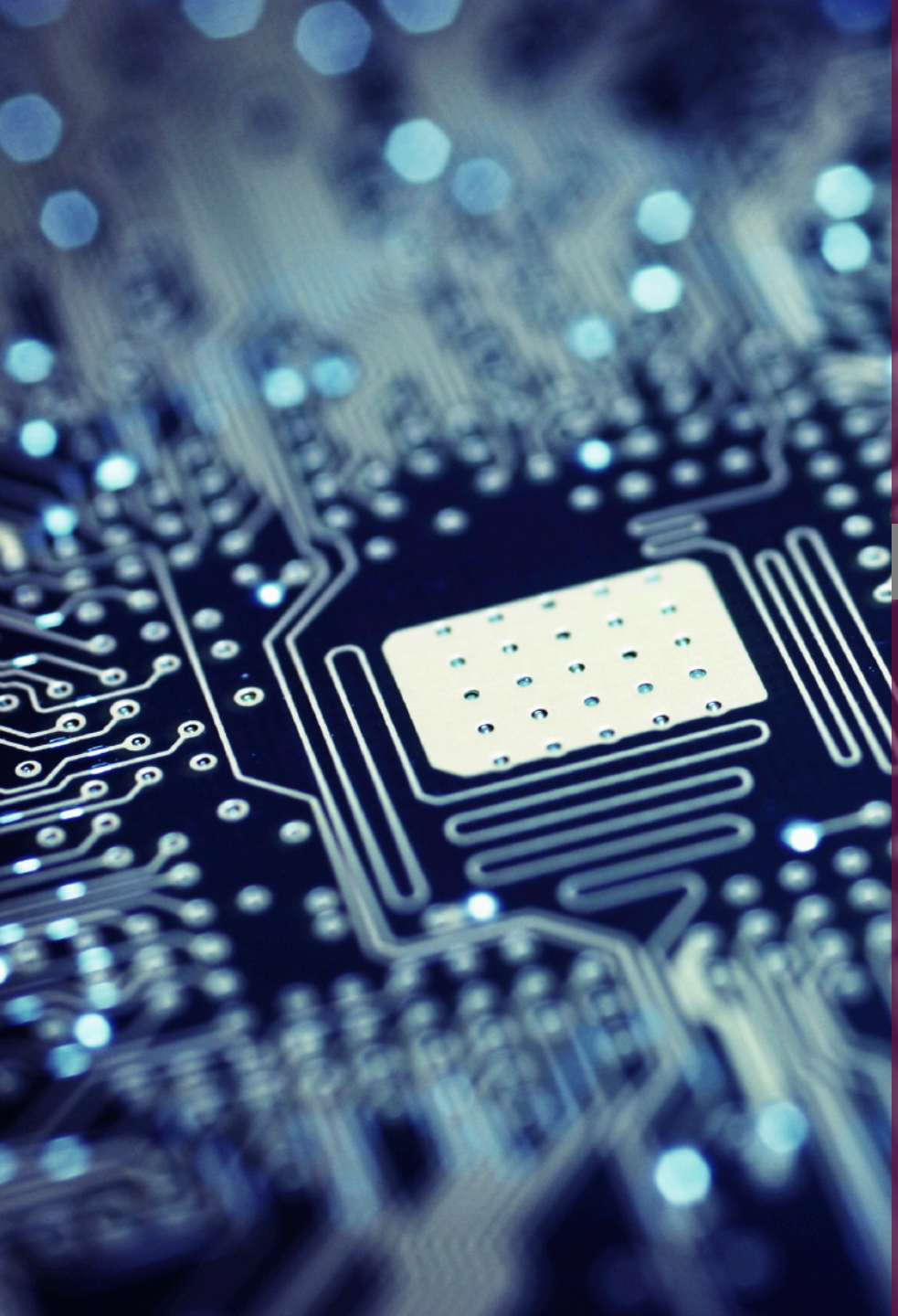
Retrospective Assessment – US Civic Tech

June 2018

Please Note: This is a modification of Dalberg's report, which was created and intended for Omidyar Network's Governance & Citizen Engagement initiative's internal use. Several sections and slides have been removed for brevity and confidentiality. Therefore, some content about particular organizations and strategies is not included in this deck



Civic tech – summary of findings

Evolution and impact

Role of GCE

Lessons learned

Civic tech has evolved through distinct phases: early exuberance, rapid growth—and more recently—reevaluation

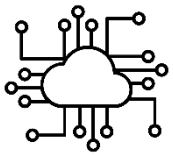
2004 — 2018

	Inception (Pre-2008)	Dissemination and demonstration (2008-2016)	Reevaluation (2017-2018)
	Civic causes mix with Web 2.0[1] to catalyze civic tech	*Obama election and leadership catalyze greater interest in civic tech including in Silicon Valley*	*Election intensifies concerns about tech*
Critical developments	**2004** – Personal Democracy Forum (PDF) explores intersection of government and technology **2006** – Sunlight Foundation founded to improve gov accountability **2008** – First Apps for Democracy contest; first concept of Chief Innovation Officer (CIO); Obama election with social media success	**2009** – Open Government Initiative starts; first US Chief Technology Officer (CTO) named; Tim O'Reilly begins evangelizing Gov 2.0; Code for America founded **2010** – Boston launches Office of New Urban Mechanics **2012** – Obama launches Presidential Innovation Fellows; Bloomberg funds first innovation teams and Mayor's Challenge; CIOs named in MD, MA, Louisville, SF, NYC **2013** – Healthcare.gov botched rollout; Sunlight Foundation identifies $1.3 trillion missing from federal funding website; Govtech Fund launched **2014** – Andreeseen Horowitz invests in OpenGov **2015** – Change.org reaches 100 million users; Nextdoor becomes unicorn; Google sets up Sidewalk Labs	**2017** –2016 election draws attention to negative potential for civic hacking, with some civic tech talent leaving federal government; Sidewalk Labs secures Toronto site **2018** – Cambridge Analytica leak draws further attention to negative potential of civic hacking

