

# ARKANSAS CAPITAL SCAN 2024



UNIVERSITY OF  
ARKANSAS

Entrepreneurship and Innovation

**nwa** Northwest  
Arkansas  
Council



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# INTRODUCTION.



*All photos courtesy of the Northwest Arkansas Council*

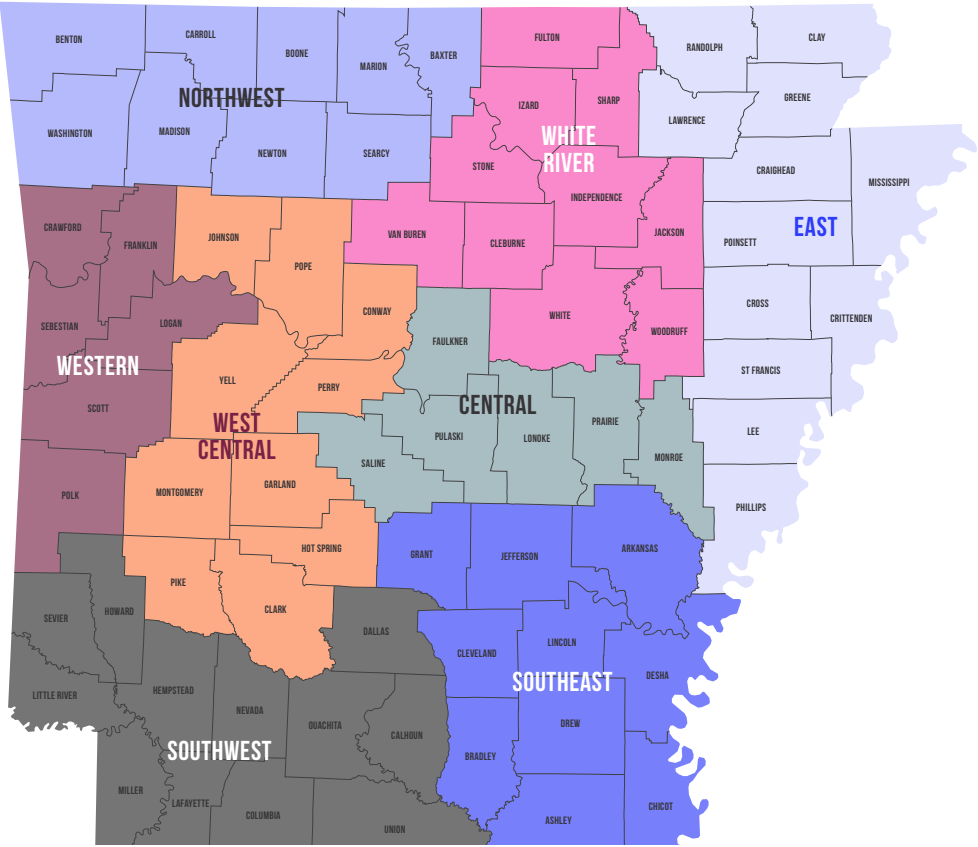
Each year, the Arkansas Capital Scan tracks how money moves into the state's businesses, and the 2024 edition reveals a mixed but largely resilient picture. While angel and seed funding plunged 60%, Arkansas has defied national headwinds in later-stage equity: venture-capital investment has held remarkably steady for the past four years even as our comparator states have seen pronounced declines and nationally, there is a growing concentration of capital.

Outside equity, non-dilutive sources of capital continue to expand and now represent a critical pillar of innovation funding for Arkansas companies. Both equity and non-dilutive dollars remain heavily clustered in a handful of regions, but crowdfunding continues to have broad reach.

Together, these trends suggest Arkansas' entrepreneurs are adapting by relying less on early-stage equity, sustaining venture-capital momentum, and tapping into a diversified mix of capital to fund growth in 2024.

# ARKANSAS ECONOMIC REGIONS

When possible, the data analysis in the Arkansas Capital Scan will include information disaggregated by economic region. The state of Arkansas is split into eight economic development districts that each cover between six and 19 counties.



## COMPARATOR STATES

In this report, we use three comparator states (Missouri, Oklahoma, and Tennessee) to assess the health of the Arkansas capital ecosystem. These states were selected during the development of the 2020 Capital Scan as benchmarks for

Arkansas' performance as compared to similar regions. For consistency between years, we have opted to use the same states for this year's report and revisit the comparator states for future reports.



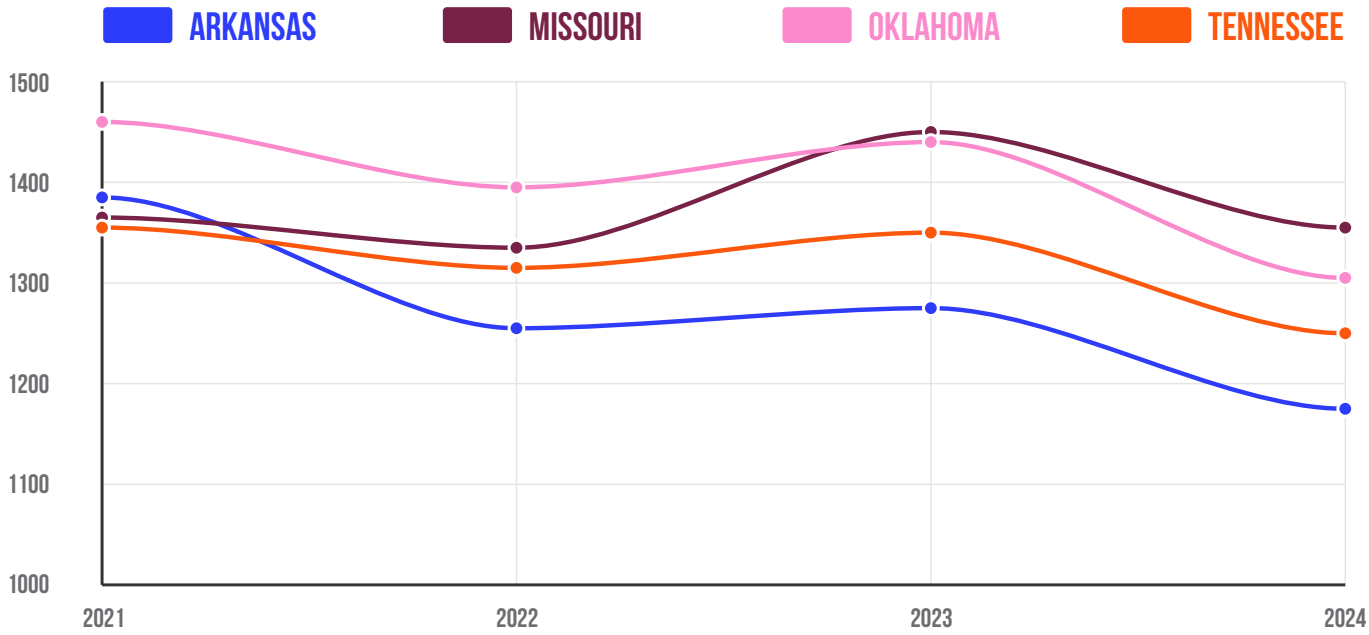
# ARKANSAS ECONOMY.

## NEW BUSINESS CREATION

New business applications are critical for the economic health of the state. While Arkansas is home to several Fortune 500 companies, the vast majority of companies in the state are small businesses. While the definition of small business varies by industry, for most industries a company under \$20M in annual revenue is considered small. Despite their size, small businesses accounted for 48% of all employees in the state in 2024.

All four comparator states saw a significant drop in business applications per capita in 2024.

Although there was a reduction across all four states, Arkansas had the lowest new business applications per capita in 2024. More importantly, Arkansas has seen the largest decrease in new business applications per capita among all the comparator states in the last four years (-15%).



## BUSINESS DEMOGRAPHICS

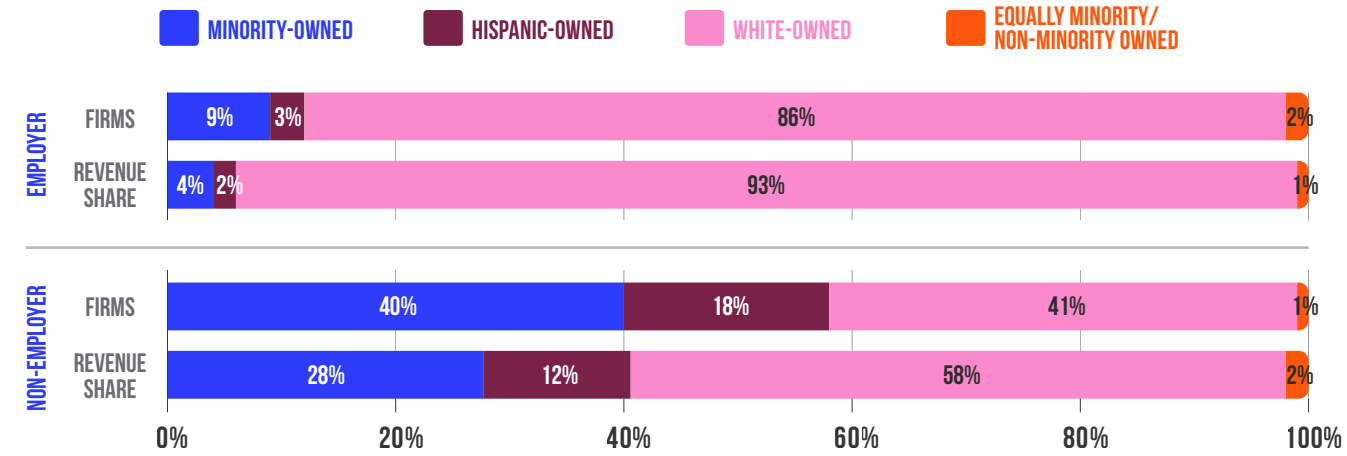
U.S. Census Bureau data from 2022 (the most recent data available) make the distinction between employer and non-employer businesses. An employer business is a business that has at least one paid employee in addition to the owner(s). A non-employer business is one that has no paid employees, has annual business receipts of \$1,000 or more, and is subject to federal income taxes.

In 2022, 9% of all employer businesses in Arkansas were owned by racial minorities, and those businesses received 4%

of all employer revenue in the state that year. Another 3% of businesses were owned by Hispanic entrepreneurs who received 2% of all employer revenue.

In the same year, 40% of all non-employer businesses were owned by racial minorities and received 28% of non-employer revenue. Another 18% of non-employer businesses were owned by Hispanic entrepreneurs and they received 13% of all non-employer revenue.

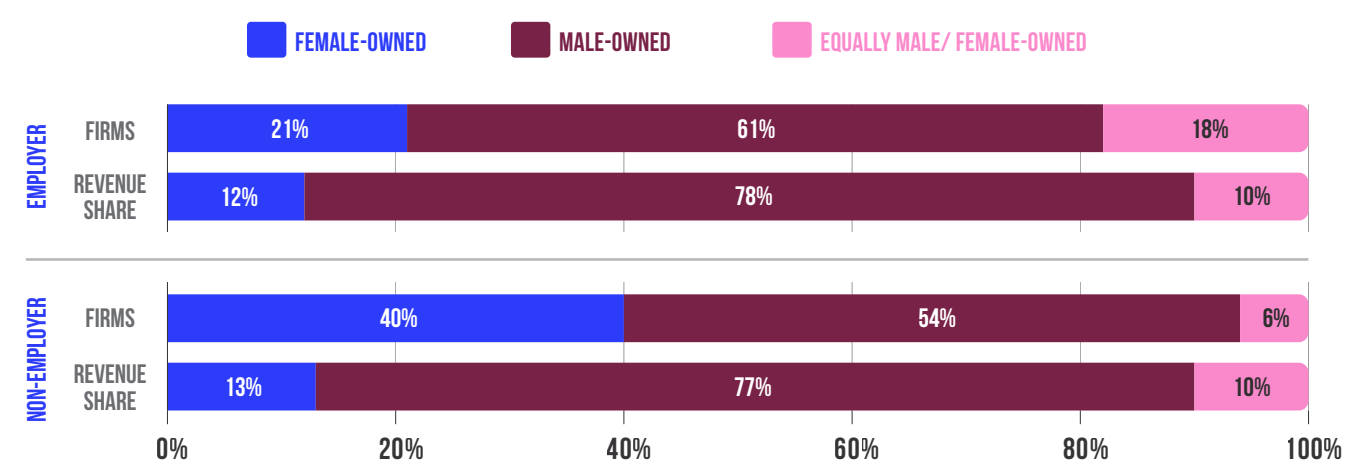
### ARKANSAS BUSINESSES BY RACE AND ETHNICITY (2022)



The National Women’s Business Council estimates that approximately 10% of all women-owned businesses are employer firms, while women represent 42% of all non-employer firms nationwide. In 2022, 21% of employer businesses in Arkansas were owned by women, and they

received 12% of all employer revenue in the state that year. In the same year, 40% of non-employer businesses were owned by women and they received 13% of all non-employer revenue.

### ARKANSAS BUSINESSES BY SEX (2022)





# NATIONAL FUNDING CONTEXT AND TRENDS.

Venture capital funding in 2024 was approximately \$314 billion as compared to an estimated \$304 billion in 2023, which is a 3% increase. Global venture funding in 2024 exceeded the 2023 total, with the biggest increase in AI-related fields, making AI the top-performing sector for funding. The funding for AI in 2024 was more than \$100 billion, which is an 80% increase year over year from \$55.6 billion in 2023. Several notable trends were revealed regarding the distribution of capital across various stages. There was a considerable increase in seed funding, which was indicative of a sense of restored confidence in innovative ideas and emerging startups. The size of seed deals increased by 35% and early-stage investments increased by 14%.

It is important to note that the uptick in AI investments creates a misleading indicator of success in the market, as excluding deals for top AI companies like Databricks, OpenAI, xAI, Anthropic, and Waymo reduces the total investment by more than \$42 billion. Excluding the 15 deals valued at more than \$1 billion reduces the total market investment by approximately \$53.5 billion, putting 2024 investments on par with 2018.

The decrease in availability of capital to the majority of the market can be attributed to exit activity, as return-generating exits have not met expectations. Most of the exit activity came from smaller deals that did not have the capacity to support the investors' return needs. In fact, more than 70% of the exiting companies did not raise any more than Series A financing and in some instances, small exits took place in lieu of company shutdowns.

In 2024, exits of \$500 million or more accounted for a mere 4% of the total number of completed exits, but accounted for 79% of the total exit value. PitchBook notes that in order for venture to resume traditional levels, large exits have to happen at a more consistent pace, but a significant barrier to this is that investors are either unwilling or unable to reinvest in VCs. Last year ended with the market in a holding pattern with no material increases in investments. The data show that investments were concentrated, as thirty VC firms raised at least \$500 million in new commitments in 2024, which accounted for 68% of the total new commitments raised. This showed not only a decrease in equity investments, but also a concentration resulting in even less availability.





# ARKANSAS.



## INTRODUCTION

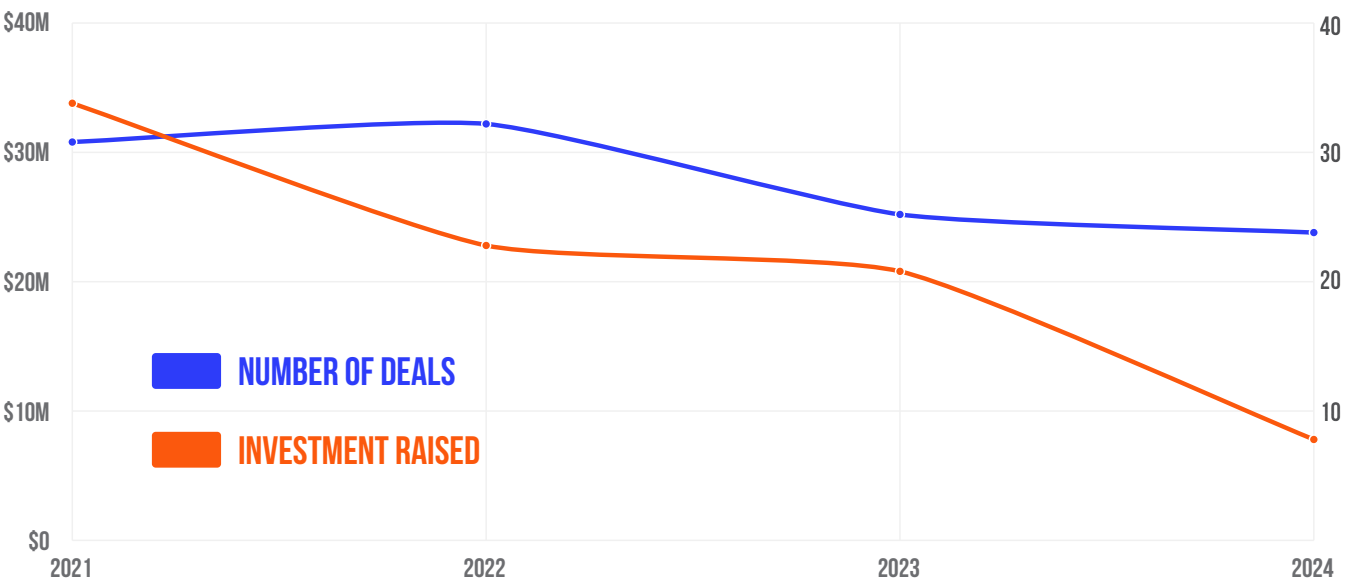
For Arkansas data, our team verifies and adds additional deals that are known in the Arkansas venture capital community that are not otherwise available on PitchBook. Additionally, we correct deals that are inaccurately represented in PitchBook. This report should be taken as broadly, and not exhaustively, representative of capital activity in Arkansas.

## ANGEL AND SEED INVESTMENTS

In Arkansas, angel investment networks have periodically formed and deployed organized capital into the entrepreneurial ecosystem over the past 15 years. Notable recent networks include Ark Angel Alliance, established in 2020, and 412 Angels, founded in 2022.

In 2024, there were aggregate seed and angel investments in the state with 24 deals that raised \$7,935,000. This was 8% fewer deals than in 2023 as well as a substantial 62% decrease in the amount invested as compared to 2023. The size of the deals in 2024 also fell short of those in 2023. In 2023, the average angel/seed investment was \$1,041,000. The average investment in 2024 was \$529,000

ARKANSAS ANGEL AND SEED CAPITAL

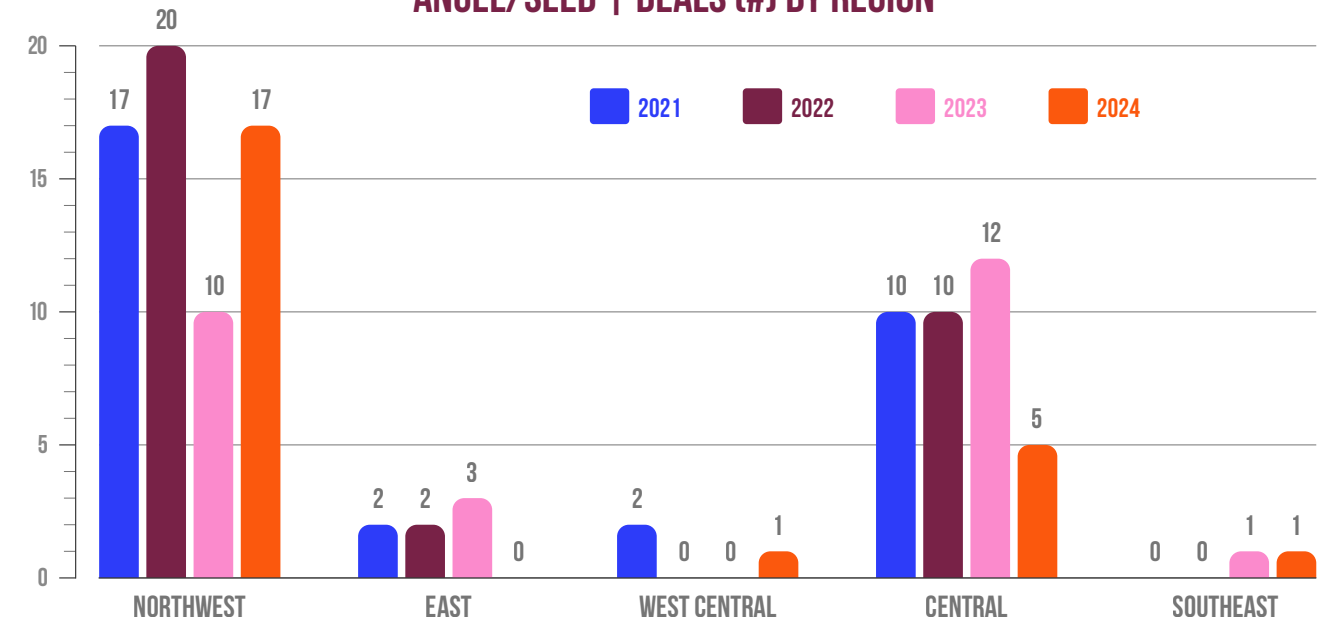


In the last four years, only five of Arkansas’ eight economic regions have raised any angel or seed investment, and 71% of those deals were for companies in Northwest Arkansas. In 2024, 34% of the total angel/seed capital raised in 2024 went to companies based in Northwest Arkansas. With that said, Northwest Arkansas saw a 70% increase in the number of deals but a 56% decrease in the amount raised.

