



Addressing opportunities and barriers to cultivating tech entrepreneurship support organizations

Advisory Committee on Diversity and Digital Empowerment (ACDDE)

A Report of the
Diversity in the Tech Sector Working Group

Presented by

Startup Diversity Subgroup

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Introduction

The COVID-19 pandemic has laid waste to many diverse businesses.¹ At the start of the pandemic, one percent of venture capital went to diverse startups and less than 47% of financing applications filed by African American business owners were approved. During the pandemic, 41% of Black-owned businesses have closed and almost three-quarters of Latino-owned businesses suffered substantial “losses of customers and revenue, and pressures on liquidity, [with] the same proportion reporting dramatic effects on their operations, such as closures, temporary stops, employee layoffs[,] and greatly reduced activity.”² Additionally, many businesses struggled due to the existing digital divide, largely due to insufficient access to high-speed broadband or the necessary resources to transition from in-person to online services.

Given the significant impact of the pandemic on diverse startups, the Startup Diversity Subgroup of the Diversity in the Tech (DIT) Sector Working Group of the Advisory Committee on Diversity and Digital Empowerment (ACDDE) focused its committee work on spotlighting facets of the technological ecosystem that motivate and support diverse tech entrepreneurs, or what we refer to as “*tech entrepreneurship support organizations*.”

We define tech entrepreneurship support organizations as distinct from individual tech entrepreneurs. Diverse tech entrepreneurs often are individual businesses seeking to scale and/or exit, while “tech entrepreneurship support organizations” have been previously defined by the Ewing Marion Kauffman Foundation as “ecosystem builder organizations,”³ whose main goals are to support diverse tech entrepreneurs with business development practices, research, capital, community support, and market entry strategies. Tech entrepreneurship support organizations, including Black Girl Ventures, Kapor Center, Nolavate Black, Native Women Lead, and Venture America, are the unsung heroes of local communities among growing diverse tech entrepreneurs, such as existing and emerging startups that have entered the online food delivery marketplace or identified online strategies for homework help.

The work of the Startup Diversity Subgroup focused on three goals, which will be addressed in the following sections of the report:

1. The collection of data around the most pressing concerns and opportunities of tech entrepreneurship support organizations (Section 1).
2. The analysis and compilation of findings that resulted from the March 24th Startup Diversity Subgroup roundtable to explore and examine a range of issues with actual

¹ Fairlie, Robert, The Impact of Covid-19 on Small Business Owners: Evidence of Early-Stage Losses from the April 2020 Current Population Survey 2020, National Bureau of Research (June 2020), <https://siepr.stanford.edu/research/publications/impact-covid-19-small-business-owners-evidence-early-stage-losses-april-2020>.

² Ibid.

³ Entrepreneurship Ecosystem Playbook, <https://www.kauffman.org/eship-summit/playbook/>.

organizations engaged in supporting diverse tech founders for their respective communities and other experts (Section 2).

3. The presentation of a series of recommendations to the Federal Communications Commission (FCC) to utilize its platform to advance conversations toward increased capacity-building and support for such organizations, especially given the agency's limited jurisdiction over these organizations (Section 3).

The final section of the Startup Diversity report outlines each of these areas for formal consideration by the full ACDDE membership, as well as members of the public who are interested in improving the dialogue around scalable and replicable interventions to develop local tech capital and anchor institutions.

Section One - Data Collection and Findings

The Startup Diversity Subgroup interviewed various diverse tech entrepreneurship support organizations across the United States about their work to support minority, women, and small tech businesses. The twelve organizations that participated in formal interviews over the period of August 2020 to November 2020 were:

Study Respondents

Name of Organization	Description	Demographics Served
AnitaB.org	AnitaB.org is a global nonprofit organization based in Belmont, California. Founded by computer scientists Anita Borg and Telle Whitney, the institute's primary aim is to recruit, retain, and advance women in technology.	Supports Women Founders
Black Girl Ventures	Black Girl Ventures is dedicated to creating access to capital for Black and Brown women entrepreneurs.	Supports Black Women Founders
Leverage	Leverage provides community partners with the tools and resources to run their own design thinking workshops and provides direct access to accelerators, programs, and local events so that they can fully leverage resources to maximize impact.	Supports Black Founders

