

# BEYOND SILICON VALLEY

COASTAL DOLLARS AND LOCAL INVESTORS ACCELERATE  
EARLY-STAGE STARTUP FUNDING ACROSS THE US



AERIAL VIEW OF ST. LOUIS, MO

DATA PROVIDED BY  PitchBook

**RISE**  
OF THE  
**REST**<sup>®</sup>  
a  revolution fund

# CONTENTS

EXECUTIVE SUMMARY	2
ARE BAY AREA FIRMS LOOKING ELSEWHERE?	3
WHERE ARE THEY GOING?	4
ARE THERE NEW INVESTORS IN OUTSIDE ECOSYSTEMS?	5
WHERE DO THINGS GO FROM HERE?	6
CITY SPOTLIGHTS	7-12

## EXECUTIVE SUMMARY

At Revolution, we have long encouraged others within the venture industry to challenge their preconceived notions about where innovation is possible. We knew investors could find compelling investment opportunities in cities across the country, especially as more entrepreneurs sought to start companies in cities where sector expertise already existed. We called it Rise of the Rest. What began as a clarion call more than a decade ago, morphed into a nationwide bus tour of rising cities in 2014, and then became its own seed-stage venture fund within the Revolution family in 2017.

After traveling more than 11,000 miles across the country to visit more than 40 cities by bus, and subsequently investing in more than 170 early-stage startups—with more than 300 institutional co-investors—the sense that momentum was building for our once-contrarian investment thesis felt palpable. But the headline data seemingly refused to budge. Year after year, venture industry reporting delivered the same statistic: Approximately 75% of venture capital (VC) investment dollars continued to go to just three states: California, New York, and Massachusetts.

As is the case with so many things in tech today, however, the pandemic seemingly accelerated interest in venture investing throughout the country, rather than in just a select concentration of locales.

With that as a backdrop, we partnered with PitchBook Data to look beyond the headlines and see where venture dollars—early stage in particular—were really going.

### KEY TAKEAWAYS

And what we found was validating. Our analysis reveals that investor interest is increasingly tipping towards “rising cities.” The data shows that the proportion of early-stage VC dollars going to Bay Area startups has been on a steady decline. In 2021, that ratio is on pace to be below 30% for the first time in more than 10 years. And that’s despite the fact that 2021 is turning into a record year for the VC industry. We also found a significant increase in the number of active VC firms outside of the Bay Area, forming a new local investment network for startups in emerging startup ecosystems.

However, while the data tells a valuable story, it’s not the whole picture. The charts and tables in this report represent the hard work of people in cities across the US—people we’ve had the privilege of backing or investing alongside.

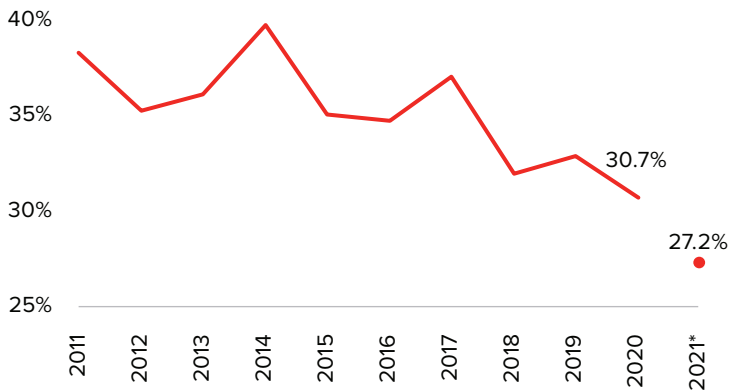
Some may have called us crazy for hopping on a bus to explore far-flung startup communities, but that has proven to be time well spent. Silicon Valley has been successful, in large part, because of the robust network density that exists there. Rising cities require the same strong, collaborative networks to support scaling startups, but building them takes time and effort. Meeting founders on Zoom has made investing outside the Valley easier for VCs, but that’s no substitute for getting on a plane (or bus) to connect with entrepreneurs face-to-face and the diverse communities of investors, corporations, and universities that support them.

Revolution Chairman & CEO Steve Case and the Rise of the Rest Team



# ARE BAY AREA FIRMS LOOKING ELSEWHERE?

**FIG. 1** Bay Area share of seed- and early-stage US VC dollars



Source: PitchBook | Geography: Bay Area | \*As of September 1, 2021  
Note: Bay Area is defined as San Francisco and San Jose MSA

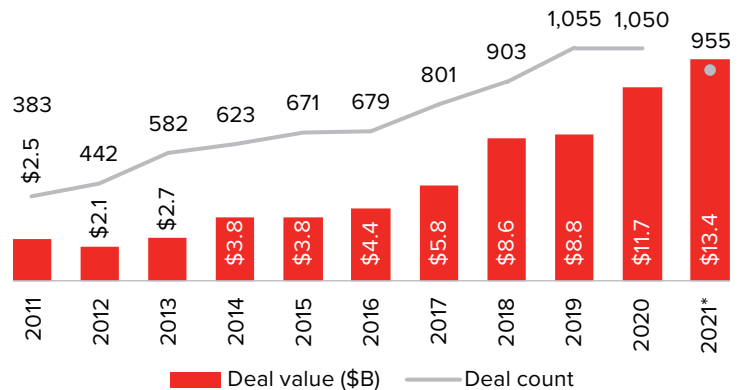
The chart to the right helps to quantify that migration. More than \$13 billion of Bay Area capital has been invested this year outside of the Bay Area, New York, and Boston. This increase looks similar to other VC charts at the moment, with big spikes in 2021 totals.

In each of the past two years, at least \$11 billion of Bay Area capital have been invested outside of the three major ecosystems. A decade ago, in 2011, that figure was well under \$3 billion. Deal volume is coming close to tripling, as well. Today, more than 1,000 rounds are done each year in outside ecosystems, compared to 383 rounds a decade ago.

Bay Area startups, headquartered in the epicenter of the VC industry, are accounting for a smaller percentage of US VC investments. So far this year, fewer than 30% of US VC dollars have gone to Bay Area startups, continuing a downward trend over the past 10 years. In 2014, the share was more than 40%.

