

# Rising from the Reset

Unlocking America's Full  
Entrepreneurial Potential



Rise of the Rest®  
2024 Report





# Contents

Letter from Rise of the Rest .....	3
Zooming Out: What a Decade of Data Shows .....	5
Taking Stock: Mapping Today's Investment and Innovation Policy Landscape .....	7
Looking Ahead: Headwinds and Tailwinds for Rising Startup Ecosystems .....	9
Zooming In: The Last Decade on the Ground .....	10
Detroit .....	11
Kansas City .....	13
Minneapolis–St. Paul .....	15
About Revolution and Rise of the Rest .....	17

# Letter from Rise of the Rest

## 2024: A Defining Moment for America's Entrepreneurial Future

With a decisive election that has Donald Trump returning to the White House and JD Vance stepping into the role of Vice President, the focus now shifts to how they'll pursue the bold economic growth promised during the campaign. Delivering on that vision, especially in the regions that delivered the new administration its victory, will require a renewed focus on fostering innovation far beyond the traditional coastal hubs.

### Place-Based Inequities Persist

Geographic disparities in venture capital allocation remain a challenge. Of the \$170B invested in 2023, **the 19 states (and D.C.) that voted for the Harris-Walz ticket received 84% of venture dollars, leaving the 31 states won by Trump-Vance with just 16%.** Venture capital may be one of many drivers of economic prosperity, but it serves as a strong indicator of where the next generation of high-growth companies and innovation centers are likely to emerge.

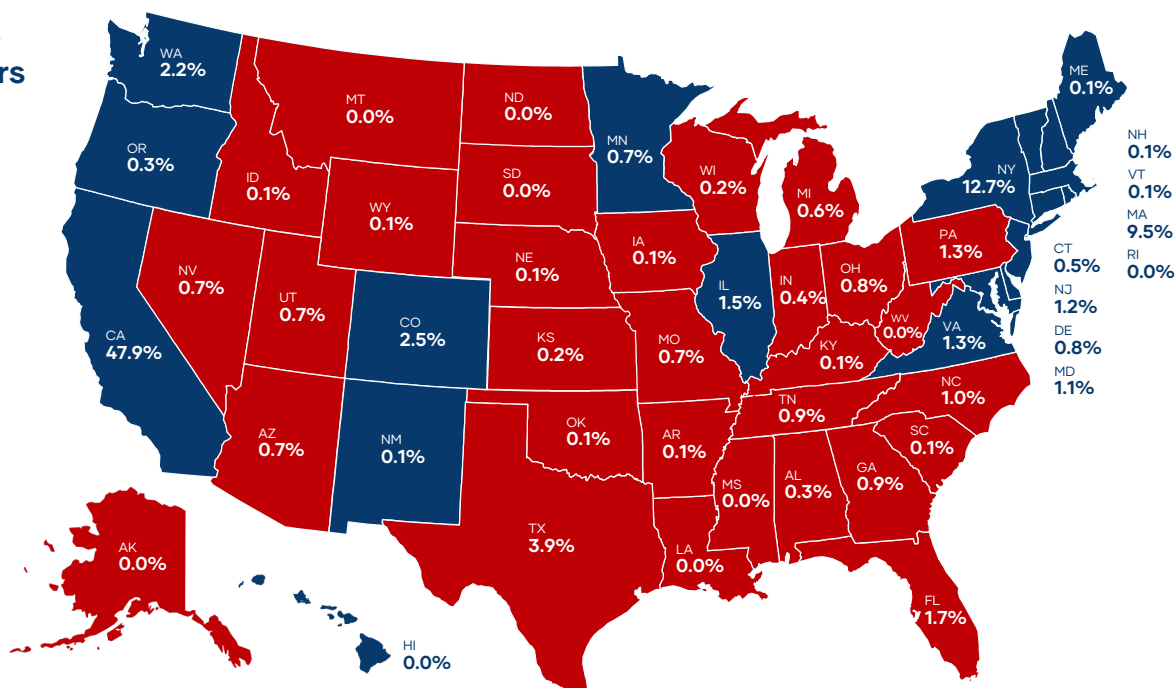
In a year shaped by a recalibrating venture market, AI dominance that has tipped the scale further in Silicon Valley's favor, and a sharpened focus on policy and its impact on startups, the question remains: **Will government act as a catalyst or a constraint in unlocking America's full entrepreneurial potential?**

### Can Entrepreneurship Bridge Divides?

Sentiment around the state of our country is invariably influenced by where we live. Communities witnessing the disruption innovation inflicts on legacy industries without reaping the rewards of new jobs and economic growth only deepens divides. While we will never bridge all our societal rifts, **entrepreneurship continues to serve as a shared foundation for American progress.** Vice President-elect Vance has demonstrated a strong commitment to empowering startups and revitalizing economies in Middle America through his work with us and others in the tech community. We hope he carries this mission forward in his work with the President and the 119th Congress.

## Share of 2023 Venture Dollars by State

■ Trump  
■ Harris



Sources: SSTI, 270toWin



## Building on Existing Policy Momentum

The second Trump administration has an opportunity to build upon federal initiatives like the CHIPS & Science Act, which has already **spurred historic investment in rising cities and "left behind" regions**, a trend we map in this report. [According to Brookings](#), an outsized 30% of private strategic sector investments since 2021 have gone to the country's most trade-affected economies, motivated, at least in part, by federal legislation. At the same time, more VCs have established a presence in D.C. to engage in policy discussions. While many of these firms are focused on investing in highly regulated categories like defense and hard tech, we're encouraged by the trend and foresee it expanding. Our take: The more voices advocating for entrepreneurs, the better.

