

IMPACT REPORT

2023





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INTRODUCTION

Since 2011, Kapor Capital has invested exclusively in tech companies that create wealth and close equity gaps for both low-income communities and communities of color. Thirteen years in, we continue to grow, while our thesis—the once-radical notion that impact startups can be successful in their mission and turn a profit—continues to bear out. We remain as committed as ever to increasing access to capital and making Venture Capital more inclusive.

Our 2023 Impact Report will take a deep dive into the industries in which we've invested, the capital we deployed, the founder diversity that underpins our thesis, and where we went to source our portfolio.¹



THE 2022 MARKET LANDSCAPE

2022 was a difficult year for markets and communities alike. Stagnation in US GDP brought about inflation and increased costs of living throughout the country. For venture capital, this meant lower valuations across early- and later-stage startups, as well as devastating rounds of layoffs in the tech sector that created ripple effects in the investment ecosystem.

Challenging financial times bring into stark relief the values that underpin the companies that shape our world—and the investors who back them.

These alarming trends underscore our longstanding critique of venture capital: that firms tend to think about investments in underrepresented founders as something “nice to do,” when the markets are comfortable, rather than a long-term investment priority.

At Kapor Capital, we take the opposite approach. In 2022 our team doubled down, driving capital specifically toward founders who use their lived experience to address real needs in their communities, bringing better access to healthcare, opportunities for upskilling, financial wealth building, and more.

The advice and operational support provided by Kapor Capital’s Investment and Platform teams provided a unique value add to the companies in our portfolio, including introductions to later-stage investors, troubleshooting during the market downturn, and the hiring and marketing support that help companies not only survive but thrive.

Of the \$209.4B of VC deployed in 2022, only 1.5% were directed to founders of color. Another 1.9% went to companies with women founders and just 0.1% went to women of color.²

As 2022 began, only 1.4% percent of the \$82 trillion in US assets under management (AUM) was managed by women or BIPOC managers.³



We are honored that founders still view us as their partner of choice to seed their companies and to continue on with follow-on capital, even when our pro-rata rights are not in effect.

Thirteen years ago, we made a bet that impact startups founded by underrepresented founders can improve lives and generate returns. Even as the markets have tested our thesis, that bet continues to pay off.

DEFINING IMPACT

We take a three-pronged approach to investing: First, we look at whether the product or service would have a **positive impact** on low-income communities and/or communities of color. Second, we consider the founding team's **motivation** for creating the company, and if they attempt to solve a problem identified from their lived experience. Finally, we examine the **diversity** of the team, as well as the company's future hiring plans.

OUR THREE PRONGED APPROACH

DOES THE
PRODUCT OR
SERVICE CREATE
POSITIVE
IMPACT?

FOUNDING TEAM
MOTIVATION TO
CREATE THE
COMPANY

DIVERSITY OF
FOUNDERS
AND TEAM

Simply put, we are committed to closing the gaps of access, opportunity, and outcomes for low-income communities and communities of color in the United States, and while our three central pillars have not changed in the past thirteen years, new problems and emerging technologies have expanded the range of sectors where we invest.

More and more, we look to technologies that address the social determinants of wellbeing, analyzing the conditions in which people are born, grow, work, live and age, alongside the wider set of forces and technologies shaping the conditions of daily life. As these forces change, so do our investment priorities.



NEW KAPOR CAPITAL EMERGING IMPACT VERTICALS



Edtech: Future of work, Upskilling



Fintech: Rising interest rates & Economic inclusion



Health Tech: Age Tech, Medicaid Solutions & Value Based Care



Climate Change: Wildfires



AI Technologies: Building Ethical AI

This year, Kapor Capital expanded our investments to respond to new and potentially devastating problems that have disproportionate impacts on low-income communities and people of color.

WILDFIRES

Tackling natural disasters has not traditionally been an area of focus for investment, but today it has emerged as one of our strongest outbound search strategies.

Wildfires, in particular, impact some communities more than others. Studies show that detection and suppression efforts concentrate disproportionately on high-income communities,⁴ while regions made up primarily of Black, Native, or Latinx Americans experience up to 50% greater vulnerability to wildfires.⁵ As quality insurance becomes less available to homeowners and renters in vulnerable areas, lower income Americans are far more likely to be left unprotected.⁶

This problem presents opportunities for gap-closing technological solutions, including equitable detection, prevention, mitigation and recovery services.



