

# Benefact.

**PROJECT PROSPECTUS**  
**NOVEMBER 2018**



Understand  
**everything** you  
need to know to  
make the **change**  
you want to see.

**For the past century, the for-profit sector has been flooded with the services required to analyze the landscape and act on it.**

**But the **for-purpose** sector is years behind. The data is scattered. No one has made sense of it all. And it's nearly impossible to leverage it for greater impact.**

**We believe the pieces are in place for this to **change**.**

# Despite abundant resources and best intentions, the field of social change is **fragmented and disorganized.**

- It's not clear who's doing what and why.
- It's not clear what is and is not working.
- It's not clear what trends matter most.
- It's not clear who is and is not in the field.
- It's not even clear what to call it!\*

\*We like, and will use, **World Improvement.**

**Far more  
information exists  
than is currently  
being processed  
effectively.**

**INSIGHT 1**

**Trends in machine learning and human-computer analysis make it easier than ever to understand massive amounts of data.**

**INSIGHT 2**

**INSIGHT 3**

**Every existing solution covers a slightly different slice of the landscape – and therefore has access to a fraction of relevant data.**

**INSIGHT 4**

**Most existing solutions are too complex to understand or use effectively.**

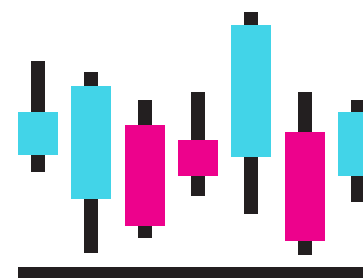
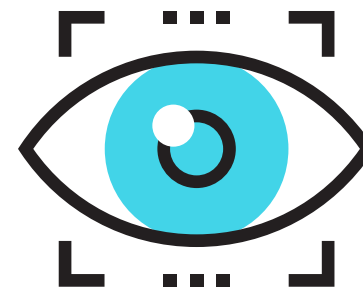


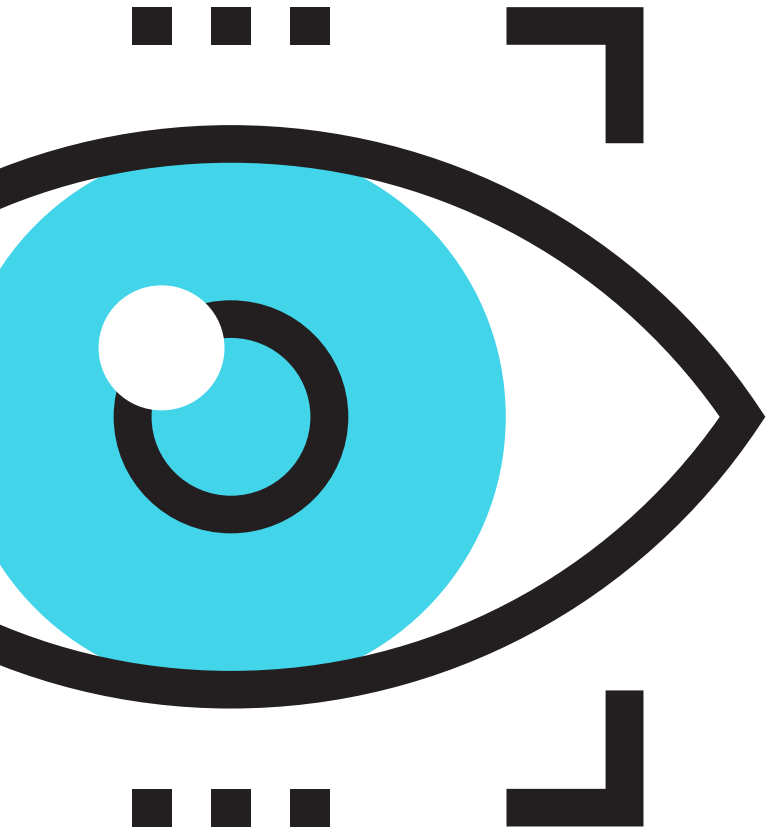
**By contrast,  
effective solutions  
already exist within  
non-philanthropic  
capital markets.**

# **Benefact**

**will use proven private sector approaches to data collection and analysis to unite, organize, and simplify the trends and stakeholders within the world-improvement landscape.**

**Benefact combines sophisticated machine learning, comprehensive expert analysis, and obsessive attention to the user experience to create the **one-stop terminal for world improvement.****