## 10 Years of Rise of the Rest

This year marks a decade since Rise of the Rest began traveling the country by bus to experience startup ecosystems firsthand. Our first stop on our inaugural tour was Detroit, a city that is both wholly unique and emblematic of the opportunity, resilience, and grit often found in places the rest of the world has counted out. In 2014, the once-great innovation hub that revolutionized the auto industry had recently declared bankruptcy. But during that visit, we witnessed the swell of local leaders, businesses, and entrepreneurs rallying to right its direction.

In 2024, [we returned](#) to a very different city with the same enduring spirit. Detroit's progress was perhaps most palpable as we toured a restored Michigan Central — the once-dilapidated train station that's become the center of a sprawling mobility innovation district and a symbol of the city's revitalization.

## What You'll Find in This Year's Report

Since that first road trip, we've logged thousands of miles visiting cities across America, connecting with entrepreneurs who are tirelessly building the next generation of great tech companies. Today, the fruits of their efforts are evident:

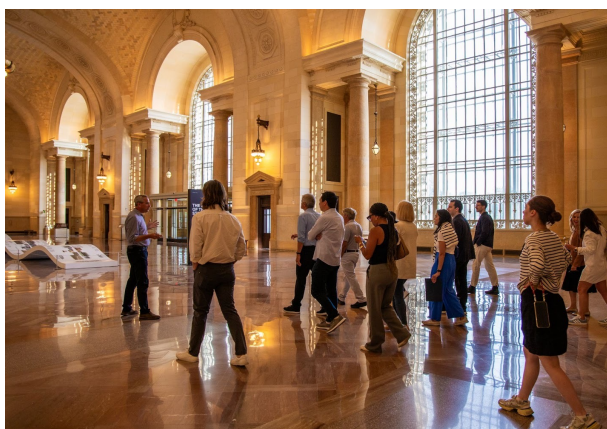
- **In the last decade, seed and early-stage venture capital invested outside of CA, NY, and MA has increased from \$7.55B in 2013 to \$16.82B in 2024.**
- During the same period, the average seed and early-stage investment in startups based outside of these states nearly doubled from \$2.6M to \$5.16M.

But growth has not been perfectly linear, and in the following pages, we share what we believe will be the biggest headwinds (and tailwinds) for startups in rising cities amid a changing political landscape and venture reset.

We also revisit the story of three cities from our first bus tour — Detroit, Kansas City, and Minneapolis — all of which have made significant strides in growing their ecosystems and establishing themselves as dynamic entrepreneurial hubs.

It's important to note that the Rise of the Rest philosophy isn't about the decline of coastal tech hubs but rather about **ensuring entrepreneurs everywhere have the resources to turn their ideas into startups**, lean into their place-based advantages, and create opportunity throughout the country. In so doing, we can ensure that more people in more places contribute to — and benefit from — America's innovation economy.

**Steve Case, David Hall,  
& the Rise of the Rest Team**



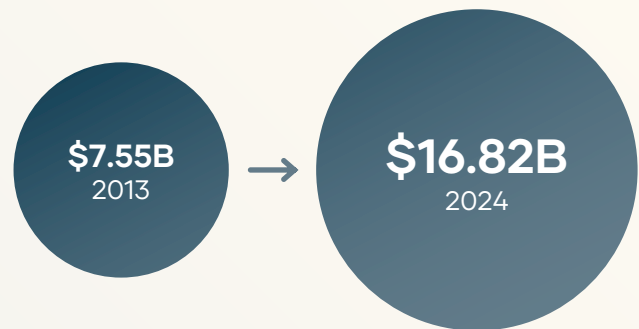


# Zooming Out: What a Decade of Data Shows

**Over the last decade, the venture market has grown significantly, and that growth hasn't been solely confined to the coasts.**

As of October 2024, seed and early-stage dollars invested in startups outside of California, Massachusetts, and New York have more than doubled since 2013. Adjusting for inflation, that's a nearly \$5B increase.

**Total Seed & Early-Stage Funding  
Outside CA, MA, and NY in 2013 vs 2024\***

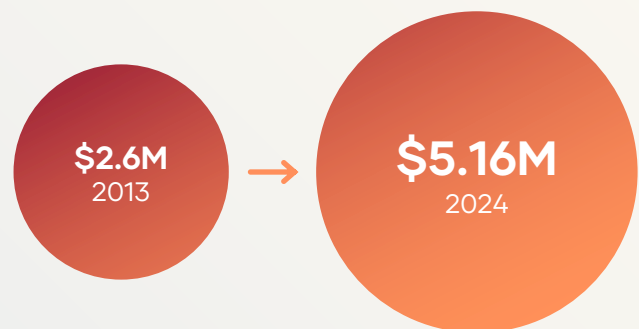


Source: PitchBook  
\* Data as of October 31, 2024

**While deal count increased modestly, the average seed and early-stage round outside of the coastal tech hubs has nearly doubled from \$2.6M in 2013 to \$5.16M in 2024.**

Bigger bets signal increased growth potential for startups in rising markets and confidence from investors in their ability to scale. Adjusting for inflation here, that's still a nearly 50% larger average investment in companies between the coasts.

