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Intel Capital Diversity Fund Q&A
Questions and Answers
June 9, 2015

Background:

On June 9, Intel Capital announced the Intel Capital Diversity Fund – the largest venture fund of its kind – to invest \$125 million in businesses led by women and underrepresented minorities. The fund launches with investments in four startups – Brit + Co, CareCloud, Mark One and Venafi – across a wide spectrum of industries, including the Internet of Things, the maker movement, healthcare and cybersecurity. They will gain access to Intel Capital’s business development programs, global network, technology expertise and brand capital.

Today’s news follows the January announcement of Intel’s Diversity in Technology initiative, a \$300 million investment to encourage more diversity at Intel and within the technology industry at large.

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Key Messages:

- Intel Capital is leading the effort to diversify the tech industry with a record-setting \$125 million venture fund to invest in businesses led by women and underrepresented minorities.
- Women and minority entrepreneurship in the technology industry does not reflect the diversity of the United States. With this new fund, Intel Capital is leading the way in investing in the best talent from a myriad of backgrounds to develop innovations that serve the needs of a diverse public.
- Diverse teams and companies create more opportunities for creativity and strategic thinking. When people seek out only people and ideas that are similar to their own, it hinders decision-making and leadership.
- Following Brian Krzanich’s January announcement of the Diversity in Technology initiative, Intel Capital wanted to apply the same intent and effort to our investment portfolios by investing in high-growth companies led by women and underrepresented minorities – whose biggest hurdle isn’t necessarily the quality of their ideas but the connections and funding to make those ideas scale.
- The Intel Capital Diversity Fund enables Intel to chart a new approach to diversity in technology, expand the market for Intel products and services, and help sustain the long-term strength of the U.S. economy.

Diversity Fund Questions & Answers:

Q1: What did Intel Capital announce today?

A1: Intel Capital today announced the Intel Capital Diversity Fund to invest \$125 million in businesses led by women and underrepresented minorities. The largest of its kind, the

fund launches with investments in four companies: Brit + Co, CareCloud, Mark One and Venafi.

Q2: Who does the fund serve, and how will it be used?

A2: The fund serves technology startups led by women and underrepresented minorities (African Americans, Hispanics and Native Americans, who together make up fewer than 1 percent of Silicon Valley's venture-backed CEOs). Investments will cover a broad spectrum of innovative industries. The funded companies will gain access to Intel Capital's business development programs, global network, technology expertise and brand capital. With this new fund, Intel Capital is committed to encouraging more diversity within the technology industry and investing in the best talent from a myriad of backgrounds. **UPDATE:** Intel Capital [announced](#) in October 2016 that the Diversity Fund is being expanded to support startups led by entrepreneurs living with disabilities, U.S.-based entrepreneurs from the LGBTQ community and U.S. military veterans.

Q3: How will Intel Capital decide which startups to invest in? What criteria do companies need to meet to qualify for investment?

A3: Intel Capital invests in a wide range of innovative technology startups and companies worldwide. With the Diversity Fund, Intel Capital will invest in businesses led by women and minorities underrepresented in the technology industry. Specifically, to receive consideration for investment, either a startup's CEO/founder, or at least three members of its senior management team, must come from one of these diverse backgrounds.

Q4: Over how many years will the Diversity Fund make investments?

A4: Five years. Although it's possible that window, as well as the overall \$125 million investment target, may be extended.

Q5: Tell me more about today's four investments.

A5:

- [Brit + Co](#) (San Francisco): Founded by Google product marketing veteran Brit Morin in 2011, [Brit + Co](#) is an online media and e-commerce platform that provides tools to teach, inspire and enable creativity among women and girls. From traditional crafts to high-tech manufacturing to building gadgets with Intel Galileo boards, Brit + Co connects millions of users with makers, designers, chefs and inventors, building a community of creativity. Users can purchase DIY project kits and products from a curated selection of makers in the [Brit + Co Shop](#). They can learn new creative skills through online [tutorials](#) and a series of exclusive [e-classes](#). Brit + Co was founded by a Caucasian woman, and 80 percent of its employee base are women and underrepresented minorities.
- [CareCloud](#) (Miami) connects healthcare providers to each other and their patients through a fully integrated digital ecosystem, which includes practice management, electronic health records, and medical billing software and services. Intel and CareCloud have jointly authored a whitepaper on cloud computing in healthcare. CareCloud has a Hispanic male founder and three Hispanic male executives; 56 percent of its employee base are women and underrepresented minorities.