<u>Hispanic Heritage Foundation</u>	The Hispanic Heritage Foundation is a non-profit organization based in Washington, D.C. that works to increase the number of Latina and Latino leaders in society.	Supports Latino Founders
<u>Camelback Ventures</u>	Camelback Ventures increases access to opportunity for entrepreneurs of color and women by investing in their ventures and leadership while advocating for fairness in funding.	Supports Diverse Founders
<u>Black Female Founders</u>	Black Female Founders help secure introductions to Venture Capitalists and Angel investors so Black female founders can secure much-needed funding.	Supports Black Founders
<u>Global Force Tech Consulting</u>	Global Force Tech Consulting harnesses the power of woman technologists as solution providers in addressing the world's needs.	Supports Women in STEM fields including entrepreneurship
<u>Black ComputeHer</u>	blackcomputeHER.org is dedicated to supporting computing+tech education and workforce development for Black women and girls.	Supports Black Women Founders
<u>StartOut</u>	StartOut is a nonprofit organization dedicated to creating great business leaders by fostering lesbian, gay, bisexual, transgender, and queer entrepreneurs.	Supports LGBTQIA Founders
<u>The Marion Ewing Kauffman Foundation, ESHIP Communities</u>	The ESHIP Communities program is a bottom-up approach to building entrepreneurial ecosystems that foster inclusion, relationships, collaboration, and social capital across networks of entrepreneurs and those who support them.	Supports all U.S. Founders
<u>HBCUvc</u>	HBCUvc's mission is to direct how capital is formed and distributed to increase opportunities for Black, Indigenous, and Latinx innovators.	Supports Diverse Founders
<u>Code Fever</u>	Code Fever's mission is to inspire underserved minority students to code and become tech leaders in their communities.	Supports Black Founders

Key Takeaways from the Interviews

- Overall, the interviews revealed that tech entrepreneurship support organizations share concerns about their viability prior to and during the pandemic, including some expressed trepidations around their abilities to connect online and some of this connected to concerns that there was insufficient outreach from federal agencies such as the SBA to diverse tech startups regarding loans, grants, access to capital.
- Some interviewees outlined how city leaders relied on them not only to support diverse tech entrepreneurship within their respective cities, but also to facilitate the development of diverse tech pipelines, solve digital divide issues, and build inclusive smart city projects within their cities.
- Many of the respondents also described themselves as anchor institutions in hopes to be federal plans to bolster minority, women, and small tech businesses across the U.S.

Section Two. Startup Diversity Subgroup Workshop and Findings

The survey data showed the significance of providing formal channels of support and recognition to the ecosystems being supported by tech entrepreneurship organizations. The Startup Diversity Subgroup decided to pursue a formal workshop to share these findings publicly and glean potential recommendations to the ACDDE to enhance their abilities to sustain and replicate operations. This next section outlines the specifics of the Workshop, including attendees, workshop panel questions (Appendix 1), and findings.

The Startup Diversity Subgroup hosted the workshop on March 24, 2021.⁴ The panel participants were selected from the pool of previous interviewees and included other think tank experts to discuss the historical implications of full representation in the tech sector. The workshop lasted five hours and was attended by [approximately two hundred and fifty-five people](#) based on FCC data collected following the workshop.

Workshop Speakers

Speaker's Name	Organization	Demographics Served
Shelly Bell, Black Girl Ventures, CEO and Founder	Black Girl Ventures works to create alternative access to capital and access to influential networks through Kickstarter efforts and crowdfunding opportunities. It creates workarounds to traditional forms of capital (banks, venture capital) until they can be made more accessible for Black female founders.	Supports Black Women
Lili Gangas, Kapor Center, Chief Technology Community Officer	Kapor Center, through the Tech Done Right Challenge, funded tech anchor organizations as backbone institutions within communities.	Support Black Indigenous and People of color (BIPOC) tech founders
Jerome Hardaway, Vets Who Code, CEO and Founder	Vets Who Code provides free skills training and has taught over 275 veterans to write code (e.g., AWS, Azure), creating over 260 jobs and a social impact of over \$20 million over the last five years. The veterans going through the	Supports Veterans in tech