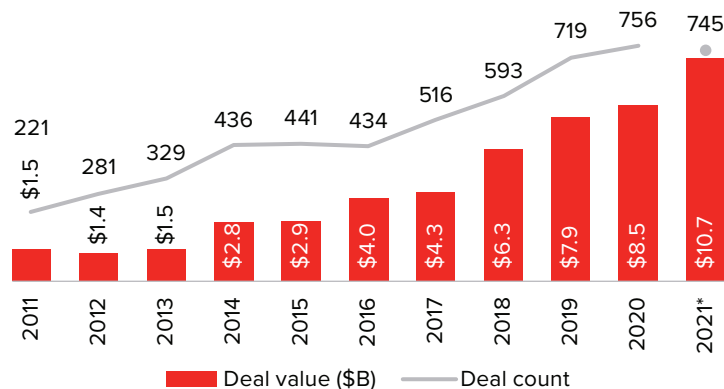
Much of that is driven by Bay Area VC firms bringing their own capital to smaller ecosystems, especially at the early stage. As recently as 2017, more than 50% of early-stage Bay Area dollars went to Bay Area startups. Today, that percentage is 37%. That begs the question: Where is all that Bay Area capital going?

**FIG. 2** Bay Area seed- and early-stage VC dollars invested outside of the Bay Area, New York, and Boston



Source: PitchBook | Geography: US | \*As of September 1, 2021  
Note: Excludes startups in the Bay Area, New York, and Boston

**FIG. 3** New York seed- and early-stage VC dollars invested outside of the Bay Area, New York, and Boston



Source: PitchBook | Geography: US | \*As of September 1, 2021  
Note: Excludes startups in the Bay Area, New York and Boston

The story also holds true on the east coast. New York VC firms have invested more than \$10 billion in early-stage capital outside of major ecosystems this year. That is 26.7% higher than the \$8.5 billion invested last year.

In 2011, the same figure was barely above \$1 billion, meaning the number of New York dollars invested in outside ecosystems has grown more than sevenfold over the past decade. The outward trend is set to accelerate in a post-COVID world, as remote work will allow startups to emerge and sustain themselves in any pocket of the country.



# WHERE ARE THEY GOING?

The tables below show cities across the country where Bay Area- and New York City-based VCs have deployed significant capital over the past decade. While the lists are similar, geography does play a role: Figure 4 skews slightly west, and Figure 5 slightly east.

**FIG. 4** Top CSAs by seed- and early-stage VC dollars in rounds with Bay Area investor participation (2011–2021\*)

CSA	DOLLARS INVESTED
Los Angeles	\$24.2B
Seattle	\$5.8B
Austin	\$4.2B
Washington, D.C.	\$3.2B
Denver	\$3.1B
Chicago	\$3.0B
Philadelphia	\$2.9B
Dallas	\$2.9B
Atlanta	\$2.3B
Miami	\$1.9B
Salt Lake City	\$1.6B
Minneapolis	\$1.3B
Raleigh	\$1.0B
Portland	\$852M
Phoenix	\$637M
Detroit	\$597M
Houston	\$572M
Orlando	\$435M
Columbus	\$432M
Sacramento	\$427M
Nashville	\$391M
Pittsburgh	\$325M
Las Vegas	\$321M
Cincinnati	\$300M
Reno	\$269M
St. Louis	\$245M
Indianapolis	\$243M
Kansas City	\$205M
Tucson	\$180M
Sarasota	\$174M

Source: PitchBook | Geography: US | \*As of September 1, 2021  
Note: Excludes startups in the Bay Area, New York, and Boston

**FIG. 5** Top CSAs by seed- and early-stage VC dollars in rounds with New York investor participation (2011–2021\*)

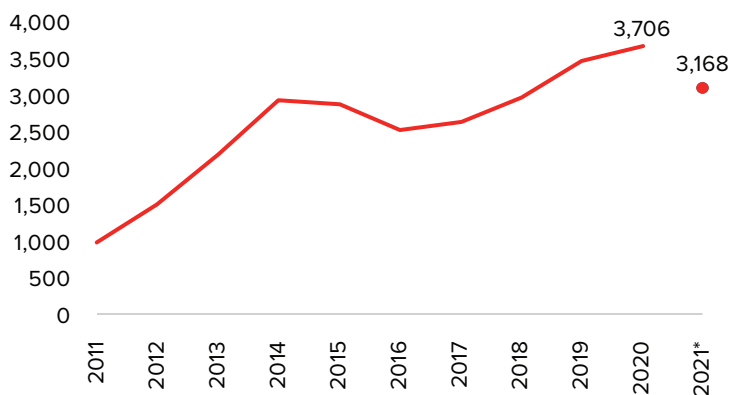
CSA	DOLLARS INVESTED
Los Angeles	\$18.0B
Philadelphia	\$3.1B
Washington, D.C.	\$3.0B
Seattle	\$3.0B
Austin	\$2.4B
Chicago	\$2.2B
Atlanta	\$2.2B
Denver	\$2.0B
Miami	\$2.0B
Dallas	\$1.3B
Salt Lake City	\$984M
Columbus	\$834M
Raleigh	\$827M
Minneapolis	\$704M
Houston	\$626M
Detroit	\$554M
Phoenix	\$504M
Portland	\$471M
Orlando	\$382M
Pittsburgh	\$364M
St. Louis	\$351M
Nashville	\$348M
Cincinnati	\$266M
Indianapolis	\$245M
Las Vegas	\$198M
Kansas City	\$165M
Charlotte	\$139M
Buffalo	\$138M
Hartford	\$132M
Cleveland	\$121M

Source: PitchBook | Geography: US | \*As of September 1, 2021  
Note: Excludes startups in the Bay Area, New York, and Boston



# ARE THERE NEW INVESTORS IN OUTSIDE ECOSYSTEMS?

**FIG. 6** Number of active investors in seed- and early-stage VC outside of the Bay Area, New York, and Boston



Source: PitchBook | Geography: US | \*As of September 1, 2021

Note: Excludes active investors based in the Bay Area, New York, and Boston

◀ The migration of Bay Area dollars is only part of the story. Just as Bay Area firms look elsewhere, more investors of all stripes have become active in the early-stage market in smaller ecosystems. The chart to the left shows an increase in active investors in seed- and early-stage rounds outside of the Bay Area, New York, and Boston. In each of the past four years, there have been around 3,000 active investors, compared to just over 1,000 active investors a decade ago. Aside from early-stage VC firms, the growing crowd of investors includes corporate venture capital, accelerators, incubators, and private equity shops, among other investor types.

On top of established VC firms and non-traditional investors coming into smaller ecosystems, new VC firms are launching outside of the major ecosystems, too. Between 2011 and 2021, 1,445 new venture firms were founded in smaller ecosystems around the country. New VC firms in smaller ecosystems are likely to invest more of their dollars on local—or at least regional—startups. And while it's no longer true that startups need to be within walking distance of their investors, it doesn't hurt that smaller ecosystems have local investors who intimately know their areas.