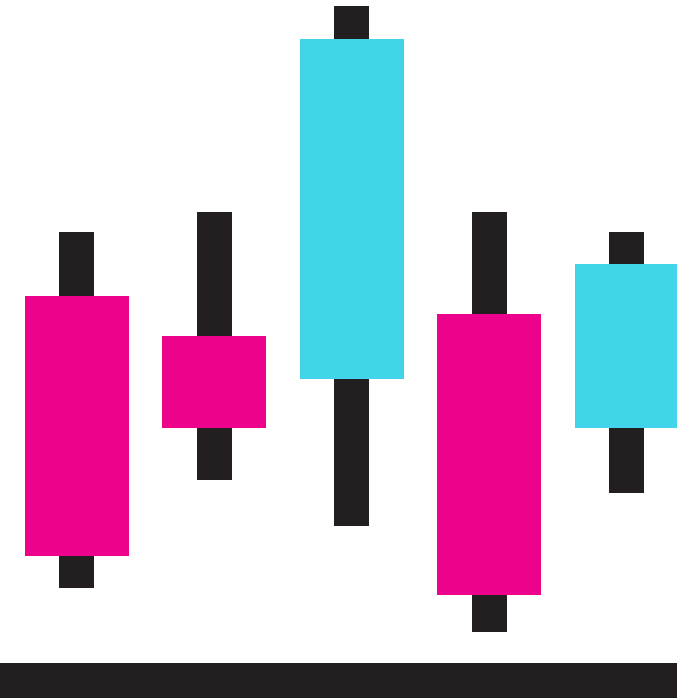


# Machine Learning

Rather than relying purely on what users themselves submit, Benefact scours the sector to make sense of:

- Impact evaluation
- Stakeholder websites
- Annual report filings & meeting minutes
- Journal articles and scientific research
- Media & press releases
- Investor/supporter pages
- Industry publications & analyses
- Government documents

*(Right now, most databases only pull from IRS Form 990s.)*



## Expert Analysis

Trained analysts make sense of machine-curated information to separate the signal from the noise. The result is compelling content and data visualization that makes it easy to understand the complexity of what's actually happening today – and how that will impact tomorrow.

Users experience the difference between guessing what might change the world and understanding what will.



## Exceptional User Experience

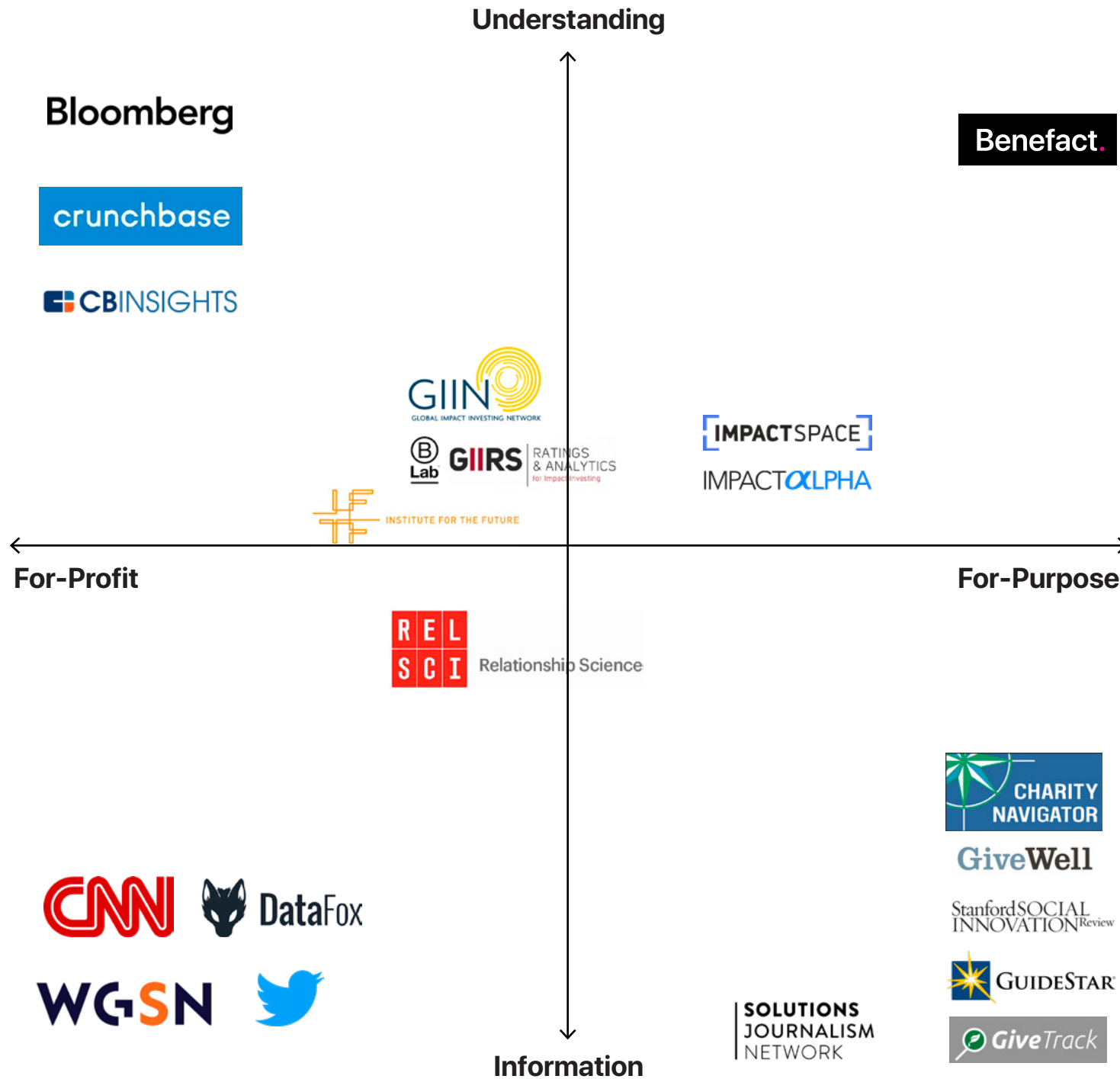
Benefact shifts the focus from providing information to **ensuring understanding**, obsessively simplifying the process of navigating information. By providing value to numerous kinds of stakeholders – and collecting data on how they use the product – we’ll be able to support, connect, and grow an integrated world-improvement community.

