



New Jersey Economic Development Authority

REQUEST FOR INFORMATION ("RFI")

2020-RFI-OET-TLS-099

for

Options for Expanding Access to Seed Capital for Black and Latinx Entrepreneurs

1. INTENT/SUMMARY OF SCOPE

The New Jersey Economic Development Authority ("Authority", "NJEDA"), an independent Authority of the State of New Jersey, is seeking information and ideas from qualified entities ("Respondents"), including, but not limited to fund managers, angel investors, venture capitalists, entrepreneurs, and small-business owners, researchers and practitioners involved in entrepreneurial work, relevant industry/trade groups, and other state governments.

This Request for Information (RFI) is issued by the Authority to seek information from firms and individuals with perspectives on the structural obstacles and potential disparities encountered by high-growth start-ups run by Black and Latinx entrepreneurs in New Jersey when seeking venture or seed funding, both private and public. The NJEDA also seeks interest and ideas on solutions to such obstacles and disparities, including, but not limited to, existing venture and seed funds that specifically invest in Black and Latinx-owned/run high-growth businesses. The Authority is especially interested to hear perspectives from those firms that may be interested in expanding those solutions within New Jersey or investing in Black and Latinx-owned New Jersey businesses. This includes the potential establishment of a diversity seed fund for Black and Latinx owned businesses in the State.

The NJEDA is interested in receiving comments, questions, recommendations, facts, information, ideas, and responses that will help the NJEDA better understand both the obstacles and disparities faced by Black and Latinx entrepreneurs in New Jersey and the scope and characteristics of potential solutions. The NJEDA may serve as the primary anchor or participant in the selected solution(s).

The Authority is investigating obstacles and disparities and this RFI is in anticipation of developing appropriate solutions to help support Black and Latinx entrepreneurs.

2. BACKGROUND

The New Jersey Economic Development Authority serves as the State’s principal agency for driving economic growth. The Authority is committed to making New Jersey a national model for inclusive and sustainable economic development by focusing on key strategies to help build strong and dynamic communities, create high-quality jobs for New Jersey residents and provide pathways to a stronger and fairer economy. Through partnerships with a diverse range of stakeholders, the Authority creates and implements initiatives to enhance the economic vitality and quality of life in the State and strengthen New Jersey’s long-term economic competitiveness.

In *The State of Innovation, Building a Stronger and Fairer Economy in New Jersey*, the State’s comprehensive Economic Development Plan released in October 2018, Governor Murphy reiterated the importance of supporting the small business community in New Jersey, which employs more than 50% of New Jersey residents. One of the five explicit goals of the plan is “creating the most diverse innovation ecosystem in the nation and doubling venture capital investment in the State.” Governor Murphy’s plan also committed to a New Jersey future that supports all the State’s businesses, specifically calling out the importance of ensuring that minority, LGBTQ, women, disabled, and veterans-owned businesses have enhanced access to the capital, programs, and networks that they need to successfully start and scale their businesses. This RFI, which focuses on the challenges faced by, and potential solutions for increasing capital to, Black and Latinx-owned businesses, is one of several steps being taken by the Authority and the Murphy Administration to address the goals of the State’s Economic Development plan.

Concurrently, in the start-up world, there are a growing number of seed funds specifically investing in underserved populations, such as Black and Latinx entrepreneurs (See exhibit A for sampling). Repeated studies show that investing in underserved populations not only leads to greater equity and a more even playing field, but also provides outsized returns to investors: for example, companies with more women in top management positions increase their margins and produce more patents than teams with solely male leaders. This finding also holds true for LGBTQ+ and minority-led companies. Certain funds have been at the forefront of funding minority-led start-ups; they are part of a larger movement, numbering several dozen funds in the United States alone, that have made a conscious shift to invest in high-achieving minority-led companies (see Exhibit A for examples).

Based on these studies, NJEDA’s own experience, and the diversity of the population in New Jersey, the NJEDA recognizes that there may be obstacles and disparities encountered by high growth start-ups in New Jersey run by Black and Latinx entrepreneurs when seeking venture or seed funding, both private and public, and that, accordingly, there would be a benefit to the State of supporting, promoting, and/or developing a fund specifically to support Black- and Latinx-owned high-growth companies. This RFI seeks to collect potential ideas and interest around potential solutions, which could include a diversity fund to efficiently allocate funds while maximizing impact to New Jersey minority business community.