- [Mark One](#) (San Francisco) uses the Intel Curie hardware module to create a smart cup that automatically recognizes any beverage its user pours into it, displays its nutritional content, and syncs all drinking habits to the user's smartphone. The company's CEO is an Asian-American male, three of its senior executives are African American, and two more are women. 49 percent of the company's employee base are women and underrepresented minorities.
- [Venafi](#) (Salt Lake City) delivers a trust protection platform, the first of its kind, to secure cryptographic keys and digital certificates that businesses and governments depend on for secure communications, commerce, computing and mobility. With Venafi's key management solution, Intel can continue to bring market-leading security and datacenter technology to market. Venafi has three Caucasian women executives, and 18 percent of its employee base are women and underrepresented minorities.

Q6: Why did you decide to invest in the companies announced today?

A6: The four investments announced today demonstrate Intel Capital's commitment to support, enhance and encourage more diversity within the technology industry. In addition to being some of the most innovative startups around, these companies are also proud to be led by women and/or underrepresented minorities.

Q7: What is the total dollar amount of these four investments?

A7: \$16.7 million.

Q8: How many investments will be made from the fund this year?

A8: The number of investments each year will vary, but we expect to invest roughly one-fifth of the \$125 million each year. However, in some years we may invest more than others.

Q9: Which geographies does the fund serve?

A9: Our commitment to diversity is global. We are open to investments from all regions, although we expect that in the first year we will focus on the U.S. market.

Q10: Why is Intel Capital announcing this now? How did this fund come about?

A10: Following CEO Brian Krzanich's January announcement of the Intel's Diversity in Technology initiative, he encouraged Intel Capital Managing Director Lisa Lambert's proposal to apply the same intent and effort to our investment portfolios by investing in high-growth companies led by women and underrepresented minorities. These groups are powerful consumers and influencers whom we expect to play a greater role going forward in the technology industry as creators and leaders.

Q11: Are there any other VC firms that have diversity funds?

A11: At \$125 million, Intel Capital Diversity Fund is the largest of its kind in the venture capital and finance industries. AOL last year launched a \$10 million venture fund for women entrepreneurs, while Comcast Ventures in 2011 began a \$20 million fund to invest in minority entrepreneurs.

Q12: Why is the fund important?

A12: Women and minority entrepreneurship and employment in the technology industry does not reflect the diversity of the United States. Although diverse teams and companies create more opportunities for innovation, creativity and strategic thinking, only 15 percent of venture capital-funded companies have a woman on the executive team, and companies with a woman CEO receive only 3 percent of total venture capital dollars. Furthermore, fewer than 1 percent of the founders of Silicon Valley companies are African American; nearly 100 percent of funded founders are Caucasian or Asian. (Sources: Babson College Diana Report on Women Entrepreneurs; CB Insights Venture Capital Human Capital Report.)

Intel Capital is committed to supporting and investing in the best talent from a myriad of backgrounds to cultivate brilliant innovations that serve the needs of a diverse public. This fund enables Intel as a company, and Intel Capital as one of the largest sources of venture capital, to chart a new approach to diversity in an industry that desperately needs one; expand the market for Intel products and services; and help sustain the long-term strength of the U.S. economy.

Q13: What does Intel Capital hope to achieve from the fund? What are the goals and metrics for success?

A13: We hope over the next five years to achieve a meaningful increase in the number of women and underrepresented minorities who enter the startup pipeline, build successful companies and, where appropriate, achieve exits.

As with any Intel Capital activity, investments from the Diversity Fund will be judged both by financial return and by strategic fit with Intel's global technology ecosystem. After initial review by an advisory committee of Intel executives from a diverse range of business units and personal backgrounds, potential investments will be screened via the same Intel Capital committee as its other investments.

Over the past decade, Intel Capital has led the entire venture capital industry in portfolio exits (merger-and-acquisition transactions and IPOs). Since 2007, we have invested in nearly 50 women-led tech startups, with a collective investment of \$294 million; 16 of those companies have achieved exits to date. Thirteen percent of our current portfolio has at least one C-level female executive. The Intel Capital Diversity Fund enables us to demonstrate to the venture industry that backing diverse entrepreneurs isn't just the right thing to do – it's good business.

Q14: What do some of Intel Capital's female CEOs say about working with us?

