

San Francisco: Spurring innovation

San Francisco has long been viewed as a centre of innovation, but it has seen mixed results in becoming a truly smart city: Barcelona-based IESE Business School places San Francisco 21st out of 174 cities worldwide, and fifth out of 21 North American cities, in a ranking of smart cities.¹

As the city's tech sector has surged in recent years, San Francisco has drawn top talent from every corner of the world, resulting in soaring living costs and heavy road congestion. Indeed, in a study exploring smart-city expectations conducted by The Economist Intelligence Unit and sponsored by Nutanix, residents and executives cite affordable living and environmental sustainability as their top priorities for smart urban development.² Just over 60% of residents say smart programmes will add to the city's appeal—lower than the global average of 71%. This relatively lower level of optimism may be due to residents' already-heavy interaction with technology and privacy concerns.



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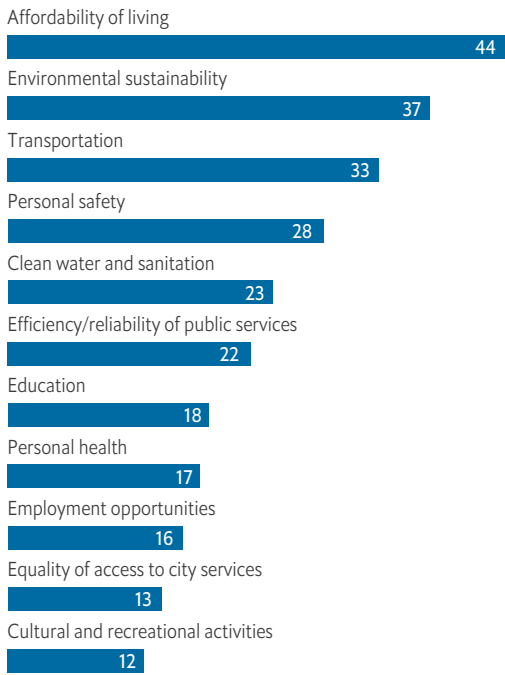
¹ *IESE Cities in Motion Index*, IESE Business School, 2019.

² In summer and autumn 2019, The Economist Intelligence Unit surveyed 320 citizens and 51 business executives in San Francisco as part of a larger survey of 6,746 citizens and 969 executives in 19 cities around the world; the full research is available at <http://bit.ly/urbanintelligence>

Golden gates

Chief benefits sought by smart-city initiatives, San Francisco citizens and businesses
(% of respondents)

Citizens



Businesses



Source: The Economist Intelligence Unit

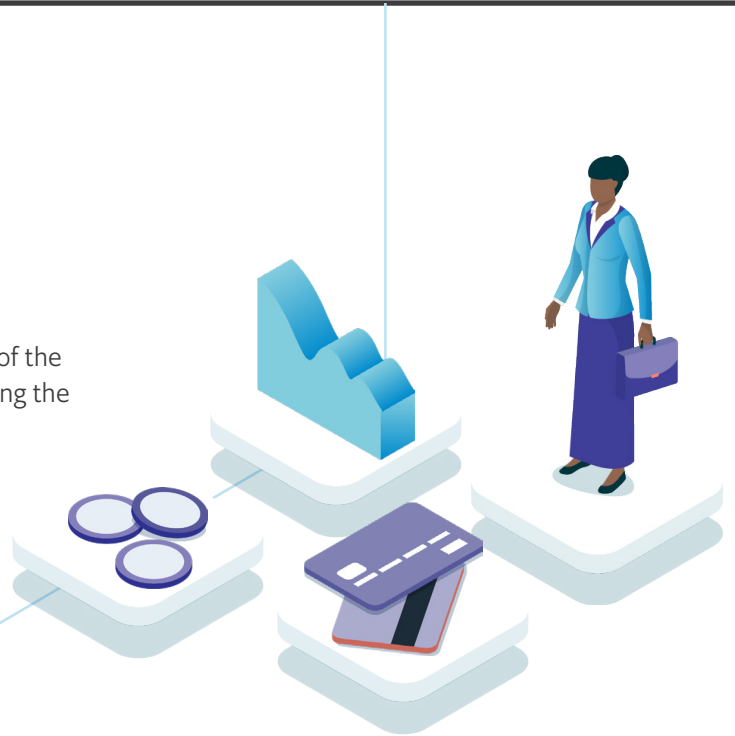
Citizen priorities: Affordability and sustainability

Faced with some of the country’s highest living costs, particularly for housing, residents of San Francisco are especially in favour of **improving affordability** through smart-city programmes.