Notes: 1. Websites with user-generated content, usability, and interoperability.
Sources: Dalberg civic tech survey, 2018; Stakeholder interviews, 2018; Dalberg news analysis, 2018

Psychosocial, technological, and market-based drivers defined initial expectations for the field…

Champion enthusiasm: The **belief in technology as a mechanism for civic change** galvanized civic tech but also raised expectations to unrealistic levels.



Technology change: Rise of **low-cost cloud infrastructure, the open source community, and software as a service (SaaS)** reduced **barriers to entry**.

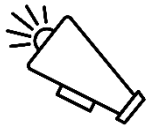
Push for local solutions: Champions and followers desired to **address local problems** and viewed cities as **incubators** where change was easier than at other levels.

Focus on commercial success: A wave of startups experimented with different business models, and their expectations for returns shaped VC interest.

…and political drivers produced tailwinds and later headwinds

Growing civic expectations: Individuals **expecting more** from government, **questioning privacy & security costs**, and **exerting pressure to improve democracy and services**.

Federal political climate: Federal leadership channeled **political will, energy, and public visibility** towards civic tech under Obama—which decreased under Trump.



Politicization of movement: Trump-era anxiety has **split the movement** between advocates of non-partisanship, and those focused on the political process.

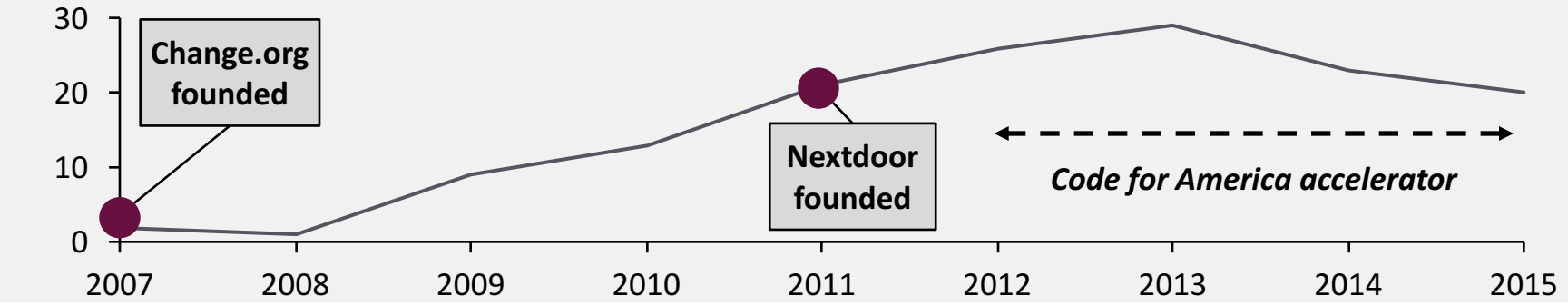
Sources: Stakeholder interviews, 2018; Dalberg civic tech survey, 2018

The *market* grew in waves, with steeper growth starting in 2008

Supply: 200+ for-profit and non-profit civic tech solution providers have been created. The wave of new startups started to plateau 2013-2015. Many companies face financing constraints and difficulties in realizing exits.[1]

Supply of civic tech solutions[2]

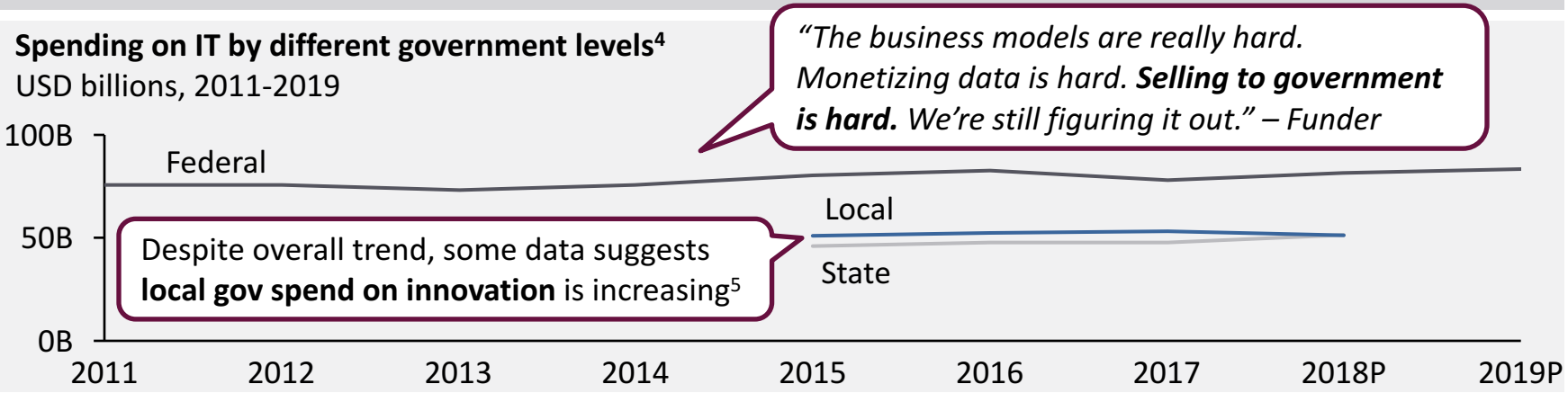
# of companies and NGOs listed on Crunchbase, by start year, 2007-2015



