

TECH FOR SOCIAL GOOD

11 September 2018 | Global
Legal Briefings

As public finances are increasingly under pressure and fewer funds are available to address the major societal problems of today, social impact businesses are taking up the reins. Agile and innovative, they often use technology to deliver creative and relevant solutions to the challenges facing society.

BUSINESS OR CHARITY?

Social impact businesses are often described as "something between a commercial entity and a charity". Whilst not an entirely accurate description, these businesses do marry elements of both and, in doing so, are able to direct new capital towards making social and environmental impact at a time when the charitable-giving market in the UK has stalled at around £10 billion per annum.

Julia Salasky, founder and CEO of CrowdJustice, a crowdfunding platform that aims to make the legal system more accessible for all, identifies with the notion of "being a business, driven by a social mission, which has to succeed". Like charities and other businesses, social impact businesses set themselves key performance indicators to help measure how well they are doing. And like any other business, the financial metrics are fundamental. Simply put, social entrepreneurs seek to do well by doing good.

TO BACK OR NOT TO BACK?

Andy Phillipps, who has had considerable success with tech start-ups like Booking.com, is an early-stage technology investor, with a number of social enterprises in his portfolio. Phillipps says he looks for enterprises that address "some kind of externality that is either undervalued or underappreciated by society ... but not those that are in it for the tax breaks or which have no intention of becoming self-sustaining".

**"The capacity for doing good or bad at scale is massive with some of the newer technologies. The legal framework has to keep up, as does society in general."
Andy Phillipps, founder, Booking.com**

TECHNOLOGY FIX

Tackling issues like poverty and unemployment is far from simple. Advances in technology are, however, increasingly making the complex less complicated. Technology is also allowing social impact companies to articulate, share, realise and – importantly – scale their visions.

Take Alex Stephany, a former corporate lawyer, whose social enterprise crowdfunding platform, Beam, is a product of technological empowerment. Beam was set up, with pro bono legal support from Hebert Smith Freehills, to retrain homeless people so that they can find employment. The biographies of Beam's beneficiaries, or “members”, set out the reasons why they became homeless and the skills and training they need.

Transparency, particularly in light of recent controversies in the charity sector, is one way in which social impact companies are rebuilding trust. Beam created a technology feature called “Your impact”, which gives investors complete visibility over where their money is spent, be it on courses, training aids, or travel costs. “It gives people confidence that their £2 or £2,000 is making a real difference” says Stephany, and will hopefully encourage further giving.

Although there is no obligation to do so, members often repay the donation once they are back on their feet, enabling newer members to benefit too. This helps to make the business self-sustaining.

“There are very few problems that technology cannot positively influence. If we are trying to solve any complex problem and scale it cheaply, safely and effectively, tech has a role to play.”

Alex Stephany, Founder and CEO, Beam

SOCIAL MEDIA GETS PERSONAL

When Julia Salasky set up CrowdJustice, she aimed not only to raise funds for legal cases but also to increase access to the legal system for the two-thirds of UK people with legal problems who do not seek advice.

Salasky attributes the scalability and ubiquitous nature of existing technology as a very powerful alternative to knocking on doors. “You can share your fundraising story with thousands of people on social media in an instant. It opens up markets in a way that is difficult to achieve offline.” The flipside, however, is that with scale and reach comes potential for misuse. Despite the best intentions of connecting people, fake news stories and online abuse have taken some of the gloss off social media technologies.

Though technology enables social impact businesses to reach thousands of people, personalisation remains critical in achieving active engagement from the audience. Beam envisions a personalised feed that matches individual donors with a particular disadvantaged group, allowing on-the-go donations and rolling updates on milestones. CrowdJustice, meanwhile, provides the tools for recipients to communicate with supporters. Win or lose a case, there is, says Salasky, “a super-powerful sense that a £50 donation made a genuine difference and got the beneficiary their day in court”.

“The thing about technology is that the benefits scale up. On a human level, it is really powerful, because it touches people ... it opens up markets in a way that is difficult to achieve offline.”

Julia Salasky, founder and CEO, Crowdjustice

STATE VS SOCIAL ENTERPRISE

Of course, solving societal challenges is not just the responsibility of the charitable or private sectors. The state has a fundamental role to play too. Stephany, for instance, received a £100,000 innovation grant from the Mayor of London. He acknowledges that as an agile entrepreneur, it took him a lot less time and money than it would have taken the government to build Beam from the ground up, which is good news from every angle. “The fact is that if we move to a welfare model that is more empowering, cheaper and effective, we can no longer delegate solutions solely to government,” he says.

The launch of CrowdJustice coincided with the significant cuts to Legal Aid, introduced by the government in 2013. Salasky has never aimed to offer an alternative, rather to empower people to engage in the legal system and to be part of a solution. “That is more transformative than government hand-outs can ever be,” she explains.

The sad fact is that societal problems are often bigger and more complex than any one sector can address single-handedly. What we need are more collaborative solutions, using technology as an enabler, to open up the potential to do things differently and more efficiently for the wider social good.

The challenges are out there; so too are the solutions.

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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