AGE TECH

By 2040, the number of Americans 65 and older is expected to double from the 2000 baseline, and life-extending medical innovations will cause the number of adults aged 85 and older nearly quadruple over this period, bringing historic health, economic and social challenges.⁷

Kapor Capital is increasingly interested in companies who look at the specific struggles facing our aging population, everything from the loneliness epidemic and the impact of living and dying alone to countering AI-enabled scams to the constant-care challenges for family members with chronic illness.

We are also looking at technologies that improve the existing systems created to help our elderly, such as member engagement and care coordination solutions for Medicaid and Medicare members.

When it comes to healthcare costs, we believe long-term impact is best achieved by enabling value-based care. We can leverage big data, for example, to improve compensation models that prioritize patient outcomes and improve the lives of populations most impacted by traditional payment models.

As this population grows, so do the opportunities for tech-enabled solutions to meet their specific needs.

AI FOR GOOD AND COUNTERING THE BAD

The fastest growing sector in tech, Artificial Intelligence presents massive opportunities to improve lives, as well as enormous challenges that will need to be tackled.

We are particularly excited about the influence of AI in education, where the ability to generate personalized curriculum is already helping teachers meet individualized student needs and facilitating specific, high-touch engagement. AI is also identifying students that need additional help more quickly, which not only benefits the students but helps combat teacher burnout.



However, AI is still a human creation and the same biases that plague Silicon Valley can be magnified by its lightning-fast infiltration of tech. From biased hiring algorithms to disparities in health outcomes to facial recognition technology that criminalizes people of color, the implications of homogenous teams building AI algorithms have caused long-lasting and unjust effects on the lives of millions of Americans.

The Kapor Capital Founder’s Commitment—a binding agreement for our portfolio—ensures that any AI companies we have or will invest in will build with ethical standards at the forefront, and with engineering teams that reflect the diversity of their customer base.

ACCESSIBLE AI

In addition to ensuring our AI investments adhere to our impact thesis, we want to ensure access to AI technology is equitable. Our Senior Director of Growth Marketing, Cliff Worley, designed an educational AI video series, “**Marketing Tools You Should Know,**” created to help AI newbies navigate the plethora of AI services and companies in the space.

Since launching the series at the beginning of 2022, **Cliff has created 175 videos and reached an audience of over 75K viewers.** These free and public videos cut through the confusion with short, fun product demos and explanations that VC firms, founders, and the tech-curious alike use to stay up to date on the latest in AI.



INVESTMENT BREAKDOWN

Since our pivot to Impact-only investing in 2011, the Kapor Capital portfolio spans 153 active investments and \$224M Assets Under Management (AUM).



SINCE 2011



153 ACTIVE INVESTMENTS



\$224M AUM

PORTFOLIO HIGHLIGHTS | FUNDS I, II, & III

Demographics: Of our total investments from Fund I through Fund III, more than two thirds of our founders come from underrepresented communities, and nearly half (48%) of our companies have at least one female founder with equal ownership as her co-founders.



2/3 OF FOUNDERS ARE UNDERREPRESENTED



48% HAVE AT LEAST ONE WOMAN FOUNDER

WHO IS UNDERREPRESENTED?

Kapor Capital defines an “underrepresented founder” as somebody who comes from a community that has historically been underrepresented in tech, including, but not limited to **Black, LatinX, Native American, immigrant, and LGBTQ founders.**

While some groups, such as non-immigrant East Asian and South Asian people of color, may be a minority in the United States, they are not underrepresented in tech, and therefore not taken into account in our calculations of underrepresented founders.

We never double-count founders. If a startup has two or more underrepresented founders, we consider that startup to have “an underrepresented founder” in our average.



INVESTMENT INSIGHTS | 2011 TO DATE

Since 2011, we've had 46 acquisitions. Currently, we have three unicorns stemming from a cumulative investment of \$132M. Collectively, these companies raised a total of \$11.2B to date.



3 UNICORNS



46 ACQUISITIONS



\$11.2B FUNDS RAISED

REGION

As our founding partner, Mitch Kapor likes to say, **“Talent is evenly distributed. Opportunity is not.”** Kapor Capital began to find top talent outside Silicon Valley long before it became a trend. Between 2013-2020, half of all Kapor Capital investments went to companies based outside California, including investments in companies located in Florida, Washington, Illinois, and Texas.

