AMBASSADOR EVENT

The Future of Startups & Entrepreneurship Ecosystem

Overview

Greater Phoenix has spent the past decade assembling the foundational assets of a competitive startup ecosystem: a growing base of locally led seed investors, a university system ranked first in the nation for innovation for twelve straight years, the largest foreign direct investment in U.S. history rising in north Phoenix, and a customer market that few emerging hubs can match. In FY26, those assets supported 177 venture deals and $849.3 million in capital raised.[1]

The region's next phase is less about adding assets than about connecting them. Today, Greater Phoenix's universities, anchor industries, investors and founder organizations largely operate in parallel. Connected deliberately, they can produce more startup formation, faster commercialization, more in-market investment and more companies that scale here rather than leaving to grow. That shift, from assembling the pieces to connecting them, is the central argument of this report.

Key Findings

- The foundation is in place. Startup Genome moved Phoenix up five places to rank #6 among emerging ecosystems since 2025.[2] Activity is healthy but concentrated, as a small number of large funding rounds and AI-focused companies capture an outsized share of dollars, mirroring national trends.
- Greater Phoenix's competitive edge is proximity to the physical economy. Few emerging hubs let a founder design, test, build and sell a product in the same region. Anchor customers in semiconductors, aerospace and defense, healthcare, and data centers; a climate and built environment suited to testing autonomous vehicles and aircraft; and universities producing talent at scale combine into an advantage competing regions cannot easily copy.
- The ecosystem has outgrown informal coordination. Organizations consolidated and collaboration expanded over the past year, but no single body connects sectors, sets shared priorities or tells one regional story, and national coverage still centers on chips and AI.
- Industrial strengths do not yet reliably reach startups. A handful of accelerators connect startups to anchor corporations, and regulatory frameworks for autonomous vehicles shows what a proving ground can look like, but most corporate access and testing capacity remains informal or limited to one sector.
- Experienced talent and scale-up capital are the binding constraints. The region produces graduates in volume but lacks density of experienced startup operators, and local capital is strong at seed but still expanding at growth stage, previously founders reliant on out-of-market investors are increasingly able to access capital in-market.

1 Pitchbook, July 1, 2025 – June 30, 2026

2 Startup Genome, 'The Global Startup Ecosystem Report 2026'

Strategic Priorities

Recently, GPEC convened startup founders, investors, and related organizations for a roundtable to discuss the state of the startup ecosystem. This report consolidates the six recommendations from the FY25 GPEC startup report and feedback from roundtable participants into four strategic priorities. Each is detailed later in the report with specific actions, responsible partners, and measures of success.

- **Priority 1:**
  Connect the ecosystem under one convener, identity and story. Charter an existing founder-led organization to convene across sectors, commit to up to three signature pillars, and run one coordinated national narrative.

- **Priority 2:**
  Turn anchor industries into customers, pilot partners and proving grounds. Build a standard pathway for startups to win paid pilots with anchor corporations, establish and replicate the quantum model in a second sector, and map the local supply chain.

- **Priority 3:**
  Grow and keep the experienced talent startups need. Scale university student-hiring models across institutions, create an operator-to-founder pathway from anchor employers, and pursue privately funded talent attraction.

- **Priority 4:**
  Build a deliberate capital strategy for scale-up. Embrace out-of-market capital at growth stage while deepening local investment.

If these priorities succeed, Greater Phoenix will not just be known as a place where large technology companies locate, but as a place where startups find their first customers, prove their products, and grow into the next generation of anchor companies.



Where Greater Phoenix Stands

Greater Phoenix enters FY27 with momentum. This section reviews FY26 venture activity, the investors and organizations that make up the ecosystem, and progress against the six recommendations of the FY25 report.