A14: "I launched my first startup nearly 20 years ago, and there were hardly any other female technology CEOs. It's disappointing to see how little things have changed, but Intel Capital can help move the needle. They invested in my second startup, and I really appreciated the support they showed me as a CEO." – Kim Polese, CEO/founder of Marimba and SpikeSource (joined Intel Capital portfolio in 2008; acquired by Black Duck Software in 2010).

Q15: How can interested companies be evaluated for inclusion in this Fund?

A15: Contact information will be available on the Diversity Fund page on Intel Capital's website, www.intelcapital.com.

Intel Questions & Answers:

Q1: How does this fund tie to Brian Krzanich's January announcement of a \$300 million pledge to increase workforce diversity?

A1: The Intel Capital Diversity Fund supports Intel's Diversity in Technology initiative, which aims to enhance and encourage more diversity at Intel and in the technology industry. In January, Krzanich announced Intel would lead by example, starting with a bold new hiring goal to achieve full representation of women and underrepresented minorities in Intel's U.S. workforce by 2020.

In addition to Intel's own workforce goal, Krzanich said Intel would also invest \$300 million to help build a pipeline for underrepresented engineers and computer scientists, to support hiring and retaining more women and underrepresented minorities, and to fund programs to support a more positive representation of women and underrepresented minorities in technology and gaming.

Q2: Is the \$125 million fund coming out of the \$300 million pledge?

A2: The Diversity Fund will include a repurposing of existing money from within Intel Capital and additional supplements from Intel. It will not significantly detract from the roughly \$350 million Intel Capital invests each year in a wide range of technology sectors and geographies, nor will it weaken Intel's other diversity efforts.

Q3: Besides this fund, what else is Intel currently doing to support and drive workforce diversity?

A3: Intel continues to evaluate a variety of proposals and plans internally across multiple business groups and functional organizations, but the primary focus of Intel's diversity efforts is to increase the availability of qualified candidates in support of our ambitious 2020 goal. These include:

- Growing Intel's diverse population by significantly increasing hiring, retention and progression of women and underrepresented minorities in our workforce.
- Increasing the pipeline of women and diverse candidates entering the technology field, so that there is more technology talent available for the entire industry. As well as significantly increasing Intel's funding of scholarships in computer science and engineering, and deepening engagement in education in underserved areas.
- Funding initiatives to support more participation and positive representation of women and underrepresented minorities in technology and gaming.

Q4: Why is Intel making this diversity commitment? Is it good business strategy, or just good PR?

A4: Without employees of diverse backgrounds and problem-solving skills, Intel is ill-equipped to address the needs of the market. Diverse teams and companies create more opportunities for innovation, creativity and strategic thinking. Unconscious bias – when people seek out people and ideas that are similar to their own – hinders decision-making

and leadership. At Intel, we want to ensure we are delivering products and solutions that meet the needs of all our customers.

Venture Capital Questions & Answers:

Q1: Is this fund a reaction to the recent nationwide debate on the lack of diversity in the tech and venture capital industries?

A1: Today's news follows Intel's January announcement of its Diversity in Technology initiative, an investment to encourage more diversity at Intel and within the technology industry at large. Intel is steadfast in our goal of increased diversity and inclusion in the technology industry, and this includes the startup and venture capital communities. While we believe the recent debate about and attention to the lack of diversity in tech and venture capital is healthy and timely, our Diversity Fund is not a reaction to those events but rather a sign of Intel's desire to lead on this important issue.

Q2: Why is diversity important, especially in venture capital?

A2: Startups that have more women in senior positions are more successful than those that do not, according to [several studies](#). And private firms led by women achieve a 35 percent greater return on investment.

Meanwhile, McKinsey predicts more people will need to enter the U.S. workforce to sustain the country's historic rate of GDP growth. Women graduate with college degrees at rates greater than men; Hispanics will account for most of the country's future growth for the next 35 years, according to Nielsen.

Nielsen also reports that African-American buying power will top \$1.3 trillion by 2017. And the United States is expected to reach minority-majority status by 2043, less than two generations from now. That means the economy of tomorrow is likely to be driven by women and underrepresented minorities.

Q3: How do you anticipate this announcement may impact the startup industry?

A3: Intel Capital's new diversity fund is an especially powerful and effective way to foster business growth among startups led by women and underrepresented minorities. We hope it will serve as an example for other startup investors to follow, that it will encourage entrepreneurs of all backgrounds to pursue innovation, and that it will have a meaningful impact on making the startup workforce more reflective of our broader society and economy.