

National Foundation for American Policy

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Contact: Stuart Anderson, 703-351-5042, press@nfap.com

New Research: More Than Half of America's Billion-Dollar Startups Have an Immigrant Founder

More Than 80% of Billion-Dollar Startup Companies Have an Immigrant in a Key Position

Arlington, Va. – Immigrants have started more than half (55%, or 50 of 91) of America's startup companies valued at \$1 billion or more and are key members of management or product development teams in more than 80% of these companies, according to a [new report](#) by the National Foundation for American Policy (NFAP), an Arlington, Va.-based policy research group.

"The research shows the increasing importance of immigrants in cutting-edge companies and the U.S. economy at a time when government policies are directed toward restricting all forms of immigration into the U.S.," said NFAP Executive Director Stuart Anderson, author of the report and former head of policy at the Immigration and Naturalization Service under President George W. Bush. "Each founder in a successful startup makes a special contribution, which means none of these companies would likely have been created or be in the U.S. if the foreign-born founder had not been allowed to come to America." One can conclude from the research that more than half of the current billion-dollar U.S. startup companies likely would not exist without immigrants.

The research finds that among these privately held billion-dollar startup companies, immigrant founders have created an average of more than 1,200 jobs per company.

The U.S. billion-dollar companies with at least one immigrant founder with the highest valuations are Uber (\$72 billion), SpaceX (\$21 billion), WeWork (\$20.2 billion), Palantir Technologies (\$20 billion), Stripe (\$20 billion), Slack (\$7.1 billion), Moderna Therapeutics (\$7 billion), Robinhood (\$5.6 billion), Wish (\$4.3 billion), Instacart (\$4.2 billion), Houzz (\$4 billion), Credit Karma (\$3.5 billion), Tanium (\$3.5 billion), Zoox (\$3.2 billion) and CrowdStrike (\$3 billion). It is likely a number of these companies will eventually become publicly traded on the U.S. stock market.

A copy of the [study](#), "Immigrants and Billion-Dollar Companies," is available at <https://nfap.com/>.

At least 9 highly successful immigrant-founded billion-dollar companies were recently acquired or went public in an initial public offering and, therefore, were not included in the study, an indication the findings underestimate the contributions of immigrant entrepreneurs. Moreover, several of the immigrant entrepreneurs featured in the research have started more than one company and jobs from those companies were not included in the study.

The collective value of the 50 immigrant-founded companies is \$248 billion, which is more than the value of all the companies listed on the stock market of many countries, including Argentina, Columbia, Peru, Portugal and Ireland.

These numbers represent an increase over a [March 2016 NFAP study](#) that found immigrants started 51% or 44 of 87 of America's startup companies valued at \$1 billion or more and were key members of management or product development teams in 71% or 62 of 87 of these companies.

This research involved conducting interviews and gathering information on the 91 U.S. startup companies valued at over \$1 billion (as of September 1, 2018) that have yet to become publicly traded on the U.S. stock market and are tracked by *The Wall Street Journal* and Dow Jones VentureSource. The companies, so-called "unicorns," are all privately held, each valued at \$1 billion or more and have received venture capital financing.

Among the key findings:

- The research finds that 55%, or 50 of 91, of the country's \$1 billion startup companies had at least one immigrant founder. This illustrates the increasing importance and contributions of immigrants to the U.S. economy. A 2006 study conducted with the National Venture Capital Association (NVCA) identified an immigrant founder in 25% of venture-backed companies that became publicly traded between 1990 and 2005, while a 2013 NVCA study found immigrants started 33% of U.S. venture-backed companies that became publicly traded between 2006 and 2012.
- Nearly one-quarter (20 of 91) of the billion-dollar startup companies had a founder who first came to America as an international student.
- Three of the companies were started by individuals who came to America as refugees.
- The leading company for employment among immigrant-founded billion-dollar companies is Uber with 9,382 employees (in the U.S.), as well as 3 million active drivers. Other notable employers include SpaceX, which has 7,000 employees, followed by WeWork (6,000), Mu Sigma (3,500), Palantir Technologies (2,000), Unity Technologies (2,000), Houzz (1,800), and Sprinklr (1,400).
- Job growth in successful companies can be substantial. Many of the immigrant-founded billion-dollar companies doubled or substantially increased the number of employees at the company over the past two years. WeWork went from 1,200 to 6,000 employees between 2016 and 2018, Stripe increased from 380 to 1,100 employees over the previous two years. Houzz went from 800 to 1,800 employees from 2016 to 2018.
- The research found 75 of the 91 companies, or 82%, had at least one immigrant helping the company grow and innovate by filling a key management or product development position. CEO, chief technology officer and vice president of engineering are among the most common positions held by immigrants in these billion-dollar startup companies. However, executive branch policies have made it [more difficult to gain approval](#) to hire or retain high-skilled foreign nationals, including international students in science, technology, engineering and math (STEM) fields.
- Immigrant entrepreneurs who founded billion-dollar companies include Garrett Camp, co-founder of Uber; Elon Musk, founder of SpaceX; Al Goldstein, co-founder of Avant; Noubar Afeyan, co-founder of Moderna Therapeutics and 37 other companies, primarily through Flagship Ventures, the firm he heads; Michelle Zatlyn, co-founder of Cloudflare; Adam Neumann, co-founder of WeWork; Dmitri Alperovitch, co-founder of CrowdStrike; and Adi Tatarko and her husband Alon Cohen, co-founders of Houzz.
- Companies with immigrant founders have produced a variety of useful products and services to benefit U.S. consumers and make U.S. companies more productive. Uber has transformed travel in American cities, while SpaceX aims to enable Americans to travel to Mars. Gusto makes it easier for employers to administer payroll, while ZocDoc allows