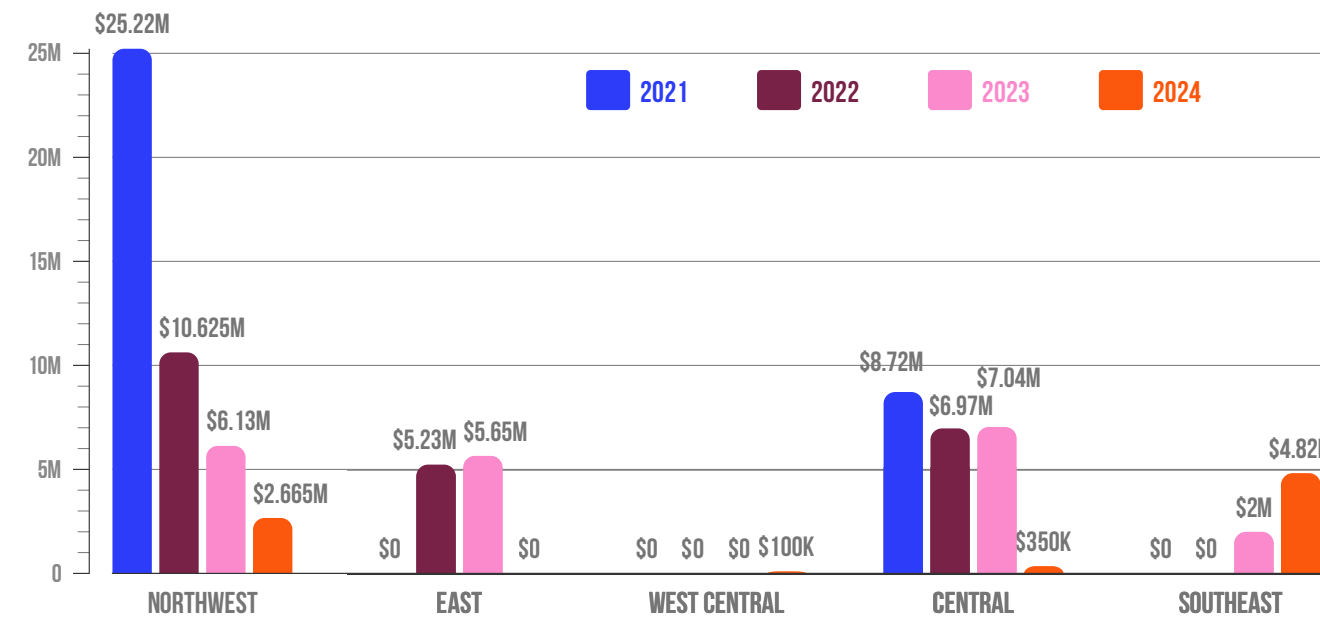
Last year also showed a substantial drop in angel/seed investments in Central Arkansas with a 58% decrease in the number of deals and a 95% decrease in the amount raised. One deal in the Southeast region accounted for 54% of all angel/seed capital raised in the state. White River, Western, and Southwest Arkansas had no deals on record for 2024.



ANGEL/SEED | DEALS (#) BY REGION



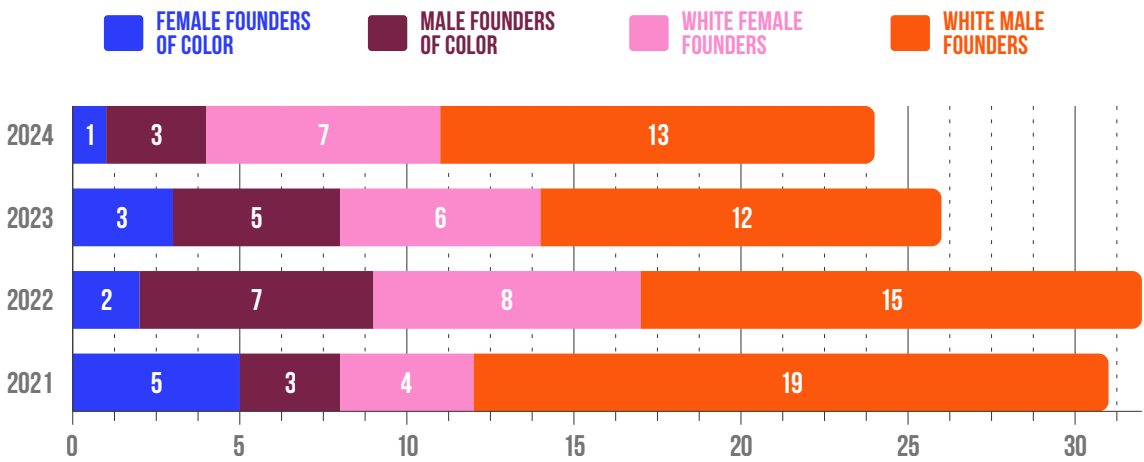
ANGEL/SEED | DEALS (\$) BY REGION



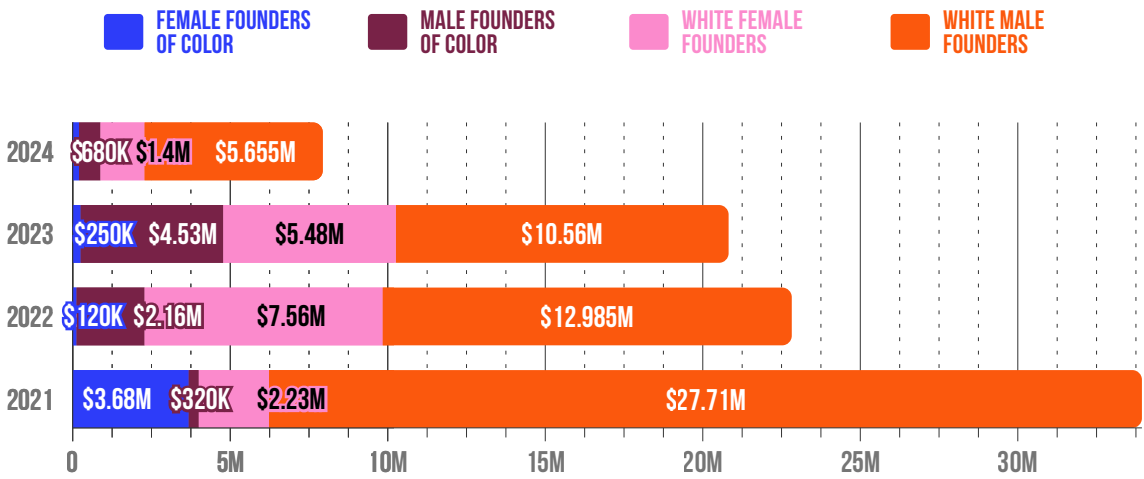
The number of investments in white female founders and male founders of color has remained relatively steady, while the number of angel/seed investments in female founders of color has decreased over time. All five of the largest deals went to white founders, four of whom were males. Additionally,

white male founders received 54% of the deals but 71% of the total dollars invested. Businesses founded by people of color represented 17% of all angel/seed deals, but they received only 11% of the total dollars invested.

ANGEL & SEED INVESTMENT DEALS (#) BY DEMOGRAPHIC



ANGEL & SEED INVESTMENT DEALS (\$) BY DEMOGRAPHIC



# RAISE RADAR

The “Raise Radar” sections throughout the Capital Scan spotlight Arkansas companies that secured the highest funding amounts within each type of capital.

iolite secure (Bentonville) is a cyber security solution for operational technology. They aim to secure the nation’s critical infrastructure through dynamic threat mapping and automated response, enabling operators to make trusted real-time decisions. This technology was originally developed for the U.S. government by MITRE. In partnership with VentureWell, HIGHWAY Ventures

launched iolite secure to commercialize the technology. In 2024, iolite secure received \$750,000 in seed funding for their launch.

Hightag (Bentonville) developed a camera system that automatically captures action photography shots of skiers, snowboarders, mountain bikers, and athletes. Hightag has developed agreements with a number of trails and installed cameras that trigger a photo when an athlete with a radio frequency identification tag approaches. Users can then access photos and videos from their app. Two years ago, Hightag relocated to Bentonville to grow the company. In early 2023, they raised \$200,000 from an accelerator and a friends-and-family round. In 2024, Hightag raised \$530,000 in angel funding.



# PERSPECTIVE.

## A New Era of Innovation is Emerging in Arkansas – It's Time to Invest in It

*Arthur Orduña & Chad Brown,  
Co-Managing Partners, Venture Center Arkansas Fund*

As the co-founders and managing partners of the Venture Center Arkansas Fund, our views on venture capital availability and the health of early-stage initiatives in Arkansas are strongly influenced by two other hats we both wear: as the early-stage and private investment team at Circumference Group, a multi-stage investment management firm, and as the executive director and chief financial officer of The Venture Center, an entrepreneur support organization (ESO) accelerating the success of startup founders, small businesses, and corporate innovators across the state.

We see no shortage of promising entrepreneurs across the state. Every week we meet with a founder who is eager to innovate in both legacy and new verticals. These business owners vary from enterprising individuals looking for problems to solve to seasoned industry professionals who have developed ways to improve their own businesses' productivity and scalability. And their companies range across noted sectors such as fintech, transportation/logistics/3PL, and retail supply chain to new

ventures in digital health, ag tech, and next-generation energy, among others. We expect this activity level and breadth to continue.

Additionally, we believe the rise of nascent, technology-heavy industries has the potential to create new, high-value companies and also attract best-of-breed early- and later-stage companies to Arkansas as well. We helped drive this initially through the Venture Center fintech accelerators, where nearly a dozen companies have planted their U.S. flag or opened a new location in Arkansas. Now, with the nascent lithium industry in southwest Arkansas, semiconductor innovation in the northwest, and steel industry innovation in the northeast, we hope to see innovation and entrepreneurial ecosystems develop around those initiatives.

Further, the state government, specifically the Department of Commerce under secretary Hugh McDonald, is stepping up and driving necessary programs and legislative and regulatory efforts to grow businesses in Arkansas. Programs overseen by its agencies, especially the Arkansas Economic Development Commission and Arkansas Development Finance Authority, are providing both grant funding and growth capital as part of its economic development mission. We strongly applaud and support their efforts, and hope they continue to gain legislative support for their budgetary requests.

All that said, we still have areas we need to focus on. Particularly, the need for additional venture and growth funding is still greater than the available supply of both dilutive and non-dilutive in-state capital. The current venture firms based in Arkansas, such as our own Venture Center Arkansas Fund, are very collaborative in sharing pipeline opportunities and are all strongly committed to seeing the state's economic success grow. But the data show that the number and amount of funding for angel and seed-stage deals in Arkansas has been flat to declining over the last few years, and we significantly trail our neighboring states in these regards.

We need more capital providers to fund promising founders and ideas in the early stage to ensure we are able to keep the entrepreneurs we have and to encourage the ones to come. Prioritizing new ideas and innovations in this area, ranging from attracting and sustaining out-of-state venture capital funds with events like the recent VC Immersions series in Northwest Arkansas, to industry-driven public/private partnerships similar to successful models in other states such as Indiana and Utah, are imperative to create a thriving business ecosystem.

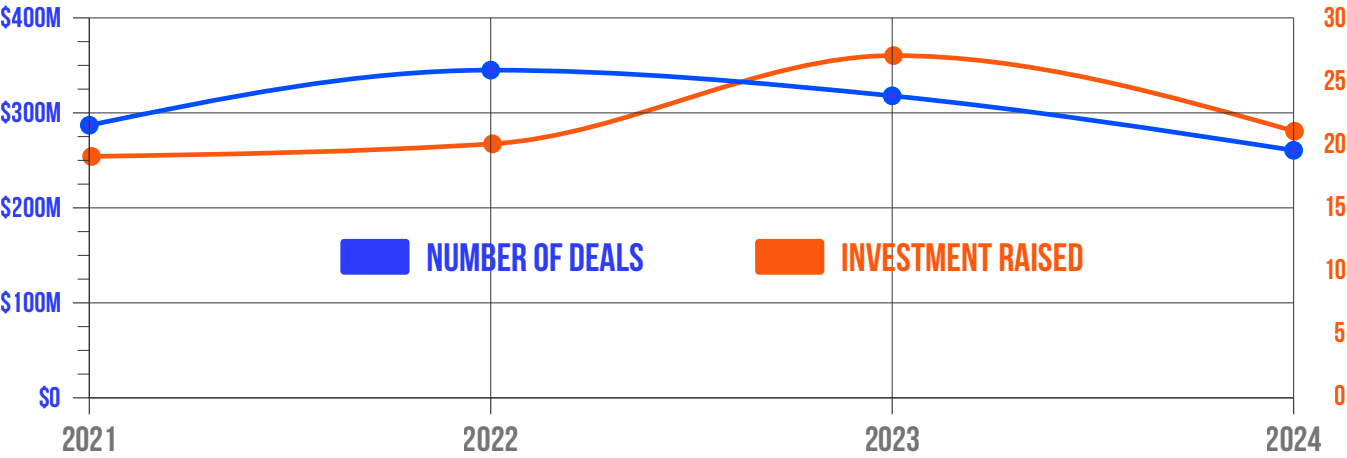
We are proud to support the growth of new and existing companies in Arkansas through our venture fund, ESO, and management company efforts, and we believe we are on the precipice of a new phase of entrepreneurial output for our state. It is now on us as a community to be willing to invest in it.



# VENTURE CAPITAL

In 2024, Arkansas had 18 venture capital deals that raised \$260,600,000. This was a 22% decrease in the number of deals from 2023 and a 27% decrease in the amount raised in 2023.

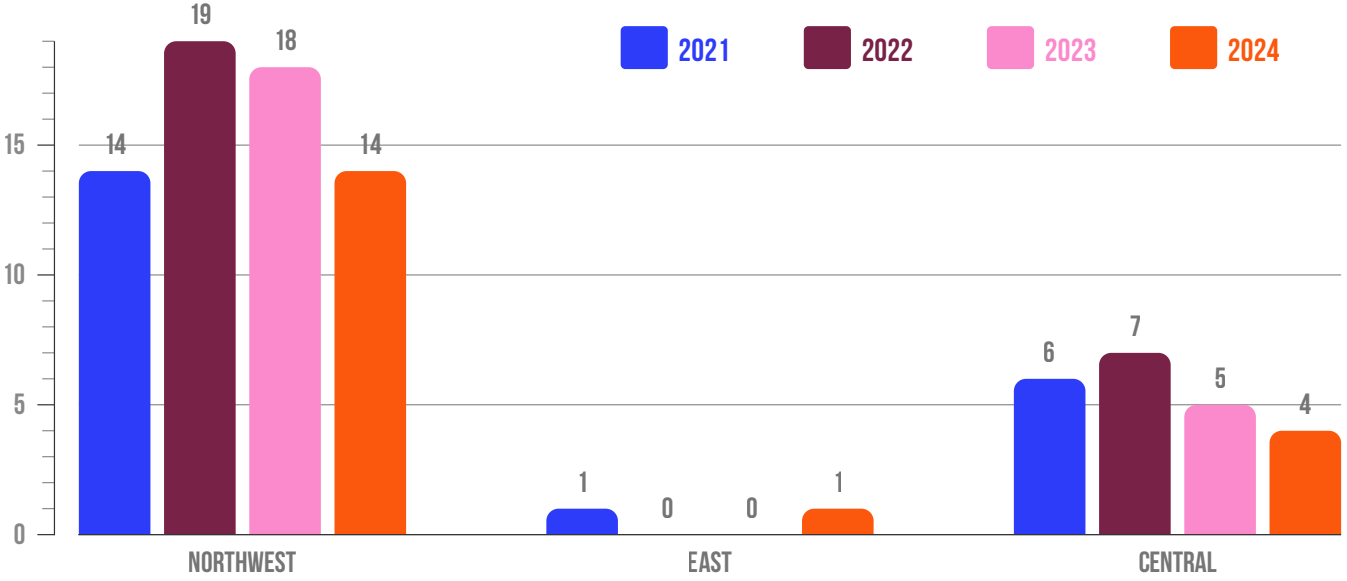
## ARKANSAS VENTURE CAPITAL



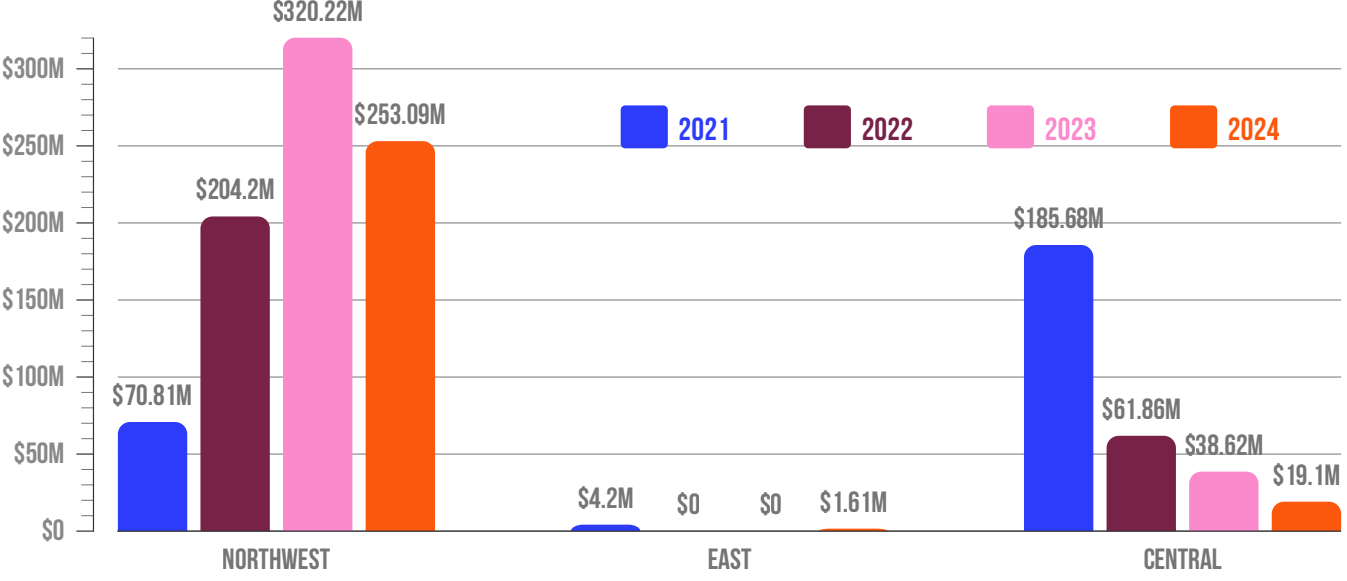
While the number of deals in 2024 is the lowest in the last four years, it is still substantially higher than 2020, the first year we started this report. At that time, there were six deals that raised \$16.4M. In 2024, the average size of a deal decreased slightly from \$15.6M in 2023 to \$14.5M. As usual, there was a concentration in deals with the top five deals representing 84% of all VC raised. Notably, three of these deals were for companies that have not shown up before in any of our Capital Scans.

