

Innovate NEK



Innovate NEK will grow the digital economy across Vermont's Northeast Kingdom by investing in technology entrepreneurship through a model proven to amplify technology-based economic development in rural areas. This initiative will build on an established coworking space, successful business incubator and accelerator programs, and a network of key community partners, to create scalable technology startups and high-paying tech jobs!

The Opportunity

The EDA Build to Scale Venture Challenge is a key federal funding opportunity that offers communities in the Venture-Build stage up to \$1.5 million in federal and matching dollars for capacity building to support the creation of scalable technology startups and high-paying tech jobs. NVDA, with our partner Do North Coworking, will apply to the 2023 Build to Scale Venture Challenge with technical assistance from the Center on Rural Innovation.

Background

- In 2020, the Vermont Community Foundation sponsored five Vermont communities, including Northeast Kingdom region, to receive comprehensive tech economy ecosystem assessment and strategy support from the Center on Rural Innovation (CORI).
- Our Innovate NEK Team, spent a full second year growing the existing tech entrepreneurship programming at Do North Coworking forming key community partnerships, which positioned us well to apply for the 2023 B2S Venture Challenge.

Innovate NEK Programming

- **Launch tech-focused incubator** – Build on existing incubator programs like KickStartNEK, our successful, 10-week, entrepreneurship bootcamp, to emphasize technology and create tech specific cohorts.
- **Expand Forestry Accelerator** – Build on the success of the first cohort of the Forestry Accelerator, which serves businesses in the region and Vermont, but also attracts companies from around the globe to the Northeast Kingdom. Several of this year's participants are interested in either relocating to Vermont or establishing pilot projects in the region and Sylvacurl, a Northeast Kingdom business, took home this year's peer-selected, \$10,000 pitch prize!
- **Build a tech talent pipeline** – Identify employer tech needs in the region and nationally and work with our universities and local Tech Centers to develop training and curriculum to connect Northeast Kingdom workers to high wage local and remote tech jobs.
- **Expand coworking space** – Expand Do North Coworking to include the third floor of the Lyndon Municipal Office Building (currently vacant) to address the increasing demand for coworking space as well as the need for larger office space to accommodate businesses starting to scale!
- **Develop tech meetups and education** – Continue to build the social capital of our local tech economy by developing tech, innovation, and code meetups and educational programming throughout the region.
- **Host pitch competition** – Establish a regional tech pitch competition with cash awards to develop regional energy, interest, and engage sponsors. New excitement and

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attention will help fill in the missing capital gap that is a current barrier to making the region a great place to start and grow a tech business.

- **Increase tech mentoring and connections** – Develop a regional Entrepreneurship Mentor Program (currently in the pilot phase) to connect promising tech entrepreneurs with the expertise they need to grow by engaging experienced entrepreneurs in the region's digital ecosystem to leverage their talent and skills.
- **Map tech assets** – Identify, map, and connect existing tech startups and tech entrepreneurs in the Northeast Kingdom and tech companies and tech entrepreneurs interested in the region.

Innovate NEK Impacts

- Increased business startups, focused on both growth-oriented and locally-focused businesses.
- New quality and high paying jobs for NEK residents.
- Leverage and connection of new talent moving to the region to access recreational amenities and high quality of life.
- Support for revitalization of downtowns and village centers throughout the region- St. Johnsbury, Lyndonville, and Newport.

Now is the time to apply!

- Congress increased funding for the Build to Scale (B2S) challenge by 25% for the fiscal year 2023. As chair of the appropriations committee, Senator Leahy maintained language that reserves a 40% set-aside for rural applicants. In light of Senator Leahy's retirement from the Senate, it is unlikely that this level of funding will be available again with this language for some time.
- There is existing momentum in the region to support this kind of initiative, including:
 - major downtown revitalization initiatives;
 - a strong foundation for entrepreneurship programming through NVU and Do North Coworking;
 - the presence of successful, local tech start-ups with potential and desire to scale;
 - high regional shares of small businesses pointing to strong local entrepreneurial culture; and,
 - strong local leadership.

Build to Scale funding (including matching dollars from the State through BAA) could help catapult these efforts forward, in tandem with ongoing broadband deployment in the region.

Innovate NEK B2S Match Request

- The 2023 Build to Scale (B2S) application will require a 50% match, with 100% of matching funds committed and is expected to be due in Q2 2023.
- Significant match funds are already committed to the Innovate NEK B2S project, including a \$325,000 match from Do North Coworking (managed by Northern Vermont University).
- \$350,000 in funding through the Budget Adjustment Act will allow us to pursue an impactful \$1.5 million project that supports entrepreneurs and innovation in the region.

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Additional funding will increase capacity to build off these early successes to support new businesses and economic growth in the Northeast Kingdom.

Key State Support for B2S

- Funding from the state was critical for the success of the EDA Build to Scale (B2s) Venture Challenge applications from Rutland and Springfield/Randolph last year, which received awards of \$1.5M and \$3M, respectively! A total of \$532,000 in match dollars from the State of Vermont was instrumental to meeting eligibility criteria for EDA B2S and played an important role in building momentum and activating community entrepreneurship infrastructure.
- Rutland's new [HubCoworks](#) in the heart of its historic downtown transforms the former Opera House into a coworking, incubator, and community space. In Springfield, the [Black River Innovation Campus \(BRIC\)](#) will leverage its B2S award to scale its Actuator incubator/accelerator program from Springfield to Randolph.
- Three years of funding for this kind of initiative will be transformational to our region and there are opportunities for follow on funding as well, as Springfield proved out, if there is real progress.

Why the Budget Adjustment Act (BAA)?

- The funding must be appropriated in the Budget Adjustment Act (BAA) explicitly for the Innovate NEK Build to Scale (B2S) application by the time the application is submitted.
- Last year the due date was April 10th and EDA is anticipating the same timeline for this year's competition.
- The Budget Adjustment Act will allow the funding to be eligible for federal match, while due to the timing of the NOFO the 2024 budget will not.
- BAA provides a critical window of opportunity for the State of Vermont to demonstrate its support on a timeline necessary to meet the EDA's 2023 application deadline.
- This support, in combination with industry, philanthropic, and other investments, will position NVDA to successfully submit a competitive and robust application that demonstrates the full vibrancy of the Northeast Kingdom and Vermont state assets!

Innovate NEK has the potential to transform the region's economy by fostering a culture of entrepreneurship and innovation, creating and attracting scalable technology startups, and creating high wage tech jobs!

Questions? Contact the Innovate NEK Team:

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