



Justice Tech for All

How Technology can
Ethically Disrupt the
US Justice System



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ORGANIZATIONS:



Village Capital helps entrepreneurs bring big ideas from vision to scale. Our mission is to reinvent the system to back the entrepreneurs of the future. Our vision is a future where business creates equity and long-term prosperity. Since 2009, we have supported more than 1,200 early-stage entrepreneurs through our investment readiness programs. Our affiliated fund, VilCap Investments, has invested in more than 110 program graduates.



The American Family Insurance Institute for Corporate and Social Impact (AmFam Institute) is a venture capital firm and partner of choice for exceptional entrepreneurs who are building scalable and sustainable businesses in a long-term effort to close equity gaps in the US.

We also believe in capacity building and supporting organizations which are working tirelessly towards creating resilient communities, healthy youth development, economic opportunity for all, and learning and academic achievement.

Headquartered in Madison, Wisconsin with portfolio companies and partners nationwide, the AmFam Institute was established as one of the first public benefit corporations in Wisconsin – and one of the first among the Fortune 500 group of companies nationwide.

CONTRIBUTORS AND THE ADVISORY BOARD

The perspectives of justice-involved people are central to this report; so are the perspectives of those who have dedicated decades to criminal and civil justice change.

In September 2020, Village Capital and the AmFam Institute convened a summit on justice tech to discuss how to move forward in redefining criminal and civil justice tech from an ethical, human-centered perspective. The summit was a chance to listen to our Justice Tech Advisory Board: a group of experts with a strong perspective on technology and the justice system. The group included grassroots activists, foundation leaders, startup founders, legal experts and venture capitalists.

This report is informed and inspired by that summit, as well as more than 150 hours of additional interviews and meetings with Advisory Board members and entrepreneurs. Thank you to the Advisory Board and leaders for their time and perspectives.



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INTRODUCTION:

What is justice tech? Ask three investors and you might get three different answers. In this report, with the AmFam Institute, we will seek to do two things: define the justice tech sector, and propose a new way of examining it.

First, a definition. We will define justice tech the way we think most impact investors mean it: startups that are built with the goals of reducing inequities in criminal or civil justice and creating opportunities for justice-involved people. These are startups that offer tools, platforms and services for people interacting with the justice system at various points in the cycle – from arrest to sentencing, incarceration and finally reentry into society. We will map more than 30 startups working in verticals from fintech to future of work, legal tech and other intersecting areas.

Next, impact measurement and management. We will share a starting point of impact considerations for how to approach investing in justice tech from the perspective of ethical, human-centered design. Our goal is to open collaboration opportunities with stakeholders in justice tech and impact management.

Criminal and civil justice change in the US is evolving – and we do not have all of the answers. But we are optimistic about the potential of justice tech – as long as we as a tech/startup community explicitly center people with lived experience, and advance an anti-racist, intersectional and equity-focused approach to innovation.



Allie Burns
CEO, Village Capital

FOREWORD:

Across the US, people's dreams and lives are being shattered by the criminal and civil justice system.

Our mission at the AmFam Institute is to inspire, protect and restore people's dreams – because we believe a dream is the most valuable thing you will ever own. But our jails are filled with dreamers who cannot afford proper legal representation; our prisons fail to provide those passing through with the proper tools to nurture their dreams; and our society as a whole is ill-equipped to support those who have been through the system and their goals and aspirations.

We believe that tech can create opportunities and help to reduce inequities in the criminal and civil justice system, but only if it follows one important principle: it is designed by, with and for people with direct experience in the system or those who have dedicated their lives to criminal and civil justice change.

Justice tech is a growing space, but there is a lot of work that needs to be done to build the ecosystem of ethical justice tech. In this report we share recommendations for entrepreneurs, investors and corporations on how they can help build this community.



Nyra Jordan
Social Impact Investment
Director, AmFam Institute



JUSTICE TECH OVERVIEW

If you have walked into a court building, you have likely walked past a statue of Lady Justice. The iconic blindfolded statue, holding scales and a sword, represents the ideal of the impartiality of the US justice system. This statue is a symbol of due process and impartiality. We expect that every person is to be treated equally, with equal respect and an equal chance for rehabilitation.

However, the blindfold has long been off. Over-policing and over-surveillance, expensive cash bail and legal services, disproportionate sentencing and a lack of reentry and family support – all of these systemic issues have contributed to crowded prisons, increasing rates of recidivism and bias baked in throughout the system, disproportionately affecting Black, Indigenous, and People of Color (BIPOC), people from low-income communities, people who are a part of the LGBTQ community, and people who intersect across these communities.

In the face of this social dilemma, there is a growing network of entrepreneurs and investors seeking to disrupt the justice system through technology.

A DEFINITION

After reviewing several definitions from different groups and communities, we offer the following:

Justice tech in the US refers to technology-enabled innovation that supports people affected by the US criminal and civil justice system and their families (and the organizations that serve them) – from initial interception by law enforcement to incarceration to reentry.

In the United States, this system impacts:

4.9
MILLION

people who have been incarcerated at one point

6.7
MILLION

people who are currently incarcerated or under supervision

10
MILLION

people who are arrested every year

77
MILLION

people currently living with a criminal record

113
MILLION

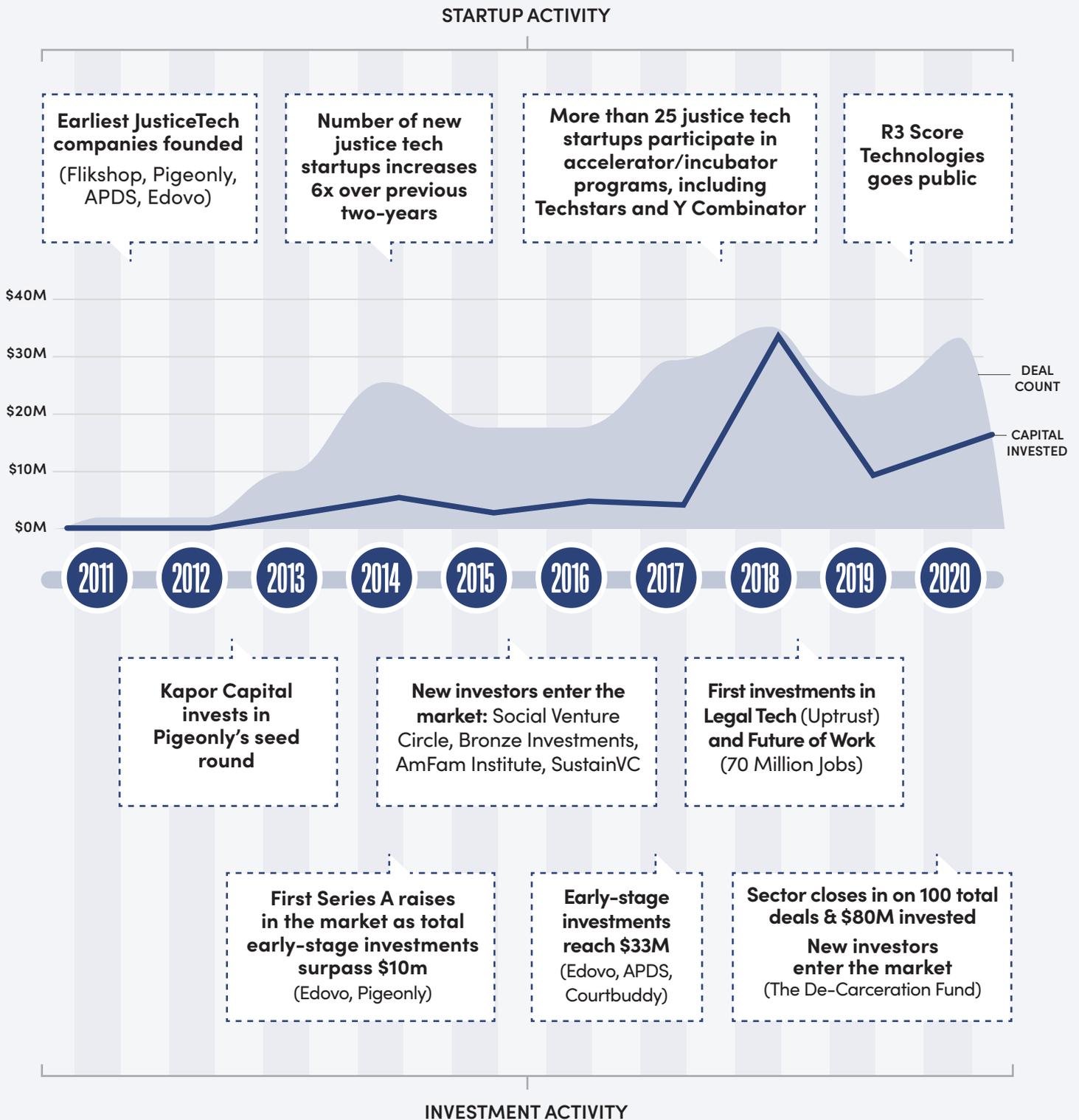
adults with an immediate family member who has been incarcerated

