



**Center  
on Rural  
Innovation**

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# **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



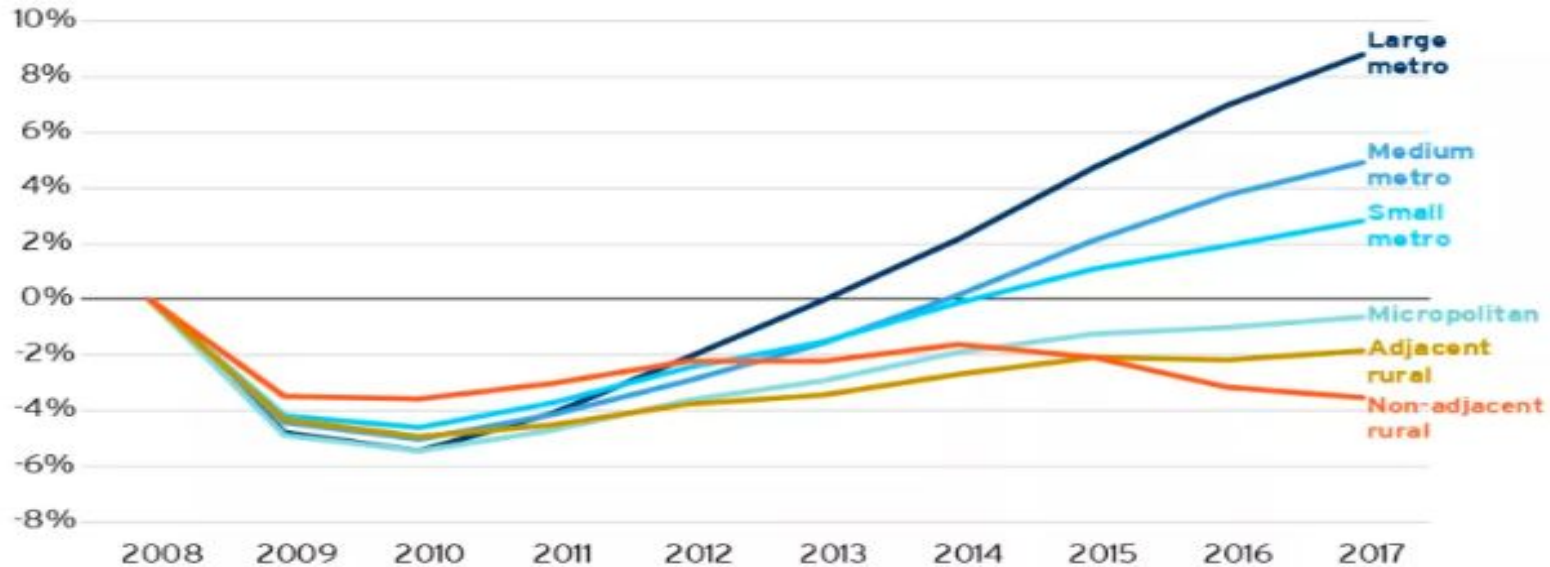
Washington Post illustration; iStockphoto



# ... that continues to widen

## Isolated rural communities have experienced declining employment

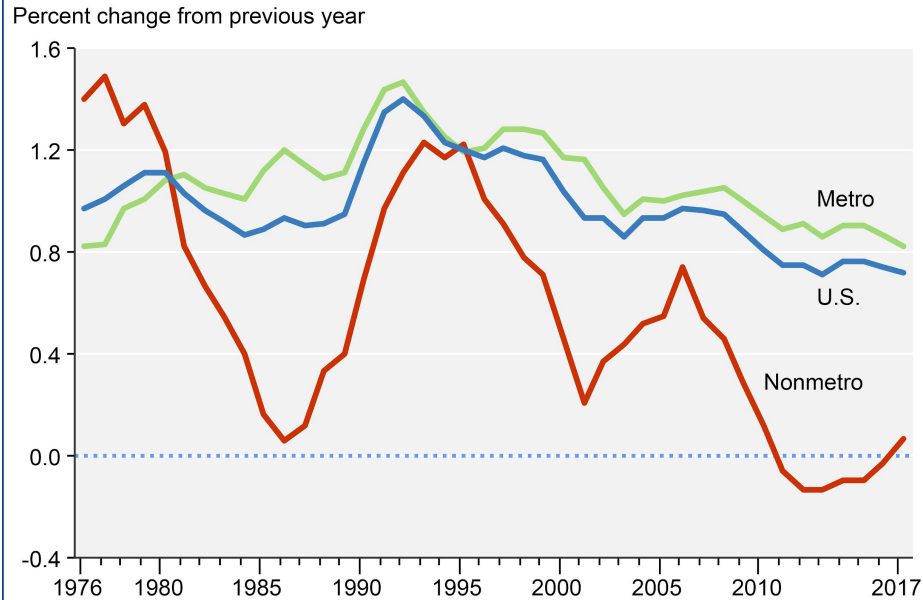
Employment growth since 2008 by community type, United States



Source: Brookings analysis of Emsi data

# The divide has serious repercussions for rural areas

## Population change by metro/nonmetro status, 1976-2017



Note: Metro status changed for some counties in 1980, 1990, 2000, and 2010.  
Source: USDA, Economic Research Service using data from the U.S. Census Bureau.

## 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*

recode

ROBOTS FUTURE OF WORK

**Six jobs are eliminated for every robot introduced into the workforce, a new study says**

The threat of robots taking our jobs is very real.

