

NOVEMBER 2022

THE \$11 BILLION OPPORTUNITY

*Unlocking Capital for the
Growth of Baltimore Tech*

UPSURGE
BALTIMORE



*Our future major
companies won't
be imported, they'll
grow up here.*



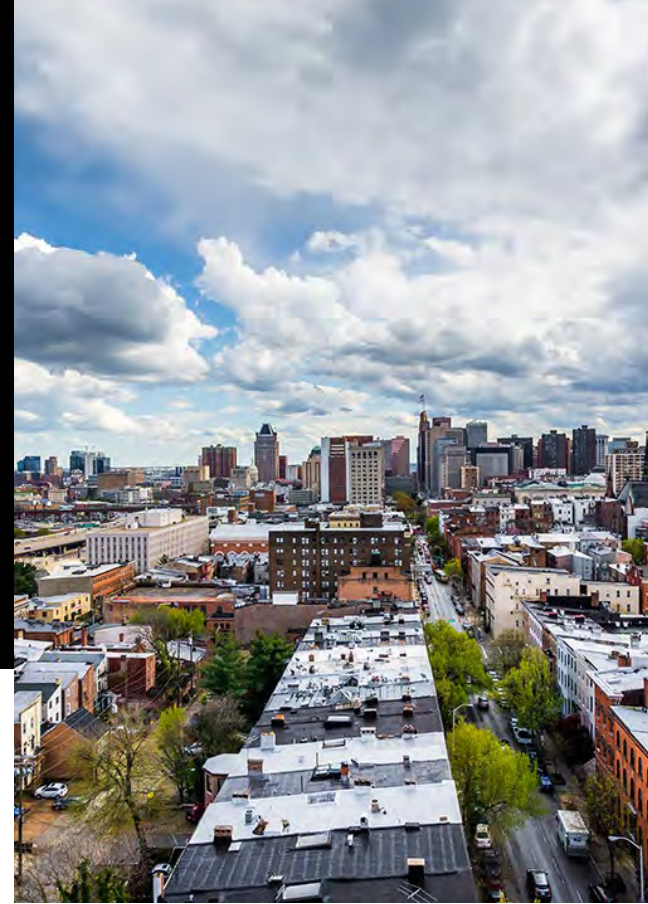
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THE \$11 BILLION OPPORTUNITY

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The Present and the Possible

A big part of UpSurge's mission is pursuing the possible. So, we started this report with a question: what would it take to grow investment capital in Baltimore's startup ecosystem?

It's a question that led us across the country – and then right back to Charm City. What would the impact be if even small slivers of relevant national funding and available local capital shifted to our tech and startup economy?

Startups are the backbone of the country's thriving cities. As they scale, they deliver high-quality jobs that provide pathways to prosperity, wealth creation, secure families and stable neighborhoods. Our challenge is to build Baltimore into a different kind of startup city – one that draws broadly on the brilliance of its populace, across neighborhoods and cultures, as founders, workforce, mentors, investors and thought leaders. Born in Baltimore, **Equitech is a movement to define what it means to be an inclusive tech city, creating a culture of belonging in tech while unlocking economic potential.** Our vision is to create the first Equitech city, a top-tier tech city where diverse entrepreneurs found transformative companies; where the tech workforce of the future is growing up in our neighborhoods; where prosperity is shared across every Zip code; and where the



technologies reshaping society are born. In order to build the first Equitech city, we have to unlock capital to accelerate our economic potential.

With this report, we offer a data-driven analysis of potential capital, helping to visualize how this key lever could spur exponential growth in our tech and startup ecosystem. As the analysis on the following pages demonstrates, the result is a game-changing opportunity, fueling a sector that can redefine Baltimore's future.

The Time is Now

Our ecosystem is poised to take its place among the world's leading brain hubs in a post-COVID world. Baltimore's unique assets – prime East Coast location with world-class universities, major corporations, unmatched federal spending on research and development, concentration of diverse talent and relatively low cost of living – make our city competitive with any top-tier tech hub. This is our moment.

- **Support for Baltimore startups** continued to grow in 2022 in the midst of a significant decline in venture capital (VC) funding nationally.
- **Emerging tech hubs are gaining share.** Startup Genome, for example, noted that companies in the DC, Maryland, Virginia area raised [\\$4.9 billion in 2021](#) – more than double the previous year.
- **Maryland leads the country in median household income**, and our state falls [behind only New Jersey](#) in the percentage of millionaires per capita.
- **Across the country, major endowments are realizing benefits** from more aggressive venture investments. The Baltimore area alone is home to at least 121 major endowments of over \$25 million.
- **And the city's demonstrated commitment to Equitech values** – including through investment in UpSurge – is drawing the interest of founders and investors. As companies and firms look to invest in women founders, Black founders and other founders of color, they are finding in Baltimore a city that values its demographics.



Our continuing ascendance requires investment in the companies and funds that launch, locate and scale here.

Now is a powerful time to make the case for Baltimore startups. VC is awash in capital raised during the boom cycle of the past three years. According to one report, “U.S. VC investors are sitting on \$290 billion, including \$162 billion reserved specifically for new investments.” While capital deployment has slowed this year, VCs have not stopped raising it, attracting \$121 billion in the first half of 2022 alone. When investors invest this “dry powder,” it could have an explosive impact – and Baltimore will be ready.

Amidst this confluence of circumstances – some already present, others imminently possible – Baltimore has the capacity to emerge as the country’s first Equitech city and a preeminent home for diverse entrepreneurs. Thriving ecosystems require a variety of interlocking components, but the most critical are companies, capital and storytelling. In Baltimore, we have reached a tipping point in terms of the presence of both promising and accomplished tech companies, and we have a compelling story to tell. It’s time to unlock the capital that will jump start our growth.



Jamie N. McDonald

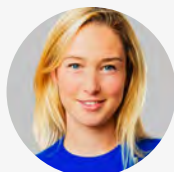
JAMIE MCDONALD

CEO, UpSurge Baltimore



While the venture industry has grown tremendously as an asset class, ... 75% of the capital invested every year still goes to three places: California, New York and Massachusetts. **We believe very deeply that ... brilliant entrepreneurs can, have, and continue to build transformative companies anywhere in the country. But the tip of the spear in activating those opportunities is early-stage seed capital.**

For this to fully work, I think for cities, and for companies, and startups headquartered in Rise of the Rest cities, there probably actually needs to be some sort of partnership that happens between the city or the economic development authorities, or the Chamber of Commerce, and startups, who often don't get as much attention as some of the later stage companies.



ANNA MASON

Managing Partner, Ingeborg Investments, formerly Managing Partner, Rise of the Rest Seed Fund

Excerpt from the Great North Podcast, 2021



Executive Summary: The \$11B Opportunity

Baltimore's startup ecosystem is growing. By every metric – whether we measure the number of companies, dollars invested, average deal size or number of mega-deals – our city is a tech economy on the rise.

Our growth rests on a foundation laid by local universities, visionary entrepreneurs, ambitious Baltimoreans and a group of dedicated believers in this city's promise. With this foundation, we are well-positioned to accelerate growth throughout the decade, and beyond – with the right actions and focus.

Our country is on the precipice of a realignment of innovation hubs. The exodus of companies and talent from the six leading brain hubs to new markets – particularly southern and post-industrial cities – is only expected to accelerate. At a local level, Baltimore's unique Equitech vision provides an organizing framework for tech economy growth in a post-COVID, hybrid-work, fully inclusive American tech city.

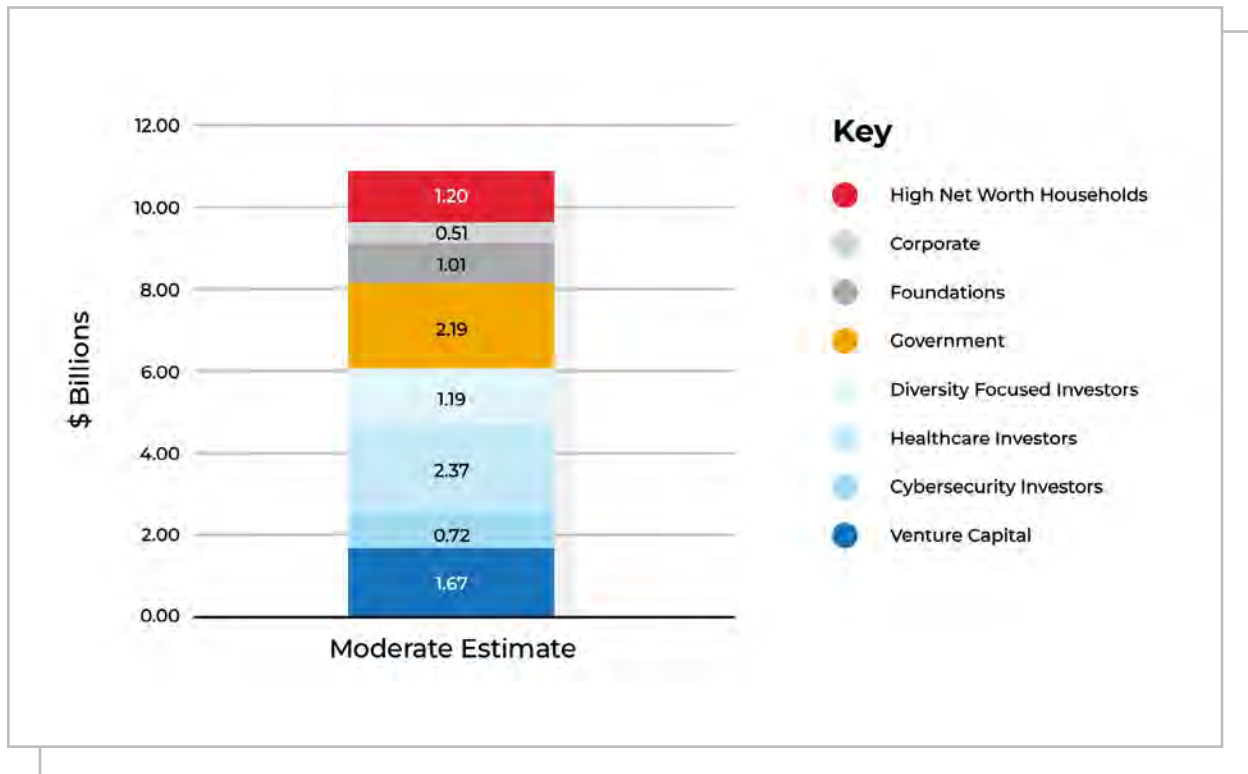


The next wave for Baltimore is unleashing our growth, moving from incremental to exponential expansion of our innovation economy. It will take a variety of strategies to propel progress, but there can be little progress without capital.



High-Potential Pools of Capital

This report examines six pools of capital using data and logic-based algorithms to estimate funding that we can unlock through targeted cultivation, marketing and advocacy.



- 1 Existing venture investors in Baltimore companies,** local and national.
- 2 National venture investors,** who are active in healthcare and cybersecurity or who have a demonstrated history of investing in diverse founders.
- 3 Foundations and endowments** based in Baltimore.
- 4 High net worth individuals,** in the Baltimore metro area.
- 5 Corporations** in the Baltimore area, or national companies with stated goals of investing in Black entrepreneurs.
- 6 Government,** specifically the impact of state investment in the tech sector.



Highlights of the Data

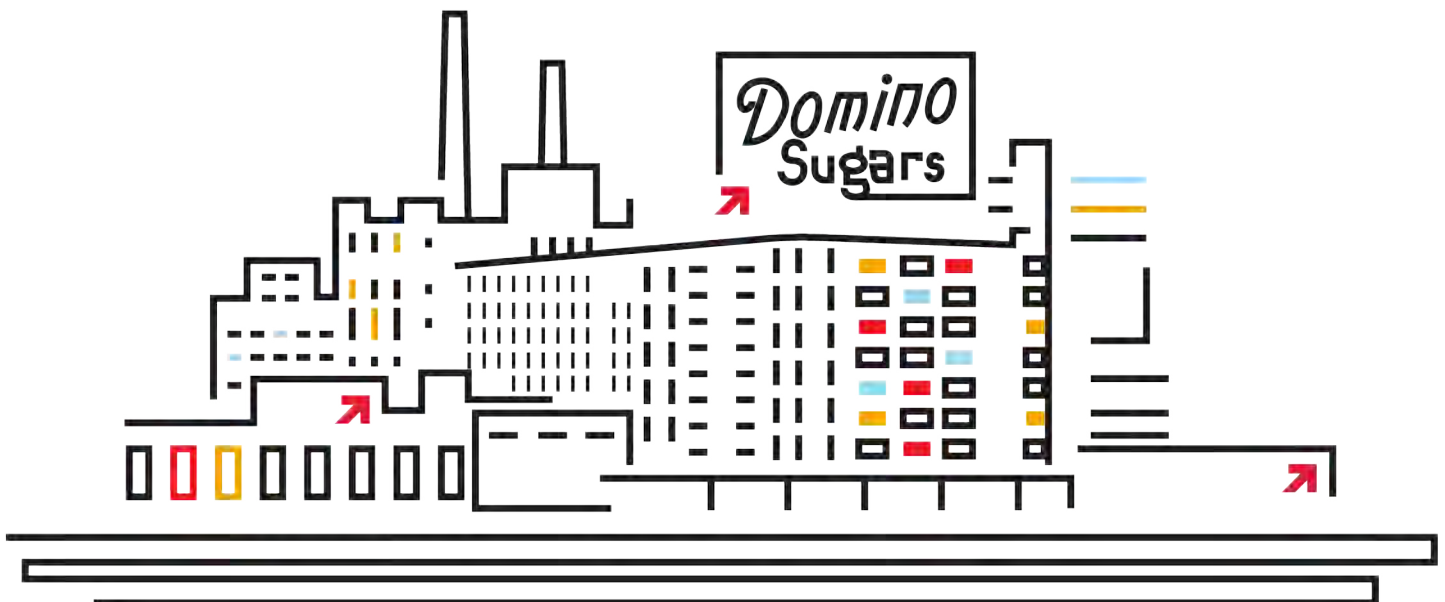
This report estimates \$11 billion in total new startup capital over a period of three to seven years, on top of organic growth.