A SHORT HISTORY

Over the past decade, technology has reshaped and disrupted nearly every system in our society, from public transportation to public elections. Often this disruption is for the better, improving societal outcomes and opportunity, but sometimes it is for the worse, further exacerbating an extractive and even unjust system.

The criminal and civil justice system in the US has been increasingly shaped by this technological disruption. From an explosion of surveillance and large scale data systems challenging civil liberty norms, to an increasing array of specific products targeted towards those involved in the system in some way, we are living through a revolution in how technology is being applied to further or limit justice. In 2013 Kapor Capital invested in Pigeonly, considered by many to set off an explosion of interest in “justice tech”, or technology that intersects with the criminal and civil justice system. Since then, investors have put over \$77M into more than 100 early-stage startups working at the intersection of tech and justice.

Over the past decade the justice tech market has grown from a handful of startups to an emerging sector with its first public company.



VERTICALS

Justice tech startups fall across a variety of tech verticals. In the coming pages we will explore each one in more detail.

Justice System Stage: **A** ARREST | **I** INCARCERATION | **R** REENTRY



Financial Health

Technology that helps justice system-involved people and their families achieve financial security and stability and the ability to thrive.

A

I

R

Types of customers served:

Justice system-involved people and their families (consumers), financial institutions (banks, credit unions, CDFIs, mortgage lenders etc.), fintechs, employers



Future of Work

Technology that expands access to education and employment for justice system-involved people.

I

R

Types of customers served:

Justice system-involved people and their families (consumers), parole/probation officers, correctional facilities, employers



GovTech

Technology that makes government systems (like the courts) more accessible or efficient.

A

I

Types of customers served:

Courts systems, parole/probation officers, case managers



Healthcare

Technology that supports the mental and physical health of currently and formerly incarcerated people.

I

R

Types of customers served:

Correctional facilities, parole/probation officers, healthcare payors, healthcare providers



LegalTech

Technology that expands access to both civil legal resources and criminal legal representation after arrest.

A

I

R

Types of customers served:

Justice system-involved people and their families (consumers), legal firms, courts systems



Communications Technology

Technology that helps just system-involved people stay connected with family, friends and service providers, from arrest through reentry.

A

I

R

Types of customers served:

Justice system-involved people and their families (consumers), correctional facilities, reentry organizations

SUBSECTOR:

Financial Health



*"I go to visit my husband in an unwelcoming environment, where I too am treated like an inmate. I return home to more than \$45,000 worth of college loans, court fees, and seemingly unnecessary fines, on top of rent to pay, children to support, and class work to complete."*¹

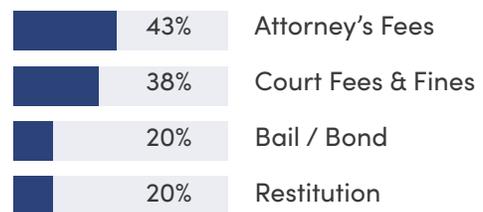
-Ella Baker Center for Human Rights, "Who Pays?: The True Cost of Incarceration on Families"

OVERVIEW

Arrest and incarceration create ripple effects of financial fallout. When a family member goes to prison, that family often loses an income stream immediately, and racks up new costs as they attempt to make bail, find a lawyer and pay court fees. Families of incarcerated individuals pay an average of \$13,600 in court-related fees per justice-involved person or family member.² According to Filene Research Institute, people in the US have an estimated \$10B worth of "criminal justice debt".³

Nowhere is that fact more glaring than in the cash bail system. The median bail for a felony arrest is \$10,000, a sum that most people in the US and their families are unable to pay out of pocket.⁴ This drives consumers to bail bondsmen, who pocket \$1.4B in fees every year.⁵ Those unable to secure bail money are sent to jail awaiting trial, leaving 70% of the country's jail population yet to be convicted of a crime, unable to contribute to their family's income, and forced to use exorbitantly expensive commissary and phone services.⁶

Percentage of Families Who Found Particular Costs Most Difficult



Upon reentry, people experience barriers across interconnected systems in areas from housing to health, employment and others. The financial services system contributes to these barriers. Justice-involved people have financial obligations from the moment they are released, including legal fees, child support and other fees, which are hard to meet with other barriers in place at the same time. People also face financial barriers from restricted access to credit (a 42-69-point drop in their credit score), an inability to access public benefits, difficulties finding affordable and adequate housing, problems securing capital for their small or startup businesses, and difficulties accessing other financial services. Some justice-involved people turn to more expensive financial services – such as check cashers – instead of services from financial institutions, and remain severely underbanked, while others remain unbanked.⁷

THE OPPORTUNITY

There is an opportunity and responsibility for the financial services industry to listen, build trust and form relationships that center the financial health of people and their families as they interact with, transition out of, and navigate life outside of the justice system.

Financial institutions across asset sizes have an opportunity to engage. The Wharton School of Business reported in 2012 that financial institutions across asset sizes are trying to build relationships with formerly incarcerated customers but are unsure of the channels by which to reach them.⁸ More recently, JP Morgan Chase's 2017 wrote a report on the power of financial technology (fintech) starts to partner with community-based institutions such as credit unions and community development finance institutions to serve as conduits to justice-involved people.

These opportunities include but are not limited to helping people pursue equitable employment and income-generating opportunities, build savings, pay off/break out of debt, pay off fees, build and/or repair credit, manage daily expenses, pursue equitable housing and homeownership, and pursue equitable business loan opportunities. They are potential new customers with important narratives for financial institutions.⁹



Formerly incarcerated people are more likely to be underbanked. They have an average family income

**LESS THAN
\$40K**

and goals of financial security and growth.

THE INNOVATION

A ARREST

Vonzella

Provider of cost-sharing services intended to offer bail insurance for defendants navigating the bail process. Vonzella's prepaid plan allows advocates to contribute to people's coverage and transfer funds rapidly. The company participated in Finnovation Lab's 2019-20 cohort and received a \$20K grant as winner of the 2020 Minnesota Cup's Moonshot Prize.



Judd Grutman: Founder, Vonzella

"After practicing corporate law, I began to build an alternative to bail bonds. I chose an insurance model because insurance loses money if people get arrested, which creates the right incentives to do better and reduce cost exposure, which in this case is arrests. We're exploring employer-backed benefit programs and have received positive responses from blue-collar shift employers."

I INCARCERATION

FINEQUITY

Nonprofit tech provider of financial services for incarcerated individuals. FINEQUITY helps those impacted by long-term incarceration build their financial power through digital education, credit and access to safe online financial products as part of their reentry journey. FINEQUITY was selected for Financial Solutions Lab's 2020 Exchange Grant Program to fund its New York pilot program.

