

**STANDING IN THE GAPS**

# A Roadmap to Redesign the Capital Continuum for Women Tech Founders

Solutions for Entrepreneurs, Institutions, and Investors

**HELLO ALICE**  
RESEARCH REPORT

with support from

**TIGERGLOBAL**  
IMPACT VENTURES

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## A Message From Our Co-Founders

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This report is personal — not just because it represents the input of nearly 20,000 of our Hello Alice community members but also because we have lived this journey ourselves.

As women founders of a tech-based company, we know how hard it is to access capital — even with a thriving business, strong connections, and insider understanding. As co-founders of a platform that supports more than one million small business owners, many of them women, we also know that we aren't alone.



The capital continuum — grants, debt, equity — is not currently designed to set women entrepreneurs up for success. From our research, this is especially true for women entrepreneurs in tech. But you don't need a report to tell you that. The funding gaps are well-known. Most of us have heard or read the statistics too many times to count. Women receive a fraction of all government grants. Of the total small business loan dollars, 4% go to women. And when it comes to venture capital, women receive barely 2% of funding.

The challenges are apparent. It is the solutions we are lacking.

Thanks to funding from our partners at Tiger Global Impact Ventures, we got to work seeking out experts, surveying our members, and talking in-depth with high-potential women tech founders with our objective being to reimagine the funding landscape in an actionable way.

This resulted in the following report, which defines three pillars for change underpinned by tangible, clear action items. While we know that every action item isn't applicable to every audience, this report is for everyone: entrepreneurs, institutions, and investors. We invite you to read our roadmap and commit to one action that will help us stand in the gaps, together. Our women founders, our companies, and our communities will be better for it.

*Carolyn + Elizabeth*

**Carolyn Rodz and Elizabeth Gore**

Hello Alice Co-Founders

# Executive Summary

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A new generation of technologies and their founders are shaping our world and will continue to transform our reality. However, studies point to a large cohort of founders whose innovations are being left behind simply due to inequitable access to funding opportunities. In the current landscape, women tech founders and technologies designed for women are significantly underrepresented. A survey of nearly 20,000 women tech founders on the Hello Alice platform along with 19 in-depth expert interviews with founders and field experts confirmed access to funding as the largest barrier to growing women-founded tech startups.

Despite demonstrating significantly lower fail rates<sup>1</sup> and generating higher returns for investors,<sup>2</sup> women – particularly those running technology-based startups – struggle to access as much financing and raise as much capital as men.

We know that a lack of equitable capital access can make starting or growing a tech or tech-enabled business difficult, if not impossible. We also know that there are many reasons for the gaps in funding. Conscious and unconscious bias,<sup>3</sup> unequal access to networks<sup>4</sup> and education,<sup>5</sup> and a disproportionate responsibility for caretaking and household work<sup>6</sup> are a few of the reasons that this reality exists. Race, ethnicity, and other intersecting identities correlate with further diminished capital access.<sup>7</sup> These factors and many others perpetuate a gap for women seeking capital to start or scale businesses.

Our research team used our survey and in-depth interviews to not only understand the problems but also to elevate solutions. The following pages contain a roadmap for closing gaps along the capital continuum (grants, debt, equity), highlighting potential action items for a range of relevant stakeholders (entrepreneurs, institutions, and investors). The roadmap is anchored by three pillars for change:

**1. Address early and short-term funding gaps through equitable, frictionless grants**

**2. Increase access to business financing and banking to help founders manage volatility**

**3. Reduce bias and increase transparency in venture funding to support scale**

By addressing the systemic problems women face when accessing financing and capital, we can create an enormous opportunity – not just for women but for everyone. Equitable access to capital allows women to fully participate in entrepreneurship, innovation, and economic upside, which in turns allows their communities and companies to grow and thrive.<sup>8</sup> Using this roadmap, we believe that together we can help unlock the potential of many more women entrepreneurs, benefitting us all.

# Action Items for Entrepreneurs, Institutions, and Investors

The following summary captures our proposed solutions to the challenges experienced by women tech founders when accessing grants, debt, and equity, respectively. Broken into three pillars, each topic is supported by a series of possible action items. The action items included in this report are by no means exhaustive, but include those that the Hello Alice team, in conversation with experts, assigned the highest impact potential. This problem will not be solved by any one person, group, or initiative. Instead, it requires diverse solutions created by diverse stakeholders.