**Average Seed & Early-Stage Round Size  
Outside CA, MA, and NY in 2013 vs 2024\***

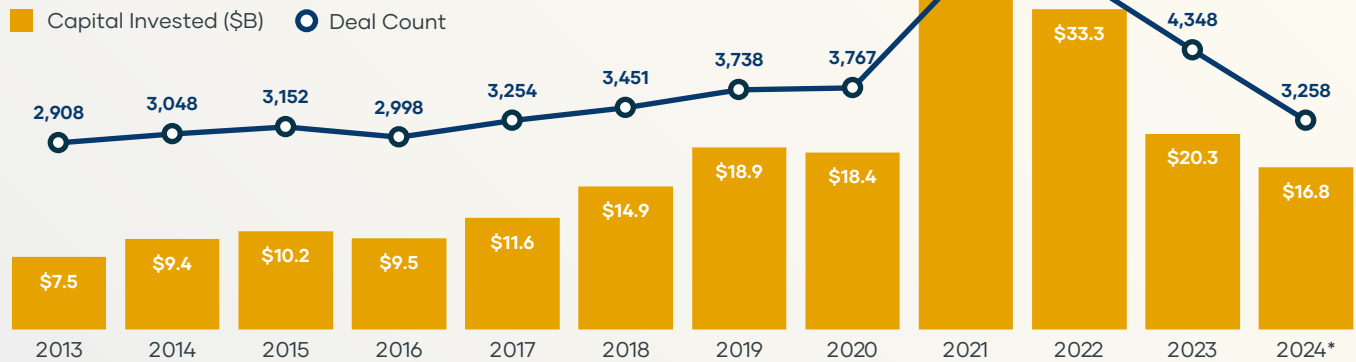


Source: PitchBook  
\* Data as of October 31, 2024

Looking at the longitudinal data, growth in seed and early-stage investment in rising cities has not been linear.

2021 and 2022 were major outliers in terms of both capital invested and deal count, as they were across all geographical markets. Both metrics have fallen considerably in the last two years as the broader venture market cooled, but remain in line with the growth we saw from 2013-2020.

**Seed & Early-Stage VC Activity Outside CA, MA, and NY**

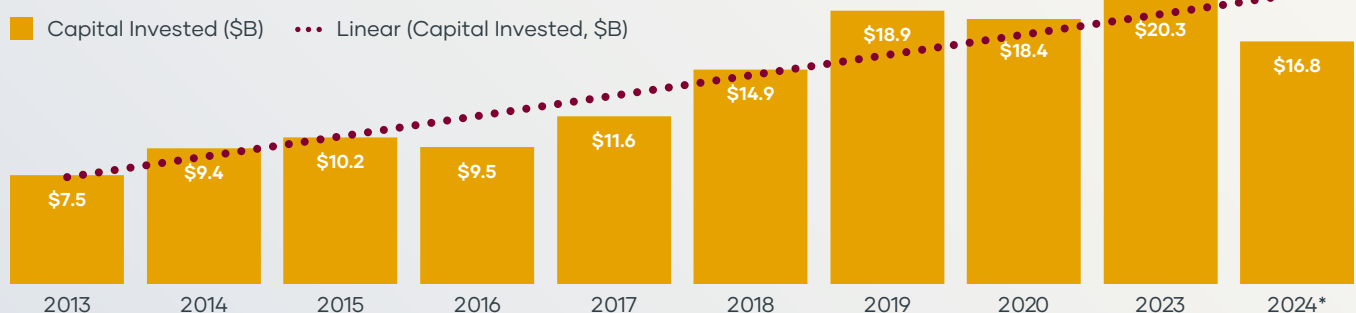


Source: PitchBook  
\* Data as of October 31

The general trajectory of seed and early-stage venture capital flowing to states outside of California, Massachusetts, and New York — even when removing 2021 and 2022, which skew the trend line upward — has been positive.

While deal count growth has been more modest, the increase in capital invested underscores the momentum these regions have built. This may partly be attributed to the fact that the entire venture pie has grown, but rising cities are still receiving a much larger slice than they were a decade ago.

**Seed & Early-Stage VC Activity Outside CA, MA, and NY (Removing 2021-22)**



Source: PitchBook  
\* Data as of October 31



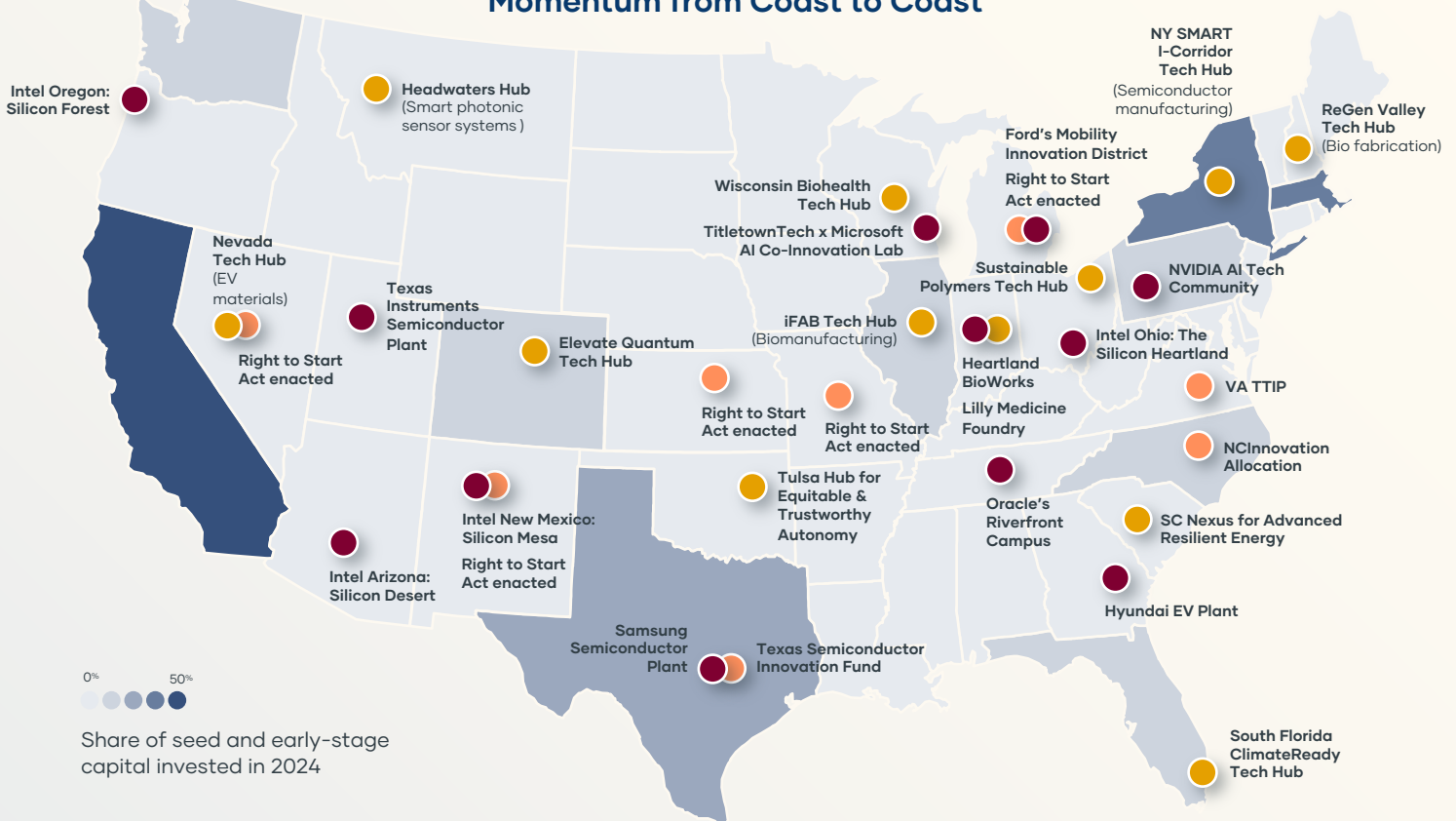
# Taking Stock: Mapping Today's Investment and Innovation Policy Landscape