R3score™

Provider of background reports intended for people with criminal records. R3 Score's financial analysis tool formula provides an accurate assessment of a person's financial readiness and reputation without the bias that is inherent in traditional scores used by financial institutions, landlords, employers and higher education. The company was valued at \$5.5M before going public in 2020 by reverting into an existing public company.



Teresa Hodge: Founder & CEO, R3 Score Technologies

"R3 Score was founded on the principle that your worst day shouldn't define who you are. Unfortunately, the background reports delivered by traditional background companies are 100% composed of criminal records. That means that applicants with records rarely receive more than a quick glance when applying for professional, financial and educational opportunities."

Bridge

Developer of a mobile banking platform designed to build wealth in historically excluded and overlooked financial communities by removing the barriers to upward economic mobility. Bridge's platform provides free checking accounts, check deposits through mobile phones, free ATM access and zero overdraft fees. The company raised an undisclosed amount of seed funding in 2020.



Provider of a SaaS platform for social service organizations, public agencies that serve low-income people and justice-involved individuals through financial security collaboration tools, community trainings, curriculum, and customer relationship management features.

Propel

Developer of a mobile application designed to check food stamps and cash balance instantly. Propel's application helps users to instantly view their food stamps and benefits balance, enabling users to plan their shopping trips, save money on groceries and connect to other essential resources easily. In 2018 the company raised a \$12.8M Series A with a post-valuation of \$54.8M.

SUBSECTOR:

Future of Work



“I think the need is that you can’t get employed, and people aren’t giving you the opportunity for work. That pretty much settles the rest of your problems. Self-esteem and your family revolve around the opportunity to work.”¹⁰

-Ella Baker Center for Human Rights, “Who Pays?: The True Cost of Incarceration on Families”

OVERVIEW

Closely interconnected with the challenge of financial health are barriers to educational attainment and gainful employment for those with a criminal conviction or a served period of incarceration. Half of all respondents surveyed by the Ella Baker Center for Human Rights indicated that the highest level of education attained by families of formerly incarcerated people was completing high school or earning a General Educational Diploma.¹¹ Yet, in 1994 Congress restricted Pell Grant funding for college education from people in prison, resulting in a steep decline of prison educational programming.

Prior to the Covid-19 pandemic the unemployment rate for formerly incarcerated people was nearly five times higher than the rate for the general US population, and 3% higher than the average at the height of the Great Depression.¹² Yet, finding employment is often a condition of parole and many people on parole must provide documentation of their job-hunting process. Those who are able to find employment are most often relegated to low-paying and unstable jobs.

Formerly incarcerated people experience unemployment at



Justice-involved people are frequently overlooked by employers.¹³ Employers have expressed increased willingness to overlook criminal records, but lack tools and policies to counter institutional bias. Some 70–78% of HR professionals surveyed by the Society for Human Resource Management in 2018 reported being willing to overlook substance-related felonies and misdemeanors,¹⁴ yet previous research also shows that having a criminal record reduces employer callback rates by 50%.¹⁵ The Prison Policy Initiative asserts that employers discriminate against people with criminal records, even if they claim not to.

THE OPPORTUNITY

There is an opportunity for employers to support the career potential and growth of formerly incarcerated people as they navigate life outside of the civil and criminal justice system. Despite the barriers they may face, an estimated 82.5% of incarcerated people are currently enrolled in vocational or post-secondary academic programs, and 67% of formerly incarcerated people want to go back to school.¹⁶ Educational attainment has time and time again been shown to decrease the likelihood of recidivism and create opportunities, and despite federal divestment, private education infrastructure providers continue to attract private equity dollars.

Edtech, professional development and job-seeker platforms offer formerly incarcerated people opportunities to fulfill their career goals and aspirations. They also offer employers a channel to access a diverse applicant pool and the billions of potential Worker Opportunity Tax Credits for hiring justice-involved individuals.¹⁷ Beyond the explicit financial incentive, large employers have begun to quantify how fair-chance hiring can impact companies, including their bottom line. A study of the Johns Hopkins Health Systems and Hospital's workforce — 5% of which is workers with criminal backgrounds — found that fair-chance employees had a 43% higher retention rate¹⁸ at a time when the average hospital has turned over 89% of its workforce in the last five years.¹⁹



**of incarcerated people
are currently enrolled in
vocational or
post-secondary
academic programs**

THE INNOVATION

1 INCARCERATION

edovo

Provider of digital educational and rehabilitative services that are freely available to those who are incarcerated. Through its partnerships, Edovo's works alongside any connected device within corrections (tablets, laptops, etc.), allowing the individual to directly connect powerful tools that incentivize and gamify self improvement. Edovo reaches hundreds of thousands of people on the inside, and allows them to continue that progress post release.

NUCLEOS

Developer of an operating system and local cloud solution designed to improve the quality of education in correctional facilities. Nucleos delivers adaptive and personalized learning experiences both online and offline. In 2018 the National Science Foundation awarded the company a grant to support the development of its solution.



Developer of a platform intended to connect formerly incarcerated people with career opportunities. 70 Million Jobs addresses both sides of the market by offering an avenue for job seekers to find opportunities and giving employers access to a pool of largely ignored and available talent. The company raised a \$1.4M seed round in 2019.

H Honest Jobs

Operator of an online search portal intended for finding jobs. Honest Jobs display and rank thousands of jobs for each job seeker based on their education, work experience and how likely their unique criminal record is to conflict with the job duties. Additionally, the company provides an online service that allows probation/parole officers to import their clients, and to see how many jobs they have applied for and which specific jobs. Honest Jobs is a Techstars-backed company that has raised \$270K.

SPROKIT

Provider of a compassionate behavior transformation platform for justice-involved citizens and individuals with mental health issues. The company's platform addresses the trend of ending mass incarceration by using learning principles and gamification incentives to connect justice-involved users with customized guidance, helpful notifications and 24/7 support. The company received angel funding from Ben Jealous and participated in the Tumml Summer 2015 cohort, receiving \$20K in funding.



Joe Kwong: Co-Founder & CEO, SPROKIT

"Most people think of recidivism in that 3-5-year period after release, but in reality reentry is like being a parent – you're in it for life. You want to have the support of like-minded people who can give you advice. The thing I'm most excited about is the next stage of our platform, inspired by our partner Kenyatta Leal, where SPROKIT graduates will have access to a lifelong peer-to-peer network."

THE WAY OUT

Developer of a comprehensive anti-bias job platform and app that aligns employers with qualified justice-involved job seekers (JIJS) in their industry, and provides additional social support services and technologies to help them integrate into their new roles successfully. The Way Out's employment platform and self-learning mobile app removes personal and professional barriers, while providing ongoing personal and professional development and support for the JIJS. The company has recently partnered with Milky Way Tech Hub and Marquette University to further develop its platform and app, and is currently participating in gBETA's Social Impact program.



Eli Rivera: Co-Founder, The Way Out

"The Way Out began with a commitment between my co-founder and I to create a benefit corp that would keep us accountable to our peers in the reentry community. In order for our platform to work effectively, we must create a 100% safe space for second-chance employees that empowers them to be as transparent as possible about their offense(s) and prison experience. In order to do so, we must guarantee that technology will not be used as a vehicle for e-carceration."

SUBSECTOR:

Govtech



“When you spend billions a year on incarceration, you would think that you could give some type of support to help a person reenter society and get a leg up in life. It costs more to keep them in jail. You spend a lot of money on incarceration, but it would cost a lot less to help people out so they can start back in life again.”²⁰

-Ella Baker Center for Human Rights, “Who Pays?: The True Cost of Incarceration on Families”

OVERVIEW

Despite the fact that the US government pours nearly \$30B every year into the criminal judicial and legal system, it is deeply inefficient at managing the flow of human beings and futures through its doors.²¹ Each year millions of people in the US fail to appear in court for their hearing or trial date.²² Many courts systems still serve summons by mail, despite our increasingly digital world and the challenges that may pose to defendants experiencing housing instability. Failure to appear can result in a bench warrant, additional fines, jail time, suspension of your driver’s license or bail bond revocation. For the courts, this results in a backlog of cases and operational losses passed onto taxpayers.