44%

They are the most likely out of all of the surveyed cities to prioritise lowering the costs of living, a concern cited by 44% of residents.



42%

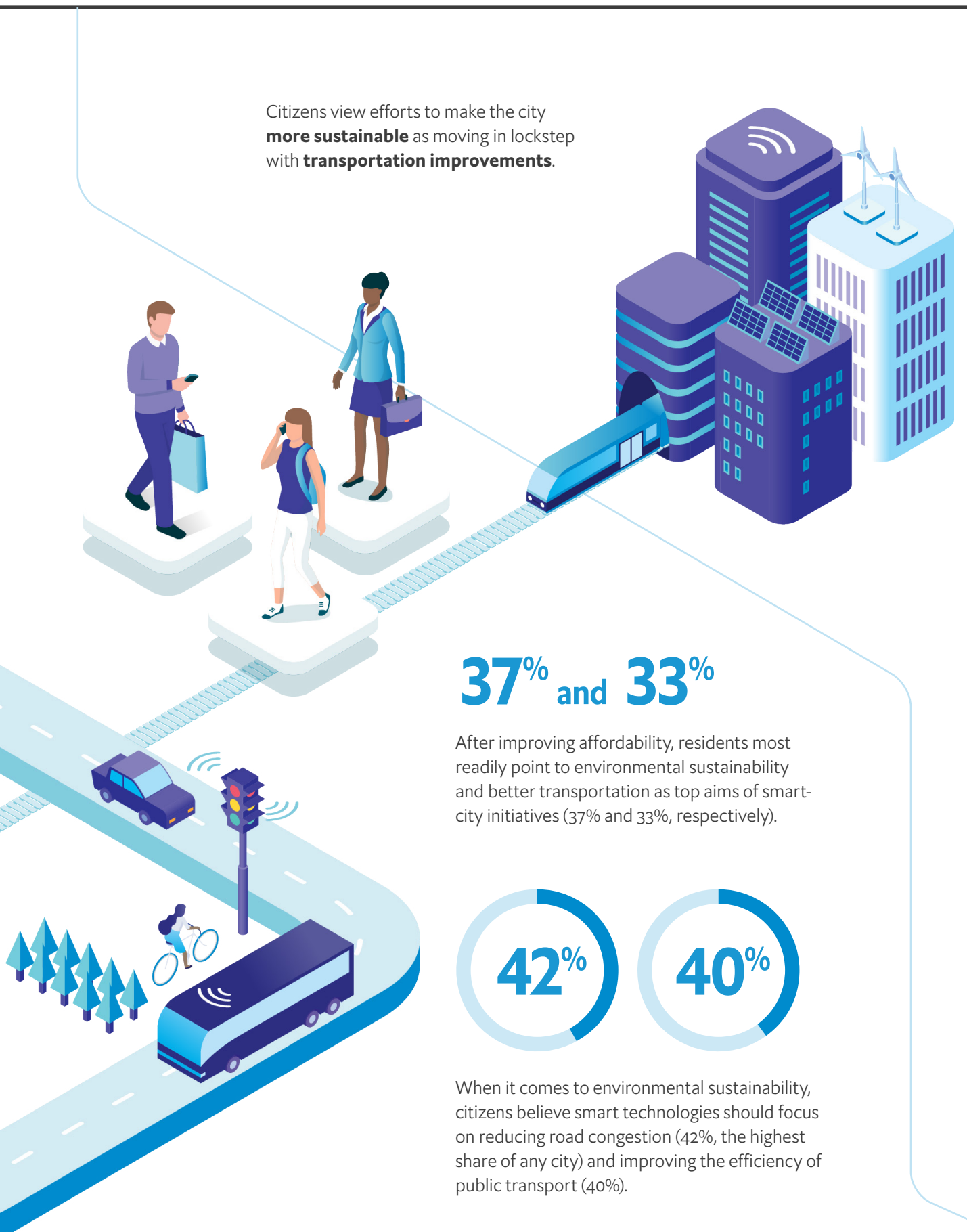
Among the ways that smart technologies can increase San Francisco's affordability, implementing more low-cost transport options is cited favourably by 42% of citizens—far higher than any other approach.