**Despite venture capital invested in rising cities increasing substantially over the last decade, venture funding remains geographically concentrated.**

**I**n 2024, nearly 50% of seed and early-stage funding went to startups in California alone. Capital-intensive AI startups helmed by well-resourced incumbents have only exacerbated that concentration, with companies like xAI raising enormous \$6B "early-stage" rounds.

But we wouldn't paint this as a bleak moment for rising cities. In fact, we'd characterize it as one of growing momentum, with increased focus on the innovation happening beyond Silicon Valley from policymakers and industry alike. The investments, initiatives, and policies mapped on the following page offer proof.

## Momentum from Coast to Coast



### Tech Hub Funding

In June, the Commerce Department's Economic Development Administration announced \$504M in implementation grants via the CHIPS & Science Act to [12 Tech Hubs](#) to scale up the production of critical technologies, create jobs in innovative industries, and strengthen U.S. economic competitiveness and national security. Those strategic industries span from quantum and autonomous systems to climate resilience and biomanufacturing, and their designated hubs from Upstate New York and South Florida to Tulsa and Reno.

### Private and Public-Private Investments

Corporate strategy, often alongside local and state industrial policy, has helped [spur significant investment](#) (nearly \$470B since 2021) in an economically, geographically, and politically diverse set of counties. Recent capital commitments and initiatives include: TitletownTech and Microsoft's [Co-Innovation Lab](#) in Wisconsin, NVIDIA's first [AI Tech Community](#) in Pittsburgh, Intel's [semiconductor manufacturing investments](#) in Arizona, New Mexico, Ohio, and Oregon, Ford's renovation of [Michigan Central](#) in Detroit, Eli Lilly's [Lilly Medicine Foundry](#) in Indianapolis, Oracle's [Riverfront Campus](#) in Nashville, Hyundai's [first electric vehicle plant](#) in Georgia, Samsung's [semiconductor manufacturing plant](#) in Taylor, TX, and Texas Instruments' [manufacturing and education](#) investments in Lehi, UT.

### State and Local Policy Initiatives

In July 2023, Nevada was the first state to enact the [Right to Start Act](#) and create an Office of Entrepreneurship. Several states have followed: New Mexico created an Office of Entrepreneurship in September 2023, Kansas appointed a Director of Small Business and Entrepreneurship in March 2024, Michigan announced the state's first-ever Chief Innovation Ecosystem Officer in May 2024, and Missouri created an Office of Entrepreneurship in July 2024. Additional state initiatives and investments to grow their tech and entrepreneurial ecosystems include [Virginia's Tech Talent Investment Program](#), Texas's [Semiconductor Innovation Fund](#), and North Carolina's [NCInnovation Endowment Allocation](#).

Sources: PitchBook, U.S. Department of Commerce, Brookings, Right to Start



# Looking Ahead: Headwinds and Tailwinds for Rising Startup Ecosystems

## Headwinds

**Liquidity crunch:** As of the end of Q3, only 14 venture-backed companies have gone public in 2024, and M&A activity has slowed considerably. With scarcer exit opportunities and LPs looking for returns, VCs may retreat further to perceived safety in traditional tech hubs.

**Ripple effects from the liquidity crunch:** While we documented the founding of 1.4K+ new regional VC firms from 2011-2021, many of those firms (that are often the biggest backers of their local ecosystems) face a more daunting market for raising subsequent funds without materialized returns. Options to lock in gains amid prolonged investment cycles through secondary sales and continuation funds are disproportionately available to larger multi-stage incumbent funds.

**Steep prices and borrowing rates:** Although inflation has eased from 2022 peaks, relatively high interest rates persist, and consumers and businesses are still feeling the financial strain. In regions where venture capital is already sparse, accessing funding remains difficult and expensive. Higher interest rates additionally create pressure for outsized venture returns, pulling investors back to geographies that have historically produced the biggest multiples.

**Remote work receding:** As more companies mandate in-office work, the availability of remote roles that enabled talent to stay in or relocate to rising cities diminishes. This shift risks slowing the flow of highly-skilled workers to emerging tech hubs, potentially stalling the growth and diversification these ecosystems have seen in recent years.

**Artificial intelligence:** LLMs and foundational models are capital-intensive to build and scale, benefitting Big Tech and Silicon Valley incumbents. Brookings data also shows that much of our country's AI jobs are located in traditional tech hubs.

