

# Executive Summary

In 2017, the Greater St. Louis region maintained its strong momentum as a midwestern hub for startups and venture capital. We continue to see significant inflows of risk capital as well as growth in the number of new firm births. St. Louis ranks as #3 among midwestern cities for startup activity. The regional innovation ecosystem is at an inflection point. Over the last decade, investors have directed billions of dollars into high-potential startups. While there have been a few early exits during that period (e.g., Confluence Life Sciences in 2017), most of the startups that received funding are still scaling their businesses. To the extent that a sufficient number of them succeed, the region will see re-investment of proceeds into the ecosystem, increased confidence and appetite for risk, job growth, and talent in-migration. The alternate outcome is that too many startups could fail, leading to a depletion of risk capital, a loss of confidence, job loss, and talent out-migration. The next several years will be critical to the long-term success of the Greater St. Louis startup economy.

**There are also some underlying structural challenges facing the ecosystem, including (but not limited to):**

- **Heavy concentration in bioscience investment.**
- **A steady trend towards larger, later-stage investments (and away from early-stage seed investments).**
- **A decrease in the number of deals being funded.**
- **Lagging growth in our Professional and Technical services sector.**

In order to sustain momentum, the region must continue to support existing startups while also funding new ones. We must push for stable, meaningful levels of state funding for innovation activities. We must continue celebrating successes and supporting the organizations that serve as the “aquifers” of innovation.