Leveling-up: unlocking the entrepreneurship growth potential for Atlanta

JANUARY 23, 2024

By Parmeet Grover, Ayash Basu, and Malik Ben-Yousef

Report Summary

- In the last 25 years, VC investments have had the highest average annual return of all asset classes (17.2% vs. 13.9% return from the S&P500) and cities fostering entrepreneurship have enjoyed resulting boosts and increased resilience in the local economy, increased job opportunities, and improved diversity in the tech workforce.

- Atlanta has become appealing to a corporate innovation environment, attracting 12 new corporate satellite offices since 2017 from companies including Microsoft, Google, Visa, Nike, and NCR as innovation infrastructure has been developed.

- While Atlanta has 7 current-status unicorns, peer cities have done more to foster entrepreneurship, and Chicago and Austin boast 18 and 11 unicorns, respectively.

- The city has promising entrepreneurship "piping" with talent, over 13K yearly tech graduates from Atlanta universities, and ample research funding to generate IP, with a total of $2B+ yearly research expenditure at Georgia Tech and Emory, but the city must invest in its ecosystem.

- To unlock the 'flywheel effect' for growth, we believe Atlanta must establish itself in the top 5 cities for entrepreneurship as measured by VC funding, corresponding to roughly 2K startups launched on an annual basis, a 6X increase from recent years.

- We have identified 4 gaps that Atlanta will have to address to generate a step-change in startup activity and become a top 5 entrepreneurship powerhouse:

    - **City Perception:** While the city performs well across livability metrics, including cost of living, low unemployment, and ample cultural attractions, the city lacks recognition, relevance, and understanding by non-residents, evidenced by its >7X fewer social media mentions vs. other major US cities, lower-attendance cultural events, and lower representation in traditional media.

    - **Higher Ed Coordination:** Commercialization of IP from Atlanta's universities lags that of other academically strong cities, such as Boston. In 2021, despite nearly 20% more in research expenditures vs. MIT, Georgia Tech had less than 1/3 the patent disclosures.

    - **Startup Infrastructure:** Atlanta's infrastructure supports similar quantities of incubators, mentorship networks, and events to peer cities, but has too low of a throughput owing to the disparate and disconnected nature of the ecosystem as well as the geographical dispersion of activity.

    - **Equity of Success**: From 2019-2022, 94% of Series A VC funding was awarded to the demographic majority in Atlanta, despite an above-average BIPOC population; the ecosystem must invest in this population to build an equitable opportunity for success for all potential entrepreneurs.

- We propose that closing these gaps will require a public-private partnership, provisionally named "Startup Mill", to serve as a coordinating body across stakeholders, providing a center of gravity to advance entrepreneurship and deliver rapid growth while protecting and strengthening Atlanta's cultural identity.

- Reaching a top 5 spot for entrepreneurship would reap tremendous benefits for the city, including a more resilient and robust employment landscape, a futureproofed economy with higher tech engagement, and startup opportunities and support for homegrown talent.

Growing a city for everyone

Innovation and entrepreneurship are a boon for the economy with venture capital (VC) dollar contribution to the United States' GDP increasing over 5X since 2012. Further, venture capital investments have a higher average annual return greater than any other asset class over the last 25 years (17.2% return vs. 13.9% return from the S&P 500).[2] This growing investment pool has funded thousands of new businesses and created millions of new jobs for Americans.

Cities embracing and driving entrepreneurship are seeing a new kind of benefit compared to traditional job-growth activities. The US Small Business Administration credits small businesses with 44% of GDP and 2/3 of net-new job creation in the nation.[16] While startups do not contribute a majority of GDP in the US, as companies grow and mature, they become vital and more integral to the economy. Companies like Microsoft, Google, and, more recently, Facebook, SpaceX, and OpenAI illustrate how ideas with support today can define and shape business and daily life in the future. Within Atlanta, companies with entrepreneurial starts, specifically, MailChimp, OneTrust, and Spanx, now generate sizeable impact on the local economy, with over $1.5B in revenue, collectively.

Rewarded by COVID-era bootstrapping, Miami has demonstrated the mutual benefits between entrepreneurship and cities dedicated to fostering innovation and startups. Despite facing higher unemployment during 2020 compared to Austin and Atlanta, rates recovered more quickly in Miami, and lower unemployment has been sustained since late 2022.[17] Similarly, with its high focus on startups and entrepreneurship over the last 3 years, Miami experienced a less drastic drop in GDP in 2020 as COVID-19 gripped the world and also recovered more quickly compared to peer cities.[17]

Miami has also been able to succeed at creating a more equitable entrepreneurial environment. Compared to other entrepreneurship hubs, including New York, Austin, San Francisco, Seattle, Chicago, Philadelphia, and Boston, Miami has the most diverse tech industry as measured by Simpson's Diversity Index.[18] While the diversity in tech does not yet match that of the city's overall population, it exceeds the diversity in tech found in other peer cities and demonstrates progress towards equity. Further, it gives reason to believe that focused ambitions in Atlanta's own efforts to foster entrepreneurship can help ensure equitable growth that benefits the entire community.

Atlanta's investments in entrepreneurship within the metro area over the last decade have succeeded in creating the right foundations for rapid growth. Recent signs of this success include newly opened satellite offices from tech giants like Microsoft,[19] Google,[20] and Visa.[21] Consumer goods giant Nike also staked a claim in Atlanta's innovation ecosystem by announcing a Technology Hub with a focus on their digital-first supply chain strategy, cybersecurity, and AI/ML.[22] These new installations join 40+ corporate innovation hubs in the metro area, 12 of which have opened since 2017. Atlanta has been successful producing startups, minting seven unicorns since 2019.[1] All of this sits alongside a strong pool of talent and growing repository of IP from its world-class research universities. More than 140,000 students[23] are currently enrolled in colleges across the city, and over 13,000 students graduate each year from tech-focused programs at Georgia Tech, Emory, and Georgia State.

If Atlanta is to fully unlock its growth potential, there are learnings from peer cities' entrepreneurship growth that should be considered. Our research focused on 11 cities across the US and Western Europe with a reputation for entrepreneurship and innovation. These cities aspire to promote innovation and serve as a haven for startups but have taken different paths to achieve this growth.