	ENTREPRENEURS	INSTITUTIONS	INVESTORS
<b>PILLAR 1:</b> Address Early and Short-Term Funding Gaps Through Equitable, Frictionless Grants	<ul style="list-style-type: none"> <li>✔ Rightsize Grant Opportunities for Their Business Resources and Objectives</li> </ul>	<ul style="list-style-type: none"> <li>✔ Improve Grant Program Outcomes Through Better Diligence and Design</li> <li>✔ Adopt a Data-Driven Mindset Focused on Continuous Quality Improvement</li> <li>✔ Engage Target Audiences and Facilitate Grant Applications Directly</li> </ul>	<ul style="list-style-type: none"> <li>✔ Create Strategic Partnerships and Grant Sponsorships</li> </ul>
<b>PILLAR 2:</b> Increase Access to Business Financing and Banking to Help Founders Manage Volatility	<ul style="list-style-type: none"> <li>✔ Leverage Educational Resources and Support on Credit and Financial Wellness</li> </ul>	<ul style="list-style-type: none"> <li>✔ Embrace Open Banking Principles to Better Evaluate Creditworthiness</li> <li>✔ Build and Support Long-Term Founder Relationships</li> <li>✔ Encourage Secured Versions of Cards to Build Credit and Lending Profiles</li> </ul>	
<b>PILLAR 3:</b> Reduce Bias and Increase Transparency in Venture Funding to Support Scale	<ul style="list-style-type: none"> <li>✔ Pursue Fundraising Education, Mentorship, and Community</li> <li>✔ Seek Out Co-Founders as an Operational and Fundraising Asset</li> </ul>		<ul style="list-style-type: none"> <li>✔ Diversify Investment Teams and Networks to Drive More Inclusive Funding</li> <li>✔ Track Relevant Metrics to Correct for Investment Bias</li> <li>✔ Evolve Deal Sourcing, Diligence, Feedback, and Funding Options</li> </ul>

# Pillar 1: Address Early and Short-Term Funding Gaps Through Equitable, Frictionless Grants

While often overlooked, substantial grant money exists and is available across both the public and private sectors. This funding can serve as a tool to address some of the earliest opportunity gaps for women tech founders.

Local, state, and federal agencies distribute billions in grants annually to promote innovation and stimulate the economy.<sup>9</sup> In recent years, private corporations have also gotten involved, with plans to invest an unprecedented \$4.2 billion in small businesses via grants.<sup>10</sup>

According to our survey, approximately one out of eight women tech founders use grants to fund their company (this is compared to one out of every 13 non-tech women founders).<sup>11</sup> This suggests grants are especially important for women in tech. Yet while grant money is a creative and critical funding option, it is not free from barriers and bias. Here's how we can change that.

## ACTIONS ITEMS FOR INSTITUTIONS

### • Improve Grant Program Outcomes Through Better Diligence and Design

The largest challenges for grant programs are how to select grant recipients equitably and distribute funds most efficiently. Because grant programs can vary by so many factors (i.e., timing, size, targeted population, mission, etc.), program design and data collection are critical for optimizing grant programs.

To better inform program design, we recommend that grant programs conduct a needs assessment and series of targeted stakeholder interviews. This allows grantors to shape program elements like application length and associated requirements, refine their potential funding package and wraparound services, and develop the best grant-marketing channels. It can be surprising how many granting organizations have good intentions but poor program design when it comes to soliciting applications and awarding money. In our experience, this is especially true for grants that are intended to target and support New Majority owners.



### Defining The New Majority

At Hello Alice, we know we're strongest when we work together, which is why we're focused on New Majority owners. Instead of looking at groups of minority business owners, let's help them join forces. Women, people of color, LGBTQIA+ individuals, people with disabilities, and the military-affiliated community are included in our definition of the New Majority and how we see a more equitable path forward.

Although New Majority owners represent a huge opportunity, we know they experience challenges and barriers at higher rates. On average, individuals from demographic groups and backgrounds represented within the New Majority have less personal income and savings, a smaller network of people for friends and family funding, and overall, a significantly harder time accessing capital. Thus, grant funding is a critical component to their funding journey.