Only three of the eight economic regions have raised any venture capital investment in the last four years. White River, Western, West Central, Southwest, and Southeast Arkansas have no deals on record. Companies in Northwest Arkansas accounted for 72% of the deals in 2024, which accounted for 92% of the total capital raised. There was a 20% decrease in the number of deals in Central Arkansas and a substantial decrease of 51% in the amount raised.

## VENTURE CAPITAL DEALS (#) BY REGION



## VENTURE CAPITAL DEALS (\$) BY REGION

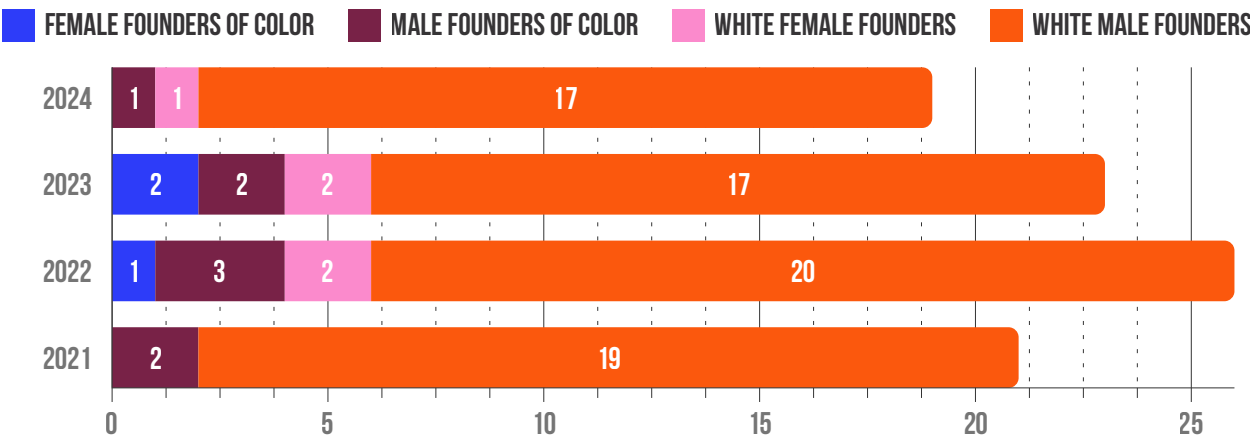


In 2024, one VC deal went to a female founder and one to a founder of color. While they represented 11% of all angel/seed deals, only 2% of the dollars invested went to businesses founded by people other than white men. There was also a substantial decrease in the average investment size for this demographic. In 2023, the average investment in a company founded by a person of color or a female founder was \$9.2M compared to \$2.2M in 2024. No companies founded by

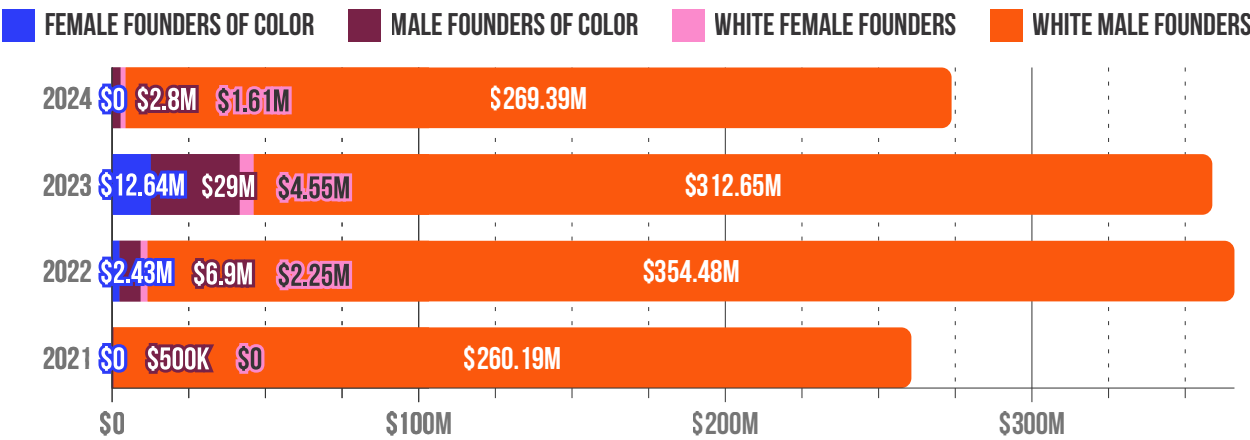
a woman of color received funding in 2024. White male founders received 89% of the deals but 98% of the dollars invested, and nine of the 10 largest deals all went to white male founders. The average deal size for a white male founder was \$16M compared to \$2.2M for a female founder or founder of color.



VENTURE CAPITAL DEALS (#) BY DEMOGRAPHIC



VENTURE CAPITAL DEALS (\$) BY DEMOGRAPHIC



RAISE RADAR

Crisp (Bentonville) aims to power a more efficient, sustainable supply chain with better data. Their Collaborative Commerce platforms connect data across the retail industry to empower brands, distributors, and retailers with real-time, actionable insights to ensure they can keep their shelves stocked, reduce their waste, and increase profitability. In 2024, Crisp closed on a \$72M Series B equity round and secured \$29M in debt financing. Their prior rounds included a \$14.2M seed round in 2019 and a \$12.8M Series A in 2020.

NOWDiagnostics (Springdale) aims to change healthcare by providing accessible, affordable, and accurate testing for all. They develop and manufacture over-the-counter and point-

of-care diagnostic tests, enabling virtually any immunological assay to be accurately performed in one step. In 2024, NOWDiagnostics closed a \$22.5M Series B equity round. Their prior rounds included a \$39K angel investment in 2013, a seed round in 2013 of an undisclosed amount, a Series A round in 2015 of an undisclosed amount, a \$25.8M Series B in 2018, and a \$19M Series B round in 2019.

Field Agent (Fayetteville) developed a platform to provide on-demand enterprise products and real-time access to in-store conditions and shopper insights. They aim to improve on-shelf availability, display compliance, pricing accuracy, and new product launch success for consumer packaged goods. In 2024, Field Agent closed on a \$17.5M Series B equity round. Their prior rounds included a \$8.7M Series A round in 2022, a \$2M Series A round in 2015, and a \$2.5M Series A round in 2013.

PERSPECTIVE.

Investing in Arkansas:  
A Bullish Bet on Bold Founders

*Nathaniel Harding,*  
*Managing Partner –Cortado Ventures*

At Cortado Ventures, we believe Arkansas is entering a new era of innovation—one driven by resilient founders, underserved markets, and transformative technologies. Our conviction is not theoretical; it’s grounded in action. We’ve made strategic investments in two standout Arkansas-based companies—Sober Sidekick and Bastazo—that exemplify the kind of impact-driven innovation we seek.

Sober Sidekick, founded in Bentonville, is the world’s largest virtual recovery community. What began as a peer-to-peer support app built in a halfway house has evolved into a powerful B2B platform serving major healthcare systems like United Healthcare and Optum. With over 380,000 installs and contracts exceeding \$11M, Sober Sidekick is redefining addiction recovery through empathy, data, and community. Their platform offers 24/7 virtual AA meetings, real-time relapse prediction, and a gratitude-based support model that’s saving lives.

Bastazo, also based in Bentonville, is tackling one of the hardest problems in cybersecurity: protecting operational technology (OT) across critical infrastructure. Born from research at the University of Arkansas and the United States Department of Energy’s SEEDS program, Bastazo uses AI to identify and remediate vulnerabilities in real time. Their

platform empowers utilities, manufacturers, and energy providers to move beyond compliance and toward proactive defense. We led Bastazo’s first venture round and are proud to support their mission to carry the burden of securing the systems that power our world.

Beyond capital, we’re investing in community. In 2024, we hosted the first-ever venture capital case competition at the University of Arkansas, where students competed to be the best VC investor—an initiative designed to cultivate the next generation of funders. We also host annual Funder/Founder Dinners, bringing together builders and backers to connect capital with great ideas. Our annual Midcontinent Venture Capital Summit in Bentonville attracted over \$2 trillion in capital and hundreds of entrepreneurs and investors, further cementing Arkansas as a rising hub for innovation.

We’ve also established a permanent presence at Onward HQ, where our team attends monthly events to source and support emerging entrepreneurs. These efforts reflect our belief that Arkansas is not just flyover country—it’s fertile ground for bold ideas and gritty execution in the Midcontinent. We’re bullish on Arkansas. Not just because of what it is today, but because of what it’s becoming.



# CROWDFUNDING.

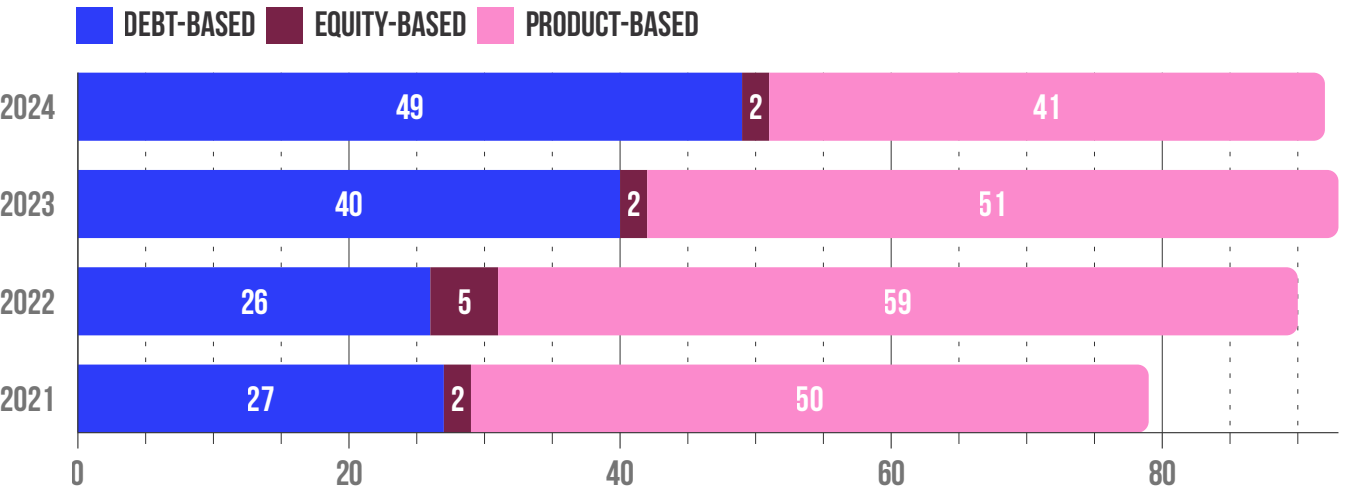


When we review the crowdfunding capital raised in 2024, we categorize campaigns in one of three categories:

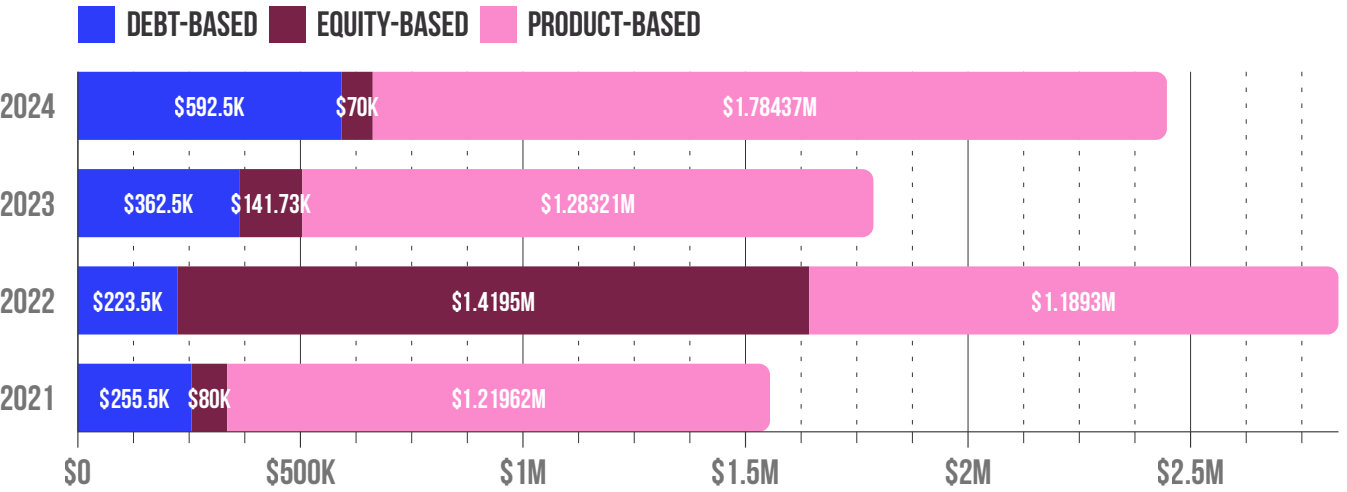
- **Product-Based or Pre-Sales:** Entrepreneurs put an early-stage idea onto a platform to solicit pre-sales that fund the development of the product or project. The data for this report are collected from Kickstarter and represents only successful campaigns.
- **Debt-Based:** Entrepreneurs raise low-interest capital by accepting loans from several investors. The data for this report has been collected from the two Kiva Hubs in Arkansas; Northwest and Central and represents only successful campaigns.
- **Equity-Based:** Entrepreneurs sell a stake in their business to a number of investors in return for investment. The data for this report have been collected from PitchBook and supplemented with entrepreneur-reported raises and data from Crowdfunding Capital Advisors and represents only successful campaigns.

In Arkansas, there has been little change in the number of crowdfunding campaigns over the last three years. However, there was a 36.9% increase in the amount of crowdfunding raised in 2024. This increase was driven by debt campaigns that increased in number by 22.5%, and both debt and product-based campaigns that increased by 63.4% and 39.1% respectively.

## ARKANSAS CROWDFUNDING (#) DEALS



## ARKANSAS CROWDFUNDING (\$) DEALS





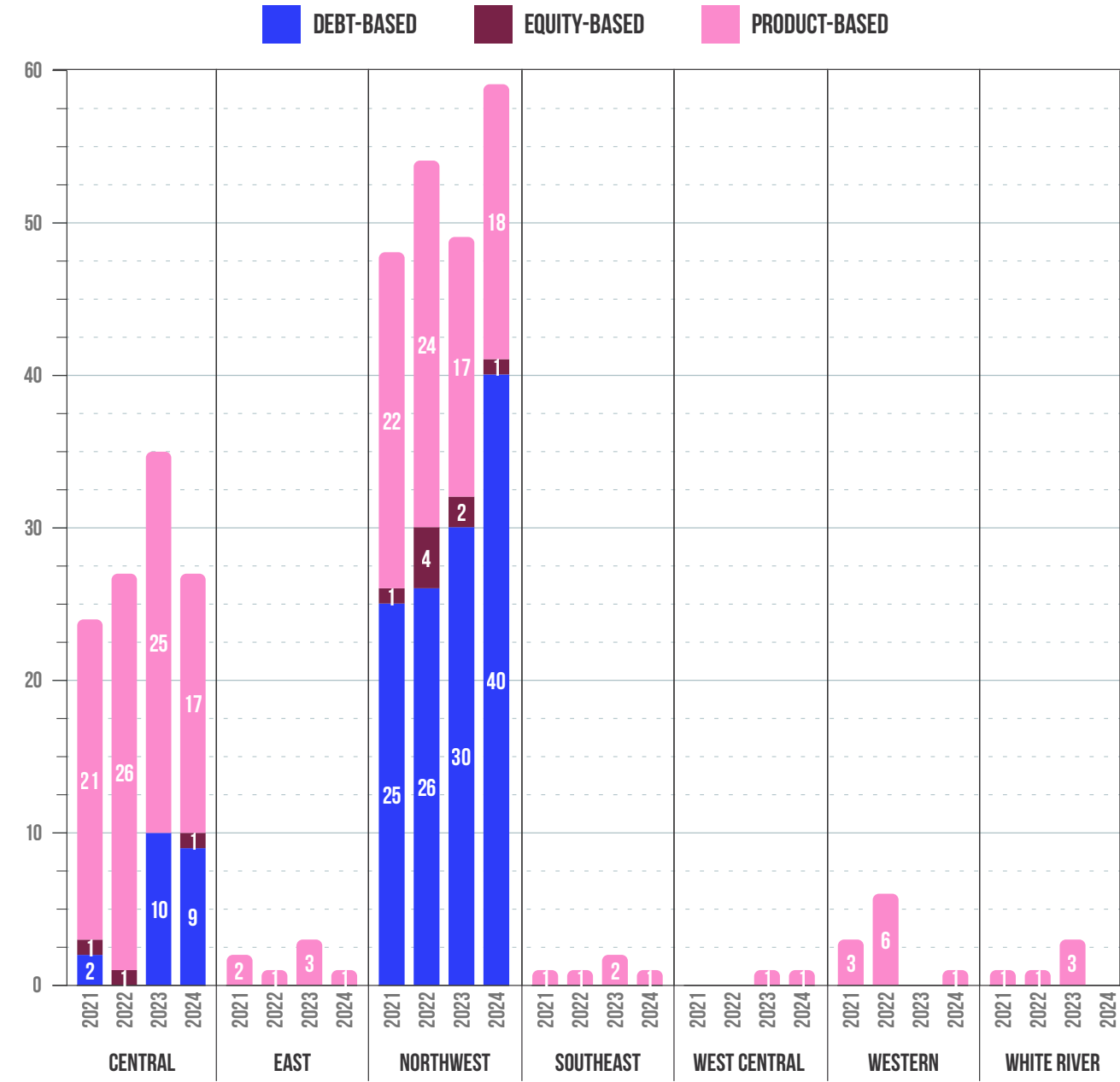
# CROWDFUNDING BY REGION

Unlike equity and non-dilutive funding, crowdfunding is more accessible to entrepreneurs and small businesses across Arkansas. Seven of the eight economic regions have seen at least one crowdfunding campaign in the last four years, with the majority of campaigns located in Northwest and Central Arkansas. Northwest Arkansas led the increase in crowdfunding dollars raised by 80%. They represented 64% of all successful campaigns and 66% of all dollars raised. This growth was driven by three particularly large successful campaigns, the largest of which was just shy of \$800,000. The