Seizing the opportunity through different paths

Taking a cue from the national impact of venture-backed startups, many cities have realized that the next phase of their growth will be generated by entrepreneurs. In pursuit of rapid, scalable growth, cities outside the traditional startup hotspots of New York and the Bay Area have adopted a range of strategies to develop their entrepreneurial ecosystems. Different cities have taken different paths, but four common themes emerge in the ways that cities have become appealing to startups, workforce talent, and VC investment: 1) cultivating a business-friendly regulatory environment, 2) highlighting cultural richness and livability, 3) leveraging established institutions to support entrepreneurship, and 4) coordinating a city-wide push for entrepreneurial growth under a single dedicated entity. We have summarized four case studies below that have recently boosted their reputation for fostering innovation as well as VC funding: Miami, Austin, Philadelphia, and Chicago.

Business-friendly government

Exhibit 1. Peer cities feature an array of characteristics that make them appealing to startup founders.

	Austin	Chicago	Miami	Philadelphia
Externally-recognized culture	✅		✓	
Business-friendly environment	✓		✅	✓
Local institutions to support innovation	✓	✓		✅
Central entity to support entrepreneurs		✅		

✅ Areas where city spikes in attracting entrepreneurship, details on how this was achieved below

Since 2020, Miami has focused on promoting itself as a better place to do business. The city attracted large companies and early-stage startups alike with limited COVID-19 restrictions[3] and beneficial tax laws.[4] To spread the word about this business-friendly environment, Miami utilized public, viral marketing, most notably with their Mayor Francis Suarez taking to X (formerly Twitter) to engage with business leaders.[5] When one user asked sarcastically if it was possible to "move Silicon Valley to Miami," Suarez responded, summing up Miami's approach: "How can I help?" Miami is already seeing the benefits of this pro-business attitude. Venture capital funding to its companies has almost quintupled since 2020, and, while nearly all large cities in the US experienced precipitous declines in funding in 2022, Miami expanded its VC funding by more than 50%.[6]

Cultural richness and livability

While not a direct attempt to draw entrepreneurs, Austin has leveraged and strengthened its cultural assets to draw newcomers of all walks of life. The city has nurtured culture, entertainment, and the quality of life it offers. The evolutions of events such as Austin City Limits and South by Southwest (SXSW) have put Austin in the national and international spotlight for years and helped it garner public perception as a dynamic city. Austin also hosts the Formula 1 US Grand Prix, which, in 2023 alone, attracted an audience of 430,000 people.[7] Austin's recent attention and enhanced livability have struck a chord with businesses, founders, and talent: today, several tech giants are headquartered there, with Oracle[8] and Tesla[9] moving into the city in the last 5 years. Their startup scene is also thriving as VC funds have increased at a 23% CAGR since 2017.[6]

Support from established institutions

Philadelphia has effectively utilized pre-existing institutions to support its startup ecosystem. The state's government actively supported business, sponsoring Ben Franklin Technology Partners, a provider of "capital, counsel, and connections" for Philadelphia's companies.[10] Corporate investment and guidance, such as AmerisourceBergen's $150M VC fund,[11] and accelerator programs from Comcast[12] and GoPuff,[13] have also helped drive a strong entrepreneurship ecosystem in Philadelphia. Similarly, Philadelphia has benefitted from the strength of its academic resources. The University of Pennsylvania opened the Penn Center for Innovation (PCI) in 2014, an entity that helps translate research from UPenn into new products and businesses.[14] With help from each of these players, Philadelphia's entrepreneurial ecosystem has seen significant gains. In 2022, PCI helped to facilitate more than a billion dollars in licensing revenue[14] for intellectual property (IP) that university research generated, while corporate and government-backed incubators and accelerators in the city have helped launch and grow more than 100 startups in the Philadelphia area.

Coordination under a singular, dedicated entity

While each of these cities have leaned on specific strengths to improve entrepreneurship outcomes, Chicago has opted for a more centrally planned method to facilitate startup-driven economic growth. Launched in 2018, Chicago's P33 is a private entity, headed by former leaders of local and national business & government, that is setting ambitious targets for Chicago's startup landscape and providing programs to help the city achieve these goals.[15] These high ambitions have had a massive impact on Chicago's entrepreneurial ecosystem. In 2021 alone, Chicago minted 12 new unicorn startups.[15] The city holds a strong position in the funding landscape as well, ranking seventh among major metros with $7 billion of VC investments during 2021.[6] P33 has also pushed Chicago to prioritize the city's talented base of minority founders, resulting in minority-led startups in Chicago securing early round VC funding at significantly higher average amounts than counterparts in other US cities.[6]

Exhibit 1. These 4 cities leveraged different methods to establish themselves as tech hubs.

	Miami	Austin	Philadelphia	Chicago
How	Embraced self-promotion, with Mayor Suarez tweeting with business leaders Created a business-friendly environment with beneficial tax laws	Invested in hosting culturally significant events, Austin City Limits, SXSW, F1 US Grand Prix	Established corporate-backed entrepreneurial ecosystem Leveraged academic institutions	Created P33, incubator hub backed by business and government leaders in 2018
Impact	~5X increase in VC funding since 2020	23% CAGR in VC funds since 2017	$1B+ in PCI-facilitated IP licensing revenue in 2022	12 unicorns launched in 2021, alone

