

**Testimony of Arthur Orduña, Executive Director of The Venture Center  
Before the House Financial Services Committee  
Subcommittee on Digital Assets, Financial Technology and Inclusion  
Hearing on Connecting Communities: Building Innovation Ecosystems Across America  
December 8, 2023**

Chairman Hill, Ranking Member Lynch, and members of the Subcommittee on Digital Assets, Financial Technology and Inclusion, my name is Arthur Orduña, and it is my privilege as Executive Director of The Venture Center to submit this written statement on the importance of building and supporting innovation and entrepreneurship ecosystems at the local, state and regional levels in America, with a focus on Arkansas and the work of The Venture Center and its partners as an example of public-private collaboration and initiatives that generate meaningful and measurable economic benefits to communities and businesses. On behalf of The Venture Center, my colleagues and our Board, thank you for the opportunity to participate in this important discussion.

The Venture Center is a non-profit 501c3 Entrepreneur Support Organization based in Little Rock, Arkansas. We were founded 10 years ago with the mission of accelerating success for start-up founders, small business owners and corporate innovators through entrepreneurship programs, platforms and partnerships. Our vision is to help raise Arkansas to regional, national and global leadership in entrepreneurship and economic prosperity.

Over the last ten years, early-stage and growth companies who have gone through our start-up and business-driven accelerator programs – especially through our fintech accelerators done in partnership with FIS and community, state, regional and national banks – have raised more than \$2.5 billion of private capital, with an average funding round raise of \$17 million, and more than 85% of those companies are still in operation or have been acquired by entities still operating today.

Our programs and their participants have generated more than \$30 million in documented economic benefit to the state of Arkansas, including more than \$1 million in tourism for central Arkansas. We have helped with the launch and relocation of technology-based companies in Arkansas, including 10 in the fintech sector, which has led to the creation of more than 180 new high-wage tech jobs in the state. Just this past year, we have congratulated two of our program alumnae companies in Arkansas who were recently purchased by private equity companies for \$30 million and \$300 million respectively. As a result of our programs and activities through the years, we have created a network of more than 16,000 individuals, agencies and companies who continue to support our entrepreneurship activities.

This last point is paramount. We could not execute our mission without partnerships from multiple sources. Critical support to help achieve these results so far has come from the corporate sector, as exemplified by our partnerships with Little Rock-founded FIS and Arkansas-

founded banks such as Simmons and Arvest; from the municipal level, as exemplified by our partnerships with the City of Little Rock, the Mayor's Office and the Chamber of Commerce; and the state level, as exemplified by our partnership with the Department of Commerce and especially the Arkansas Economic Development Commission. We are also grateful for the support of our Federal officials and elected representatives serving the people and communities of Arkansas, including the encouragement and support of Chairman Hill, a former Arkansan banker.

But the purpose of this testimony is not to congratulate ourselves over the accomplishments of the last ten years, nor is it just to thank those who were critical to the execution of our mission.

Instead, it is to state that we must do more, that our numbers are just the beginning and not the end deliverable, and most importantly, that we must all continue to support innovation and entrepreneurship at the local and hyper-local level in all our communities, especially the rural and least-populated across our state. I believe deliberately fostering innovation and entrepreneurship is essential to the continued economic growth and security of our country, and maintaining our position as the leader and defender of the free world.

This is not hyperbole. The greatest innovations that have shaped the 20<sup>th</sup> and 21<sup>st</sup> centuries have begun with an idea, a concept, a testable prototype initially driven by the brilliance, passion and determination of an individual, many of them in the classrooms, labs, basements and garages of America. Whether native-born or an immigrant, these seminal innovators and entrepreneurs do not all live in Silicon Valley or New York City or Boston, although the venture capital community is still investing more than 75% of their funding in those areas.

We need those investment dollars to fund new ideas and existing businesses here in Arkansas, and for those resultant start-ups and capitalized businesses to stay and grow in Arkansas, benefitting their communities and the state.

And in order to attract that capital, we need to deliberately and aggressively foster the launch of start-up entrepreneurs, the growth of existing small businesses, and the innovation of the leading corporations and enterprises in our state.

I respectfully offer the following recommendations, based on the experiences and challenges we've lived through here at The Venture Center:

- 1) **To other ESOs around the country - take a portfolio and business-driven approach to fostering innovation at the community level** – in our view, a healthy community ecosystem comprises a pipeline of pre-seed and early-stage start-ups, a strong base of local small businesses, and the active participation of leading corporates and enterprises. All three sectors must not only be aware of each other, but conjoined in programs that deliberately create partnerships focused on solving economically measurable and impactful business problems. This has been a key reason for the success of our fintech accelerators, which begin with FIS and their financial institution

partners being frank and crisp with the prioritized real needs and opportunities of their internal and external customers. Based on that list, we then look for entrepreneurs and existing businesses who can best match their innovative solutions to the important customer problems that must be solved in order to improve not just corporate performance but the financial wellness of the communities served by those companies and lenders.

- 2) **To other State, County and Municipal governments and agencies - Improve the level of innovation and entrepreneurship by improving our communities' quality of life** – Great communities attract and grow great people. It's simplistic and it's true. My wife and I are both from Des Moines, Iowa, and we strongly believe – confirmed by 3<sup>rd</sup> party measurement - that the strong economic performance in central Iowa over the last several decades is based on the fact that it's a really good place to live and grow. Living and working now in Arkansas, I believe that thesis is confirmed, but not just by my subjective sample size of one. Let's look at the numbers, which show that Arkansas is:
- Ranked as one of the top 10 moving destinations in the U.S. (*source: MaxMyMoney*)
  - Ranked #3 in the country as the least expensive state to start a business (*source: Simplify LLC study*)
  - Ranked third lowest state for home prices and tenth lowest for property taxes (*sources: Ascent study and The Tax Foundation*)
  - Ranked number two as the most affordable state to live in (*source: Entrepreneur publication*)
  - And as of this past April, Arkansas was ranked as the number one state in the country for opportunity entrepreneurs starting new businesses by the Kaufman Foundation, meaning those entrepreneurs who are creating a new business out of choice versus out of necessity. As reported out by our friends at the Arkansas Economic Development Commission, Arkansas currently has a 93.1 percent opportunity share for entrepreneurs. By comparison, the median opportunity share in the U.S. was 79.1 percent.
- 3) **To Federal Government Legislators and Agencies – Work pro-actively and collaboratively to think through how to help, at your level, the commitment of multi-year funding to non-profit entrepreneur support organizations** – While this is clearly a self-serving recommendation, my request encompasses all the ESOs that share our mission in Arkansas, such as The Innovation Hub, Start-up Junkie, The Conductor and others, as well as ESOs in all other 49 states. I suggest as a starting point, perhaps with this subcommittee in a leading role, to begin a dialogue with the ESOs and their key partners in your respective constituencies, on identifying actionable initiatives that may already be in-flight at the regional or state-level, that could be accelerated with the appropriate existing or planned Federal support. Critical areas that have your current focus, such as financial wellness, cyber security, and digital currency, as well as related areas covered by your Federal colleagues such as next-generation transportation and mobility, sustainable and renewable energy supply chains, bio-ag, agtech and advanced

water conservation, are all important sectors that require American-led innovation and entrepreneurial activity. Perhaps not so coincidentally, those are also key points of focus for innovation in Arkansas.

We, our fellow ESOs, and our ecosystem partners, are eager to engage in such a dialogue, which I am confident will lead to the growth of innovation in our communities, and the continued leadership of our country in entrepreneurial success, to the benefit of all.

Thank you.

Respectfully,

Arthur Orduña  
Executive Director, The Venture Center