**Focus on capital efficiency:** Shifting investor preferences may lead startups to focus more on sustainability than growth in a way that leads to muted outcomes that attract fewer follow-on investments and exits in regions where capital is already scarce.

**Mega round-driven funding gaps:** According to Carta data, less than 3% of deals accounted for 41% of capital raised by U.S. startups in Q1-Q2 of 2024. No surprise: these \$100M+ rounds are largely concentrated in the coastal tech hubs.

## Tailwinds

**Anticipated reduced M&A barriers:** Many speculate that a second Trump administration is likely to lead to a rollback of the FTC's antitrust and anti-merger approach. Exit optionality is indeed essential to the startup and venture capital lifecycle, as acquisitions make up 90% of exits.

**Inflationary pressure easing:** The country's inflation rate declined for several consecutive months in 2024, prompting the Federal Reserve to cut rates for the first time since 2022 in September and a second time in November. With lower interest rates comes greater access to capital, which benefits startups and investors.

**Remote work stabilizing:** As more large corporates and coastal startups plant their in-office flags, startups between the coasts may have greater access to tech talent looking to remain remote or find new roles in the cities where they reside.

**Reshoring and reindustrialization:** Supply chain shocks and geopolitical uncertainty have led to a bipartisan "Made in America" push that benefits regions in the middle of the country with manufacturing capabilities and expertise. Tariffs as trade policy during the Trump administration could also have a meaningful impact.

**Artificial intelligence:** The democratization of AI allows startups with fewer resources to operate more efficiently. Startups in rising cities are also more attuned to regional economies and plugged into legacy industries that would benefit from the practical application of AI.

"Some investors are urging caution about paying too much attention to the foundational pieces of AI, comparing it to what happened with the electrification of the U.S. Money initially flowed into power generating and distributing companies, but investors who instead focused on companies making use of that electricity ultimately fared better."

Axios AI Outlook report

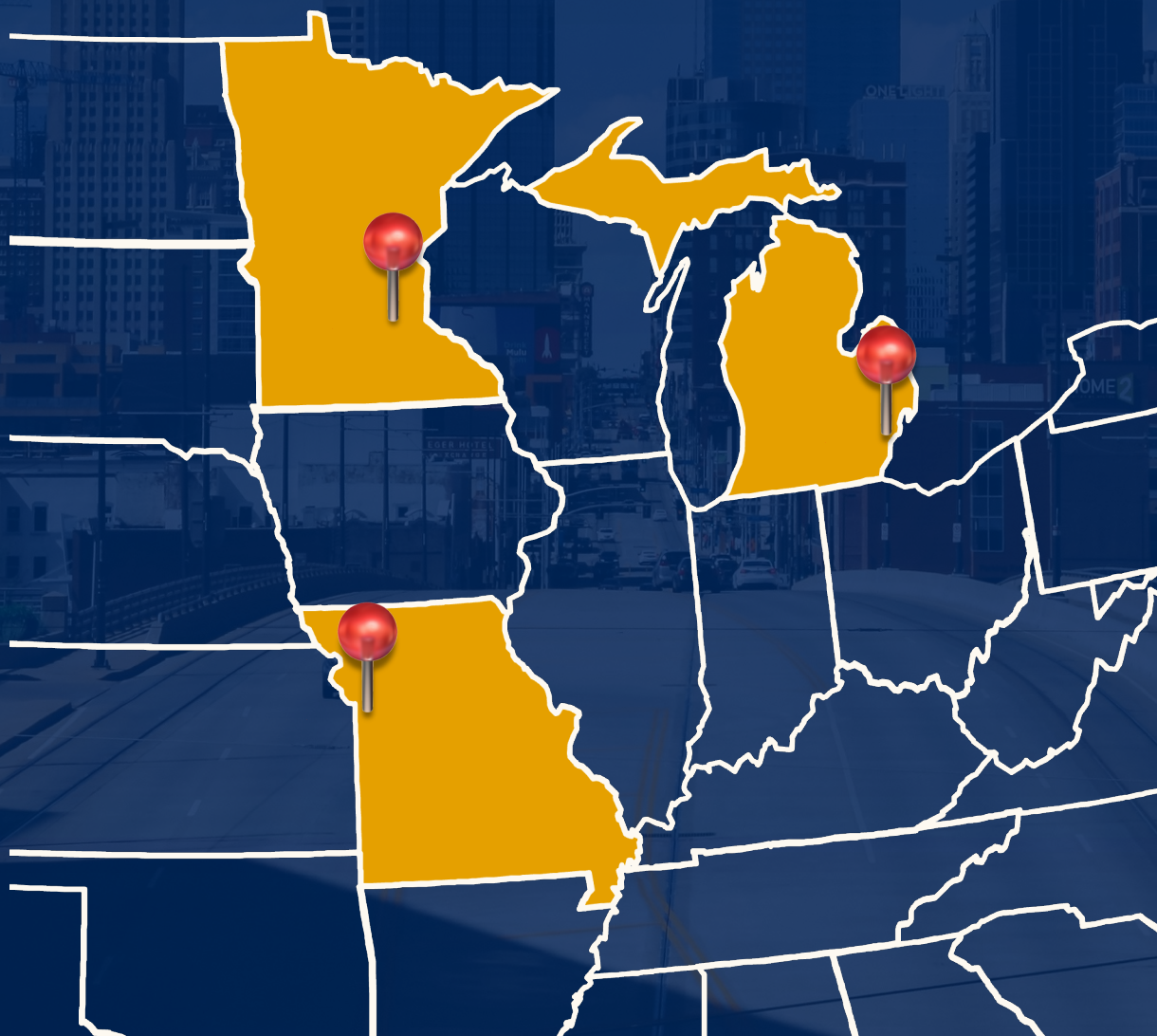
**Focus on capital efficiency:** The VC mindset shift from "growth at all costs" to sustainable profitability is an advantage for capital-efficient businesses in places with lower costs of living and operating.