REGIONAL INVESTMENTS | FUND III

Kapor Capital Fund III has expanded our regional investment diversity. Of our 29 investments since 2021, just one-third of this fund are California-based, with the rest distributed across the United States:



PORTFOLIO DEMOGRAPHICS | FUND III

79% of our investments in Fund III, have at least one underrepresented founder, a 25% increase from our previous funds. This includes more than one-quarter of our companies led by Black founders, one-tenth led by LatinX founders, and fully 14% helmed by women of color. Kapor Capital continues to lead the Venture Capital world in these investments, as the chart demonstrates.

TOTAL UNDERREPRESENTED	KAPOR CAPITAL FUND III PERCENTAGE	VC INDUSTRY IN 2022
TOTAL BLACK FOUNDERS	28%	1%
TOTAL LATINX FOUNDERS	10%	1.5%
TOTAL WOMEN FOUNDERS	48%	1.9%
TOTAL WOMEN FOUNDERS OF COLOR	14%	0.1%

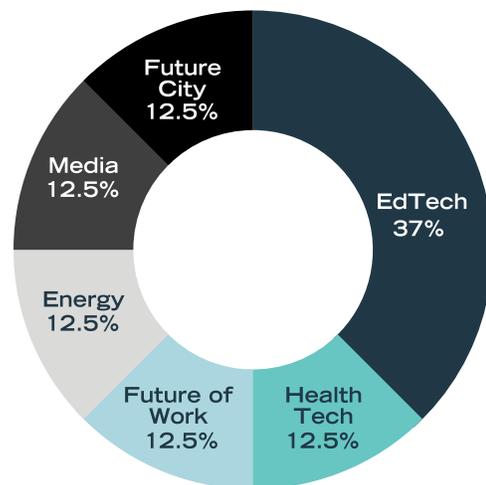
These numbers are especially significant because 2022 saw an overall drop in investment for women and people of color. Funding directed toward women-led companies, for example, dropped from an already-terrible 2.3% to just 1.9% last year.⁸

Our mission to increase representation in the tech industry goes beyond just investing in founders of color. Our platform team also works with our portfolio CEOs to source and hire candidates from underrepresented backgrounds for C-Suite roles. We have started tracking this metric since we believe having a diverse C-Suite positively impacts the company's culture and the quality of the product or services developed.

2022 SECTOR BREAKDOWN | FUND III

Our largest investment sector is EdTech at 37%.

The sectors Health Tech, Future of Work, Energy, Media, and Future City investments each accounted for 12.5% of our investment activity.



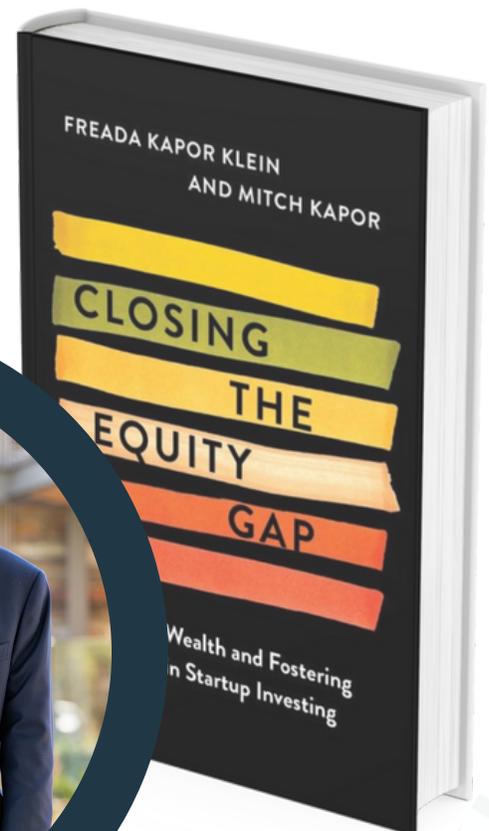
IMPACT BEYOND FUND III

LESSONS FROM MORE THAN A DECADE OF IMPACT INVESTING

A dozen years after pioneering their new investment model, Freeda Kapor Klein and Mitch Kapor have experienced incredible triumphs and difficult losses. Through it all, their thesis has largely borne out, and a new ecosystem of Black and LatinX entrepreneurs, CEOs, and investors is emerging to address many of America's most pernicious problems.