FY26 Venture Activity

From July 1, 2025 to June 30, 2026 (FY26), the venture capital market saw sustained activity with 177 deals closed across 162 companies, backed by 191 active investors. Total capital raised reached $849.30M, with the largest single deal totaling $100M and a median post-money valuation of $39.44M.[3]

Capital activity remains healthy but increasingly concentrated. FY26 saw steady deal volume and strong pricing, but a small number of large deals and AI-focused companies captured an outsized share of dollars. The national picture explains the concentration. AI took 86% of all venture dollars in the first half of 2026, two companies alone captured 53%, and rounds above $200M made up nearly 88% of capital deployed. Outside AI, sectors receive roughly half the funding they did in 2021, and AI companies are twice as likely to raise a second round.[4]

Greater Phoenix's largest FY26 rounds show a different and more balanced profile. They span medical devices, fintech, energy hardware and AI-enabled healthcare, a mix that reflects the region's breadth rather than a single bet on AI. Companies such as Mattur and GT Medical Technologies, which build physical products, are exactly the kind of companies the region is best positioned to grow.

Largest Arizona Investments in FY26[5]

Company	City	Amount	Date	Stage	What It Does
GT Medical Technologies	Tempe	$100M	Jun 9, 2026	Series E	Therapeutic device for post-tumor-removal treatment
Bonus Homes	Phoenix	$65.5M	Aug 19, 2025	Seed	Home-selling finance platform; relocated from Southern California
Mattur	Phoenix	$32.85M (+$2.5M later)	Apr 13, 2026	Early-stage	Modular on-site power generation
Basata Health	Tempe	$21M	May 7, 2026	Series A	AI medical administrative platform

3 Pitchbook, July 1, 2025 – June 30, 2026

4 Prof G Media, 'Venture Capital Has Never Been This Concentrated,' Aug 19, 2026

5 Pitchbook, July 1, 2025 – June 30, 2026

The Ecosystem Landscape

Greater Phoenix's startup ecosystem has four distinct layers. Drawing on FY26 deal data and the region's support-organization landscape, they fall into these categories:

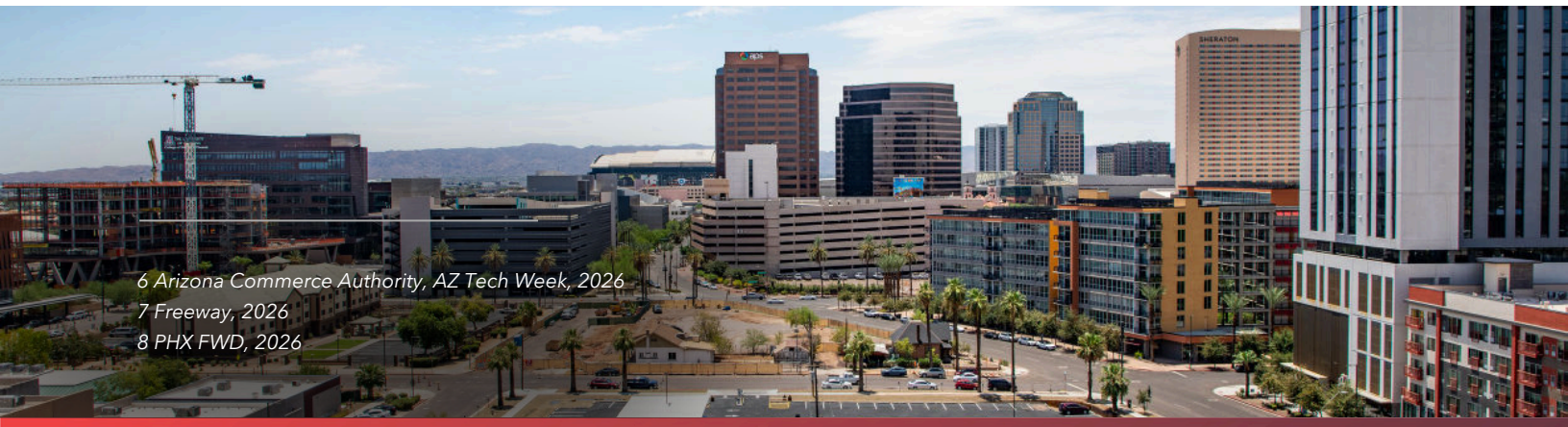
- **A Locally-Led Capital Layer:**
  PHX Ventures, Copper Sky Capital and Monsoon VC anchor early-stage investing, with larger rounds typically led or joined by out-of-market funds.

