

America's Tomorrow: Equity Is the Superior Growth Model



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Features

In Brief

Changing the Face of Silicon Valley Startups



Luke Lasley
Frederick Hutson (left), CEO and co-founder of Pigeon.ly, shows off his product for potential investors at NewME Demo Day.

In Silicon Valley dreams come true on Demo Days, when startups get to pitch technology investors for financing. On a Demo Day last month, Frederick Hutson, a 29-year-old African American and former prisoner from Florida, created a buzz with his young company, a web service that keeps inmates connected with the outside world.

In an industry where only two percent of company founders are African American or Latino, Hutson says he never would have been able to succeed without the help of NewME Accelerator, a San Francisco-based venture working to expand opportunities for people underrepresented in the tech sector.

"This is not about charity," said NewME co-founder Angela Benton. "This is smart business."



More Latinos Head to College

For the first time, Latino high school graduates are going to college at a higher rate than whites.

Seven out of 10 Latino high school graduates are enrolling in college, according to a new [report](#) by the Pew Research Center. This is the highest rate yet for Latinos, who have seen both a steady climb in college enrollment rates and a dramatic decline in high school dropouts over the last decade. And as more and more jobs require at least some college, these trends bode well for our country's economic future.

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In the Senate Spotlight: Women Entrepreneurs of Color

Congress may be waking up to the economic importance of businesses owned by women of

By assisting founders and CEOs to hone their business plans and perfect the all-important pitch, NewME hopes to transform promising startups led by people of color and women into hot prospects for venture capital or angel investment. That's critical for opening doors to employment and creating products and services for people who have been ignored far too long.

Equity drives innovation

Supporting more entrepreneurs of color can spur new innovations. A diverse new generation of leaders will create solutions to widespread problems that are not on the radar of today's tech mainstream – and enhance the industry's profitability by harnessing the purchasing power of the nation's fastest-growing populations.

And since minority-owned businesses are more likely than other firms to hire people of color, targeted entrepreneurial support is important for advancing job opportunities at all rungs of the tech ladder. African Americans and Latinos combined make up [29 percent](#) of the nation's workforce but only [12 percent](#) of the high-tech workforce – and a dismal [6.5 percent](#) of the tech workforce in Silicon Valley and the wider Bay Area. Women represent half the U.S. workforce but only [25 percent](#) of high-tech employees.

"From a pure product perspective, as the industry becomes more inclusive, we will get innovations that can help more people," Benton said. "People who come from different backgrounds have a lot of different ideas," Hutson's start-up venture is one example, but so is NewME. Benton is an entrepreneur herself, building NewME as a business, not as a non-profit organization.

Immersion in Silicon Valley

NewME's signature service is an intensive 12-week program for eight participants per cycle who live and work together for the duration. They receive one-on-one mentorship from industry veterans and most critically, connections to a network of technology players. Benton believes that the lack of access to such networks poses the greatest barrier to entrepreneurs of color – greater even than the challenge of securing funding.

Most of the graduates so far have obtained seed funding – \$5.9 million in aggregate, Benton said. Within days of his Demo Day presentation, Frederick Hutson had secured commitments for half of the \$750,000 he hoped to raise, and

color. Senator Mary Landrieu, D-New Orleans, recently chaired a [committee hearing](#) to investigate how to support women entrepreneurs of color in the reauthorization of the Women's Business Ownership Act, first passed 25 years ago.

"If we want to make America more competitive, I can assure you that there are great rates of return from investing in businesses owned by women, specifically businesses owned by women of color," said Marc Morial, head of the National Urban League. From 1997 to 2007, businesses owned by African American women increased by 191 percent, and ones owned by Latinas increased 133 percent.

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Inclusion Fuels Regional Prosperity

Metro regions do best economically when they have low levels of racial segregation and high numbers of immigrants and minority-owned businesses. That's the conclusion of a new [study](#) by Fund for Our Economic Future, which also warns that job creation alone, without inclusiveness, may lead to greater inequality and lower per capita incomes.

he had a busy schedule of meetings with potential investors.

"NewME was great," he said. "They helped us to get clear on our message so we can effectively communicate with the investment community."

To expand its reach, NewME is organizing a dozen "pop-ups" around the country this year. Sponsored by Google for Entrepreneurs, these three-night programs offer a micro-version of the residential experience. These too finish with a Demo Day and the chance to win a spot in the 12-week program. Detroit's TechTown will host the next pop-up, May 29-31. (You can find the full schedule of cities [here](#).)