BY APRIL GLASER | @APRILASER | MAR 28, 2017, 6:07PM EDT



The New York Times



AUTOMATION NATION

Evidence That Robots Are Winning the Race for American Jobs

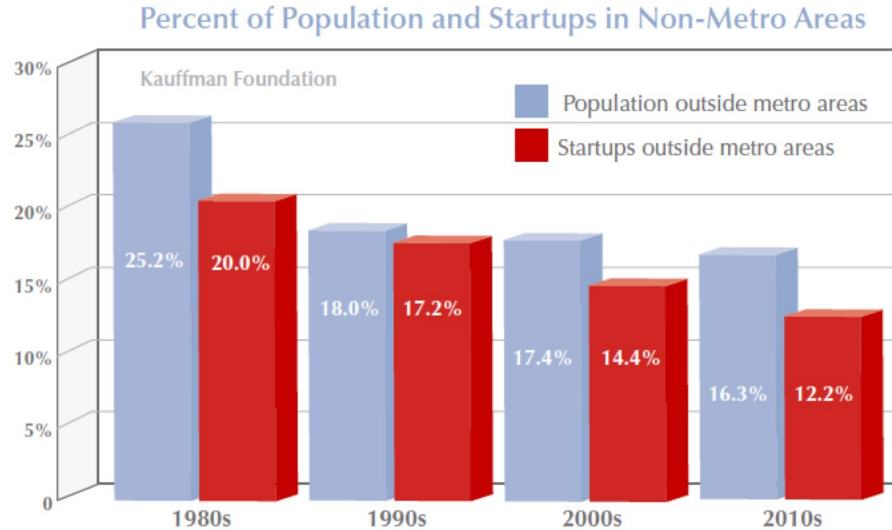


Claire Cain Miller @clairecm  
MARCH 28, 2017

*"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?

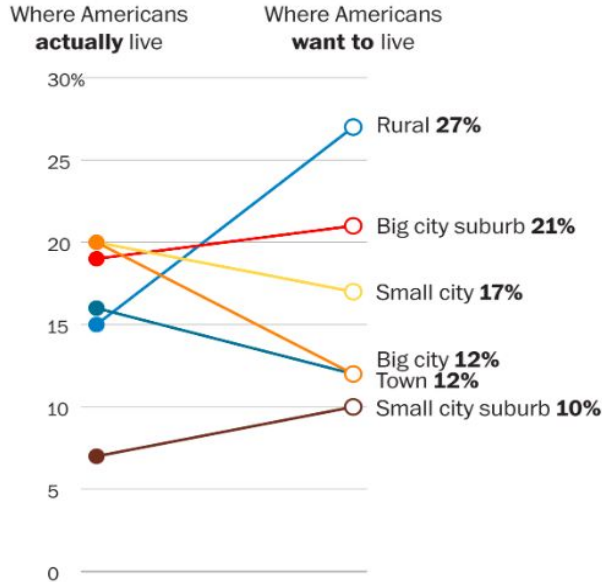
- **Inadequate infrastructure**  
39% of rural lacks 25/4 Mbps vs. 4% of urban
- **Concerns over density of talent and deal flow**