3. ELIGIBILITY CRITERIA (if applicable)

This section is not applicable to this RFI.

4. RFI RESPONSE QUESTIONS

Please answer all questions that are relevant to you or your organization, to the best of your ability. We recognize, that many respondents will not be able to answer all questions. Answers to these questions are understood to be preliminary and non-binding.

Applicants are free to structure responses as necessary to increase clarity and efficiency of responses.

Description of your role and qualifications within the venture capital space:

- 1) Please provide information on your company, group, government entity, or self and your capacity and qualifications within the start-up and venture capital space.
- 2) What is your experience with and understanding of the venture capital environment, both private and public, specifically in New Jersey and/or specifically in funding Black or Latinx entrepreneurs?

Questions about challenges and obstacles in securing seed capital for Black and Latinx entrepreneurs forming high growth businesses in New Jersey:

- 3) Please provide information on obstacles that are preventing public or private capital to flow to Black or Latinx entrepreneurs.
- 4) Please provide information on the availability of potential deal-flow/investment opportunities, both private and public, with and Black and Latinx entrepreneurs in NJ.
- 5) Please provide information around attempts by Black or Latinx entrepreneurs to raise seed funding from investors without the same diversity composition as themselves or to obtain financing from the State and the NJEDA, including whether such attempts have been successful or unsuccessful and why.
- 6) Are there any other obstacles in public and private funding that you believe the Authority should be aware of when considering such a funding mechanism?

Questions about a diversity focused seed venture capital fund:

- 7) To date, New Jersey does not have a seed fund focused on investing in Black or Latinx entrepreneurs. Can you comment on specific obstacles which may be preventing this to occur?
- 8) What is the optimal size for an initial seed fund specific to high-growth New Jersey Black and Latinx entrepreneurs?
- 9) Are there structuring characteristics/terms/enhancements that you believe the Authority should consider when evaluating and/or creating a venture capital fund?
- 10) The Authority does not intend to manage or administer any venture capital fund directly but has a history of being an investor/limited partner in venture funds. What would be the ideal vehicle and structure for the Authority's involvement with a fund: a sidecar fund (handled by an existing fund manager), a stand-alone fund, or something else altogether?
- 11) What stage of company (pre-seed, seed, series-A, etc.) should be targeted?
- 12) What should be the average size investments made into the targeted companies and how many companies can be assisted with the support of a diversity focused seed venture capital fund?
- 13) What should the fee structure look like to ensure the maximum impact for both the investors and the companies receiving the fund investment?
- 14) How can the Authority along with a manager and/or existing fund maximize other interested investor support and capital, resulting in the greatest impact?
- 15) How closely aligned should the investment be to the diversity criteria in order for the fund to make an impact? (For example, should a company be eligible for funding if there is one Black or Latinx person in the C-Suite, or should the criteria require the company's founder to be a Black or Latinx person, or should the leadership team be required to be a majority Black or Latinx?)
- 16) Please elaborate on any additional guidance or consideration that you think the Authority should take under advisement or consider in any solution, when evaluating potential diversity seed funds, or in launching a Black and Latinx-focused seed fund.

5. QUESTIONS AND ANSWERS (From Respondents to the EDA)

All questions concerning this RFI must be submitted in writing no later than 11:59 PM EST, on March 27th, 2020 mail to: RFI-ExpandingSeedCapital@njeda.com.

The subject line of the e-mail should state:

Questions-2020-RFI-099: Expanding Seed Capital to Black and Latinx Entrepreneurs

Answers to questions submitted will be publicly posted on the Authority's website, under the Office of Economic Transformation RFIs section, on or about April 7, 2020.

IT IS THE RESPONDENT'S RESPONSIBILITY TO CHECK THIS WEBSITE REGULARLY FOR UPDATES.