All of this is run through...



Algorithms produce high quality analysis, designed to tap the **enlightened self-interest** of users.

Users are compelled to make their mark on the data, further improving analysis and continuing the cycle.



**We are the only one-stop shop for world-improvement.**

Information does not automatically lead to understanding. The for-profit sector understands this. The for-purpose sector needs to catch up.

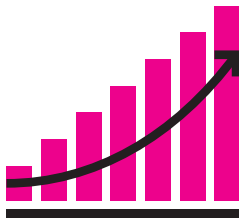


# The World Improvement market is growing faster than ever before – but no one is organizing it.

- \$410 billion in US charitable 'deals' in 2017
  - 33% increase since 2010
  - Comparison: \$102 billion in venture deals
- \$38 billion in social impact Investing deals
  - Up \*58%\* from 2016
- \$890 billion in US philanthropic assets (\$2 trillion globally)
- \$700+ billion in government grants awarded in 2017
- Analogous solutions within private sector charge between \$700-\$25,000/yr

## There are key risks in the space, but they are subsiding with time.

- World Improvement sector appetite for paid product unknown
- Reasonably good competitor (ImpactSpace) in fast-growing Social Impact Investing space
- Much more volatile data landscape compared to private sector



# Just as Bloomberg Terminal targets the financial sector at large, Benefact will target the **World Improvement** sector at large.

- **Foundations and family offices** that need to construct effective portfolios and generate deal flow
- **Government entities** that provide grants and loans – or want to solve a significant social problem
- **Impact Investors** who want to better understand what “impact” even means, and how to cause it
- **Organizations** (whether non-profit or for-profit) trying to improve society efficiently and effectively

# World Improvement Actors in Urgent Need of Benefact



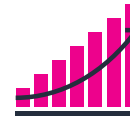
## Philanthropic Foundations

- Analogous to non-philanthropic actors
- Clear existing use case
- Available liquid capital



## Government Lending Agencies

- Extremely deep pockets
- Demonstrated need for rigorous vetting
- Con: Much longer sales cycle