Stalling progress in Atlanta

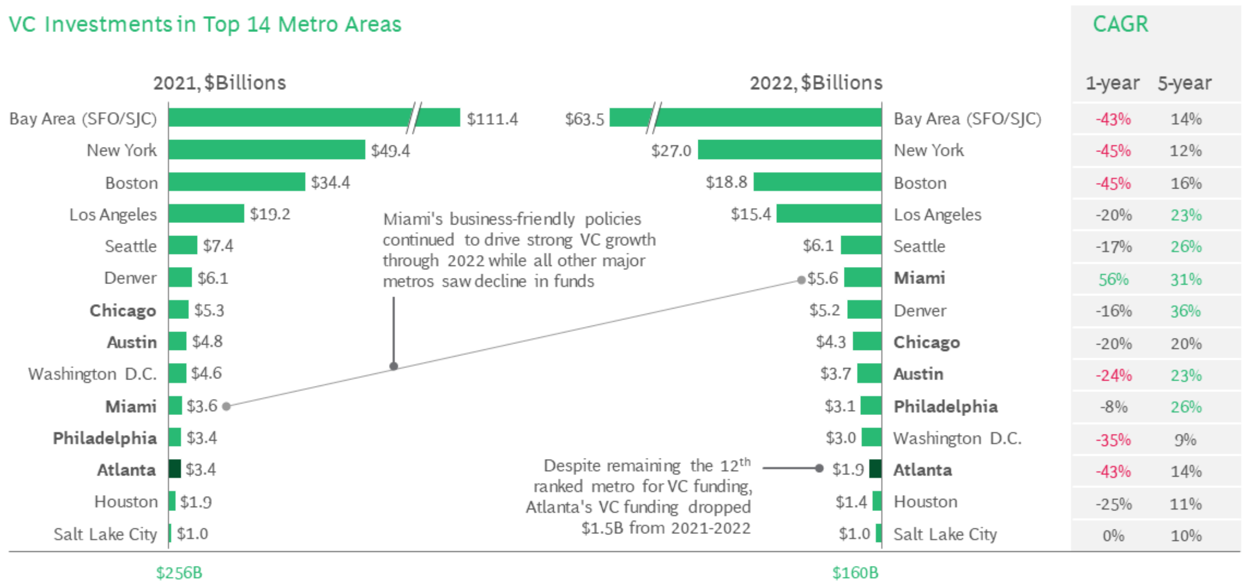
Despite growing in stature as an innovation hub, Atlanta's investments fall short in meeting the needs of a burgeoning entrepreneurial ecosystem. New satellite offices from tech giants and additional corporate headquarters bring thousands of jobs and billions in investments into the city, but these jobs and investments translate into corporate-specific innovation and accelerated internal patent filings instead of working towards unlocking a 'flywheel effect' of entrepreneurship growth. Attracting corporate giants does not solve Atlanta's underlying issues around attracting and fostering innovation and could potentially exacerbate it as funds and talent are attracted more towards well-established companies instead of nurturing fledgling ideas and businesses.

Atlanta's inability to keep pace with other cities in the US is evident in its recent declines in VC funding, number of startups produced, and inability to maintain talent. Atlanta brought in \$1.9B in VC funds during 2022, a large figure but a 40%+ decline from 2021. Atlanta's funding level places it as 12th among the top 14 cities in the US, falling far short of Austin (\$3.7B) and Miami (\$5.6B). Likely due to this drop in available VC funding, 2022 also saw a decrease in number of companies founded in Atlanta, with only 158 startups launched in 2022, down from 183 in 2021 and its high of 444 in 2017.[1] Atlanta has also struggled to retain students who graduate from tech-focused programs at the city's colleges and universities. Despite its significant pool of tech talent, with over 13,000 graduates yearly, Atlanta only provided enough tech jobs to employ roughly 20% of these tech graduates between 2018 and 2022, leading many to leave the city in search of employment related to their field of study.[25]

Despite Atlanta's efforts to spur entrepreneurship, the city has yet to unlock a sustainable flywheel of entrepreneurial growth. The 'flywheel effect' is vitally important for building the ecosystem – additional funding available supports more startups which hire and cultivate more talent who eventually turn ideas into companies and seek funding from existing sources or previously successful entrepreneurs. New York and San Francisco, the epicenters of entrepreneurship in the US, and likely the world, have well-established flywheels. As a result, VC funding is readily available, and the ecosystems are relatively self-sustaining. To start a flywheel, Atlanta will have to invest further in itself to become a top five entrepreneurial ecosystem in the US by measure of VC funding, what we believe is the critical mass point to get the flywheel spinning. Achieving a top 5 spot requires roughly 2,000 startups to be launched annually, an ambitious goal but a goal that will create scale, inject immense capital, create thousands of jobs, and, with the right focus, lead to equitable entrepreneurship.

Exhibit 2. Atlanta must increase VC funding over 3X to place in the top 5 cities by VC investments.

Sources: Crunchbase, BCG Analysis.



A different way of thinking about the ecosystem

BCG's research has uncovered four primary gaps in Atlanta's entrepreneurship ecosystem that must be addressed to deliver a step-change: 1) increasing recognition as a desirable, internationally relevant city, 2) facilitating commercialization coordination across Georgia's system of higher education, 3) scaling up infrastructure and throughput capabilities of the city's network of incubators, accelerators, and VC funds, and 4) targeting efforts to ensure equity of success for minority and women founders.

1. Improving perception

Our research shows that Atlanta is failing to attract the same level of attention and awareness compared to peer cities – Miami, Austin, Philadelphia, and Chicago – across social media, in-personal events, and traditional media. The resulting perception of Atlanta's cultural offerings and quality of life among potential startup founders is far below the objective reality without any mass interventions to close this gap.

Atlanta performs well across several livability metrics with a low cost of living, low unemployment,[26] and a wealth of leisure activities for residents. Atlantans are more culturally engaged and active than residents of other hub cities, spending nearly 11% of income on restaurants and entertainment (vs. 6% in Miami and 9% in Chicago and Philadelphia).[26] Further, in 2022, Atlanta was named *Money* magazine's #1 Best Place to Live in the US,[27] *The Economist's* most livable city in the US and 5th in North America,[28] and Lonely Planet's top US travel destination and 4th overall.[29] However, we found that, broadly, non-residents are not aware of Atlanta's high quality of life. From June 2021-July 2022, Atlanta had limited mentions and low engagement across top media sources, such as X, online news platforms, podcasts, and blogs. Atlanta received over 11X fewer mentions across social media platforms than Chicago, and posts relating to Miami generated almost 20 times the engagement of posts about Atlanta.[30]