**Maturing ecosystems:** Rising cities, like those featured in the next few pages, have grown their talent pools, attracted funding, built network density around specific industries, and generated startup success stories that will only beget more momentum.

# Zooming In: The Last Decade on the Ground

It's one thing to talk about rising startup ecosystem growth from afar, and another to experience it firsthand.

**I**n the following pages, we feature three cities we visited a decade ago, the place-based advantages that have helped them differentiate, and the builders and backers who have driven interest, investment, and tangible growth in their ecosystems.

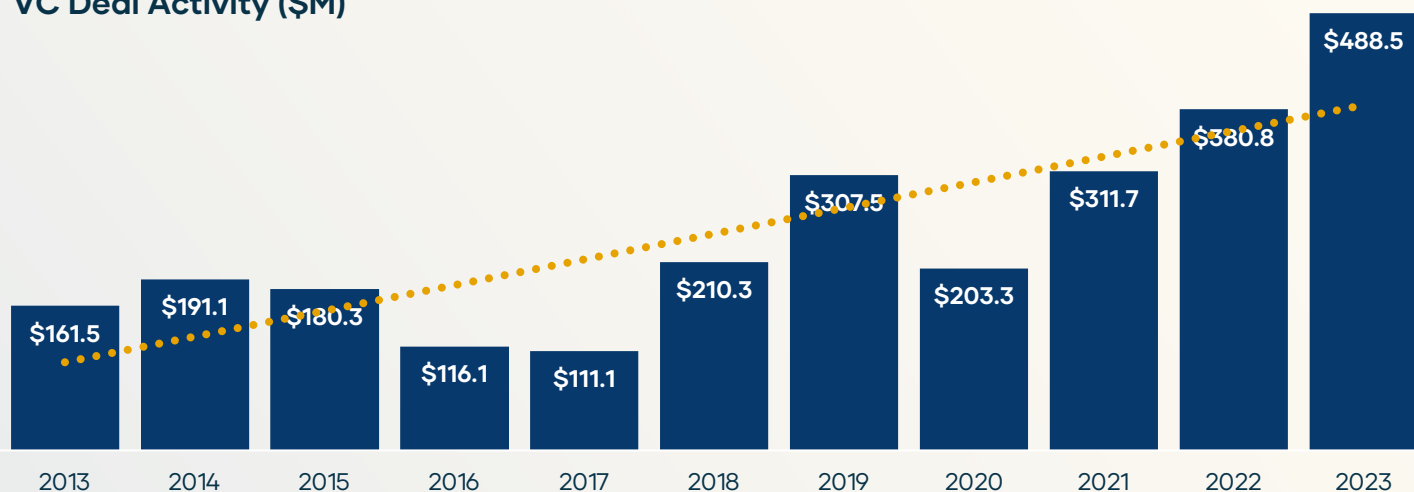




# Detroit

Motor City — where it all began for Rise of the Rest. Detroit was perhaps the first true technological innovation hub in the U.S. as the city that revolutionized car manufacturing. While it struggled mightily over the last half-century, losing companies, jobs, and residents, Detroit is charting its resurgence with mobility innovation at the forefront. In the last decade, capital invested in Detroit-based startups has materially increased, growing by more than 3x from 2013 to 2023, adding to the broader sense of momentum in the ecosystem.

## Detroit Seed & Early-Stage VC Deal Activity (\$M)



Source: PitchBook

## Detroit's Biggest Backers



## Tentpole Companies



# Place-Based Advantages

Detroit's legacy in automotive innovation, binational location, and extensive infrastructure are cornerstones of its recent economic revitalization.

- With long-established **expertise in manufacturing** and support from global giants like Ford and General Motors, Detroit provides an optimal setting for ventures in mobility, industrial automation, and sustainability.
- Positioned on the U.S.-Canada border, Detroit ensures convenient access to vast North American markets, serving as a **conduit for international trade**. Its infrastructure — including major highways, rail links, and the Detroit Metropolitan Airport — facilitates seamless logistics and global reach.
- **Renowned universities** such as the University of Michigan and Wayne State University generate a steady flow of talent in engineering, technology, and business, which fuels the region's talent pool and entrepreneurial ecosystem.
- The city's **dynamic startup community**, supported by innovation hubs like Newlab and TechTown, makes it a compelling base for founders looking for an affordable, collaborative environment to scale.

## Portfolio Spotlight

# StockX

**Industry:** E-commerce

**At a Glance:** StockX's powerful platform connects buyers and sellers of high-demand consumer goods from around the world using dynamic pricing mechanics.

**Unfair Advantages:** Rigorous authentication process, transparent market-driven pricing, finger on the pulse of current culture

"Detroit didn't fit into many investors' 'theses.' But Detroit was where I was born and raised. There is tremendous loyalty to the city, and StockX employees feel like they're playing a part in its revitalization."