This level of increased investment would put Baltimore in the conversation with cities on the rise, like Philadelphia, Miami and Nashville. And it would launch a flywheel of growth that should only accelerate as Baltimore's stature as the country's first Equitech city and home to a group of revolutionary companies becomes widely known. What's feeding this potential?

- **Investment in Baltimore startups is growing, despite declines nationally.** Even as U.S. venture funding decreased by nearly 1/3, local annualized venture funding and average deal size are projected to increase 11% and 40% (YOY) respectively.
- **Healthcare and information technology (especially cybersecurity) remain Baltimore's tentpole sectors,** leading in both dollars raised and deal count, even in a slow year for both nationally.
- **Our core strengths in healthcare and cybersecurity still offer significant potential for growth,** as Baltimore does not garner the share of funding commensurate with the scale of the sectors relative to the country.
- **Baltimore's most active investors around the country have local connections.** Nearly every investor in Charm City startups based outside of the DMV has direct connections to Baltimore. This offers both an opportunity to target others across the country with local ties, and a challenge indicative of an emerging tech ecosystem without significant out-of-market communications reach.
- **Public commitments of corporations, VCs and private equity (PE) funds to increase support for diverse entrepreneurs** present robust opportunities for Baltimore tech, which boasts high percentages of women founders and founders of color.
- **Baltimore has a deep base of 121 foundations with \$25 million or more in assets (a total of \$55.8 billion in assets overall). Redirecting a small portion of their endowments' alternative asset allocation to local tech would have an outsized impact.** The deployment of local endowment capital can both generate returns and anchor the high-wage economy of Baltimore simultaneously.



- **Maryland lags competitor states in government commitment to tech and startups.** Models across the country demonstrate how state and federal dollars can accelerate innovation. While we can deepen access to federal funding programs benefiting startups, like SBIR and STTR funds, the most significant gap is in State funding. Baltimore represents approximately 62% of our state's innovation economy so advocacy for state funding at levels aligned with other key states will benefit Baltimore meaningfully.





Highlights of the Recommendations

This report lays out an ambitious vision – \$11 billion in new startup capital over a period of three to seven years, on top of organic growth – that shifts Baltimore’s growth trajectory, supports companies and jobs across our communities, and boosts our stature as the country’s first Equitech city.

No stakeholder can execute this vision alone. Rather, it will take a range of determined, strategic activities from a variety of actors – some of whom are already in our ecosystem and some of whom still need to be enlisted.

At the end of this report, UpSurge offers detailed recommendations on how each stakeholder group can focus its own efforts and inspire others in its networks. Below are key actions that cut across sectors and stakeholders.

- **Develop a compelling marketing program** to help potential investors and partners outside of Baltimore understand the potential of our innovation ecosystem, including case statements, outreach and broad-based awareness building. As appropriate, the program should highlight tentpole industries, such as healthcare and cyber, and our foundational Equitech vision.
- **Curate tours for founders, investors and partners visiting Baltimore.** These may include tailored visits to universities and tech startups, meetings with other investors and ecosystem leaders, and appointments at local accelerators and innovation spaces.
- **Engage investors, high net worth individuals, corporate leaders and other partners across the ecosystem.** It may sound glib, but to know Baltimore is to love Baltimore. UpSurge believes that the more we can engage partners as mentors, expert advisors and advocates, the more local companies and our ecosystem will thrive. Through Equitech Tuesday, corporate roundtables, peer networks, local demo days and other opportunities, we will find meaningful ways to plug key stakeholders into local efforts.
- **Seek local and national opportunities to tell Baltimore’s story.** At leading VC/PE conferences, in local and national publications, and through targeted communications, we want to promote the strengths of Charm City’s startup ecosystem and our Equitech vision. Both are unique – and worth sharing.



- **Expand the number of accelerators in Baltimore**, recognizing that our early-stage startups have benefitted profoundly from local incubators and accelerators in recent years. This work will include recruiting national accelerators and corporate partners, and leveraging those efforts to attract local, regional and national investors.
- **Educate partners who may not yet understand the potential** of Baltimore's innovation ecosystem. This includes investment consultants and intermediaries, advisors to high net worth individuals, elected and appointed government leaders, and others who need to better understand the growth and underestimated value of Charm City.

TAKING ACTION

Baltimore has the opportunity to establish a new norm, a collective commitment to align around the Equitech vision and to effectively deploy resources that drive inclusive growth. With many doing a small part, the impact on Baltimore would be transformative.

[CONTACT US](#)



Measuring the Present

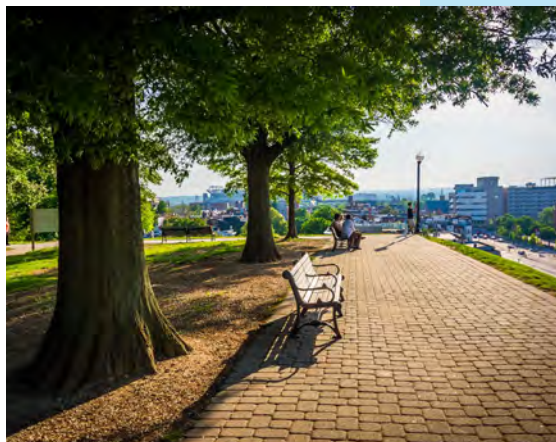
The Baltimore Investment Landscape Today

The goal of this report is to develop a thoughtful, systematic approach to projecting the investment capital available to fuel the growth of the tech ecosystem in Baltimore.

We broke this report into two sections: the present state of local venture investment (dollars and deals); and the opportunity for growth as Baltimore unlocks additional capital.

Our Updated Approach to the Data Set

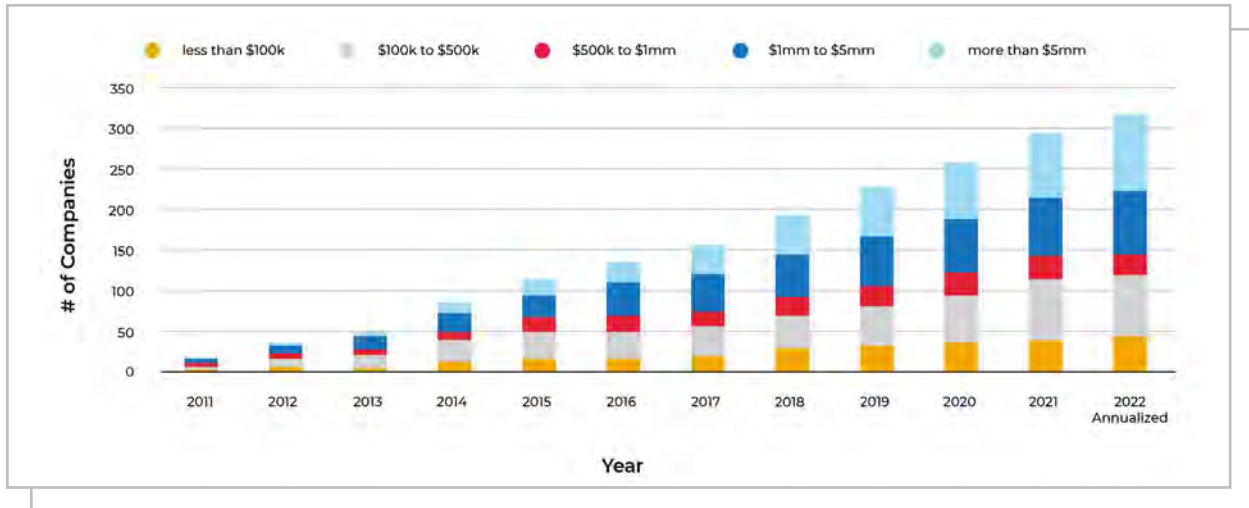
Since UpSurge launched in April 2021, we published two annual reports on Baltimore's startup ecosystem. In prior reports, our analysis focused strictly on deal activity in Baltimore City-based companies and those with a substantial presence in Baltimore City. As UpSurge's work evolved, we recognized the deep interconnections and interdependence between Baltimore City and our close-in suburbs and shifted our approach to encompass Baltimore City and companies generally within 15 miles of the city. We also changed our methodology to include all deals from 2011 forward, irrespective of the founding date of the company receiving funding. We believe these changes provide a more accurate representation of the state of our tech ecosystem.



UpSurge's analysis expanded to include tech companies within ~15 miles of Baltimore City and those with deals since 2011.



Number of Companies by Funding Level in Baltimore 2011-2022



Number of Funded Companies 2022



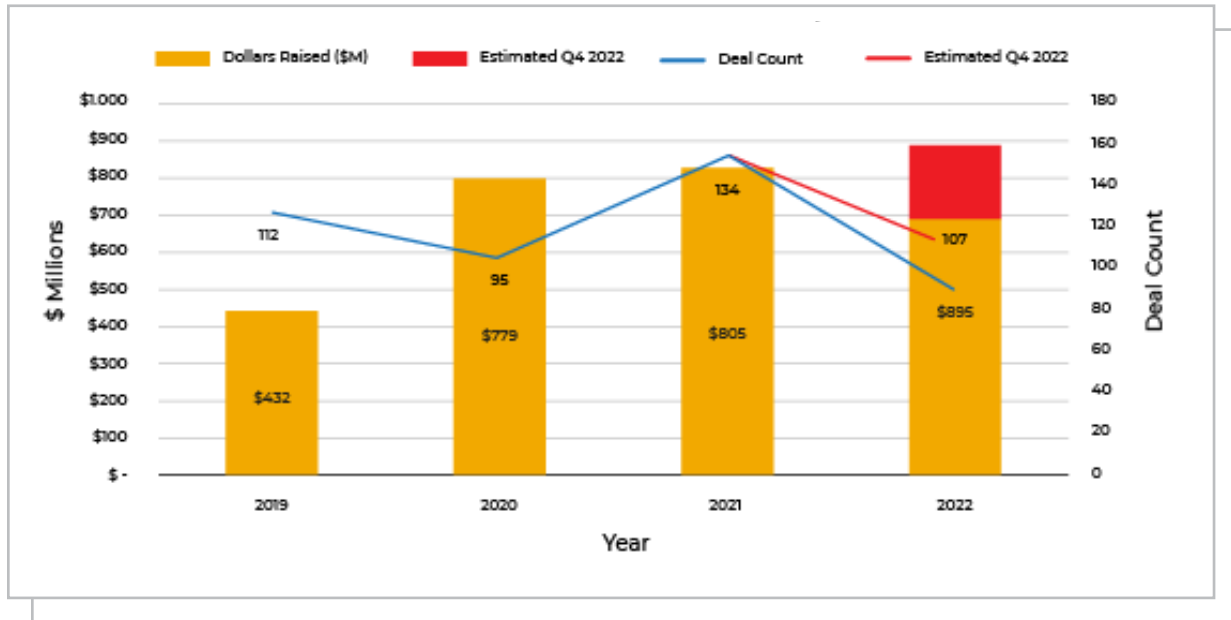
Baltimore has experienced steady growth in the number of funded startups for more than a decade. Growth is occurring across every category we measured, demonstrating that companies can launch, scale and exit successfully in our city.

At the end of the third quarter, there were 383 startups in the Greater Baltimore ecosystem, with 320 funded companies. We estimate another six startups will obtain first-time funding by year-end 2022, based on the current startup growth trend.

We compiled data using the PitchBook search shown in the appendix. UpSurge data is compiled via Pitchbook deals and reconciled with ecosystem deals not captured by the software. PitchBook continuously updates data retroactively so future reports could present different historical numbers. Exited companies with a significant Baltimore presence are included in the over \$5mm group.