Demand: Demand exists, but has been difficult to access. Government IT spending has remained stable with high barriers to entry (e.g., procurement, staff skills). C2C[3] demand has been difficult to monetize.

Spending on IT by different government levels[4]

USD billions, 2011-2019



Notes: 1. BNP Paribas, "Can Civic Tech Save Democracy?" 2017. 2. Crunchbase sample of 178 companies selected in Engines of Change research, accessed April 2018. Some companies were founded before 2007 and are not shown on this graph. Companies established in 2016-2017 are not shown on this graph given methodology differed slightly between Engines of Change analysis and follow-up work post-2015. 3. C2C: Citizen to Citizen. 4. ITDashboard.gov, "IT Spending FY 2011-2019," accessed May 2018; Govtech.com, "2018 GovTech100: Raising the Profile," 2018. 5. Garter, "Market Insight: State and Local Government IT Market Primer, United States, 2015."

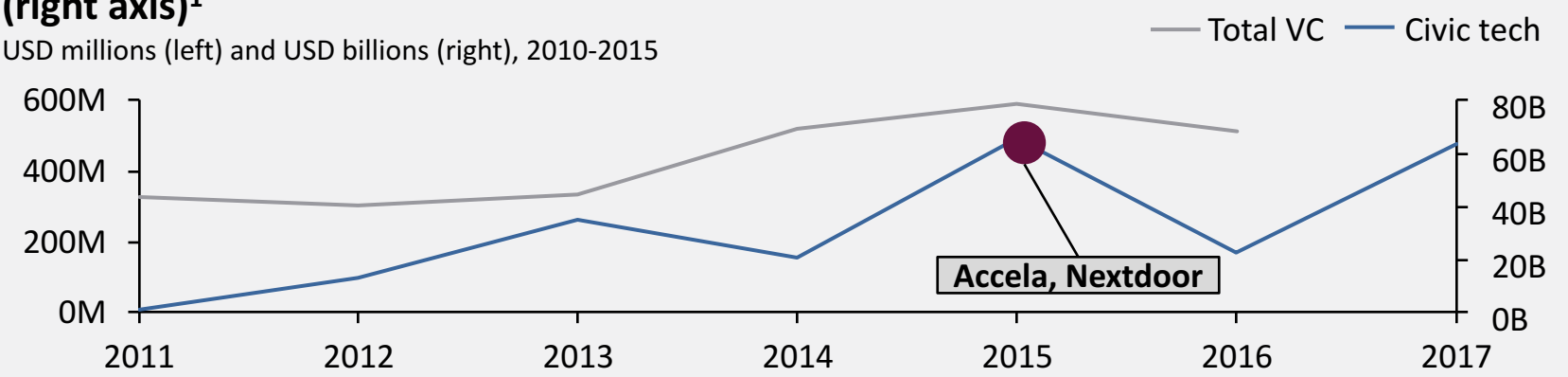
Sources: Stakeholder interviews, 2018

A funding *ecosystem* emerged in ~2010—but has yet to reach scale

VC funding for US civic tech (left axis) vs VC funding (right axis)[1]