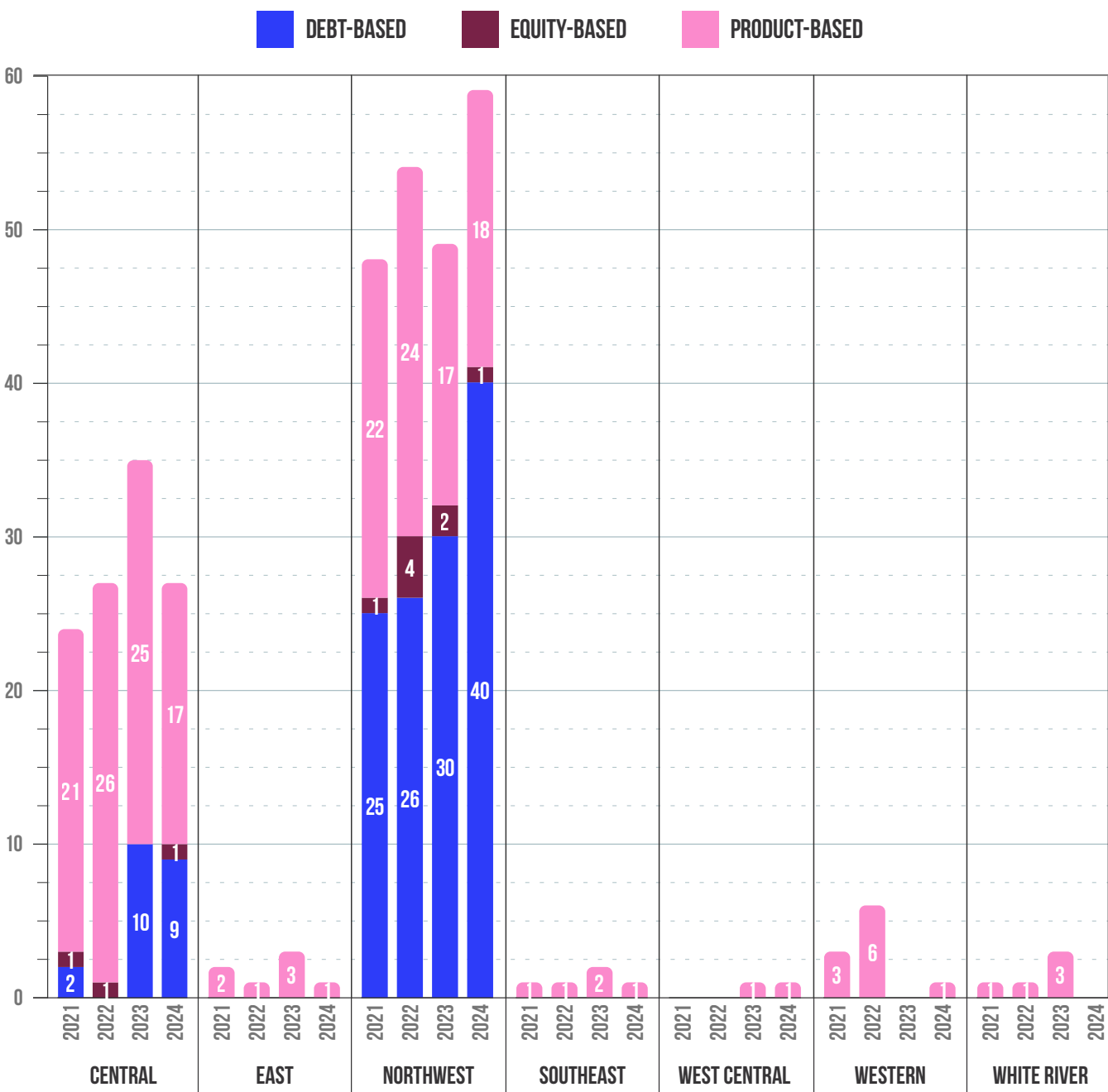
median campaign in Northwest Arkansas actually decreased from \$7,153 in 2023 to \$5,094 in 2024.

Central Arkansas represented 29% of all campaigns and 28% of all dollars raised. Part of that concentration was from debt-based crowdfunding. Both Northwest and Central Arkansas have Kiva Hubs, which is an important platform for business crowdfunding, but that doesn't account for all of the concentration, given the amount of product-based fundraising in those regions.

CROWDFUNDING (#) BY TYPE AND REGION



CROWDFUNDING (\$) BY TYPE AND REGION



Three key sectors with the highest rates of crowdfunding in Arkansas were arts and culture, small businesses and startups, and social impact projects. The arts and culture projects were related to local arts initiatives, cultural events, and other creative endeavors that exuded a sense of community and pride for the local heritage. Small businesses and startups

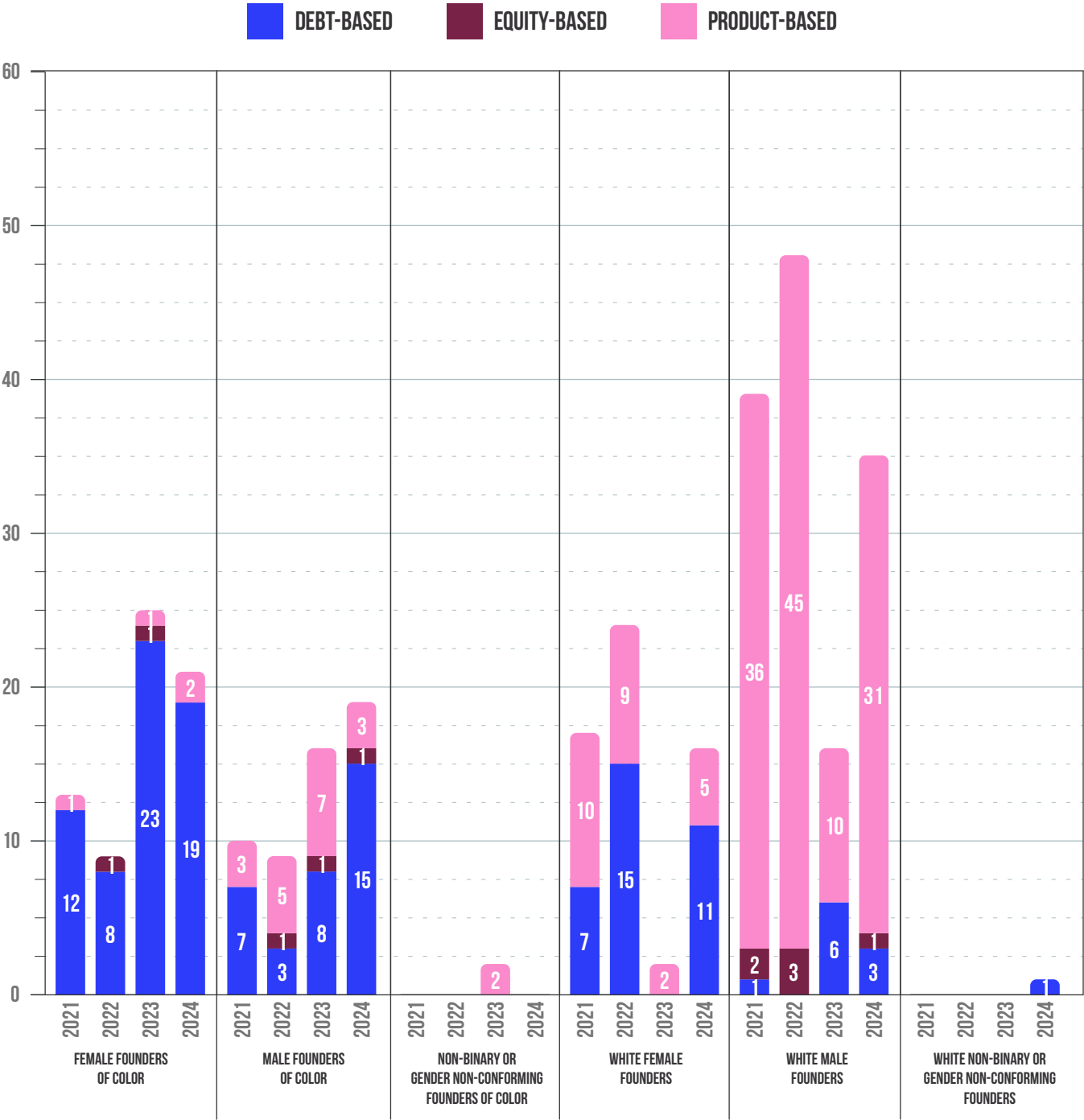
included entrepreneurs with new business ventures, innovative projects, or business expansion. Social impact projects included initiatives focused on community development or charitable causes.



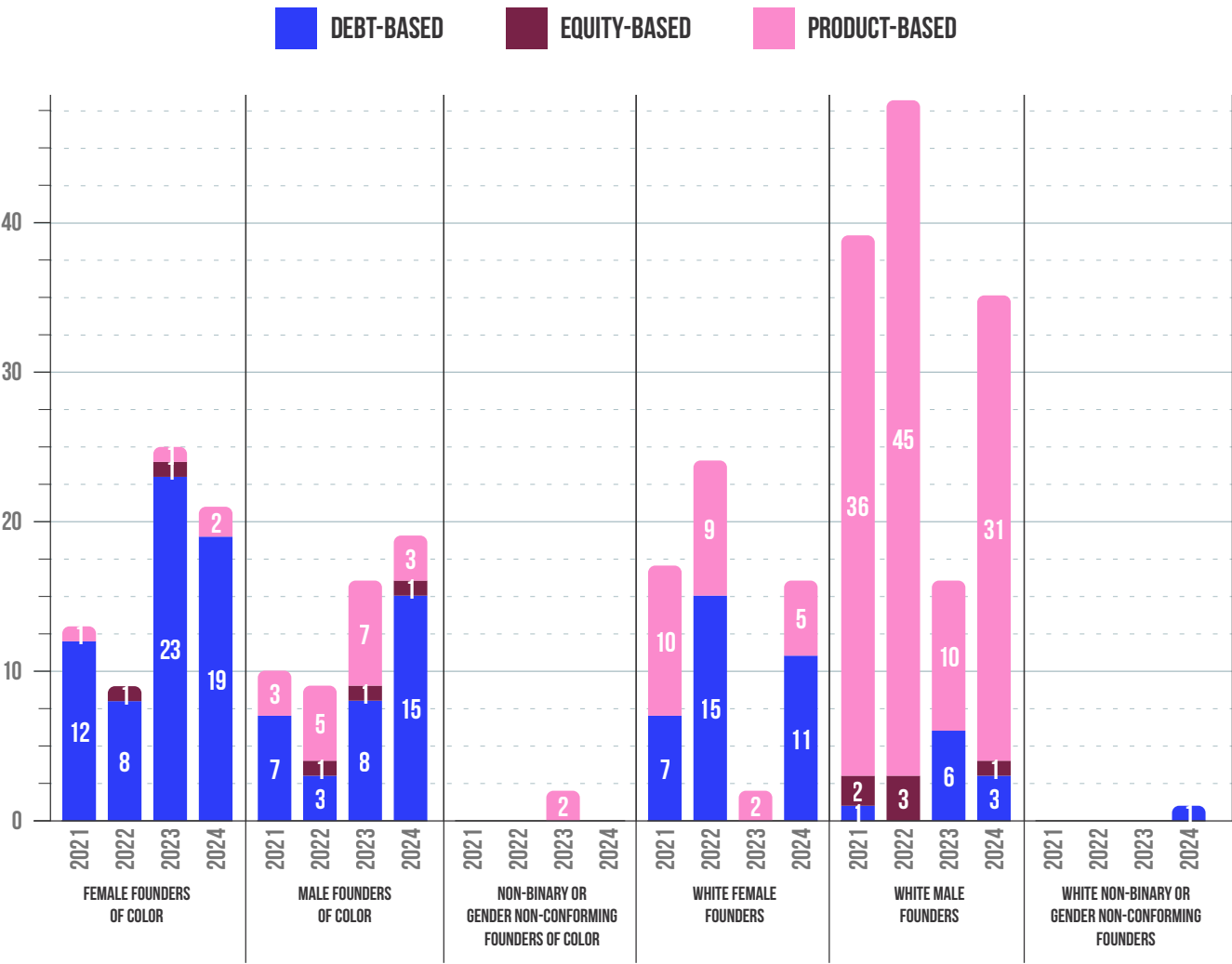
# CROWDFUNDING BY DEMOGRAPHIC

In 2024, female founders of color led 23% of all campaigns and raised 8% of the funding, while male founders of color led 21% of all campaigns and raised 17% of the funding. White female founders led 17% of all campaigns, raising 7% of the funding; white male founders led 38% of all campaigns, raising 67% of the funding; and white, nonbinary or gender non-conforming founders led 1% of all campaigns, raising 0.6% of the funding.

CROWDFUNDING (#) BY DEMOGRAPHIC



# CROWDFUNDING (\$) BY DEMOGRAPHIC



Women founders represented 18% of all equity crowdfunding campaigns in Arkansas in the last four years. Female founders of color made up 39% of debt-based campaigns but only 5% of the product-based campaigns. White male founders made up 6% of all debt-based campaigns but 76% of product-based campaigns.

# LEGISLATIVE CHANGES IN 2026

While this report focuses on 2024 activity, a 2025 law will shape the future of early-stage equity crowdfunding capital in Arkansas. Act 236, titled “An Act to Amend the Arkansas Securities Act” will impact capital access in a number of ways:

- Arkansas-based companies can now raise up to \$10 million in any 12-month period, a tenfold jump from the previous \$1 million cap, without registering federally.
- The Act also lets non-accredited Arkansas residents invest up to \$100,000 per offering (up from \$5,000), dramatically widening the local investor pool beyond accredited angels.
- Compliance has been streamlined, requiring a single \$100 filing, 10-day advance notice, and funds held in an Arkansas bank account, keeping legal costs low for founders.

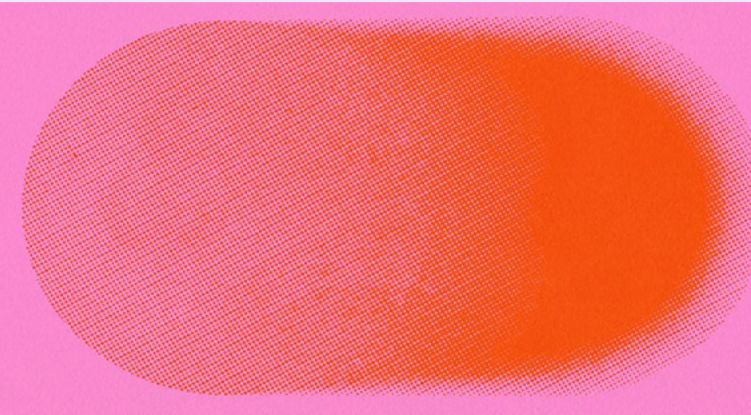


# RAISE RADAR

Font Awesome (Bentonville) launched a Kickstarter campaign in 2024 to expand Web Awesome. Rebranded from Shoelace, Web Awesome is Font Awesome’s most popular free and open source library of web components. It provides a collection of meticulously designed and highly customizable UI components built on a framework agnostic technology. They exceeded their initial goal of \$30,000, eventually raising \$754,000.

Troll Lord Games (Little Rock) publishes tabletop role-playing games. Their 2024 Kickstarter campaign aimed to create Gary Gygax’s World Builders Archive, an encyclopedic series to support the Game Master and Players to support world building. They exceeded their initial goal of \$25,000, eventually raising \$303,000.

LIVSN Designs (Bentonville) is an outdoor apparel brand focused on creating durable outdoor clothing. They launched their fifth Kickstarter campaign in 2024 to create the Ecotrek Overalls: The Ultimate Adventure Overalls with GoFly® Zipper Technology. They exceeded their initial goal of \$10K, eventually raising \$168K. They have successfully leveraged Kickstarter to launch their products before, raising \$79K in 2018 for their Hi-Wool Fleece and Flex Canvas Pants, \$106K in 2019 for their Flex Canvas Pants V2, \$515K in 2021 for their EcoTrek: Adventure Pants Made from Ocean Buoys, and \$456K in 2023 for their Century Jacket.



# PERSPECTIVE.

## Bridging the Gap: Crowdfunding’s Impact on Arkansas Entrepreneurs

*Itzel Velasquez,*  
*Former Little Rock Kiva Hub Capital Access Manager (FORGE)*

When the Little Rock Kiva Hub launched in May 2022, supported by the Forge Fund and the Winthrop Rockefeller Foundation, Central Arkansas gained critical access to Kiva’s global lending network. Kiva Hubs provide local support by guiding entrepreneurs through the fundraising process and assisting them throughout loan repayment. Beyond the loan itself, Hubs serve as an entry point to the broader entrepreneurial ecosystem—linking small business owners to resources such as the Arkansas Small Business and Technology Development Center (ASBTDC), vendor markets, and, when ready, traditional financing opportunities. — *Editor’s Note: The Little Rock Kiva Hub concluded operations in July 2025.*

From 2022 to 2025, the Little Rock Hub has distributed over \$206,000 in zero-interest loans to 29 local businesses, 83% of which are owned by women of color. Notable successes include Certified Pies and Lakewood Fish & Seafood, each securing the maximum loan amount of \$15,000.

Nationally, Kiva’s model has proven highly effective, with 52% of borrowers securing traditional financing after repaying their initial Kiva loans, significantly improving their creditworthiness. Arkansas’ Startup Junkie Foundation, which operates the Northwest Arkansas Kiva Hub, has deployed over \$2 million in zero-interest loans. Expanding this successful model statewide is essential for achieving broader economic impact.

## ADDRESSING ARKANSAS’ FUNDING GAPS

In 2024, traditional angel and seed-stage investments sharply declined, leaving early-stage businesses—especially those already under economic stress—with even fewer funding options. Data from Kiva U.S. highlight persistent barriers in traditional lending:

- 36% of small-business owners are denied loans due to low credit scores.
- 30% are turned away because of insufficient or nonexistent credit history.
- 54 million adults in the U.S. are considered financially excluded.
- 26 million are categorized as “credit invisible,” meaning they lack enough credit history to generate a credit score.



According to the 2023 Arkansas Capital Scan, one data point stood out: many of Arkansas’ women-owned businesses are located in regions with some of the lowest income levels in the state. In the Southeast, 36.6% of businesses are women-owned, and in the Northeast, the figure is 34.3%. Of the 16 counties with the highest percentages of women-owned businesses, 12 are in Eastern Arkansas—areas that continue to face deep economic challenges. This reveals the determination of women in these communities to create opportunities despite limited resources. While this entrepreneurial growth is promising, the journey toward sustainability remains challenging.

## SUPPORTING RURAL AND WOMEN-OWNED BUSINESSES

Entrepreneurs in rural areas, particularly in the Delta and southern counties, face persistent challenges including limited broadband access, fewer banking partners, and a lack of technical assistance or local economic development infrastructure. Women frequently establish small, home-based businesses in these communities to supplement family income. Such enterprises require modest capital but significant local support.

Although rural Arkansas has fewer businesses overall, the financial burden to launch and sustain these enterprises is often disproportionately higher relative to local income levels and market size.

Research consistently demonstrates that women-led businesses excel in crowdfunding. A 2017 study by PwC and The Crowdfunding Center found women-led campaigns were 32% more likely to meet fundraising goals compared to male-led campaigns. Similarly, a 2018 report by Boston Consulting Group revealed that women-led startups generated twice as much revenue per dollar invested compared to male-led startups, attributed largely to sustainable and relationship-based business models.

These strengths make women entrepreneurs ideal candidates for crowdfunding platforms like Kiva. However, while the platform’s \$15,000 loan cap typically meets the initial needs of sole proprietors, it often falls short of supporting hiring, expansion, or more complex operational growth.

## THE ROLE OF LOCAL GRANT PROGRAMS

To complement crowdfunding efforts and better support undercapitalized entrepreneurs, local governments should consider offering small business grants. Grants ranging from \$2,500 to \$10,000 can effectively cover early-stage needs such as equipment purchases, licensing fees, or space improvements—especially in areas where access to capital is limited.

Small businesses generate local sales tax revenue and contribute significantly to the economic health of their communities. Public investments through grants enhance business sustainability, foster job creation, and encourage local procurement. Additionally, such support encourages informal entrepreneurs to formalize their businesses, increasing their visibility and enabling access to additional resources and funding.