When it comes to court-mandated supervision the struggle continues. The confusing and burdensome requirements imposed on people result in frequent minor infractions like breaking curfew or failing to pay fees, which can lead to re-incarceration. In 2016, at least 168K people were incarcerated for such technical violations, and in 2019 the Council of State Governments found that one in four people in state prisons are incarcerated as a result of supervision violations.²³

A dashed-line box containing a graphic with two red gears and a purple wrench and hammer. Below the icons, the text reads: "The US government spends \$13-17B ANNUALLY on IT and human services to operate parole/probation." The dollar amount is in a large, bold, blue font.

The US government spends
\$13-17B
ANNUALLY
on IT and human services
to operate parole/probation.

While the criminal and civil justice system has increasingly relied on fees and fines from court appearances and supervision as a source of income, research from the Brennan Center shows how truly inefficient these sources of revenue wind up being. Across the country billions of dollars still go unpaid each year and are unlikely to ever be collected.²⁴ On top of these costs borne by people, there are the added costs paid out by the state. Estimates put the annual cost of community supervision per individual at \$3K-\$4K, meaning that given the current population under supervision the government pays \$13.2B-\$17.6B in IT and human services each year to operate parole/probation.²⁵

THE OPPORTUNITY

The US Department of Justice has set aside more than \$4B in grant capital for the 2021 fiscal year for local government programs to improve the criminal, civil and juvenile justice system.²⁶ Federal and state judiciaries are increasingly prioritizing technology investments to improve efficiency and data sharing.²⁷ Even so, the Center for American Progress reports that planned expenditures “pale in comparison” to the total operational budgets of justice systems across the country, funded by state and local governments and other local revenue sources.²⁸

Covid-19 has shifted a large portion of the US’ \$10.1B justice system IT spend to virtualized operations, such as online dispute resolution.²⁹ Some 39% of surveyed local government officials noted that they had used CARES Act funding to invest in technology to improve their services or staff efficiency.³⁰ This inflection point has the potential to disrupt tens of billions of dollars of government expenditures or debt in court infrastructure, fees/fines and court-ordered supervision. More importantly, this expansion of investment in new systems at all jurisdictional levels provides a new opportunity to mitigate the stresses and financial costs these inefficiencies pass on to justice system-involved people and tax payers.

THE INNOVATION

A ARREST



Developer of a messaging, scheduling and analytics platform for the courts system. eCourt Date helps courts reduce failure-to-appear rates, increase payments, and replace costly and labor-intensive mailed notifications. The company has not yet sought outside funding and is deployed in approximately 150 agencies.

PromisePAY

Developer of a payments platform for government departments to collect ticketing, criminal justice and child support payments. PromisePay’s platform provides governments with efficient payment processes and compliance data, while offering payment plans and flexible payment methods to constituents. The company raised \$3M of venture funding and participated in the Y Combinator winter batch in 2018.



Phaedra Ellis-Lamkins: Founder & CEO, Promise

“We initially began by selling to law enforcement. We made the decision to pivot and focus on helping people make payments for parking and traffic tickets, court fees and child support. One of our areas of focus is preventing people from losing their licenses or going to jail because they can’t make a payment.”



Developer of a cloud-based online arbitrator platform designed to help courts handle many high-volume infractions, disputes and outstanding warrants online. Matterhorn’s platform enables citizens and courts to solve minor cases efficiently and cost-effectively through virtualizing in-person court proceedings. The company raised \$1.8M of Series A venture funding in 2017 with a pre-money valuation at \$3.9M.

I INCARCERATION



Operator of a nonprofit platform designed to power data-driven interventions in criminal justice. Recidiviz’s platform gives leaders a real-time picture of their criminal justice system so that they can diagnose issues, make changes and safely navigate to a new baseline. The company participated in the Y Combinator summer batch in 2019.



Developer of an evidence-based probation platform that eliminates busywork, empowers participants and enables remote work. Reconnect provides community supervision officers with tools such as video meetings, court reminders, automated form submissions, non-invasive GPS curfew verification and more. The company raised a \$3.7M seed round in 2020 with a post-valuation of \$12M.



Uptrust builds software that helps people navigate and successfully exit the criminal justice system. Uptrust’s software eliminates technical violations, significantly reducing the rate of incarceration without placing additional work on justice-involved individuals, public defenders, probation officers or court staff. It operates in 28 states, reaching over 400 counties and over 500K individuals. The company has raised \$1.2M in equity to date.



Jacob Sills: Co-founder & CEO, Uptrust

“It’s easy to look at every business in this space and say it’s good for the government because it’s cheaper than the alternative product (incarceration) – it’s a slippery slope. What we’ve done is be strategic about engaging abolitionists and reform experts that have been at this problem longer than tech has. There’s tension in those dialogues, but it’s critical to have them if you’re serious about supporting advocacy and delivering meaningful social impact.”

SUBSECTOR:

Healthcare



“I had a hernia operation and I felt like they just wanted to get me in and out. I was hospitalized four or five times, didn’t get it cleared up. In prison they didn’t care about what I needed to heal.”³¹

-Ella Baker Center for Human Rights, “Who Pays?: The True Cost of Incarceration on Families”

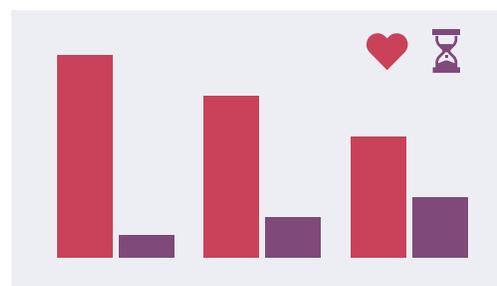
OVERVIEW

Much of the increase in arrests and incarceration is attributed to the “War on Drugs” and associated mandatory minimum sentencing laws. As public health infrastructure has been undermined in the US, the police have been called on more and more to respond to the consequences of behavioral health issues and poverty. Many of these encounters can be fatal. Managing addiction has become a core function of the criminal justice system, as court-ordered drug treatment and supervision is now estimated to cost the US \$74B a year, despite only minimal improvements in recidivism rates.³²

These systems drive more and more mentally and physically unwell people to prisons and jails with insufficient resources to care for their health. Funding and staffing for correctional medical care have not kept pace with the increase in incarceration. Data from the Bureau of Justice Statistics in 2005 found that more than half of all incarcerated people had mental health problems, and that they were more likely than the general population to acquire communicable or chronic diseases.³³ Incarceration’s effects on health last far beyond the period of imprisonment. It impacts social, educational, and economic opportunities, and decreases life expectancy, with a 2015 study suggesting that each year spent in prison corresponds with a two-year reduction in life expectancy.³⁴

Studies suggest each year spent in prison corresponds with a

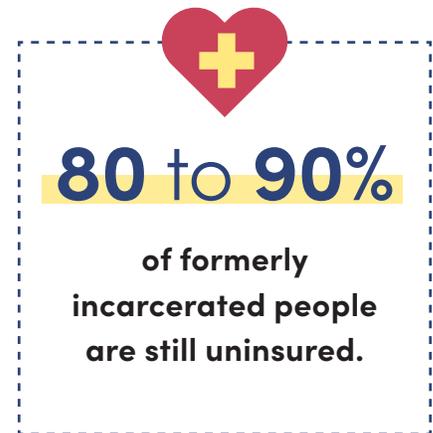
**2 YEAR
REDUCTION IN
LIFE EXPECTANCY**



THE OPPORTUNITY

There is an opportunity as well as a responsibility for jails and prisons to center the health of people. The Affordable Care Act's 2014 Medicaid expansion granted coverage to more than 2.8M incarcerated or supervised individuals. In order to improve service while managing costs in jails and prisons, the MacArthur Foundation reported that correctional facilities are turning to telehealth technologies and outsourcing care services.³⁵ For example, The Texas Department of Criminal Justice saved \$780M over 14 years after implementing a virtual care program.³⁶ Telehealth consults offer an opportunity to not only control medical costs for correctional facilities, but also connect incarcerated individuals with mental health and specialty care to improve health outcomes.