Dollars Raised and Deal Count for Baltimore Startups 2019-2022

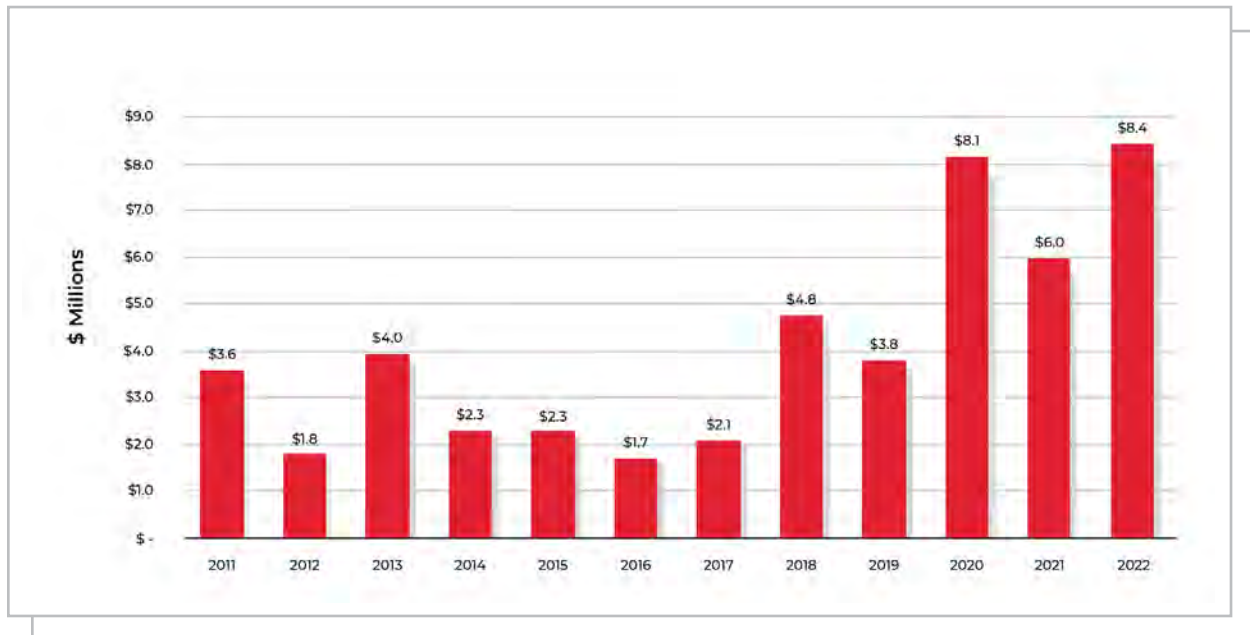


In 2022, a year in which national VC-funding has declined 32% and has trended downward every quarter, Baltimore is bucking the national trend, with projected, annualized VC funding of \$895 million, up 11% year over year (YOY). Average deal size is projected to be up from \$6.01 million to \$8.4 million, or 40% – again, notable in a down year for VC overall.

Dollars Raised and Deal Count exclude "IPO", "Merger/Acquisition", and "Buyout/LBO" deals. UpSurge data is compiled via Pitchbook deals and reconciled with ecosystem deals not captured by the software. PitchBook continuously updates data retroactively so future reports could present different historical numbers.



Average Deal Size for Baltimore Startups 2011-2022



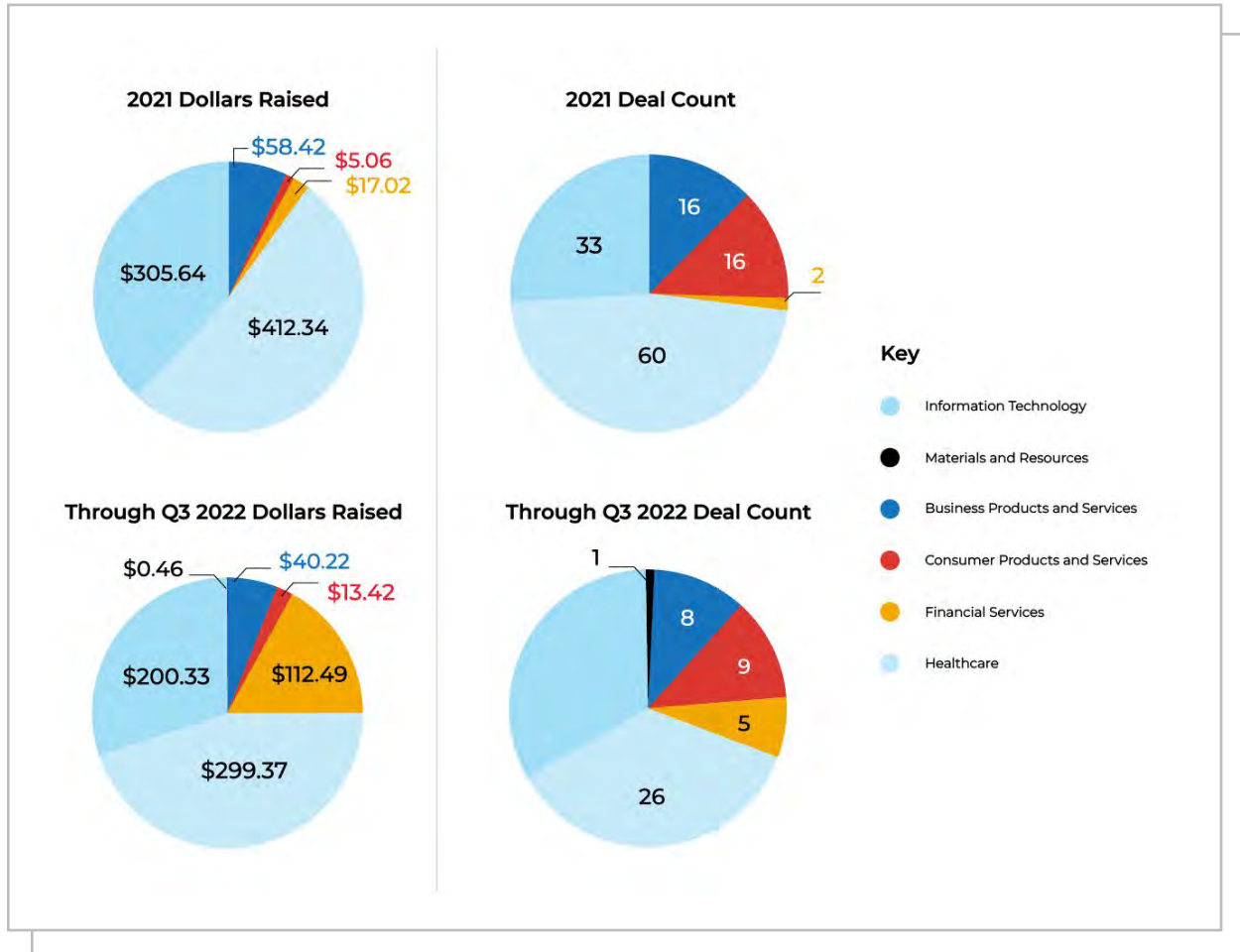
In a rising ecosystem like Baltimore's, large deals are both a sign of an accelerating tech economy and disproportionately determinative of the scale of activity in a given year. That is notable in both 2020 and 2022 with \$200M+ funding rounds for both Thrive and Delfi Diagnostics in those years.

Startup Genome tracks \$100M deals as a key indicator of momentum. Baltimore featured five deals greater than \$100M since January of 2021 and two "unicorn" exits (Thrive and ZeroFox). This compares to three \$100M deals in the five years between 2016-2020 and no "unicorn" exits.

UpSurge data is compiled via Pitchbook deals and reconciled with ecosystem deals not captured by the software. PitchBook continuously updates data retroactively so future reports could present different historical numbers. Data excludes "IPO", "Merger/Acquisition", and "Buyout/LBO" deals.



Industry Breakdown in Baltimore Startups: Dollars Raised and Deal Count (\$M) in 2021 & 2022



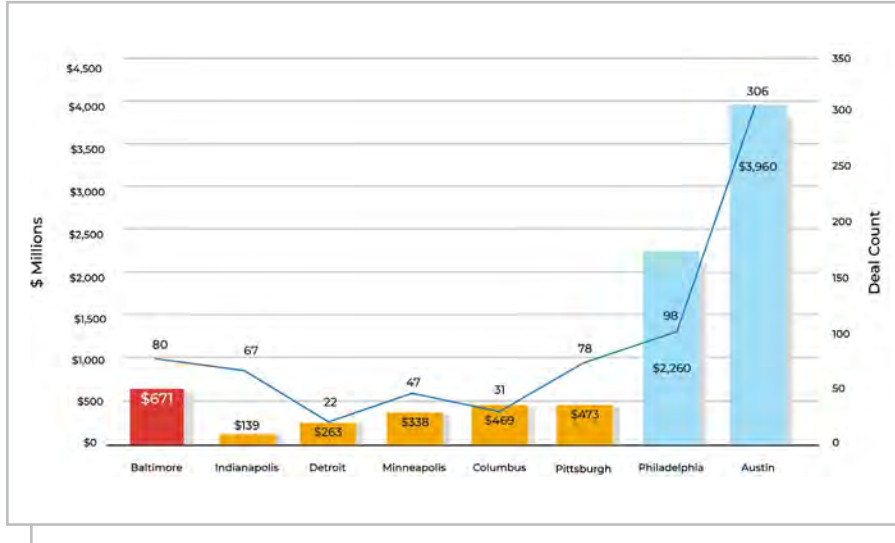
Healthcare and information technology remain the largest industries by dollars raised and number of deals during 2022, but their relative proportions have shifted modestly. In a slow year for healthcare [funding nationally](#), Baltimore healthcare deals, while down as a percentage of total funding commitments, remain strong due to a number of recent fundings, including Delfi Diagnostics' \$225 million Series B round. Financial services grew as a percentage in 2022, led by Facet Wealth's \$100 million Series C round. Healthcare, consumer products, and financial services sectors are all on track to surpass 2021 dollars raised.

Dollars Raised and Deal Count exclude "IPO", "Merger/Acquisition", and "Buyout/LBO" deals. UpSurge data is compiled via Pitchbook deals and reconciled with ecosystem deals not captured by the software. PitchBook continuously updates data retroactively so future reports could present different historical numbers.



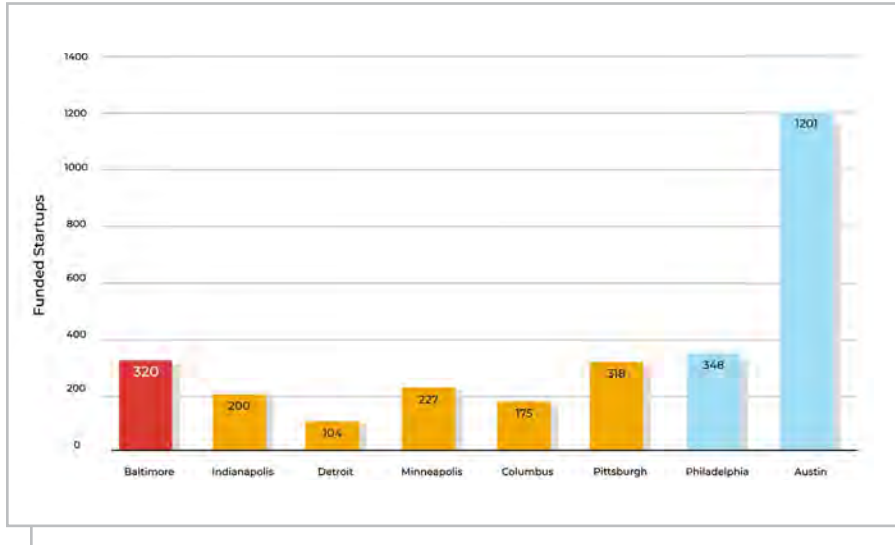
Comparison of Cities

Deals and Dollars Raised through Q3 2022



Looking at the cohort of post-industrial cities to which Baltimore is generally compared, we continue to outpace in terms of both dollars raised and number of funded startups, though we lag far behind cities like Philadelphia and Austin in terms of capital raised.