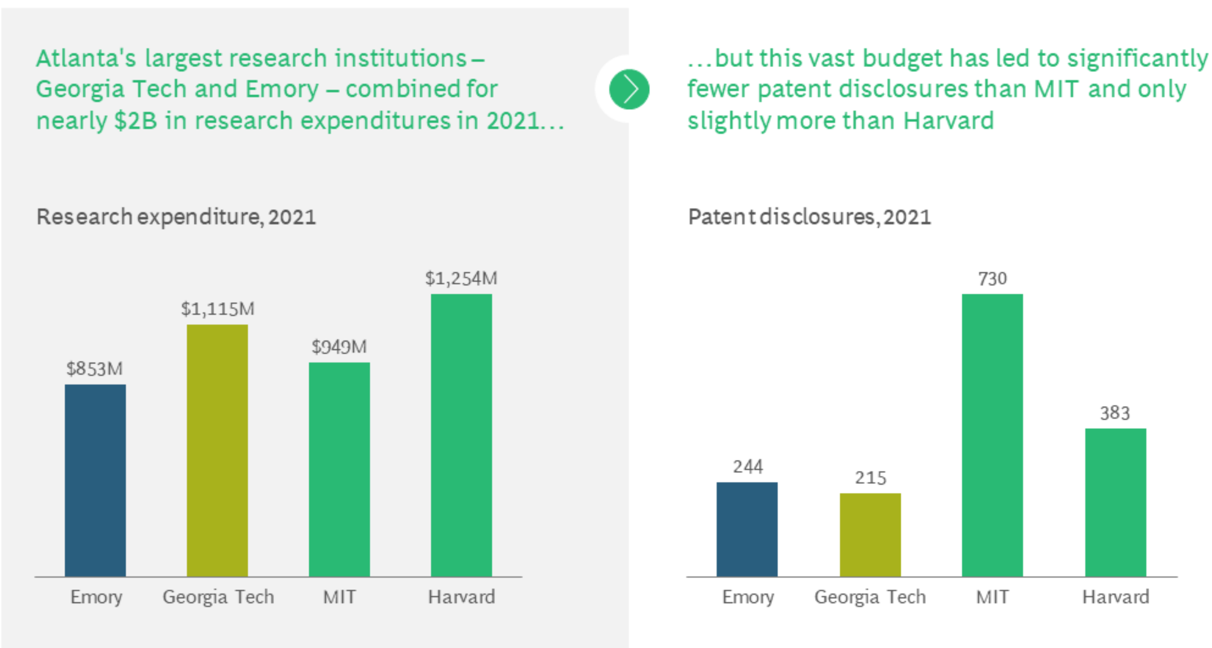
One factor in this lack of recognition is the scale of Atlanta's large annual events. Events such Shaky Knees, Music Midtown, and DragonCon draw audiences only one-third to one-eighth the size of those in Austin.[31] Another proxy for Atlanta's perception among non-local audiences is its relative absence as a setting in film and television. Between 2015 and 2022, more than 600 movies and TV shows were filmed in Atlanta. Yet, despite the city's strong production industry, only 5 of these projects were set in Atlanta.[32] Comparably, 13 films and tv-shows were set in Chicago over the same period, receiving approximately 6 times the viewership of those set in Atlanta. Increasing the depictions of life in Atlanta through media would afford the city greater presence, relevance, and the opportunity to shape its perception by a global audience.

2. Coordination across higher education in Georgia

Our analysis shows that Atlanta's universities commercialize their innovation at a smaller scale compared to top tier programs in other cities, despite comparable research expenditures with schools such as MIT. Atlanta's universities have the talent and research funding to capitalize on innovation but would benefit from greater coordination and focus on commercialization.

Georgia is home to several top universities, including engineering programs at Georgia Tech, Emory's top-20 business school, the third-ranked Agricultural Science program at the University of Georgia, and top HBCUs Spelman and Morehouse.[33] Despite a strong educational environment, Atlanta lags other research centers in innovation metrics. In 2020 and 2021, despite a higher annual research expenditure, Georgia Tech produced fewer than one-third the patent disclosures and less than 10% the IP startups of MIT. This gap is partially explained by a lack of focus on entrepreneurship at Georgia's top schools. While MIT, UPenn, and UT Austin rank in the top 10 for entrepreneurship, Atlanta's institutions have a relatively limited focus on entrepreneurship, including fewer curriculum offerings and smaller offices of technology transfer. This lack of focus has improved in recent years, with Georgia Tech's administration and the University System of Georgia's Board of Regents making entrepreneurial offerings a priority. Continued development and progress of this manner will be needed for entrepreneurship within Georgia's educational system to compete with other top universities.

Exhibit 3. Top universities in Atlanta have research funding on par with national leaders but fall short of them in innovation metrics.



Sources: NSF, Georgia Tech Office of Commercialization, Emory Office of Technology Transfer, MIT Licensing Office, Harvard Office of Technology Development.

Georgia's institutions have also failed to coordinate effectively in supporting innovation. Some inter-university programs exist between Georgia Tech and Emory, such as collaborative research, degree programs, and hackathons, but true coordination is lacking. With such a wealth of high-quality talent across Georgia's universities, both private and public, creating strong links between schools stands to significantly benefit the entrepreneurial ecosystem as a whole.