There is also an opportunity and a responsibility for our healthcare system to center the health of formerly incarcerated people. Some 80–90% of formerly incarcerated people are still uninsured, relying on emergency rooms as primary care providers and only seeking services when they have become overwhelmingly acute.³⁷ The Camden Coalition of Healthcare Providers, seeking to reduce silos across the criminal justice and healthcare systems, implemented data integration and care coordination models and found cost savings of more than \$10K per patient per year from reduced hospitalization and emergency department visits.³⁸



These cost savings are reflective of the larger opportunity of care coordination and case management software in the US, which is projected to become a \$3.18B market by 2022, and projected to grow at a compound annual growth rate of 15.4%.³⁹

THE INNOVATION

1 INCARCERATION

innovaTel
telepsychiatry

Provider of telepsychiatry services intended to increase the accessibility of behavioral health clinicians. InnovaTel's remote psychiatric healthcare services partner with correctional facilities to help them provide high-quality, timely care. In 2016 the company raised an undisclosed amount of early venture capital funding, and has since gone on to raise \$2M in private equity funding.

Provene

Developer of a mobile monitoring platform designed to reduce readmittance, recidivism and relapse. Provene's platform provides behavioral predictive analytics and has customizable real-time capabilities to connect resources, observe behavior and measure outcomes. The company was acquired by iVitalize for an undisclosed amount in 2020.

Developer of healthcare software intended to help lower the cost of correctional medical and mental health services. Telecorrect offers cloud-based medical and therapy forms, an appointment scheduler, step-by-step clinical workflow and real-time video software to connect an inmate patient with a remote doctor or therapist, serving jails in all 50 states at affordable rates.

R REENTRY

ACIVILATE

Developer of a cloud-based compliance platform designed to connect justice agencies and human service providers with returning citizens to reduce recidivism. Acivilate's platform synchronizes public and private social services case management, and helps courts to exchange confidential data and conduct rehabilitation programs. The company raised a seed round from BIP Capital in 2017 and an NIJ-funded randomized controlled trial running with RTI International Partners and North Carolina Department of Public Safety.



Louise Wasilewski: CEO, Acivilate

"There is a bias towards expecting companies in this area to be nonprofits, because of the prison-industrial complex problem. However, buyers expect you to be a for-profit company to be a reliable, sustainable partner. Similarly, free service offers trigger concerns around corruption or inappropriate use of data. That said, as a for-profit, it was hard to find a business model that didn't rely on the offender-pay model."

UNITE US

Developer of a SaaS platform designed to build coordinated care networks for connecting health and social service providers together. Unite Us' platform interconnects providers around each patient and integrates the social determinants of health into care delivery to seamlessly integrate care delivery to improve overall health, increase efficiency and lower costs. The company has raised \$45.2M to date.



Olivia Button: Learning and Evaluation Senior Manager, Unite Us

"What is unique about our screening tool used in a reentry context is that it effectively reconnects a person to the autonomous and digital world they will soon join. Instead of asking someone to keep a folder with paper documents that are easily lost, damaged and generally unprotected, a screening captures important information, sends it directly and securely to an organization that can help the client, and eases the transition to receiving services on the outside."

SageSurfer

Developer of a digital care coordination platform that connects mental health providers, social workers and individuals struggling with behavioral health challenges to deliver outcome-driven personalized, integrated care. SageSurfer's platform provides county systems, substance abuse treatment centers, community mental health centers, and reentry programs with the necessary infrastructure for case management, coordination and proactive intervention, while also providing individuals with resources and tools to support their own personal recovery.

SUBSECTOR:

Legaltech



“You almost have to have another part-time job....Money you spent for lawyers, money you spent for trying to find investigators and whatever you need to try to help your loved ones, so they don’t have to do serious jail time.”⁴⁰

-Ella Baker Center for Human Rights, “Who Pays?: The True Cost of Incarceration on Families”

OVERVIEW

Over the past five years the growing justice gap has received attention as legal services have become inaccessible and unaffordable to the majority of people in the US, both of low and middle income. The Bureau of Justice Statistics reports that 66–80% of criminal defendants could not afford to hire an attorney, while the Center for American Progress put that number as high as 90%.⁴¹ Meanwhile, 76% of small law firms and 92% of solo lawyers report facing significant or moderate challenges with acquiring new clients as even legal services have become a consumer-driven market.⁴²

This disconnect has forced many people in the US facing criminal charges to rely on public defenders. While the Supreme Court guaranteed a right to indigent defense (meaning if you cannot afford a lawyer one will be provided for you), it did not guarantee a quality defense. Mass incarceration has overwhelmed our public defenders, which on average only have capacity to spend about two hours investigating evidence for felony cases.⁴³ One estimate suggests that 6K more public defenders are needed to manage the current caseload.⁴⁴

Lack of adequate legal representation contributes to a snowball effect of racial inequities in pretrial incarceration, taking plea deals and longer prison sentences. A 2009 study by the National Council on Crime and Delinquency indicated that Black people in the US were detained pretrial at 5.2 times the rate for white defendants and were 4.7 times as likely to have a public defender.⁴⁵

66 to 80%

of criminal defendants
can not afford to hire
an attorney.



On average, public
defenders only have
capacity to spend about

2 HOURS

investigating evidence for
each felony case.

THE OPPORTUNITY

In 2017 Catalyst investors estimated that legaltech has a \$16B total addressable market, with the actual spend of \$3B at less than 20% penetration. On the B2B front, highlighted positive trends included that 53% of law firms indicated that they were increasing their technology budget, while only 9% planned on reducing it.⁴⁶ Thus far much of the market's activity has been legal research/review and data management, but operational technology (e.g. practice management, billing) has been on the rise, illustrated by Clio's \$250M Series D fundraising in 2019. New innovation in legaltech around pro bono work and alternative fee arrangements have the opportunity to bring in new revenue and improve corporate social responsibility initiatives for legal firms, while, more importantly, widening access to services for overlooked and forgotten people.

On the B2C side, the broader consumer legaltech industry has attracted \$5.75B in investment over the last 10 years with a total of 260 exits, including marketplace giants such as LegalZoom and self-serve platforms like Trust & Will. These companies have the potential to bring additional legal consumers into the fold who may previously have "gone it alone", making legal processes less intimidating and providing channels for larger legal firms to access new audiences, while bringing in scalable recurring revenue from the masses of individuals underserved by traditional legal services.



Legaltech has a

\$16 BILLION

total addressable market, with
less than 20% penetration.

Innovations in pro bono work and
alternative fee arrangements
are areas to watch.

THE INNOVATION

A ARREST



Provider of a leading legal marketplace intended to assist consumers in connecting with local independent attorneys. The company's platform matches attorneys who provide à-la-carte legal services at fixed rates with clients, enabling users to get access to an attorney when needed, regardless of their financial status. The company raised \$7.18M of Series A venture funding in 2018 with a pre-valuation at \$15.5M.

2 JusticeText

Developer of video evidence management software intended for criminal defense attorneys. JusticeText has designed an evidence management platform to produce fairer outcomes in the criminal justice system by expediting the review of crucial audiovisual data. The company is piloting its software with public defense agencies in seven states, including Texas, New York and Georgia. JusticeText has raised \$320K and participated in 500 Startups, the Duke Law Tech Lab and the Lex Machina Legal Tech Accelerator in 2020.