Earlier this spring, Freeda and Mitch released Closing the Equity Gap, a book designed to help define and shape the impact investment space, driven both by data and the real-life experiences of entrepreneurs in the Kapor Capital portfolio.

The book spotlights founders who are driven by a passion to solve real-life problems from their own lived experience. Drawing from more than a decade of data, Closing the Equity Gap seeks to help VCs make better decisions and build a more impactful tech ecosystem.



FILLING THE HOLE LEFT BY BITWISE

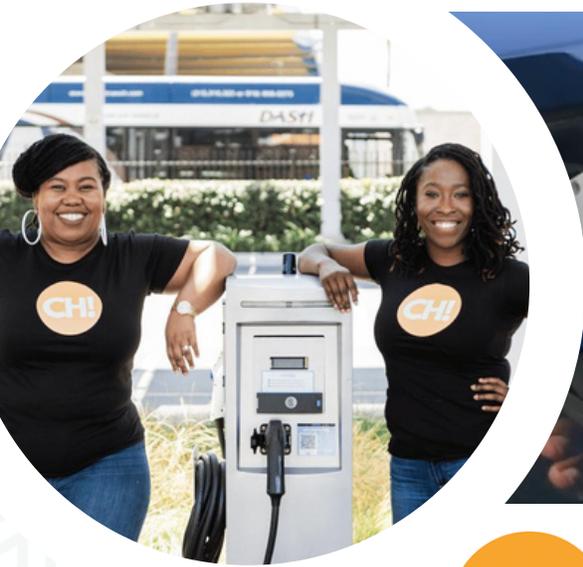
The unraveling of the tech services company Bitwise earlier this year was a very significant setback to the communities we work to lift up. Nine hundred people lost their jobs and apprentices were stranded midway through programs. Kapor Capital and our fellow investors lost significant sums of money. The collapse of the company cast a shadow on impact investing generally.

But the culture that Bitwise inspired and the movement it sparked came from its employees, largely made up of people who had traditionally been underrepresented in tech. This underestimated ecosystem has continued even in the aftermath of the company's demise. Former Bitwise employees and apprentices have rallied in support of each other--and for the future of the tech ecosystem in Fresno, the headquarters, and in the nine other cities housing Bitwise programs. Promising new companies have been founded by former Bitwise staff.

At Kapor Capital, we have dedicated time and resources into helping former Bitwise apprentices transfer to other programs to complete their certification, and helping employees find new jobs throughout our portfolio. In July we created a Bitwise talent pool to help source job openings throughout tech. We also hosted a workshop to share best practices for job searches and resume writing. We still believe that these workers represent the future of tech, and we will continue to find ways to support this team and the movement they inspired.



2023 IMPACT COMPANY FEATURES



ChargerHelp!

Stage: Series A | **Location:** Los Angeles, CA

Founders: Kameale Terry, Evette Ellis

Launched in 2020, ChargerHelp! operates at the intersection of clean technology and workforce development, **training hundreds of technicians across the United States to enable on-demand maintenance and repair of Electric Vehicle charging stations.**

Charging station maintenance is a crucial part of the infrastructure that allows electric vehicle technology to scale. To date, ChargerHelp has provided quality operations and maintenance services to over **15,000 charging stations across the U.S.**

More than **70% of the ChargerHelp! workforce come from low-income backgrounds, and fully 85% are people of color.** The company partners with workforce development agencies throughout the U.S. to recruit candidates from all skilled backgrounds, train them to become industry experts and promote economic mobility.

ChargerHelp! has successfully trained over 750 EV Operations and Maintenance Technicians, and either hired or helped place hundreds of them with partners like Tesla, Rivian, ABB, ChargePoint, BTC Power, Duke Energy, Tritium and more.





newsela

Stage: Series D | **Location:** New York, NY

Founder: Matthew Gross

With a SaaS platform for K-12 instructional material, Newsela seeks to replace textbooks with curated content that inspires young learners while keeping costs low for school districts.

Total users: ~45M

Students served: ~42M

Educators served: ~3M

Total schools served: ~180K

Newsela's platform aggregates third-party content, including primary source documents and news articles, to bring interesting, informative, and accurate content to students in a way that engages. Newsela engages learners with content tailored to their interests, and that has had a dramatic impact on learning:

- Students who improved their Newsela quiz scores throughout the year showed corresponding growth on standardized testing from fall to spring
- All students benefited from Newsela equally, regardless of demographic variables such as income or race.

