

# IMPACT AMERICA FUND

JUNE 2019



## THROUGH THE EYES OF WAKANDA

ON SCREEN LESSONS FOR OFF SCREEN SOCIAL IMPACT

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ONLY BY HAVING CLEAR AND VITAL IMAGES OF  
THE MANY ALTERNATIVES, GOOD AND BAD, OF  
WHERE ONE CAN GO, WILL WE HAVE ANY  
CONTROL OVER THE WAY WE MAY ACTUALLY  
GET THERE IN A REALITY TOMORROW WILL  
BRING ALL TOO QUICKLY.

**SAMUEL R. DELANY**

”

# FOLLOWING THE WAKANDAN GAZE

## TO BUILD AN EQUITABLE AND JUST FUTURE WE MUST RECOGNIZE AND EMPOWER THE RICH DYNAMICS OF UNDERSERVED COMMUNITIES

It's been over a year since *Black Panther* premiered in Los Angeles, bringing Marvel's Wakanda—a sumptuous African utopia billed as “the most technically advanced country in the world”—to the big screen. Ever since, you can't mention “black” and “tech” without Wakanda entering into the conversation—and it's not difficult to understand why.

Wakanda is a magnificent vision of a black technological and economic power, absent of financial hardship, and designed to realize the immense potential of each of its inhabitants. Contrasted in the movie with a 1990s Oakland blighted by violence and poverty, it presents a compelling statement on where the black community could be, had it not had to endlessly contend with the continuing legacies of racism and white supremacy. At Impact America Fund—an African-American led impact venture capital firm situated at the intersection of technology and economic justice—*Black Panther* is a big screen story that speaks directly to the work we're undertaking.

**While *Black Panther* is a Hollywood superhero movie and not a social justice film, its hero's journey is one of wokeness.**

Wakanda is a self-sufficient community, but it keeps its wealth from the outside world, concealing both the dynamic resource, vibranium, upon which it was built, as well as the cultural flourishing vibranium has engendered. Eventually convinced that Oakland should share in Wakanda's wealth, the real magic happens when King T'Challa inaugurates the Wakanda International Outreach Center, designed to bring sorely lacking social outreach, STEM training, and jobs to the people of Oakland, and does it without once questioning their worthiness.

King T'Challa sees Oakland as we all should: a place inhabited by cultural equals whose perceived deficits are caused by economic extraction and from being cut off from the resources needed to thrive. As the credits roll, he sets out to remedy the situation by allocating a percentage of Wakanda's vibranium stash to shoring up the gaps that keep Oakland's biggest resource—the untapped potential of its inhabitants—from bearing fruit.

While we await Oakland's fictional rebirth in the sequel, we're creating our own by investing in the entrepreneurs, businesses, talent, products, and value that have been historically overlooked. Unable to rely on intercontinental superheroes, we know that equitably marrying cultural capital and financial resources means working across silos and sectors to assist marginalized communities in writing next chapters that are self-sustaining.

**Like King T'Challa, we recognize that for the disenfranchised, happy endings result from shifts that equitably distribute power and resources, and are not merely charity.**

This is our guide for creating them in the here and now.

“PROBLEM SOLVING IS NO LONGER ABOUT INVENTING THINGS, IT IS ABOUT RECREATING SYSTEMS.”

MICHELLE MOLITOR

# OUR FANTASTIC FOUR

## STRATEGIES FOR CREATING MEANINGFUL CHANGE IN THE HERE AND NOW

Impact America Fund’s mission is to broaden the pathways that assist America’s low-income communities of color in achieving economic agency. To effect change, we invest in entrepreneurs who are building tech-enabled businesses that create a more just and equitable future. We believe that in order to create a strong, sustainable future for the United States, and for the entire world, we must create inclusive pathways that allow for the equitable participation of all people.

Our fantastic four strategies, detailed in the following pages, prioritize the insight of lived experience over the opinions of those who swoop in from outside. It recognizes that, in a deeply unequal society, democratizing systems is the first step to repairing them. Most importantly, it provides a way of working that elevates the experiences of low-income communities of color because it values them as critical participants, and not merely benefactors.