Total Funded Startups Q3 2022

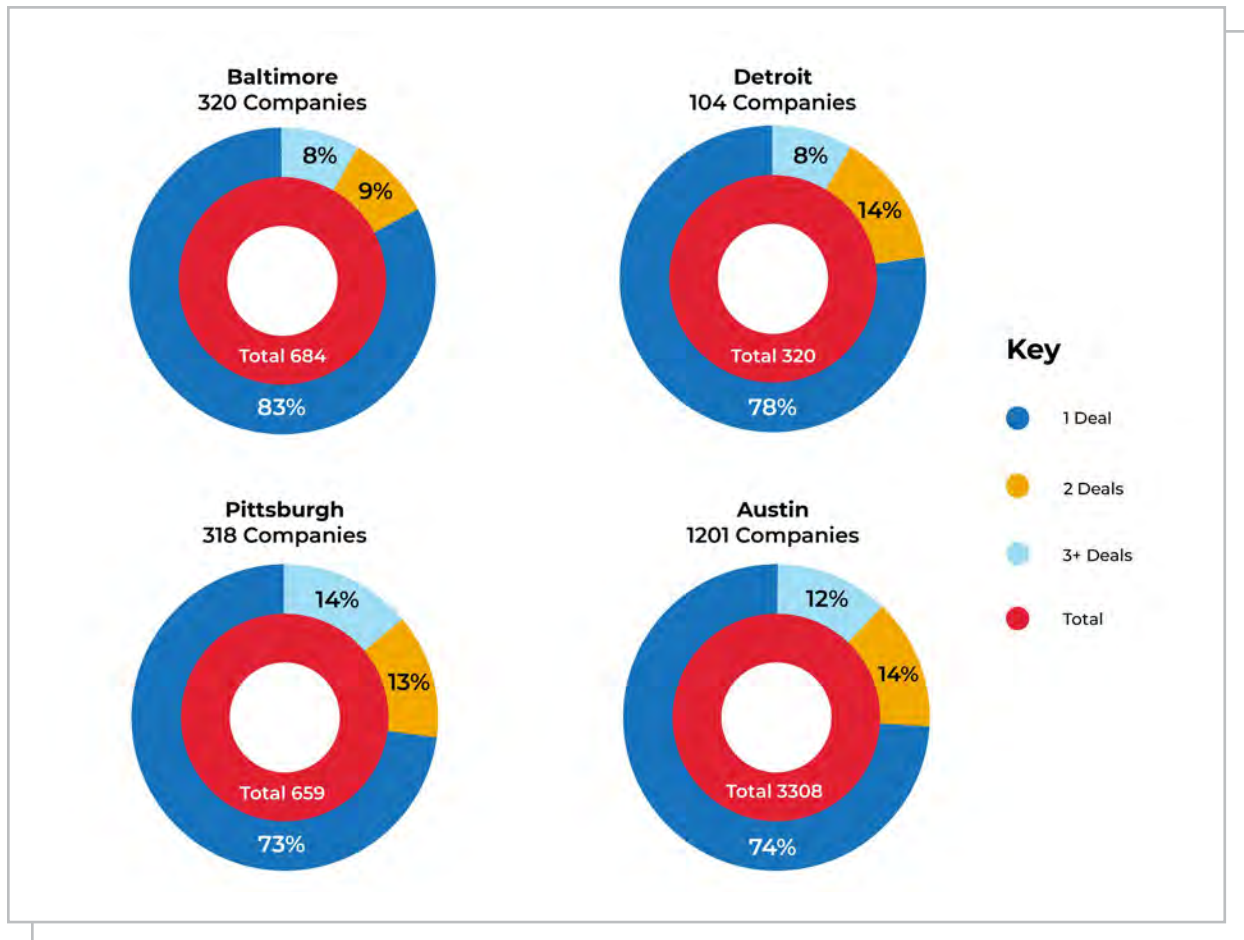


Dollars Raised and Deal Count exclude "IPO", "Merger/Acquisition", and "Buyout/LBO" deals. Data is from PitchBook search filtered by each city. UpSurge data is reconciled with ecosystem deals not captured by the software. Other cities may report different, and in some cases higher results, based on their local reconciliation. PitchBook updates data retroactively so future reports could present different historical numbers.



Comparison of Startup Ecosystems: Investor Participation

Five Years from September 30, 2017 to September 30, 2022



Compared to other cities, Baltimore has fewer repeat investors.

Since 2018, 56 funds have made more than three investments; 568 have only made one. Of the 117 investors with two or more investments, 52% are headquartered in the DMV. As charts on the following page illustrate, most investors, across the board, have a direct connection to Baltimore.

Dollars Raised and Deal Count exclude "IPO", "Merger/Acquisition", and "Buyout/LBO" deals. UpSurge data is compiled via Pitchbook deals and reconciled with ecosystem deals not captured by the software. PitchBook continuously updates data retroactively so future reports could present different historical numbers.



The Most Active Investors in Baltimore Startups

Investor Name	Last 5 Years	Last 2 Years	Last 12 Months	Investor Type	HQ State
TEDCO	62	27	15	Venture Capital	MD
National Science Foundation	32	15	8	Government	VA
Johns Hopkins Tech Ventures*	26	5	2	Accelerator/Incubator	MD
VentureWell	22	4	1	Accelerator/Incubator	MA
Conscious Venture Partners	20	13	9	Accelerator/Incubator	MD
National Institutes of Health	20	5	2	Government	MD
The Abell Foundation	20	5	4	NP Venture Capital**	MD
U.S. Department of HHS	17	2	0	Government	D.C.
Accelerate Baltimore	17	6	4	Accelerator/Incubator	MD
Maryland Momentum Fund	10	1	1	Venture Capital	MD
Brown Advisory	8	5	2	Asset Manager	MD
UM Ventures	8	1	0	Venture Capital	MD
Catalio Capital Management	8	3	2	Venture Capital	NY
Baltimore Angels	7	1	1	Angel Group	MD
TCP Venture Capital	7	3	1	Venture Capital	MD
Gaingels	7	4	2	Venture Capital	VT
Techstars	6	5	4	Accelerator/Incubator	CO
Inner Loop Capital	6	2	2	Venture Capital	MD
National Science Foundation Innovation Corps Program	6	3	0	Accelerator/Incubator	VA
Dingman Center Angels	5	1	0	Angel Group	MD

**Johns Hopkins University does not make direct equity investments in university startups. Johns Hopkins Tech Ventures supports Johns Hopkins University IP-based ventures with various forms of non-financial support and administers non-dilutive grant programs for Johns Hopkins University.*

***Not-for-Profit Venture Capital*

As described in the charts on the prior page, Baltimore has a very concentrated base of funders. Our top funders are pivotal to our ecosystem's growth and stature, but our ecosystem also demonstrates a dependence on government and university-connected funding streams. Attracting more investors overall and a deeper base of traditional venture and private equity investors, particularly in healthcare and cybersecurity, is a significant opportunity for Baltimore.



In order to do this, we need to raise the visibility and credibility of Baltimore tech among JMI Equity, ABS Capital, Brown Advisory, RareBreed, Conscious Venture Labs and others, our city would benefit from targeted outreach to new investors, curated in-person experiences centered around our tech and university assets, and broad-based marketing to build awareness. See more detailed recommendations beginning on page 39.

The Most Active Investors in Baltimore Startups Based Outside of Maryland, DC, and Virginia

Investor Name	Last 5 Years	Last 2 Years	Last 12 Months	Investor Type	HQ State
VentureWell	22	4	1	Accelerator/Incubator	MA
Catalio Capital Management	8	3	2	Venture Capital	NY
Gaingels	7	4	2	Venture Capital	VT
Techstars	6	5	2	Accelerator/Incubator	CO
MassChallenge	4	0	0	Accelerator/Incubator	MA
Kaiser Permanente Ventures	4	1	0	Corp. Venture Capital	CA
Plug and Play Tech Center	4	1	0	Accelerator/Incubator	CA
Creative Startups	4	0	0	Accelerator/Incubator	NM
Keiretsu Forum	4	3	2	Venture Capital	CA
Dreamit Ventures	3	0	0	Accelerator/Incubator	NY
Kapor Capital	3	1	0	Venture Capital	CA
TMC Innovation	3	1	0	Accelerator/Incubator	TX
Arthur Ventures	3	1	0	Venture Capital	MN
F-Prime Capital	3	1	0	Venture Capital	MA
Keiretsu Capital	3	1	2	Venture Capital	WA
LionBird	3	1	0	Venture Capital	
HATCH	3	0	0	Accelerator/Incubator	
Health Catalyst Capital Management	3	1	0	Growth/Expansion	NY
Johnson & Johnson Innovation	3	0	0	Accelerator/Incubator	CA
U.S. Air Force	3	1	0	Government	TX

UpSurge data is compiled via Pitchbook deals and reconciled with ecosystem deals not captured by the software. PitchBook continuously updates data retroactively so future reports could present different historical numbers.



Nearly every investor based outside of the DMV is directly connected to Baltimore in some way.* This is indicative of an emerging tech ecosystem without significant out-of-market communications reach; but when investors are made aware of local investment opportunities, they often invest. Until we can begin raising the visibility of the Baltimore tech scene in key markets and among national investors, we will be limited by direct connectivity to Baltimore.

Another key takeaway from this data is the importance of accelerators and incubators in terms of foundational capital for Baltimore startups. Many of Baltimore's highest growth startups have benefitted from the learning and funding of accelerators. This is particularly true of companies that have participated in the higher profile national accelerators, here or elsewhere, and underpins our goal to build the presence of national accelerator programs in Baltimore.

**Baltimore startup investors – local and national – typically have a direct connection to Baltimore or Maryland. For example, NY-based Catalio was launched in Baltimore; Kapor Capital was originally led by Ben Jealous when he lived in Baltimore; and Gaingels was started by a Johns Hopkins alumnus.*



In thriving ecosystems, great companies and a strong base of investors go hand-in-hand, and the Baltimore tech economy will scale faster as our innovative companies and robust capital infrastructure develop in parallel. The money and the talent are here, waiting to be unlocked.



JEFF CHERRY
*Managing General Partner,
Conscious Venture Partners*





Measuring What's Possible

Modeling Baltimore's Investment Capital Potential

In the pages that follow, we have developed models intended to measure the potential startup investment that can be unlocked from local capital sources and relevant national investors.

We looked at six pools of capital, using data and logic-based algorithms to estimate potential increases in investment capacity, striving to be grounded in data and conservative in our projections. The six pools of capital and the general approach to developing the estimates follows. (The detailed methodology is included on each chart or exhibit.)

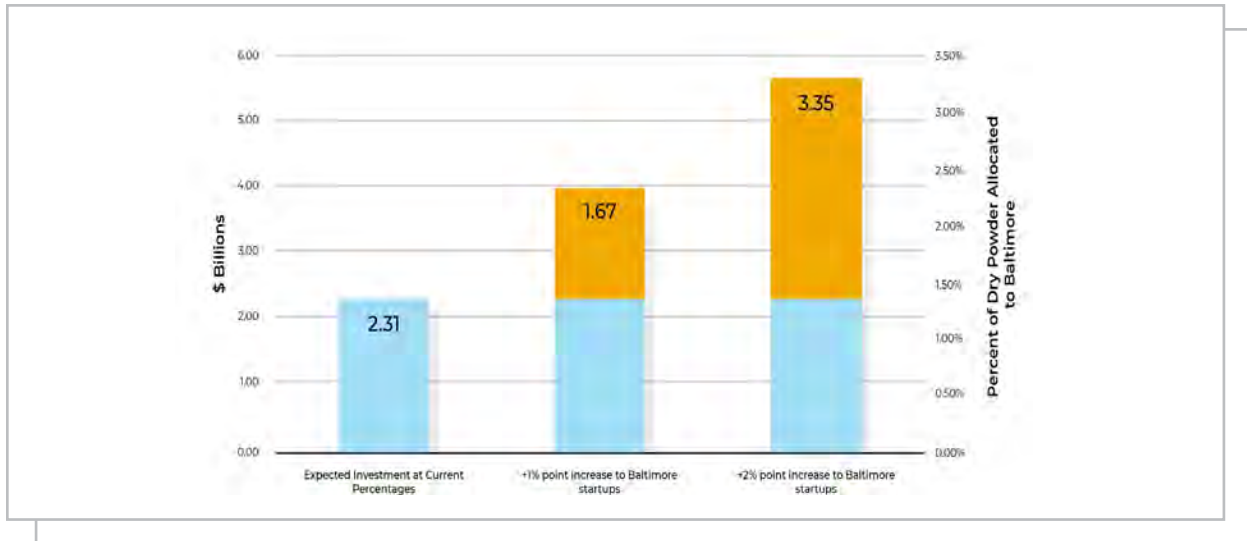
- 1 Existing venture investors in Baltimore companies**, local and national. Estimates based on "dry powder," where reported, combined with an estimate of dry powder for funds where it was not reported.
- 2 National venture investors** who are active in healthcare and cybersecurity or who have specifically articulated a commitment to diverse founders. Estimates based on datasets compiled through PitchBook and public sources.
- 3 Foundations and endowments** based in Baltimore. Estimates based on endowment size, organizational focus, estimated allocation to private equity and a factor for potential commitment to Baltimore.
- 4 High net worth individuals** in the Baltimore metro area. Estimates based on a calculation of the number of decamillionaires and a small commitment to local venture investment (either in funds or directly into companies) among a percentage of this group.
- 5 Corporations.** Estimates based on a mix of factors:
 - a** Local: Segmented corporations by revenue, presence in Baltimore (office or HQ), and estimate of potential capacity to invest in local startups or funds.
 - b** National: Companies identified by a stated [corporate pledge](#) to support diverse entrepreneurs and their businesses.
- 6 State Government.** Estimates based on a report prepared by TEconomy, projecting the impact of a 10-year, \$500M state investment in life sciences and cybersecurity in Maryland.

When taken in total, we estimate the collective impact would be a massive \$11 billion in startup capital over three to seven years, on top of the organic growth of investment in the Baltimore tech ecosystem.





Potential Impact from Existing VC/PE investors in Baltimore Companies



Over the last five years, there have been 437 VC/PE* investors in Baltimore startups, both local and national. If we assume that these investors maintain their historic level of investment in Baltimore startups relative to their “dry powder,” we would expect \$2.31 billion invested in local companies over the next several years. If all funds increased by just one percentage point of dry powder (eg., 0.5→1.5, 4→5, 50→51), our city would add \$1.67 billion, and an increase of two percentage points would result in an additional \$3.35 billion.

**Venture Capital/Private Equity is an investor category used by PitchBook. This chart does not include accelerators, incubators, government, etc. We aggregated total investments in the last five years, investments in Baltimore in the last five years, and dry powder. Expected investment equals dry powder * investments in Baltimore in the last five years/ total investments in the last five years. UpSurge data is compiled via Pitchbook data and reconciled with ecosystem data not captured by the software. PitchBook continuously updates data retroactively so future reports could present different historical numbers.*



Alongside the exciting companies that are growing in Baltimore is an emerging group of local venture capital funds that can supply growth capital.

