

May 8, 2013

## **Testimony for Senate Committee on Commerce on Immigration Reform**

**Jeffrey J. Bussgang**

**General Partner, Flybridge Capital**

**Senior Lecturer, Harvard Business School**

Thank you, Chairman Rockefeller, ranking member Thune and other members of the committee for the opportunity to testify here today. I want to especially thank the senators who have worked on this important issue over the years, including the work that went into predecessor efforts, such as the Startup Visa bill led by Senator Warner, and the current bill being debated, led by Senator Rubio and the other members of the “Gang of Eight”. The bipartisan legislation being worked on, which includes the Invest Visa program as well as a path to citizenship, is a strong start.

My name is Jeff Bussgang. I am a former entrepreneur turned venture capitalist and also teach entrepreneurship at Harvard Business School. My firm, Flybridge Capital, has offices in Boston and New York City and invests in early-stage, technology start-ups from around the country. We have invested in over 70 companies in our history and our portfolio companies employ over 3300 people.

It is no surprise that I am passionate about the issue of immigration. My father was born in pre-War Poland and survived the Holocaust as a refugee and soldier. When he arrived in the United States after the war, he liked to say he spoke 5 languages, but all with an accent. When he came to America, he attended MIT, earned his PhD at Harvard and then himself became an entrepreneur, creating a small business that worked closely with the Department of Defense on major satellite communications and missile defense systems, employing over 100 people.

In my own role as an entrepreneur, venture capitalist and business school professor, I have watched our dysfunctional immigration system turn away the best and brightest from creating jobs and wealth in America. I won't dwell on the aggregate statistics to you – that 40% of all Fortune 500 companies were founded by an immigrant or the child of an immigration, that 76% of patents issued to our top 10 university systems had an immigrant inventor and that in many of the high technology sectors that I operate and invest in, the unemployment rate is below zero due to a lack of qualified technology workers, choking off further growth – because you all already know all this.

Instead, I'd like to share with you a few specific examples of how our broken immigration system is working against our national economic interests. By humanizing this issue, I hope to convey why it is that in the global war for talent, America's immigration policies have become a laughingstock. Except the stakes are so high, there's nothing funny about it.

One of my students at Harvard Business School, T.T. Nguyen Duc, grew up in Vietnam and came to America to attend Stanford University. She worked at a prestigious management consulting firm before enrolling at Harvard to earn her MBA. T.T. took my entrepreneurship class and was one of my star students. For the last two years, she has been working on starting an online education company that will dramatically decrease the cost, and increase the access, of a world-class high school education – an

May 8, 2013

issue of tremendous strategic importance to all American families. Naturally, she wants to start the company here in the US, because she knows that this is the best place in the world to finance and build an entrepreneurial company. A few weeks ago, T.T. came to me very upset. She has learned that once she graduates next month, she has to either leave the country or find a job with someone that will sponsor her H-1B visa. As you know, the odds of this are long. This year, the H-1B cap was “sold out” within a week. It appears T.T. will have to abandon her startup dream, or pursue it in another country that will welcome her instead.

Another example: Sravish Sridhar came to America from India over 15 years ago to attend the University of Texas in Austin and earn a degree in computer science. He co-founded a software company in Texas that raised \$30 million in venture capital and employed 120. After selling that firm successfully a few years ago, he founded another software company in Boston and has raised \$7 million in venture capital and employs over 20. Last week, Sravish was named the Rising Entrepreneur of the Year by a local business association. Unfortunately, Sravish may be forced to leave America. When his wife earns her PhD at Harvard in a few months, she will have no permanent status. He is on an “EB3” visa, sponsored by the firm he created, which gets reviewed each year. If he fails renewal, he can no longer come back. Our system should be rewarding the Sravish Sridhars and their families, not chasing them away.

Another entrepreneur I know, I will call her Jackie as she prefers her story not be public, is Canadian. She was an executive in two startups that raised venture capital and sold successfully. Her success allowed her to cofounder her own company and also become an angel investor in other startups. She has provided angel investment and mentorship to over a dozen entrepreneurs. Her own company has raised \$12 million in venture capital. Jackie was recently named as a top 10 women to watch in technology by Inc Magazine and one of the most powerful women in advertising by another magazine. She is here on an H1-B visa. Due to a technicality, the visa didn’t identify her as the president of her own company, but rather as a consultant. When she returned from Canada last fall from a recent business trip, she was detained at Boston’s Logan Airport. After some rough questioning, she was handcuffed and taken to an immigration prison. She stayed in prison for two nights before civic leaders were able to come to her rescue and secure her release.

Each of these three stories has a set of common themes. Our outdated immigration system has unintended consequences. The world’s best and brightest are clamoring to attend our world-class universities and access our superior entrepreneurial ecosystem. They want to integrate with our community and access our capital and knowhow to build their companies. They recognize that the United States of America is the absolute best place in the world to found and build a company. In order for us to continue to be the place where the world’s most creative, brilliant entrepreneurs come to build the next eBay, Google and Intel – each of which was co-founded by an immigrant entrepreneur – our immigration system needs to change. I fear it may be too late for T.T., Sravish and Jackie, but with your leadership, it won’t be too late for the millions like them that are eager to follow in their pioneering footsteps.

Thank you again for the opportunity. I look forward to your questions.