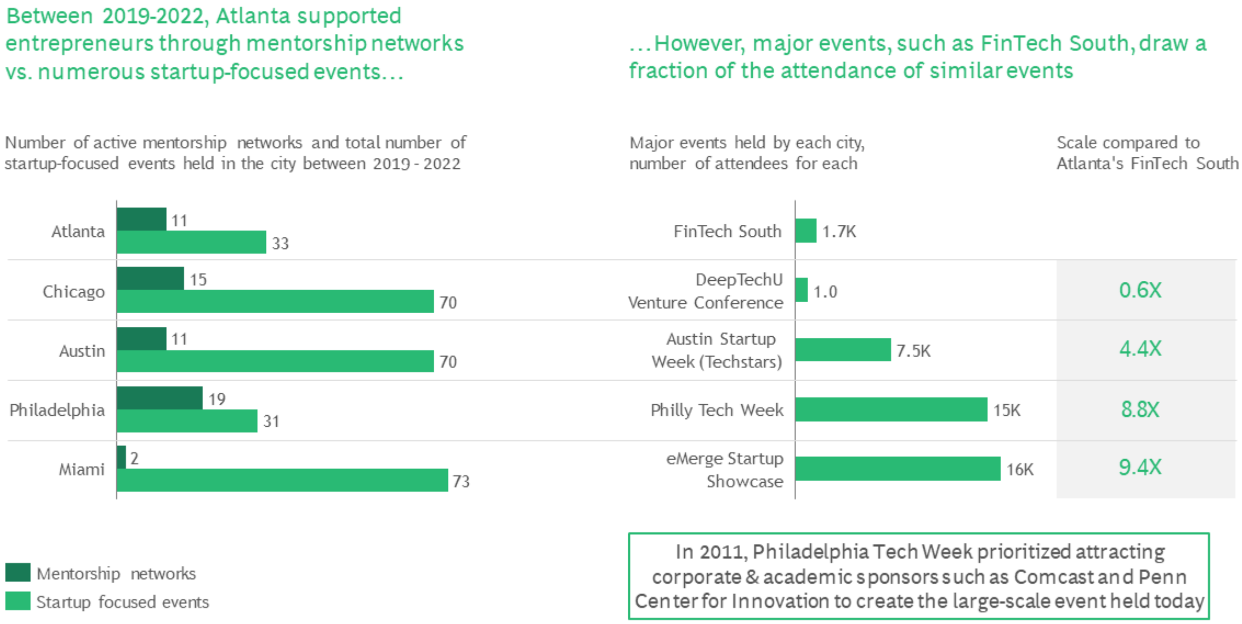
The significant concentration of students, paired with large-scale university research expenditures, positions Atlanta academic ecosystem to provide an outsized impact in generating startups. Further, deep coordination across universities could provide unique opportunities to pair passionate, top student talent in multidisciplinary teams capable of solving a broad range of problems in innovative ways. Georgia Tech and Emory, two internationally ranked research universities located in the heart of Atlanta, can co-lead the charge for pushing entrepreneurship further in the city and on campus. A coordinated effort from Atlanta's higher education system can be its secret weapon in reversing recent trends and lighting a path for future entrepreneurship.

3. Start-up infrastructure

Despite having the necessary startup infrastructure in place, Atlanta's ecosystem is dispersed and decentralized which ultimately detracts from Atlanta's ability to achieve the level of throughput seen in other cities and provide a cohesive support system for aspiring entrepreneurs.

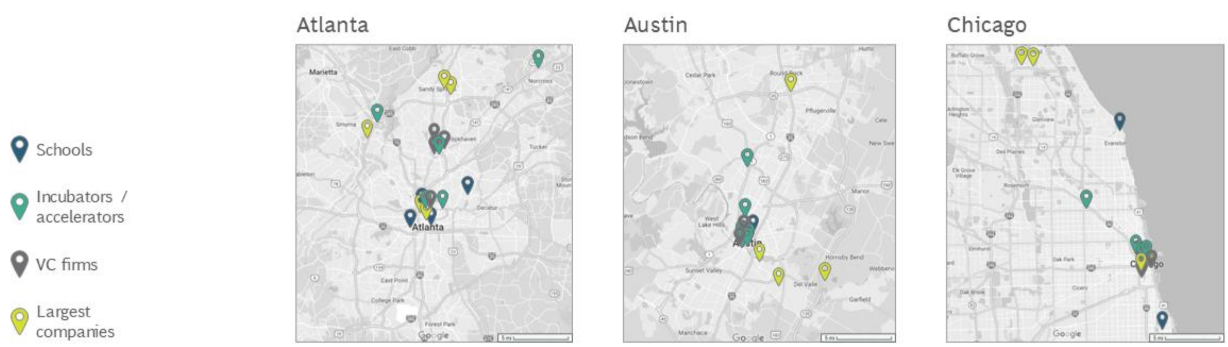
The city is on par with its peers in several offerings: number of incubators and accelerators, number of formal mentorship programs, and annual startup-focused events. But, while the "piping" is there, the throughput is not. As of 2022, only two of Atlanta's 33 incubators had more than 30 investments over their lifetimes. And, despite hosting a startup-related event roughly every two weeks during the year, attendance at Atlanta's largest events is well below those in peer cities. Underpinning these throughput issues for Atlanta's ecosystem are two potential causes. First, mirroring its "urban sprawl," Atlanta's entrepreneurial offerings are decentralized compared to other tech hubs, with a median distance of 5.9 miles between incubators, VC firms, and universities, far more than the 2.3 miles in Austin and 1.4 miles in Chicago.[34] Along with sprawl, the pieces of Atlanta's entrepreneurial infrastructure have separate operations within their geographical areas and often compete instead of cooperating for ideas, talent, and investment.

Exhibit 4. Atlanta has a comparable number of membership networks but fewer startup-focused events that draw lower attendance.



Sources: Crunchbase, World Business Chicago, Austin Startup Week, VisitPhilly.com, eMerge Americas, FinTech South, BCG Analysis.

Exhibit 6. Incubators and VC funds are geographically disparate in Atlanta vs. Austin and Chicago.



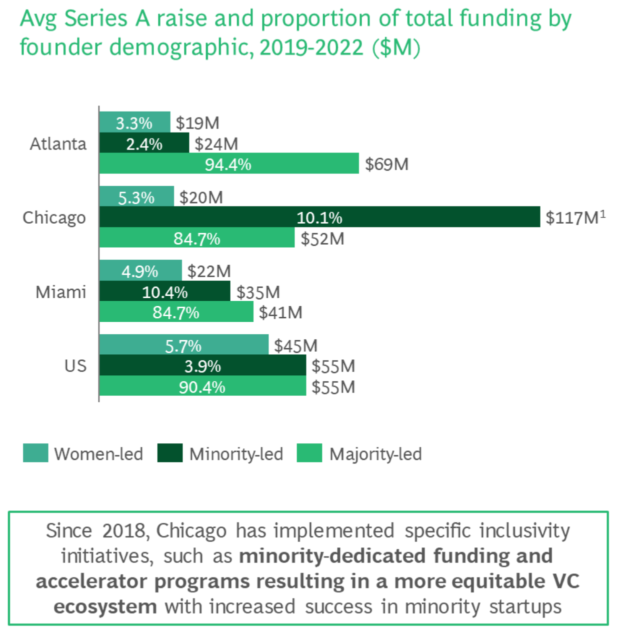
	Atlanta	Austin	Chicago
Median distance between all points (mi)	5.9	2.3	1.4
Median distance between incubators & VCs (mi)	5.3	0.6	0.7
MSA population living within city limits	8%	41%	29%

Sources: Google Maps, Atlanta Inno, Failory, Starter Story, Built in Austin, Built in Chicago, NaxTrack, US Census, BCG Analysis.