Individual investors who may not feel comfortable investing directly in companies because they don't have enough expertise or don't want to put all their eggs in one basket can still support local startups in Baltimore by investing in these funds. The investor gains the benefits of diversification and professional management while helping to fuel the local economy. Building these assets backing local startups could be a game-changer for Baltimore.



MARY MILLER

Long Time T. Rowe Price Executive and Local Investor



CASE STUDY

Exclusively Baltimore: The Abell Foundation's Unique Leadership Role in Local Startup Investments

When talking about the Abell Foundation's unique investment approach, Eileen O'Rourke, the foundation's chief financial officer and director of impact investing, calls it "playing along the continuum."

"Over 25 years ago, we tried to stimulate investment as an LP in regional venture funds, but we didn't have much to say about where the money went, and very little was actually invested in Baltimore," she said of the foundation, which is focused exclusively on Baltimore City. "We've evolved over time, and now, 20% percent of our portfolio is invested locally, in a diverse portfolio of innovative seed and early stage companies. As patient capital, we took a few outsized bets and were rewarded with outsized successes. We also saw our direct investments provide stability and positive growth in the depths of the last recession."

The right fit for every organization

Watching the increased interest in local impact investing, O'Rourke pointed to several key factors that could help focus foundations locally. Among them:

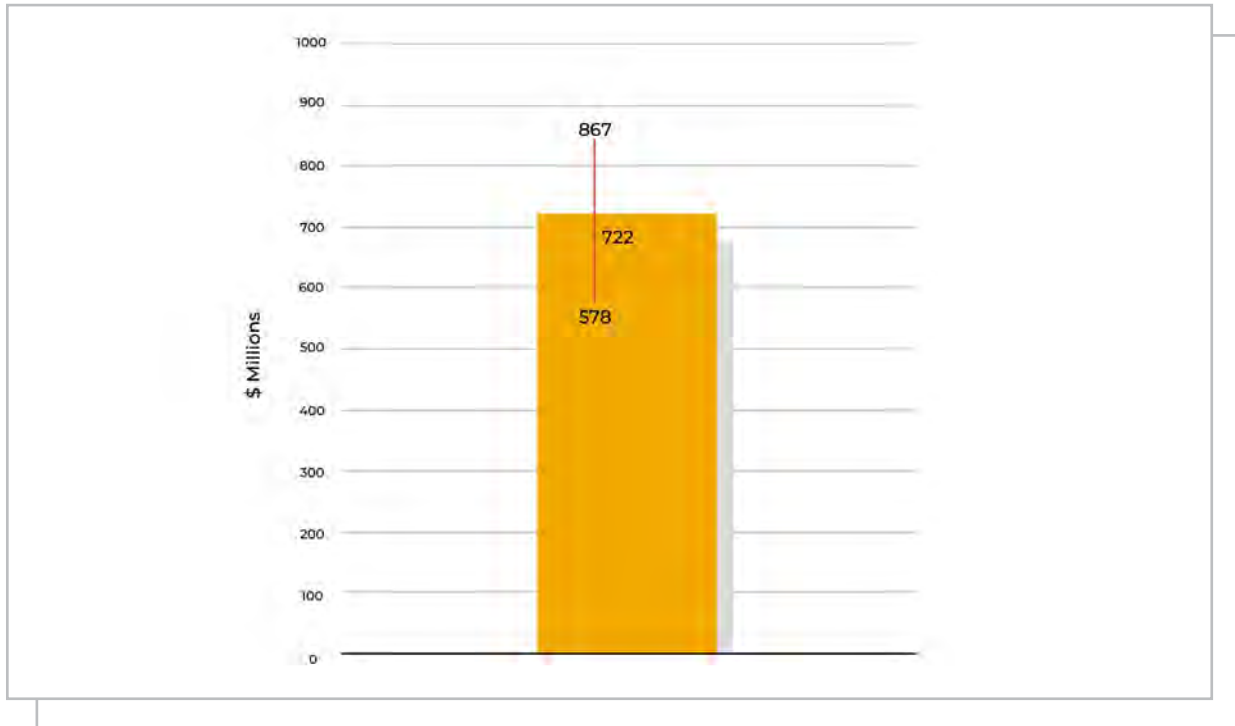
- **Educating investment advisors.** Many foundations turn to consultants when managing a large portfolio. Ensuring those individuals are aware of local opportunities may be key to growing investments. O'Rourke mentioned Marquette Associates as a local consulting firm that has pointed clients to funds such as Propel Baltimore, which focuses on the city's early-stage tech sector.
- **Enhancing opportunities for foundations and endowment managers to receive and share information.** "What is driving them to make those investments? Impact? Return? Where do they want to play? We need to be matching them up and sending the right opportunities their way," she said.

O'Rourke emphasized that many local foundations and endowments have already dedicated portions of their portfolios to impact investing, whether through minority-led funds, Community Development Financial Institutions or other vehicles.

"My takeaway is always: just dip your toe in the water and do something," she said.



Potential Impact of National Cybersecurity Investors



In one of our tentpole sectors, cybersecurity, we estimated investment potential based on available dry powder and the scale of the sector in the Baltimore area.

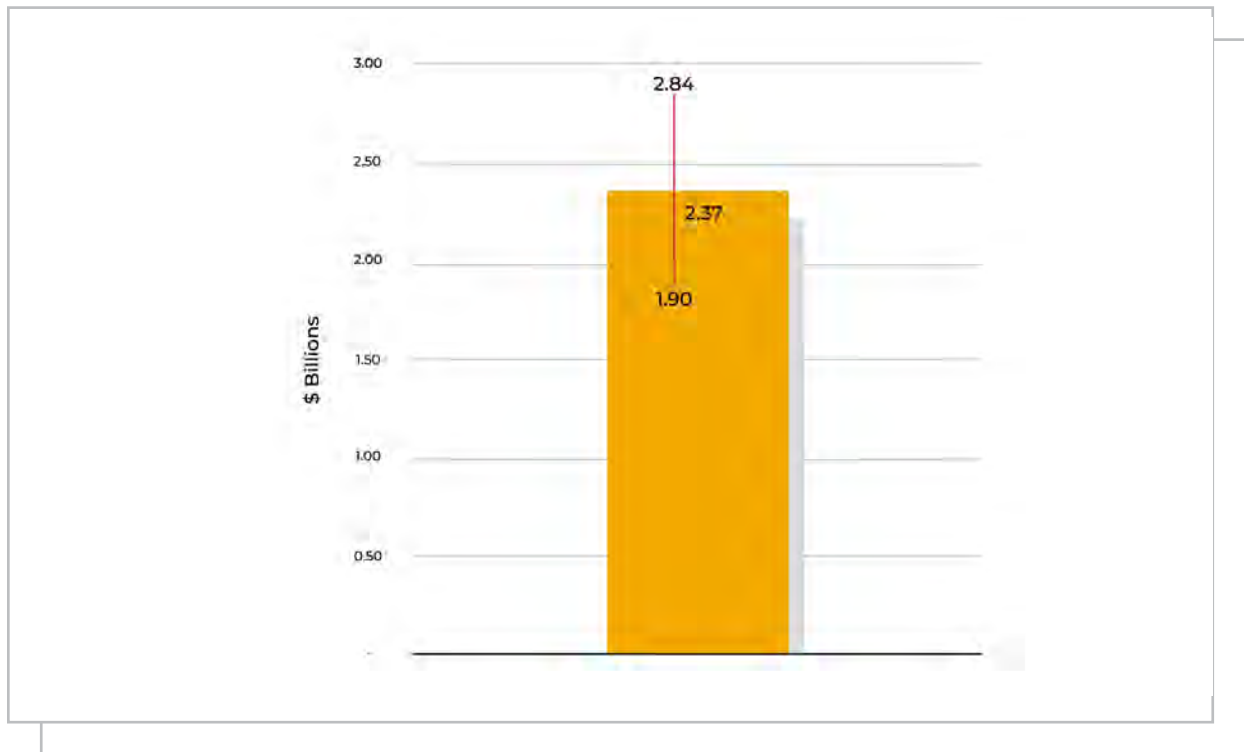
If the 100 leading U.S. investors in cybersecurity startups directed 0.45% of dry powder, on average, towards Baltimore cyber startups over five years, it would unlock \$722 million of capital. We arrive at the 0.45% factor by multiplying their average cyber portfolio allocation of 15% by a 3% commitment to Baltimore-area cyber startups. Three percent is an estimate based on the size of the state's and Baltimore area's cybersecurity economy relative to the country when we factor in the number of startups, our top three ranking for cybersecurity jobs, our number one ranking in federal cyber R&D funding, and current level of equity investment. *The chart shows a range of estimates 20% above and below our base case to account for uncertainty.*

- For example: Thoma Bravo has participated in 37 cybersecurity deals in the last five years, 14.9% of its total deals in that period. Thoma Bravo has a current dry powder of \$29.3B. If it invested 3% of its cyber dollars in Baltimore, we would expect a capital increase of \$131 million.

UpSurge data is compiled via Pitchbook data and reconciled with ecosystem data not captured by the software. PitchBook continuously updates data retroactively so future reports could present different historical numbers.



Potential Impact of the Largest National Healthcare Investors



In one of our tentpole sectors, healthcare, we estimated investment potential based on available dry powder and the scale of the sector in the Baltimore area.

If the 100 leading US investors in healthcare startups directed 1.69% of dry powder, on average, towards Baltimore healthcare startups over five years, it would unlock \$2.37 billion of capital. We arrive at the 1.69% factor by multiplying their average total portfolio allocation to healthcare (56%) by a 3% commitment to Baltimore-area startups. Three percent is an estimate based on the scale of the Baltimore area's healthcare economy relative to the country when we factor in the presence of our leading research universities, the number of startups, our top ranking for federal healthcare research funding, and current equity investment. *The chart shows a range of estimates 20% above and below our base case to account for uncertainty.*

- For example: Venrock has participated in 78 healthcare deals in the last five years, 49% of its total deals in that period. Venrock has a current dry powder of \$2.6B. If it invested 3% of its healthcare dollars in Baltimore (roughly two deals), we would expect a capital increase of \$38.1 million.

UpSurge data is compiled via Pitchbook data and reconciled with ecosystem data not captured by the software. PitchBook continuously updates data retroactively so future reports could present different historical numbers.



CASE STUDY

Recruiting Investors: “Funds Will Go Anywhere to Find the Best”

A few years ago, Greenspring Associates (now StepStone Group) invited colleagues from healthcare-focused funds to Baltimore to meet with local biotech startups affiliated with Johns Hopkins University and two other universities in the region.

Deric Emry, then a venture partner at Greenspring, saw the gathering not just as an investment showcase, but also as a chance to draw a spotlight to an industry in which Baltimore startups shine.

“In the same way UpSurge and others are recruiting entrepreneurs from everywhere to come to Baltimore, we need to be recruiting all the funds to come to town for things like demo days and launches,” Emry said, adding that Greenspring hosted a second successful event focused on cybersecurity at Port Covington with Data Tribe and Under Armour founder Kevin Plank’s family office. “Institutionally, everyone is willing to get on planes to go anywhere to find the best.”

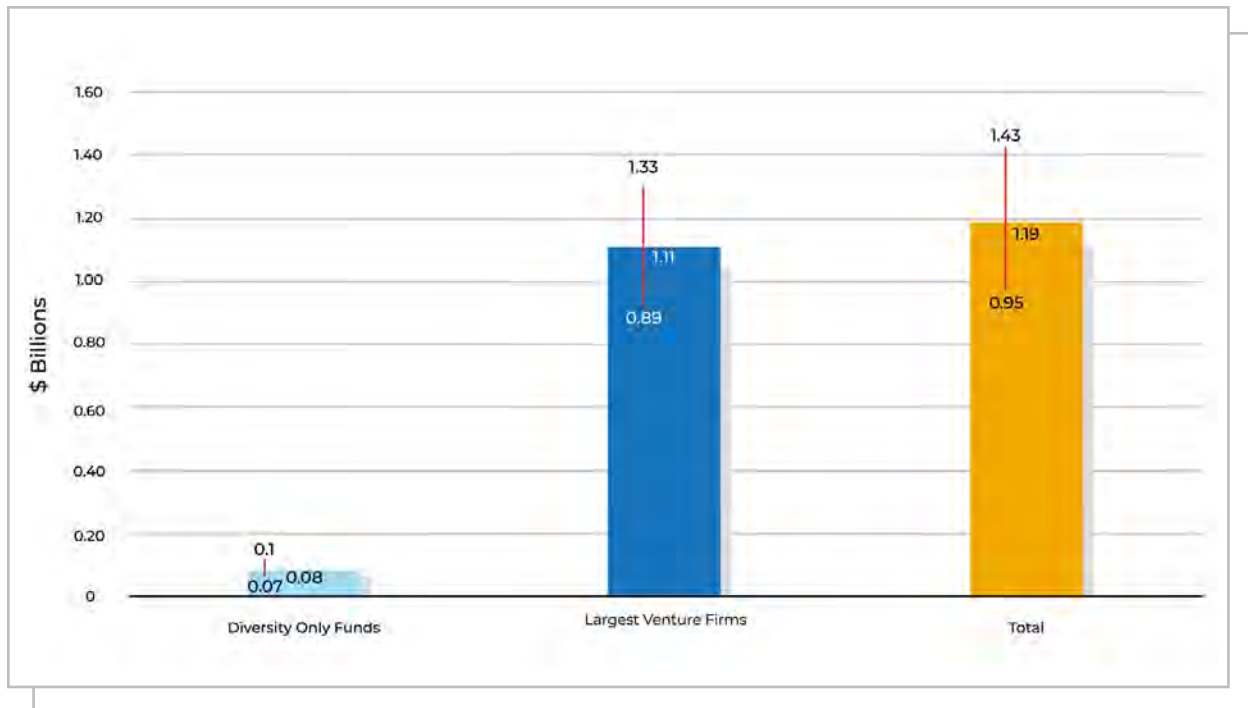
“If we can show the opportunity for unique investment returns here, capital will flow here abundantly,” Emry said. “There is ample venture capital nationally, and capital is among the most geographically frictionless of all the elements required for success.”