By strategically investing in community-rooted businesses, particularly those led by women in rural areas, Arkansas cities and counties can foster long-term economic growth and strengthen local economies.





# NON-DILUTIVE FUNDING.

Unlike equity funding, there is no reporting mechanism to reliably capture all sources of non-dilutive funding flowing to companies, so this section focuses specifically on America’s Seed Fund program, a grant initiative of the U.S. Small Business Administration in partnership with other U.S. government agencies. Grants from this program, called Small Business Innovation Research Awards (SBIRs) and Small Business Technology Transfer Awards (STTRs), consistently have publicly available data so we can show a snapshot of the non-dilutive research funding captured by companies in Arkansas.

The SBIR and STTR programs are structured into three phases:

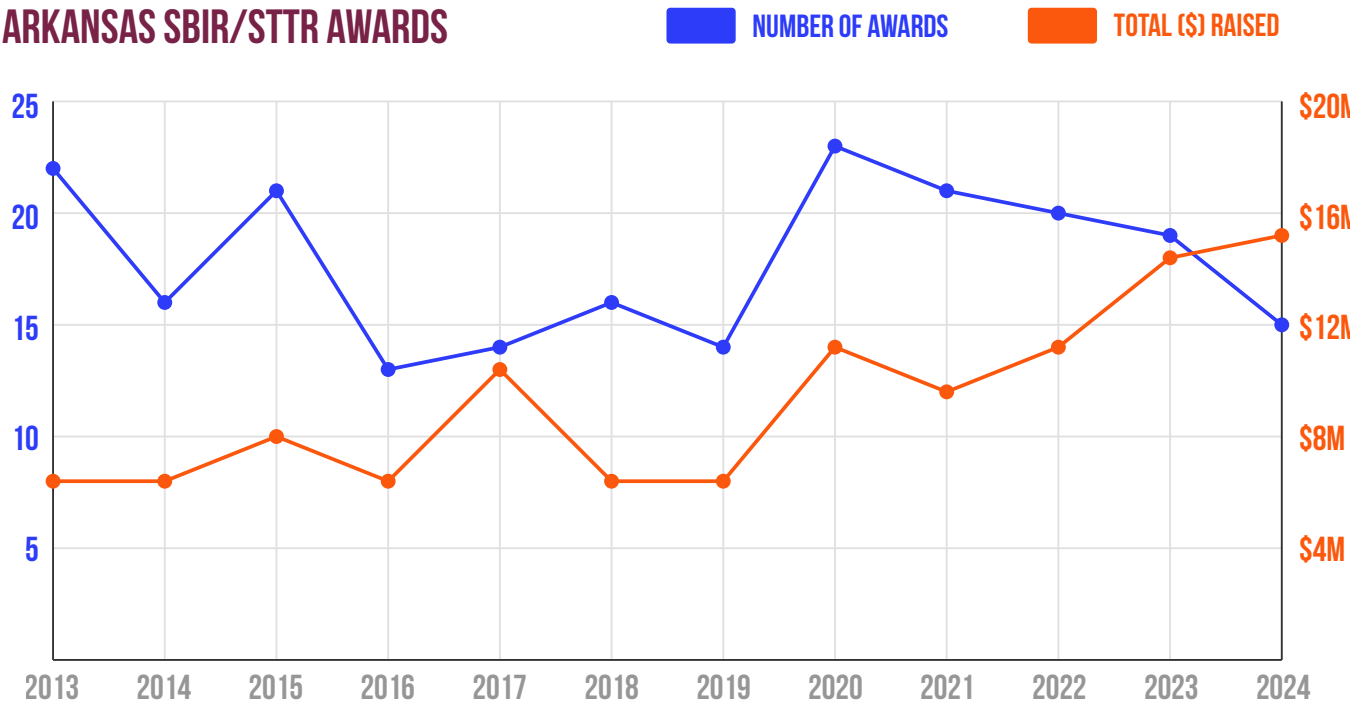
- **Phase I** establishes the technical merit, feasibility, and commercial potential of an innovation.
- **Phase II** funding is typically based on the success of Phase I outcomes and focuses on finishing the research and development necessary to get an innovation ready for the market. Typically, only Phase I awardees are eligible for a Phase II award.
- **Phase III** funding, if available, is for the commercial applications of a company’s products, tools or services and comes with the right to establish sole-source contracts with the United States government.

It is important to note that the data for SBIR/STTR awards are added gradually to the national dataset. While we pull the dataset as late as possible before analysis, it is likely that 2024 may be missing some awards that may be added to the dataset after publication.

## AGGREGATE

In 2024, there were 15 awards that raised a total of \$16,989,521. This was a 25% decrease in the number of awards from 2023, but a 15% increase in the dollar amount awarded in the same year.

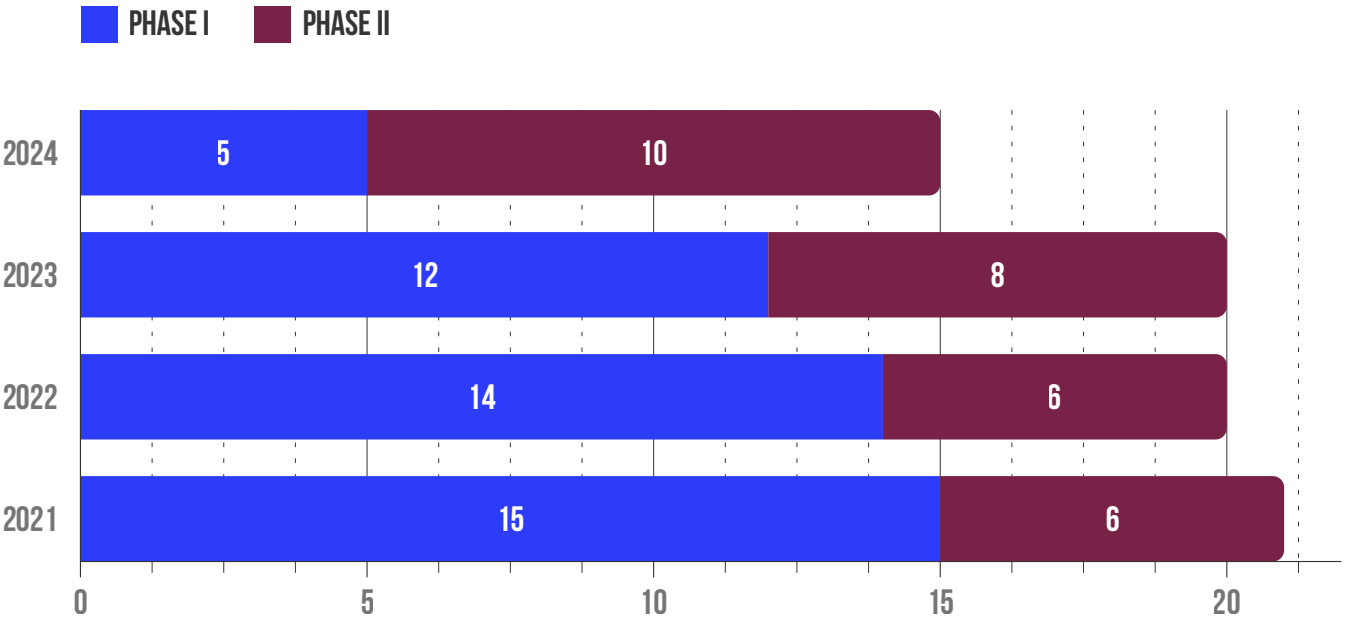
## ARKANSAS SBIR/STTR AWARDS



This was driven by a substantial increase in the number of Phase II awards. Typically, Phase I awards represent more than 60% of awards; however, in 2024, it inverted, with Phase II representing 67% of all awards. This is expected with successful Phase I awards and a key way to increase the amount of non-dilutive research capital in the state. Phase II awards are substantially large.



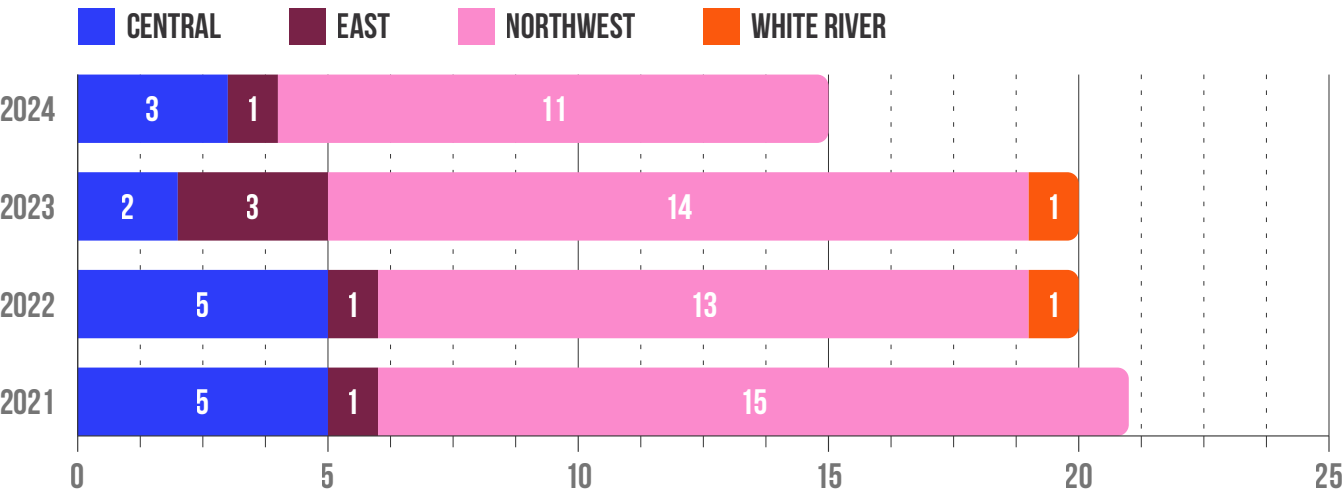
SBIR/STTR | AWARDS (#) BY PHASE



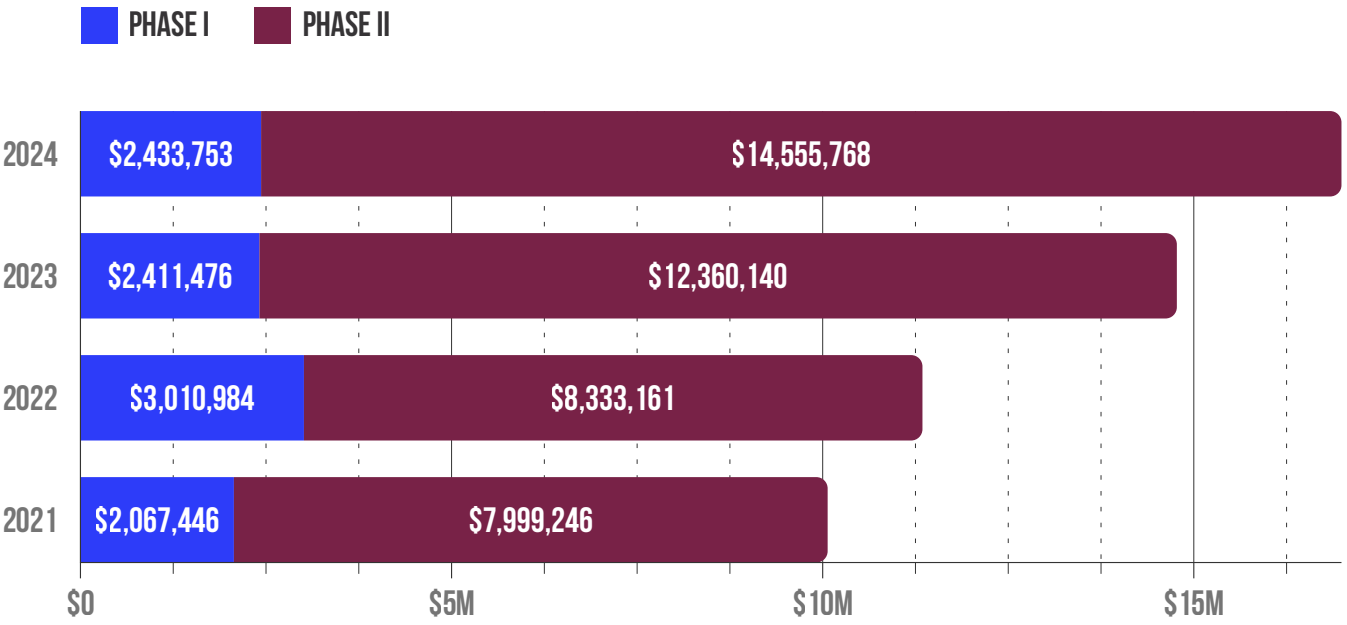
REGIONAL DISTRIBUTION

Only four of the eight economic regions in Arkansas received SBIR/STTR awards in the last four years. These awards were also highly concentrated. In 2024, companies based in Northwest Arkansas received 73% of all the awards in the state.

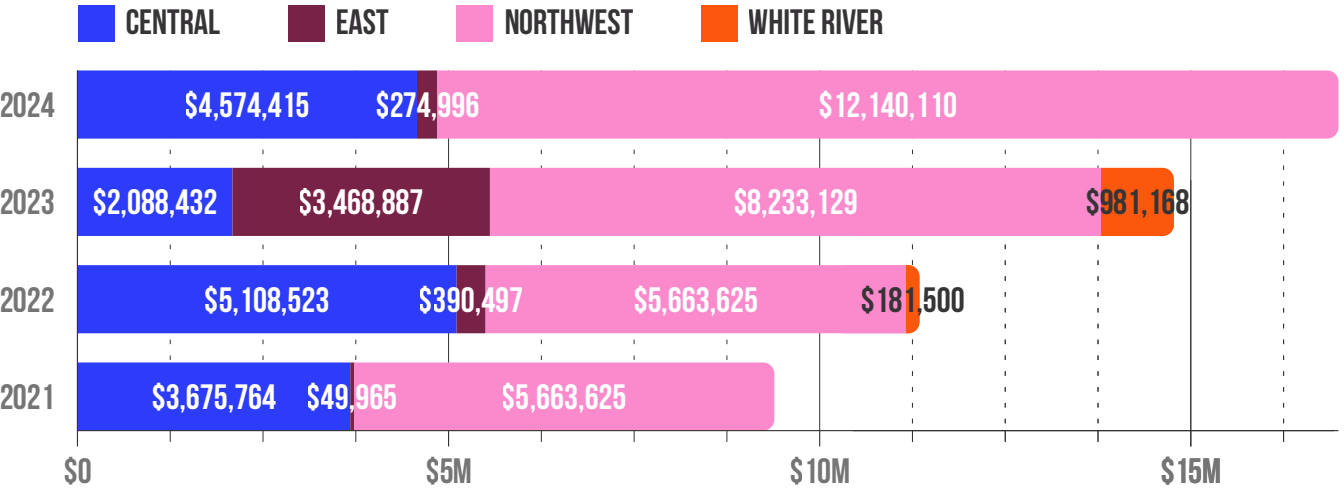
SBIR/STTR | AWARDS (#) BY REGION



SBIR/STTR | AWARDS (\$) BY PHASE



SBIR/STTR | AWARDS (\$) BY REGION



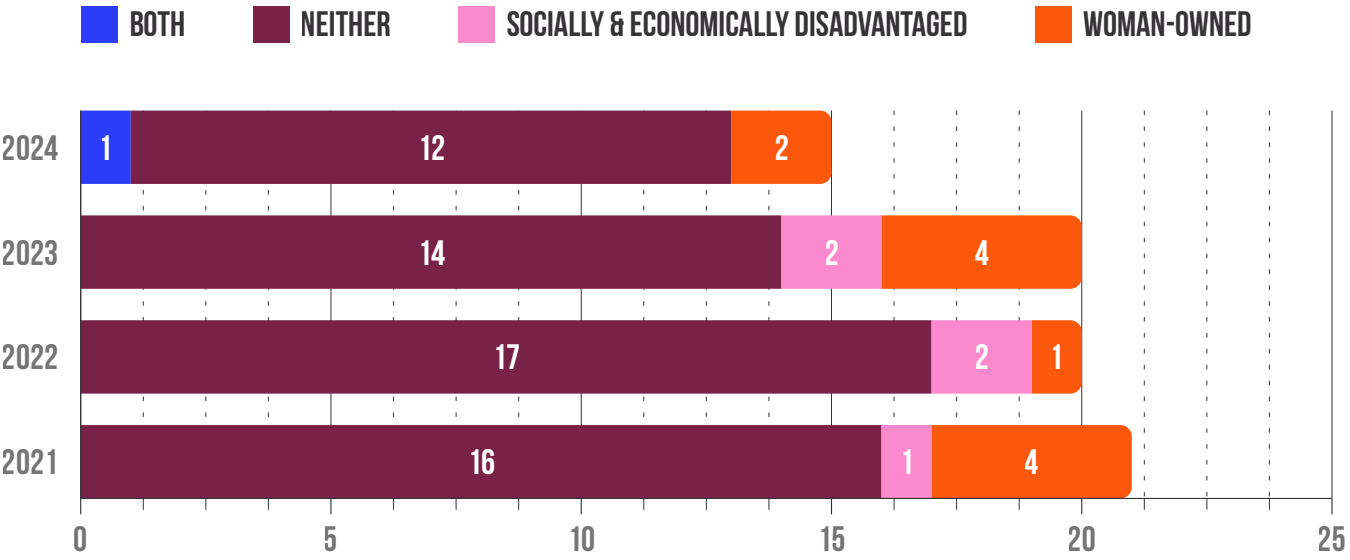


AWARDS BY DEMOGRAPHIC

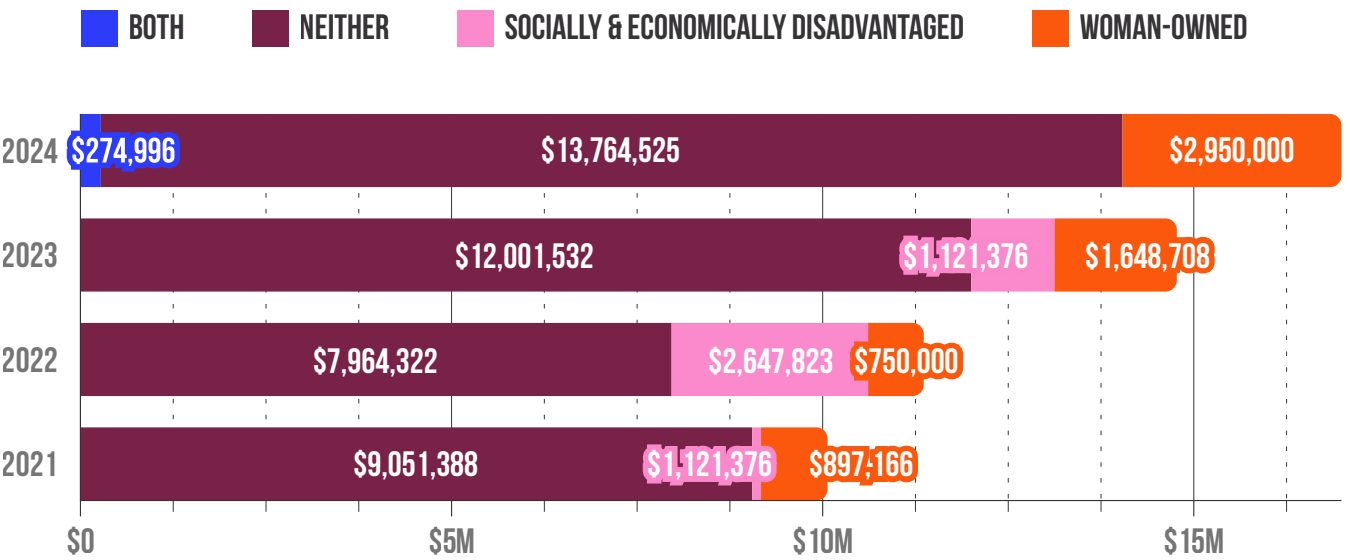
The share of awards to women-owned and/or socially and economically disadvantaged companies has remained relatively steady. In 2024, 80% of companies who received awards were neither woman-owned nor socially and economically disadvantaged.