## • Adopt a Data-Driven Mindset Focused on Continuous Quality Improvement

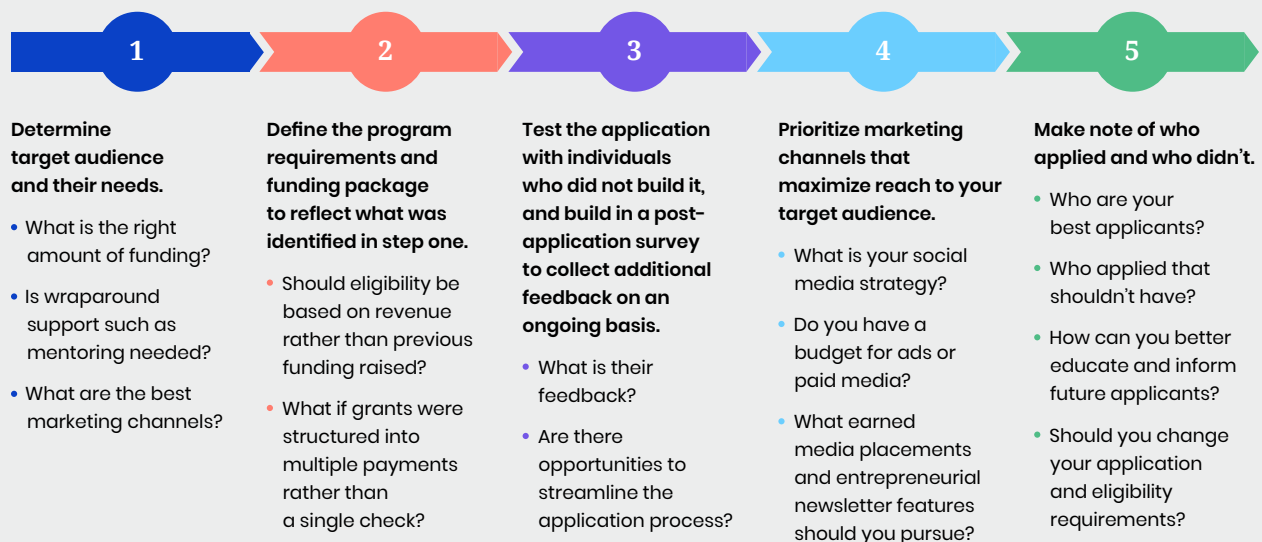
For recurring grant programs, both data gathering and post-application surveys can be powerful tools for understanding who is applying, what is working, and what is not about grant processes. We recommend program administrators collect the following (often overlooked) data:

1. **APPLICATION RATE OF COMPLETION** – an unusually high incomplete rate can indicate technical issues or flaws in the program design
2. **MARKETING ENGAGEMENT** – channel conversion rates can help administrators determine where to put future program marketing dollars and effort
3. **APPLICATION TIME** – applications should be thoughtful and thorough, but applications that take excessive time can reduce the number of qualified applicants
4. **APPLICANT DEMOGRAPHICS** – tracking demographic data can identify whether the applicant pool reflects the program goals and help administrators to better target future applicants

Additionally, quality assurance testing on the application process can help identify and proactively address bugs or confusing user experiences. With this data, applicant feedback, and program information, administrators can employ continuous quality improvement (CQI) to refine their grant programs. CQI sets up periodic checkpoints to ensure a program's outcomes are equitable and satisfactory. For example: Was a certain demographic underrepresented in the applicant pool? If so, what factors could have contributed to this imbalance? The answers to these questions can inform the selection of recipients and improve the design of future grant programs to better achieve their intended outcomes.

## Continuous Quality Improvement (CQI) Methods Applied to the Grantmaking Process

Steps 1-5 can be repeated, and the process can be refined before new grant cycles or programs are initiated.



## • Engage Target Audiences and Facilitate Grant Applications Directly

To qualify for grant programs, founders must know about the programs and have the time and resources to complete an application. Grant programs can do two things to address this. One, ensure robust collaboration with community partners and invest in program marketing. Two, provide more transparency to potential applicants regarding the program's requirements and overall process.

In the public sector, one resource worth noting is the Small Business Association (SBA)'s [Community Navigator Pilot Program](#). This new program relies on local organizations that already have relationships with the small business owners and founders in their communities rather than trying to reach applicants from a centralized point of contact. The program allows for broad coverage and better support for entrepreneurs across the United States, reduces the administrative burden on the governmental granting organizations, and thus far has shown more equitable access to grants.

In the private sector, corporate grant programs exist in a scattered marketplace that makes it difficult for founders to find and apply for grants. Developed by Hello Alice in response to founder feedback, the [Small Business Funding Center](#) is a free resource that helps entrepreneurs stay informed on available funding opportunities, particularly private grants. Private sector grantors could think about partnering with reliable, centralized platforms like the Small Business Funding Center. If pursuing their own marketing, they should commit to building and maintaining a detailed grant hub, invest in marketing support, and connect with key influencers and support services used by their target population.