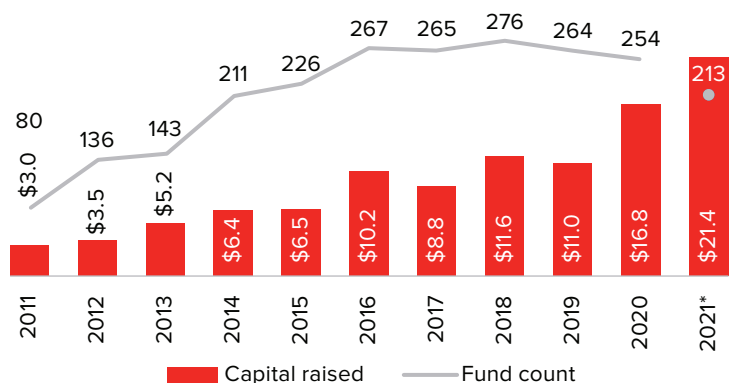
▶ **FIG. 7** US VC firms founded outside of the Bay Area, New York, and Boston



Source: PitchBook | Geography: US | \*As of September 1, 2021

Note: Excludes new VC firms based in the Bay Area, New York, and Boston

**FIG. 8** US VC fundraising activity outside of the Bay Area, New York, and Boston



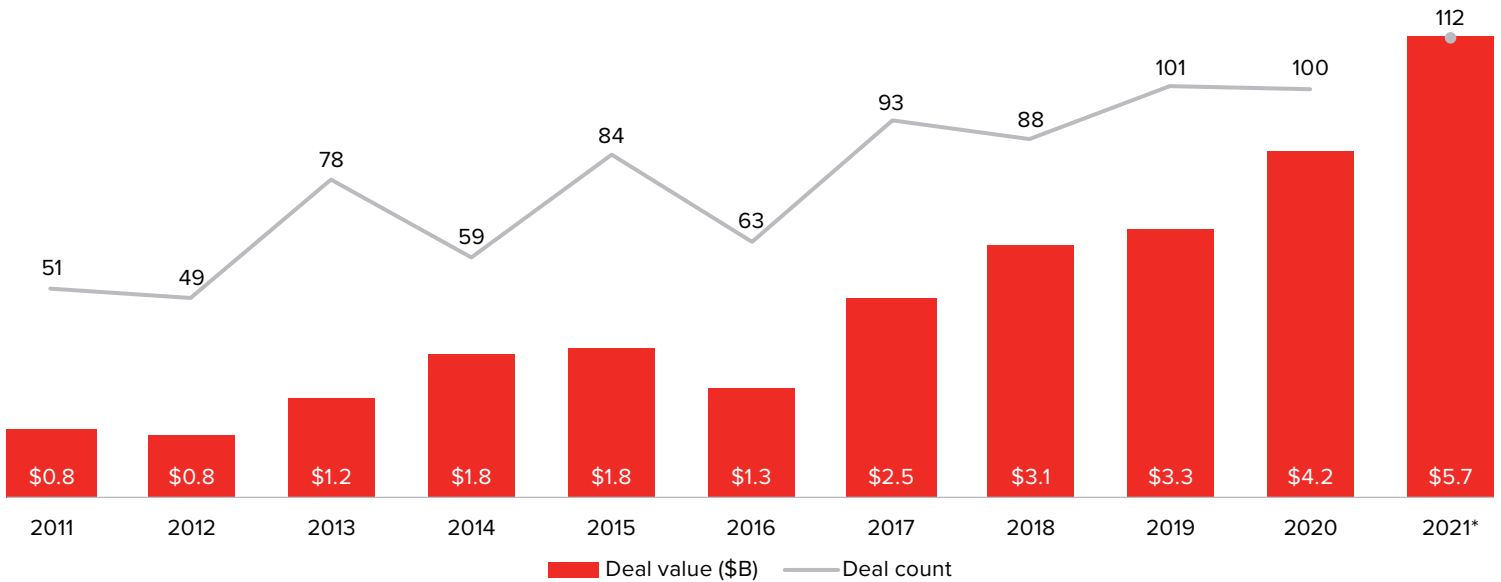
Source: PitchBook | Geography: US | \*As of September 1, 2021

Note: Excludes VC firms based in the Bay Area, New York, and Boston

◀ With more active investors comes more fundraising dollars—a trend that continues to increase. In YTD 2021, VC firms outside the Bay Area, New York, and Boston have raised more than \$21 billion. A decade ago, that total was barely above \$3 billion. While the number of funds raised has gone down in recent years, the excess capital raised suggests many of those funds are the second or third vehicles—which tend to be bigger—raised by individual firms. That reflects growing confidence in those investors and, in a larger sense, the ecosystems themselves.

# WHERE DO THINGS GO FROM HERE?

FIG. 9 Series B deal activity led by Bay Area investors in startups outside of the Bay Area



Source: PitchBook | Geography: US, excluding Bay Area startups | \*As of September 1, 2021

Note: Bay Area is defined as San Francisco and San Jose MSA. No other ecosystems were excluded from the figures above.

As we can see, capital is increasingly flowing to companies based outside of the Bay Area. More and more VC firms are setting up shop in places across the country. And perhaps most interestingly, regional investors dedicated to finding local companies with breakout potential are popping up in cities across the country. Taken together, these forces are driving more interest and investment in companies headquartered in places like Washington, D.C., Phoenix, and Nashville. All of this is happening as the overall market is expanding: 2021 is on pace to be another record-breaking year for VC investment.

The chart above tells the story of how far we've come, and where we might be headed. Compared to a decade ago, when Revolution first started building its Rise of the Rest infrastructure, Bay Area VCs are now deploying nearly six times the dollars outside their region. The lion's share of VC AUM sits in the Bay area, but it's clearly no longer true that a founder must be in walking distance to get a check.

The more that capital gets off the sidelines, the better for entrepreneurs everywhere—and the better for America's future economic competitiveness: more investment, more startups, more jobs. Startups are responsible for nearly all net new job creation in the US, making greater startup investment outside of the Bay Area a driving force in creating a more equitable distribution of economic growth and opportunity.