- **A Founder and Support Layer:**
  Silicon Oasis, PHX FWD, Freeway and the Flinn Foundation connect experts and founders in the startup ecosystem, backed by the region's accelerators and incubators.

- **A University and Research Layer:**
  Arizona State University (ASU), the University of Arizona (UA), Grand Canyon University (GCU) and Maricopa Community Colleges (MCCCD), plus new cross-sector efforts such as the City of Phoenix Quantum Strategy.

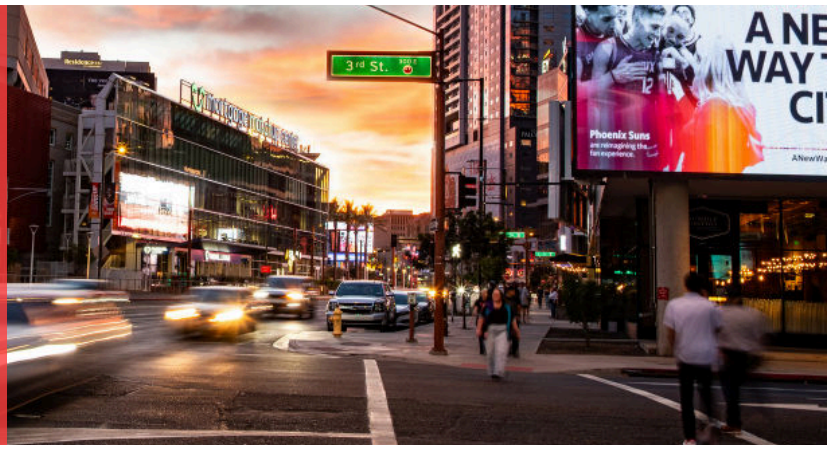
- **An Anchor Industry and Customer Layer:**
  TSMC, Intel, Honeywell, Boeing and the semiconductor, healthcare, aerospace, defense and data center supply chains can provide customer, talent and manufacturing expertise to early-stage companies.

Collaboration across these layers has expanded through numerous channels. Arizona Tech Week[6] gathers innovators, investors and startups, and Freeway's events have drawn more than 3,500 founders, operators, investors and employers.[7] PHX FWD, which merged with StartupAZ, runs Fast FWD, a year-long program that takes Stage 2 software companies from roughly $100K to $300K+ in annual recurring revenue through coaching, capital and peer accountability, and its Masterminds cohorts bring together founders and CEOs at the same growth stage.[8] PHX FWD's explicit goal of making Phoenix a top software city by 2035 is the kind of measurable target the broader ecosystem has not yet set for itself. These layers overlap more than the list suggests. A software founder in PHX FWD's accelerator hires from the same university and community college pipeline as the region's chipmakers, and a growth round such as Equipifi's draws on local and out-of-market investors at once. But the connections are largely incidental, built on individual relationships rather than shared infrastructure. Making them deliberate is the work ahead.



6 Arizona Commerce Authority, AZ Tech Week, 2026
7 Freeway, 2026
8 PHX FWD, 2026

"Greater Phoenix is the tenth-largest metropolitan area in the United States, with more than 5.2 million people." [9]



Where Greater Phoenix Stands

Incentives and funding programs matter, but other regions can match them. Greater Phoenix's lasting advantage is rooted in its market, institutions and industrial base. Taken together, they make the region one of the few places in the country where a founder can design a product, test it, manufacture it and sell it to a major customer without leaving the metro. That is the region's differentiator, and it applies to software founders as much as hardware founders: the same anchor industries that buy chips, aircraft components, and medical devices also buy the software, AI, and financial tools that help them run.