Emry pointed to other cities as examples: “New York got successful around adtech and fintech. It became enough of an ecosystem to support a robust network of local venture funds covering all stages and sectors.”

So, how does Baltimore build its reputation as an innovation hub? He underscored the importance of leveraging the region’s standout strengths. Today, healthcare and cyber companies may be the initial draws for many investors, but as startups in those sectors attract new capital and talent, the glow will spread to other parts of the ecosystem.



Potential Impact of Diversity Focused VC/PE Funds



The 100 largest US investors in underestimated founder-led startups directed 0.41% of their dry powder towards Baltimore startups, it would unlock \$1.11 billion of capital.

The 100 largest investors with significant diversity investments deployed an average of 14% of their capital in diverse-founded companies over a 10 year period. When multiplied by a 3% allocation to Baltimore startups, we arrive at potential investment of \$1.11B, based on dry powder in portfolios today. Three percent is a number we selected based on Baltimore's demographics and our disproportionate presence of diverse founders, relative to the country. *We provide a range of estimates 20% above and below our base case to account for uncertainty.*

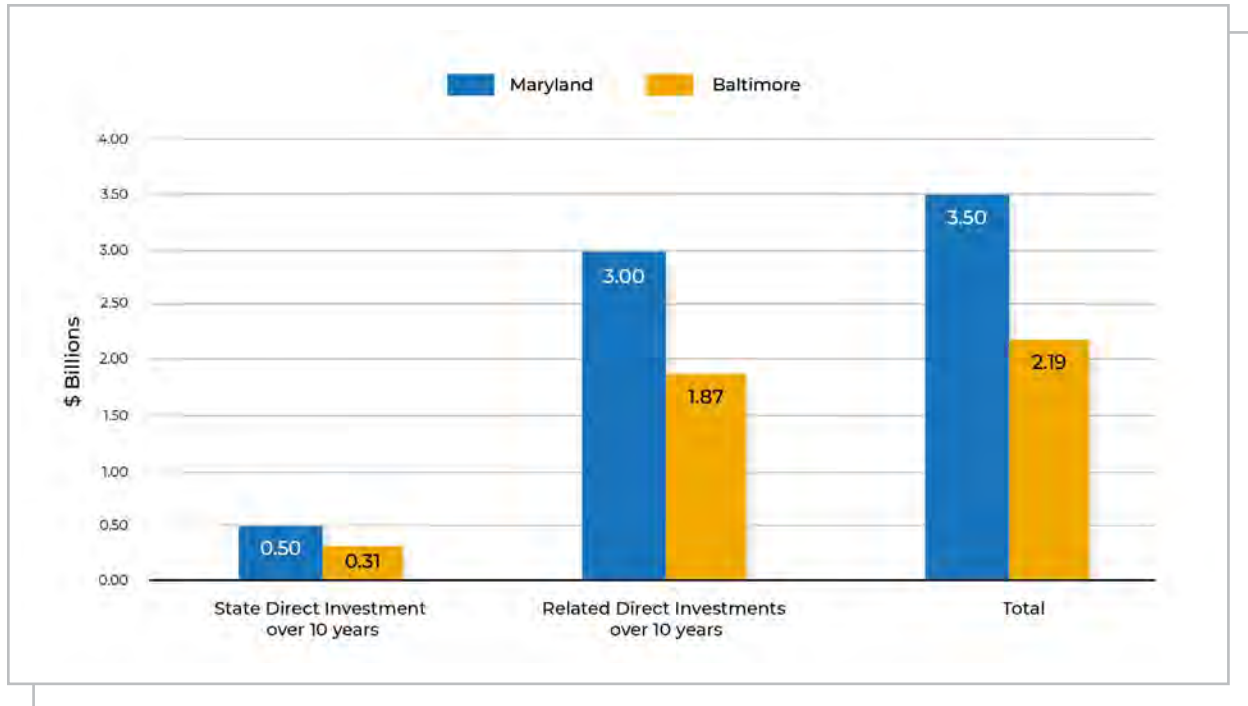
- For example: Founders Fund has participated in 154 deals with diverse entrepreneurs in the last 10 years, 19% of its total deals in that period. Founders Fund has current dry powder of \$6.4B. If it allocated 3% of its diversity funding to Baltimore (roughly five deals), we would expect a capital increase of \$36.6M. .

Among funds that invest only in startups led by diverse founders, an allocation of 3% to Baltimore would result in \$80 million in new capital.

UpSurge data is compiled via Pitchbook and public data and reconciled with ecosystem data. PitchBook continuously updates data retroactively so future reports could present different historical numbers.



Potential Impact of State Government Investment



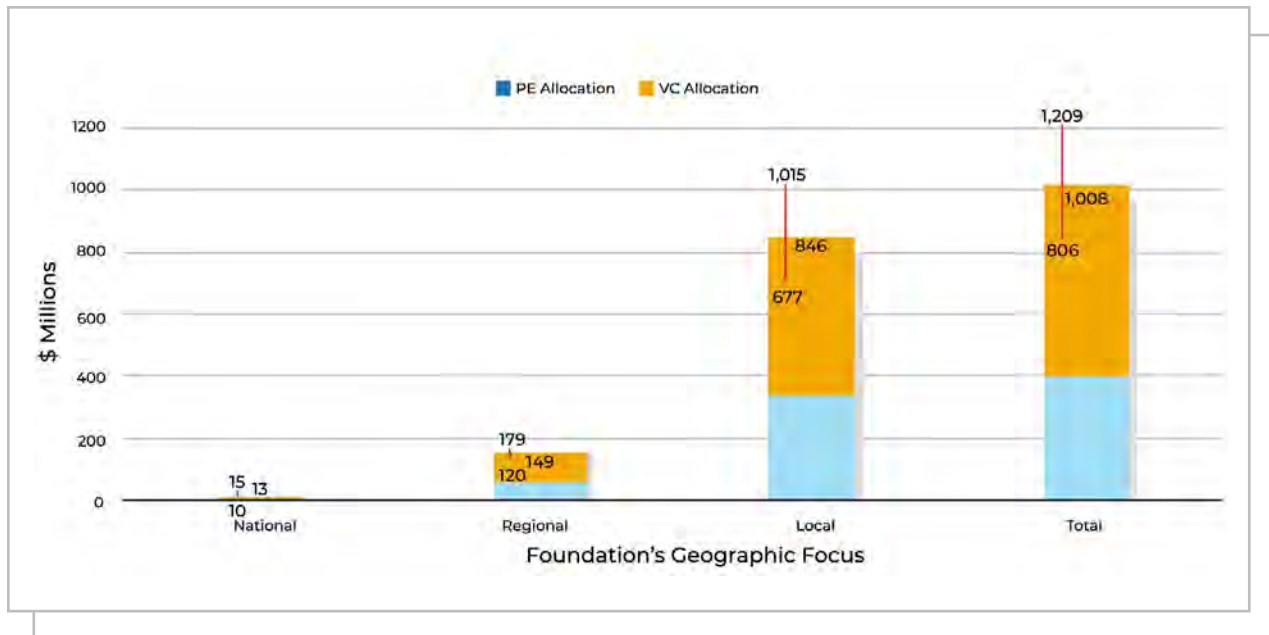
Across the country, states recognize the importance of the health of their biggest cities and the role tech plays in a strong local economy. It is difficult for any jurisdiction to grow in 21st century America without a strong foundation of tech companies.

A range of government resources are available – at federal, state and local levels — but for the purposes of this analysis, we are focusing on the impact of state funding. With this in mind, [TEconomy Partners](#) recently released a report highlighting the impact of state support of Maryland’s tech economy - with a focus on life sciences and cybersecurity. This analysis projected that a 10-year, \$500M fund will generate a six-fold investment, or \$3B. We’d expect 62%*, or \$2.2B, of this funding would go to investments in Baltimore’s innovation economy, based on our city’s current proportion of the state’s healthcare and cybersecurity companies and institutions.

**62% is calculated as the five-year average of Baltimore Healthcare (HC) and Cyber Dollars Raised / Maryland HC and Cyber Dollars Raised. UpSurge data is compiled via Pitchbook and public data and reconciled with ecosystem data. PitchBook continuously updates data retroactively so future reports could present different historical numbers.*



Potential Impact of Baltimore-based Foundation and Endowment Investments



Baltimore foundations, universities and hospitals have amassed significant capital and seek to grow their endowments through profitable investments. [The Council on Foundations - Commonfund](#) reports that 15% and 10% of invested assets are allocated to VC and PE investments, respectively. However, there is little investment from foundations in Baltimore tech (funds or companies). We estimate that a small percent of those VC and PE investments directed towards Baltimore would unlock \$1 Billion, based on the following distribution:

- Baltimore foundations with a local Baltimore mission - 20%
- Baltimore foundations with a regional mission - 10%
- Baltimore foundations with a national mission - 2%

Baltimore is home to foundations that invest directly in startups and those that invest only as limited partners in funds. For example, the Abell Foundation has been a champion of Baltimore startups through years of direct investments. University of Maryland Medical System has also been an active direct investor.

Most local university foundations invest exclusively with professional managers with no local mandate. Given the large size of its endowment, Johns Hopkins University (\$14.56 billion in assets) represents over 50% of the local estimate (\$485 million). The second largest foundation in Baltimore, University of Maryland Medical Systems, has total assets of (\$5.26 billion).



It is difficult to fully capture foundation investments in VC and PE, as they are often deployed as limited partners in funds, so this is an imperfect approach, and we view this finding as directional rather than precise.

The data was pulled from GuideStar for foundations located in Baltimore with more than \$25 million in Investment Assets in their most recent Form 990. We estimate PE and VC allocation based on the [Council on Foundations - Commonfund](#) report's 2021 numbers.

- *For example: Loyola University Maryland had invested assets of \$370M in 2020. Based on the Commonfund report's findings we estimate 10% and 15% of their invested assets are allocated to PE and VC respectively. If it allocated 20% of their PE and VC investments to the Baltimore area it would increase available capital to Baltimore startups by \$18.5M.*





CASE STUDY

University of Maryland Medical System: Deploying Endowment Capital Returns and Impact

In September 2022, the University of Maryland Medical System (UMMS) announced a commitment of \$14 million – or 1% of its \$1.4 billion investment portfolio – to companies and funds focused on promoting economic development and addressing local disparities.

This wasn't about charity. The previous year, UMMS had provided \$1.2 million in grants aimed at food security, and the previous month, it had awarded \$2.3 million in community grants.



The investments, instead, were a strategy to grow the anchor institution's assets while also expanding wealth and opportunity in the Maryland communities it serves.

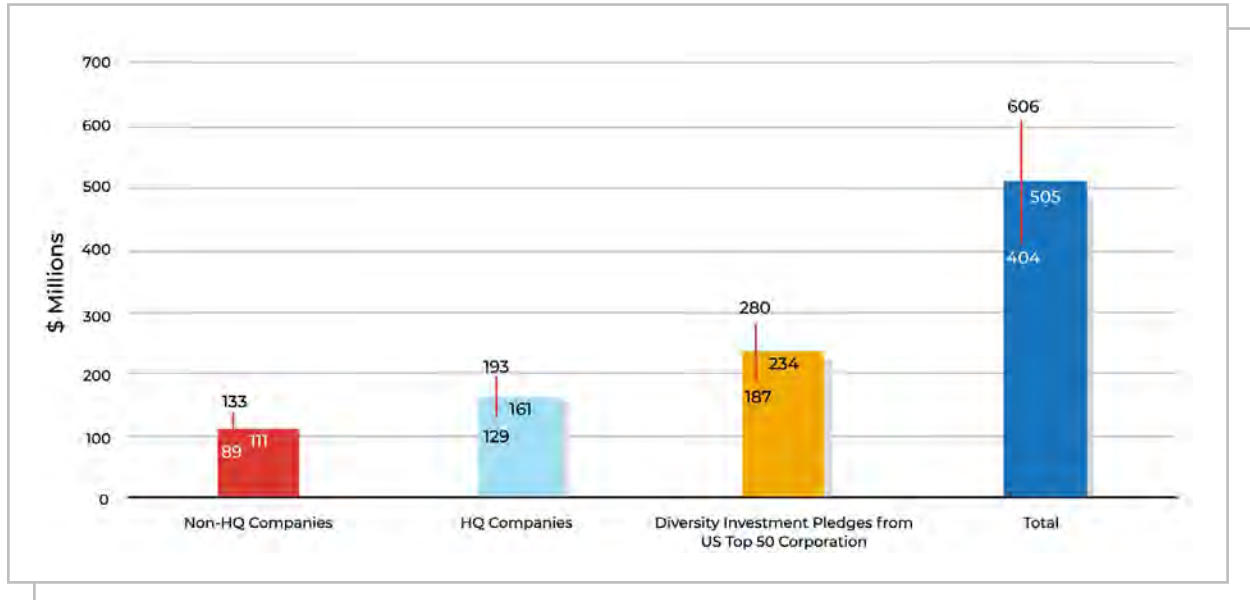
As Dr. Mohan Suntha, president and CEO of UMMS explained [in a press release](#): “We understand and embrace our responsibility to support efforts that improve the health of our communities, not only through care we deliver, but also by supporting the people who share our goals and aspirations for opportunity and change. ... This means using some of our investment portfolio to help address the resource gaps that keep communities from achieving better health and well-being while still gaining a positive financial return.”