And for the first time in 25 years, an Arkansas company identified as both women-owned and socially and economically disadvantaged received an SBIR or STTR award. That company received an NSF Phase I award totaling \$274,996.

SBIR/STTR | AWARDS (#) BY DEMOGRAPHIC



SBIR/STTR | AWARDS (\$) BY DEMOGRAPHIC



RAISE RADAR

Ozark Integrated Circuits (Fayetteville) provides solutions spanning aerospace, energy, industrial, and space applications. In 2024, they won three SBIR Phase II grants worth a collective \$4,403,711. Two of those grants were from the Department of Defense, with the third coming from the Department of Energy. While the opportunity is not within the scope of the analysis for this report, in 2024 they also secured a \$10.9 million three-year federal contract for the development of microelectronic sensor technologies capable of high-bandwidth, high-dynamic-range sensing at extreme temperatures through the Defense Advanced Research Projects Agency (DARPA).

Nushores Biosciences LLC (Little Rock) commercializes patented bone and tissue regeneration technologies developed at the University of Arkansas at Little Rock. In 2024, they won two SBIR Phase II grants worth a collective \$4,300,000. Both of the grants were from the Department of Defense through the Defense Health Agency.

Arktonics (Fayetteville) is a company associated with the University of Arkansas that has secured substantial grant funding to develop various electrical and photonic materials and novel optoelectronics. In 2024, the company won two STTR proposals from the Department of Defense worth a collective \$2,950,000. One of the proposals was a Phase I and the other a Phase II.





# COMPARATOR STATES.



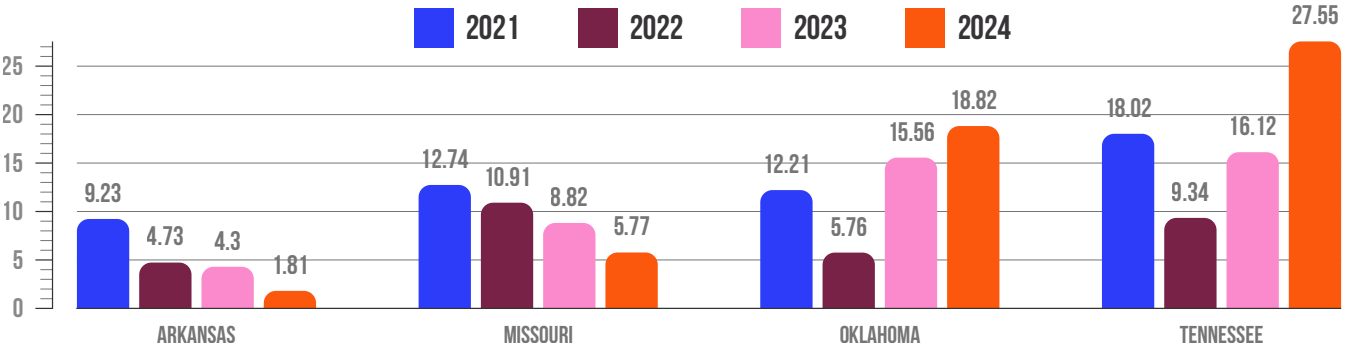
In the Arkansas-only section above, we added additional deals and corrected known errors to more accurately reflect the state of equity capital in Arkansas. However, when comparing Arkansas to its comparator states we did not make any changes to the PitchBook data, including in Arkansas. Because we were unable to verify and validate every deal in each comparator state, we chose to analyze the data as-is, assuming that the error rates are similar across states. Because the states differ in population, we present most comparisons per capita, ensuring that population size does not skew the results.

## ANGEL/SEED INVESTMENTS

### AGGREGATE INVESTMENTS

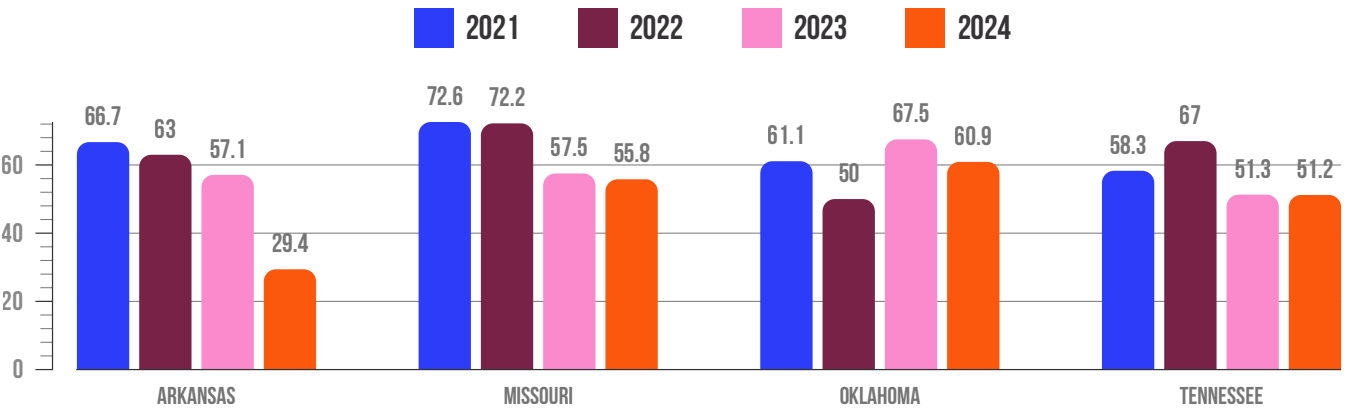
In 2024, the angel/seed investments per capita were \$1.81 in Arkansas, \$5.77 in Missouri, \$18.82 in Oklahoma, and \$27.55 in Tennessee. Although Arkansas has lagged among the comparator states each year for the last four years, the decrease in 2024 was much more evident. During this time, Arkansas saw a decrease of 58% in angel/seed funding per capita. Missouri had a decrease of 35%, Oklahoma had an increase of 21%, and Tennessee had an increase of 71%.

ANGEL/SEED INVESTMENT PER CAPITA



The deal disclosure rate for 2024 likely impacted our view. In 2024, only 29% of Arkansas’ seed and angel-stage deals in PitchBook had a dollar amount associated with them compared to between 50 to 70% for all other states every year. Most other years, Arkansas had a 60 to 70% disclosure rate. This deviation is significant enough to acknowledge for this section but given the decrease in aggregate investments seen even with the more comprehensive view earlier in this report, the low disclosure rate cannot fully account for the decrease.

DEAL DISCLOSURE RATE BY STATE AND YEAR

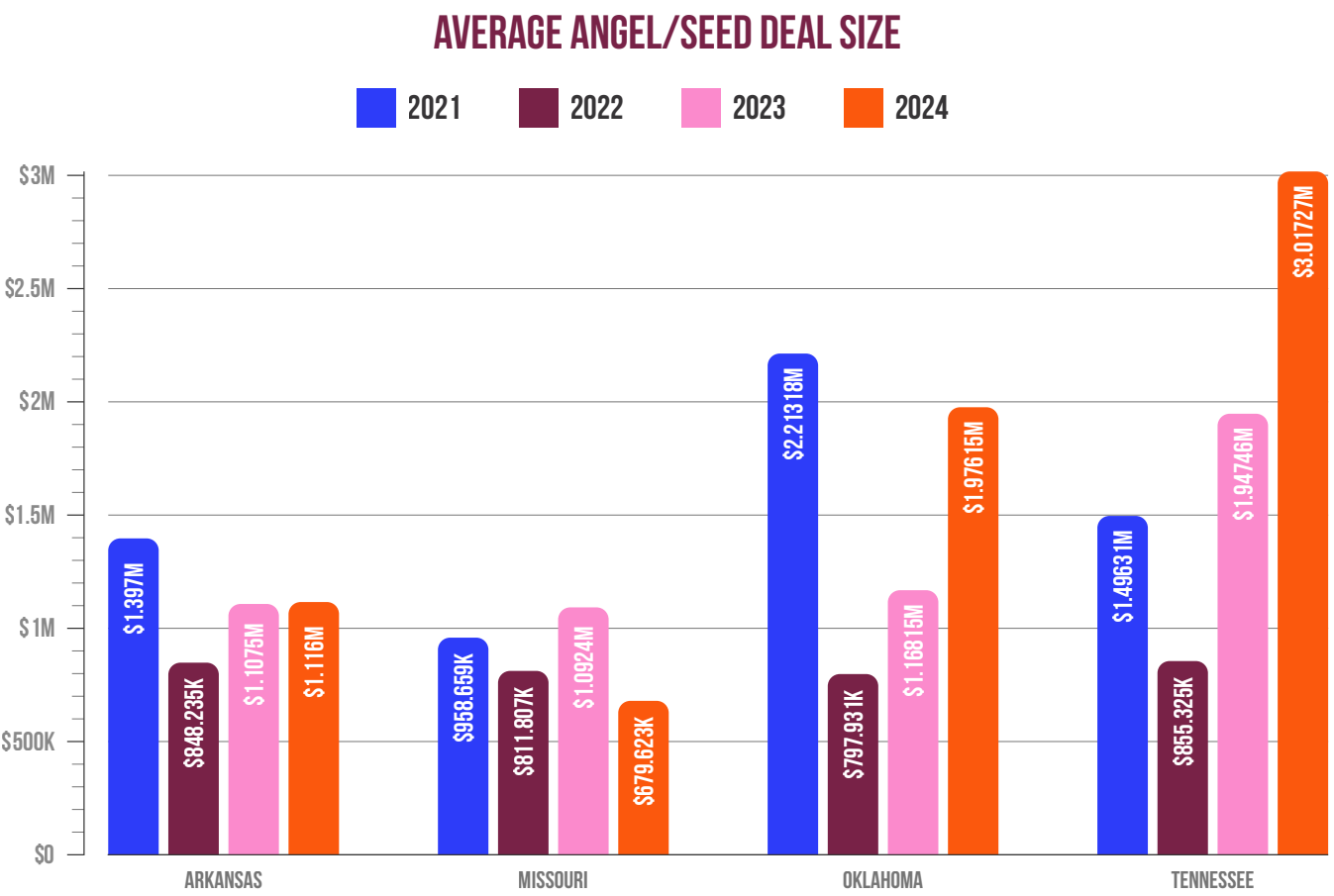




The decrease in angel/seed funding in Arkansas has been greater than can be explained by national or regional trends and this will impact the future of equity funding in the state, as angel/seed investments are critical for building a pipeline for later-stage investments.

## AVERAGE DEAL SIZE

With respect to the average deal size, it is important to note that the average excludes deals where the investment was not disclosed. The average angel/seed investment has not changed substantially in the last four years for Arkansas. While the average deal size in Oklahoma and Tennessee increased by 61% and 51% respectively, Missouri had a decrease of 38%.

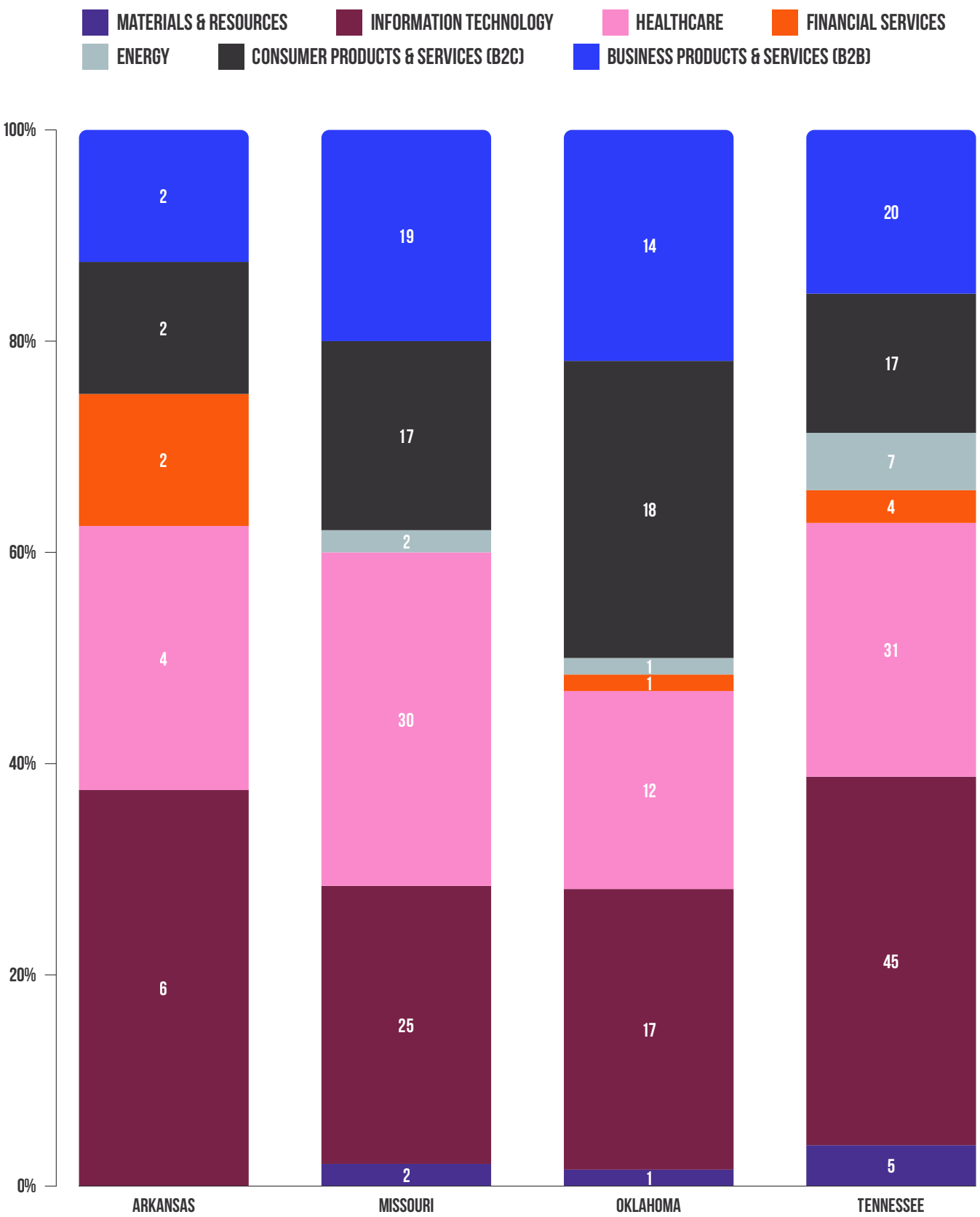


Because the weight of a few large deals can substantially skew the average angel/seed investment, we also looked at the median deal sizes. While Arkansas saw the average investment size remain the same between 2023 and 2024, the median deal size decreased from \$1.1M in 2023 to \$150K in 2024. By comparison, Oklahoma saw their median deal size halve to \$30K in 2024 while Tennessee saw their median deal size double to \$1.2M.

## INVESTMENTS BY INDUSTRY

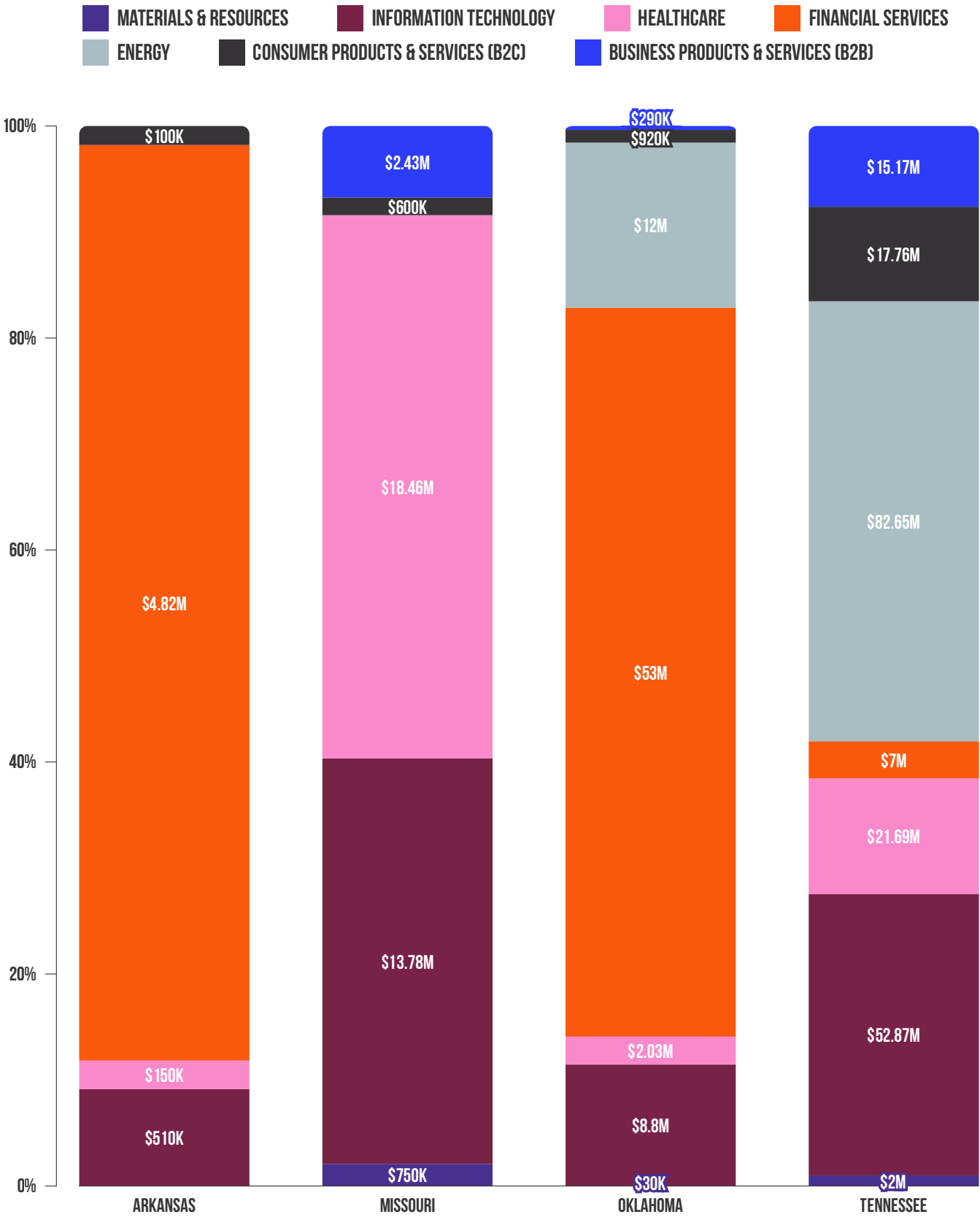
The distribution of angel/seed deals in 2024 by industry was largely similar state to state. While Oklahoma had a larger share of consumer products and services, Arkansas had a slightly larger percentage of its deals in financial services. Both Arkansas and Oklahoma saw unusually large deals in financial services. In Tennessee, dollars were invested in energy, and in Missouri, healthcare was the preferred area.