## Impact Investors

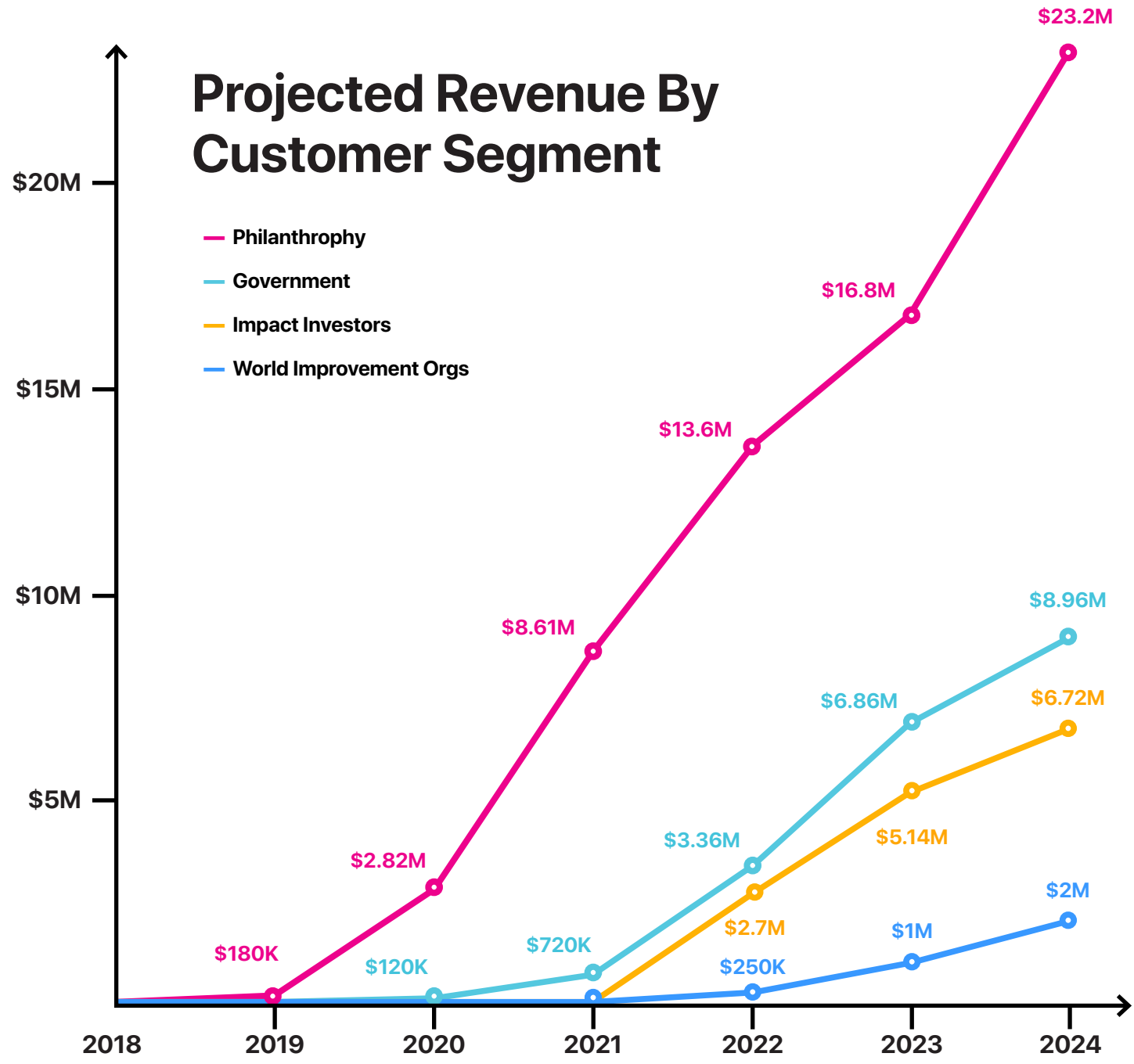
- Extremely high growth sector
- Familiarity with analogous tools
- Con: Superior analogous competitors



## World Improvement Organizations

- Need integration/differentiation from 'competitors'
- Need to understand fundraising trends
- Large market (~1.5M nonprofits, ~ 200K social enterprises)

# Projected Revenue By Customer Segment



- Philanthropy represents existing customers, aiming to capture 10% of the foundations market and 50% of the top foundations market within 3 years.
- The product for NGOs and social enterprises will be released late in year 3, serving as loss leader for ~2 years to enhance data flywheel, then pricing up once demand and growth accelerate.
- The government entity project will be released once it's out of Beta and anticipates an 18 month sales cycle
- The impact investor product will launch in year 4 (assuming slightly slower growth and approx. \$100B in deals).