⁴ The video of the workshop is available at <https://www.fcc.gov/news-events/events/2021/03/tech-startup-roundtable>.

	programming are prepared to enter high-paying tech jobs and to start their own companies.	
Andrew Lowenthal, Out in Tech, Executive Director	Out in Tech builds supportive communities and networks of LGBTQ peers and provides opportunities for connecting and learning from peers. They also focus on cultivating the networks needed for founders in partnership with high-profile LGBTQ founders.	Supports LGBT Tech entrepreneurs
Dr. Makada Henry-Nickie, Brookings Institution, Fellow	Brookings focuses more on the policy space that can help or hinder minority- and women-owned small businesses.	NA
Sabrina Short, NOLAvate Black, CEO and Founder—	NOLAvate Black focuses on providing education, mentorship, and leveraging networks to better understand the tech startup process, the language and process for raising capital.	Supports black tech entrepreneurs
Alicia Ortega, Native Women Lead, Co-Director	Native Women Lead is working to create access to capital for Native women. The organization wants not just to create additional debt but to provide access to forms of capital and wraparound supports to grow businesses sustainably. They also offer a circle of support such as providing financial business basics, legal support and marketing support.	Supports Native Women entrepreneurs, both tech and non-tech
Andy Stoll, Kauffman Foundation, Program Officer	The Kauffman Foundation works with a national coalition of foundations to support MWS startups. Kauffman Foundation has seen that the diversification of fund managers, diversifying how money is provided, and diversification of capital are all ongoing positive trends.	Supports all entrepreneurs in the US

Panel One

- **Theme 1:** Minority, Women, and Small Business MWS tech entrepreneurship organizations' firsthand accounts on how they have sustained operations during the COVID-19 pandemic and how they function as tech anchor institutions in their cities.
- **Theme 2:** Capital Formation and access in federal departments, agencies, and commissions to support MWS tech entrepreneurship support organizations.
- **Theme 3:** Opportunities and challenges for emerging tech industries for new businesses and how MWS tech entrepreneurship organizations can support MWS tech founders.

Moderator: Chris Wood, LGBT Tech, ACDDE Member

Panelists: Shelly Bell, Black Girl Ventures; Lili Gangas, Kapor Center; Jerome Hardaway, Vets Who Code; Andrew Lowenthal, Out in Tech; Dr. Makada Henry-Nickie, Brookings Institution; Alicia Ortega, Native Women Lead; Sabrina Short, NOLAvate Black; Andy Stoll, Kauffman Foundation

Description: This theme explored MWS business tech entrepreneurship support organizations' firsthand accounts of how they have sustained operations during the COVID-19 pandemic and how they function as tech anchor institutions within cities and at the national level.

Panel Highlights and Takeaways:

The discussion revealed how much the pandemic has changed how we connect with tech entrepreneurs. Because of the pandemic, these organizations were forced to move all programming online, especially impacting those organizations with in-person operations. The discussion also surfaced the challenges of facilitating online programming due to the lack of consistent broadband access and hardware. Below are some excerpts from the panel discussion from speakers related to the problems associated with their organizations' online viability during the pandemic:

- **Alicia Ortega, Native Women Lead** “*[I] think that for us to have conversations like this, it's really difficult because we lack the infrastructure. And a lot of these things that most people have access to one of the things was even just water. A lot of our tribal communities did not even have access to water during the pandemic to drink or even to wash their hands, which resulted in tribal communities being impacted and hit really hard by the pandemic. And when it comes to education . . . [and broadband], . . . a lot of our students weren't able to pivot to online learning because they just didn't have that access . . . [to the Internet], which not only impacted them but impacted their families and their parents who weren't able to work because they had to take care of the children, make sure they were looked after and that they were learning.*”
- **Lili Gangas, Kapor Center** – “*The pandemic . . . [has us all going] . . . digital first . . . [but not considering the] digital divide . . . but I think . . . [the pandemic] has really opened up a lot of eyes . . . to come together. Because now we are meeting virtually . In the peak of the pandemic, we [Kapor Center] were able to support a local small business effort here and one of the parts that to me was the things I was championing . . . [is] . . . to pursue tech startups, here's the growth [e.g., look at Amazon's growth during the pandemic], here's what we get to do. But then the reality is that a lot of the businesses here specifically are mostly small business . . . [and not online].*”
- **Shelly Bell, Black Girl Ventures** – “*[We had to move our programming online] . . . We don't have a choice. For us, it's been great because [we are] . . . able to serve wider and bigger [audiences of black women]. We even had to think about what it meant to be hyper-local because of it, because we typically do hyper-local things, but we had people tuning in from other countries, even. So, we had to really figure out the ways that we determine that we're serving a market. So, I would say that's some ways that the pandemic has affected us from a tech perspective.*”
- **Alicia Ortega, Native Women Lead** – “*Tech Entrepreneurship Support Organizations, as tech anchors can be helpful in bringing resources to Native communities to help heal the digital and historic wounds that have left Native organizations out of the conversation and utterly disconnected.*”
- **Sabrina Short, NOLAvate Black** – “*Tech Entrepreneurship Support Organizations, as tech anchors, help to foster inclusion. They bring people together through a pipeline. They help us to become advocates for each other and create wealth that can be poured back*”

into our communities in terms of increased take home pay and investment in other businesses. In short, these organizations help build sustainable tech ecosystems."

- **Andrew Lowenthal, Out in Tech** – *"Tech Entrepreneurship Support Organizations, as tech anchors, are critical for the LGBTQ community because we face high levels of discrimination in employment, housing, healthcare, education. These are all preconditions for being able to start a business and getting access to emerging tech. During our lifetimes, multi-billion-dollar companies like Amazon, Airbnb, Facebook, and Pinterest have come into being. The identity of these founding members matters. We need to have influence over the small companies before they become big companies if we want to ensure they are serving our community. And the window of opportunity to exert such influence is getting more compressed over time."*

Theme 2: Capital formation and access in federal departments, agencies, and commissions to support MWS tech entrepreneurship support organizations.

Moderators: Dr. Allison Scott, Kapor Center, ACDDE Member and Brian Scarpelli, ACT—The App Association, ACDDE Member

Panelists: Shelly Bell, Black Girl Ventures; Lili Gangas, Kapor Center; Jerome Hardaway, Vets Who Code; Andrew Lowenthal, Out in Tech; Dr. Makada Henry-Nickie, Brookings Institution; Alicia Ortega, Native Women Lead; Sabrina Short, NOLAvate Black; Andy Stoll, Kauffman Foundation

Description: The theme explored how capital formation and access to federal small business funding, including grants and loans, may or may not support entrepreneurial support organizations in this industry. Questions addressed the information gap for these organizations in receiving vital public funding and in the work that they do in cities. The theme also examined how these organizations operate and the role of the federal government in providing special funding opportunities to support their local efforts.

Panel Highlights and Takeaways:

The discussion revealed the challenges in procurement and access to capital delineated by MWS tech entrepreneurship support organizations working on the ground in local communities and considered streamlining, simplification of loan/grant applications and reporting, and increasing technical assistance to access funding. Also, the discussion revealed that these organizations need strategic investments like the Defense Advanced Research Projects Agency to incentivize more entry of diverse firms into tech, large-scale, sustained investments over time.

Below are some excerpts from the panel discussion:

- **Shelly Bell, Black Girl Ventures** – *"The current process in applying for government funds is burdensome. One must register and obtain approvals multiple times, with complex*

questions being asked that are challenging for those without a legal team or deep experience in attaining capital. [Beyond] these challenges, there is a marked lack of accessibility for those with disabilities and others across platforms [that] founders are required to deal with. In practice, founders are going to accelerators before approaching a bank for a traditional loan."