Today roughly two-thirds of U.S. Public Schools use the Newsela platform after the pandemic fueled demand for flexible content. This summer, Newsela acquired the data company Formative, allowing the company to provide teachers with quick data on student learning to enable real-time adjustments to classroom instruction.





ethic.

Stage: Series C | **Location:** New York, NY

Founders: Douglas Scott, Jay Lipman, Johny Mair

Founded in 2015, Ethic’s platform empowers wealth advisors to create personalized portfolios at scale—portfolios that can be tailored to clients’ individual sustainability, financial, charitable giving, and tax management preferences.

Ethic has grown quickly in recent years, with over \$2 billion in assets under management. Over the course of 2022, Ethic clients collectively reduced their CO2 “ownership” by a total of 167,173 metric tons (MT) – that’s roughly the equivalent of emissions from over 37,000 gasoline-powered cars driven for a year. 2022 was also a year for responsible asset stewardship. Ethic clients leaned into shareholder engagement, voting according to their values on over 26,000 proposals across more than 2,600 companies.

- **\$2B AUM**
- **Reduced CO2 “ownership” by 167,173 Metric Tons**
- **133M scuba tanks reduced in air pollution “ownership”**
- **2B household trash bags reduced in hazardous waste “ownership”**
- **132 trillion gallons of gas reduced in gas and oil “ownership”**

Ethic was awarded the 2022 Model Wealth Manager award from global research and advisory firm Celent and was named a “Best Place to Work in Fintech” for the second consecutive year.





saltbox

Stage: Series B | **Location:** Atlanta, GA

Founders: Tyler Scriven, Maxwell Bonnie

Saltbox, a flexible co-warehousing and small business logistics pioneer, supports small and medium-sized businesses to democratize access to warehousing and shipping, two capital-intensive services that present barriers for smaller companies as they scale.

44% of Saltbox members are women-led businesses, and 55% are companies helmed by people of color.

In 2022, Saltbox more than doubled its growth, expanding its warehouse network to 13 locations, including Alexandria, VA; Duarte, CA; Carrollton, TX; Arden Hills, MN; and a second location in Atlanta's Upper Westside neighborhood to support its flagship facility. The company also opened its first-ever fulfillment hub in Dublin, OH – a strategic location in the Columbus, Ohio market that allows members to reach 67% of the total U.S. population via 2-day shipping.

- **Served over 1300 SMBs**
- **13 locations across 10 states**
- **Over 1M square feet of logistics-enablement space**





Stage: Series C | **Location:** San Mateo, CA

Founders: Michael Teng, Asha Visweswaran

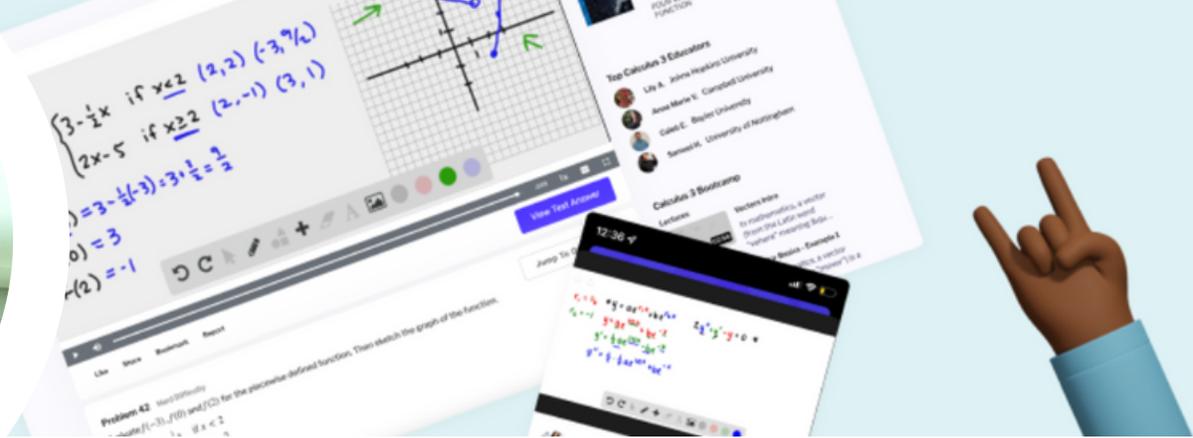
Swing provides substitute teachers to cover hard-to-fill staff absences.