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

# However, market forces signal new rural opportunities

## Country roads, take me home

Where Americans live, versus where they want to live



Source: Gallup

THE WASHINGTON POST

**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.

**Tucked Into the Tax Bill, a Plan to Help Distressed America**



**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

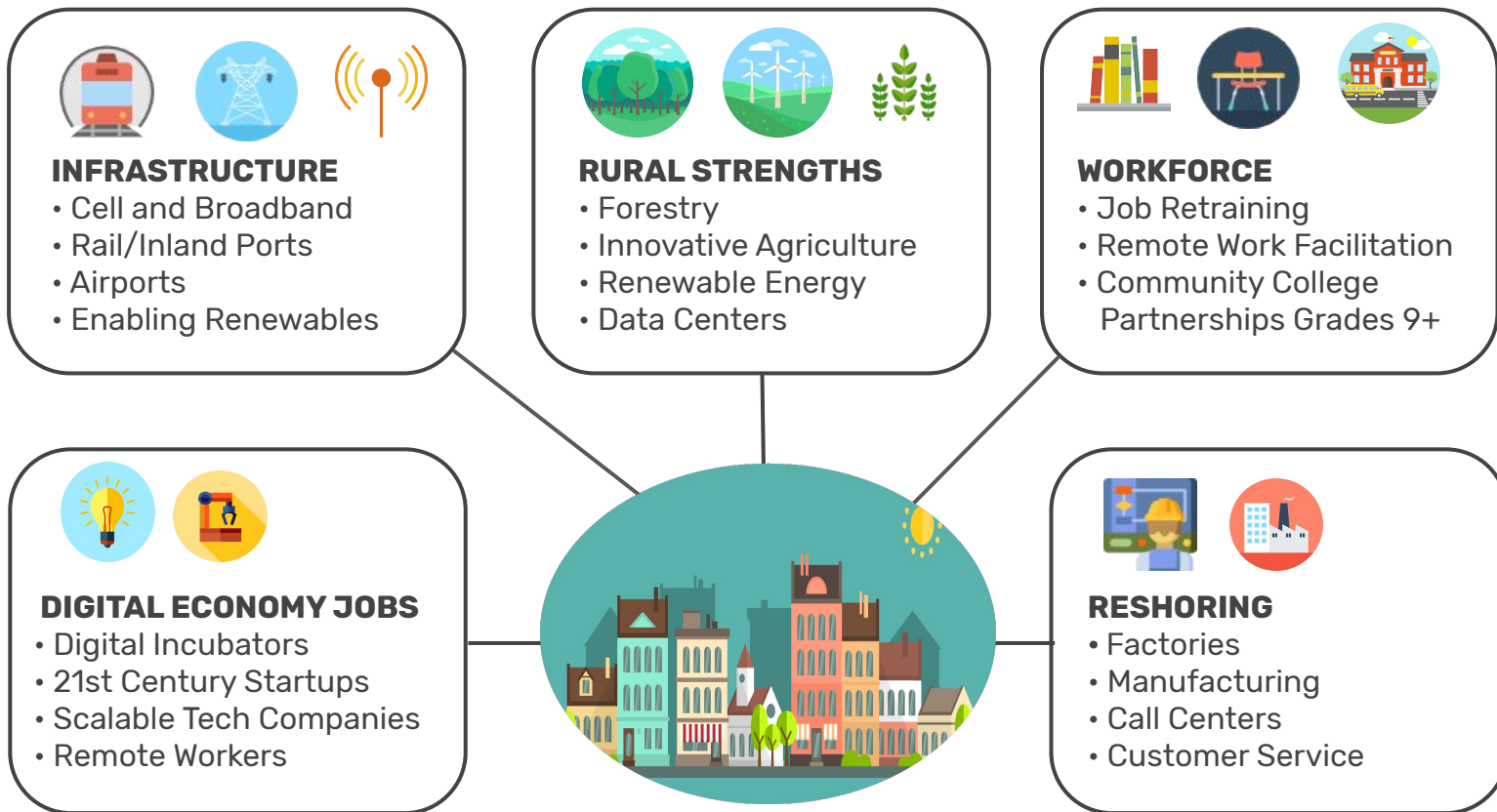


## ***Resort management software***

- 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

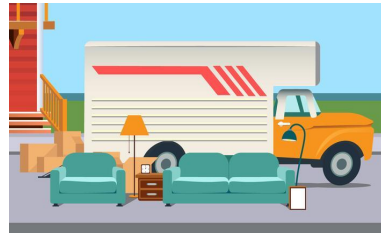


# To date, attempts to create rural digital economies usually go like this . . .



**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



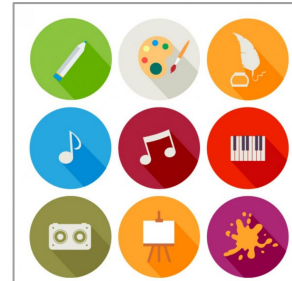
Intentional Distributed  
Work Community



Entrepreneurship  
Programs



Downtown Housing



Amenities & Culture

# Computer science training builds a crucial foundation for the future



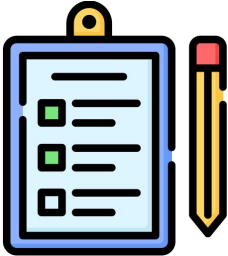
- **Follow Wyoming's Lead!**
- Curriculum designed to engage all types of learners
- After school programs, summer camps, hackathons provide extra exposure
- Special emphasis on girls in coding and inclusive of all students
- Integration with other components of digital ecosystem

# Seed digital ecosystem with distributed work community

## CORI model:



**1.** Coastal partner company needs talent



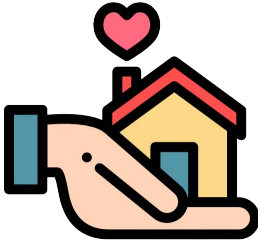
**2.** Competency-based intake assessments



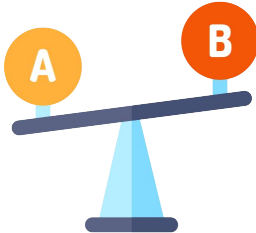
**3.** Recruit for training course in cohorts