VivaTranslate

Provider of translation services intended to translate conversations between organizations and non-English speakers. VivaTranslate provides professionals and their clients the ability to send texts to one another in their native language, thereby improving language access for non-English speakers. The company is a Blue Ridge Labs fellow.

Paladin

Developer of a legal platform designed to connect attorneys with personalized pro bono opportunities. Paladin's platform helps law firms, bar associations, corporates and legal services organizations to streamline and scale their pro bono programs, serve more low-income individuals and capture impact data. The company closed on an estimated \$2.5M of seed plus funding in 2020 with a pre-valuation at \$10M.



Felicity Conrad: Founder & CEO, Paladin

"Our work runs through all major legal issues areas impacting low-income Americans – immigration, domestic violence, education, criminal justice, housing and more. Legal firms pay a licensing fee to access the platform, so our business model mitigates the common challenge of profiting from low-income beneficiaries for whom the platform is free, and instead drives business value in our customers by increasing attorney engagement."

REENTRY

COURTROOM5

Developer of a case management platform designed for people in court without a lawyer. Courtroom5's platform is a litigation platform that offers bite-sized, just-in-time legal information, document templates, searchable case law, elements-to-evidence case analysis and training on relevant legal topics, enabling self-represented litigants to perform better in court. The company joined Techstars in 2020 and received \$120K in funding, as well as funding from Precursor Ventures.

Easy Expunctions

Developer of a legal platform intended to clean records without paying lawyer fees. Easy Expunctions' platform provides the most cost-effective and comprehensive expunction service for individuals interested in erasing all traces of their criminal record without an attorney. The company raised a \$2.4M seed round and participated in the Duke Law Tech Lab in 2019.



Yousef Kassim: CEO, Easy Expunctions

"Easy Expunctions is a B2C engine that is driving a much larger B2B vision where we can develop other products for mission-aligned organizations supporting people with criminal records and promote our vision of justice through data. We are honored to be recognized as the Community Partner of the Year by Goodwill Industries of Houston for the important work we are doing together to support workforce development. I'm most excited for what's ahead, and the expanded reach and impact we can make through partnerships with mission-aligned organizations supporting people with criminal records."

SUBSECTOR:

Communications Technology



“Not being able to talk with my family kept me isolated from society. Not being able to talk with family kept me from being able to plan for my future after prison.”⁴⁷

-Ella Baker Center for Human Rights, “Who Pays?: The True Cost of Incarceration on Families”

OVERVIEW

Detention by police and incarceration leaves individuals without something that rarely leaves our pocket and connects us with the majority of today’s social and economic infrastructure – a cellphone. If you have been arrested you have the right to make a local phone call, yet more than half of individuals surveyed in 2015 could not remember a family member’s phone number without looking through a contact list.⁴⁸ If an individual is unable to connect with legal representation or family members, their likelihood of making bail diminishes.

Incarcerated individuals continue to face significant barriers to connecting with friends, family and service providers outside of jail/prison. Until recently, a few private telecommunications corporations had an unregulated monopoly on providing phone service in prisons, and the Prison Policy Initiative estimated that in 2017, incarcerated individuals and their families paid \$1.3B in fees a year for telephone calls.⁴⁹ One in three justice-involved families report going into debt to pay for phone calls or visitation trips.⁵⁰



Many incarcerated individuals have been unable to see friends, family or volunteers from reentry/advocacy groups for 10 months at this point due to Covid-19. This increased silencing and isolation of justice-involved individuals comes at a time when their voices are needed more than ever to shape public discourse and support reentry into society.

THE OPPORTUNITY

In recent years the multibillion-dollar prison telecoms industry has received publicity for its harmful fee and revenue models, and close to a dozen startups have raced to disrupt this space. This telecoms market is poised for pricing disruption and more fair access with a stream of lawsuits, antitrust challenges and other high-profile concerns raised against extractive incumbent pricing that is sometimes as high as \$14.99 per call.⁵¹ Bearish investors argue that existing large-scale incumbent providers GTL and Securus control far too large a market share for disruption to occur. However, this view does not take into account the fact that there is an opportunity for ethical, customer-friendly companies to build a relationship with users prior to incarceration as well as outside the walls of a prison or jail.

There is an opportunity to leverage media and communications platforms to center the voices of justice-involved individuals and connect them with grassroots organizations or service providers. The newest wave of national racial justice protests in 2020 catalyzed an outpouring of donations from corporations and foundations in support of Black-led grassroots criminal justice reform organizations. For example, the Minnesota Freedom Fund received \$20M in donations to bail out arrested protesters in only a few months.⁵² These grassroots organizations could be poised to scale their reach if they were equipped with thoughtfully designed technology connecting them with justice-involved individuals. This technological substrate of connective telecoms services for justice-involved families has the opportunity to be a channel for other products, a conduit for services as well as a new avenue for large-scale aggregate data collection and use that improves outcomes for those individuals and families.

THE INNOVATION

A ARREST

GOOD CALL ARREST SUPPORT HOTLINE

Operator of an emergency arrest hotline. Goodcall provides a 24/7 hotline that anyone can call if they get arrested, enabling detained individuals to secure a free lawyer right away and family members to be automatically alerted in case of an arrest. The company's founders met as Blue Ridge Labs incubator fellows and received \$500K in grant funding.

Raheem.ai

Operator of a platform built for reporting police conduct in the US. Raheem helps individuals file their complaint, find a free lawyer and publicize their story. The company's platform collects and publishes data that local organizations and lawmakers can use to better support their communities. In 2018 the company joined Camelback Ventures and received \$40K in grant funding.



Developer of an app that helps people in encounters with law enforcement and immigration officials in real time. The app lets loved ones know the user's location, what type of emergency the user is in, and what to do in that situation. The app also allows users to either record that encounter, or join a live zoom call that they can see and record the encounter.

REYETS

Developer of a social justice application designed to give users the ability to know their rights, and record and livestream high-risk police interactions. Reyet's application offers smart, real-time-generated civil rights information based on a person's geolocation, and connects users to a support network of organizations. The company has raised \$35K in angel funding and \$10K in equity crowdfunding with a post-valuation of \$5M.

INCARCERATION

Ameelio

Nonprofit technology company that builds free technology to accelerate the creation of a more humane and rehabilitative justice system. Its tools enable families to communicate with their incarcerated loved ones, organizations to scale their social services, and colleges to empower incarcerated people through virtual learning. It is a technological bridge that reconnects incarcerated people with their families and vital resources — for free. To date it has over 30K users.



Uzoma Orchingwa: Co-founder, Ameelio

"I think a lot of people right now are looking for ways they can contribute to criminal justice reform and a lot of the focus is on policy. But we want to highlight the fact that there are a lot of areas where innovation and technology can really help, and prison communication is one of them. We hope that Ameelio can serve as an example of the kind of social justice work that others can do."

Flikshop

Developer of a postcard-designing application designed to help incarcerated people in prison cells to get mail every day. The application permits consumers to send their loved ones a custom postcard with a personal note and picture with the touch of a button, enabling users to stay connected with incarcerated family members easily. The company has participated in Techstars and Unlocked Futures, and is currently participating in the Halcyon incubator program.



Marcus Bullock: Founder & CEO, Flikshop

"We knew that we could be innovative while helping the families we support. We did not have to ink a deal with correctional departments that have historically benefited from the large profits as a result of predatory pricing for families. We wanted to leverage our relationships with advocacy groups to create a democratized, relatable and affordable version of communications that starts with the family and understands the dynamic from arrest through post-release."

Pigeonly

Provider of an online platform intended to help inmates connect with their loved ones. Pigeonly's platform assists friends and family members to send photos to inmates through their smartphones, computers and tablets, enabling individuals to keep in touch with inmates. The company has raised \$6.72M to date, with a post-valuation of \$15M as of its last round in 2018.