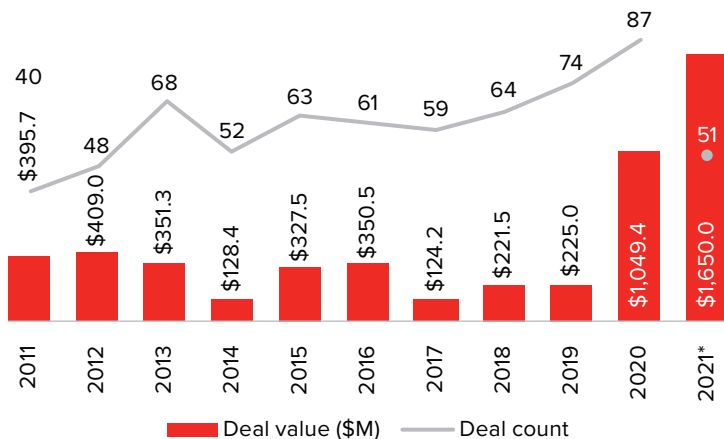
In the pages that follow, we dive into the data and stories of twelve growing startup communities—just a fraction of the great innovation ecosystems in which Revolution has spent considerable time over the last decade. We excluded from this conversation cities such as Seattle, Austin, Chicago, and LA, which have experienced strong momentum—and received more attention—in recent years. Instead, we asked some of our friends in other innovation communities to tell us why their cities are increasingly showing up on the map. The reasons vary, but some common denominators emerge: Tech talent has spread everywhere following COVID-19; livability is crucial; culture matters; local corporations are helping; sector expertise is increasingly important; and universities are initiating a new era of entrepreneurship education.

The pieces of this puzzle are complex. Getting innovation off the ground isn't about following a Silicon Valley recipe. That's why Revolution has spent years building our nationwide network, meeting founders where they are. We don't see this as just investing in companies. We are investing in entrepreneurial communities.

Talent is equally distributed, but opportunity is not. We hope that the acceleration of capital away from the Bay Area isn't just a pandemic blip on the radar, but a turning point for entrepreneurs everywhere, and a final blow to the idea that the Bay Area has a monopoly on US innovation.

# DALLAS

FIG. 10 Dallas seed- and early-stage VC deal activity



Source: PitchBook | Geography: Dallas  
\*As of September 1, 2021

Seed- and early-stage activity has surged in Dallas in recent years. Last year was a record for deal volume, with 87 seed- and early-stage rounds worth a combined \$1.0 billion. 2021 has already surpassed that dollar value, with \$1.7 billion invested through early September. A decade ago, in 2011, only 33 seed and early-stage rounds were raised worth a combined \$395.7 million. The chart above shows an unmistakable increase in startup activity, and two consecutive years above the \$1 billion mark bodes well going forward.

Dallas startups have tended to be overlooked. That is changing, with a visible upswing in local VC investments and a record 2020. Still, there's plenty of room for improvement. That's why Dallas mayor Eric Johnson spearheaded the Task Force on Innovation and Entrepreneurship, which is designed to create a plan in North Texas to attract, retain, and support local entrepreneurs. Dallas is one of only a few cities to implement a program like this.

Often associated with energy, Dallas is home to several big names in other industries. AT&T is headquartered here, buttressing a strong talent pool for the technology sector. Texas Instruments and Match Group are also here, which has helped local startups attract tech talent to the city. Match Group, for example, is supporting the task force by building its matching technology that pairs startups and mentors from similar industries.

## MANDY PRICE

CEO and co-founder of Kanarys (a ROTR Portfolio Company), Co-Chair of Mayor's Task Force on Innovation and Entrepreneurship

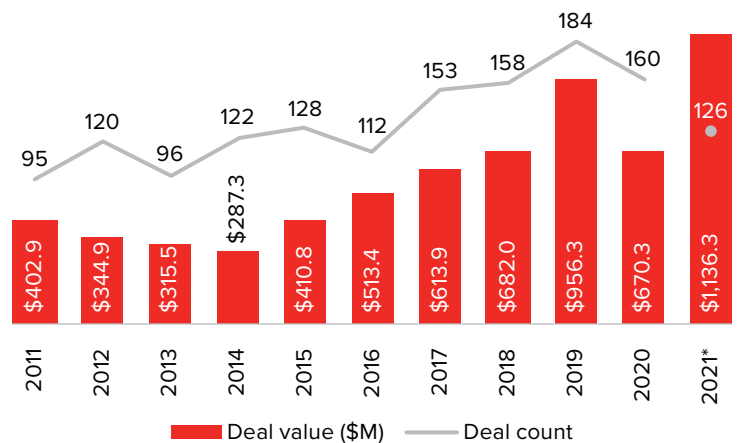
# DENVER

Denver's startup ecosystem has grown and developed tremendously even in the past five years. We see it across the board: Founders choosing to build their businesses here in the city, VCs putting down roots in the region, incredible talent relocating here from across the country, and professional services firms growing their teams locally. On top of the many success stories that fuel excitement and growth in our city, we have a wonderfully supportive startup and founder community, which is both impressive and accessible.

## CRISTINA DEVITO

CFO & CSO at Havenly

FIG. 11 Denver seed- and early-stage VC deal activity



Source: PitchBook | Geography: Denver  
\*As of September 1, 2021

Denver's ecosystem has grown over the past decade, both statistically and influentially. In 2011, seed- and early-stage VC financing recorded 95 rounds for a combined \$402.9 million. By 2019, Denver's seed and early-stage deal volume almost doubled to 184 rounds. Over time, the amount of capital coming into Denver also rose steadily, breaching \$1 billion for the first time this year.

# KANSAS CITY

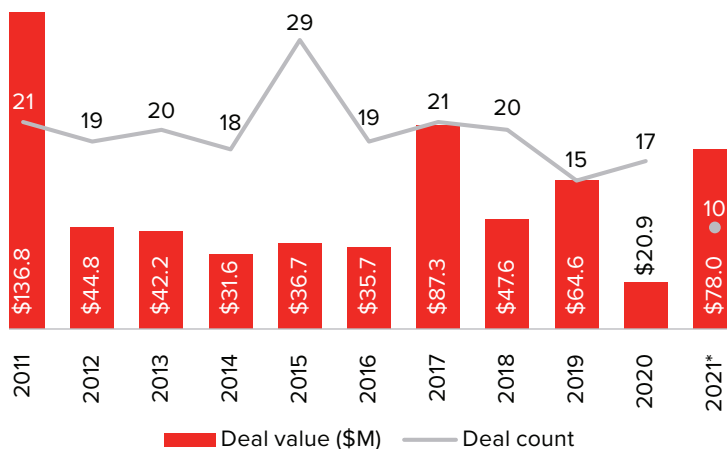
Kansas City has had a lot of success recently in the govtech space. Replica, Paylt, Daupler, OpenCities and the recent acquisition of NIC are all examples of that. All have enjoyed great traction nationally, raised early money locally and brought in large follow-on funding from top tier VCs as they gained momentum. We're also seeing an uptick in industrial tech companies scaling and raising early money locally, including Kansas City-based angels. Super Dispatch, Labor Charts and Kenzen are just a few examples.

