

HandUp, the startup that helps homeless people, has been acquired

Megan Rose Dickey, TechCrunch Tue, Oct 10 10:00 AM PDT

In slightly bittersweet news, startup HandUp is selling itself to the Detroit-based South Oakland Shelter for an undisclosed amount. This isn't your typical Silicon Valley exit where the founders and investors made a bunch of money. HandUp CEO Rose Broome described it to me as a "primary philanthropic acquisition." But it's still a solid outcome for a startup that operates as a public benefit corporation.

SOS has been one of HandUp's non-profit partners for years. When the two organizations first started discussing working together, SOS at the time communicated that the organization had been wanting to build something like HandUp.

"HandUp's tools have empowered us to better fulfill our own mission: building communities that end homelessness," SOS CEO Ryan Hertz said in a statement. "We are proud to inherit and continue HandUp's legacy as we extend our work into building digital communities."

SOS will officially take ownership of HandUp on Nov. 1, 2017. HandUp's online fundraising tools will stay up and operational, and through SOS, Broome said the service will be able provide the same level of support that it's always been able to.

"That's one of the really exciting aspects for us," Broome told me. "That what we've built gets to stay up and stay alive and continue to grow."

But HandUp's gift card program -- where people purchase gift cards and hand them out to people on the streets of San Francisco -- will be put on hold at the end of this year.

When HandUp first started, the goal was to create a scalable business that could grow and have the biggest impact possible, Broome said. Since then, HandUp raised \$2.4 million in donations for 100 non-profits across the country and helped 25,000 people meet some of their basic needs, like housing and medical care. While the business itself worked, the scale just wasn't there.

"What we've found is we created something that was helping people and grew to a bigger scale, but it wasn't going to get to the scale we needed it to be to work as a thriving tech startup."

HandUp founders Broome and Sammie Rayner, and CTO Barney Jackson will stay on as advisors, but will no longer officially work for the company. Moving forward, some members of the HandUp team will join Salesforce.org, but Broome isn't quite sure what her next move will be.

Before founding HandUp, Broome worked on President Barack Obama's 2008 campaign. She's thinking of getting back involved in politics in some way, which means resting up for the 2020 presidential campaigns.

HandUp had previously raised \$1.7 million from investors like Jason Calacanis, Alexis Ohanian, Marc Benioff, Cyan and Scott Banister, Precursor Ventures and others.

"I think it's bittersweet for them too," Broome said. "They're glad that HandUp can live on but obviously, they were investing in the bigger vision and the bigger vision didn't happen."

The bigger vision, Broome said, was to get the fundraising platform to a profitable place and ultimately evolve into a technology platform for human services. Broome envisioned intersecting with SNAP programs, Medicare, Medicaid and the databases human services use.

"To say a startup focused on homelessness is going to have a positive exit, all things considered, is amazing," Broome said. "We did every single thing that we could and worked so hard and created something wonderful and it's going to live on. That's the outcome we're really celebrating."

HandUp investor Cyan Banister seems to be on the same page as Broome. She also recognizes that what Broome tried to achieve was difficult, she told me.

"I hoped she could figure out a way to align profit with her mission and create a company that didn't rely on a non-profit model," Banister told TechCrunch. "I'm pleased that she found a way for her vision to live on and isn't giving up. This is a better outcome than shutting down."