**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



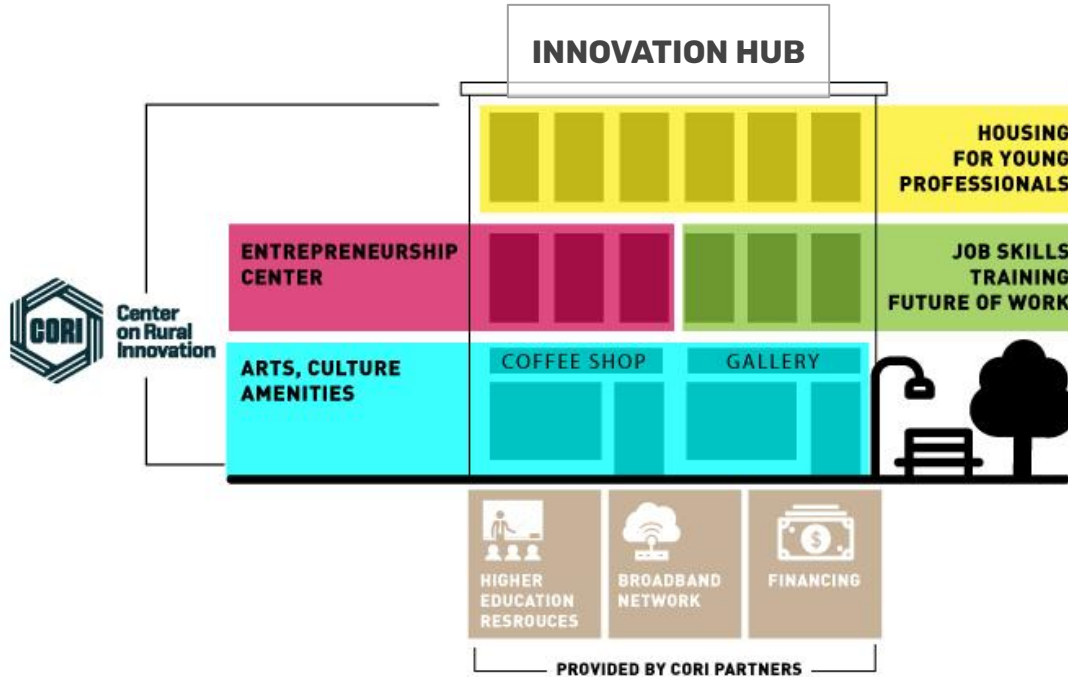
## Entrepreneurship Center Strategies

- 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

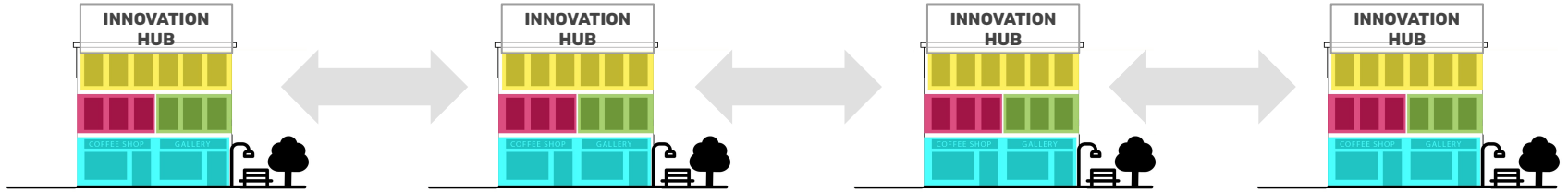


# Ecosystem integration strengthens outcomes . . .





# ... 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



**CORI pilot: Springfield, Vermont**

# 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

Source: Rural Opportunity Map, BLS

## Education & Training

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

Code Labs One: Your Chance to Be a Computer Programmer



- Unit 1: **Intro to Programming** - Ruby
- Unit 2: **Web Development** - Ruby on Rails
- Unit 3: **Specialized Tracks** - Work on real world projects with local employers!