C2FO has raised more than \$300 million from top venture firms and is now a global company that started in Kansas City. The same is true for NIC, which was recently acquired for \$2.3 billion. Both companies have recruited talent from the coasts. Brad Feld once wrote that venture was following companies wherever they were located. COVID really blew the lid off of that. VC firms are starting to realize they need to look for companies anywhere and everywhere, and companies are starting to realize the same for new talent. This will change everything, and ecosystems like Kansas City can benefit as a result.

**LESA MITCHELL**

General Manager, Techstars

**FIG. 12** Kansas City seed- and early-stage VC deal activity

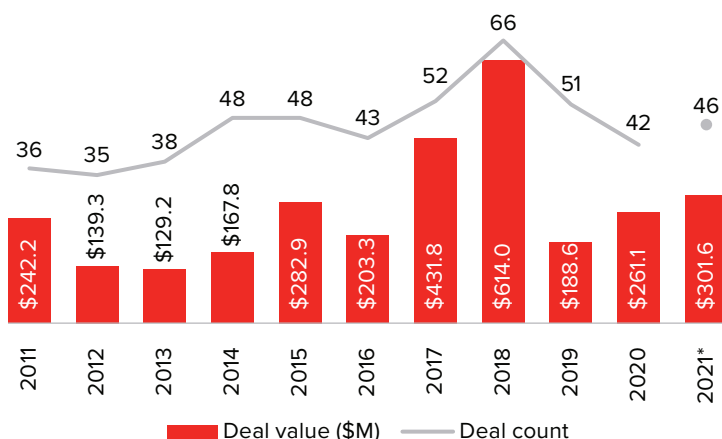


Source: PitchBook | Geography: Kansas City  
\*As of September 1, 2021

The Kansas City ecosystem is in its early stages of development but has the ingredients to emerge in the coming years. Seed and early-stage VC deal volume is consistent every year, hovering around 20 rounds on an annual basis. Between 2012 and 2016, combined seed- and early-stage value was consistently below \$50 million, notwithstanding an outlier record year in 2011 of \$136.8 million. More recently, between 2017 and 2021, three years have seen at least \$65 million in combined funding. Through early September, 2021 is on pace to be Kansas City's second-highest on record.

# MINNEAPOLIS

**FIG. 13** Minneapolis seed- and early-stage VC deal activity



Source: PitchBook | Geography: Minneapolis  
\*As of September 1, 2021

Seed- and early-stage Minneapolis startups have raised at least \$200 million of VC in six of the past seven years. The lone exception, 2019, saw \$188.6 million raised, making the \$200 million level a fair baseline for the ecosystem.

Our market has grown considerably over the last few years, and we have a lot of factors to thank for that. The Twin Cities are home to the highest ratio of Fortune 500 companies per capita of any city in the country. On the healthcare side, we're home to UnitedHealth Group, the Mayo Clinic, and Medtronic, among others. Other names include Best Buy, Target, 3M, Cargill, and US Bank. That strong corporate foundation has allowed healthcare and enterprise software startups to flourish here.

The University of Minnesota is also one of the strongest colleges in the country in life science and biotech innovation, thanks to programs such as the University Enterprise Labs.

Minnesota is a beautiful state, and people who move here appreciate the surroundings. Many families choose to split their time between the Twin Cities and a second lake home within a two- or three-hour drive of the city. With remote work more widely accepted post-COVID, many employees are spending upwards of three-four days a week working from their cabins. That's a natural draw for entrepreneurs and the ecosystem as a whole going forward.

**ROB WEBER**

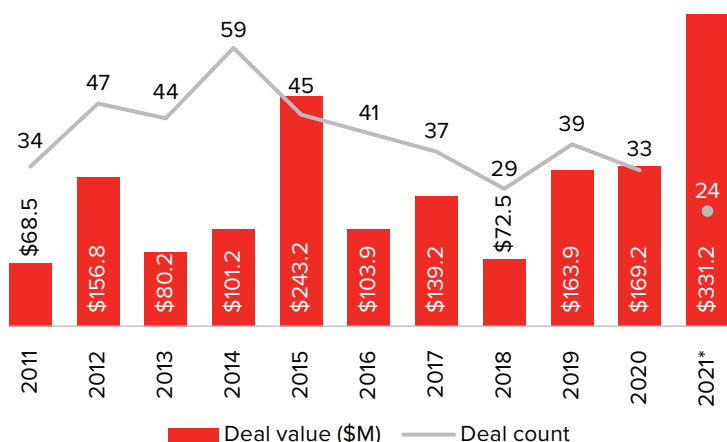
Co-founder and Managing Partner, Great North Ventures





# NASHVILLE

FIG. 14 Nashville seed- and early-stage VC deal activity



Source: PitchBook | Geography: Nashville  
\*As of September 1, 2021

Nashville's seed- and early-stage market has brought in consistently high dollar amounts—only three years have been below \$100 million. Deal volume has fluctuated, peaking at 59 seed and early-stage rounds in 2014. Over \$330 million has been invested through early September. A decade ago, that combined value was only \$68.5 million.

Healthcare has been the biggest sector in the city for many decades, and several healthcare-focused family offices, angel networks, and institutional funds have been formed to help the sector grow. HCA Healthcare is headquartered here, where the bulk of their 235,000 employees live. Automotive is another legacy sector, with Nissan North America and Bridgestone Americas headquartered in the city.

Nashville's biggest startup success—SmileDirectClub—was initially crowdfunded through IndieGogo. It went public in 2019 at an \$8.9 billion valuation, marking the first major direct-to-consumer success story for the ecosystem, expanding Nashville's prospects beyond traditional healthcare. Other sectors are emerging as well. A number of fintech startups are making waves, including Built Technologies, Blueprint Title, and Alto.

We think Nashville is poised to become a breakout venture hub in as quickly as 3–5 years. More and more entrepreneurs are relocating here from the Bay Area, New York, and Los Angeles, and several venture firms have opened offices in Nashville. Even corporations are moving here, the biggest being AllianceBernstein, which manages almost \$600 billion of assets. It moved its headquarters from Wall Street, where it had been since its founding.

## MONIQUE VILLA

Investor, Mucker Capital, Co-founder, Build in SE

# PHILADELPHIA

Philadelphia startups have a wealth of resources, including world-class universities and a long list of potential Fortune 500 clients for enterprise startups. Two local schools—University of Pennsylvania and Drexel University—play prominent roles in the ecosystem. Both of Philadelphia's latest unicorns, Gopuff and Misfits Market were founded by former students at the schools. You'll also find alumni of those schools serving as angel investors to local startups before they get recognized at a national level.