USD millions (left) and USD billions (right), 2010-2015

*Civic tech gets <1% of **VC funding***



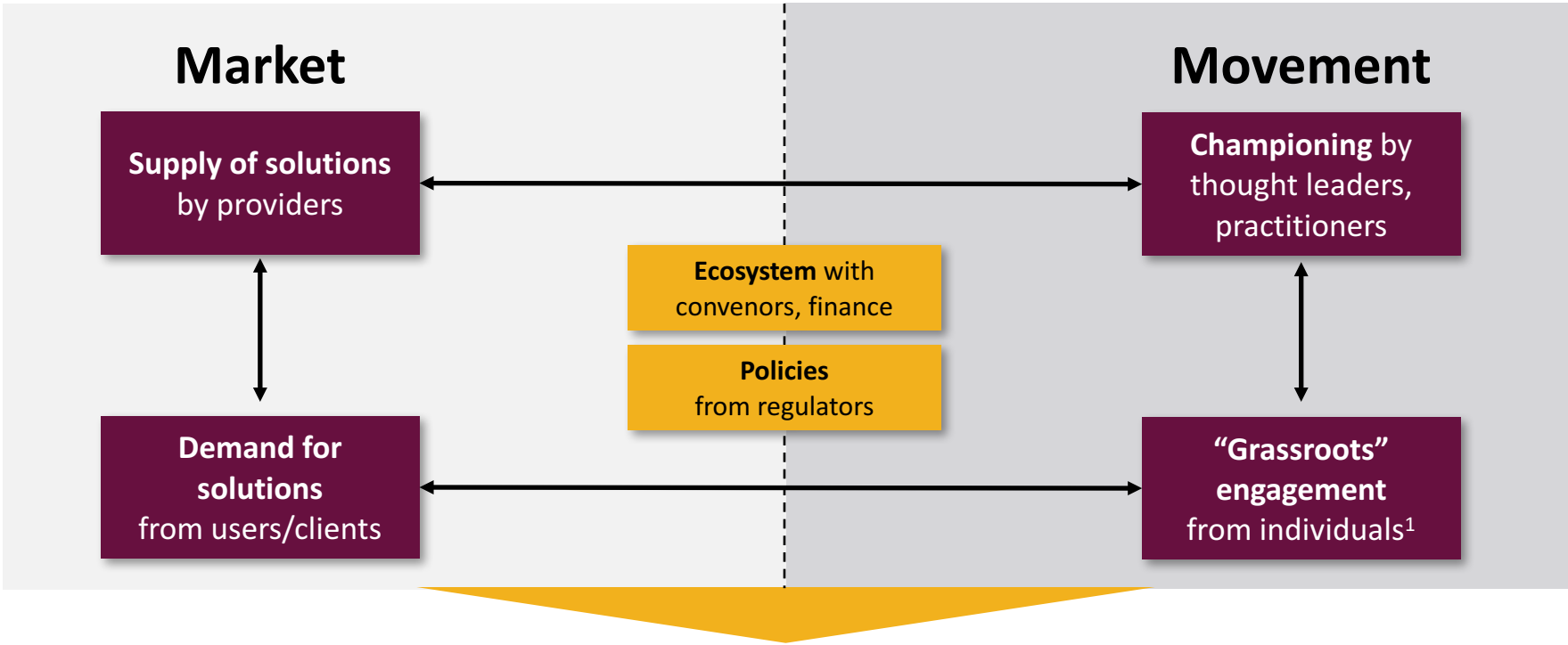
Profiles of key funders[2]

***Philanthropies support ecosystem** by financing for-profit and non-profit solutions, convening actors, etc.*

Funder	*GCE (now Luminate)*	*Knight*	Bloomberg Philanthropies	Rita Allen Foundation	*Reid Hoffman*
Total invested	~$76 million	$25-50 million	>$250 million	$5-10 million	$35+ million
Main focus	Civic tech	Civic tech	Gov innovation, cities	Civic engagement, democracy	Change.org, CfA, political tech
Timeline	2006-Present	2010-2017	2012-Present	2010-Present	~2014-Present

Notes: 1. BNP Paribas, "Can Civic Tech Save Democracy?" 2017; ON and Purpose, "Engines of Change," 2016. We have included civic tech funding estimates from BNP Paribas and ON/Purpose to show data from 2011 to 2017. The values for 2013-2015 differ slightly because BNP Paribas looked at a different set of companies: approximately 100 of the biggest startups in the civic engagement ecosystem in North America. The Engines of Change report looked at nearly 200 civic tech companies. The overarching trends are similar. This graph shows an average of the BNP Paribas and ON/Purpose estimates for 2013-2016. 2. Funder websites. Amounts are approximate as many funders do not categorize spending as "civic tech."
Sources: Stakeholder interviews, 2018; Dalberg civic tech survey, 2018

Civic tech has demonstrated its ability to create positive impact for people as a *market* and a *movement*



Examples

SeeClickFix

3.8 million issues *reported by over* ***one million registered users*** *in Q4 2017*