# How do we know people would pay for this?

Our price projections are modeled from analogous services and markets across the sector.

- **Crunchbase Pro:** \$29/mo  
*Most analogous to our World Improvement Organization pricing*
- **ImpactAlpha:** \$50/mo  
*Most analogous to our Small Foundation pricing*
- **Guidestar Premium:** \$120/mo
- **Crunchbase Business:** \$999/mo  
*Most analogous to early Impact Investor pricing*
- **Pitchbook:** \$1500/mo  
*Most analogous to our Impact Investor pricing*
- **CBInsights Basic:** \$4100/mo  
*Most analogous to our Major Foundation pricing*
- **CBInsights Prime:** \$8300/mo  
*Most analogous to our Government Grantmaking pricing*
- **CBInsights Premium:** \$20,000/mo

*Prices above are per user.*

# 5-Year Financial Projections

	2019	2020	2021	2022
<b>Customers (EOY, Philanthropy)</b>	30	2,710	9,200	11,910
<b>Customers (EOY, Government)</b>	0	0	2	5
<b>Customers (EOY, Impact Investor)</b>	0	5	30	140
<b>Customers (EOY, WI Org)</b>	0	0	150	15,000
<b>Revenues</b>	\$180,000.00	\$2,941,500.00	\$9,457,000.00	\$19,903,000.00
<b>Expenses</b>	\$1,478,566.67	\$3,295,069.44	\$5,772,010.51	\$11,422,844.44
<b>Headcount</b>	14	32	53	84
<b>Operating Margin</b>	N/A	-12.02%	38.97%	42.61%

→ Our primary customer will be the “Top 1000” philanthropic foundation – the Top 1000 account for over 50% of total philanthropic giving across America (of its 78,000 Foundations) – with foundations outside that top 1000 also forming a relevant customer group.

→ Our secondary customers – impact investors and government grantmaking organizations – will be sold to at a higher price point once the product has been further optimized. World Improvement organizations themselves are primarily valuable for their contributions to the data flywheel but can turn profitable subsequent to five-year projections after sales infrastructure scales

→ Price has been conservatively estimated to be around half of analogous competitors for analogous customers, offered initially at a significant discount while the product is optimized.

**Our strategy is to solve an immediate need while preparing to serve the entire landscape.**

## Phase 1

*Focus on philanthropists | Year 1-3*

- Perfect value proposition, including machine learning algorithm, optimal form of analysis, and UX insights
- Develop understanding of ideal pricing strategy and market
- Precisely define and articulate value-add
- Capture 10% of the philanthropic market, including 87K foundations in the US
- Capture 50% of the “Big 1000” Philanthropic orgs, which contribute roughly half of all philanthropic capital

## Phase 2

*Grow the market, optimize the data flywheel | Year 4-6*

- Design low-price offering optimized for sector stakeholders themselves
- Expand value proposition (talent platform, network maps, funder/supporter deal flow)
- Secure 10% of the World Improvement market

## Phase 3

*Pivot into larger pools of capital | Year 4-10+*

- Refine data security and value proposition for government contracts and compliance
- Crystalize value proposition for social-impact investors



## Phase 1 Detail

# Focus on delivering value to philanthropists.

- **Perfect Machine Learning Algorithms**
  - Hire developers
  - Define ideal data sources
  - Structure information in most actionable way
- **Package Product Successfully**
  - Understand most important use cases & user needs
  - Integrate machine learning with analysis
  - Solidify viable unit economics
- **Capture Market Foothold**
  - Identify and delight wedge 'evangelists'
  - Tweak product to capture adjacencies
  - Integrate into philanthropic operations



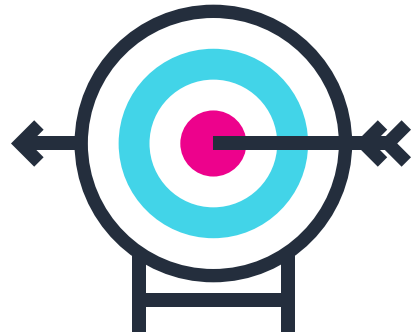
**Our partners bridge  
the gap between  
financial rigor, cutting  
edge technology,  
and powerful world  
improvement.**



# Graduate from trying to change the world to **actually doing it.**

- Move from chaos to clarity
- Convert information into understanding
- Capitalize on emerging technology
- Lean on proven models
- Embrace a growing market





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everything you  
need to know to  
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