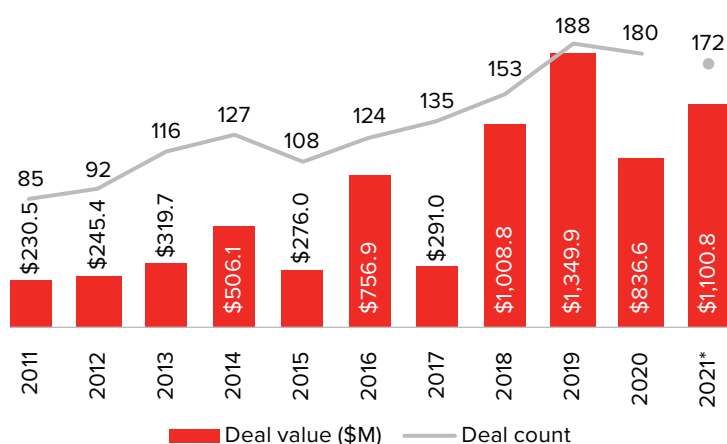
And then there's the established companies here—Comcast, Aramark, AmerisourceBergen and Lincoln National, among others. Comcast is a familiar name in Philadelphia, and they've taken steps to increase their engagement with startups and founders, including event sponsorships and accelerator partnerships with Techstars, Dreamit Ventures and others.

We have a reputation for being the city where startups get off the ground before moving to Silicon Valley or New York to grow and exit. That narrative is changing. If the current "work from anywhere" movement becomes the new normal, Philadelphia has a unique opportunity to bring in new talent and be the city where dreams are started, evolve, and get realized.

## WILLIAM CROWDER

Founder and Managing Partner, Aperture Venture Capital

FIG. 15 Philadelphia seed- and early-stage VC deal activity



Source: PitchBook | Geography: Philadelphia  
\*As of September 1, 2021

Philadelphia's ecosystem has grown by leaps and bounds over the past ten years. 85 seed- and early-stage investments were made in 2011, worth a combined \$230.5 million. Three of the past four years, by contrast, have all exceeded \$1 billion of seed- and early-stage VC investment, topping out at \$1.3 billion in 2019. Philadelphia also routinely sees at least 150 seed- and early-stage financings each year, which bodes well for a growing ecosystem.



# PHOENIX

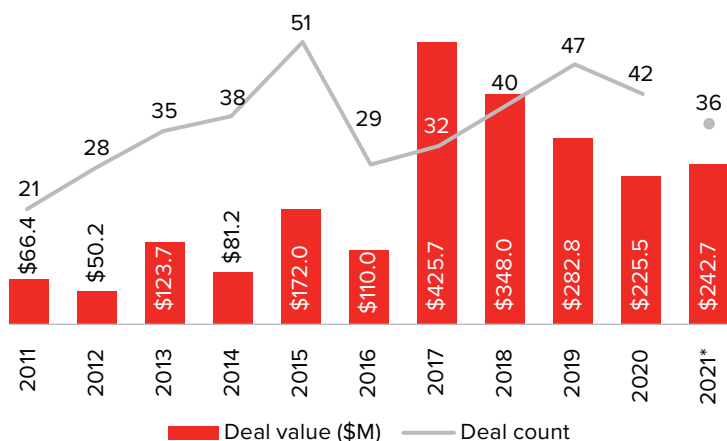
Phoenix is the fifth largest city in the United States, but our ecosystem feels much more intimate because of its active network of super connectors. The local ecosystem has grown exponentially, in no small part due to StartupAZ, the Greater Phoenix Economic Council, the #yesPHX movement, and pioneering founders who helped attract early capital. We have plenty of local success stories, including GoDaddy, Keap, WebPT, and Qwick.

Innovation in culture begets innovative culture, and our universities are a critical reason for our success. Arizona State University produces new entrepreneurs every year, not to mention the faculty and researchers in the background who lend their expertise and lab research to their students. We think we have key strengths in tech-enhanced and tech-enabled solutions, from smarter transportation to cutting-edge healthcare, thanks to world class universities like ASU.

**JI MI CHOI**

Vice President, ASU Knowledge Enterprise

**FIG. 16** Phoenix seed- and early-stage VC deal activity

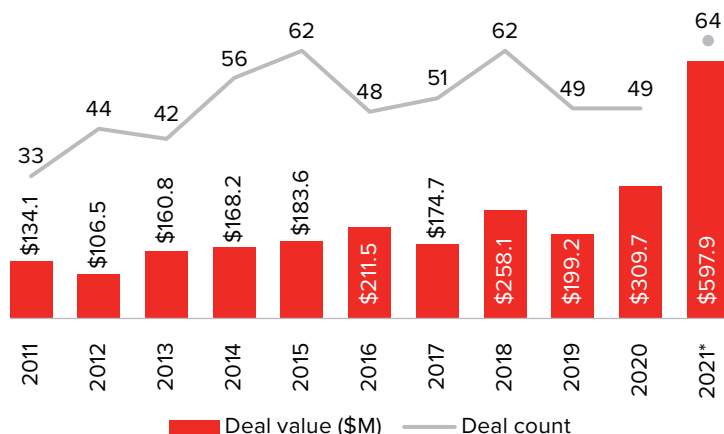


Source: PitchBook | Geography: Phoenix  
\*As of September 1, 2021

Phoenix is strengthening as an ecosystem. Ten years ago, 21 seed- and early-stage financings were made, worth a combined \$66.4 million. VC volume has increased steadily since then, and the ecosystem regularly sees at least 40 early-stage financings per year. In terms of dollars invested, however, the ecosystem is much bigger today than it was a decade ago. In 2017, total capital invested skyrocketed to \$425.7 million, much higher than the city had ever seen. Every year since, seed and early-stage financings have remained above the \$200 million mark.

# RALEIGH-DURHAM

**FIG. 17** Raleigh-Durham seed- and early-stage VC deal activity



Source: PitchBook | Geography: Raleigh-Durham  
\*As of September 1, 2021

Raleigh's VC market is visibly bigger today than it was a decade ago. Through early September, Raleigh has seen 64 seed- and early-stage financings worth a combined \$597.9 million. In 2011, by contrast, only 33 seed and early-stage rounds were done for a combined \$134.1 million. While the Raleigh-Durham area doesn't have hundreds of these deals taking place every year, it's on an upward trajectory, with 2021 already breaking volume and value records.

The Raleigh-Durham area is known as "The Triangle" because it crisscrosses three major universities. Duke University, the University of North Carolina and North Carolina State University are founder factories, producing ideas and talent that undergird the area's ecosystem. That includes new graduates and alumni, the latter of which have formed active angel networks to support local startups.