## 2024 ANGEL SEED INVESTMENTS (#) BY INDUSTRY AND STATE





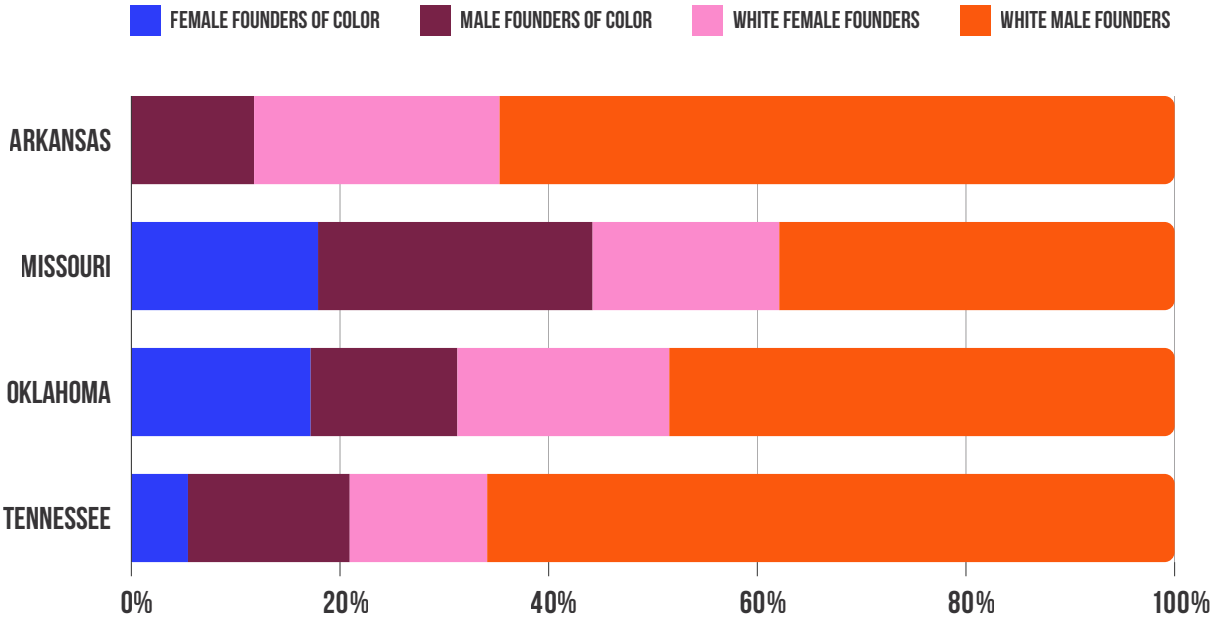
2024 ANGEL SEED INVESTMENTS (\$) BY INDUSTRY AND STATE



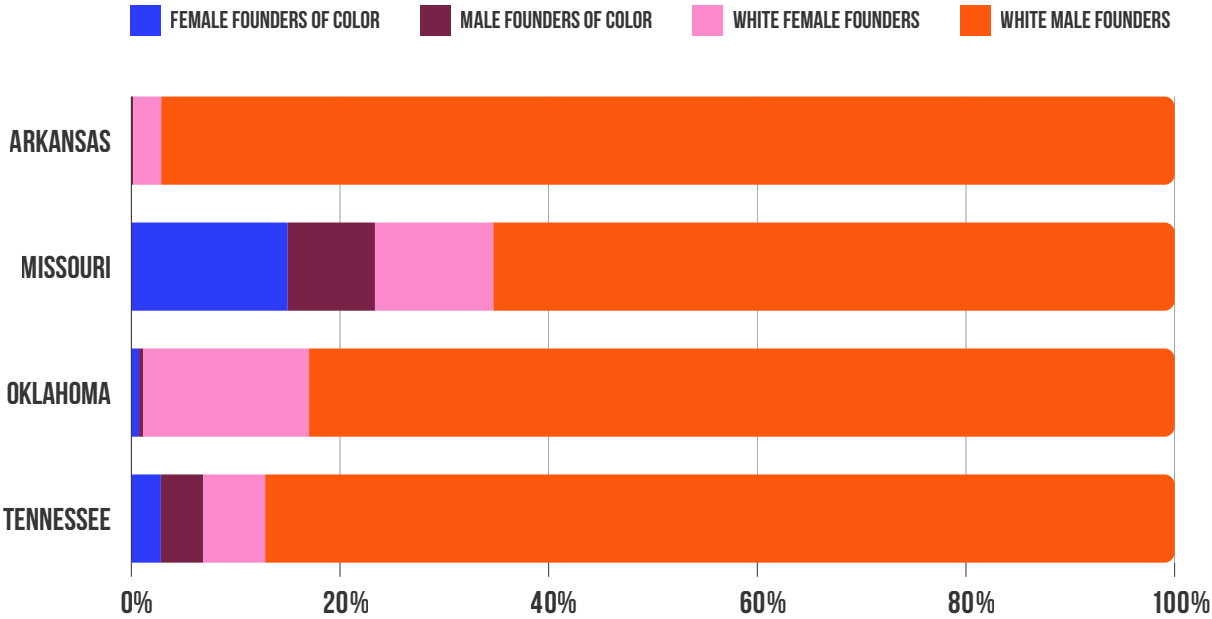
INVESTMENTS BY DEMOGRAPHICS

As for the distribution in the number of deals, both Arkansas and Tennessee had approximately 65% of the deals going to white male-founded businesses. Both Missouri and Oklahoma had a larger share of deals going to female founders or founders of color, but all states had greater disparity in distribution of actual dollars invested. White male founders received 97.1% of the dollars in Arkansas, 65% of the dollars in Missouri (38% of the deals), 83% of the dollars in Oklahoma (49% of the deals), and 87% of the dollars in Tennessee.

PERCENTAGE SHARE OF 2024 ANGEL/SEED (#) BY DEMOGRAPHICS AND STATE



PERCENTAGE SHARE OF 2024 ANGEL/SEED (\$) BY DEMOGRAPHICS AND STATE





# PERSPECTIVE.

## Decades not Years

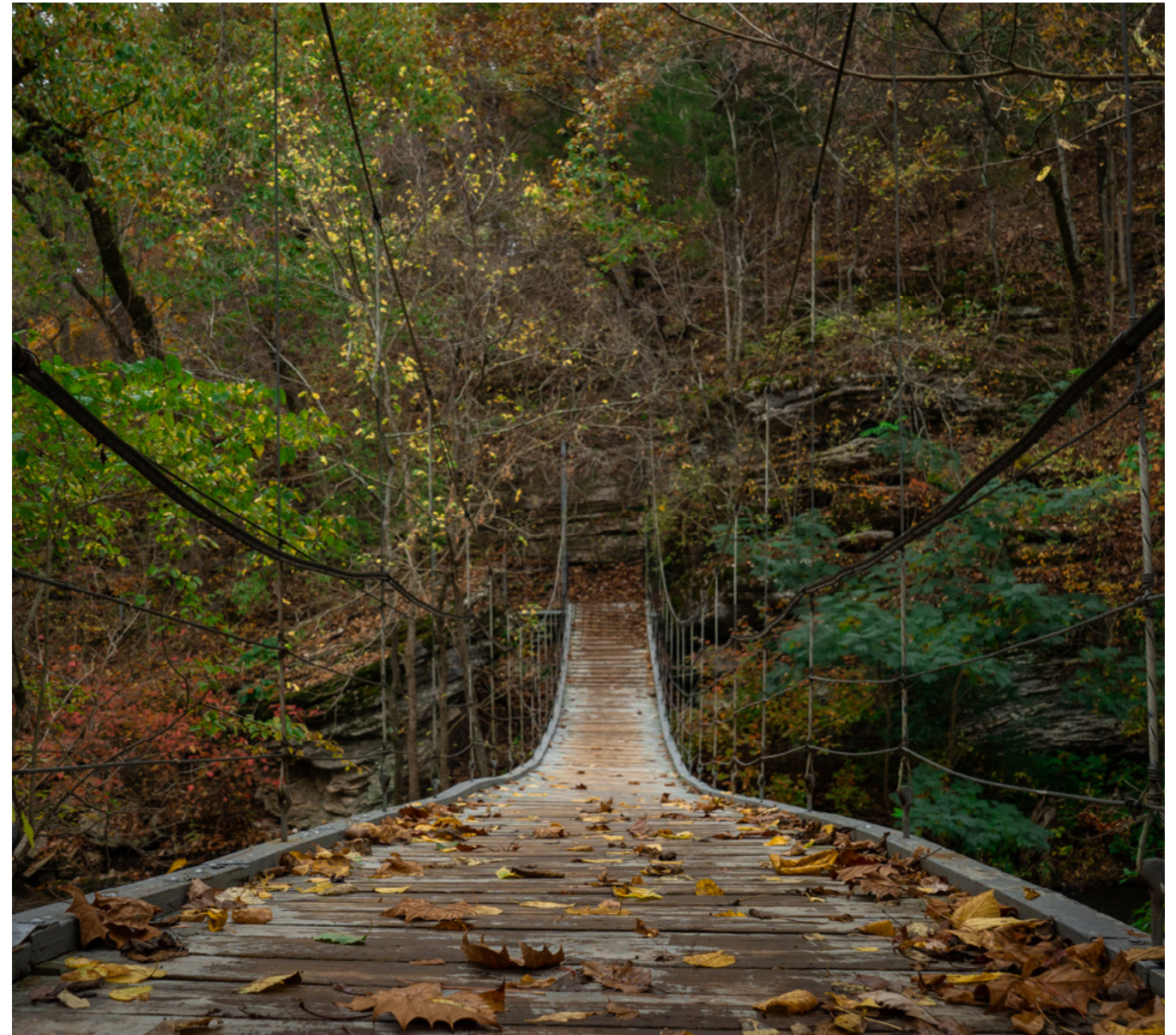
*Canem Arkan,  
Managing Director, Endeavor Heartland*

It's tempting to look at Arkansas's capital inflows, stack them up against Tennessee (or worse yet, Texas) and feel like we're falling behind. But those charts only tell a sliver of the story. Numbers don't capture the "infrastructure" being built here. They don't show the hundreds of hours of mentorship poured into founders, the networks being unlocked, or the patient, deliberate work of building companies that can actually scale. And seeing change takes time. It took decades, not years, for Silicon Valley to become what it is today. Hewlett-Packard was born in 1939. Google in 1998. That's almost 60 years of transformation.

At Endeavor Heartland, we're focused on what really moves the needle: the quality and scalability of the companies being built. Our mission is to give laser-targeted support to a select

group of high-potential Series A–C stage founders, helping them navigate critical inflection points and connect them to a global network of resources that simply doesn't exist elsewhere in this region.

That network effect is what makes Endeavor different. Our entrepreneurs don't just get plugged into Arkansas's support system; they can access a global community of over 5,000 board members or mentors worldwide: operators, executives, and investors who have built and scaled companies before. These mentors open doors, offer hard truths, and share the kind of pattern recognition that only comes from doing it themselves. And when capital is needed, Endeavor Catalyst, our rules-based investment fund, can step in. It's just one more tool in our toolbox. And that's what capital is, a tool. Not every



business should (or will) raise capital, and not every dollar of capital raised is equally impactful or meaningful. What does that mean practically? It means that capital is only one measure of the change and growth occurring in Northwest Arkansas.

And though we work "downstream" relative to early stage capital support organizations, thanks to the AEDC and Walton Family Foundation, we can run "ScaleUp", our early-stage program helping pre-seed to series A companies level up. This is creating a stronger pipeline of founders who will eventually be ready for Endeavor's global platform. And though we're unique, we're not alone. There are so many successful programs aimed at drawing, retaining and inspiring a generation of founders (Fuel, Highstep, EforAll, Plug andPlay, Highstep), and I'm not even including venture studios like Fieldbook, or our university programming

like OEI, or even very earlier stage work, like Builders and Backers. A lot of our programs, funded generously by AEDC and the Walton Family Foundation, are focused on doing the hard work of supporting and raising companies that will one day help us compete as a center of innovation. ensuring that more founders can climb from idea to exit without leaving the region.

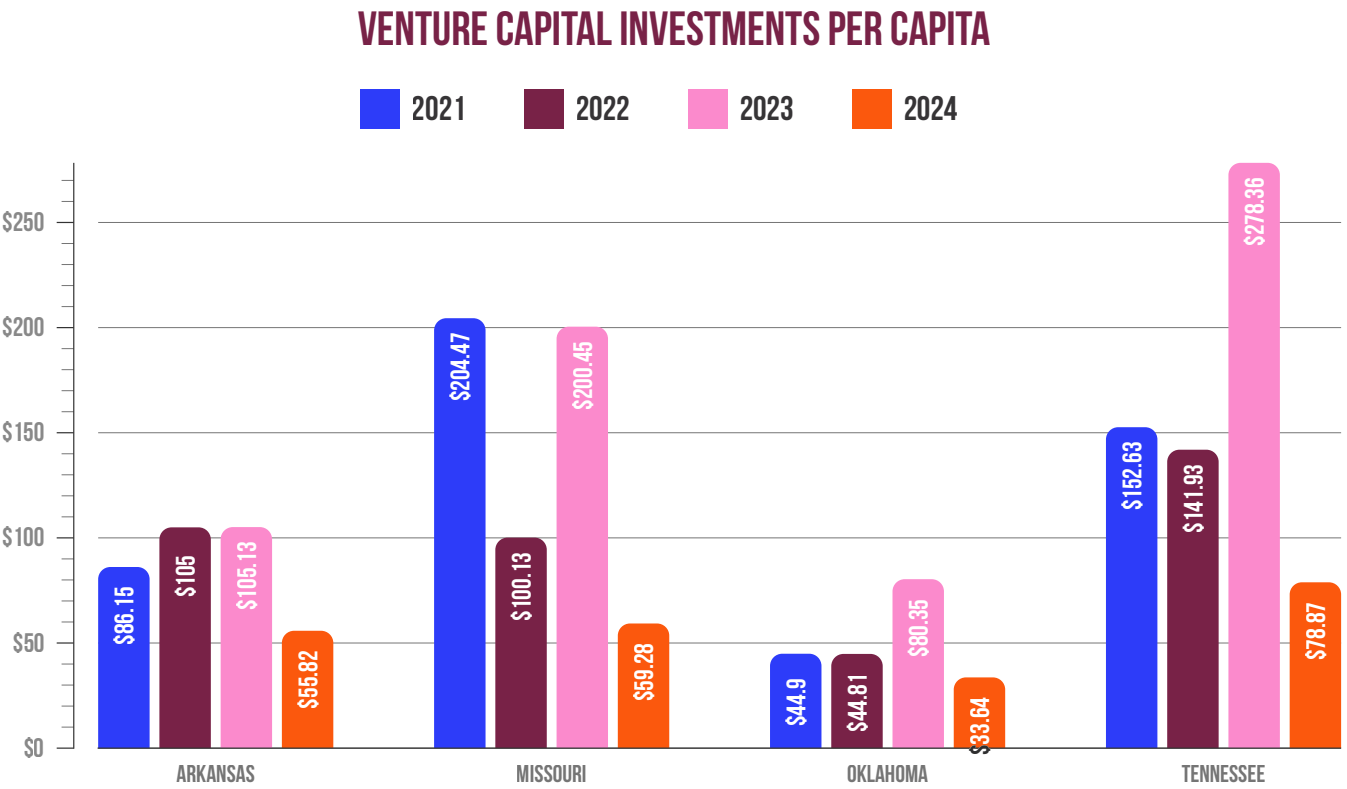
And while it's nice to see, we don't need parity on bar charts to prove progress. What we need and what we're building as an entire coordinated ecosystem, is a founder community that is growth-minded and can access what they need to scale. Then, the capital has no choice but to follow. Because capital doesn't arrive out of pity or parity. It shows up when we've built something undeniably worthy of it. And that work is well underway in Arkansas.



# VENTURE CAPITAL

## AGGREGATE INVESTMENTS

In 2024, the venture capital investments per capita were \$55.82 in Arkansas, \$59.28 in Missouri, \$33.64 in Oklahoma, and \$78.87 in Tennessee. Where Arkansas lagged significantly in angel/seed capital, they were stronger in venture capital compared to the comparator states..

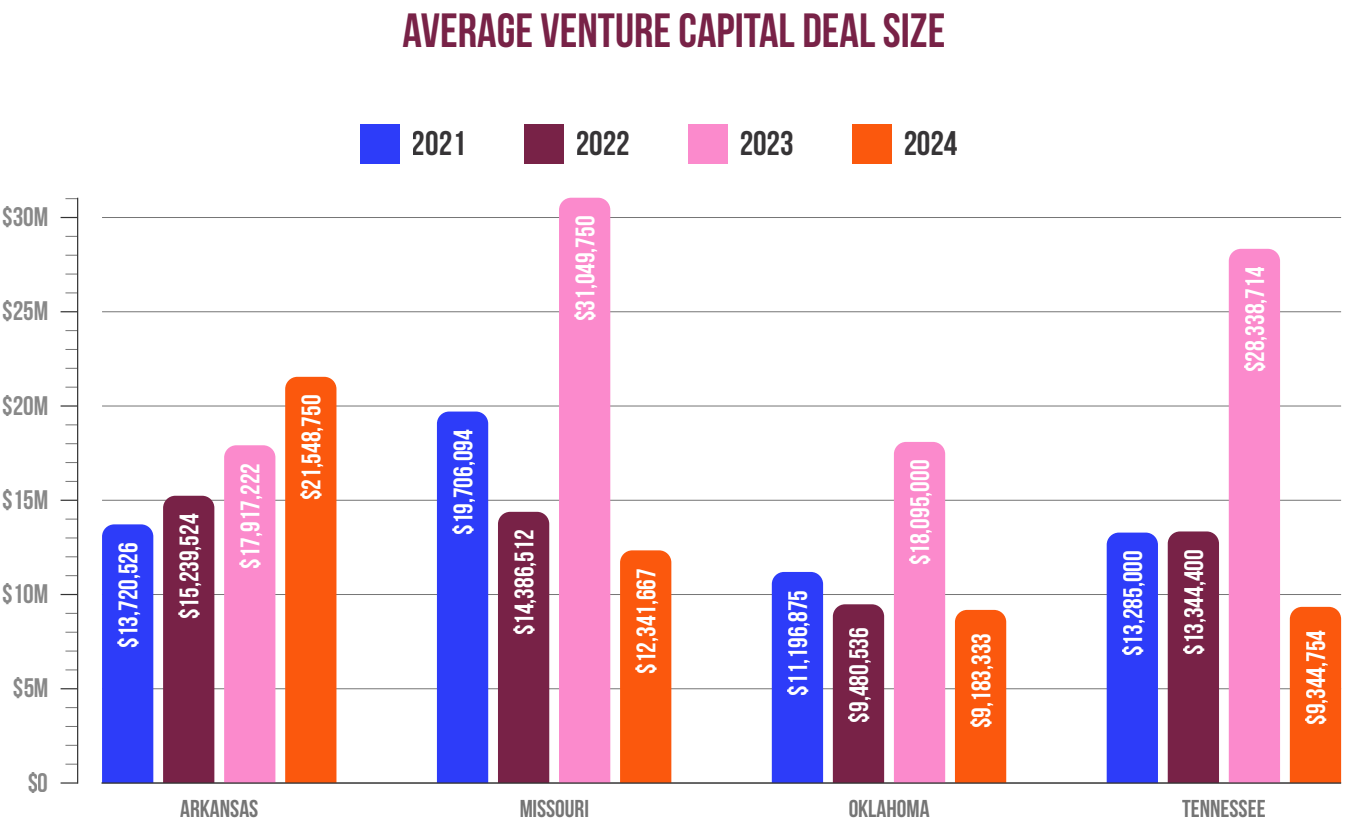


With that said, every state saw a decrease in venture capital investments. Arkansas saw a 46% reduction in venture capital dollars from 2023 to 2024 while Oklahoma, Missouri, and Tennessee saw a reduction of 58%, 70%, and 71% respectively. This was not in alignment with national trends, which showed a modest increase in the total venture capital invested.