Failing to fill a substitute teacher opening not only impacts students, but causes teachers and school leaders to spend valuable education time filling the gaps, in addition to the staff time administrators spend recruiting, screening, scheduling, and paying contract substitute teachers. Swing's marketplace helps schools cover hard-to-fill absences by providing substitute teachers on-demand. **The Swing platform gives educators more information about the substitution opportunity making substitutes classroom-ready on the first day.**

- **In 2022, Swing subs earned an aggregate of \$75M**
- **2,800 School Partners**
- **1M instructional hours filled with substitute teachers**

Since its founding in 2015, Swing has worked to improve the experience of being a substitute teacher and made it easier for K-12 schools to grow and manage their substitute teacher pools.





Numerade

Stage: Series A | **Location:** Los Angeles, CA
Founders: Nhon Ma, Alex Lee

Numerade works to close the educational content gap by making the knowledge and skills of world-class educators accessible to students of all backgrounds through low-cost video and interactive content experiences.

The idea for Numerade came directly from founder Nhon Ma's own lived experience. The child of a teacher in Vietnam, Ma grew up in South Central Los Angeles where he attended Title 1 elementary and middle schools. He saw firsthand the disparities in educational access and set out to close those gaps.

With over four million videos, Numerade's content library has become the largest STEM education library in the world, providing students with quick answers to their math, science, and engineering questions, and helping them persist in STEM, even when their school districts are under-equipped. Costs for students start at just \$9.99 per month, offering world-class tutoring at an affordable price point.

While the cost for students is low, top educators can earn hundreds of dollars per hour sharing their expertise. **So Numerade's impact is twofold: Students benefit from top-shelf tutoring for roughly the cost of a Netflix subscription, while talented educators can supplement their incomes** while they scale their expertise to millions of learners nationwide.

In April 2023, Numerade released AceChat, the world's first video-based AI Study Bot for STEM, the first-of-its-kind tool to give students access to instant step-by-step solutions to facilitate comprehension of complex STEM topics.





penny finance

Stage: Pre-seed | **Location:** Boston, MA
Founder: Crissi Cole

Targeted toward women with low to moderate incomes, Penny Finance is an online financial mentor that provides digestible financial education and tailored plans that make money management easy and affordable.

Their goal is to strengthen women's financial health and to close the wealth gap between men and women.

Although the company is still in the pre-seed stage, Penny has already grown an impressive membership base of 10.5K+ women. With an average annual income of \$62,000, these are women who have historically been ignored by a financial advisory system that normally caters to a wealthier clientele. **On average, members save \$452 per month, reduce their time until debt-free by 5.2 years, and grow their projected net worth at 65 by 900%.**

42% of members who weren't investing prior to joining Penny are now investing in their retirement accounts.

In July 2023, Penny announced the launch of automated account integration with PLAID, allowing for improved money insights and more accurate financial reporting for members.





Hi Jane, make sure to hold your breath and count to 10!

Thanks, will do!

98% adherence

[Scene]

Stage: Series B | **Location:** Baltimore, MD

Founder: Sebastian Seiguer

Formerly known as emocha, Scene Health tackles the problem of medication nonadherence by leveraging the power of people, science, and technology.

People typically don't take 30% to 40% of their prescribed medications, and low-income patients—who are already disproportionately impacted by chronic health challenges—struggle even more with medication adherence.

Scene Health combines personalized video coaching, education, and motivational content to bring healthcare professionals, patients, and their families together to solve the \$500B medication nonadherence problem.

The Scene Health mobile app allows patients to connect with a care team of pharmacists, nurses, and health coaches through daily video check-ins, making it easy for patients to stay on top of their medications, help them address any medication challenges, and empower them to improve their health by identifying and addressing barriers to adherence related to social determinants of health.

During the first two quarters of 2023, Scene Health reported an impressive 17.65k chat and video messages per month, and helped address over 300 monthly adherence challenges.

In March, the Scene Health model of care — Panorama — was named a Top Life Sciences/HealthTech product in the 2023 Product Awards, presented by Products That Count, and the following month the company closed an oversubscribed \$17.7 million Series B round to expand further.





Footnotes + References

1. It is important to note that while this report is deemed the 2023 report, we take a deep dive into the investments over the 2022 year and diversity numbers including Q2 of 2023.
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