Justice Tech Funding Overview



Investment in justice tech has been limited. While we have identified over 200 venture capital firms that have made one-off early-stage equity investments into justice tech startups, the investment landscape remains very fragmented.

We have identified some venture capital firms that have been leading the charge in justice tech over the past five years. Some of these firms have an investment thesis focused on intersecting sectors and/or that fit under their vision of economic opportunity, closing access gaps, among other areas, while a small number of venture capital firms have created funds with an investment thesis explicitly focused on people impacted by the criminal and/or civil justice system such as The De-Carceration Fund.



92%
of justice tech investors only have ONE justice tech company in their portfolio.

Examples of Active Investors



STAGE: Seed, Series A
IMPACT CRITERIA: Regenerative systems, social and economic inclusion, and growth that benefits everyone
MEDIAN ROUND: \$1M
PORTFOLIO COMPANIES: APDS, Edovo, Pigeonly



Stage: Seed—Series D
IMPACT CRITERIA: Climate and sustainability, health, education, and digital inclusion for historically excluded and overlooked populations
MEDIAN ROUND: \$2.3M
PORTFOLIO COMPANIES: Edovo, Pigeonly, Reconnect



STAGE: Pre-seed, Seed
IMPACT CRITERIA: Closing gaps of access, opportunity or outcome for low-income communities and/or communities of color in the US
MEDIAN ROUND: \$2.7M
PORTFOLIO COMPANIES: Court Buddy, Edovo, Pigeonly, PromisePay, R3 Score Technologies



STAGE: Seed, Series A
IMPACT CRITERIA: Closing equity gaps in the US
MEDIAN ROUND: \$4M
PORTFOLIO COMPANIES: Pigeonly, Paladin



STAGE: Series A—C
IMPACT CRITERIA: Positive outcomes for everyone, especially people and communities on the social, economic and environmental margin
MEDIAN ROUND: \$5.25M
PORTFOLIO COMPANIES: Pigeonly, PromisePay

This fragmented landscape of venture capital investors often leaves entrepreneurs unsure of who to approach, and instead applying for criminal justice reform grants from foundations. Grant-making foundations have seen the problems in our justice system for over a decade now, collectively deploying billions of dollars in grants to advocacy and direct service efforts over the past decade. However, the philanthropic community has remained unsure of for-profit technology’s role in this area. This leaves many entrepreneurs strapped for cash or in a long, arduous investor discovery process, taking time away from building the actual business.

Rather than redirect philanthropic dollars from policy and service organizations, there is an opportunity for venture capital investors – both impact and traditional alike – to coalesce around justice tech as an important area to support historically excluded and overlooked people in the US and as an area of promising return on investment built upon scalable technology. There is also an opportunity for limited partners to invest in and support venture capital investors focused on justice tech – whether as a standalone investment thesis or as part of a broader investment strategy.

Previewing Justice Tech Lens Investing

What is a “justice tech” investment?

How can investors seek out opportunities with a justice tech “lens”?

We have created an early beta version of a “justice lens investing” framework to help investors answer these questions. We have shared our initial beta version below.

This is not the exhaustive nor final list of questions. These questions are intended to be challenged, to evolve, and to be changed over time through future conversations and feedback from justice-involved people, investors, entrepreneurs, impact-management leaders and other stakeholders.

TEAM	Does the team include justice-involved people, either at the founder or employee levels?
VALUE PROPOSITION	Is the value proposition of the product providing meaningful improvement to the lives of justice-involved individuals and/or their families?
PRODUCT	Is the product designed with the collaboration or advice of justice-involved people?
BUSINESS MODEL	Does the company’s business model exploit inefficiencies in the system rather than lay the cost burden on justice-involved individuals and their families?
SCALE	Is the company’s success tied to the reduction (rather than the expansion) in the number of justice-involved individuals?
EXIT	How do the company’s investors and exit opportunities affect justice-involved people?

This framework is inspired by several existing frameworks and tools⁵³ that investors are starting to use to evaluate potential investments, manage the impact of their portfolio companies, and share these insights with their limited partners:

ImpactableX: The ImpactableX core framework enables founders to model, quantify and forecast their social and environmental impact so they have the tools to build businesses that effectively execute on their mission and differentiate with customers and investors. Each model generates analytics that uniquely engage impact investors in particular, by articulating the impact multiple of capital and the impact multiple of revenue, lending insights into the relative impact leverage of each dollar invested, and the efficiency of a business model as a lever for impact. ImpactableX democratizes access to high-quality analysis, offering a simple process that makes impact modeling as accessible, streamlined, user friendly and practically useful as possible.⁵⁴

CapShift and TheCaseMade Racial Justice Framework: A racial justice framework that is currently made up of 20 questions to assess investment opportunities across all asset classes and to understand how they help BIPOC communities thrive and bring about structural change to advance racial justice. The questions delve into an investment's processes, practices and external reporting. When CapShift and TheCaseMade applied the framework to an initial set of investments – whether they were explicitly seeking racial justice outcomes or not – they found that opportunities fell along a continuum of diversity and inclusion to racial equity to racial justice.⁵⁵

Other inspirations include:

- [FreeCap Financial's socially responsible investing criteria](#)
- [Global Impact Investing Network's IRIS+ Catalog of Metrics](#)
- [Refugee Investment Network's Refugee Lens](#)
- [Mission Investors Exchange's Racial Equity Investing](#)



If you have any feedback or thoughts on the Justice Tech Lens Investing questions above, or if you are an investor, impact-management leader, and/or other stakeholder interested in learning more, please email marcia.chong@vilcap.com.

Recommendations



ENTREPRENEURS

Product Design

Entrepreneurs in justice tech are attempting to navigate an ethically fraught and enormously complex multi-layered and distributed industry that has profound impacts on many millions of people's lives each day. They are doing so while advocates and system reformers are increasingly working to advance policy reforms that promise harm reduction and private prison divestment, reduce incumbent monopolistic controls and enable more human-centered ways of serving this community.

As new avenues for more human-centered products become available, entrepreneurs need support with centering the perspectives of justice-involved people, advocates, activists and nonprofit leaders earlier in their product and customer discovery life cycle. There are existing startup solutions across tech verticals like financial health and future of work with the potential to be redesigned to also meet the needs of justice-involved people and families, and to collaborate with startups in justice tech.

Next Steps

Entrepreneurs, as you innovate, we encourage you to prioritize how to integrate the voices of justice-involved people, advocacy groups and reentry organizations early in your decision-making processes. There need to be checks and balances to ensure that businesses are operating ethically, and often those with the best understanding of the problems are also the best suited to call out potential concerns. It is important to make sure that their opinions are solicited sooner rather than later, and that they are elevated to decision-makers, and appropriately compensated for their time and perspective.

We also encourage you to continue to build relationships with different types of pre-seed and seed-stage entrepreneur support organizations focused on supporting BIPOC, women and LGBTQIA+ founders, and in particular founders with lived experience in or near the justice system. Please ask them questions about accountability – how their programming can meet your specific needs and the compounding barriers you may face.



Kenyatta Leal: Reentry Director, Next Chapter

"I was introduced to the founder of Sprokit, Joe Kwong, after he had built the first version of the product. I advised him that the platform seemed interesting, but that people like me wouldn't necessarily use it because it felt more like punishment than a resource to help me with reentry. He visited The Last Mile at San Quentin and met with their team, who helped him deploy the product in 2020 as a more user-friendly, social platform."

We also encourage you to build relationships with different types of creative and innovative funding sources:

- Build relationships with early-stage investors who have a deep understanding of the justice tech space or who have invested in justice tech solutions. Ask these investors to be your “champions” or “anchors” with other investors. Ask them to help demystify and provide their opinion on your company to new investors you seek to build relationships with.
- If you are raising with a time-sensitive timeline, explore crowdfunding platforms and alternative capital sources focused on BIPOC, women and LGBTQIA+ communities, as well as targeted toward entrepreneurs with lived experience involved with the justice system.