RESPONSE DETAILS

All RFI responses must be submitted in writing no later than 11:59 PM EST, on April 23rd, 2020 via e-mail to: RFI-ExpandingSeedCapital@njeda.com

The subject line of the e-mail should state:

RFI Response-2020-RFI-099: Expanding Seed Capital to Black and Latinx Entrepreneurs

6. FOLLOW-UP QUESTIONS (from EDA) / ADDITIONAL INFORMATION

Respondents may be asked to provide additional information to allow the Authority to better understand the responses or services available.

7. PROPRIETARY AND/OR CONFIDENTIAL INFORMATION

The Authority reserves the right to copy any information provided by the Respondents. The Authority reserves the right to use ideas that are provided by Respondents, applicants, stakeholders, or vendors. By submitting a Response, the submitter represents that such copying or use of information will not violate any copyrights, licenses, or other agreements with respect to information submitted or product solutions demonstrated, if applicable. Responses must clearly be marked for any information the Respondent deems Proprietary and/or Confidential.

8. DISCLAIMER / NO OBLIGATION

This RFI is not a request for qualification/proposal. It may or may not result in further action.

This RFI is issued solely as a means of gathering information regarding the Authority's desire to understand the types of products and level of service available in the market to meet the Authority's needs. Interested parties responding to this RFI do so at their own expense. There will be no monetary compensation from the Authority for the time and effort spent in preparing the response to this RFI. All expenses incurred are the sole responsibility of the Respondent.

Should the Authority decide to move forward and issue an RFQ/P or announce a program/product related to this RFI, Respondents need not have submitted a response to this RFI in order to be eligible to respond to the RFQ/P or be eligible for the program/product. Should an RFQ/P be issued, responding to this RFI will not affect scoring or consideration for that process.

The Authority is under no obligation to contact Respondents to this RFI.

9. NEW JERSEY OPEN PUBLIC RECORDS ACT

Respondents should be aware that responses to this RFI are subject to the “New Jersey Open Public Records Act” (N.J.S.A. 47:1A-1 et seq.), as amended and including all applicable regulations and policies and applicable case law, including the New Jersey Right-to-Know law. All information submitted in response to the RFI is considered public information, notwithstanding any disclaimers to the contrary, except as may be exempted from public disclosure by OPRA and the common law.

Any proprietary and/or confidential information submitted in response to this RFI will be redacted by the Authority. A person or entity submitting a response to this RFI may designate specific information as not subject to disclosure pursuant to the exceptions to OPRA found at N.J.S.A. 47:1A-1.1, when such person or entity has a good faith legal and factual basis for such assertion (i.e. information that may be included in another ongoing public procurement or solicitation). The Authority reserves the right to make the determination as to what is proprietary or confidential and will advise the person or entity accordingly. The Authority will not honor any attempt to designate the entirety of a submission as proprietary, confidential and/or to claim copyright protection for the entire proposal. In the event of any challenge to the Respondent’s assertion of confidentiality with which the Authority does not concur, the Respondent shall be solely responsible for defending its designation.

