



FOR IMMEDIATE RELEASE  
January 18, 2023

Contact: Cristina Guccione  
(916) 204-6715

**Draper Hero Institute Updates Monthly US Innovation Index  
States Compete to Land in Top Ten of Best Places in the U.S. to Launch a Tech Startup**

**Florida and Texas Remain on Top  
Delaware Surges Strongly Back into DII US Top 10, Virginia Drops to 11<sup>th</sup>  
Washington Moves up 2 Spots to 8<sup>th</sup>  
South Dakota, Arizona, and George Fall but Remain in Top 10  
Kansas, Idaho, and Montana Rise Across All DII US Scenarios  
Maine, Connecticut, and Alaska Drop**

**San Mateo, California** – The Draper Hero Institute (DHI) announces the January 2023 update to the Draper Innovation Index U.S. (DII US), which evaluates each state’s innovation and entrepreneurship environment.

Q3 2022 Top Ten		December 2022 Top Ten		Change
Florida	1	Florida	1	-
Texas	2	Texas	2	-
Utah	3	Utah	3	-
Colorado	4	Colorado	4	-
North Carolina	5	North Carolina	5	-
South Dakota	6	Delaware	6	↑
Arizona	7	South Dakota	7	↓
Georgia	8	Washington	8	↑
Virginia	9	Arizona	9	↓
Washington	10	Georgia	10	↓

“This month’s DII US update saw many states fighting to stay in the top ten, while a few states, especially Texas and Florida, have stayed at or near the top of the DII since we began the Index,” said DHI founder Tim Draper “For example, Florida and Texas rank very high in per-capita new business formation. These states have continued to perform well despite significant economic challenges such as COVID recovery, supply chain snarls, rising gas prices, and, of course, inflation. Policymakers in other states should look at recent economic and business climate policy in these best-performing states and consider implementing similar policies to win the race in terms of the post-pandemic economic success.”

**Top Takeaways from the DII US January 2023 Update:**

- **Florida, Texas, and Utah** remained in the DII US’s top three slots.
- After falling in last month’s update, **Delaware** rebounded from 11<sup>th</sup> to 6<sup>th</sup> in the DII US Balanced scenario thanks to comparative stronger performance in the new Census Business Applications metric as well as its overall VC investment levels.
- **Washington** continues to climb the DII US ranks, rising from 10<sup>th</sup> to 8<sup>th</sup> in the Balanced scenario.



It benefitted from strong Business Application activity and decent overall and cryptocurrency/blockchain focused investments. It also rose from 5<sup>th</sup> to 3<sup>rd</sup> in the Tech Innovation scenario and from 14<sup>th</sup> to 9<sup>th</sup> in the Regulatory and Tax scenario.

- **South Dakota** fell from 6<sup>th</sup> to 7<sup>th</sup> while **Arizona** and **Georgia** both declined by two places from 7<sup>th</sup> to 9<sup>th</sup> and 8<sup>th</sup> to 10<sup>th</sup>, respectively.
- **Kansas** improved by 5 ranks in the Balanced Scenario, 5 ranks in the Tech Innovation Scenario and 6 ranks in the Regulatory and Tax Scenario.
- Despite remaining consistent at 2<sup>nd</sup> in the Balanced Scenario and 6<sup>th</sup> in the Tech Innovation scenario, **Texas** jumped two places from 4<sup>th</sup> to 2<sup>nd</sup> in the Regulatory and Tax scenario, overtaking both **South Dakota** and **Utah**.
- In the Regulatory and Tax Scenario, both **Georgia** and **Arizona** fell out of the Top Ten ranks from 9<sup>th</sup> to 16<sup>th</sup> and 8<sup>th</sup> to 11<sup>th</sup>, respectively.
- **Idaho** saw improvements across all DII US scenarios, jumping from 19<sup>th</sup> to 16 in the Balanced Scenario, from 24<sup>th</sup> to 19<sup>th</sup> in the Tech Innovation scenario, and from 19<sup>th</sup> to 17<sup>th</sup> in the Regulatory and Tax scenario.
- **Montana** was also a standout performer, improving by 5 places in the Balanced Scenario, 3 places in the Tech Innovation Scenario and 6 places in the Regulatory and Tax Scenario.

“You might see the rankings change quite a bit in 2023 after we’ve added the Business Application Statistics dataset, which tracks new business and employment creation and is one of the best measures of how a state’s start-up ecosystem is performing,” said Dr. Wallace Walrod, DHI Chief Economic Advisor. “From the beginning, the goal of both Draper indices has been that they would be constantly evolving, continually refined in order to provide the most accurate and current measure of state- and national-level economic vitality for entrepreneurs, start-ups, and investors. We look forward to releasing further updates and refinements throughout 2023.”

To continue utilizing the most accurate, informative, and up-to-date data, the DII US has incorporated the U.S. Census Bureau’s Business Application Statistics dataset, which tracks new business creation at the state level. The Census Bureau’s Business Formation Statistics (BFS), for instance, reports business initiation activity and the cycle from initiation to realized business formation providing an early snapshot of new business activity.<sup>1</sup> While the U.S. overall continues to show relative strength compared to the broader global economic environment, certain states are performing better than others. Despite slowing inflation, an increasing number of businesses and executives have already begun layoffs as many see an unavoidable risk of recession in 2023.

**Kansas** and **Montana** both saw considerable improvements across all DII US scenarios; both saw their Balanced Scenario ranks improve by 5 places each and Regulatory and Tax ranks by 6 places each, **Kansas** improved by six places the Tech Innovation Scenario, finishing at 26<sup>th</sup>, while **Montana** rose from 37<sup>th</sup> to 34<sup>th</sup>. While Kansas was buoyed largely by increased investments in cryptocurrency/blockchain sectors, Montana benefitted from comparatively better business application statistics.

Despite remaining at 1<sup>st</sup> overall in the Tech Innovation Scenario, **California** declined by one rank in the Balanced Scenario, falling from 13<sup>th</sup> to 14<sup>th</sup>. California had a strong performance in cryptocurrency/blockchain investments, but performed relatively weakly on some of the new business startup statistics. **New York**, on the other hand, saw its Balanced Scenario rank improve by 3 places from 38<sup>th</sup> to 35<sup>th</sup>, its Tech Innovation Scenario rank jump from 16<sup>th</sup> to 15<sup>th</sup> and its Regulatory and Tax Scenario

---

<sup>1</sup> [https://www.census.gov/econ/bfs/about\\_the\\_data.html](https://www.census.gov/econ/bfs/about_the_data.html)



rank remain consistent at 42<sup>nd</sup>.

The DII US will continue to post monthly updates in 2023, which can be accessed [here](#).

**About Draper Hero Institute**

Founded by legendary Silicon Valley venture capitalist and entrepreneur Timothy C. Draper, Draper Hero Institute (DHI) provides applicable and modern resources for future entrepreneurs globally and ensures inclusiveness and opportunities for all. As an action-based research institution, DHI focuses its efforts on non-traditional pathways to guide future entrepreneurs in the new economy. Through programs that ignite innovative research; united through connectivity and networking; and mentoring efforts through applied education, DHI provides a portal for creative thinking and ultimately driving change to better prepare future entrepreneurs to take on heroic endeavors.

<https://www.draperhero.org/>

###