### FOUNDER INSIGHT

**“For us, grants are another space to figure out how to navigate. We apply when we see a grant come along that makes sense for what we do, but it hasn’t been intuitive to proactively find open grants. The biggest barrier is time when there are so many competing priorities.”**

— Larissa Licha,  
CEO and Co-Founder  
of Joyn

## ACTION ITEMS FOR ENTREPRENEURS

### • Rightsize Grant Opportunities for Their Business Resources and Objectives

Entrepreneurs have intense demands on their time due to the nature of running a startup. Finding and completing grant applications can be time-consuming. Founders must be discerning with how they seek out grants and whether those grants provide a sufficient return on their investment of time and energy. To better seek out grants, founders can use grant aggregators like those mentioned above or can set email alerts for news or keywords. Working with local small business organizations, fellow founders, or executive coaches can also sometimes help surface compelling opportunities. Once they have identified potential grant opportunities, founders should assess each grant as they would any other business development opportunity: Does the time required align with the potential outcome for the business?

Completing a Cost-Benefit Analysis (CBA) can help founders measure the potential value of a grant application. To use a CBA, founders would start by estimating the total number of hours required to complete the application. Then multiply it by whatever the founder considers their hourly rate. This determines the total monetary “cost” of the application process. If the value of the grant is greater than the cost of the application, then founders should pursue that application.



## ACTION ITEMS FOR INVESTORS

### • Create Strategic Partnerships and Grant Sponsorships

Investors' biggest role in closing funding gaps for women entrepreneurs is in better and more equitably allocating the capital investors control. However, allocating philanthropic or impact capital via a grant program can help both investors and founders. For investors, it can give them access to earlier stage, more diverse founders who may not yet be ready for traditional venture funding. For founders, especially those in the New Majority, grant programs can provide capital when they may not be able to access formal financing.

Entrepreneurs are often encouraged to raise a "friends and family" round to help bolster their company's early days. But this concept comes with inherent privilege and bias baked in, resulting in New Majority entrepreneurs being less likely to successfully secure this kind of funding and perpetuating systemic barriers to growth and equity. By supporting grant programs, investors can help democratize the earliest stages of funding and help companies reach the next milestones in their growth and funding journeys. Supporting fellowships, incubators, and accelerators that support diverse founders are also an action that investors can take.

It is important to note that these grant programs should be designed and executed with credible nonprofits or third parties. It is also important to stress that supporting grant programs does not take the place of investors doing the necessary work to evolve their existing practices and portfolios (see Pillar 3 for more investor action items).



### The Accelerate(HER) Fund

In 2022, Tiger Global Impact Ventures (TGIV) [launched the Accelerate\(HER\) grants program](#) in partnership with Hello Alice and GEN. The Accelerate(HER) fund represented a \$1,000,000 commitment to increase access and accelerate entrepreneurship for women founders. The TGIV team worked with Hello Alice and GEN to ensure optimal program design that attracted a pool of more than 12,000 diverse applicants. Twenty early-stage female-founded tech and tech-enabled companies across the United States received \$50,000 grants. In 2023, the teams plan to provide support services to each of the 20 grantees in hopes of helping them to accelerate and scale their businesses.

# Pillar 2: Increase Access to Business Financing and Banking to Help Founders Manage Volatility

Business financing, including lines of credit, bank loans, and working capital products, can provide a flexible, scalable, and non-dilutive funding pathway for founders. These are critical tools for growing and maintaining a business; however, 53% of business owners said they currently have unmet financing needs, with loans and credit cards cited as the most common forms of financing sought.<sup>12</sup>

Business credit is hard to access for many startup founders and small business owners. This is due to a variety of factors, including low credit scores, insufficient lending history, or inadequate cashflow. Because of this, many founders lack access to business credit or loan products, making personal credit cards a common source of funding. Estimates show that 61% of founders use a personal credit card to fund their business, with roughly 75% using their personal credit card for business expenses on a monthly basis.<sup>13</sup> Nearly 90% of the women tech founders surveyed for this report did not have access to a business credit card, and only 19% reported funding their business with small business loans.<sup>14</sup>

The following recommendations are intended to help both entrepreneurs access needed business financing and help institutions better screen and engage potential credit and lending clients.