**Greg Schwartz**

Co-founder & CEO, StockX

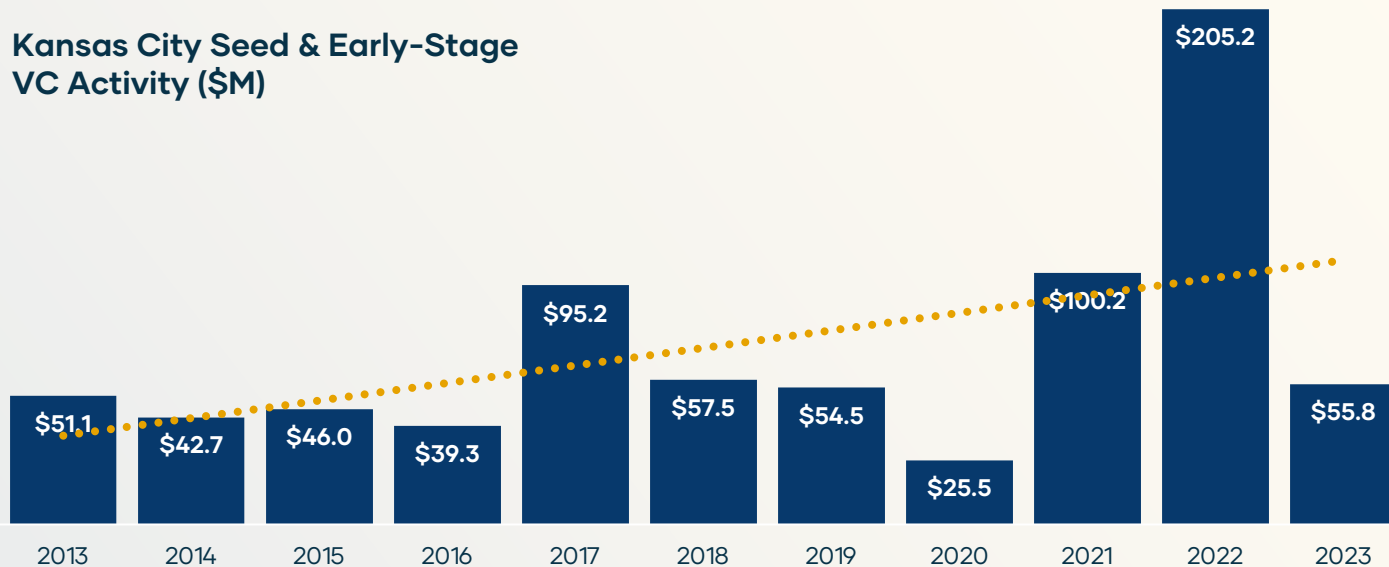




# Kansas City

Known for its pivotal role in shaping industries like agriculture, manufacturing, and telecommunications, Kansas City has steadily transformed into a vibrant hub for startup growth. Since Rise of the Rest first visited in 2014, the City of Fountains has seen seed and early-stage investment principally increase over the decade, with some ebbs and flows in funding from year to year. Broad growth has fueled optimism and opportunity in the region's business landscape. Indeed, from 2018 to 2022, startups contributed 86.4K new jobs, making up 66% of all new jobs and 8% of total employment in the metro area, according to [KCSOURCELINK](#).

## Kansas City Seed & Early-Stage VC Activity (\$M)



Source: PitchBook

## KC's Biggest Backers



## Tentpole Companies



Digital used vehicle marketplace  
(acquired by KAR Global)



Working capital fintech



Consumer pharmacy savings software



# Place-Based Advantages

With deep roots in telecommunications, agriculture, and logistics, Kansas City is establishing its position as a leading hub for startups ushering those legacy industries into the future.

- Kansas City was an **early adopter of Google Fiber**, laying the groundwork for a tech-driven community as one of the first cities with ultra-fast internet.
- **Major corporations call Kansas City home**, including T-Mobile (previously Sprint), Garmin, Seaboard Corporation, Hallmark, and H&R Block, creating a strong foundation of diverse industry expertise and opportunities for collaboration and partnership.
- Home to the Chiefs, Current, and Royals, Kansas City has a **dynamic sports culture** that's helped foster a strong sense of community and pride while driving economic growth and unique networking opportunities (including the 2026 World Cup).
- A **skilled tech and engineering workforce**, largely supplied by institutions like the University of Missouri-Kansas City, supports high-growth companies seeking technical talent.
- **Robust local support** from groups such as the Kauffman Foundation and Launch KC offer access to funding, mentorship, and a supportive community.

## Portfolio Spotlight



**Industry:** Utilities Software

**At a Glance:** Daupler is a modern response management system for utilities, public works, and other service organizations that coordinates and documents response efforts for a variety of service outages.

**Unfair Advantages:** Deep experience in public works and utilities, comprehensive tools to optimize response ops, scalable solutions for various businesses

"Kansas City has been an ideal place to build Daupler because of its commitment to innovation in critical sectors like utilities and public works. Over the last decade, the local startup scene has grown tremendously, and I'm excited to see the city emerge as a hub for tech-driven solutions in infrastructure."