UMMS divided the \$14 million among 11 Community Development Financial Institutions and PE firms, including UpSurge. All have a strong presence in Maryland, three-quarters are either Black-led or Black- and woman-led, and more than half are focused on Baltimore.

UMMS called this a “first tranche,” and leaders said they expect the commitment to grow as the investments meet financial and social goals.



Potential Impact of Corporate Investment



Across the country, companies support innovative startups through investment, corporate development, accelerators and incubators. In Baltimore, a strong base of corporations have the potential to play a key role in startup growth – a win-win for large companies, as it leads to new customers, a deeper talent base, more high-wage employers and a more vibrant local economy. If Baltimore corporations invested a relatively small amount in Baltimore startups, it could lead to huge gains – over \$270 million.

To develop this estimate, we assigned a capital commitment amount based on revenue and headquarters location. This is an imperfect approach, and we view this finding as directional rather than precise.

Corporate Revenue	Commitment (HQ companies)	Commitment (Balt Office, not HQ companies)
\$25-100 million	\$ 250,000	\$ 50,000
\$100-500 million	\$ 500,000	\$ 100,000
\$500 million to \$1 billion	\$ 2,500,000	\$ 500,000
\$1 to 5 billion	\$ 5,000,000	\$1,000,000
More than \$5 billion	\$25,000,000	\$5,000,000

During the past several years, more than 50 top [national corporations pledged support](#) for Black entrepreneurs to address the historic underinvestment in diverse founders. If we assume that 1% of corporate pledges (consistent with Baltimore’s share of the U.S. Black population) were to be invested in Baltimore’s Black-led startups, the commitment would unlock \$234M in capital.

UpSurge data is compiled via PitchBook and public data sources and reconciled with ecosystem knowledge.



CASE STUDY

Corporations Committed to Innovation

Corporations of all sizes can play a role in propelling investment in Baltimore's tech ecosystem, based on their individual interests and resources – and each can drive meaningful change for our growing innovation hub. Below are a few examples that highlight various approaches.

Exelon's Climate Change Investment Initiative (2c2i) aligned a portion of its investments with its mission through a 10-year, \$20 million initiative focused on startups innovating around clean energy and environmentally sustainable technologies. The initiative focuses specifically on startups addressing climate change in ways that support Exelon's biggest urban markets. The initiative has supported three rounds, including five Maryland-based companies.

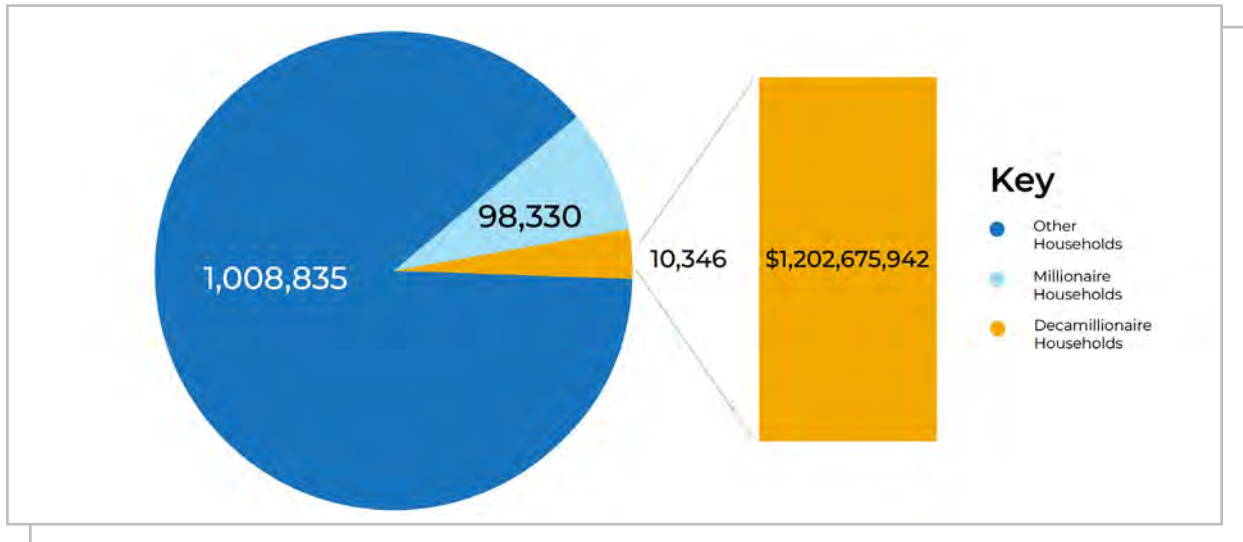
Brown Advisory demonstrates its commitment to Baltimore startups in a wide variety of ways. B.Innovative Baltimore, for example, offers 5,000 square feet of office space to Maryland-based entrepreneurs; in early 2022, that space supported eight startups, two Black-led venture capital firms, and UpSurge Baltimore. The firm is also committed to "partnering with people that see the value of fishing in pools that have diverse representation," [according to Private Equity partner \(and UpSurge Advisory Board member\) Keith Stone](#). And CEO Mike Hankin provided vision and resources needed to launch and sustain UpSurge.

Fearless was a decade old in 2019 when it launched Hutch, a two-year incubator program for underrepresented entrepreneurs focused on digital services in the public sector. Hutch fosters Baltimore-area startups, offering physical space, as well as classes, mentorship, and a cohort of peers. Initially aiming to support 25 companies in its first five years, Hutch attracted federal funds (and local matches) that will allow the incubator to [nearly double that total to 45 companies](#) by 2025. Fearless CEO Delali Dzirasa sees that as a collective win for Fearless, the companies, and Baltimore City.

UpSurge also points the ecosystem toward collective action, including the kinds of roundtable gatherings that pull together division leaders (e.g., procurement, human resources, data security, etc.) for focused discussions. These conversations allow corporate leaders to share information; startups to showcase and seek feedback on products and ideas from prospective customers; and investors to better understand corporate pain points and to accelerate potential solutions. Forums for these types of roundtables already exist through groups such as the Greater Baltimore Committee and BLocal.



Potential Impact of High Net Worth Individuals' Investment Number of Households in Baltimore Area



Maryland is the second richest state in the country. There are more than 10,000 decamillionaire households (> \$10M net worth) in the Baltimore area, a rich pool of wealth surrounding the Baltimore startup ecosystem. If only 40% of decamillionaires in the Baltimore region made commitments between \$50,000 and \$1 million to startup investments or to local funds, it would unlock \$1.2B of capital.

The percent of millionaires in Maryland is 9.72% The percent of millionaires that are decamillionaires in the U.S. is 9.52%. The number of decamillionaire households in the Baltimore area can be estimated as

- # of households in Greater Baltimore * 0.0972 (% of millionaires in Maryland)
* 0.0952 (% of millionaires that are decamillionaires in U.S.) = 10,346

The projection of \$1.20 billion is based on the following distribution:

Investment in Baltimore Tech per household	% of the 10,346 decamillionaires	Total capital invested
\$50,000	20%	\$ 103,455,99
\$250,000	13%	\$ 323,299,98
\$1,000,000	7%	\$ 775,919,96
TOTAL	40%	\$1,202,675,942

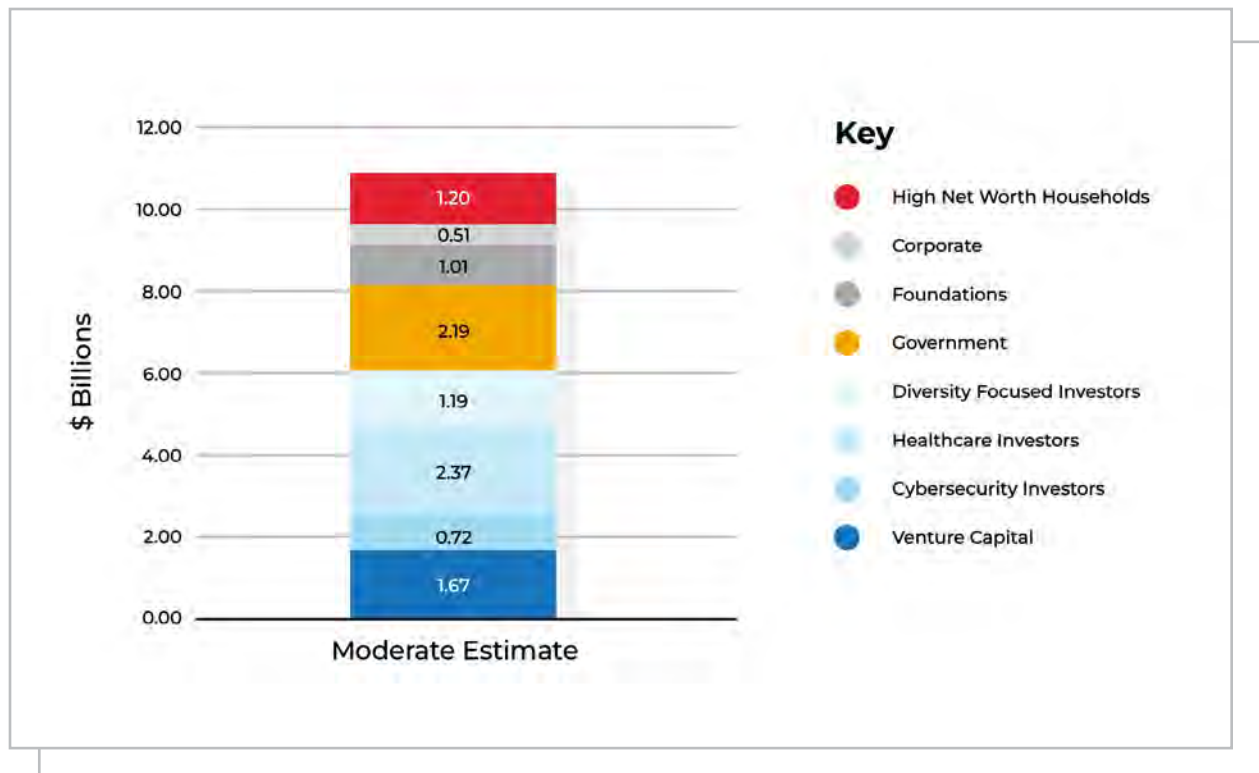


Tapping the \$11B Opportunity - How Do We Unlock Capital for Growth?

This report measures the potential cumulative impact of modest increases in investments from corporations, foundations, venture capital, high net worth individuals and state government.

Relatively small commitments from each of these stakeholders could unlock \$11 billion over the next three to seven years, unleashing the capital to drive the exponential expansion of our innovation economy. It will take a variety of strategies to propel progress, but there will be little progress without capital.

We recognize that each type of entity highlighted has internal processes, constraints, and priorities that impact the timing and scale of investment. **But as a city we have the opportunity to establish a new norm, a collective commitment to align around the Equitech vision and to effectively deploy resources that drive inclusive growth. With many doing a small part, the impact on Baltimore would be transformative.**





Key Recommendations for Progress, by Stakeholder

1 Venture Investors with Existing Investments in Baltimore

Over the last five years, there have been 684 unique investors in Baltimore startups, both local and national. Cultivating additional engagement among past investors with our City's startup ecosystem is a key growth opportunity.