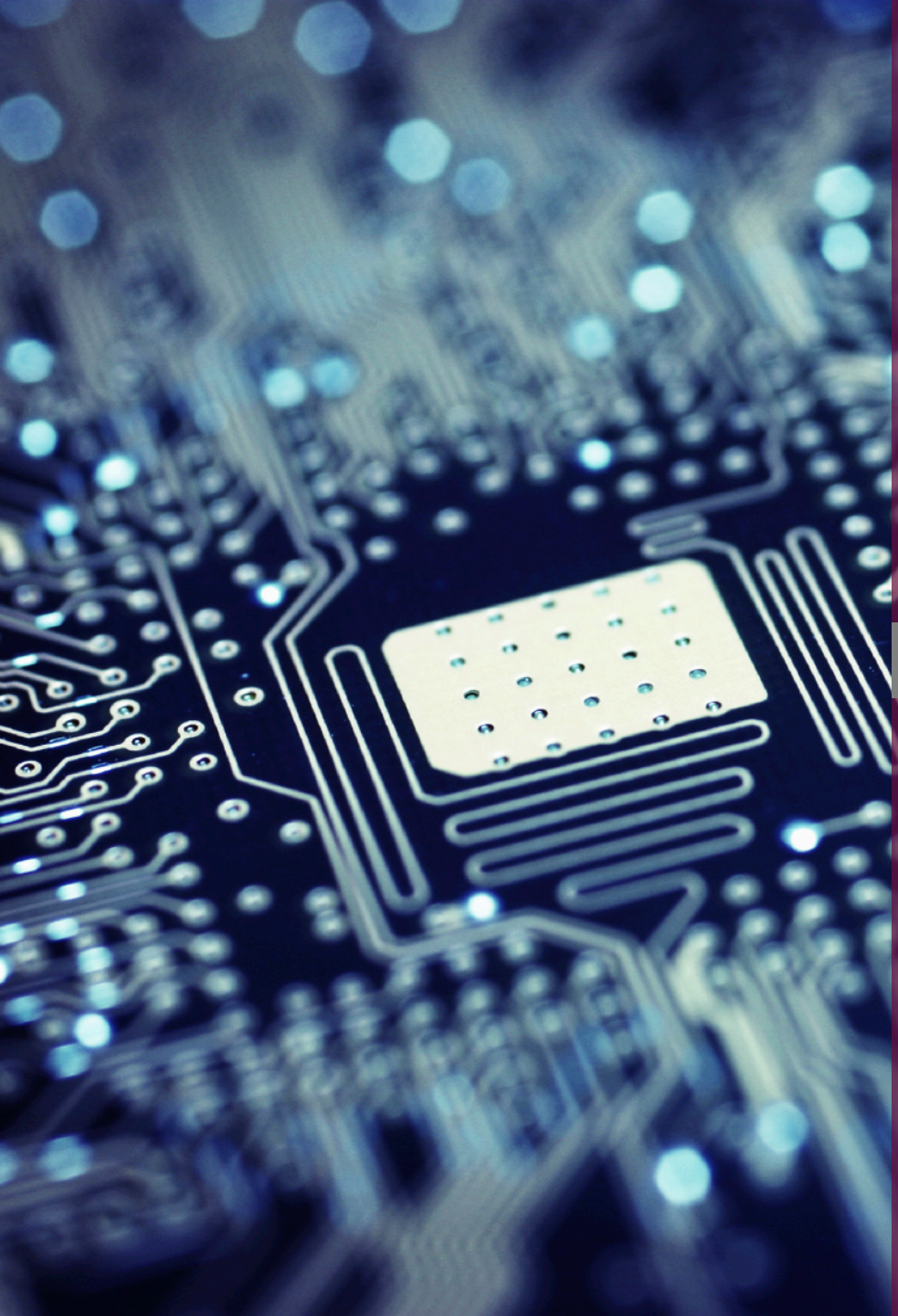
change.org

Victories include passing a ***Bill of Rights for sexual assault survivors*** *into federal law, passing a* ***disability rights bill,*** *and* ***extending healthcare for Sep 11 first respondents***

DO SOMETHING .ORG

"Defend Dreamers" campaign led to 5,825 phone calls to Congress*, 530 Dreamers/DACA Recipients stories shared, and 170 voter registrations*

Notes: 1. Where possible, we have used the word "individuals" rather than "citizens" to capture more US residents. However, we have used "citizen" where use of this term was explicit (e.g., when recapping previous GCE strategies, definitions, language).



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From 2014 – 2018, GCE's civic tech activities evolved in three phases

Phases	*Goals / Hypotheses*	*Approaches*
CT within gov transparency[1] (Pre-2014)	• **Fair and open societies** empower citizens • **More effective governments** deliver better services that improve lives	• Support **individual actors** (e.g., Sunlight Foundation, Code for America) and **promote collaboration between them**
Civic tech (2014-2016)	• **Civic tech** can enhance service delivery and increase people's participation in government	• **Invest in early-stage innovations** to prove sustainable civic tech solution models • **Build the civic tech ecosystem** by supporting key organizations and the community (e.g., CfA) • **Promote favourable regulations** through influence activities • **Promote use of civic tech** through influence activities & investees
Civic tech (2017-2018)	• Civic tech helps **government** deliver the best possible services to those who need them—and **citizens** engage and participate in decision-making to drive responsive, accountable governments	• **Invest in civic tech platforms** (e.g., SeeClickFix) • **Fund capacity-building organizations** to strengthen the ecosystem (e.g., CfA) • **Support networks, nodes, and collaboration** to increase the supply of civic tech innovations (e.g., Civic Hall) • **Support research and learning**

GCE IMPACT OBJECTIVES:

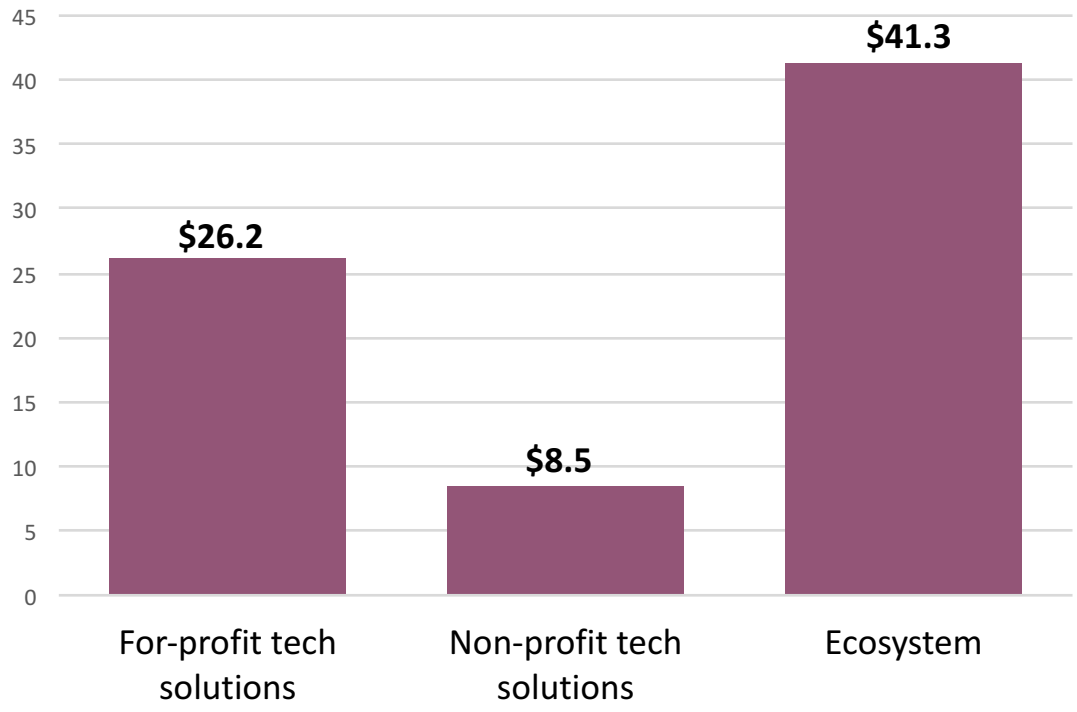
- **Ecosystem building**
- **Solution development** (Govtech, Citizen-to-Government, Citizen-to-Citizen)
- **Government use and support**
- **Citizen use and engagement**