# COUNTER NARRATIVES

**THAT POSITION INNOVATION AS SOMETHING THAT OCCURS OUTSIDE OF UNDERSERVED COMMUNITIES—AND MUST BE BROUGHT IN**

- Recognize that descriptions of populations and communities as intrinsically “less than” are the result of centuries of discourses shaped by outsiders—and that they overlook a long history of resilience, resistance, and unrecognized achievement.
- See observed deficits in the context of the systems that created them. Understand that wealth and well-being gaps are the direct result of enduring historical events and policies, such as slavery, redlining, Jim Crow, and incarceration.
- Value the cultural capital—the aptitudes, insights, resources, and resourcefulness—within the communities you serve. You are not an innovator who “fixes” or “saves,” but a collaborator who listens, learns, and contributes to bridging gaps.

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**Oppressive language does more than represent violence;  
it is violence;  
does more than represent the limits of knowledge;  
it limits knowledge.**

**TONI MORRISON**

“

# INCORPORATE LIVED EXPERIENCE

## AS A FACTOR IN YOUR INVESTMENT CRITERIA

- Empower founders who have a deep personal or professional connection to the problems they are trying to solve and the populations they are aiming to serve.
- Prioritize the well-informed over those who are well-intentioned, but lacking in experience with the communities or stakeholders they desire to serve.
- Understand that founders from underserved communities may not pattern-match with the conventional image of an entrepreneur in terms of education, networks, skill set, age, gender, or skin color—and that may be a good thing!
- Remember that that skill gaps are often easier to bridge than insight gaps.
- Don't discount the importance of entrepreneurial traits such as resilience, resourcefulness, and tenacity—even if they come from experiences outside of the traditional business or start-up world.

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**Unique experiences lead to unique perspectives and that's where opportunity exists.**

**DIISHAN IMIRA**

“

# DIRECT CAPITAL AND RESOURCES

## TO PRODUCTS, SERVICES, AND BUSINESS MODELS THAT COUNTER TRADITIONAL MODELS OF VALUE EXTRACTION

- Invest in companies that create shared value for consumers, workers, suppliers, investors, and other stakeholders.
- Counter practices of value extraction by seeking out companies that:
  - Meet stakeholders where they are and help move them toward increased self-sufficiency and self-determination.
  - Serve stakeholders when other solutions don't exist or when the only other solutions are predatory.
  - Serve stakeholders by helping them equitably recover from setbacks.
- Safeguard against mission-drift by investing in companies that have inherent impact. Inherent impact occurs when impact is so tightly woven into a company's business model that to abandon it would mean abandoning a vital driver of the company's lasting competitive advantage.
- Understand that achieving the equitable, inclusive, and sustainable business growth that is harmonious to impact growth may take longer than conventional standards dictate. Be comfortable with developing benchmarks and timelines that recognize and allow for this.

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**There's a lie that capitalists tell us: that we must lie, exploit, and destabilize communities in order to make a profit.**

**BEN JEALOUS**

“

# CONTRIBUTE

## TO A COLLABORATIVE AND INCLUSIVE ECOSYSTEM

- Analyze your deal sourcing process for ways to make it more inclusive:
  - Recognize that if your pipeline is lacking in diverse founders, this may be due to your own blind spots and biases, not an absence of qualified people and projects.
  - Reach out to diverse accelerators, incubators, and seed-stage funds who know where and how to reach the founders that you seek.
- Be intentional about inviting diverse participants to the many tables you sit at—and be equally as intentional about listening and learning from them, once they are there.
- Cultivate a systems change outlook by working across sectors to align investments, pool resources, and leverage the cultural capital of communities. Create pathways for sharing knowledge, resources, and networks.

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**When assets that are not connected become productively connected, change happens.**

**CORMAC RUSSELL**

“

# CASE STUDY



ConnXus is a global supplier management software provider that enables large corporations to build sustainable, inclusive, and risk-compliant supply chains.

Founded in Mason, Ohio by an African-American procurement expert frustrated by the archaic, often segregated supplier databases that house women-, minority-, veteran-, and LGBTQ-owned businesses, he envisioned an inclusive procurement platform that would democratize the supply chain and contribute toward “a future where diversity and inclusion was part of every company’s DNA.”

# SUPPLIER DIVERSITY MATTERS

**3X**

Amount by which the average white business owner has more wealth than the average black business owner

**\$400B**

Amount of total economic impact produced by National Minority Supplier Development Council certified Minority Business Enterprises.

**250%**

Average amount of revenue growth that small businesses reported 1-2 years after receiving their first contract with a large corporation.