Entrepreneurs elsewhere have noticed. A common theme to their relocating here is that their runways are three times as long, thanks to lower costs of living and an accessible housing market. The area has several legacy corporations, including IBM, Cisco, GlaxoSmithKline, and Fidelity, but new entrants such as Google Cloud are validating the Triangle's status as a tech hub. We think this bodes well for the next decade, and we expect explosive growth as a result.

**TIM SCALES**

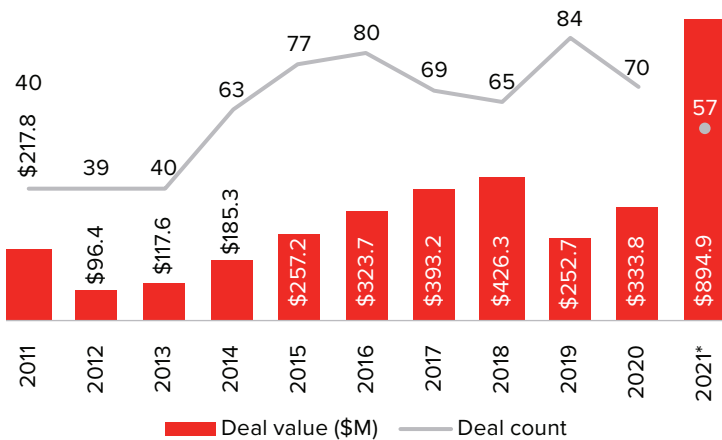
Director of Growth, American Underground



# SALT LAKE CITY

Salt Lake City and nearby Provo have become influential startup hubs over the past decade. In 2011, seed- and early-stage financing was \$217.8 million across 40 rounds. Today, those capital levels are substantially higher. 2021 will likely eclipse the \$1 billion mark for the first time, with \$894.9 million invested through early September. Thanks to heavyweights such as Qualtrics, Salt Lake City's bona fides as an emerging startup hub is attracting scores of talent from across the country. In turn, employees from existing tech companies are more likely to strike out on their own. The past seven years have each seen at least 60 seed and early-stage rounds in the ecosystem. Capital levels are now reliably above \$250 million every year.

**FIG. 18** Salt Lake City seed- and early-stage VC deal activity



Source: PitchBook | Geography: Salt Lake City  
\*As of September 1, 2021

# ST. LOUIS

St. Louis might be known as a primarily food and agriculture driven economy, especially when it comes to the startup and tech ecosystem here. However, St. Louis also has a history of launching iconic brands such as Budweiser, Purina, Panera, and Energizer. We hope Summersalt will join their ranks soon, with a generation-defining lifestyle brand that stands for inspiring joy in our consumers by making women feel comfortable and confident, initially in swimwear and now throughout their entire wardrobe.

We've been fortunate to have the support of local investors such as Lewis & Clark Ventures and Cultivation Capital, regional investors from other Midwest cities, and now firms from places such as Silicon Valley, New York, Boston, and Utah. More and more startups across industries are springing up in St. Louis, making this a diverse, vibrant ecosystem for entrepreneurs. We are excited for what's to come, and to help the next generation of St. Louis founders thrive.

## LORI COULTER

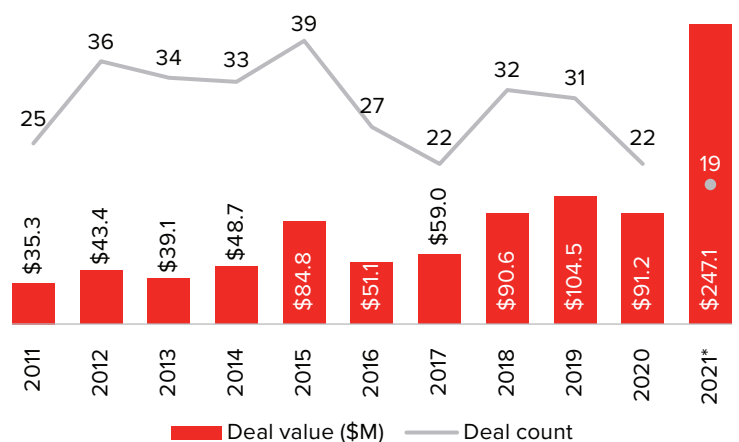
Co-Founder, CEO, and President of Summersalt (a ROTR Portfolio Company)

## RESHMA CHAMBERLIN

Co-Founder and Chief Brand & Digital Officer of Summersalt (a ROTR Portfolio Company)

The St. Louis ecosystem has enjoyed consistent seed and early-stage deal volume over the past decade. What has changed is the dollar amounts, which are much higher today compared to 2011. 2021 is an outlier year at \$247.1 million. Between 2018 and 2020, St. Louis was becoming adjusted to around \$100 million of seed and early-stage dollars per year. In 2011, by comparison, that number was only \$35.3 million.

**FIG. 19** St. Louis seed- and early-stage VC deal activity



Source: PitchBook | Geography: St. Louis  
\*As of September 1, 2021

Salt Lake City is already punching way above its weight – in a lot of ways, Utah today is like the Bay Area in the late 1990s. We've had several big success stories, including Qualtrics, Pluralsight, Owlet, Lucid and Divvy, among others. Companies like Qualtrics and Lucid—which aren't startups anymore—will help generate the next generation of successful startups.

We have several fantastic universities nearby, which are equipping the next generation of entrepreneurs with the tools they'll need to thrive. That includes not only entrepreneurship centers but also campus- and VC-sponsored student funds. As a matter of fact, one of Kickstart's most promising investments, Pura, started out as a student fund investment. The company has enjoyed over 1,000% growth year-over-year for the past three years.

## KAREN ZELNICK

Senior Director of Platform, Kickstart Fund

# TAMPA BAY

Tampa's ecosystem is quickly growing, thanks to an influx of tech transplants who have moved here from both coasts. People like Steve Parkis, a former Zynga executive in San Francisco, are a good example. Once here, Steve became an investor and advisor in Leasecake, Ideal Agent, and DocClocker, three local success stories. Another good example is Ty Blachly, the former chief of staff at Snap in Los Angeles. Once he settled in Tampa, he joined the advisory board of Openly HQ.

