model built around a *network system*". In this decentralized industrial system, production is organised by networks of specialised firms "which compete intensely even while collaborating in formal and informal ways". Relationships matter in this network system with the "rich social, technical and productive relationships fostering entrepreneurship, experimentation and collective learning".

For the most part, Saxenian's lecture contrasted the performance of Silicon Valley (SV) with its leading domestic competitor: Boston's Route 128 region "on which one would have been well-advised to place one's bets even in the 1970's". Route 128 lost out because it was a "collection of independent firms rather than a regional network" (one liked Saxenian's analogy comparing Route 128 to a 'plantation'

while Silicon Valley was like a 'rainforest' with "continually diversifying mix of species, flora and fauna that spontaneously and repeatedly cross-pollinate"). The four essential differences between the two models were: (a) labour market behaviour and attitudes toward risk taking (in SV the loyalty is to technologies and region; not to the corporate ladder; and failures are seen as technological experiences, not social setbacks); (b) rich social and professional networks (gossip sessions in SV offer tremendous opportunities to share technical experiences and maintain relationships; California's outstanding universities are active collaborators); (c) decentralized industrial infrastructure (which promote specialisation, collaboration and quick responses to technology shifts) and (d) very different supplier infrastructures (in SV supplies are *externalised*—e.g., from Taiwan—and not *internalised* within firms).

*(continued overleaf)*