Letters for Congressional Hearing Records from Lee Lance on Capital Access and Broadband Accessibility for Regional Innovators

First Letter: Submitted for the record of the Senate Commerce, Science, & Transportation Subcommittee on Communications, Media, and Broadband hearing regarding Ensuring Solutions to Meet America's Broadband Needs - December 20, 2022

Second Letter: Submitted for the record of the House Science, Space, & Technology Subcommittee on Research and Technology hearing regarding Building Regional Innovation Economies Part II - December 20, 2022

Engine Blog referenced in Letters: Policymakers need a multifaceted approach to support rural innovation by Jennifer Weinhart - December 19, 2022

December 20, 2022

Dear Chairs Cantwell and Lujan and ranking members Wicker and Thune,

Given the subcommittee's recent hearing on "Ensuring Solutions to Meet America's Broadband Needs," I wanted to thank you for taking the time to examine the issue and direct your attention to the impact broadband accessibility—or lack thereof—has on the innovation ecosystem across the country.

I'm the Co-Founder and CEO of Ecobot, a startup based in Asheville, North Carolina that uses mobile and cloud technology to optimize pre-construction environmental fieldwork by making the work ahead of regulatory approval faster and more economical. We believe that data collection and analysis can help boost efficiency for construction projects in communities across the country, ensure compliance with environmental policies, and streamline government regulatory processes.

Recognizing the limitations of existing broadband availability, especially in rural areas and areas of new development, we've built our field work tool to work without an Internet connection. We know that technicians in the field may not have reliable Internet access at the hotel where they're writing and filing reports, let alone in the field as they're collecting necessary data. To help the construction and environmental impact sectors and their regulators—and all other parts of the economy and government—take full advantage of the technologies, efficiencies, and innovations coming out of the startup ecosystem, companies and their employees need reliable, accessible broadband connections wherever they are. As policymakers consider the existing broadband gaps in the country and how policy can help fill them, I urge you to consider the valuable perspective of startups like mine.

Additionally, as you conduct oversight of federal spending on broadband efforts and the implementation of the Infrastructure Investment and Jobs Act, I urge you to push regulators to look for innovative ways to use federal dollars efficiently, including by working with startups.

For more information about the ways in which broadband access—and other critical policy issues—impact the ability for startups and our users to innovate in all communities across the country, please see the attached blog post from Engine.

Thank you,

Lee Lance
Co-Founder and CEO
Ecobot

December 20, 2022

Dear Members of the House Science, Space, and Technology Subcommittee on Research and Technology,

Given the subcommittee's recent hearing on "Building Regional Innovation Economies Part II" I wanted to thank you for taking the time to examine the issue particularly as it pertains to providing capital and broadband resources for the startup ecosystem.

I'm the Co-Founder and CEO of Ecobot, a startup based in Asheville, North Carolina that uses mobile and cloud technology to optimize pre-construction environmental fieldwork by making the work ahead of regulatory approval faster and more economical. We believe that data collection and analysis can help boost efficiency for construction projects in communities across the country, ensure compliance with environmental policies, and streamline government regulatory processes.

I appreciate the discussion on the role the Economic Development Administration and government programs play in supporting innovation ecosystems. While government grants and programs play an important role in the startup ecosystem, accessibility and awareness of program availability is a core issue for many ecosystem partners. And government programs are not the only form of funding policymakers should consider improving upon to help rural and rural-adjacent innovators. The ability to secure venture capital is crucial for many startups. If Ecobot had been limited to accessing capital in Asheville, we would have never been able to successfully get off the ground. But our proximity to the Raleigh Triangle afforded us the first financing we needed, and we were able to secure subsequent investment from VCs looking to invest in startups located outside of Silicon Valley and New York City. Efforts by policymakers to encourage broad investment in startups and ecosystem partners located outside of technology hubs, both through government programs and by incentivizing private investment, would help to drive innovation to more diverse regions across the U.S.

Additionally, as witnesses at the hearing noted, broadband availability can pose difficulties for rural startups. Recognizing the limitations of existing broadband availability, especially in rural areas and areas of new development, we've built our field work tool to work without an Internet connection. We know that technicians in the field may not have reliable Internet access at the hotel where they're writing and filing reports, let alone in the field as they're collecting necessary data. To help the construction and environmental impact sectors and their regulators—and all other parts of the economy and government—take full advantage of the technologies, efficiencies, and innovations coming out of the startup ecosystem, companies and their employees need reliable, accessible broadband connections wherever they are. As policymakers consider the existing broadband gaps in the country and how policy can help fill them, I urge you to consider the valuable perspective of startups like mine.