4. Equity of success

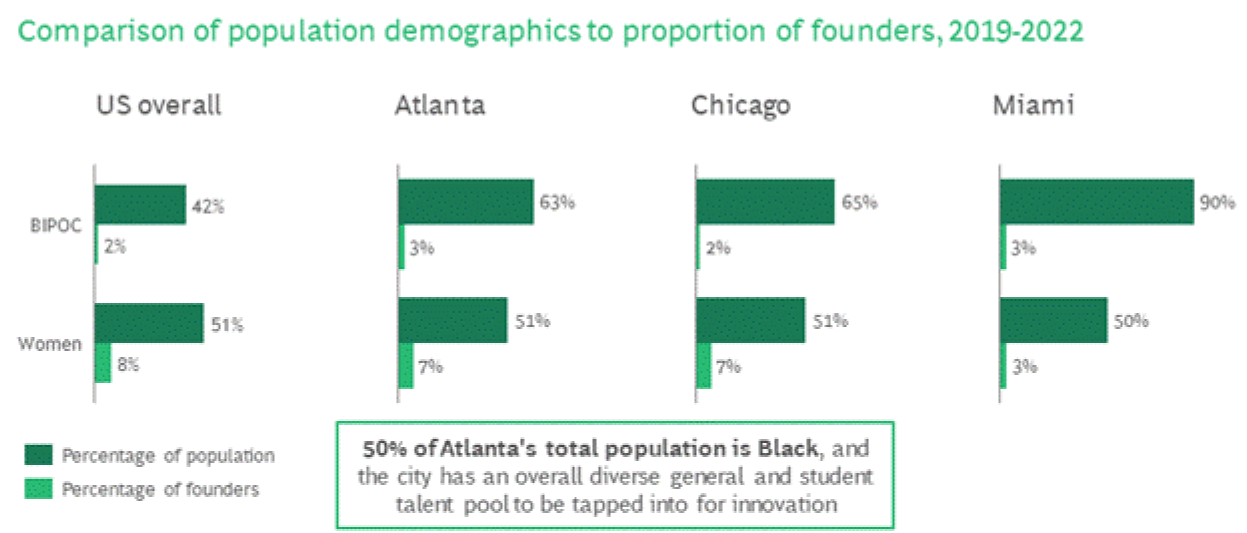
Atlanta is well-positioned to be an entrepreneurial leader. But the city is perhaps even better poised to support groups that are currently relatively rare within startups: female and BIPOC founders. While 57% of metro Atlanta's population is BIPOC, this group accounts for only 3% of Atlanta's founders since 2018.[1] While this exceeds the national average of 2% - thanks to local organizations like Valor Ventures and the Russell Innovation Center for Entrepreneurs (RICE) for pushing Atlanta forward - there is still room for significant improvement. Chicago has been successful in improving the equity of their VC-funding through inclusivity initiatives since 2018, introducing minority-dedicated funding and accelerator programs. The result: since 2018, average minority-led startup Series A funding has been $117M, compared with $35M in Miami and $24M in Atlanta.[1] Similarly, 51% of Atlanta's population is women, but women only represent 7% of startup founders, which lags the 8% national average.

Exhibit 7. Atlanta is poised to be a leader in BIPOC and women-founded startups but requires an increase in tailored support.



Note: 1 - Chicago's median is $22M, but 3 of the 7 total deals raised >$200M, spiking the average to $117M.
Sources: Crunchbase, BCG Analysis.

Exhibit 8. Atlanta has more BIPOC founders than the US as a whole but lags in female founders.



Sources: Crunchbase, US Census, BCG Analysis..

Delivering Change in a Disparate City

Atlanta is not the first city to face challenges like these in growing entrepreneurship. When Miami, Austin, Philadelphia, and Chicago took action to realize their potential, their work followed three key themes: 1) the push for rapid, scalable growth was led by a big swing rather than a set of incremental improvements, 2) the push was initiated and/or driven by a leader or body of leaders of the city (e.g., Mayor Suarez of Miami, Chicago's public & private leaders in P33), and 3) the push was done authentically, focusing on the city's preexisting strengths.

Closing the gaps in Atlanta's innovation ecosystem requires a body or institution capable of coordinating a broad range of stakeholders across Atlanta, acting as a center of gravity for rapid entrepreneurship growth while protecting and strengthening the cultural identity of Atlanta. To this point, a constellation of organizations in Atlanta have been pushing its entrepreneurial ecosystem forward. Higher education institutions, corporations, and VC funds have provided the foundational elements to fuel Atlanta's entrepreneurial rise. Non-profit or government-related organizations, such as the Russell Center, Georgia Research Alliance (GRA), Advanced Technology Development Center (ATDC), and Enterprise Innovation Institute (EI2), have driven Atlanta's startup environment to its current heights through fostering greater collaboration, providing investment, creating connections for startups, and more. Alongside these institutions, incubators and accelerators in the city have assisted talented individuals in transforming ideas into fully realized businesses.