32%

But some residents suspect smart-city development has contributed to the city's high living costs. One in three (32%, the highest share of any city except Frankfurt) disagree with the following statement: "the roll-out of smart technologies has not increased the cost of housing in my city".

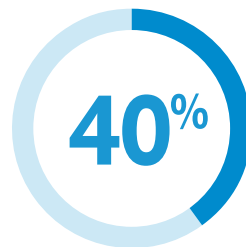
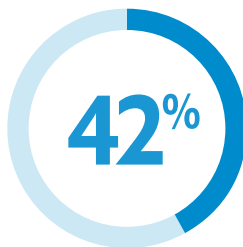


Citizens view efforts to make the city **more sustainable** as moving in lockstep with **transportation improvements**.



37% and 33%

After improving affordability, residents most readily point to environmental sustainability and better transportation as top aims of smart-city initiatives (37% and 33%, respectively).



When it comes to environmental sustainability, citizens believe smart technologies should focus on reducing road congestion (42%, the highest share of any city) and improving the efficiency of public transport (40%).

Business priorities: Affordability and sustainability

Business executives in San Francisco share citizens' concerns over **affordability** and **environmental sustainability**.



41%

While citizens underscored affordability, executives place equal emphasis on both that and sustainability (41% each) as top priorities for smart-city development.

45%

More than any other city besides Riyadh, executives in San Francisco consider improving the energy efficiency of buildings to be integral to the city's overall affordability, cited by nearly half (45%) of respondents.

41%

San Francisco executives are also among the most likely to prioritise expanding the availability of affordable housing for workers as the best way to increase the local talent pool, affirmed by 41% of respondents.



Already home to many tech giants, executives in San Francisco are the **least likely of all the surveyed cities to cite attracting large technology companies** as a priority for smart-city innovation.

41%

Instead, they most often point to deploying ultra-high-speed internet and greater research and development collaboration with universities, both of which were cited by 41% of respondents.

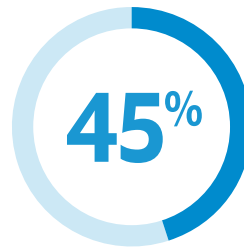


37%

They also anticipate that partnerships with universities will lead to greater market opportunities, as cited by 37% of respondents.

Trade-offs: Business and citizen reservations

Businesses in San Francisco are generally **less willing** than those elsewhere to pay higher taxes or share their organisation's data in return for smart-city benefits.



Only 45% of executives in San Francisco are willing to pay higher taxes, compared with the global average of 52%.



$\frac{1}{2}$

Just half (51%) say they are ready to pay higher service fees—below the global average of 60%.

3 in 5

Three in five (61%) are prepared to share more of their organisation's data, compared with a global average of 69%.

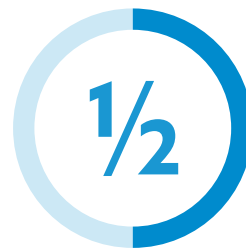
San Francisco residents are even **less enthusiastic about making compromises**, particularly when it comes to personal privacy.

35%

Just 35% are willing to pay higher taxes, compared with a global average of 39%.

44%

Only 44% believe the benefits from the growth of smart-city technologies outweigh the potential loss of personal privacy, lower than the global average of 54%.



Citizens of San Francisco are the least likely of any to say the use of facial recognition for crime prevention will do more good than harm, cited by only half of respondents.