Strategies for 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

In Towns Already Hit by Steel Mill Closings, a New Casualty: Retail Jobs

Thousands of workers face unemployment as retailers struggle to adapt to online shopping. But even as e-commerce grows, it isn’t absorbing these workers.

By Rachel Abrams and Robert Gebeloff  June 20, 2017
that continues to widen.
The divide has serious repercussions for rural areas.

- Young people are moving from rural to urban areas
- **43%** less likely to have a bachelor’s degree or higher in non-metro areas
- **75%** of opiate addicts are in non-metro areas
OTTO (owned by Uber): **First driverless truck run in Colorado last October.**

In 29 states, delivery and trucking is the biggest employment category.

“**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.**”

*New York Times, March 28, 2017*
As is the future of rural entrepreneurship...

Why is this happening?

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

- Sparse population with minimal wealth
  makes for a small local market, and a reduced talent pool with high-value labor (tech, STEM fields), less access to mentors and collaboration.

- Outdated educational priorities

**RESULT:** less than 1% of VC investments go to entrepreneurs in rural areas.
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 Re-training
- Remote work facilitation
- Community College partnerships
- Grades 9+

**AMBITIOUS RURAL VENTURES**
- Incubators
- 21st Century start-ups
- Diversified Downtown
- Redevelopment

**RESHORING**
- Factories
- Manufacturing
- Call centers
- Customer Service

**RURAL STRENGTHS**
- Forestry
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Attempts to create rural digital economies usually go like this . . .

1. Town has finite resources, but makes digital ecosystem building a priority.

2. Town invests in digital skill-building programs.

3. Digitally trained people leave.

4. Town does not benefit from investments.
Rural, self-perpetuating digital ecosystems need:

- Digital Economy
- Education and Training
- Entrepreneurship Programs
- Intentional Remote Work Community
- Authentic 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 remote work community

In CORI’s pilot location:

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 30% less than equivalent in San Francisco
Entrepreneurship: 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, industry clusters, infrastructure)
Housing and amenities make the ecosystem complete
Ecosystem integration strengthens outcomes.
Success relies on creating virtual scale.

- 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.
How can we build a network of rural innovation hubs?
In many areas, broadband speeds are great.
Higher Education assets are all over
As are NMTC tracts and potential Opportunity Zones
Overlaying these maps surfaces great possibilities
Of course, there are other critical factors as well . . .
Some organizations are being proactive & experimental

<table>
<thead>
<tr>
<th>Red Wing Unite</th>
<th>Sprocket</th>
<th>Innovation Den</th>
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<tbody>
<tr>
<td>Red Wing, Minnesota</td>
<td>Paducah, Kentucky</td>
<td>Coeur d’Alene, Idaho</td>
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<td>Community founded</td>
<td>Makerspace</td>
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<td>Goal: leverage gigabit</td>
<td>Digital training and adv manufacturing training</td>
<td>Refurbished Elks Club</td>
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<td>Digital training for all ages</td>
<td>Community space, for learners of all ages</td>
<td>Café and coworking space</td>
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<td>Internship/apprenticeship</td>
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<td>Eship center, community center, and office space</td>
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<tr>
<td>Business resources, incubation services, co-working space</td>
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<td>Hosts events, workshops, networking, etc</td>
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Digital companies large and small are making it work

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

**Digital ticketing**
- Largest employer in Harlowton, MT (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, VT (pop. 4,300)
- 100+ employees in two rural VT campuses
- Company perks leverage outdoor assets (skiing, biking, etc)
Our pilot: Springfield, VT
We *can* bring 21st century prosperity to rural America.