Against these objectives, GCE invested ~$76 million in the U.S.

Note: investment data current through December 2017

INVESTMENT ACTIVITIES

GCE US civic tech investments
USD millions, 2006-2017 (n=21)[1]



NON-INVESTMENT ACTIVITIES

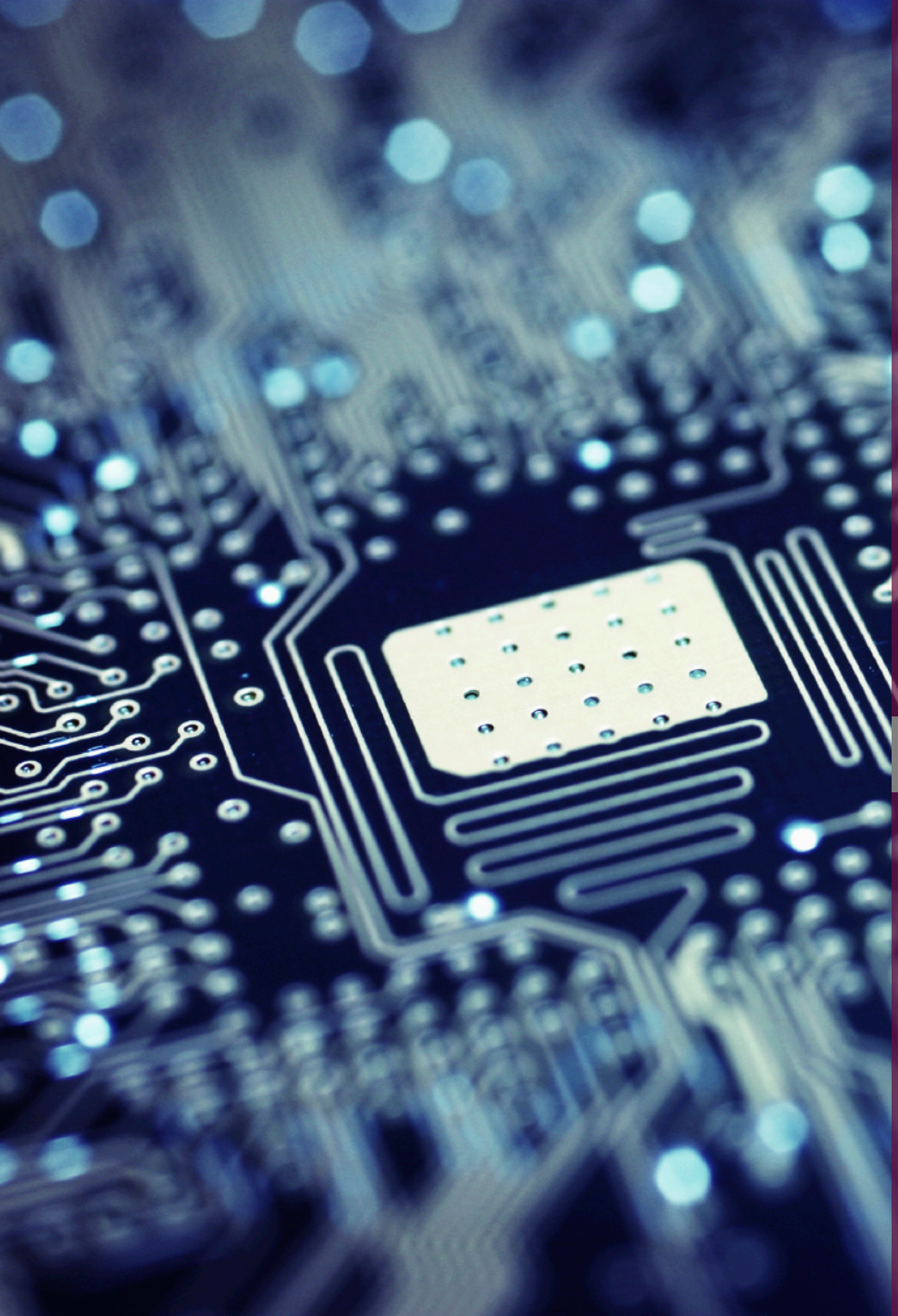
- **Creating research and thought leadership** (e.g. "Engines of Change")
- **Supporting and hosting convenings** (e.g. PDF, Building the Business of Civic Tech) and bringing together grantees to network
- **Providing capacity building** for GCE grantees via governance, executive coaching, and strategic advice
- **Trying to bring in other funders** and to introduce grantees to other funders
- Playing a leading role in the field via **Board representation**

Notes: 1. Data accurate as of December 2017. Sources: GCE data, 2018; Consultations with GCE team. See reference section for full list of investees during this time period.