GOAL: \$1.67 BILLION

Key Approaches

- **Marketing program** - Launch a broad-based awareness-building program targeting the vast majority of current investors in Baltimore companies who have made just one investment and are likely unaware of the breadth of opportunity that exists in the ecosystem today. This can include a range of touchpoints:
 - Reaching out directly to all funds with a current overview of the Baltimore tech ecosystem.
 - Using curated information from the bi-weekly UpShot to create sector-focused resources to reach investors with relevant information.
 - Developing curated tech and university in-person experiences.
 - Encouraging out-of-town investors to extend their visits when attending board or fund meetings in Baltimore to meet local startups, funds and university partners.
- **Ecosystem engagement** - Provide investors with ways to build networks and develop an understanding of Baltimore tech. This may include:
 - Inviting past investors to be Investors in Residence at UpSurge and/or mentors to local companies, accelerators and emerging fund managers.
 - Encouraging investors to participate as panelists in Startup Strategy Sessions to coach entrepreneurs at key inflection points.
 - Hosting investors at UpSurge's weekly Equitech Tuesday event and local accelerator demo days.
- **Thought leadership** - Seek speaking opportunities at leading VC/PE conferences so local tech leaders can spread the word about Baltimore tech, building an Equitech city and key local industry verticals. Create delegations to attend the leading investment conferences and create Baltimore-focused programming at those events.



2 Prospective Venture Investors (3 categories)

Broadening the pool of investors in Baltimore will require extensive outreach to national firms, particularly those interested in areas of key strength for our city. This vital opportunity will unlock massive growth.

Healthcare Investors

Building on the general VC/PE cultivation strategies listed above, we recommend developing an additional set of healthcare-focused marketing and engagement strategies that highlight a core strength of Baltimore tech.

GOAL: \$2.37 BILLION

Key Approaches

- **Create a compelling Baltimore healthcare case statement** that outlines our industry strengths; major academic institutions and prominent labs that have produced funded, scaled, and exited companies; key corporations; strong verticals; Equitech focus; major wins; and funded companies. With this tool and sector-specific versions, initiate a focused effort to target investors across the country.
- **Develop a healthcare-focused version of the [Build in Baltimore](#) guide** outlining incentives and resources for growing a healthcare company in Baltimore, both to support growing companies and to show investors why Charm City is the right location to scale a healthcare startup.
- **Develop a bespoke list of healthcare-focused VC funds** and the healthcare partners at generalist funds where our ecosystem has relationships or there is a connection to Baltimore (university attendance, residence, etc.). Develop a cultivation strategy in partnership with the GBC, BDC, and other local partners to engage and educate this group about Baltimore's healthcare startup ecosystem.
- **Seek speaking opportunities for key local healthcare leaders** at leading VC/PE conferences. Create delegations to attend the leading healthcare investment conferences and create Baltimore-focused programming at those events.
- **Partner with a national accelerator group and a sponsoring corporation or institution** to launch another healthcare-focused accelerator to drive interest and engagement with investors.



Cybersecurity Investors

Building on the VC/PE cultivation strategies listed above, we recommend developing an additional set of cybersecurity-focused marketing and engagement strategies that highlight a core strength of Baltimore tech.

GOAL: \$720 MILLION

Key Approaches

- **Create a compelling Baltimore cybersecurity case statement** that outlines our industry strengths. These include the presence of a local talent pool with experience at Maryland-based national security organizations (e.g. the National Security Agency, Defense Information Systems Agency, and U.S. Cyber Command), and a robust talent pipeline primed by 17 federally certified Centers of Academic Excellence, and a variety of education and workforce initiatives. Also to be highlighted: key corporations; strong verticals; Equitech focus; major wins; and funded companies. With this tool, initiate a focused effort to target investors across the country.
- **Develop a bespoke list of cyber-focused VC funds** and the cyber partners at generalist funds where our ecosystem has relationships or there is a connection to Baltimore (university attendance, residence, work at nearby federal institutes or agencies, etc.). Develop a cultivation strategy with the GBC, BDC and other local partners to engage and educate this group about the Baltimore cyber scene.
- **Seek speaking opportunities for key local cyber leaders** at leading VC/PE conferences. Create delegations to attend the leading cyber investment conferences and create Baltimore-focused programming at those events.
- **Partner with a national accelerator group and a sponsoring corporation or institution** to launch a cyber-focused accelerator to drive interest and engagement with investors.



Diversity-focused Investors

As investors across the country increasingly recognize diverse entrepreneurs as an emerging sector of opportunity, Baltimore is well positioned to be a leading city for investment based on our singular Equitech framework and the prominence of diverse founders. Building on the VC/PE cultivation strategies listed above, we recommend developing an additional set of Equitech-focused marketing and engagement strategies that highlight a core strength of Baltimore tech.

GOAL: \$1.19 BILLION

Key Approaches

- **Create a compelling case statement** that outlines Equitech and Baltimore's commitment to building the first Equitech city, the strong representation of diverse founders across verticals, and the commitment of our institutions and corporations to diverse startups. With this tool, initiate a focused effort to target investors across the country.
- **Develop a bespoke list of diversity-focused VC funds** and the national funds with a stated commitment to investing in Black, Latinx, LGBTQ and women founders. Develop a cultivation strategy with the GBC, BDC and other local partners to engage and educate this group about the Baltimore Equitech scene.
- **Seek speaking opportunities for key local ecosystem leaders** at leading VC/PE conferences. Create delegations to attend the leading investment and diversity-focused conferences, and create Baltimore-focused programming at those events.
- **Invite national diversity investors to the Techstars Equitech demo day** and pair their attendance with relevant day-long programming that introduces them to Baltimore.



3 Foundations and Endowments

The 121 Baltimore-based foundations and endowments with assets of \$25 million or more have an opportunity to help transform Baltimore's economy through modest allocations of funds dedicated to Baltimore.

GOAL: \$1.01 BILLION

Key Approaches

- **Advance conversations about the transformational impact of locally deployed capital** as a tool to generate both returns and impact, recognizing that foundations have various governing philosophies and stated portfolio investment strategies. For example, a university that commits a percentage of its corpus to Baltimore startups or venture funds is investing for return and acceleration of the local economy, including pathways into higher paying jobs; this, in turn, strengthens Baltimore in ways that increase its desirability to students, faculty, staff and graduates.

We aspire to the following benchmark for Baltimore-area foundations in terms of the percentage of VC/PE allocation dedicated to local investments. This includes direct investment in companies and commitments to local venture funds:

Baltimore foundations with a local Baltimore mission - 20%

Baltimore foundations with a regional mission - 10%

Baltimore foundations with a national mission - 2%

- Local foundations can **provide loan guarantees to enable key projects**, such as the creation of lab space.
- Large foundations with strong and influential platforms can **share the Baltimore** story across the country with peers, fund advisors, general partners of investment funds, portfolio managers and other intermediaries.



4 High Net Worth Individuals

Individual investors in the Baltimore area have an opportunity to generate returns while strengthening their community – a virtual cycle of progress that will lift the trajectory of our entire city and region. There are 10,346 decamillionaire households in the Baltimore area; if they were to invest in startups at the levels listed below, we would unlock more than \$1.2B of investment capital.

GOAL: \$1.2 BILLION

Investment in Baltimore Tech per household	% of the 10,346 decamillionaires	Total capital invested
\$50,000	20%	\$ 103,455,99
\$250,000	13%	\$ 323,299,98
\$1,000,000	7%	\$ 775,919,96
TOTAL	40%	\$1,202,675,942

See calculation of local decamillionaires on page 37.

Key Approaches

- **Host a series of gatherings with the leading financial advisors** for high net worth individuals and family offices to discuss the Baltimore tech ecosystem and opportunities to invest in our city's promising startups and funds.
- **Develop a case statement that describes the power of investing in local tech**, in terms of returns and civic impact, that advisors can share with local clients.
- **Develop a guide to our local venture funds, angel networks, and venture syndicates** to give interested investors easy access to information about investment firms.
- **Engage HNW individuals as mentors, advisors, and professional experts** for local startups to build awareness and familiarity across the ecosystem.



5 State Government

Maryland has an opportunity to support an integrated Equitech strategy through a multi-faceted, large-scale, public-private partnership that links the goals of inclusion and growth in Maryland's innovation economy. As Maryland's largest innovation economy, the Baltimore area would expect to be a major beneficiary of this funding.

GOAL: \$2.19 BILLION

Key Approach

UpSurge is working with TEDCO, the Department of Commerce, Johns Hopkins, University of Maryland, Baltimore, and other city and state partners to advance an agenda that encourages the state to tap every available pool of funding to benefit local startups. UpSurge has a particular emphasis on increased funding for the Equitech mission in Baltimore and for the continued support of our anchor healthcare and cybersecurity sectors. Sixty-five to 70% of tech investment in Maryland is in the Baltimore area. State leaders must consider creative and strategic deployments of public capital, leveraged by private investments – and ensure Baltimore receives its share. (We will, of course, work closely with government stakeholders at every level, recognizing that local government has fewer available resources to distribute, but may channel federal funds to support Baltimore startups.)

6 Corporations

As with high net worth individuals, local corporations have the opportunity to accelerate a virtuous cycle of progress that benefits not only startups but also the entire city where corporations do business and their employees live. And the levers corporations can pull to achieve this end are particularly powerful.

GOAL: \$510 MILLION

Key Approaches

- **Invest in and provide grants to startups** through capital allocations.
- **Offer low- to no-cost office space to startups, and invest in incubation space** in coordination with ecosystem needs and priorities



- **Pursue corporate development and innovation objectives through the launch of an accelerator** – similar to Exelon 2C2I or Carefirst/Lifebridge 1501 Health – that supports founders and encourages them to base their companies in Baltimore.
- **Address internal bureaucratic barriers and procurement complexities** to facilitate contracts or pilot projects with local startups, and host founders at senior team meetings to create opportunities for pro-bono advice and direct investment.
- **Encourage key leaders to participate in roundtables** (e.g., procurement, human resources, data security, etc.) where startups showcase their products and seek feedback and ideas from experts, and investors can deepen their understanding of corporate pain points and where investments may accelerate potential solutions.
- **Advocate for Baltimore** by sharing the stories of the local tech ecosystem with partners, clients and peers, providing introductions or hosting visits or showcase events.



Local corporate investment not only benefits startups but also the entire city where they do business and their employees live - and the levers corporations can pull are particularly powerful.



Conclusion

The recommendations listed in this report are designed to facilitate greater engagement from key actors in Baltimore's innovation ecosystem – engagement that could unleash our city's potential.

UpSurge is prepared to serve as a resource and thought partner as each stakeholder thinks through activities that align their investment goals with the opportunities in Baltimore. In the coming months, we are:

- **Curating visits for tech investors** based on their thesis, and Tech Tours to showcase our thriving startup ecosystem.
- **Working with a shortlist of new accelerator partners** ready to engage in Baltimore, with a full understanding of what our city has to offer.
- **Convening the area's top corporations and institutions** to discuss ways to invest in our tech economy.
- **Developing high potential storytelling and marketing partnerships** to spread the word about Baltimore's tech ecosystem, locally and nationally.
- **Deepening partnerships with public sector leaders** to discuss public policy approaches to unlocking capital and reducing barriers to tech and startup advancement.
- **Collecting examples and best practices from across the country** to inform and inspire the efforts of each group of stakeholders.





These activities will help connect the dots to scale the tech and startup ecosystem in Baltimore, drawing together partners and ensuring the work is aligned.

The diversity of these efforts – complex, interconnected and long-term – can feel daunting. But UpSurge has developed a simple-to-remember framework for how stakeholders can view the work to unlock capital and build the country’s first Equitech city: CARE.



Commit

Commit to the Equitech vision and to the movement to define what it means to be an inclusive tech city, creating a culture of belonging in tech while unlocking significant economic potential.



Advocate

Advocate alongside stakeholders, including the government and policymakers, to ensure Baltimore’s potential is fully recognized and supported, locally and nationally.



Resource

Resource the movement with investments in startups and locally focused funds, and with investment in infrastructure – such as lab space – and workforce development programs that enable future growth.



Engage

Engage throughout the ecosystem, offering mentorship and subject-matter expertise, encouragement, connections and warm welcomes to the founders and funders who may be finding Baltimore for the first time over the next few years.



Appendix

Search criteria for Baltimore startups

Deal Date: From: 01-Jan-2011 To: 30-Sep-2022

Deal Option: Search on a full transaction

Deal Type: All VC Stages

Financial Period: Period Associated with Matching Deals

Ownership Status: Privately Held (backing), Privately Held (no backing) In IPO, Publicly Held, Acquired/Merged (Operating Subsidiary)

Cities: Baltimore, MD, Townson, MD, Rosedale, MD, Essex, MD, Dundalk, MD, Elkridge, MD, Arbutus, MD, Catonsville, MD, Pikesville, MD, Linthicum Heights, MD, Halethorpe, MD, Search HQ Only

Company Names: Audacious Inquiry, b.well, Blackpoint, Bolt Labs, Clymb, CurieDx, Cybrary, Deifi Diagnostics, Dragos, Enveil, EQL (Other Financial Services), Fearless (IT Consulting and Outsourcing), Femly, Foreman (Financial Software), Givhero, Graybug Vision (NAS:GRAY), Hungry Harvest

Search criteria for city comparison

Deal Date: From: 01-Jan-2011 To: 30-Sep-2022

Deal Option: Search on a full transaction

Deal Type: All VC Stages

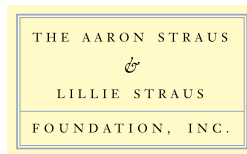
Financial Period: Period Associated with Matching Deals

Ownership Status: Privately Held (backing), Privately Held (no backing) In IPO, Publicly Held, Acquired/Merged (Operating Subsidiary)

Cities: Baltimore, MD, Search HQ Only



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