## ACTION ITEMS FOR INSTITUTIONS

### • Embrace Open Banking Principles to Better Evaluate Creditworthiness

For years lenders have used a small set of data — such as credit scores and net worth — to make decisions. However, there is alternative financial data now available that can help lenders make smarter, more inclusive decisions. Open banking describes the technical integration of alternative financial data, such as revenue history, cash flow, and supplier contracts, providing a more nuanced snapshot of a company’s reality and offering a way for financial institutions to make informed lending decisions.

Lenders using alternative financial data have been found to more accurately predict future loan performance than institutions relying on traditional credit scores.<sup>15</sup> Another analysis found that lenders using alternative data such as cash flow, customer ratings, and geography are more likely to lend to younger businesses with high expectations for growth.<sup>16</sup> Widespread adoption of open banking practices helps to level the playing field and increase inclusivity, allowing small businesses to access traditional credit more frequently and at a lower cost.



#### INSTITUTION INSIGHT

**“Things like a tax return can only show one point in time, so what we’re proposing to a lot of our clients is to utilize open banking to underwrite. This allows lenders to use real-time information rather than stagnant pieces.”**

— GINGER SIEGEL,  
North America  
Small Business Lead  
at Mastercard

## • Build and Support Long-Term Founder Relationships

When banks and online lenders develop relationships with entrepreneurs, they better understand their lending needs and growth potential. Thus, “relationship lending” has been shown to improve credit availability.<sup>17</sup> Similar to the promise of open banking, relationship lending allows institutions to better assess creditworthiness through increased visibility into a company’s financial health as well as integrate other important information such as an entrepreneur’s story and potential. Ideally, lenders not only get to know their potential clients but also develop resources and support to help them progress along the path to credit readiness.



### Pathway to Capital Program

Live Oak Bank’s Pathway to Capital Program is designed to optimize the path to financial strength for America’s small business owners. By meeting business owners where they are and identifying their unique risks and advantages, this program aims to evolve the lending landscape. Live Oak completes an initial assessment of all potential clients and connects them with a relationship manager. This manager guides the owner through appropriate capital options and business assistance. Even when Live Oak is not able to provide financing, owners are offered consulting, specialty capital, education, and credit-building opportunities, while building customer-focused relationships. Some pathways might start by opening a business checking account, while others could be referred to a Community Development Financial Institution (CDFI) for specialty financing, or even operational preparations for future capital needs. This holistic approach to business banking not only increases accessibility and equity for underbanked communities but also develops a funnel of high-quality, long-term customers loyal to Live Oak Bank.

## • Encourage Secured Versions of Cards to Build Credit and Lending Profiles

Financial institutions should develop and promote secured credit products that drive business for their organizations, while helping founders build their credit to qualify for future financing. Despite their promise in the consumer market, secured products are rare in the world of business credit. These cards are based on a security deposit that serves as collateral for a credit line of equal value. By establishing a pattern of on-time payments that are reported to credit bureaus, cardholders can build their credit profile, increase their credit score,<sup>18</sup> and graduate to other financial products. Responsible use of secured credit products can open doors to mainstream credit cards, lines of business credit, and traditional bank loans that provide women tech founders and their peers the capital necessary to respond to opportunity and scale their businesses.



### A Note on Fintech Lending

Alternative fintech lenders are on the rise. These companies and products can offer founders access to credit and loans when traditional lenders deny them.

Nonbank fintech lenders have scaled rapidly, lowered the cost of financial services, and improved lending efficiency.<sup>19</sup> However, this capital can come with opaque, volatile terms and interest rates beyond industry standard,<sup>20</sup> making many founders we surveyed increasingly wary of these products.

Fintech companies should ensure transparent offerings with clear terms and a straightforward, no-surprises repayment process. This allows founders to make informed decisions and may also help fintech lenders acquire better customers.

## ACTON ITEMS FOR ENTREPRENEURS

### • Leverage Educational Resources and Support on Credit and Financial Wellness

Founders can benefit from pursuing many of the things laid out above, such as seeking out lenders that practice open banking, using alternative lending platforms discerningly, and applying for a secured card to build credit. Additionally, founders should engage in the myriad tools available to help them learn financial best practices and optimize their financing profile.

A recent Hello Alice survey found that 88% of founders want to improve their personal or business credit or both, and 70% are interested in educational content on this topic.<sup>21</sup> Organizations from across the financial ecosystem are responding to this demand with educational resources on best practices surrounding credit, lending, and other aspects of financial wellness. In addition to trainings and digital platforms, there are higher-touch support services available that offer mentorship and training.

