CORI’s Approach to Digital Ecosystem Development in Rural America

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The US is struggling with a rural opportunity gap . . .

A very bad sign for all but America’s biggest cities

Americans in small counties are much less likely to start new businesses, a trend that jeopardizes the economic future of vast swaths of the country.

By Jim Tankersley  May 22, 2016
... that continues to widen
The divide has serious repercussions for rural areas

**COLLEGE DEBT**
Federal Reserve Bank study shows rural college graduates with student debt much more likely to move to urban areas than college graduates without debt.

**EDUCATIONAL LEVELS**
47% less likely to have a bachelor's degree or higher in non-metro areas.

**OPIOID CRISIS**
Drug-related deaths are 45% higher in rural areas.
And the future of current rural work is GRIM

OTTO (owned by Uber): First driverless truck run in Colorado October 2016.

“...smaller, more rural communities [are] significantly more exposed to automation-driven task replacement”
Brookings Institution, 2019

“The researchers said they were surprised to see very little employment increase in other occupations to offset the job losses in manufacturing. That increase could still happen, they said, but for now there are large numbers of people out of work, with no clear path forward — especially blue-collar men without college degrees.”

As is the future of rural entrepreneurship . . .

*Inadequate infrastructure*

39% of rural lacks 25/4 Mbps vs. 4% of urban

*Concerns over density of talent and deal flow*

**RESULT:** less than 1% of VC investments go to entrepreneurs in rural areas.

**WHY IS THIS HAPPENING?**

- Inadequate infrastructure
- Concerns over density of talent and deal flow

![Graph showing percent of population and startups in non-metro areas](image)
However, market forces signal new rural opportunities

More than 2,500 rural towns have access to fiber internet, representing more than 10 million rural Americans – a distributed workforce equal to the new economy hubs of New York City, San Francisco, and Boston combined.

More than 2,800 rural census tracts now offer robust investment incentives through the Opportunity Zone program. Investments will be deployed starting late 2019.
**Digital companies large and small are making it work in rural areas**

**Accounting and fintech**
- Started in Clear Lake, Iowa (pop. 7,700)
- Now has 260+ employees, 5 locations across 2 continents
- HQ is still in Clear Lake

**Digital ticketing**
- Largest employer in Harlowton, Montana (pop. 960)
- CEO volunteered 3 hrs/week in local high school, training kids to code who then became interns, employees

**Resort management software**
- Started in Stowe, Vermont (pop. 4,300)
- 100+ employees in two rural Vermont campuses
- Company perks leverage outdoor assets (skiing, biking, etc.)
There are many elements to a healthy rural economy.

**INFRASTRUCTURE**
- Cell and Broadband
- Rail/Inland Ports
- Airports
- Enabling Renewables

**RURAL STRENGTHS**
- Forestry
- Innovative Agriculture
- Renewable Energy
- Data Centers

**WORKFORCE**
- Job Retraining
- Remote Work Facilitation
- Community College Partnerships Grades 9+

**DIGITAL ECONOMY JOBS**
- Digital Incubators
- 21st Century Startups
- Scalable Tech Companies
- Remote Workers

**RESHORING**
- Factories
- Manufacturing
- Call Centers
- Customer Service
To date, attempts to create rural digital economies usually go like this . . .

1. **Town has finite resources**, but prioritizes digital ecosystem-building.

2. **Town invests in digital skill-building programs.**

3. Digitally trained people leave.

4. **Town does not benefit from investments.**
But to thrive, self-perpetuating rural digital ecosystems need five key components:

- Digital Economy Education & Training
- Intentional Distributed Work Community
- Entrepreneurship Programs
- Downtown Housing
- Amenities & Culture
Computer science training builds a crucial foundation for the future

- Follow Wyoming’s Lead!
- Curriculum designed to engage all types of learners
- After school programs, summer camps, hackathons provide extra exposure
- Special emphasis on girls in coding and inclusive of all students
- Integration with other components of digital ecosystem
Seed digital ecosystem with distributed work community