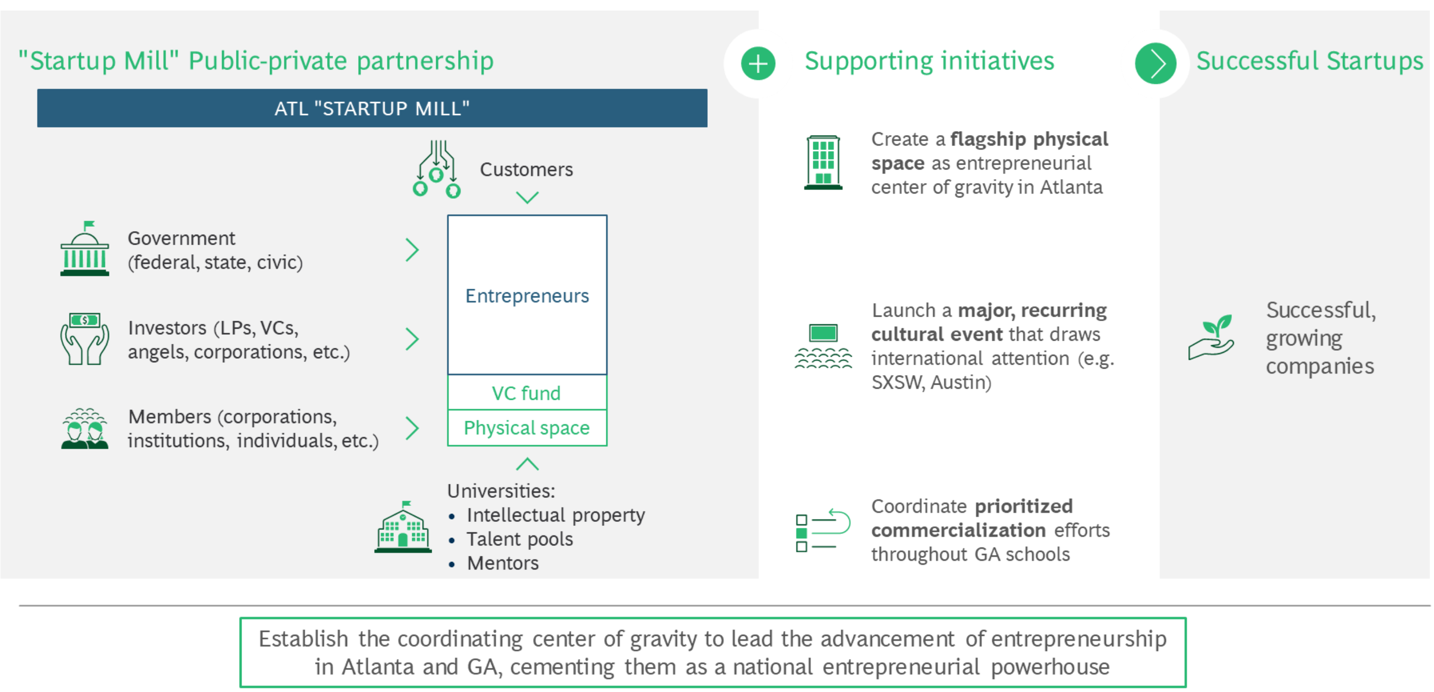
However, these groups could amplify their impact with a center of gravity to bind them together. For the necessary changes to the ecosystem, Atlanta needs a catalyst Atlanta in the form of a new kind of organization: a public-private partnership that brings together stakeholders, funding, intellectual property, and talent to make decisions for the betterment of entrepreneurship. To be successful in coordinating, and ultimately transforming, Atlanta's ecosystem, the partnership, provisionally labelled "Startup Mill", would require three core elements: 1) a true private-public partnership comprised of local government officials, investors, corporate members and partners, academia, successful and aspiring local entrepreneurs, and customers, 2) the mandate to create a large-scale and culturally relevant physical space, a new center of gravity for all entrepreneurship activity in Atlanta, and 3) ability to be self-funding to maintain independence from individual funding sources or stakeholders, providing continued funding for the partnership and targeting funds towards specific initiatives that support Atlanta's long-term growth. This physical space could also be an area to concentrate support for industries where Atlanta is already well known. Given Atlanta's educational strengths and reputation as a center for logistics, consumer retail, and cybersecurity, entrepreneurs can target these focus areas to become innovation leaders nationally.

As was done in other successful cities, "Startup Mill" should prioritize actions and goals that prompt a large upward swing rather than incremental growth. In the first 1-2 years, the partnership can address Atlanta's ecosystem gaps by prioritizing a flagship physical space, connecting local higher education institutions to jointly steer commercialization, and supporting efforts to secure and market a major, recurring cultural event held in Atlanta.

Setting a strong foundation in the first 2 years can allow for a "hockey-stick" step-change in growth – as seen with Miami's VC funding or PCI's licensing revenue in Philadelphia. Pushing on the highlighted priorities can achieve an increased national and international focus on Atlanta as a hub for entrepreneurship. That focus can ultimately lead to a reversal of Atlanta's recent trends: an uptick in VC funding to counteract 2022's decline and greater action from local founders to start new companies, reversing years of decline in the number of startups launched.

Becoming a top 5 entrepreneurial powerhouse city, measured by VC funding – a clear signal that Atlanta has become an entrepreneurship hub – would result in massive benefits for the city and community of Atlanta as a whole: a more resilient and robust employment landscape that can withstand economic stressors; an economy more future-proofed with a workforce participating in tech at higher rates; and entrepreneurship support and opportunities offered for homegrown talent for students and graduates from Atlanta's universities. For the city, this would manifest as many things: an increased number of startups being launched and ultimately headquartered here, leading to more high-income jobs and employment opportunities for residents; an increased tax base to utilize in shaping the city for the community's benefit for years to come; and Atlanta's perception as both a hub of business & innovation and a center for high quality life & culture, propelling outside-in views of the city to new heights. However, it is critical to maintain a focus from the start on ensuring equitable growth to help Atlanta avoid shortcomings seen in other cities and enable a new wave of successful founders that mirrors the city's diverse population. Achieving these goals will take investment, dedication, and sustained focus, however, the long-term benefits are well worth the effort.

Exhibit 9. "Startup Mill", a public-private partnership, in Atlanta would act as a center of gravity for the entrepreneurship ecosystem.



Acknowledgements

We would like to thank our BCG colleagues Jonathan McKown, Kate Greeson, Chandler Witucki, and Luke Vermeer for their contributions to this report.

We would like to express the deepest appreciation and gratitude to the Georgia Tech Foundation for serving as an invaluable partner throughout our research for this work. The team's expertise in the role of Georgia Tech and the Georgia Tech Foundation and the broader role of academia within the community in Atlanta and the city's future has been tremendously insightful. From Georgia Tech and Georgia Tech Foundation overall, our appreciation for the support from President Ángel Cabrera, Bud Peterson, Al Trujillo, Siva Ragaputhy, Steve McLaughlin, and Chaouki Abdallah, cannot be understated.