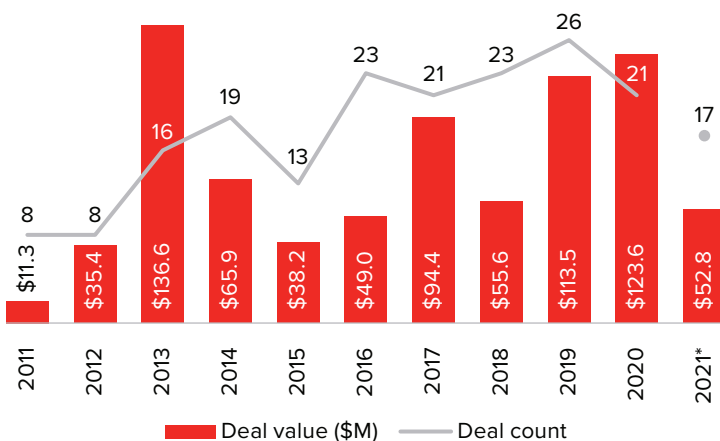
Tampa is home to a range of sectors, from healthcare to cybersecurity to business products and services. Local corporations have taken notice of the ecosystem's potential. Tampa General Hospital, for example, recently launched a \$15 million fund to invest in local healthcare startups. ReliaQuest, a cybersecurity company founded in Tampa, is engaged with local startups, making themselves available to answer questions from founders, make introductions, and test new technologies.

**LAKSHMI SHENOY**  
CEO, Embarc Collective

**ALLIE FELIX**  
Vice President, Platform, Embarc Collective

Tampa is emerging as a VC destination. At least 20 seed- and early-stage rounds happen each year in Tampa, dating back to 2017. More importantly, the dollar amounts are becoming consistently higher. In 2019 and 2020, a combined \$237.1 million was funneled into seed-stage and early-stage startups across 47 rounds. For perspective, the Tampa ecosystem recorded just over \$11 million in seed and early-stage financings in 2011.

**FIG. 20** Tampa seed- and early-stage VC deal activity

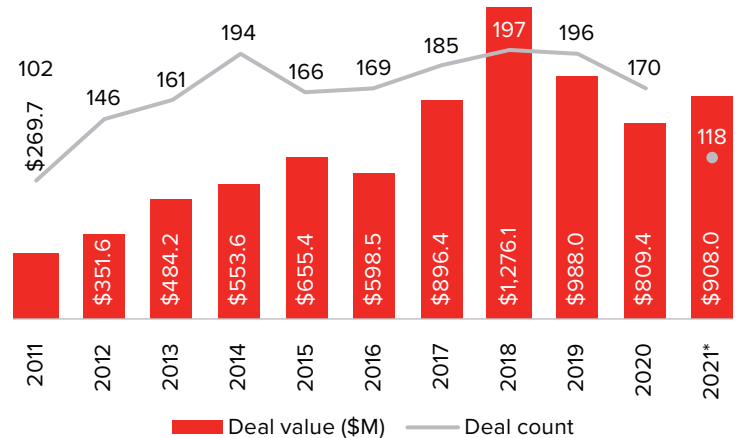


Source: PitchBook | Geography: Tampa  
\*As of September 1, 2021

# WASHINGTON, D.C.

Washington's startup market has steadily gained ground over the past decade. In 2011, the D.C. ecosystem saw \$269.7 million of seed- and early-stage VC investment, a figure that would climb above \$1.2 billion by 2018. By volume, Washington now routinely sees close to 200 seed- and early-stage financings per year.

**FIG. 21** Washington, D.C., seed- and early-stage VC deal activity



Source: PitchBook | Geography: Washington, D.C.  
\*As of September 1, 2021

Despite visiting more than 40 cities with Revolution's Rise of the Rest, I am always wowed by the innovation in our own D.C. backyard. We've backed companies you might expect to be HQ'd in D.C. like FiscalNote, which helps organizations track and manage policy issues, but as the startup community here has evolved, we've compiled a diverse array of D.C. investments. One of our more recent investments, Recurate, helps clothing and accessory brands build sustainable resale marketplaces for their products. You might think a company like that belongs in a global fashion hub like New York or London, but the team is rapidly scaling right here in our nation's capital.

D.C. also reminds us of the critical role policy plays when trying to build transformational companies. While navigating complex regulatory environments often creates challenges for founders, it also opens up a lot of opportunities. D.C. founders have a unique front row seat to the governing process and all that impacts scaling startups.

**ANNA MASON**

Managing Partner, Revolution's Rise of the Rest Seed Fund



# METHODOLOGY

Venture capital dealmaking includes minority equity investments, as well as investments combined of both equity and debt, into startup companies from an outside source. Investment does not necessarily have to be taken from an institutional investor. This can include investment from individual angel investors, angel groups, seed funds, venture capital firms, corporate venture firms, and corporate investors, as well as from nontraditional investors such as hedge funds, mutual funds, or private equity funds. Investments received as part of an accelerator program are not included; however, if the accelerator continues to invest in follow-on rounds, those further financings are included.

Dealmaking figures in this report reflect seed- and early-stage rounds. Early-stage rounds are generally classified as Series A or B (which we typically aggregate together as early-stage) either by the series of stock issued in the financing or, if that information is unavailable, by a series of factors including the age of the company, prior financing history, company status, participating investors, and more. As for seed, when the investors and/or press release state that a round is a seed financing, or it is for less than \$500,000 and is the first round as reported by a government filing, it is classified as such. If angels are the only investors, then a round is only marked as seed if it is explicitly stated.

PitchBook defines venture capital funds as pools of capital raised for the purpose of investing in the equity of startup companies. In addition to funds raised by traditional venture capital firms, PitchBook also includes funds raised by any institution with the primary intent stated above. Only funds based in the US that have held their final close are included in the fundraising numbers of this report. The entirety of a fund's committed capital is attributed to the year of the final close of the fund. Interim close amounts are not recorded in the year of the interim close.

Deal locations are categorized into specific combined statistical areas (CSAs) based on CSA definitions provided by the US Census Bureau. For example, the Austin CSA, which is not defined by the US Census Bureau, is a combination of the Austin and San Antonio Metropolitan Statistical Areas provided by the US Census Bureau.

## ABOUT REVOLUTION

Revolution is a D.C.-based investment firm focused on backing entrepreneurs building transformative companies outside of Silicon Valley. Through its family of funds—The Rise of the Rest Seed Fund, Revolution Ventures, and Revolution Growth—Revolution partners with founders at every stage of the startup lifecycle. Follow us at @Revolution and @RiseOfRest.

## ABOUT REVOLUTION'S RISE OF THE REST

Revolution's Rise of the Rest is a nationwide platform led by Steve Case focused on spotlighting regional startup hubs. The Rise of the Rest Seed Fund invests in early-stage, high-growth companies across the country. The team partners with regional ecosystem leaders and co-investors to build and scale the next wave of transformational startups. The Rise of the Rest Seed Fund is backed by a group of iconic entrepreneurs and business leaders who believe that the next great startups are located outside of coastal tech hubs. Visit us online at [revolution.com/rotr](https://revolution.com/rotr) or @RiseOfRest.