



For Black Female Tech Founders, limited savings limits opportunities to access investment capital

SUMMARY

A recent study by Women 2.0 noted that the most important pre-launch resource for tech start-ups is having money in savings. Yet in a survey of 111 female tech founders, which included 60 Black women, tremendous gaps in starting capital between White and Black women were discovered. Survey results revealed that the majority of Black women founders had access to \$1,000-\$4,999 pre-launch while the majority of White women founders had access to \$50,000+ pre-launch. The second most common starting capital reported by Black women was \$0! For White women, the second most common starting capital was \$1,000-\$4,999. Black founders in the study communicated that having no or very limited starting capital made it difficult to obtain other investments necessary for growth including credit, venture capital, angel funding, crowd or equity crowd funding. Without being able to access the resources needed to launch and grow one's business despite having proved the fidelity of an idea or product, Black women in tech will continue to be undervalued, leading to greater inequities in an already White male dominated industry.

OPPORTUNITIES FOR BLACK WOMEN FOUNDERS

To conclude this study, Women 2.0 outlined the following potential opportunities for Black women founders:

- **Increase exposure to debt-based financing** that specifically supports Black women tech founders
- Increase education around alternative financing, especially **equity crowdfunding** and crowdfunding
- Increase **access points to start-up space**
- Identify additional ways to **lower the hurdle in the beginning stages** of product development

"I anticipated that it would be **challenging but not almost impossible** to get investment from angels and VCs. It has proven to be much **more challenging than I anticipated**. As an African American woman...I have discovered that few angels/VC are open to engaging."
~ Study Participant

RESOURCES FOR WOMEN OF COLOR TECH FOUNDERS

- Women 2.0, <https://women2.com/>
- EnrichHer, <https://enrichher.com/>