Name	Location	Focus	Women-focused?	POC-focused?	Size	Partners/Founders	Founding Date	Website	Contact
Act One Ventures	Santa Monica	Invests in business software at the seed stage, predominantly focused on LA universities and alum, with 70% of investments to minority and women-owned businesses	✓	✓	Typical investment from \$300K-700K (24+ companies in portfolio)	Michael Silton, Alejandro Guerrero	2016	actoneventures.com	info@actoneventures.com
Authentic Ventures	Oakland	Seed and early stage venture capital firm with a particular interest in women and minority founders; Looking for bold visions, at least one technical founder, and interest in AI/machine learning, mobile, cloud, healthcare and education	✓	✓	undisclosed	Lindsay Lee	2016	authentic-ventures.com	info@authentic-ventures.com
Backstage Capital	Los Angeles	Focus on investing into women, people of color, LGBTQ folks	✓	✓	Over \$7M invested in 120 companies	Arlan Hamilton	2015	backstagecapital.com	partners@backstagecapital.com
Base Ventures	Berkeley	Seed-stage fund investing in tech companies with focus one-commerce, platform plays, mobile (minority-led team)		✓	Invests between \$100k and \$750k in 15-20 companies (less than \$50M)	Erik Moore, Kirby Harris	2012	base.ventures	hello@base.ventures
Black Angel Tech Fund	Sacramento	Focuses on early stage tech companies with at least one black founder and a connection to Stanford (students, alum)		✓	\$5M	Mark Thaiya, Ken Grimes, Ron Berry, Amy Reid	2015	blackangeltechfund.com	info@blackangeltechfund.com
Black Girl Ventures	Washington DC	Fund and scale tech-enabled, revenue-generating businesses (under \$1M) founded by people who identify as Black/Brown and woman	✓	✓	crowdfunding meets pitch competition (every event varies)	Shelly Bell	2016	blackgirlventures.org	contact@blackgirlventures.org
Bumble Fund	Austin	Invests early-stage and focusing primarily on businesses founded and led by women of color and underrepresented groups; Early stage companies (Seed or Series A); Companies solving a problem that disproportionately affects women	✓	✓	Average check \$25-50k (total amount not disclosed)	Sarah Jones Simmer	2018	thebeehive.bumble.com/bumble-fund	bumble.com/en/contact-us#
Caerus Investment Partners	Chicago	Provides seed capital to early-stage technology companies; believe in "inclusive entrepreneurial ecosystem that promotes diversity in ideas creativity and people"		✓	undisclosed	Aaron Gillum, James Robinson	2014	caerusip.com	info@caerusip.com
Chingona Ventures	Chicago	Fund for underrepresented founders, with focus on fintech, food, women's reproductive and healthcare services, wellness, B2C companies	✓	✓	\$10M (\$100K average check size)	Samara Mejia Hernandez	2019	chingona.ventures	twitter@chingonavc
Chloe Capital	Upstate NY	Pitching opportunities in Charlotte, New Orleans, Los Angeles; invests in women-led companies (at least one women leader with significant ownership stake); other diversity also valuable	✓	✓	Investments between \$100-\$250k	Kathryn Cartini	2017	chloecapital.com	info@chloecapital.com
Color Capital	Portland	Invests in underrepresented and underestimated entrepreneurs (women and WOC); invests in early stage companies (Seed to Series A) and specialized in consumer product industry, retail, and DTC marketing, brand positioning and growth strategy--personal care, food and bev, retail, publishers, tech-enabled marketplaces, e-commerce	✓	✓	undisclosed	Jaime Schmidt, Chris Cantino	2018	color.capital	color.capital/contact
Diversecity Ventures	Sacramento; Sheridan, WY	Backs companies with positive social/economic/environmental impact and high potential for outsized returns; Strive to close the funding gap that keeps those from socioeconomically disadvantaged backgrounds from accessing capital; Focus on cleantech, sustainability, education, finance/crypto, health, real estate/affordable housing, communication, social justice, emerging markets	✓	✓	Invest between \$10k-\$2M (sweet spot \$250K)	Mariah Lichtenstern	2015/6	diversecityv.com	info@diversecityv.com
EchoVC Partners	Palo Alto; Lagos	Finances and cross-pollinates leading technologies, teams, and business models with focus on sub-saharan africa; sectors include consumer internet, smart data, mobile, enterprise, underserved entrepreneurs and geographies (minority-led team)		✓	\$50,000 to up to \$20 million USD depending on the stage and capital needs	Eghosa Omoigui	2011	www.ehovc.com	ehovc.com/contact
Elevate Capital Inclusive Fund	Portland West	Focus on technology and life science companies (minority led team)	✓	✓	\$13M	Nitin Rai Joann Price, Laurence Morse	2016	elevate.vc	hello@elevate.vc
Fairview Capital	Hartford			✓	\$3.4B		1994	fairviewcapital.com	info@fairviewcapital.com

