

Leveraging Alternative Returns for Women's Health Equity

This document is a companion guide to [Leveraging Alternative Returns for Women's Health Equity](#), a conversation between representatives from Rhia Ventures, Spring USA, Opportunity Main Street, New Founders School, and ICA Fund. (October 2023). The objective of the event was to create space for accredited investors to understand how to unlock additional tools in their financial toolbox to advance Women's Health Equity and Reproductive Justice. Subject matter experts provided insights on revenue-based financing, low-interest purchase order financing, and loan guarantees as ways to expand their portfolio impact.

Introduction to Women's Health and Reproductive Justice

- Women's health broadly can reflect a range of time periods (e.g., pregnancy, birth, postpartum, interconception, menopause), processes and procedures (e.g., abortion, contraception and fertility care), conditions (e.g., endometriosis and reproductive cancers), etc.
- Reproductive Justice was coined in 1994 at a national pro-choice conference by an informal Black Women's Caucus that met at the Illinois Pro-Choice Alliance in Chicago and refers to:
 - "The human right to maintain personal bodily autonomy, have children, not have children and parent the children we have in safe and sustainable communities,"
 - Emerged as a movement because women, LGBTQ+, and people of color, individuals with low incomes, disabilities, etc. often felt marginalized in the Reproductive Rights movement
 - Reproductive Justice specifically looks at the way various forms of oppression intersect and interact with each other to affect people's overall health and wellbeing.
- This movement goes beyond reproductive rights and healthcare (ex: Endometriosis, parental leave, or policies to support parents and families, etc.)
- A Reproductive Justice lens/approach:
 - Accounts for social realities (racism, housing, food security, racial wealth gaps, etc.) that ultimately impact overall health outcomes.
 - Seeks to reimagine systems and structures (such as healthcare) to be more just and equitable - rather than seeking solutions within a broken system.

Introduction to Alternative Investment Strategies for Women's Health Equity

- [Avary Kent \(they/them\)](#) is the Chief People Officer of [Spring](#) based in Canada & Co-Founder and CEO of [Spring USA](#).
- Venture capital is a key investment strategy when investing for impact. However the Reproductive Health, Rights and Justice space has been heavily funded by philanthropy.
- Public equities, real estate, and index funds can also be used to apply an impact lens and achieve the United Nations Sustainable Development Goals by 2030.
- Women's health has historically been underfunded compared to men's health.
- The underfunded women's health space prevents meaningful, sustainable change.
 - There are helpful tools and lessons learned in climate change, hunger, and education.



Crucial Funding Gaps in Supporting Women's Health and Reproductive Justice

- [Crystal Tyler, PhD, MPH \(she/her\)](#) is the Chief Health Officer at [Rhia Ventures](#)
- Significant funding gaps:
 - Only 2% of Venture Capital investment is in women's health, 1% in research focused on female-specific conditions, making this ecosystem prime for investment
- How can investors ensure that capital is deployed with an eye of justice and equity?
- [The HEART Framework for Investors](#)
 - Health Equity Assessment and Rating Tool
 - Standardized approach to identify where investors are positioned on their journey towards advancing health equity
 - The goal is to make sure investment decisions are equity-focused and not equity blind
- [Diligence Tool for Investors](#)
 - Supports investors with assessing a potential investment's capacity to advance health equity according to four impact criteria from the HEART framework

Introduction to Revenue Based Financing and Right Fit Capital

- [Jenny Kassan \(she/her\)](#) is the Co-Founder and Chief Financial Officer of [Opportunity Main Street](#)
- Revenue Based Financing has become popular.
 - Also described as "alternative structures"- however, it is important to use language that doesn't marginalize intentions around impact.
- Importance of fixing the capital for the company, not fixing the company for the capital.
- Typical finance model focuses on high growth and exit, which may not be the right fit for reproductive justice focused organizations
- Within Revenue Based Financing, company success can be measured by growth, not by an exit
- "Right Fit Capital"
 - Reduces risk
 - Dignity and empowerment for investor and investee
 - Participating actively and understanding what my company is likely to do in the future
 - Doesn't require high growth and an exit
 - We design a tool that suits the company's stage
 - Increases success
- Examples:
 - [The Force for Good Fund](#): Invested in 13 companies, debt instrument, percentage of the fund for 8 years (every year)
 - [Equal Exchange](#): Preferred stock, with an annual dividend; not technically revenue-based; an exit via a redemption.
 - [Opportunity Main Street](#): Real estate project

