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Draper Hero Institute Updates Monthly Draper Innovation Index US States Compete to Land in Top Ten of Best Places to Launch a Startup

**Shakeup in Top 5; Florida Remains at #1
Colorado Climbs While Utah Falls
California Sinks from 13th to 18th
New York, New Jersey, and Maryland Post Large Declines
Kentucky, Indiana, and Connecticut Climb in Rankings
Massachusetts Sees Small Recovery**

San Mateo, California – The Draper Hero Institute (DHI) announces the October 2023 update to the Draper Innovation Index U.S. (DII US), which evaluates each state’s innovation and entrepreneurship environment. Published monthly since 2021, the DII US provides the most well-rounded and up-to-date look at entrepreneurial climates, reflecting both traditional and emerging economic metrics, from taxes and regulations to cryptocurrency friendliness and blockchain investment.

“California and New York saw this month’s largest drops, while Kentucky and Indiana saw the largest gains,” said DHI founder Tim Draper. “In other words, larger, more established states do not enjoy an insurmountable incumbent advantage on the DII US, especially when that incumbency fuels high costs of doing business. By offering affordability, room to grow, and entrepreneur-friendly policies, smaller states are emerging as start-up hotspots.”

September 2023 Top Ten		October 2023 Top Ten		Change
Florida	1	Florida	1	-
Utah	2	Colorado	2	↑
Texas	3	Texas	3	-
Colorado	4	Utah	4	↓
South Dakota	5	North Carolina	5	↑
North Carolina	6	South Dakota	6	↓
Delaware	7	Delaware	7	-
Arizona	8	Arizona	8	-
Georgia	9	Georgia	9	-
Virginia	10	Virginia	10	-

Top Takeaways from the DII US October 2023 Update:

- In the top five, **Florida** remained in 1st place and **Texas** its 3rd place rank in the DII Balanced Scenario. **Colorado** jumped to 2nd and **Utah** fell to 4th with **North Carolina** rounding out the Top 5.
- **Colorado** improved from 4th to 2nd in the DII Balanced, from 3rd to 1st in Tech Innovation (overtaking **California**), and from 5th to 3rd in Regulatory and Tax. It benefitted from a dramatic increase in cryptocurrency/blockchain industry investments as well as healthy business formation statistics.
- **Utah**, on the other hand, fell due to weaknesses in cryptocurrency and blockchain industry



investment as well as below average business formation.

- **North Carolina** (5th) and **South Dakota** (6th) continued to fight for a place in the Top 5, with **North Carolina** slightly outperforming **South Dakota** in two of the three monthly business formation statistics.
- **California** saw its DII Balanced ranking fall from 13th to 18th, its Tech Innovation ranking fall from 1st to 2nd and its Regulatory and Tax ranking fall from 28th to 31st, all due to comparative weakness across all monthly indicators.
- Like **California**, **New York** also declined by 5 ranks in the DII Balanced, from 37th to 42nd, in this case due to weak new business formation trends.
- **Texas** retained its 3rd and 6th ranks in the DII Balanced and Tech Innovation scenarios, respectively, as stronger than average overall investments offset below average business formation statistics.
- After posting a significant improvement in the Tech Innovation Scenario last month, declines in cryptocurrency/blockchain related investments have caused **New Jersey** to fall 10 places, from 20th to 30th, in Tech Innovation. It also fell by 3 places in the DII Balanced Scenario and by 2 places in the Regulatory and Tax scenario.
- Despite posting strong overall investment activity, **Maryland's** below average performance in business formation statistics pushed it down in the DII Balanced and Regulatory/Tax rankings.
- **Kentucky** saw the strongest performance across all three business formation statistics. This strong performance, along with healthy overall investments, led to the largest monthly improvement: from 43rd to 33rd in the DII Balanced scenario.
- **Indiana** and **Connecticut** both registered strong growth trends, especially in Tech Innovation. **Indiana** rose by 5 places thanks to its performance in business formation statistics while **Connecticut** jumped 4 places due to strong overall investment activity.
- Benefitting from comparatively better performance in cryptocurrency/blockchain investments as well as decent business formation statistics, **Massachusetts** improved slightly in the DII Balanced scenario from 17th to 15th. It also rose from 4th to 3rd in Tech Innovation and from 23rd to 21st in Regulatory and Tax.

“A recent CNBC list of the nation’s most expensive cities had four California cities in the top ten, Manhattan at #1 and Brooklyn at #4,” said DHI Chief Economic Advisor Dr. Wallace Walrod. “It should come as no surprise that California and New York saw the largest monthly declines on the DII US; extremely high cost-of-living invariably leads to outmigration and will drag down overall economic performance, even in places with seemingly thriving tech industries and venture capital markets.”

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.

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