**CORI model:**

1. Coastal partner company needs talent
2. Competency-based intake assessments
3. Recruit for training course in cohorts
4. Partner company hires graduate cohort members
5. Compensation: salary, rent for loft apartment, seat at cowork space
6. Partner company gets talent for far less than equivalent in San Francisco
Today’s startups are tomorrow’s employers

Entrepreneurship Center Strategies

- Longer-term residential program
- Participants picked from national competitions, or through partnerships with higher ed
- Emphasis on scalable startups that can export value, import cash
- Emphasis on startups connected to local assets (higher ed, built infrastructure)
Housing and amenities make the ecosystem complete.
Ecosystem integration strengthens outcomes...
... And success relies on creating virtual scale across the rural US

- **Standardization of model** allows for faster deployment, ready-made trust with employers, VCs, etc.
- **Network** provides more dealflow, better business development.
- **Resources and opportunities** can be shared to strengthen outcomes.
- **Collective national profile** allows towns to better compete.
With support from the U.S. Economic Development Administration, CORI is building the Rural Innovation Network.
Cape Girardeau, MO

CORI has been working with Cape Girardeau, another Delta community, since 2018

Population: 37,941
- 26% of residents below poverty line
- Median income $49,554
- 11% of residents without HS diploma

Economy: Primarily small, service-based companies
- Opportunity Zone and New Market Tax Credit
- Minimal job growth

Education & Training
- **Code Labs One** – 20 week adult coding course
- **Youth Coding League** – after school program using Google’s CS First curriculum

Entrepreneurship support
- **Douglas Greene Center for Entrepreneurship** in Cape Girardeau
- Raising funds for **Rural Delta Tech Innovation Network** – an entrepreneurship incubator
- **1st 50K Startup competition** providing $50k awards and support to startups
- **Delta Innovation Fund accelerator** hosted by Codefi in Cape Girardeau

Placemaking
- **Marquette Tech District** – coworking and entrepreneurship space in downtown Cape Girardeau
- **Downtown Cape Connect** brings public wifi and affordable fiber to downtown residents, tourists, and businesses

Source: Rural Opportunity Map, BLS
CORI’s network links rural communities’ strengths with a broad network of expertise and resources.

Rural strengths + National network

CORI

Siegel Family Endowment
McKinsey & Company
Walmart Foundation
VENABLE LLP
Reid Hoffman
LinkedIn Co-Founder
Rural LISC
Center for Inclusive Growth
Eric & Wendy Schmidt Fund for Strategic Innovation
We use mapping to help understand communities
In many areas, broadband speeds are great.
Higher Education assets are all over
As are NMTC tracts and Opportunity Zones
Overlaying these maps surfaces great possibilities
Of course, there are other critical factors as well . . .
Our mapping capabilities are advancing. Coming soon: The Rural Opportunity Map (ROM) 2.0

ROM 2.0 is a comprehensive, open-source geospatial analysis platform for local leaders, policymakers, investors, and nonprofits to understand the challenges and opportunities throughout rural America.

 Ability to find similar communities based on user-defined criteria

Currently only showing communities in The Midwest who:
- are 100% Rural (USDA Definition),
- have a 2017 population above 10k,
- have high speed internet,
- overlap with a Opportunity Zone,
- and are within 30 minutes of a higher ed institution.

14 communities in The Midwest fit this criteria:
- Tiffin, OH
- Springfield, OH
- Springfield, MI
- Springfield, IN
- Terre Haute, IN

Preset Filters to chose from

- Digital Economy Ready
- Major Population Growth Areas
- Renewable Ready Communities
- E-commerce areas
- Opportunity Zone Risk

Links a robust set of community characteristics with national datasets to spot correlations and key dynamics

Windsor County, Vermont | New England

Data Dashboard

As of 2017, 21% of Rural Vermont had access to 100mb or greater internet upload speed.

21% of 15

79% of 19
We can bring 21st century prosperity to rural America.