Special thanks to those that joined working sessions, including Tripp Rackley of Kenzie Lane, Doug Shipman of the Atlanta City Council, Erik Sebusch and Jay Love of Mercer LLC's investment team, Sean Henry of STORD, Chris Klaus of Fusen World, Eric Hansotia of AGCO, Garrett Langley of Flock Safety, John Yates of Morris, Manning & Martin, Ravi Bellamkonda of Emory University, Lisa Calhoun of Valor Ventures, David Cummings of Atlanta Tech Ventures, and those listed above.

Finally, we would like to express our thanks to the others who contributed their time and thoughts, including those from the following networks

Academia: Brian Blake of Georgia State University, Helene Gayle of Spelman College, Bill Underwood of Mercer University, Leocadia Zak of Agnes Scott College, Audra Pittman of the Savannah College of Art & Design, and Susan Shows of the GA Research Alliance;

Local government and civic institutions: Mayor Andre Dickens, Atlanta's first Senior Tech Advisor, Donnie Beamer, Cade Joiner of the University System of Georgia Board of Regents, Jay Bailey of the Russell Innovation Center for Entrepreneurs, Alex Gonzalez of the Metro Atlanta Chamber of Commerce, Courtney Law of Biolocity, and Joy Harris of the Social Innovation Center;

Local venture capital firms: Robert F. Smith of VISTA Equity Partners, Blake Patton of Tech Square Ventures, Tristan Walker of Walker & Co., Tom Dyal of Red Point Ventures, and Tom Noonan of Tech Operators;

Startup founders: Ben Chestnut of Mailchimp, Stephanie Olson of We Are Rosie, and Annie Eaton of Futurus;

Incubators and accelerators: John Avery of ATDC, Rahul Saxena of CREATE-X, Aly Merritt of the Atlanta Tech Village, Karen Cashion of Tech Alpharetta, Mike Cohn of TechStars, and Ryan Wilson of The Gathering Spot.

Sources

1. Failory; https://www.failory.com/startups/atlanta-unicorns, https://www.failory.com/startups/chicago-unicorns, https://www.failory.com/startups/austin-unicorns, https://www.failory.com/startups/miami-unicorns
2. https://michaelmegarit.com/blog/venture-capital-is-the-best-performing-investment-of-the-past-25-years/
3. https://www.npr.org/2020/05/01/847415273/south-coronavirus-related-restrictions-by-state
4. https://www.miamidade.gov/global/service.page?Mduid_service=ser1572381847303614
5. https://www.cnbc.com/2021/01/17/miami-mayor-francis-suarez-using-twitter-to-build-next-silicon-valley.html
6. Crunchbase, BCG Analysis
7. https://www.forbes.com/sites/brettknight/2023/10/20/why-austins-grand-prix-is-americas-biggest-f1-race---by-a-mile/?sh=27c1dbdf4ea1S
8. https://www.cnbc.com/2020/12/11/oracle-is-moving-its-headquarters-from-silicon-valley-to-austin-texas.html
9. https://www.nytimes.com/2021/10/07/business/tesla-texas-headquarters.html
10. https://benfranklin.org/
11. https://www.amerisourcebergen.com/newsroom/press-releases/amerisourcebergen-launches-150m-venture-capital-fund
12. https://lift.comcast.com/
13. https://www.gopuff.com/newsroom/company-news/put-me-on
14. https://pci.upenn.edu
15. https://p33chicago.com
16. https://advocacy.sba.gov/wp-content/uploads/2023/03/Frequently-Asked-Questions-About-Small-Business-March-2023-508c.pdf
17. Federal Reserve Economic Data (FRED)
18. https://www.comptia.org/content/research/state-of-the-tech-workforce
19. https://news.microsoft.com/Microsoft-Atlanta/
20. https://www.wsbtv.com/news/local/atlanta/google-debuts-new-office-midtown-atlanta/AAU4WNZWZFBV3G7MD2KQ2LQHME/
21. https://usa.visa.com/about-visa/newsroom/press-releases.releaseId.18281.html
22. https://www.bizjournals.com/atlanta/news/2023/01/24/nike-begins-build-out-of-atlanta-offices.html
23. https://www.atlantahighered.org/#:~:text=OUR%20MISSION&text=membership%20that%20also%20includes%20six,plus%2051%2C081%20faculty%20and%20staff
24. https://ncsesdata.nsf.gov/profiles/site?method=rankingBySource&ds=herd
25. https://www.cbre.com/insights/books/scoring-tech-talent-2023
26. US Census Current Population Survey, Bureau of Labor Statistics
27. https://money.com/atlanta-georgia-best-places-to-live-2022/
28. https://www.economist.com/graphic-detail/2022/08/05/the-best-places-to-live-in-north-america
29. https://www.gpb.org/news/2021/11/10/atlanta-the-only-us-city-on-global-best-in-travel-list#:~:text=Museum%20of%20Art-,Atlanta%20is%20the%20only%20U.S.%20city%20to%20be%20featured%20in,and%20who's%20traveling%20at%20all
30. Talkwalker
31. Reporting Texas, SXSW, Atlfestivaltickets.org
32. IMDB
33. US News and Reports 2022 rankings
34. Google Maps, BCG Analysis

Authors

Parmeet Grover

MANAGING DIRECTOR AND SENIOR PARTNER

Atlanta

Grover.Parmeet@bcg.com

Ayash Basu

MANAGING DIRECTOR AND PARTNER

Atlanta

Basu.Ayash@bcg.com

Malik Ben-Yousef

PARTNER

Atlanta

Ben-Yousef.Malik@bcg.com

ABOUT BOSTON CONSULTING GROUP

Boston Consulting Group partners with leaders in business and society to tackle their most important challenges and capture their greatest opportunities. BCG was the pioneer in business strategy when it was founded in 1963. Today, we work closely with clients to embrace a transformational approach aimed at benefiting all stakeholders—empowering organizations to grow, build sustainable competitive advantage, and drive positive societal impact.

Our diverse, global teams bring deep industry and functional expertise and a range of perspectives that question the status quo and spark change. BCG delivers solutions through leading-edge management consulting, technology and design, and corporate and digital ventures. We work in a uniquely collaborative model across the firm and throughout all levels of the client organization, fueled by the goal of helping our clients thrive and enabling them to make the world a better place.