## Entrepreneurship support

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



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Home Entrepreneurship

## ABOUT THE CENTER FOR INNOVATION AND ENTREPRENEURSHIP

# 1<sup>ST</sup> 50K

DELTA INNOVATION FUND SELECTS 20 DELTA STARTUPS FOR ACCELERATOR PROGRAM

Public kick-off event March 9, 11:30 am, at Codefi in Cape Girardeau, MO

## 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

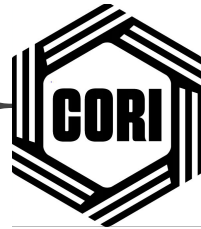


# CORI's network links rural communities' strengths with a broad network of expertise and resources

Rural strengths

+

National network



Siegel  
Family  
Endowment

McKinsey  
& Company



Walmart  
Foundation

VENABLE LLP

Reid Hoffman

LinkedIn Co-Founder

Rural  
LISC



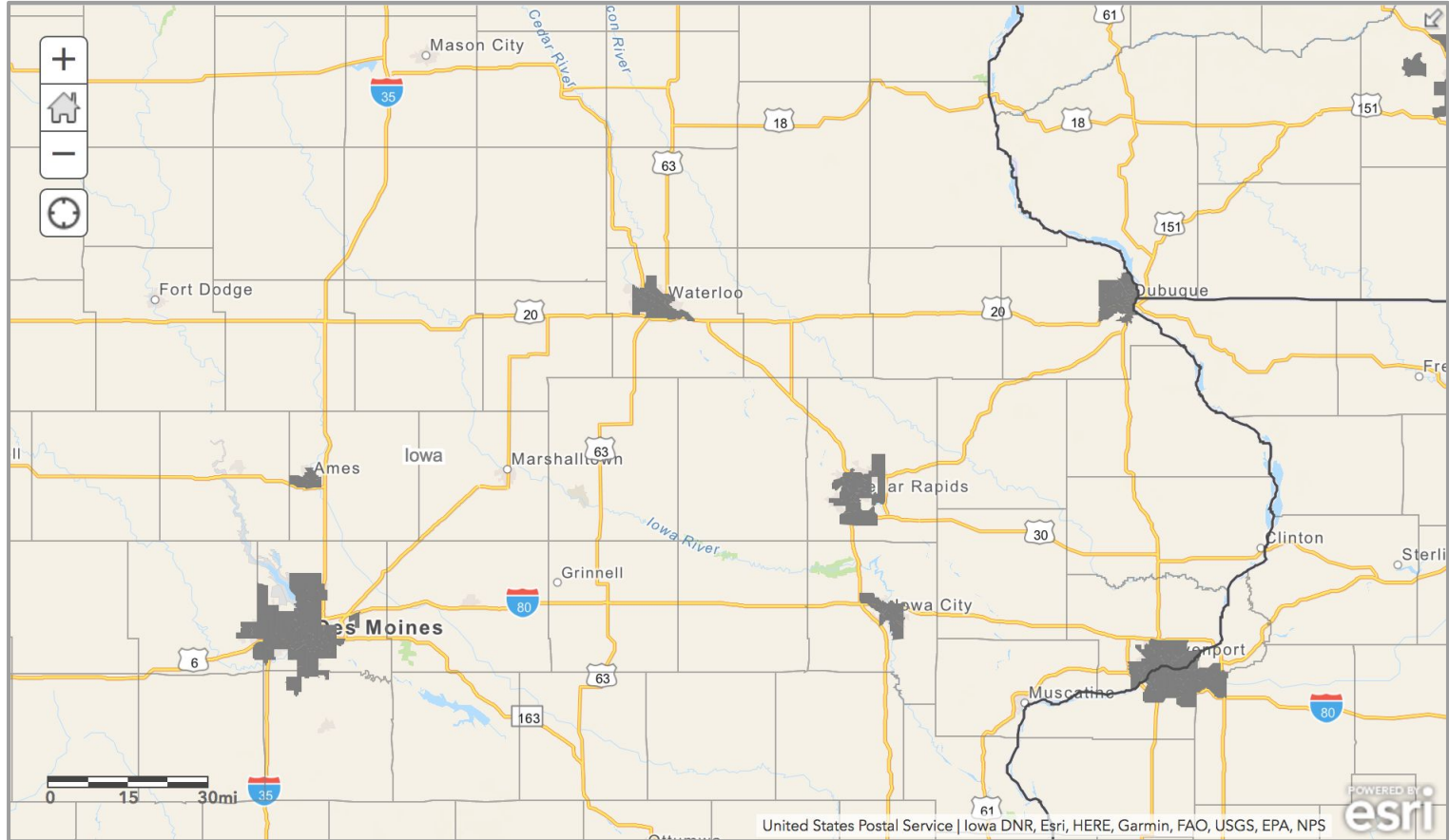
mastercard.