A Real Market With Real Customers

Greater Phoenix is the tenth-largest metropolitan area in the United States, with more than 5.2 million people.[9] Roundtable participants stressed that founders can find credible, long-term customers here and reach five major markets within a two-hour flight, in contrast to ecosystems where startups largely sell to one another.

An Industrial Base Few Regions Can Match

TSMC has committed $265 billion to a north Phoenix campus planned for six fabs, two advanced packaging facilities and an R&D center, creating thousands of direct and indirect supplier and consumer jobs.[10] That investment, along with long-term regional manufacturing anchors like Intel, Honeywell and Boeing, makes hardware and deep tech easier to fund here than in most markets. Brookings classifies Greater Phoenix as a "star hub" for AI,[11] and recent activity points to AI being applied to physical industry: Cognite relocated its global headquarters to Tempe, and Hadrian opened an AI-powered factory in Mesa.

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9 Lightcast, Q3 2026
10 TSMC, July 2026
11 Brookings, 'Mapping the AI economy: Which regions are ready for the next technology leap,' July 16, 2025

Room to Build and Test Physical Products

Arizona has more than a decade of autonomous vehicle (AV) testing dating to 2015, and roundtable participants noted that AV and eVTOL companies are drawn by the weather and built environment. Just as important has been the regulatory posture. In 2015, the region worked together to create a sandbox framework to support AV testing and operation, and the state later expanded that framework to allow fully driverless operation before codifying it in statute in 2021.[12] Rather than requiring special permits or layering on prescriptive rules, Arizona set a clear baseline and signaled that it wanted companies to deploy here. That combination of favorable conditions and regulatory certainty gives hardware founders room to prove products in real-world settings in ways that software-only hubs cannot easily offer.

Corporate-startup connectivity is where these strengths become tangible, and a handful of programs show what it looks like in practice. TESORO's AI + Semiconductor Accelerator gives startups direct design and prototyping access alongside partners like TSMC, Cadence and Amkor. Plug and Play's accelerateAZ pairs startups in advanced manufacturing and sustainability with innovative companies like Intel, Honeywell Aerospace and NXP. BlacKnight Space Labs connects early-stage space companies with primes, government-contracting expertise and investors from day one, and PEI's Applied Research Centers pair health tech and semiconductor-adjacent startups with ASU, the University of Arizona and Mayo Clinic. The lesson is that Greater Phoenix's differentiator is not simply that large anchor companies are here. It is whether startups can reach them as customers, pilot partners, strategic investors and commercialization partners.

Strategic Priorities

Recommendations from the roundtable continuously hit on four main topics: capital, talent, collaboration and industry strengths. This report consolidates them into four priorities, each with specific actions, responsible partners and measures of success.

Priority 1: Connect the Ecosystem Under One Convener, Identity and Story

Greater Phoenix needs an existing organization charged with connecting other organizations. Roundtable participants asked for exactly this: existing efforts that connect with one another, focus on what is distinctive about the region and show results, because gatherings are only as valuable as the introductions and shared resources they produce.

The first step is to charter a convener rather than create a new body. The region should designate an existing founder-led organization to convene across sectors, working with existing groups from both the bottom up and the top down. The mandate should stay narrow: connect sectors, maintain a shared ecosystem map and event calendar, and track results.

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12 AZDOT, Autonomous Vehicles Testing and Operating in the State of Arizona

Priority 2: Turn Anchor Industries Into Customers, Pilot Partners and Proving Grounds

The most direct way to do that is a standard startup pilot pathway. A founding group of anchor corporations would each commit to a set number of paid pilots with Arizona startups every year, using a common pilot agreement and a single intake point run by the convener. Programs such as TESORO, accelerateAZ, BlacKnight Space Labs, DOD Defense Innovation Unit and PEI's Applied Research Centers would serve as delivery channels, extending to every qualified startup the kind of access that today reaches only their participants.

