

Kerry Rupp Innovation & Strategy Consulting

Case Study: Economic Development

DreamIt Philadelphia

As CEO and General Partner at [DreamIt](#), a [Top Ten](#) US startup accelerator and early-stage venture fund, Kerry worked aggressively to kickstart the now-bustling startup economy in Philadelphia.

Catalyzing the Startup Ecosystem in Philadelphia

In 2007, the “startup scene” in Philadelphia consisted of the Philly Startup Leaders’ happy hour, formed by “a few tech-savvy risk-takers who were lonely for one another”.¹ In 2008, DreamIt secured initial funding and began running accelerator programs in the city to launch early-stage startups. Today, “Philadelphia’s Thriving Startup Scene,”² now boasts over 850 startups³. Those startups now flourish in an ecosystem that Kerry and her DreamIt team worked to galvanize, including several co-working spaces and incubators, active early-stage investors, engaged mentors, experienced service providers, useful university entrepreneurship programs and supportive peer groups.

To accomplish this transformation, DreamIt:

- developed proprietary programming, counseled startups on strategy and conducted networking on their behalf
- encouraged dozens of experienced local startup entrepreneurs to volunteer their time as mentors and speakers, including Philadelphia leaders Bob Moul, Gabriel Weinberg, and Chris Stanchak
- convinced law and accounting firms to provide pro bono services to fledgling companies, including leading firms Morgan Lewis, Schnader, Fox Rothschild, Cozen and O’Connor, Roger Cooper, and EisnerAmper
- educated local angel investors about early-stage technology investing, including Robin Hood Ventures and Mid-Atlantic Angel Group
- recruited new prospective investors to the scene, including several high net worth individuals and family offices who hadn’t done angel investing previously
- corralled both local and out-of-region venture investors to support and invest in local startups, including First Round Capital, MentorTech Ventures, Google Ventures, and Highland Capital Partners
- collaborated with local university programs to support student entrepreneurs, including the Wharton Venture Initiation Program at Penn, and the Baiada Institute for Entrepreneurship at Drexel

¹ Keystone Edge – 9/15/11 - “Philly’s Startup Scene: A New Underdog Story?”

² Popular Mechanics – 12/16/14 - “Here’s What’s Behind Philadelphia’s Thriving Startup Scene: The City of Brotherly Love is also a city with a thriving startup ecosystem.”

<http://www.popularmechanics.com/technology/startups/a18/philadelphia-startup-city-17539155/>

³As per Angel List 9/1/15

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Case Study: Economic Development

- engaged corporate partners to act as customers, channel partners, advisors and investors, including Comcast, Independence Blue Cross, and Penn Medicine
- supported local startup meetup organizations with office hours by our partners, including Philly Startup Leaders, Philly Tech Meetup, and Quorum
- acted as judges and advisors for hackathons and other ecosystem contests and programs, including Startup Weekend and the Project Liberty Digital Incubator

While in the early years, the companies often found they needed to go elsewhere to grow⁴, by Fall 2014, “nearly all the startups in this DreamIt Ventures class may stay in Philly.”⁵

Funding & Partnerships

DreamIt initially secured funding from state economic development entities (the [Pennsylvania Department of Commerce and Economic Development](#) (DCED) and [Ben Franklin Technology Partners of Southeastern Pennsylvania](#) (BFTP/SEP)), as well as the [University City Science Center](#), a non-profit research park funded by regional universities, hospitals, and research institutions. The economic development investments (\$875K in total) were made over the first four years (2008-2011) of the program.

DreamIt then brought in non-profit and corporate partners to fuel startups in targeted focus areas in Philadelphia-based programs:

- In 2010, [Startl.org](#) – a non-profit funded by the Gates, Hewlett, and MacArthur foundations to spark innovations in education / learning technologies
- In 2011, [Comcast Ventures](#) – to create the **DreamIt Access** program, funding minority entrepreneurs
- In 2013, [Penn Medicine](#) and [Independence Blue Cross](#) – to create the **DreamIt Health** program, funding enterprise health technology companies

In 2012, DreamIt began raising its \$15M+ venture fund, both to fund startups in the accelerator programs and to conduct follow-on investing in the companies. Among many private investors and family offices, strategic limited partners include Philadelphia’s [Drexel University](#), into whose “innovation neighborhood” DreamIt moved its headquarters in 2014.

DreamIt Results 2008-2014 (data as of December 2014)

⁴ Technically Philly – 9/30/13 – “2/3 of DreamIt Ventures Philly startups are no longer in the city” <http://technical.ly/philly/2013/09/30/dreamit-ventures-startups-stay-philly/>

⁵ Technically Philly - 12/4/14: “Nearly all the startups in this DreamIt Ventures class may stay in Philly” <http://technical.ly/philly/2014/12/04/dreamit-ventures-stay-philly/>

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- Drew over 7,000 applicants from around the world
- Launched 178 startups (74 startups in Pennsylvania)
 - of which 66% were still operating
 - that had raised over \$180M in follow-on funding at a post-money valuation over \$575M
 - that employed over 650 people in high-value jobs (including at least 79 high-value jobs in Pennsylvania)⁶
- Earned a 2x unrealized net return on \$875K in Pennsylvania state economic development dollars invested
- Launched successful companies such as [SCVNGR/LevelUp](#), [Notehall](#) (acquired by Chegg), [Parsely](#), [SeatGeek](#), [Adaptly](#), [MindSnacks/Elevate Labs](#), [CloudMine](#), [SnipSnap](#) (acquired by Slyce), [Cloudamize](#), [Biomeme](#), [BioBots](#), and [NarrativeDX](#).
- Brought at least 265 entrepreneurs to Pennsylvania:
 - from Pennsylvania, Australia, Canada, Taiwan, UK, Austin, Boston, Chicago, Los Angeles, New York, Washington D.C., and 10 other cities
 - 45+ from Harvard, MIT, Penn or Princeton
 - from Apple, Google, Facebook, Kauffman Foundation, IBM etc.
 - an Olympian, a Grammy Winner, several authors, a concert pianist and violists

Other Startup Ecosystems

During her tenure at DreamIt, Kerry expanded the accelerator programs to New York, Tel Aviv, Austin, and Baltimore, so she has intimate experience with the startup scenes in those cities as well. She continues to be active in the Austin startup scene, serving as a mentor [at Capital Factory](#) and [International Accelerator](#); on the advisory board of [Medical Innovation Labs](#), a platform for commercializing innovations in the medical device field; and on the advisory panel for the [Texas Health Catalyst Program](#) at the new Dell Medical School. She serves on the leadership teams of [Women@Austin](#), [The Angel Forum](#), and the Austin chapters of the Harvard Business School Alumni Club, Harvard Business School Alumni Angels and the DukeGEN Global Entrepreneurship Network.

⁶ At the time of this analysis, 48 DreamIt alumni companies were less than 15 months' old, so these numbers were likely to increase dramatically.