- **Sabrina Short, NOLAvate Black** – *"Because many founders of color wear so many hats in their efforts to launch their business, and the need to simultaneously handle legal, business, etc. functions, applying for funding can be a burdensome challenge. Streamlining of these processes and limiting the amount of time necessary to take away from the business for application and reporting is critical."*
- **Lili Gangas, Kapor Center** – *"Local governments have a very important role in making these programs far more accessible. Just aggregating links on a website is not enough. There are communities with incredible potential for entrepreneurship that are transitioning from informal economies to tech opportunities, and we cannot afford to leave them behind and more direct efforts can support access to capital sources."*
- **Andy Stoll, Kauffman Foundation** – *"Procurement policies are not written from the perspective of entrepreneurs. Entrepreneurs of color (and organizations supporting them) should be involved with crafting the policies and platforms used for access to capital. The experiences with these platforms can make or break an entrepreneur. Further, in key opportunities under the new federal infrastructure plan, accessibility for entrepreneurs of color must be prioritized."*
- **Dr. Makada Henry-Nickie, Brookings Institution** – *"Local leaders should be inspired to reframe how they enable entrepreneurs in their communities. We can draw lots of inspiration from successes that we can replicate, and incredible stories of founders' success and all of the further jobs their ventures create."*

Theme 3: Opportunities and challenges for emerging tech industries for new businesses and how MWS tech entrepreneurship organizations can support MWS tech founders.

Moderators: Clint Odom of T-Mobile, ACDDE Member and Rashidi Hendrix of Metallic Entertainment, ACDDE Member

Panelists: Shelly Bell, Black Girl Ventures; Lili Gangas, Kapor Center; Jerome Hardaway, Vets Who Code; Andrew Lowenthal, Out in Tech; Dr. Makada Henry-Nickie, Brookings Institution; Alicia Ortega, Native Women Lead; Sabrina Short, NOLAvate Black; Andy Stoll, Kauffman Foundation

Description: This theme discussed the range of emerging tech industries for new businesses, including the opportunities and the challenges, and how minority, women, and small business tech entrepreneurship support organizations can serve as a type of conduit for how to support

and grow diverse entrepreneurs and these new emerging and creative economy types of industries.

Panel Highlights and Takeaways:

This discussion revealed the digital disparities that affect the ability of diverse founders to learn/access/use new technologies to build, scale, and launch a business. It also revealed the need to develop consistent ways to educate diverse founders on new and emerging tech tools and applications to pivot businesses into new tech markets.

- **Shelly Bell, Black Girl Ventures** – “[*Emerging Tech should be about collaboration within tech ecosystems] . . . when we are collaborating across various ecosystems, we will raise an entire generation. One of those examples is with the Kapor Center and my organization, Black Girl Ventures, where we both funded Kai Fraser, who has a VR technology ... which she calls ... Kai XR, where she takes children on field trips using technology using VR. I had an opportunity to coach her. Then she also came along and became a BGV alumni and was funded by BGV through the BGV experience. Both ecosystem builder organizations, Kapor and Black Girl Ventures, are supporting her throughout her journey. The question is: can local governments and the National government help us raise up the entire community by incentivizing collaboration among tech ecosystem building organizations?*”
- **Lili Gangas, Kapor Center** – “*We must raise awareness about the multifaceted impact of automation on communities of color, from algorithmic bias to deciding the geographic location of your business in terms of cost of operations and wages. There is opportunity in emerging tech spaces for startups to use more automated, rather than manual processes. The emergence of culturally relevant products and their potential to uplift communities cannot be overstated. ‘Culture will eat software,’ as a play on the Silicon Valley expression that ‘software eats hardware.’*”
- **Dr. Makada Henry-Nickie, Brookings Institution** – “*We need to increase the number of Black-owned businesses in tech. The 8,300 Black tech businesses represent less than 0.5 percent of the 2 million Black-owned businesses in the country. There’s a need for more of those 2 million businesses to shift out of low-productivity sectors and into these higher quality, higher productivity, emerging sectors, like clean tech, 3D printing, which has really dramatically reduced the scale of manufacturing, and reduced the barriers to entry. We need to see the DARPA list in its next report planned investments in [historically black colleges and universities (HBCU)]-anchored [artificial intelligence (AI)] scientists, HBCU-anchored roboticists, and those coming out of Native American serving institutions.*”
- **Andy Stoll, Kauffman Foundation** – “*We need more students of color, young people, people from rural areas to be more proximate to dense networks where they can collaborate and connect. It’s in these dense networks where innovation happens. HBCU*

at South by Southwest, which is run through an Opportunity Hub, is one such way to improve proximity.”