By leveraging a combination of these resources, founders can avoid the most common mistakes that limit access to capital and learn how to present themselves as an attractive candidate for credit products, business loans, and other types of financing. Founders can join free, community-based organizations that can also be an invaluable source of peer-to-peer advice and support throughout their business journey.

#### Digital Education Resources for Founders

The following resources diagnose common pitfalls and teach financial best practices. These lessons build good financial habits that set founders up for success when they apply for credit or financing. Please note that individuals must create a free account to log in and access Hello Alice resources.

[Improve Your Business Credit](#)

[Organize Your Finances](#)

[Mastercard Digital Doors®](#)

[Chase for Business: Navigating Your Cash Flow](#)

#### Free Business Support Organizations

The following organizations connect founders with free mentors or advisers in their community. These advisers can offer peer-to-peer support, review financial best practices, and connect founders to local programs and institutions.

[Small Business Development Centers](#)

[SCORE Business Mentoring](#)

[Women's Business Centers](#)

[Veterans Business Outreach Center](#)

## Pillar 3: Reduce Bias and Increase Transparency in Venture Funding to Support Scale

Tech and tech-enabled businesses often lack the physical assets banks look for during the underwriting process for large amounts of financing.<sup>22</sup> Hello Alice data shows that women tech founders are nearly twice as likely as their non-tech peers to seek and secure venture capital as a funding source.<sup>23</sup> Venture capitalists and angel investors therefore play a unique and outsized role for tech founders who might have fewer funding alternatives to support their high-growth, high-potential ideas.

Venture funds poured a record \$161 billion into U.S. startups in 2021.<sup>24</sup> Yet solely woman-founded U.S. startups accounted for only 2.4% of total venture capital funding that year.<sup>25</sup> Like their male peers, women tech founders need access to venture capital to prove, evolve, and scale their businesses. There is meaningful work to be done to shift this pattern and enable more parity in the venture capital funding ecosystem.

### ACTION ITEMS FOR ENTREPRENEURS

- **Pursue Fundraising Education, Mentorship, and Community**

According to Hello Alice data, more than half of women tech founders looking for funding are unsure what pathway to pursue.<sup>26</sup> This uncertainty highlights a need for education and guidance, as founders often misunderstand the role of different funding pathways, particularly venture capital, and overestimate their companies' current investment potential. This is more common with women and other New Majority founders as they are less likely to be part of entrepreneurial ecosystems that help them identify fundraising milestones and provide peer benchmarks.

Entrepreneurs must engage in fundraising conversations with an honest assessment of their company's traction and financial needs. By understanding the full range of debt and equity-based capital available, founders can pursue the options best suited for their current reality and receive technical guidance that makes them less risky in the eyes of potential investors — a win-win.

There has been a meaningful increase in the tools available to founders. The resources below cover a range of topics from company valuation and investor sourcing to pitch tactics and fundraising essentials. While education alone cannot level the funding landscape, entrepreneurs who better understand the possibilities and barriers facing them will be better positioned to succeed.

#### Fundraising Education Resources Developed for Founders

The following guides provide step-by-step instruction on key fundraising topics. Developed by Hello Alice in collaboration with industry experts, these guides provide a starting point to help founders identify the appropriate funding pathway and prepare for a successful investor pitch. Please note that individuals must create a free account to log in and access Hello Alice resources.

[Choose the Right Capital](#)

[Get Your Startup Ready to Fundraise](#)

[How to Find Investors](#)

[Pitch Investors Virtually](#)

### Business Support Organizations for Women Tech Founders

The following business support organizations offer mentorship and hands-on fundraising training for New Majority founders. By participating in their programming, founders learn invaluable lessons and join an ecosystem of fellow entrepreneurs able to provide advice and support throughout their business journey.