We've celebrated positive progress and continue to look for ways to overcome obstacles to further impact

	Key Results	Strengths	Challenges
Direct impact	• SeeClickFix has **reached over one million users**[1] • DoSomething.org now has **almost 6 million total members** (Dec. 2017)[1] • In San Diego, Unite Us **reduced time to house clients from two weeks to 1.5 days**[1]	• **Taking risks on new organizations and providing critical early-stage funding** (e.g. Urban Innovation Fund) • **GCE funding serves as a vote of confidence**, signaling that a company is credible/viable, which can encourage additional funding	• Definitions of **end impact in civic tech vary by solution and have been difficult to capture**[3] • **Many for-profit civic tech companies have sustainability challenges** • Several individuals think GCE **could do more to bring in additional investors**
Ecosystem	• **About half of CfA fellows have worked in government and/or civic tech companies** after fellowships • **Civic Hall membership has grown since 2015** to 481 individual and 156 organizational memberships (Dec. 2017)[1]	• **A holistic approach has helped build the ecosystem of a new field —** including research, collaboration, and field leaders • **Code for America stands out as particularly catalytic** given its roles across many aspects of the ecosystem	• **Interviewees have noted challenges in crowding in additional funders**— resulting in few major funders for civic tech today • **Resilience of field-building investees varied** – e.g., CfA vs. Sunlight
Policy	• **GCE has primarily had indirect impact on policy level**[2] • CfA founder, Jen Pahlka, also served as the US Deputy CTO where she **helped found the USDS**	• **GCE seeded talent**, especially via former CfA and FUSE fellows, that brought civic tech ideas into US federal, state, and local governments	• GCE chose not to **put more concentrated support behind certain policy issues** (e.g., procurement), which continues to be a challenge

1. GCE data and documents, 2018. 2. The current interpretation of "policy" in the civic tech accountability matrix captures proof points related to broader government administration—rather than a strict definition (e.g., legislation). 3. Kate Krontiris, "The State of Impact in Civic Tech," 2015.



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Lessons learned

The past decade has underscored learnings about how to frame, discuss, fund, and support the civic tech field

Learnings	Implications
1. Civic tech is most effective when understood as a means to an end	Mobilize civic tech efforts around **priority issues**
2. Civic tech **almost always interacts with political agendas**, even if technologists' aims are apolitical	**Take a stand** on major issues and build bipartisan coalitions, where possible
3. Business models **have not met Silicon Valley expectations; more innovation in funding models** is required	**Re-explore possible business and funding solutions for civic tech**—and consider funding models from other mission-driven sectors
4. Big tech is crowding out civic tech – both as places for political discussion and as govtech contractors (e.g., Facebook, Reddit, Oracle)	**Push big tech towards civic outcomes** and support policy advocacy that resists tech consolidation
5. Building resilient organizations requires a **clear exit strategy and holistic efforts to support growth**	**Define "end game" and "exit strategy,"** build leadership teams, and advise grantees on **how to stay relevant in changing field**
6. Crowding in funders is important—and difficult to do	**Explore new strategies to crowd in funding**, including bringing in funders of adjacent areas (e.g., smart cities, democracy)

Civic tech is a political means to an end

	Lesson learned
Civic tech itself is a "tool" but not an end in itself	• **Civic tech has captured energy, and it can continue to do so**. Individual expectations—based on private sector experience—and pressures faced by governments will likely continue and embed norms across the nation. For example, based on one sample, 34% of cities have dedicated staff for innovation and 49% have staff dedicated to data.[1] • **Yet civic tech is a means, not an end.** Unlocking civic tech's full potential requires defining a clear problem and deploying civic tech as one solution within a much larger effort to realize expectations for improved government and civic life. This framing can energize champions and link to other non-tech tools/approaches (e.g., broader organizing movements). *"[GCE should] expand [the] definition of civic tech, and **focus on how it can be an enabler rather than a goal in & of itself"** – Survey respondent*
Civic tech is political	• **Civic tech issues are inherently political.** For example, over 70 positions in PCAST and OSTP were left vacant in 2017 after Trump hiring freeze.[2] **Service delivery improvement is political** when the existence and nature of services themselves is political (e.g., food stamps). • **Growing politicization affects talent motivation, activist energy, and policy success**. For example, recent bipartisan bill HR 4174 for evidence-based policymaking stalled due to data privacy concerns stirred up by political scandals involving the 2016 election.[3]