Center  
for Inclusive  
Growth

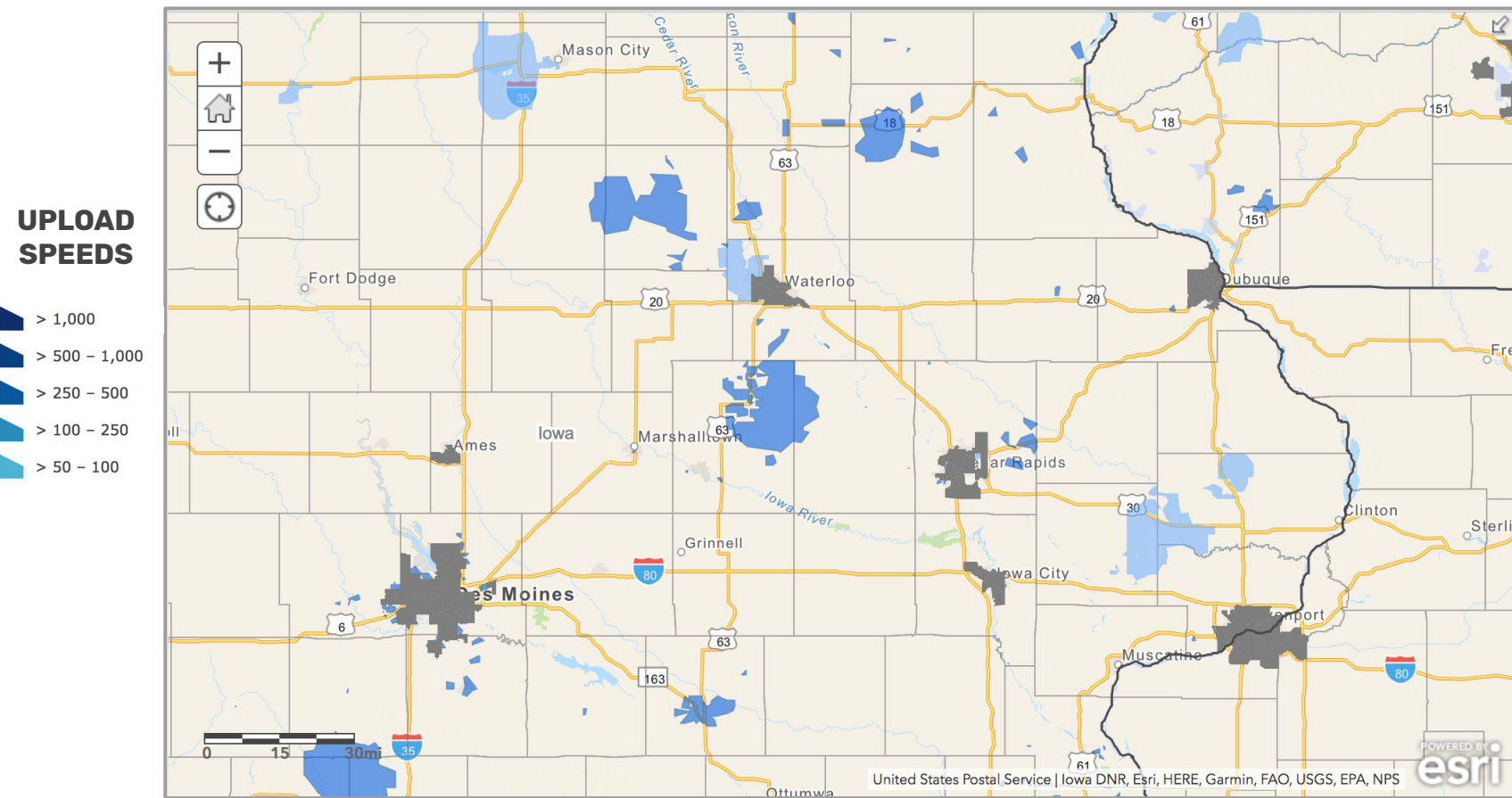


Eric & Wendy Schmidt Fund for  
STRATEGIC INNOVATION

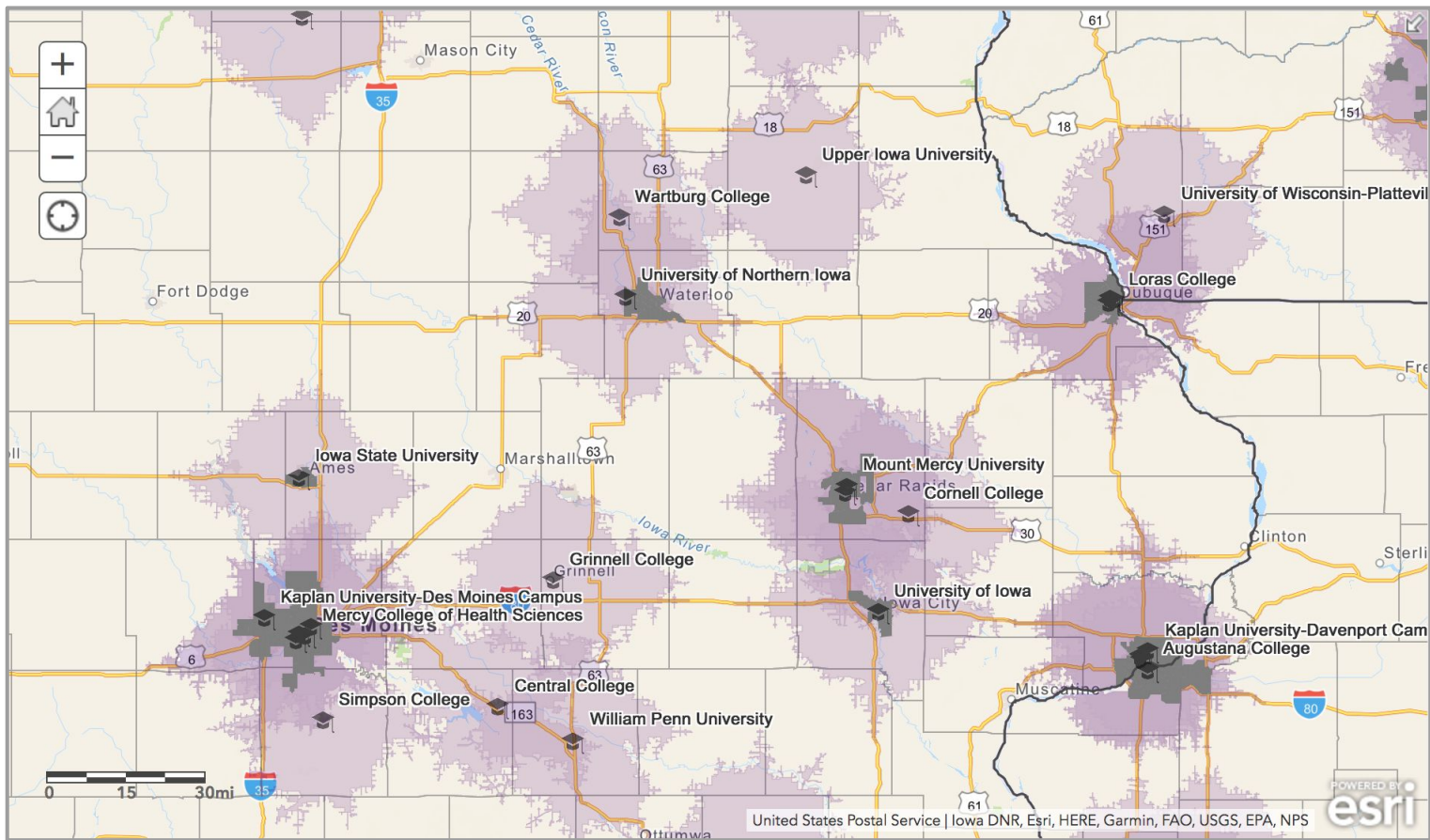
# We use mapping to help understand communities