The interviews and the Subgroup’s workshop surfaced three key themes, which are fundamental to our recommendations to the Commission:

1. The digital divide enlarged by the pandemic has affected diverse tech businesses.
2. Tech Entrepreneurship Support Organizations can be essential tech anchors in their cities.
3. Capital is important, but so is building infrastructure around Tech Entrepreneurship Support Organizations.

The final section shares recommendations that the Commission can consider when leveraging its role in the expansion of the telecom and digital communities, which we present to the ACDDE and the FCC for consideration. The report also includes a Resource Guide that can be further developed by the future ACDDE charter.

Startup Diversity Subgroup FCC Recommendations

A. Close the digital divide and regulatory loopholes to facilitate support for MWS tech entrepreneurship support organizations:

- To advance federal funding and recognition of critical public policies to support tech entrepreneurship support organizations, the Commission should continue to incorporate the scope of work of this Subgroup in future charters of this Committee.
- The Commission should consider creating a new temporary business Internet subsidy to ensure that minority, women-owned, and small, local businesses, who can be deemed disadvantaged, can stay connected to the internet and easily transition to online commerce and other related business operations.
- The Commission should host additional workshops that increase the engagement of the tech sector to better understand how to promote increased diversity, inclusion, and fair play in hiring, supplier diversity, and capital investments.
- The Commission must ensure that small tech startups and other related tech businesses are equally supported in the allocation of resources to tribal communities where infrastructure and the internet are fundamental to closing systemic divides, historic wounds, and limited participation in the digital economy. Reform of the Universal Service Fund (USF) by revising the contribution factor or engaging more companies like Big Tech may be a solution to increase available and flexible USF dollars for tech entrepreneurship organizations.⁵

B. Encourage Interagency Support and Collaborations:

- The Commission should partner with the Small Business Administration (SBA) and other federal funding agencies that support business development to assess current processes and protocols to incentivize digital transitions (e.g., tax incentives for the move to remote services, business workshops on digital transitions)
- The Commission should convene an interagency working group (including, e.g., National Science Foundation, SBA, and the National Telecommunications and Information Administration) to track funding opportunities for diverse tech entrepreneurship support organizations and entrepreneurs.
- The Commission should urge Congress to include provisions in legislation to make any funding processes transparent and accessible to tech entrepreneurship support organizations.
- The Commission should urge Congress to include provisions in legislation to make any funding processes transparent and accessible.

⁵ Reform of the Universal Service Fund (USF) by revising the contribution factor or engaging more companies like Big Tech may be a solution to increase available and flexible USF dollars for tech entrepreneurship organizations. See, Maggie Reardon (June 2, 2021). *FCC Commissioner pushes for big tech to pay to close the digital divide*. CNET, available at [FCC commissioner pushes for Big Tech to pay to close digital divide - CNET](https://www.cnet.com/policy/fcc-commissioner-pushes-for-big-tech-to-pay-to-close-digital-divide/).

C. Using the FCC leverage, the agency can amplify to Congress and other stakeholders that:

- National and local philanthropies can work in coordination with federal, state, and local governments to inspire, incubate, and scale entrepreneurial ventures.
- New forms of capital should be created for emerging entrepreneurs and ventures that do not rely on old models of debt or equity-based investments (e.g., revenue-based investment), including local capital into these organizations through Community Development Financial Institutions (CDFIs).
- Diverse tech entrepreneurship support organizations (and entrepreneurs of color) should be allocated capital through any upcoming infrastructure bill to accelerate deployments, affordability, and digital literacy/adoption.
- Congress could designate a “digital transition” tax break for three to five years for a small business transitioning online. Congress could also provide a similar tax break to investors providing “family and friends” seed rounds to start-ups through a tax write-off of their donations.
- Congress should designate minority- and women-owned Tech Entrepreneurship Support Organizations as “small and disadvantaged” to receive the needed federal supports.