patients to find in-network neighborhood doctors and book appointments online. Stripe, started by two Irish immigrant brothers, facilitates online payments for businesses and their customers, while Cloudflare, Tanium, Actifio, Mu Sigma and others help U.S. companies to maintain strong information technology systems to compete in the global marketplace. Cybereason and CrowdStrike help companies protect against hacking. Peloton gives consumers innovative exercise options. Avant, Affirm, Credit Karma and Robinhood, in different ways, provide Americans with financial services.

- Immigrant entrepreneurs in billion-dollar startups come from diverse backgrounds, from a total of 25 different countries, more than the 21 countries in the 2016 report. The leading countries of origin for the immigrant founders of billion-dollar companies are Canada and Israel with 9 immigrants each, India (8), the United Kingdom (7), China (6), Germany (4), France (3), Ireland (3), Russia (3), Australia (2), Ukraine (2) and 14 other countries with one entrepreneur – Armenia, Azerbaijan, Bulgaria, Denmark, Iraq, Italy, Lebanon, the Netherlands, New Zealand, Norway, South Africa, Sweden, Uzbekistan and Vietnam.
- California is the headquarters of 33 of the 50 immigrant-founded companies, followed by New York (8), Massachusetts (5), Illinois (2), Florida (1) and Washington state (1).
- The findings in the study are noteworthy given there is generally no reliable way under U.S. immigration law for foreign nationals to start a business and remain in the country after founding the company, such as a startup visa. Successful immigrant entrepreneurs in America are almost always refugees or family or employer-sponsored immigrants. It can be difficult for foreign-born entrepreneurs to stay and grow their business due to the absence of a reliable immigration category.
- The long wait for employment-based green cards prevents many individuals in H-1B status from having the employment status that would allow them to start a business. The low quota on H-1B temporary visas also can make it difficult for startup companies to hire new personnel in their fast-growing businesses or for international students to remain the United States.

New immigration restrictions would likely prevent many future cutting-edge companies from being established in the United States. The Trump administration has proposed rescinding an Obama administration rule that would have allowed entrepreneurs to be paroled into the country if they met certain criteria and it has not proposed any measures to make it easier for immigrant entrepreneurs to establish themselves in the U.S.

The Trump administration has enacted a series of measures – and proposed additional ones – that make it more difficult for refugees, family-sponsored and employer-sponsored immigrants to come to America, who the research finds are all sources of immigrant entrepreneurs. In fact, the research found 6 billion-dollar companies were started by immigrants who came to America as children – Affirm, Avant, CrowdStrike, Discord, JetSmarter and Warby Parker – and a seventh company, GreenSky, recently went public. “Their success illustrates the American Dream is alive and well,” said Anderson.

Immigrants are almost twice as likely as native-born Americans to become entrepreneurs, according to the Ewing Marion Kauffman Foundation. The research is clear: The fewer immigrants allowed in the country, the fewer startup companies in America, including the type of cutting-edge companies that transform industries, satisfy consumers and employ many Americans.

About the National Foundation for American Policy

Established in the Fall 2003, the National Foundation for American Policy (NFAP) is a 501(c)(3) non-profit, non-partisan public policy research organization based in Arlington, Virginia focusing on trade, immigration

and related issues. The Advisory Board members include Columbia University economist Jagdish Bhagwati, Ohio University economist Richard Vedder, Cornell Law School professor Stephen W. Yale-Loehr and former INS Commissioner James W. Ziglar. Over the past 24 months, NFAP's research has been written about in the *Wall Street Journal*, the *New York Times*, the *Washington Post*, and other major media outlets. The organization's reports can be found at www.nfap.com. Twitter: [@NFAPResearch](https://twitter.com/NFAPResearch)

2111 Wilson Blvd., Suite 700, Arlington, VA 22201
phone: (703) 351-5042 fax: (703) 351-9292 www.nfap.com