For more information about capital access for startups outside of technology hubs and the ways in which broadband access impacts the ability for startups and our users to innovate in all communities across the country, please see the attached blog post from Engine.

Thank you,

Lee Lance
Co-Founder and CEO
Ecobot

Policymakers need a multifaceted approach to support rural innovation

By Jennifer Weinhart, Senior Policy Advisor, Engine Advocacy & Foundation

Engine

While innovative ideas and entrepreneurship can be found everywhere across the country, startup founders from rural areas and small revitalizing towns face unique challenges. From barriers to securing capital, to limited talent availability, to problems accessing reliable, affordable broadband, launching and growing a startup in a rural community

can be a steep climb for many founders. As policymakers consider everything from oversight of government grants, to broadband reliability, to STEM education, and more, they should keep the perspective of rural founders in mind.

Government programs and grants, both for regional economic development and as a direct resource for startups and support organizations, are critical sources of capital for the innovation ecosystem, but accessibility of these resources can be an issue. Many startups and support organizations, particularly in rural communities, are lean and have limited staff. Accessing and applying for grants and programs is both complex and time consuming, if would-be recipients are aware of the programs and processes in the first place. Policymakers should take steps to publicize these programs in communities all across the country as well as to streamline and simplify grant application processes to make them more accessible to rural startup ecosystem members.

But government grants aren't enough to sustain the startup ecosystem, and rural and rural-adjacent founders lack the connections to venture capital investments seen in larger tech hubs. According to the Center on Rural Innovation, less than 1 percent of venture capital is awarded to rural startups. As Lee Lance, co-founder and CEO of Ecobot based in Asheville, North Carolina, explained, his company had to look to the nearby Research Triangle for initial funding. "If we had tried to raise strictly in Asheville, we wouldn't have been able to get off the ground," he said.

As Ecobot was able to tap into networks of investors looking to invest outside of New York City and Silicon Valley, rural startups could benefit from similarly-minded investment partners. Federal help to direct and incentivize investment in rural startups, including angel investment and venture capital, can help to provide opportunities rural startups need.

Even with adequate investment, rural startups still face struggles in launching and growing due to talent needs. Without a significant population in rural areas — let alone a large population with STEM skills and education — rural entrepreneurs have a smaller labor force to draw from and are at a disadvantage when competing against large, better resourced companies when trying to attract the limited pool of skilled workers. Federal funds for the development of rural talent pools are needed to incentivize the development of a rural technology workforce.

As Amanda Chocko, Director of Entrepreneurship at Zeeland, Michigan-based Lakeshore Advantage explained, "Quite often, our entrepreneurs are competing with larger companies for the talent they need to generate revenue and raise capital. So we need to look at ways of giving startups better access to the talent they need to get off the ground. Whether it's through internships, apprenticeships, or entrepreneurs-in-residence programs, anything that can be subsidized or formalized to provide more access to talented workers would be a huge help for these companies." Steps to strengthen STEM training and education in rural communities so that young people are compelled to pursue technology careers would help alleviate this talent shortage.

Innovation ecosystems in rural areas are also dramatically impacted by the availability of reliable and affordable broadband. Communities that lack sufficient Internet access have trouble attracting and retaining high-skilled talent, investment, and innovative technology companies. "Attracting more companies to the region, bringing in the talent of the future, and educating our students and tomorrow's startup founders is all reliant on access to high-speed Internet," Chocko explained.

And even when startups themselves have broadband access, their users might not. As Lance of Ecobot explained, his company built its tool knowing

that users — typically civil engineers doing remote fieldwork on construction projects working towards approval from environmental regulators — don't have reliable access at any point while they're on a job, let alone while they're collecting field data. While Ecobot can work with intermittent and low-quality Internet access, broadband access should catch up with innovation to make efficiency and cost-effectiveness more accessible, Lance explained. "From our perspective, technology is what will save the world and bolster the economy — not cutting back environmental policy," he said. "Additionally, more advanced technology will help us reach another one of our goals — getting construction started more efficiently and at a lower cost."

As policymakers consider the wide range of issues impacting startup ecosystems and rural populations, it's critical that they see where the two overlap and how policy can support rural startup founders.

Engine is a non-profit technology policy, research, and advocacy organization that bridges the gap between policymakers and startups. Engine works with government and a community of thousands of high-technology, growth-oriented startups across the nation to support the development of technology entrepreneurship through economic research, policy analysis, and advocacy on local and national issues.