[Digitalundivided](#)

[DivInc](#)

[Black Girl Ventures](#)

[Bunker Labs](#)

### • Seek Out Co-Founders as an Operational and Fundraising Asset

According to recent research, co-founders not only help improve fundraising prospects, they also can introduce complementary skill sets and a critical support system. For example, ProjectDiane, a landmark study of Black and Latinx women tech founders conducted by digitalundivided, found that 85% of venture and angel investment dollars went to companies with two or more founders.<sup>27</sup>

In Hello Alice interviews, solo tech founders offered a sense of why that is, often referring to fundraising as a second job that distracts from day-to-day operations. Conversely, co-founders interviewed expressed gratitude toward being able to share these responsibilities and believed that investors look favorably on their business for its additional human capital. They also said their co-founders function as a critical support system that allows them to divide and conquer strategic priorities. Investors interviewed by Hello Alice universally voiced their preference for founding teams, too. While the lack of a co-founder does not disqualify someone for investment, there has been a growing preference for founding teams thanks to prominent startup incubators and accelerators where teams, not individuals, are the expectation.

There are in-person and virtual opportunities for anyone searching for a co-founder to connect and collaborate. Engaging in your local startup ecosystem is a great place to start. Coworking spaces, community networking groups, events, and conferences are ideal places to meet like-minded entrepreneurs. There is also a growing suite of online platforms and digital resources to connect possible co-founders.

### Free Co-Founder Matching Platforms

The following organizations facilitate connections among potential co-founders. Founders list their preferences for skills, geography, industry background, and other attributes. Each organization then matches individuals and encourages them to connect and discuss a potential collaboration.

[YC Co-Founder Matching](#)

[CoFounders Lab](#)

[DigitalWell Ventures](#)

[StartHawk](#)

## ACTION ITEMS FOR INVESTORS

### • Diversify Investment Teams and Networks to Drive More Inclusive Funding

It is not only venture funding that is lacking in diversity but also often venture firms themselves. Venture funds should recruit, train, and promote diverse employees and investors to directly enhance equity in their investment outcomes. Research shows that investment teams with at least one woman are 70% more likely to invest in a woman-led company,<sup>28</sup> with similar boosts observed for Black founders.<sup>29</sup> Yet as of 2021, women make up only 16% of investment partners.<sup>30</sup> Progress on investor diversity will require aggressive goals and adequate prioritization from leaders industrywide. But if done, it has the power to transform both the investment ecosystem and the startup world.

In addition to diversifying their direct employees, venture capital firms can also proactively work to network with more diverse seeders and external partners. Considering that nearly two-thirds of deal flow comes from a venture capitalist's professional network or direct referrals,<sup>31</sup> getting exposure to new or unfamiliar circles presents opportunities for investors to build relationships with untapped startup talent and helps level the playing field for women and other New Majority founders.



### Silicon Valley Bank

SVB, the financial partner of the innovation economy, launched [Access to Innovation](#) in 2019 to help advance women, Black and Latinx individuals to positions of influence in the innovation economy. By leveraging powerful connections among founders, funders and talent, SVB is unlocking greater access to capital, professional relationships and career opportunities for historically underrepresented groups.

#### Example VC Fellowship Opportunities

The following fellowship programs target individuals from underrepresented backgrounds to receive investor education, executive coaching, business development support, and more. Each program can be a potential partner or model for investors interested in diversifying their ranks.

[Material Change Institute](#)

[Kauffmann Fellows](#)

[AV Venture Fellow Program](#)

[Included VC](#)

## • Track Relevant Metrics to Correct for Investment Bias

Conscious and unconscious bias are real barriers to progress when it comes to investing in women and other New Majority founders. To counteract this reality and pursue more objective decision-making, investors can commit to tracking fund and founder data and then analyzing and responding to any identified trends. Collecting data and analyzing trends among portfolio companies can reveal personal biases and overlooked opportunities. In addition to financial data and projections, investors suggest tracking a variety of demographic data from gender to geography to alumni association. Where patterns are identified, investors can work to balance them in portfolio design, sourcing, diligence, and management.

It is important to note that while once exalted, training to root out unconscious bias is not a silver bullet to better outcomes. In fact, researchers have found that unconscious bias training does little to change behavior,<sup>32</sup> and certain studies even suggest that it can have a negative effect.<sup>33</sup>

## • Evolve Deal Sourcing, Diligence, Feedback, and Funding Options

In addition to building more diverse investment teams and expanding a firm's networks, venture capitalists can experiment with other strategies. Many of the women and experts we talked to express a similar and negative view of the traditional pitching process. They said that typically investors focused on first impressions, education, connections, and personalities. By shifting the pitching process to focus more on ideas, the business value proposition, and the founder's track record for overcoming obstacles or leadership experience, investors can broaden pipelines and reduce bias.