**John Bertrand**  
Founder & CEO, Daupler

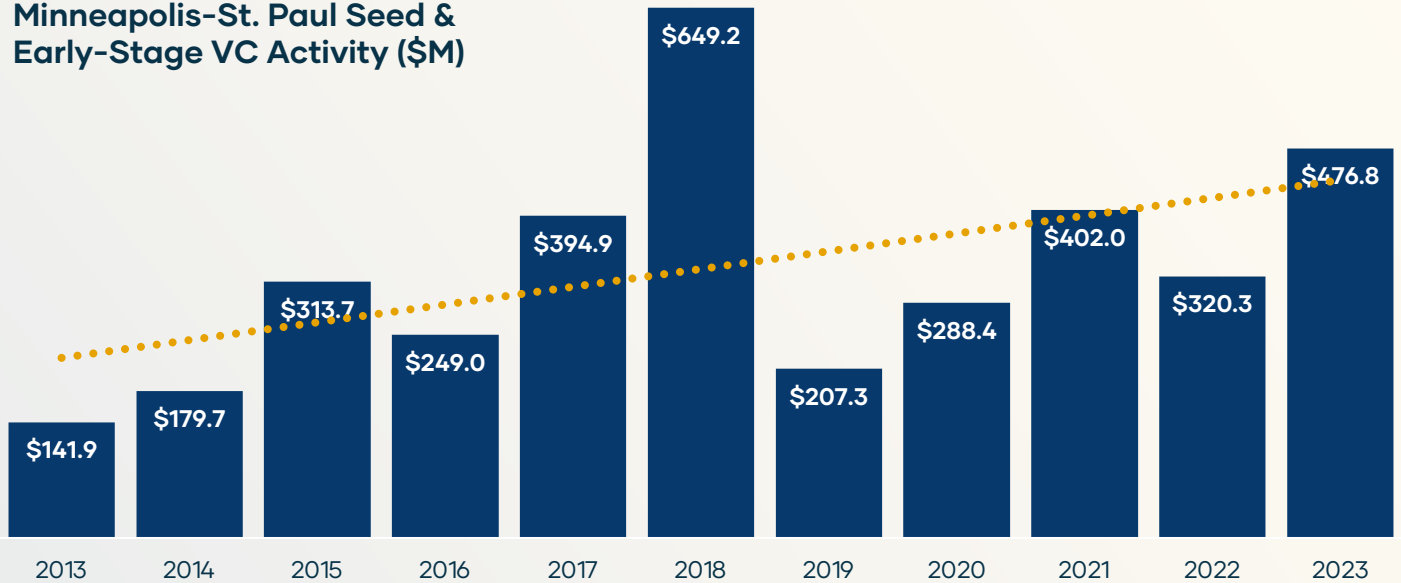
RISING FROM THE RESET



# Minneapolis-St. Paul

From healthcare giants to retail powerhouses, the Twin Cities have long been at the forefront of business evolution. When Rise of the Rest kicked off its initial road trips, the local startup ecosystem was already gaining momentum. In the years since, seed and early-stage investment in Minneapolis-St. Paul startups has risen substantially, reflecting the region's growing influence in healthtech, fintech, agtech, and more on a global stage.

**Minneapolis-St. Paul Seed & Early-Stage VC Activity (\$M)**



Source: PitchBook

## Twin Cities' Biggest Backers



RIISING FROM THE RESET

## Tentpole Companies





# Place-Based Advantages

Minneapolis–St. Paul has long stood as a leader in healthcare, finance, retail, and manufacturing, with companies like UnitedHealth Group, Target, and 3M providing startups with a deep well of expertise and partnership potential.

- As of June 2024, 17 Fortune 500 companies and eight others within the top 1,000 call the Twin Cities home. The city's high corporate concentration offers unique collaboration and incubation opportunities for startups.
- Strategically positioned with access to global markets, the Twin Cities are equipped with one of the nation's busier international airports, extensive transportation networks, and **robust logistics infrastructure** that facilitate efficient supply chains.
- A **strong STEM curriculum** at the University of Minnesota helps fuel a highly skilled talent pool. This makes the region particularly attractive for startups requiring specialized tech, engineering, or healthcare talent.
- Organizations like Minnestar and events like Twin Cities Startup Week and MN Cup promote **collaboration within the region's startup ecosystem**, which broadly emphasizes community over competition. Bonus: Minneapolis is considered one of the happiest cities in America.

## Portfolio Spotlight



**Industry:** Logistics

**At a Glance:** Dispatch is a B2B, software-based marketplace solution that facilitates last-mile, on-demand, wholesale industrial delivery.

**Unfair Advantages:** Focused B2B model, real-time visibility, customizable fleets

"Minneapolis has been an incredible place to start and grow Dispatch. The strong sense of community and collaboration in the ecosystem really gave us the foundation we needed early on. In the last 10 years, we've seen the startup scene evolve from a close-knit group of entrepreneurs to a thriving, diverse ecosystem that's attracting national attention. This region has everything it takes to continue being a launchpad for innovation."

**Andrew Leone**

Co-founder & CEO, Dispatch

RISING FROM THE RESET







# About Revolution & Rise of the Rest



Revolution is a D.C.-based investment firm focused on investing in entrepreneurs building transformative companies outside of Silicon Valley. Through our family of funds — The Rise of the Rest Seed Fund, Revolution Ventures, and Revolution Growth — we partner with founders at every stage of the startup lifecycle. Follow us at [@Revolution](#) and [@RiseOfRest](#).



Rise of the Rest is a seed and early-stage venture capital fund investing in entrepreneurs based outside of the coastal tech hubs of Silicon Valley, New York City, and Boston. Our goal is to identify compelling investment opportunities in rising cities and back more founders who are solving real-world problems. We have \$300 million in assets under management.

# Disclaimer

Certain information contained herein has been obtained from third-party sources, including portfolio companies of Rise of the Rest Seed Fund, LP and Rise of the Rest Seed Fund II, LP ("ROTR"). While taken from sources believed to be reliable, ROTR has not independently verified such information and makes no representations about the enduring accuracy of the information or its appropriateness for a given situation.

This content is provided for informational purposes only, and should not be relied upon as legal, business, investment, or tax advice. You should consult your own advisers as to those matters. References to any securities are for illustrative purposes only, and do not constitute an investment recommendation or offer to provide investment advisory services. Furthermore, this content is not directed at nor intended for use by any investors or prospective investors, and may not under any circumstances be relied upon when making a decision to invest in any ROTR portfolio company. Any investments or portfolio companies mentioned, referred to, or described are not representative of all investments in vehicles managed by ROTR, and there can be no assurance that the investments will be profitable or that other investments made in the future will have similar characteristics or results.

Charts and graphs provided within are for informational purposes solely and should not be relied upon when making any investment decision. Past performance is not indicative of future results. The content speaks only as of the date indicated. Any projections, estimates, forecasts, targets, prospects, and/or opinions expressed in these materials are subject to change without notice and may differ or be contrary to opinions expressed by others. ROTR expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions, or circumstances on which any such statement is based. Please see [revolution.com/terms-of-use](https://revolution.com/terms-of-use) for additional important information.

# RISE OF THE REST<sup>®</sup>

a  revolution fund