Lastly, we encourage you to check out (and add your organization if relevant) to the growing [database of Justice Tech startups created by the founders of Paladin](#). Justice Tech founders like Paladin are part of a growing community working together to formalize and advance the Justice Tech space.

INVESTORS AND LIMITED PARTNERS

Market Awareness

Capital formation is one of the biggest challenges in the justice tech space. Those involved in the system of funding startups — from impact investors and venture capitalists to limited partners who fund them — must begin or continue their journey towards being intersectional. Justice tech startups, in particular those led by BIPOC and LGBTQIA+ founders with direct and proximate experience in the system, face compounding biases and barriers due to a lack of understanding. As noted in the entrepreneur recommendations, justice tech is a fragmented investment market — there are a few early-stage investors with a deeper understanding of the challenges and opportunities within justice tech, but the majority of early-stage VCs and impact investors need spaces of conversation and learning to identify where they fit along the harm reduction-to-divestment spectrum, and what their role is.

Investment Structures

We heard from some stakeholders that impact investors often talk about what they are investing in, but that they rarely share and talk openly about how those investments are made. We believe that the systems that govern the capital these innovations receive should also be operated and led by, with and for people with direct experience in the criminal and civil justice system, and those who have dedicated their lives to criminal and civil justice change. Impact investing needs to chart its own course away from traditional finance and investment led by people who are all the same without direct nor proximate experience. That will mean a radical rethinking of who decides what is investment-worthy, and what success looks like.



Jasmine Rashid: Director of Advocacy & Strategic Partnerships, Candide Group

“Candide Group’s Olamina Fund was structured to close the funding gap for organizations led by and for community members. Board members were selected — by an evaluation team consisting of movement partners and leaders from community wealth-building institutions — for their deep service in Olamina’s key geographic areas (such as Indian Country and the Deep South), advocacy work with financial systems, lived experience of systemic barriers facing BIPOC, immigrant and low-income communities, and expertise in centering racial and economic justice and restorative approaches to governance and lending. The board advises on strategy, reviews opportunities and participates on the credit committee for all loans, as a way to tangibly shift the power dynamics embedded within our current financial system.”

Cross-Sector Collaboration

Advocacy groups and nonprofits working with communities affected by the justice system are often not invited to “sit at the table” where technology is designed and investment decisions are made. In some cases, when they are invited, they are brought much later, once key product/services design and other decisions have been made. As a result, technology that receives capital can be duplicative of existing support efforts or can actually be harmful towards their efforts. We recommend that investors also engage in research to understand the stakeholders in their market and to support the most impactful innovations.

Next Steps

Justice tech startups are seeking to raise approximately \$10M-15M in venture capital funding in 2021. Now is the time to support and invest in entrepreneurs who are creating opportunities for people impacted by the criminal and civil justice system. A starting point is to join, listen and learn from spaces with investors who have already invested in justice tech startups and funds, to invite other investors who have invested in tech verticals that intersect with justice tech, and to center and hear the perspectives of justice-involved people, advocacy groups and reentry organizations, with the ultimate goal of mobilizing funding. Another starting point is to examine the impact metrics from the Investment Management and Measurement section of this report, identify areas of most importance to your organizational values and goals, and join these spaces of conversation.



Elizabeth Eagen:
Senior Program
Officer, Open Society
Foundations

“Organizations working with communities that are not perceived to be “technical” are often left out of discussions about technology and data solutions. As a result these organizations – many of which have been doing this a long time – don’t have the infrastructure they need, which leaves the communities they serve behind.”

Village Capital and AmFam Institute are building out a Justice Tech Investor Network in 2021. If you are an investor, impact-management leader, and/or other stakeholder interested in learning more and joining us, please email marcia.chong@vilcap.com.

CORPORATE LEADERS

Corporate leaders also hold a role in advancing justice tech innovation. Corporate leaders can advance criminal and civil justice change internally, as well as through external actions and collaborations with other organizations.

Impact Goals & Ethical Standards

As noted throughout this section, there are different approaches to justice tech on a spectrum from harm reduction and reform to abolishment, and it will be important to understand where your organization currently stands. We encourage you to identify impact and return-on-investment goals around justice tech, and create alignment across corporate units from venture arms to foundation, innovation, strategy and corporate social responsibility teams.

A starting point is to examine the impact considerations from the Impact Management and Measurement section of this report, identify areas of most importance to your corporate values and goals, identify internal champions within your organization on criminal and civil justice change, and create spaces of conversations with them on it. Once you build this out, we encourage you to advance the conversation with peers in these conversations to identify ethical standards on hiring (e.g., [Fair Chance Hiring and Ban the Box pledge](#) to hire and support the formerly incarcerated, to support the elimination of any restrictions on participation that may exclude the formerly incarcerated, and to encourage others to institute fair hiring practices), developing, retaining, contracting and partnering with justice-involved people and proximate organizations.

Early Pilot Testing

Corporate innovation and strategy leaders also have a unique position from which to build early relationships with B2B justice tech startups and become early pilot testers for their solutions. We encourage you to test solutions directly and help entrepreneurs to refine their solutions. Leaders can also help entrepreneurs build early traction to validate and bring on seed-stage investors, and drive capital towards justice tech entrepreneurs.

Cross-Sector Collaboration

Similarly to how corporates collaborate with accelerators and incubators, corporate leaders can fund and build partnerships with emerging accelerators and incubators which explicitly source and support justice tech startups. Beyond the tech sector, we also encourage you to build partnerships with transitional support nonprofits for justice-involved people, and to join and participate in community events, advisory boards, campaigns and pledges led by activists and grassroots organizers. Support and uplift ethical standards and movements led across sectors, and share them internally with your community of internal champions for consideration and potential implementation.

AmFam Institute Commitment



How is AmFam Institute working to encourage more innovation in criminal justice reform in 2021?

The American Family Insurance Institute for Corporate and Social Impact (AmFam Institute) is a venture capital firm and partner of choice for exceptional entrepreneurs and capacity builders building sustainable and scalable plans to close equity gaps in the US.

We are working to support economic opportunity for all, including people and families impacted by the US justice system. We believe we have a responsibility to use our economic engine to build a more inclusive economy.

The Criminal and Civil Justice Tech project is a part of our vision and work.

In 2021, the AmFam Institute believes we must move forward and approach criminal and civil justice tech from an ethical, human-centered perspective in a couple of fundamental ways:

1

Currently, there is a lack of a common definition on what impact could and should be in Justice Tech. Investors have an opportunity to better uplift and support Justice Tech entrepreneurs currently dealing with a fragmented and divided funding ecosystem.

Looking into 2021, AmFam Institute and Village Capital will work to convene early-stage Justice Tech investors as well as other traditional and impact investors interested in new and emerging impact- management tools and approaches in this field. Our longer term vision is to catalyze more capital into Justice Tech entrepreneurs.

2

We also welcome continued conversations with our corporate peers on ethical standards on these issues. Specifically, we are looking for partners pledging to support “Fair Chance” hiring practices and to “Ban the Box,” so more formerly incarcerated individuals can be hired and supported economically. We also support developing, retaining, contracting and partnering with justice-involved people and proximate organizations.

Endnotes

- 1 <http://whopaysreport.org/wp-content/uploads/2015/09/Who-Pays-FINAL.pdf>
- 2 <http://whopaysreport.org/wp-content/uploads/2015/09/Who-Pays-FINAL.pdf>
- 3 <https://filene.org/assets/images-layout/Webinar-Breaking-Out-of-the-Debt-Cycle-Justice-Involved-Financial-Services-10082020.pdf>
- 4 <https://www.theatlantic.com/business/archive/2017/05/bail-bonds/526542/>
- 5 <https://www.prisonpolicy.org/reports/money.html>
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