Name	Location	Focus	Women-focused?	POC-focused?	Size	Partners/Founders	Founding Date	Website	Contact
Force for Good Fund	San Francisco	Invests only in "best for the world" B-corps (top 10% of B corps) founded by women or people of color Fund service-based companies (\$250K-\$5M in revenue) let by minorities, veterans, or women through revenue-based investment based outside traditional major capital markets (low-moderate income areas)	✓	✓	\$1.1M	Ryan Honeyman	2016	lifteconomic.com/forceforgood	erin@lifteconomy.com
Founders First Capital Partners	San Diego	Invest in all types of founders (but are all POC investors) with an interest in women and minority founders; industry agnostic; revenue of \$100K+, large market size, disruptive business model	✓	✓	Provides up to \$1M in capital funding	Kim Folsom	2015	foundersfirstcapitalpartners.com	foundersfirstcapitalpartners.com/contact-us
Harlem Capital	New York City	Interested in digital health, future of cities, education, social support, economic wellbeing, food; accelerates growth for tech-enabled startups in partnership with established organizations and investors; focused on diverse entrepreneurs and those creating solutions for diverse audiences.	✓	✓	\$40M/small team of 5-12 people	Henri Pierre-Jacques, Jarrid Tingle	2015	harlem.capital	info@harlemcapital.com
Humble Ventures	Washington DC; New York City	Looking for companies at early stages (post-seed pre-series-A), teams and founders that are culturally competent and coming from low and moderate communities of color, business models that grow socioeconomic impact along with profits	✓	✓	undisclosed	Ajit Verghese, Harry Alford, Kayode Owens	2014	humble.vc	humble.vc/contact
Impact America Fund	Oakland	Invests in tech companies led by women and underrepresented minorities including people with disabilities, LGTBs, veterans	✓	✓	\$10M	Kesha Cash	2014	impactamericafund.com	info@impactamericafund.com
Intel Capital Diversity Fund	Santa Clara	Companies must be minority and/or female-owned; invests in medical tech, software, advanced materials, aero propulsion power managemnet, fuel cells/energy storage, sensing/automation, situational awareness/surveillance, solar photovoltaics	✓	✓	\$381M as of Sept 2019	Wendell Brooks	2015	intel.com/content/www/us/en/intel-capital/diversity.html	diversity.fund@intel.com
JumpStart Focus Fund	Cleveland	Invests in tech-driven start-ups that have potential for large-scale economic success, closes significant gaps of access/opportunity/outcome in the U.S., and are committed to building a diverse team and company culture (team is majority POC)	✓	✓	\$10M (\$259K+ investments)	Ray Leach	2003	jumpstartinc.org/for-entrepreneurs/funding/	ask@jumpstartinc.org
Kapor Capital	Oakland	Focus on investing into women, people of color, LGTBQ folks, all other underserved by venture capital; Interest in CPG, B2B, consumer, SaaS, AI companies that are growing fast and need investment to help with strategic growth	✓	✓	undisclosed/ team of 11	Freada Klein-Kapor, Mitch Kapor, Brian Sizon, Ullih Onovakpuri	1999 (2011 shift to impact investing)	kaporcapital.com	info@kaporcapital.com
Lightship Capital	Cincinnati	Early stage venture capital firm investing in tech companies that benefit from shifts in cultural trends and behaviors in an increasingly diverse global marketplace; strives to invest in minority-owned startups (minority-led team); interests include e-commerce, fintech, edtech, health, media, mobile	✓	✓	Invest between \$125K-\$300K	Candice Matthews Brackeen, Brian Brackeen	2018	lightship.capital	lightship.capital/contact
MaC Venture Capital	Los Angeles	Focused on supporting women of color entrepreneurs through access, capital, and expertise; Categories of interest include beauty, consumer goods, digital media, e-commerce, fashion, retail, wellness	✓	✓	\$10.5M	Marlon Nichols, Trevor Thomas, Troy Carter	2015	macventurecapital.com	macventurecapital.com/startup/
New Voices Fund	New York City	Global fund has 99 women investors (25 WOC)-- creating the next wave of educated and trained angel investors focused on social impact and financial returns and investing in underrepresented entrepreneurs (ideally women-led companies, some level of diversity on the team)	✓	✓	\$100M	Richelieu Dennis (Sundial Brands)	2018	newvoicesfund.com	newvoicesfund.com/contact
Next Wave Impact	Denver	Fund for top women/POC in startup world ("operator roles") to get into venture capital	✓	✓	\$100-250K in first stages; \$250-500K in later stages (\$5M fund)	Alicia Robb Mallun Yen, Leyla Seka, Ambrosia Vertesi, 100+ limited partners	2015	nextwaveimpact.com	info@nextwaveimpact.com
Operator Collective	San Francisco		✓	✓	100+ members, \$45M		2019	operatorcollective.com	hello@operatorcollective.com