**150%**

Average increase in the number of employees that small businesses reported 1-2 years after receiving their first contract with a large corporation.

**29%**

Amount of the 28M U.S. businesses that are owned by minorities.

**4%**

Amount of the \$33.5T in annual revenues generated by U.S. businesses that are attributed to minority-owned firms.

# CONNXUS PROMOTES SUPPLIER DIVERSITY

By embedding supplier diversity tools into a robust procurement platform, ConnXus reduces the work and expense necessary for building diverse supply chains.

## ACCESS

**PROBLEM:** Social distance and transaction costs limit relationship building between diverse suppliers and buyers. Minority business owners often find it challenging to enter mainstream business networks.

**SOLUTION:** ConnXus' database of suppliers includes 2.5 million certified diverse suppliers and a marketplace of diverse supplier product catalogs, so that all sourcing can be handled through one dashboard. Buyers get access; suppliers get seen.

## RISK MITIGATION

**PROBLEM:** Inaccurate, misleading, or missing certification and financial data foster a lack of trust that keeps buyers from expanding their networks.

**SOLUTION:** ConnXus leverages technology to perform extensive, real-time due diligence that verifies the validity of certifications and assesses legal standing and financial risk. In doing so, it acts as a trust-builder that alleviates buyer concerns about diverse supplier legitimacy and risk.

## ECONOMIC IMPACT

**PROBLEM:** Economic impact is difficult to determine; data from supply chain spend is often cumbersome to gather and unreliable.

**SOLUTION:** ConnXus reduces reporting inefficiencies and inaccuracies by electronically gathering, calculating, and validating supplier diversity data from within the platform. Its economic impact reporting feature shows spend by location, congressional district, diversity category, and other social impact categories.

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People often interpret supplier diversity as something different than what it is. It's just really good procurement.

ROD ROBINSON, FOUNDER

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# CONNXUS:

## PATH TO PRODUCT-MARKET-IMPACT FIT

2013

- *Beta version introduced*
- **Countries Served:** 1
- **Diverse Spend Captured:** <1B
- **Team Headcount:** 12 employees

2014

- *Began build-out of sales, operations and software development teams*
- **Key Hire:** Daryl Hammett, Chief Operating Officer
- **Team Headcount:** 28

2016

- *Full solution launched*
- **Raised:** \$5M Series A
- **Team Headcount:** 35
- **Awards Received:**
  - Early Stage Company of the Year (Venture Ohio)
  - Best Places to Work (Cincinnati Business Courier)

2017

- **Product Releases**
  - Economic Impact Reporting
- **Partnerships Initiated**
  - SAP Ariba
  - Jaggaer
- **Team Headcount:** 40
- **Awards Received:**
  - Entrepreneur of the Year: Rod Robinson (Venture Ohio)
  - Best Places to Work (Cincinnati Business Courier)
  - Top 50 Providers to Watch (Spend Matters)

2018

- **Product Releases**
  - MyConnXion
  - Risk DeteXion
  - Diverse Marketplace
- **Partnerships Initiated**
  - BuyerQuest
  - Basware

2019

- **Product Releases**
  - MyConnXion Business Center
- **Diverse Spend Captured:** \$6B+
- **Countries Served:** 180
- **Team Headcount:** 45 (30% women; 60% ethnic minority)

- **Key Hire:** Jim Kanir, Chief Revenue Officer
- **Team Headcount:** 45
- **Awards Received:**
  - Top 50 Providers to Watch (Spend Matters)
  - Best of Breed SRM Provider (Spend Matters)

“

IN TIMES OF CRISIS, THE WISE BUILD BRIDGES, WHILE  
THE FOOLISH BUILD BARRIERS.

KING T'CHALLA

”

# IMPACT AMERICA FUND

Impact America Fund is a leading source of early stage venture capital for entrepreneurs building businesses that use technology to advance economic agency for low income communities of color in America.

Each day we wake up with an urgency to find and support the entrepreneurs who have the cultural competence and lived experience to build systems that increase the economic stability and well-being of the communities with whom they engage.

But systematic change requires collective action.

**We invite you to join the inclusive ecosystem we're building to support and nurture the tremendous opportunity that exists in the communities we care about.**

To learn more about our work, investments, and team, please visit [www.impactamericafund.com](http://www.impactamericafund.com).

If you think your company might be a good fit for our portfolio, [click here](#) to submit a pitch.