# In many areas, broadband speeds are great

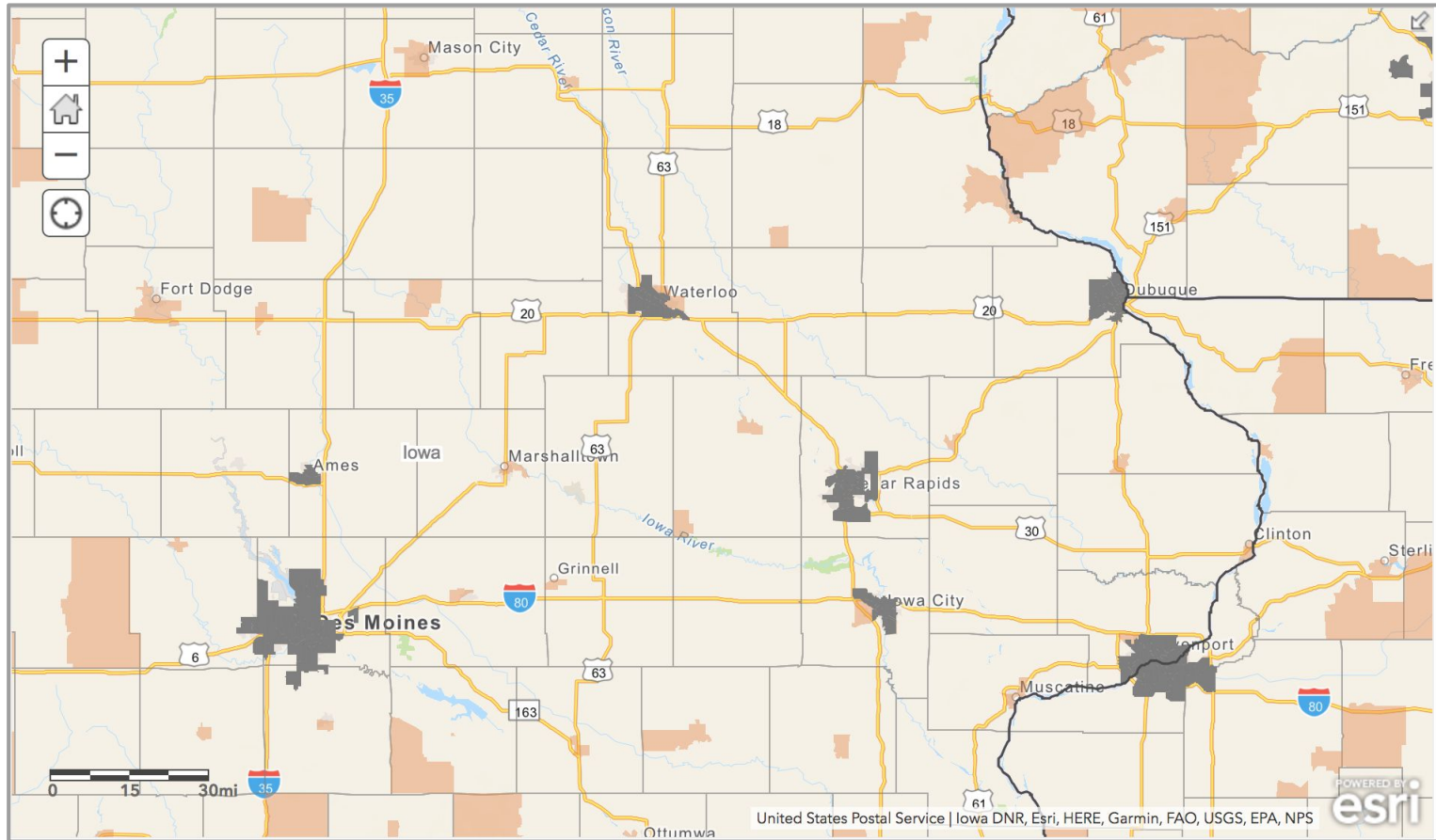


# Higher Education assets are all over

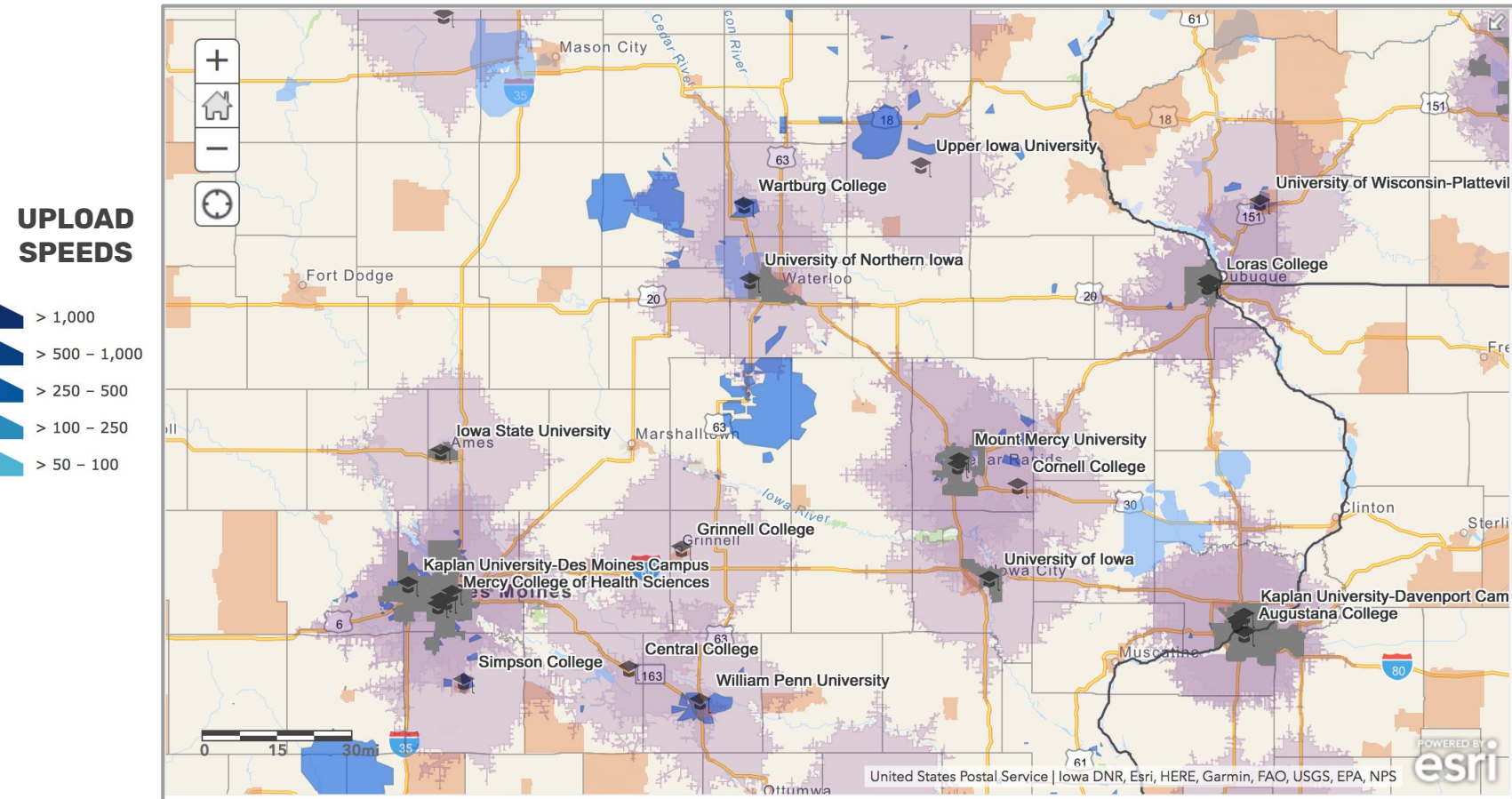




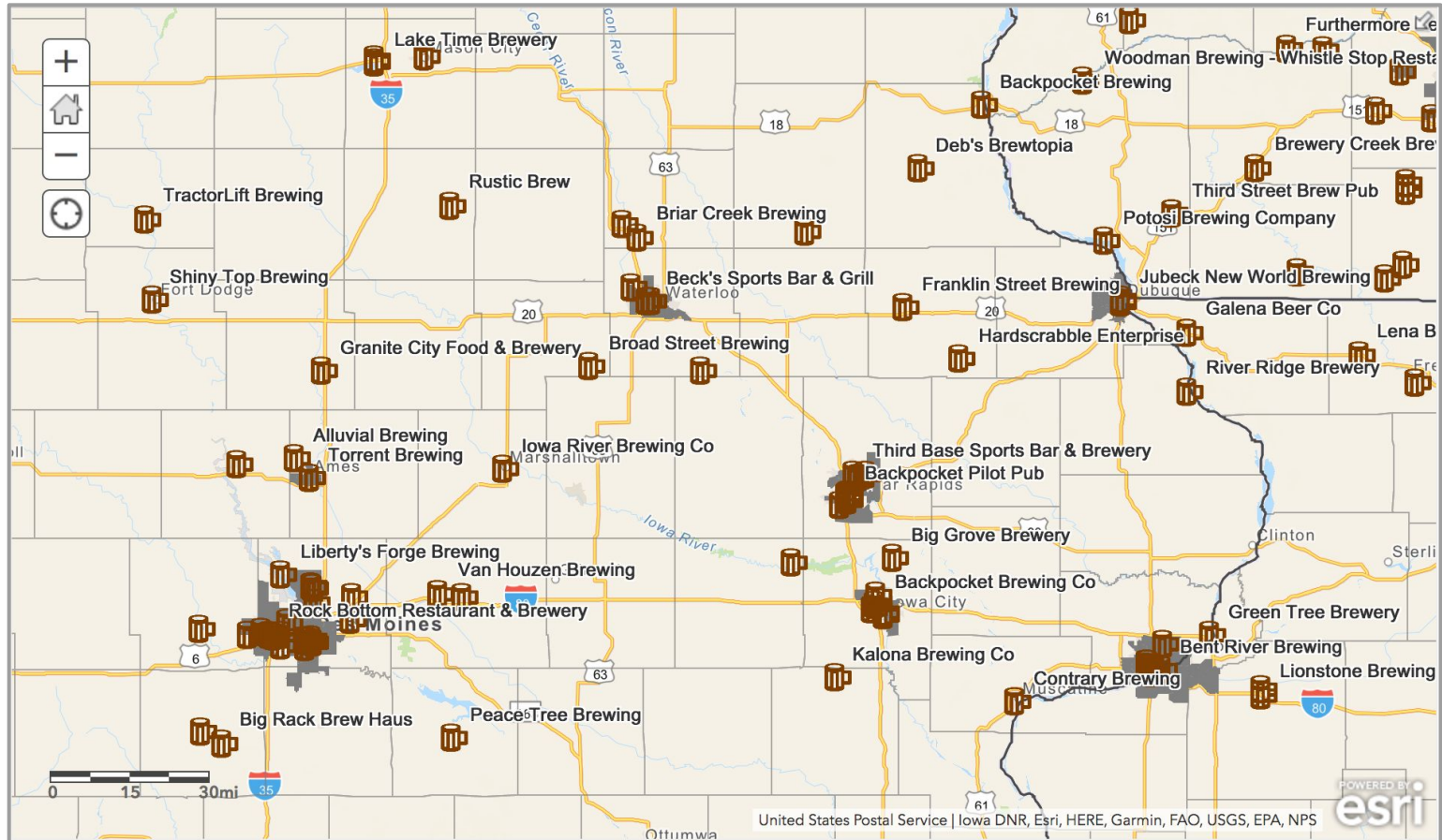
# As are NMTC tracts and Opportunity Zones



# Overlaying these maps surfaces great possibilities



# Of course, there are other critical factors as well . . .





***We can* bring 21st century  
prosperity to rural  
America.**

