SIS Omni Launches the ARC Fund to Increase Capital for Entrepreneurs Facing Scarcity of VC Money

The U.S. initiative is backed by UBS and the Annenberg Foundation and centers on an innovative form of capital raising called equity crowdfunding

New York City, New York Feb 21, 2024 (Issuewire.com) - The ARC Fund, part of SIS Omni, launched three Community Rounds today to support underrepresented impact entrepreneurs raise growth capital between $250,000 and $5,000,000 over a three-month "equity crowdfunding" campaign using the Wefunder platform in response to the scarcity of capital as venture capitalists hold on to funds due to the uncertain economy, banks lend less, and interest rates remain high, forcing startups led by underestimated founders to find alternative sources of capital to survive and grow.

The Kauffman Foundation reported that nearly two-thirds (65%) of new businesses will use personal and/or family savings to cover their startup costs. Without an innovative source of capital to provide a "bridge" round to get startups through this tough economic period over the next few years, many overlooked entrepreneurs will close their doors.

- By the end of 2022, adverse market conditions led to a 36% drop in overall venture capital dollars, but Black entrepreneurs saw a 45% decrease in financing.
- Women-only teams secured only 2.8% of venture capital in 2023, the lowest in four years.
- In 2020, Black and Latinx founders only represented 2.6% of all venture capital funding ($2.3BN).
- Nearly 20% of all startups have raised money at a lower valuation than they had previously, up from 5% in 2021, according to Carta.
- More startups shut down in the third quarter of 2023 since Carta began tracking the data almost five years ago; more than 543 startups on Carta's platform have shuttered.

Wefunder empowers entrepreneurs to crowdfund capital from individual investors due to a provision in the 2012 JOBS Act which allows unaccredited investors to purchase equity in early-stage private companies in the United States for as low as $100 per person.

The ARC Fund has launched Community Rounds with the following underrepresented impact entrepreneurs:

- Nopalera is a Chicana-owned clean collection of bath and body products made from the Nopal cactus, an ancient symbol of Mexican heritage and one of the most nourishing plants in the world.
- EQL Finance is committed to democratizing financial wellness through the innovative use of technology, expanded access to financial services, and compassionate care. The company's goal is to provide individuals and families from all backgrounds and circumstances with the resources and tools they need to achieve their financial objectives and improve their overall financial health.
- Maxam Hotels is a hospitality venture that is building an off-grid resort in Belize using electric car batteries. The company just completed five units on their newest project in the Finger Lakes, documented for a TV show that airs on the Design Network.

One of the most significant issues in the startup world is the underrepresentation of women and entrepreneurs of color in venture capital funding. Studies have consistently shown that these groups face systemic biases that hinder their ability to secure investment. Equity crowdfunding helps close this gap by providing these founders with a more accessible path to capital.

- When looking at equity crowdfunding success percentages, campaigns run by women-only founders had an 87.5% success rate compared to 41% for men-only founders. Minority-only founders also had a higher success rate (46%) than men-only founders.
- Startups with female founders represent between 10% and 15% of all investor crowdfunded deals since 2020, and startups with founders of color have represented between 10% and 28% of all investor crowdfunded deals since 2020.

For underrepresented impact entrepreneurs accepted into the program, the ARC Fund will prepare the crowdfunding online campaign page seen by investors, write a video script, lead a launch-day investor webinar, provide strategy sessions and coaching to the entrepreneur, build a campaign calendar, work with Wefunder on administrative steps, and more. Hatchet Ventures will also provide hands-on advisory support to founders facing startup challenges tied to operations, product development, pricing, customer acquisition, and marketing strategy, among others.

An equity crowdfunding round means that a startup lets thousands of its customers, users, and fans invest alongside venture capitalists and angel investors. Crowdfunding rounds leverage Regulation CF, where an entrepreneur can raise a maximum of $5,000,000 per year from unlimited investors. Anyone can invest, not just accredited investors. All investors in a Crowdfunding Round are rolled up into a Special Purpose Vehicle and thus represented by one line on a cap table.

About The ARC Fund

The ARC Fund (www.sisomni.com/arcfund) is an alliance of companies, foundations, and organizations supporting underestimated entrepreneurs and proximate founders through equity crowdfunding campaigns (community rounds) on Wefunder. The ARC Fund addresses the growing need for alternative sources of capital in this challenging economy, especially for entrepreneurs who often face barriers accessing traditional venture capital while strengthening pathways to democratize investing by giving all people the ability to purchase equity in early-stage private companies in the United States for as low as $100 per person. UBS and the Annenberg Foundation are funding partners of the ARC Fund, with additional partnerships with Wefunder and Hatchet Ventures.

Disclaimer: We are gauging investor interest in an offering under Regulation Crowdfunding. No money or other consideration is being solicited. If sent, it will not be accepted. No offer to buy securities will be accepted. No part of the purchase price will be received until Form C is filed and only through Wefunder's platform. Any indication of interest involves no obligation or commitment of any kind.

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