Proving grounds can follow the model the City of Phoenix Quantum Strategy is working to establish: a named leader, a cross-sector structure and explicit goals. A second initiative in one of the signature pillars is the logical next step. For example, autonomous and eVTOL testing would build on the region's climate and history testing autonomous vehicles, while semiconductor prototyping and advanced packaging would address the gap left by the halted federal facility. Regardless, the focus should be vertical facilities with specialized equipment rather than general-purpose maker spaces, and industry, universities and local public partners should carry the core commitment, with federal funds serving as an accelerant rather than the foundation. Alongside this work, the region should map its in-market supply chain with anchor manufacturers, identifying which components, materials and services are sourced out of state and publishing those gaps as opportunities for founders and investors. Over time, the published supply-chain map should translate into more startups and suppliers selling to anchor manufacturers, and hardware and deep tech companies should make up a growing share of regional deals.

Priority 3: Grow and Keep the Experienced Talent Startups Need

Greater Phoenix needs to be a net importer of talent as well as a keeper of it.

The clearest starting point is to follow models already working in the region. GCU's accelerator, Canyon Ventures, requires participating startups to hire five to ten students, giving students real work experience and a path to full-time employment after graduation. According to GCU, more than 750 student businesses have been created over three years, and most graduates stay in state. ASU has multiple venture capital pathways, including university-backed investment programs, student-focused funding and external VC partnerships. Regional educational institutions should adapt these models through a shared startup internship and placement program, and university venture arms, which are currently under-credited, should get more visibility for the companies they help create.

Experienced talent calls for a different approach. Anchor employers in semiconductors, data centers, aerospace and health care employ exactly the people startups need most, and an operator-to-founder pathway would connect those employees with startups as advisors, early hires and eventually founders, through channels such as PHX FWD's Masterminds and Freeway's events. With a public incentive fund unlikely, philanthropic and corporate partners could fund a targeted relocation program for experienced operators who join Arizona startups. The convener should also work with the Governor's office so that Talent Ready AZ includes tracks for startup roles, not only for large employers.

A cross-institution placement program should launch with placements and in-state retention tracked from the outset. Over the following years, success means a growing number of experienced operators relocated or placed through the attraction program, more new founders coming from the region's anchor employers and founders reporting shorter time-to-hire for senior roles.

Priority 4: Build a Deliberate Capital Strategy for Scale-Up

The question is not whether to rely on outside capital but how to make it work for the region. The region should embrace out-of-market capital at growth stage while continuing to deepen local investment.

That starts with purposefully recruiting out-of-market investors. Recurring investor visits organized around the signature pillars would put national funds in front of Arizona companies, anchor corporations, and proving-ground facilities, so outside investors see the region's customers and testing capacity firsthand.

Local capacity also needs to keep growing. That means supporting local funds' next raises, encouraging successful Arizona founders to reinvest as limited partners and angels, and expanding corporate venture participation tied to the pilot pathway in Priority 2. To know whether the strategy is working, the region should use data to report each year on rounds by stage, sector and lead-investor location.

The headline measure is the share of Series A and later rounds with an Arizona-based lead or co-lead investor, which should rise from the FY26 baseline. Alongside it, the region should see a growing number of out-of-market funds with a recurring Arizona presence, fewer founders relocating to raise capital, and a steady or growing share of capital going to non-AI and signature-pillar sectors.

Looking Ahead

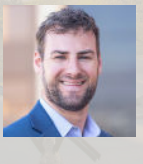
Greater Phoenix has done the hard work of assembling the pieces. It has the customers, the industrial base, the universities, the testing environment and a growing group of local investors. What it can continue to improve is connecting them so that a founder can move from idea to first customer to growth round without leaving the region. The four priorities in this report are designed to close that gap. Pursued together, with a convener accountable for results, they can make Greater Phoenix known not only as a place where large technology companies locate, but as a place where the next generation of them is built.



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