



Political Tech 2021 Landscape Report



higher ground labs

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A photograph showing a person's hands typing on a silver laptop keyboard. To the right of the laptop is a dark-colored coffee mug. In the background, there are some papers and a pen holder. The entire image has a dark, semi-transparent overlay.

Introduction + Background

This update to our annual report comes at a challenging time for our democracy. Disinformation and polarization continue to shake the fabric of our civic life. Military aggression abroad forces us to rethink assumptions about the stability of our global institutions. Despite receiving a record-breaking vote total in the highest-turnout election in U.S. history, President Joe Biden is experiencing mixed success advancing the Democratic agenda in Congress. New variants of COVID-19 make the return to normal feel precarious. The upcoming midterms loom larger than ever.

Against this backdrop, the progressive community is swinging into action. In 2021, we saw significant activity across the political tech space, including the largest-ever acquisition of a political tech company, the consolidation of voter outreach, donor management, and analytics tools, and a flurry of innovation surrounding data sharing and paid media models. The midterms are shaping up to be a critical test of novel social media, hybrid GOTV, and web3-enabled fundraising strategies that could power campaigns up-and-down the ballot for years to come.

Our 2021 Landscape Update Report tracks developments within the political technology industry across 6 major categories, highlighting emerging trends as well as areas of need and opportunity. We hope that you continue to utilize these insights to make informed vendor decisions, enhance movement-wide strategy, and invest in the tools best suited to drive future victories.

Sean Augustine-Obi

MBA Candidate

Kellogg School of Management

Higher Ground Labs Venture Intern, Winter 2022

Executive Summary



Influencers and organic content fill the void left by targeted ads

Social media platforms impose limitations on individual targeting for political ads, forcing campaigns to explore alternative influencer-focused messaging strategies.



Experts dig in on Latinx voting motivations

Given recent underperformance at the ballot box, stakeholders dedicate more resources to studying the rightward shift of the Latinx voter base.



M&A activity ramps up across the political tech space

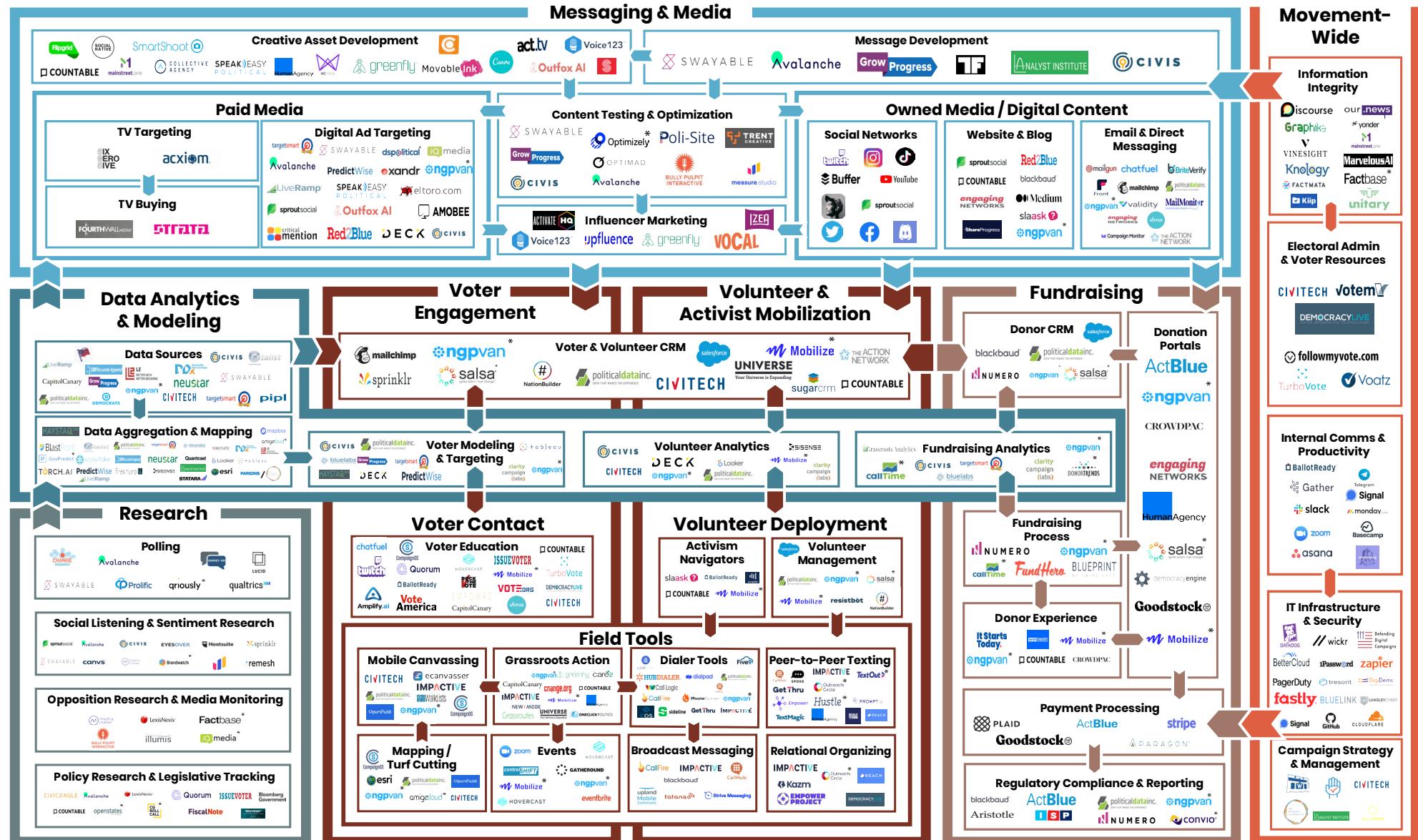
Headlined by the acquisition of NGP VAN's parent company EveryAction, M&A activity notably increases, demonstrating the growth and maturation of the political tech market.



