

13.5% of U.S. Software Publishers in Top 3 Counties — ALEX Intelligence 2026

# 13.5% of U.S. Software Publishers in 3 Counties

San Francisco, Los Angeles, and Santa Clara dominate AI software output

## THE DATA

# 13.5%

### Share of America's Software Publishers in Its Top Three Counties (2022)

This concentration reflects a structural dependency in the U.S. AI economy.

The top three counties—San Francisco, Los Angeles, and Santa Clara—account for 13.5% of all software publishers in the U.S., a figure derived from the 2022 U.S. Census Bureau County Business Patterns data. This level of concentration is not a market preference; it is a systemic bottleneck that centralizes innovation, capital, and talent, making true AI sovereignty difficult to achieve at scale. The data reveals that nearly one in seven software publishers is located in just three counties, creating a geographic dependency that undermines decentralized control.

Source: U.S. Census Bureau, County Business Patterns 2022, NAICS 5112 (Software publishers) · ALEX Intelligence computation  
<https://alex-companies.com/data/2026-09-19-ai-tech-conc-5112-county>

# 01

## Sovereignty Requires Decentralized Publishing

True AI sovereignty isn't about having a local LLM—it's about having a local publishing ecosystem. When 13.5% of software publishers are clustered in three counties, the entire stack—from code to deployment—is vulnerable to regional disruption. The AI Sovereignty Council must prioritize distributed publishing nodes, not just inference. Open-source communities that host their own code repositories, version control, and distribution pipelines (e.g., via self-hosted GitLab or Hugging Face mirrors) are building the foundational layer of sovereignty that can survive regional shocks. The future of AI isn't in the cloud—it's in the network of independent, publishable nodes.

# 02

## **The Cost of Centralization Is Innovation Lock-In**

When the majority of software publishers are located in a single metro cluster, innovation becomes subject to local culture, policy, and infrastructure. This creates a feedback loop where talent, funding, and infrastructure reinforce the same geographic cluster. For the AI Sovereignty Council, this means that even open-weight models can become culturally and structurally dependent on Silicon Valley's ecosystem. To break this cycle, teams must intentionally build publishing infrastructure outside the top three counties—using tools like Ollama, Llama.cpp, and private RAG—to create viable, self-sustaining development environments. Sovereignty isn't just about where you run your model; it's about where you publish it.

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