Notes: 1. Bloomberg American Cities Initiative, "2018 American Mayors Survey," 2018. 2. Science, "Trump's White House science office still small and waiting for leadership," 2017; CBS News, "Donald Trump's science office is a ghost town," 2017; Motherboard, "These Are the Science and Technology Policy Jobs Trump Still Hasn't Filled," 2017; Recode, "A key White House science council is still vacant — but the Trump administration doesn't plan to kill it," 2017. 3. Congress.gov, "H.R.4174," accessed May 3, 2018.
Sources: Stakeholder interviews, 2018; Acronyms: PCAST – President's Council of Advisors on Science and Technology; OSTP – Office of Science and Technology Policy

Many business models have not met Silicon Valley expectations

Lesson learned

VC funding models have not been a good fit for many in the field (1/2)

- Despite **expectations of Silicon Valley-like business opportunities** for civic tech, ten years of experimentation **have shown many companies are not ready** for venture-capital based models.
  - Only one in five survey respondents reported profitability and nearly 50% of respondents agreed that funding is insufficient.[1]
  - Only one civic tech company (Nextdoor) has reached unicorn status.
- **However, Govtech and urban tech** have attracted more commercial interest (e.g., GovTech Fund, General Catalyst, 8VC), indicating that companies focused on gov't service delivery may have more VC potential than civic tech companies focused on engaging individuals.
- **Many civic tech solution providers – especially non-profits – can cover a portion of their expenses, but not all.**
- The track record of civic tech business models, to date, suggests **innovation around funding models—including greater access to capital on the spectrum between grants and market-rate investment—will be critical going forward**

*"This [Govtech] is a $450 billion global market, and there is a **decades-long innovation cycle that needs to happen** – not just in the US, but globally." – Ron Bouganim, founder of GovTech fund*[3]

Notes: 1. Dalberg civic tech survey, 2018. 2. CBInsights, "Trends in Govtech / Smart Cities," 2018. 3. GovernmentTechnology, "$23 Million Govtech Fund Opens for Business," 2014.

Sources: Dalberg civic tech survey, 2018; CBInsights, "Trends in Govtech / Smart Cities," 2018; Stakeholder interviews, 2018

Sources and References

Civic tech: Methodology and objectives

Methodology

- **Interviews:** Dalberg conducted ~25 semi-structured interviews with GCE grantees, government officials, funders, and other civic tech experts. The interviews focused on all four of the learning questions.
- **Quantitative analysis:** Dalberg analyzed quantitative data from Twitter, Crunchbase, GitHub, and Google Trends to understand the evolution of civic tech and progress to date.
- **Survey:** Dalberg deployed a survey to a range of civic tech experts—and secured 52 responses from for-profit and non-profit companies, several levels of government, funders, and other field-building organizations.
- **Literature review:** Dalberg consulted internal and external sources—including academic studies, news articles, and webpages—to synthesize a wide range of perspectives and insights.

Objectives

- **This study focused on four learning questions:**
  - How and why did the civic tech field evolve in the US over the past decade? Where is the field today?
  - What role has GCE played in the field? How has GCE contributed to ecosystem, policy, and social impact?
  - What did GCE learn about its approach to investment and influence?
  - What are key opportunities for the field going forward? What are insights for GCE's future strategies in each field?
- **This study did not aim to:**
  - Evaluate all GCE civic tech grants
  - Provide a comprehensive mapping of all the sub-sectors, cities/states, and actors working on civic tech in the US
  - Compile and analyze all critical developments in the field

Civic tech – External references (1/2)

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- AWS News Blog, "AWS Price Reduction #42 – EC2, S3, RDS, ElastiCache, and Elastic MapReduce," 2014
- Bloomberg American Cities Initiative, **"2018 American Mayors Survey,"** 2018
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Civic tech – External references (2/2)

- Knight Foundation, **"The Emergence of Civic Tech: Investments in a Crowded Field,"** 2013
- McKinsey, **"Improving the customer experience to achieve government-agency goals,"** 2017
- MetroLab Network website, 2018
- Microsoft, **"Towards a taxonomy of civic technology,"** 2016
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- Motherboard, **"These Are the Science and Technology Policy Jobs Trump Still Hasn't Filled,"** 2017
- New Media Ventures, **"Making Money for Impact,"** 2016
- NewCo Shift, **"Uncertain Future for Civic Tech,"** 2016
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- Tech Republic, **"Civic Tech in 2015: $6.4 billion to connect citizens to services, and to one another,"** 2015
- TechCrunch, **"Impact, Investment And Demand: Three Pillars For Civic Tech Success,"** 2016
- US Census website, 2018
- WhatWorksCities website, 2018
- World Bank, **"Civic technology in the global South: assessing technology for the public good,"** 2017

Civic tech: Investee organizations (2006 – 2017)

- Berkman Center for Internet and Society
- Change.org
- Citymart
- Civic Hall
- Code for America (CfA)
- DoSomething.org
- Elucd
- Equality Labs
- Fuse Corps
- NationBuilder
- New America Foundation (NAF)
- New Media Ventures Innovation Fund
- NextRequest
- Purpose
- SeeClickFix
- Sunlight Foundation
- Tumml
- Unite US
- Urban Innovation Fund
- VoteRunLead
- Zenysis

Change.org, NationBuilder, and DoSomething.org were first invested in by the Emerging Tech initiative at ON. Change.org and NationBuilder were moved to GCE because of internal re-organization; GCE did a follow-on investment in DoSomething.org to promote civic engagement.