Name	Location	Focus	Women-focused?	POC-focused?	Size	Partners/Founders	Founding Date	Website	Contact
Plexo Capital	San Francisco	Invests in emerging venture funds and early-stage companies led by women and POC -- but not a "diversity investor" just focuses on opportunities that will generate high returns that happen to be from a broader universe of opportunities	✓	✓	\$50M	Lo Toney	2017	plexocap.com	twitter@plexocapital
Precursor Ventures	San Francisco	Focused on B2B and B2C software applications and hardware; "committed" to investing in founders from a wide variety of backgrounds	✓	✓	4 members of team/\$46M	Charles Hudson Jennifer Carolan, Shauntel Garvey, Wayee Chu, Esteban Sosnik	2015	precursorvc.com	hello@precursorvc.com
Reach Capital	San Francisco	Invests in edtech and interest in non-traditional investors (team is majority POC) Committed to investing in early-stage companies, at least 50% of whose founders/leaders are women or POC	✓	✓	team of 9 /\$135M	Erica Duignan Minnihan, Monique Idlett-Mosley	2015	reachcapital.com	info@reachcap.com
Reign Ventures	New York City; Miami		✓	✓	\$25M		2017	reignvc.com	info@reignvc.com
Reinventure Capital	Boston	Invest growth-stage capital in companies that have women/POC founders and potential for excellent financial returns and sustainable measureable impact	✓	✓	undisclosed	Edward Dugger III, Julianne Zimmerman	2014	reinventurecapital.com	617-500-6607
Salesforce Impact Portfolio	San Francisco	70 percent of companies in fund are women- or minority-led. Salesforce typically invests in the A or B stage with interest in companies that do work in workforce development, equality, climate and sustainability, and social sector using Salesforce tech	✓	✓	\$50M	Suzanne DiBianc	2017	salesforce.com/company/ventures/impact	twitter@salesforcevc
SAP.io No Boundaries	San Francisco	SAP.io No Boundaries will commit at least 40 percent of its investments to women and underrepresented minorities	✓	✓	\$35M	Ram Jambunathan	2018	sap.io/noboundaries	twitter@SAP_io
Sofia Fund	Minneapolis	Seeks out women-led companies and diverse teams in IT, business products and services, and health and wellness	✓	✓	\$5.5M	Cathy Connett	2006	sofiacap.com	info@sofiacap.com
SoGal Ventures	New York City	Invest in early stage diverse founding teams in the U.S. and Asia in healthcare, consumer, SaaS sectors	✓	✓	undisclosed	Elizabeth Galbut, Pocket Sun	2016	sogalventures.com	hello@sogalventures.com
Twenty65 Fund	Los Angeles	Invests in socially responsible businesses run by women and POC	✓	✓	\$10M	Abyah Wynn	2018	twenty65fund.com	twenty65fund.com/contact
Valmo Ventures	Weston, MA	Specializes in investments in companies and projects poised to benefit from notable demographic or societal shifts.; Interest in trend identification, global wealth management, media, corporate advisory		✓	undisclosed	Valerie Mosley, Niaz Karim	2012	valmoventures.com	info@valmoventures.com
Village Capital	Washington DC	Interested in agriculture, education, energy, financial inclusion, health; prioritizes underrepresented founders in underrepresented places	✓	✓	\$20M	Victoria Fram, Ross Baird	2014	vilcap.com	info@vilcap.com
WE Venture	New York City	Invests in companies that are founded, owned, or led by women and/or minority and have a location in NYC, are technology-enabled, and are early stage (seed stage to Series A)	✓	✓	\$30M	Alicia Glen	2019	we.nyc/we-fund/we-venture	wenyc@sbs.nyc.gov