NewME has worked with about 100 entrepreneurs. One-third of them have participated in the residential program. In exchange, they give the accelerator a 4 percent stake in the business.

A business born behind bars

During his four years in federal prison for marijuana offenses, Hutson said, "I noticed a large population no one was paying attention to. They had significant buying power and they needed connections to the outside world. Probably the worst thing that can happen to someone who's incarcerated is to be cut off from their families and support networks."

He knew nothing about technology, but started reading the *Wall Street Journal*, and he got inmates convicted of white-collar crimes to teach him the rudiments of computers. He conceived the idea of developing an algorithm to locate inmates and follow them as they move through the system. From that, he would create a simple, inexpensive tool for people on the outside to communicate with prisoners who are frequently transferred — and who have limited or no computer or telephone access but who have the right to receive old-fashioned mail.

"I wanted to bring down the barriers between people who live in the digital world and people who live in a completely analog world," he said.

Hutson moved to a halfway house in September 2011. The following February, a month before his release, he launched Fotopigeon. It's like Shutterfly for inmates — friends and families upload photos and the company prints them out and mails them first class for 50 cents apiece, shipping included.

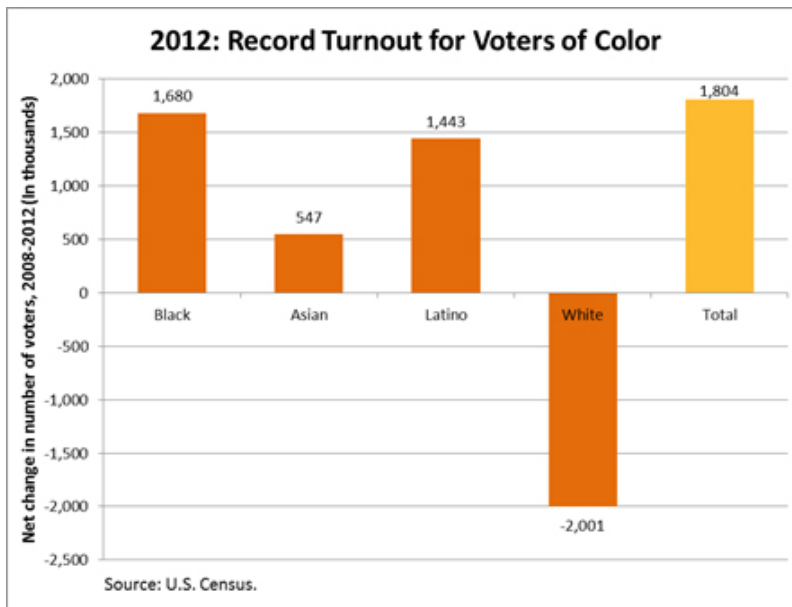
Hutson has sent 22,000 photos to 4,000 inmates to date. That, he hopes is just the beginning.

He is exploring the possibility of using his platform [Pigeon.ly](#) to market and distribute books and other products to inmates. He also is considering developing a web-based phone service to bring down the high cost of making calls from prisons.

"People who are already in a weak position end up paying more, and the amount they have to pay just makes it harder to stay in touch," he said. "I was in their shoes. I know what's important."

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Communities of Color Set Voting Records



Robust democracy – including the participation of America's coming majority – is essential for advancing the policies needed to build an economy that works for everyone. That's why the final tally on the 2012 election was so important. Communities of color turned out in record numbers, even in the face of voter ID bills and other efforts to thwart them from getting to the polls. For the first time in history, African Americans voted at a higher rate than whites — two-thirds of eligible black voters cast a ballot according to a recent U.S. Census [report](#). And more Latinos and Asian Americans voted than ever before.

Still, there's still a wellspring of power waiting to be tapped. Communities of color overall were underrepresented by nearly

five million votes in the last election. As [our electorate becomes increasingly diverse](#), these voices must be heard to ensure that the governing agenda reflects the realities and responds to the needs of all communities.

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America's Tomorrow highlights campaigns, leaders, policies, reports, and local models that are advancing equity as an economic imperative. It is produced by Chris Schildt, Sarah Treuhaft, Fran Smith, and Ana Louie. To learn more, visit the *America's Tomorrow* [webpage](#).

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