

Case Study – Nevada Investment Attraction

The Nevada Governor’s Office of Economic Development (GOED) developed a unique strategy built on the state’s strengths that enhances its clusters and draws global companies to them.

The approach: GOED identifies top technology needs – problems that need solutions – across four of Nevada’s industry clusters (water, autonomous systems/drones, gaming, and mining) and issues RFPs to global companies that want to develop solutions to these problems. If a proposal is accepted, the foreign company gets support from Nevada to test and prove its product with first adopters; in exchange, the company agrees to locate its new operation in the state. If the company chooses another location, WaterStart is reimbursed the cost of the pilot.

Water cluster example: GOED created a non-profit collaboration (WaterStart.com) with large partners that had a stake in solving water-related problems and developing Nevada as a water innovation hub. These partners included a water utility, a manufacturer that is a large water user, and a casino that operates many water plants.¹ Global companies want access to the U.S. water market which includes 50,000 water utilities, but utilities are risk averse: they want proven solutions. A need was identified for a product that would help predict water pipe failure, to better plan maintenance schedules and budgets, and to avoid unnecessarily ripping up road surfaces. A proposal from an Israeli sensor company was accepted and the technology was successfully tested in Las Vegas. According to Kris Sanchez, GOED’s former Director of International Trade, 6 foreign tech companies have moved to Nevada through WaterStart.²

Benefits: This approach is building a pipeline of global investors to Nevada, which is far more effective than traveling abroad and competing for specific investments, according to Sanchez. In addition, Nevada has significantly expanded its global connections through this approach. For the water cluster alone, 300 international companies have been assessed through the RFP process, and partnerships with government organizations and utilities in countries such as Israel, UK, Finland, and Australia have been established (that help to bring innovative global companies into Nevada’s RFP process).

How did they develop this strategy? GOED did not develop this plan at the outset. This strategy emerged after trade missions and other visits to many countries, observing what was being done, and trial and error. To help develop its water strategy, GOED attended an international water conference in Israel (WATEC Israel) and also met with utilities in the UK, pitching its testing platform idea, making connections, and generating leads. WaterStart also became integrated into each of the Governor led trade missions, which illustrates executive level support of the program and demonstrates its importance to cluster development in the state.

Understanding where they could compete was key: From the start, Sanchez asked: “why should a potential investor care about what we have to offer? How can we differentiate from other regions?” Beyond focusing on their strengths, GOED learned lessons such as: it can’t compete with California in China. (It ultimately chose to focus on countries where large U.S. states were not overly-active.) In addition, although it identified nine cluster areas in Nevada, it targeted the four where it could “move the needle.” GOED doesn’t focus on incentives or taxes and doesn’t “try to be all things to all people,” Sanchez said. “If we aren’t a match, we’re direct about it.”

Sources: Interviews with Kris Sanchez, GOED’s former Director of International Trade; WaterStart.com; and diversifynevada.com

¹ Today, WaterStart is a “cluster of global leaders in the implementation of water innovation and aims to make Nevada a global water innovation hub and portal for investment by leveraging the state’s leadership and expertise in water.” WaterStart Quarterly Progress Report (4/30/2017)

² WaterStart Quarterly Progress Report (4/30/2017)