Once connected to diverse, high-potential founders, investors would be wise to get creative on how to engage them. Investors can offer funding options that vary in both size and structure to accommodate founders' diverse needs. Certain investors currently test the viability of idea-stage experiments with small amounts of capital or a distributed venture studio model. This model simultaneously nurtures the top of the investment funnel while creating a new cohort of promising entrepreneurs.

Other investors have experimented with ways to structure their capital offerings. For example, some funds now offer revenue-based financing that provides an alternative to traditional equity investment. With flexible repayment terms tied to a startup's cash flow, this structure has proven attractive to founders to fund traction or bridge the gap between venture funding rounds without surrendering equity.

Exploring and adopting these innovative, nuanced strategies from sourcing to structuring deals, can help investors better see and serve diverse, high-potential entrepreneurs.



### INVESTOR INSIGHT

**“As a society, we don’t necessarily expect that a big, bold, game-changing business is going to come from a woman, and I think even as a female GP, I have to check my own perceptions. It’s surprising how deeply-seated that viewpoint can be, and we all need to be vigilant.”**

— DONNA HARRIS,  
Founder and CEO at  
Builders + Backers



## In Closing

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While there are no quick fixes to complex problems as immense as the funding gap for women tech entrepreneurs, there are near-term steps we can take for meaningful change. By committing to simply one action item outlined in this report, you can play a role in the path toward progress.

Thank you to the entrepreneurs and experts who we surveyed and interviewed, including:

- **ALI HARTMAN** — Head of Tiger Global Impact Ventures
- **MORGAN BREWTON-JOHNSON** — MPP / MBA Candidate at Harvard University
- **JOHN CHINA** — President at SVB Capital
- **FRANK ROTMAN** — Partner at QED Capital
- **REBECA HWANG** — Partner at Kalei Ventures
- **DONNA HARRIS** — Founder and CEO of Builders + Backers
- **MELISSA BRADLEY** — Managing Partner at 1863 Ventures
- **RUTHE FARMER** — Founder at Last Mile Education Fund
- **LAUREN MAILLIAN** — Former CEO at digitalundivided
- **GINGER SIEGEL** — North America Small Business Lead at Mastercard
- **MIKE BOLLINGER** — Head of Inclusive Banking at Live Oak Bank
- **TENE DOLPHIN** — Executive Director at National Women's Business Council
- **JENEE FORTIER** — Director of Grants Administration at Hello Alice
- **LARISSA LICHA** — CEO and Co-Founder of Joyn
- **ANA JONES** — Founder of Phlex65
- **BRANDIE PATTERSON** — SVP of Global Software Applications LLC
- **MARTIKA JONES** — CEO and Co-Founder of BŪP
- **TIFFANY NELSON** — Founder of ImagiRead
- **SYLVIA ST. JOHN-MARTINEZ** — Founder of FishBowl Radio Network
- **NICOLE PLAIR** — Founder of Black Girl Motivation
- **CYNTHIA DEL'ARIA** — Co-Founder of Precursa

Thank you to this report's funding partner, Tiger Global Impact Ventures. We are grateful for your support of Hello Alice and for your commitment to advancing gender equity in technology.

Thank you to you, our readers. We produced this report with the hopes of reaching a wide, diverse, and motivated audience. We are grateful for your engagement as we can't do this work without you. Should you want to review the survey data referenced throughout the report in more depth, you can find more detail [here](#).

Together, we can change the funding landscape for women entrepreneurs in technology.

## About Hello Alice

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**Hello Alice** is a free platform serving more than one million small business owners across the United States. Committed to equitable access to capital for women, people of color, members of the LGBTQ+ community, veterans, and entrepreneurs with disabilities, Hello Alice offers funding, education, tools, and curated opportunities. Working with enterprise business services, ecosystem partners, affiliates, and government agencies, Hello Alice provides its growing community with everything they need to grow their businesses.

## About Tiger Global Impact Ventures

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Tiger Global Impact Ventures (TGIV) is a dedicated philanthropic foundation established by Tiger Global, a leading investment firm focused on investing in internet-enabled businesses across both the public and private sectors. TGIV aims to find and fund innovative solutions to some of the world's most pressing challenges by combining the best of humanity with the best of technology.

As one component of a broader philanthropy program, TGIV is currently deploying Tiger Global's Gender Equity in Tech Fund (T-GET), a \$50 million commitment to support organizations changing the technology ecosystem by increasing access, inclusion, representation, and parity for women, girls, and other non-male individuals. Hello Alice is a grantee of TGIV and a member of T-GET.

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