We know there has been a national trend of aggregation of investments in fewer companies, and it seems likely that these investments are concentrated in metropolitan areas that are typically over indexed on venture capital. This ultimately pulls capital out of the Midwest and the South.

## AVERAGE DEAL SIZE

With respect to the average deal size, as with the angel/seed capital, it is important to note that the average excludes deals where the investment was not disclosed. In 2024, Arkansas was the front-runner in average deal size at \$21.5M and the average deal size has consistently grown year over year, whereas the other states have seen a decreasing trend.



The growth in 2024 cannot be attributed to specific outsized deals, as the median deal increased by a substantial 520% for Arkansas. The median deal increased more modestly for all comparator states, likely due to the concentration of capital into fewer, larger deals, as seen nationally. Unlike angel/seed capital, the deal disclosure rate for venture capital for Arkansas has been 80 to 90% every year for the last four years. The disclosure rates for the comparator states were much lower, between 50 to 70% for the last three years.

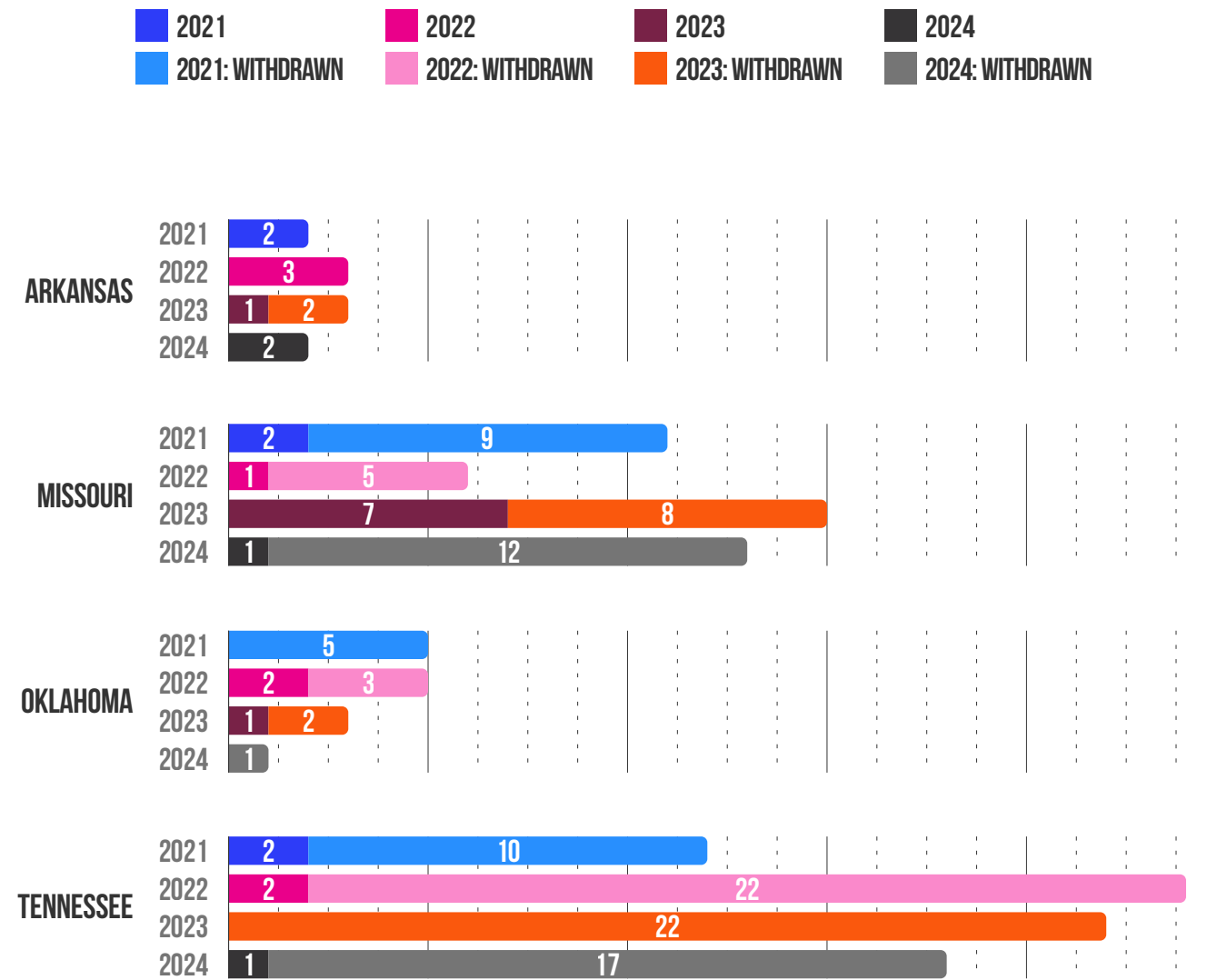
# REGULATION CROWDFUNDING

While we touched on equity crowdfunding in the Arkansas section with data from PitchBook, we also received data from Crowdfunding Capital Advisors (CCA) on Regulation Crowdfunding deals. Regulation Crowdfunding (Reg CF) is transforming the startup funding landscape. It is appealing because it democratizes access to capital for companies in the early stages and anyone can invest. Some, but not all, of the deals included in this data set are included in the PitchBook data as well.

Tennessee has had the most robust and growing regulation equity crowdfunding, but they did see a precipitous drop in 2024. With that said, their average campaign size remained relatively high at \$237,530. Missouri has also grown in the number of campaigns but has seen substantially lower success in actual funding raised and many of the campaigns resulted in withdrawals. While they had more successful campaigns in 2024, they raised substantially less funding and their average campaign size for the year was \$28,036.

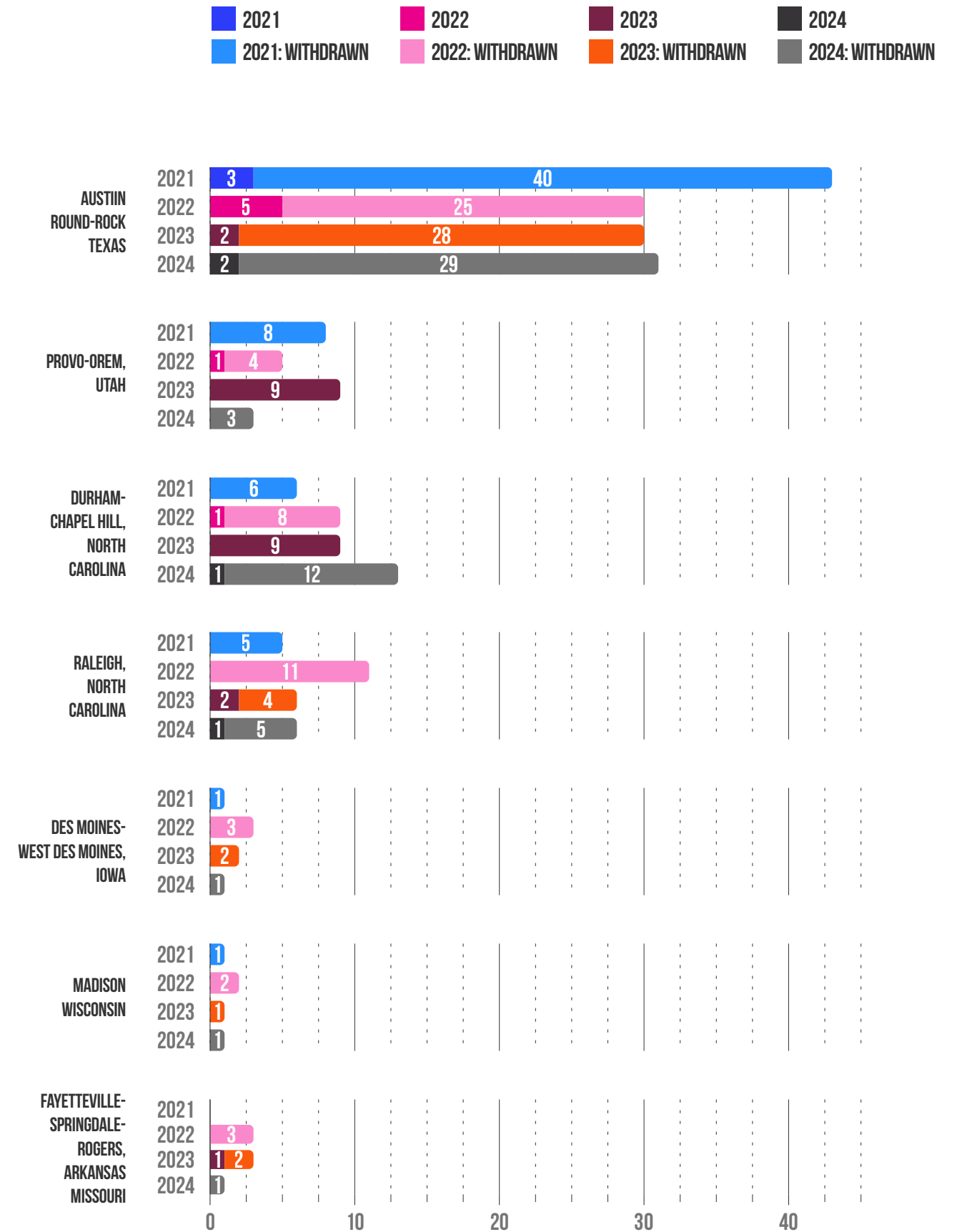
Both Oklahoma and Arkansas have seen similar limited growth in equity crowdfunding capital. Each state has only had a few deals in any given year. In 2024, Oklahoma had a single large campaign and Arkansas had two campaigns that fell into regulation crowdfunding, one of which did not have a deal amount disclosed.



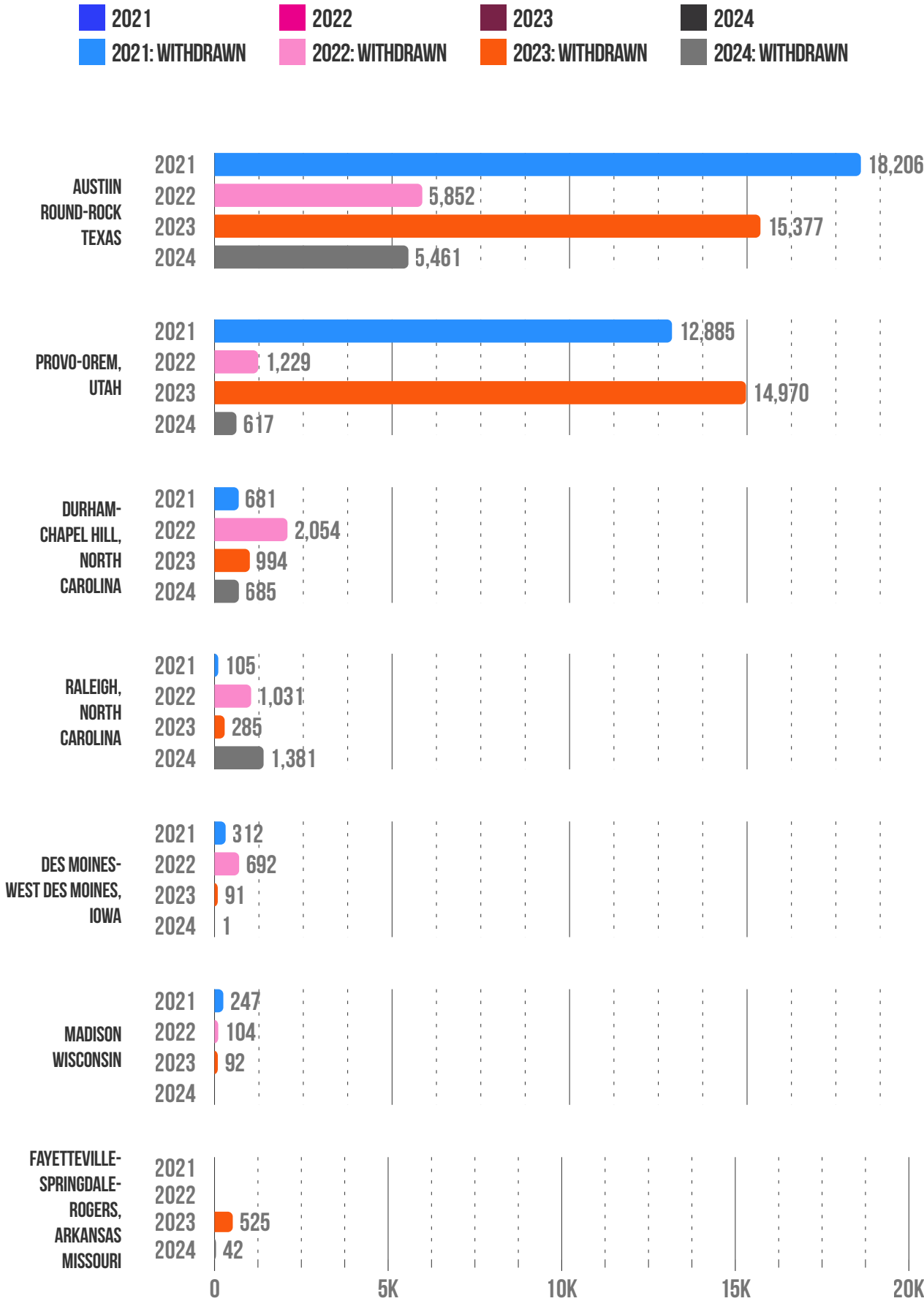
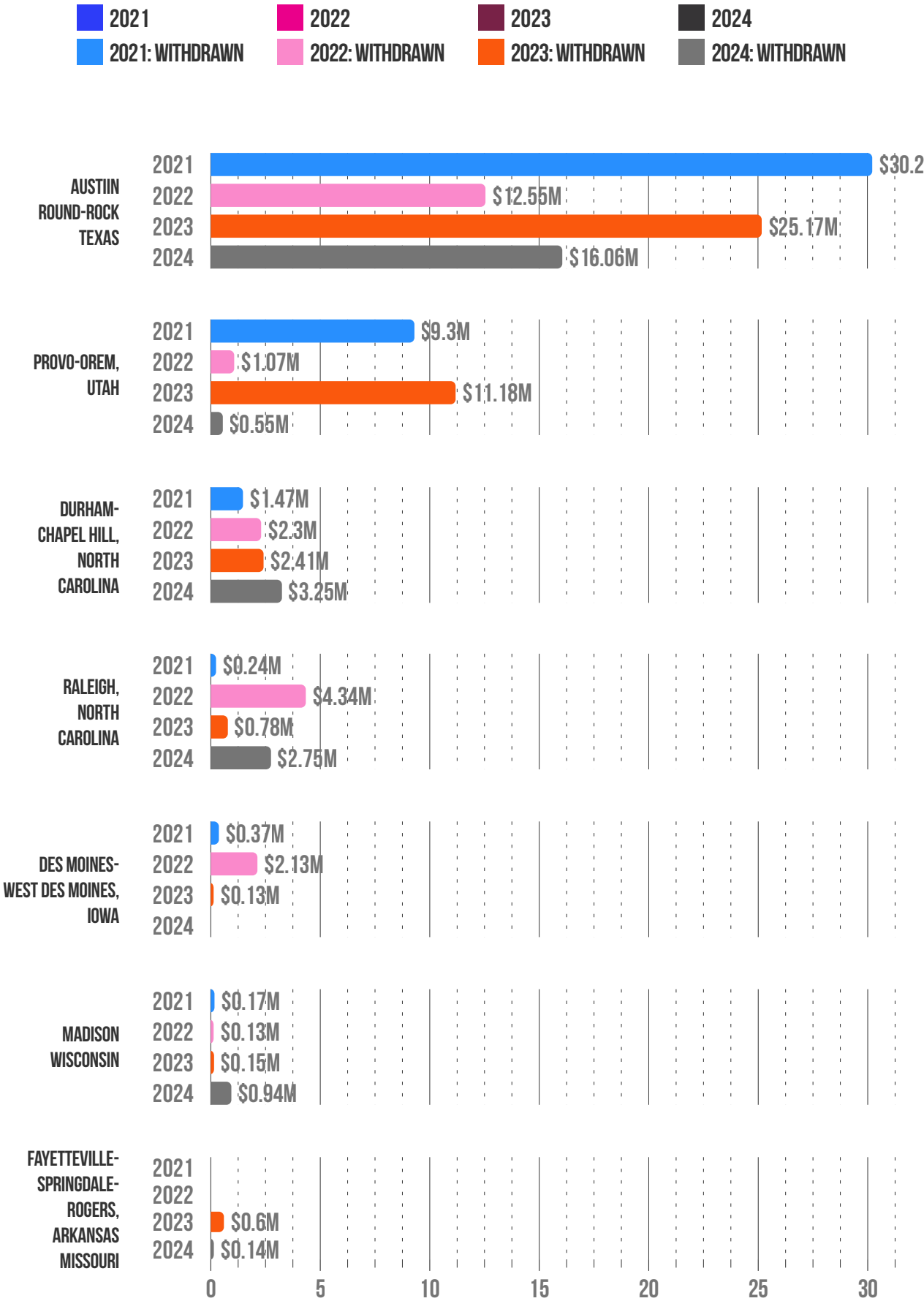


While we do not evaluate data on Metropolitan Statistical Areas (MSAs) for any other area of this report, the CCA data we received came with this information. We include it here to provide additional depth to the crowdfunding analysis.

When looking at MSAs, Fayetteville-Springdale-Rogers lagged far behind other metropolitan areas, but this was likely because the deal in that area did not disclose an amount, so this made it appear lower than it actually was.









CITATIONS

<sup>1</sup> U.S. Small Business Administration, Office of Advocacy. (2024, November). Arkansas 2024 Small Business Profile. <https://advocacy.sba.gov/wp-content/uploads/2024/11/Arkansas.pdf>

<sup>2</sup> USA Today Blueprint. (2024). Small business statistics. <https://www.usatoday.com/money/blueprint/business/business-formation/small-business-statistics/#sources>

<sup>3</sup> Teare, G. (2025, January 7). Startup funding regained its footing in 2024 as AI became the star of the show. Crunchbase News. <https://news.crunchbase.com/venture/global-funding-data-analysis-ai-eoy-2024/>

<sup>4</sup> Legler, A. (2024, December 26). A year in review: The state of venture capital in 2024. GoingVC. <https://www.goingvc.com/post/a-year-in-review-the-state-of-venture-capital-in-2024>

<sup>5</sup> PitchBook & National Venture Capital Association. (2025, January 14). Q4 2024 PitchBook-NVCA Venture Monitor. <https://PitchBook.com/news/reports/q4-2024-PitchBook-nvca-venture-monitor>

<sup>6</sup> Ibid

<sup>7</sup> Ibid

<sup>8</sup> Crowdfunding platforms in Arkansas. (n.d.). Finsurance Guide. Retrieved June 10, 2025, from <https://www.finsuranceguide.com/finance/crowdfunding-platforms-in-arkansas/>

THANK YOU  
FOR READING THE 2024 ARKANSAS CAPITAL SCAN.

This year marks the continuation of our commitment to capturing the evolving landscape of capital resources available to businesses in Arkansas. Since launching the Arkansas Capital Scan, our goal has been to map out deal flow and identify gaps and opportunities to enhance investment in our state’s businesses.

This report wouldn’t have been possible without the invaluable insights and contributions from entrepreneurs, investors, and stakeholders like you. As we prepare for the next Arkansas Capital Scan, we welcome any questions, comments, or feedback on our 2024 findings. If you’re an entrepreneur and have raised capital, we encourage you to report your data in PitchBook and to email us for notifications about our upcoming survey.

Email: [oei@uark.edu](mailto:oei@uark.edu)

Website: <https://entrepreneurship.uark.edu/capital-scan.php>