Crowd Equity a vehicle to support undercapitalized entrepreneurs

- [Arjita Sethi \(she/her\)](#) is the Founder of [New Founder School \(NFS\)](#)
 - Started The School of English in India, focused on teaching technology and communication skills, worked with the United Nations and reached over 100,000 people.
 - Moved to Silicon Valley, but had no local contacts and was unable to do a Friends & Family round of financing.
 - Founded School of Games
 - “Perfect” success story as a venture-backed founder, however, she was extremely burnt out and also personally out of money.
- Developed [New Founder School](#) in 2021 as a solution to the typical unsustainable founder journey.
 - Virtual business school + networking to support immigrant and unconventional founders
 - Scout founders who don’t fit traditional roles, get them to launch and build
 - Find investors and supporters who are interested in more than just a return
 - Network of 200+ founders and 100+ experts ready to support
 - Three insights:
 - Alternate funding models: VC is not for everyone
 - Alternate building models: Not everyone is a startup
 - Alternate leadership models: Not all founders want to “hustle” or get acquired.
 - Models that work: Crowdfunding, grants, angels, RUVs (Roll-up Vehicles), revenue shared, slow and mindful growth.
 - Founders need time and space to grow.
 - The Venture Capital model of constantly raising every 18-24 months is a mindset of scarcity, not creativity.
 - True innovation can only happen if we’re psychologically and financially safe.

Introduction to Low-cost Purchase Order Financing

- [Yui Ueno \(he/him\)](#) is the Senior Director of Investment at [ICA Fund](#), based in Oakland
 - Provides coaching, connections, and capital to close the gender and racial wealth gaps.
 - Focus on successful but not necessarily high growth companies
 - Focusing on different types of alternative investments (e.g., convertible notes, SAFE [simple agreement for further equity], direct equity, loans, redeemable equity, short term purchase order financing, etc.)
 - \$11.4M capital deployed, 51 companies invested, 8.5% portfolio IRR, 13.4% DPI, 1.28x return on invested capital, been around 10 years
- Value of short term purchase order financing to avoid predatory capital
 - Often when a company wants to complete a purchase order financing, they pay interest rates of 15-20%, which may be all of their margins.
 - Low cost purchase orders with 2-5% interest rates are game-changing for a company trying to access capital.

Investor Challenges + Solutions to Consider

- Many women's health or reproductive justice companies may not resemble the standard venture capital model, however, there is value to investing in diverse founders and nontraditional companies.
 - Diverse founders better understand the unique challenges and experiences faced by individuals with multiple marginalized identities.
 - Diverse founders can help investors understand of the needs and opportunities within underrepresented markets.
- There are few investors in the women's health and reproductive justice space, so industry standards around rates of return don't yet exist
 - Investors should draw from other examples and apply to women's health
- Venture capital is not appropriate for all founders.
 - Venture investing is a very demanding space, especially for founders.
 - Alternative investments or "Right Fit Capital" can provide more sustainable ways to meet founders where they are and give what they need to thrive at that particular juncture.

Breakout Room 1: Exploring the Role of Revenue Based Financing

- When designing a deal, founders, ideally, should initiate the proposal, decide on their financing structure (equity or debt), and consider exits that do not require them to sell their company if they do not wish to do so.
- Entrepreneur focused organizations (e.g., [Republic](#) and [Coinlist](#)) can help
- Revenue-based Financing can offer similar returns but with higher success rates for a broader range of companies.
- Extending time horizons beyond the standard five to seven years can accommodate alternative return structures, redeemable equity, and others.
- For in-depth due diligence and risk analysis, factors such as market growth, barriers to entry, company differentiation, team capability, deal terms, and trust in founders are essential to consider.

Breakout Room 2: Exploring the Reproductive Justice Ecosystem & Capital Requirements

- Nonprofit growth and funding are somewhat limited by philanthropic giving structures.
- Strategies around growth and success differ between nonprofit and for profit organizations
- Standardized metrics for measuring impact can be a way to analyze growth and value beyond traditional financial metrics.
- Capital tends to flow to the largest brand-name organizations, however, smaller community organizations are highly resource-efficient and grounded in local context and are able to achieve measurable impacts as well.