Web3 technologies begin to touch the political space

A small number of campaigns begin to accept cryptocurrency donations, responding to our nation's growing interest in emerging Web3 technologies. Skewing younger and non-white, cryptocurrency's early adopters represent highly sought after demographics for the Democratic Party.

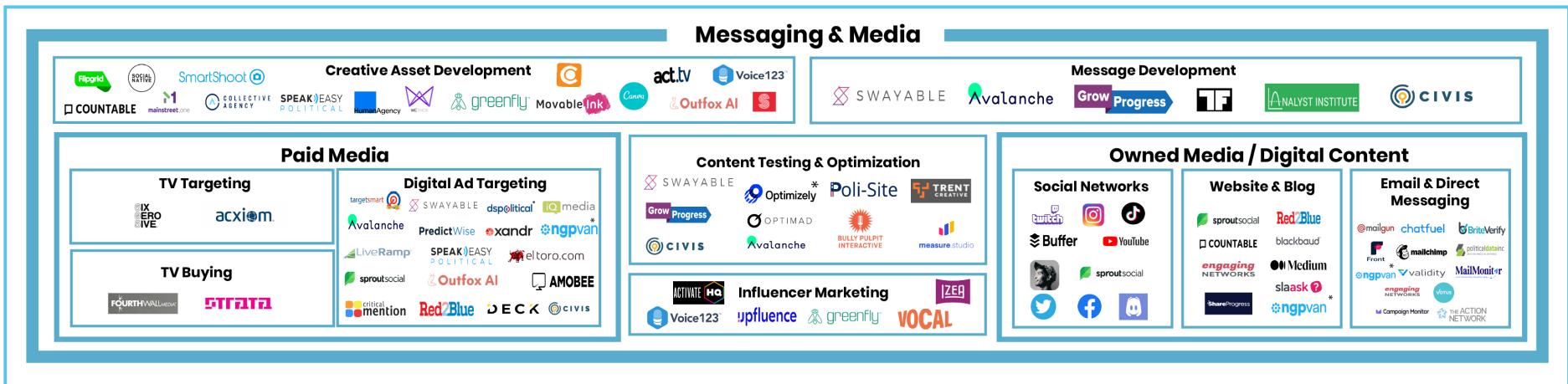
Political Technology Industry Landscape, 2021



Note: Our annual landscape map is a collective, co-created documentation of this evolving space.

Please **use this form** to contribute updates and suggestions. Thank you!

Media and Messaging



NOTABLE TRANSACTIONS AND ENTRANTS



Optimad Media acquires voter data and political advertising firm DSPolitical



Courier Newsroom, owned by Good Information, Inc, launches to deliver authentic and fact-based local journalism at scale

CATEGORY UPDATE

- ✓ Social media platforms impose further restrictions on political advertising; custom audience targeting and influencer marketing emerge as alternative methods for reaching voters
- ✓ Young voters spend more time on TikTok and less on Facebook and Instagram
- ✓ Top tech companies, including Apple and Google, further their efforts to improve user privacy¹

EMERGING TRENDS

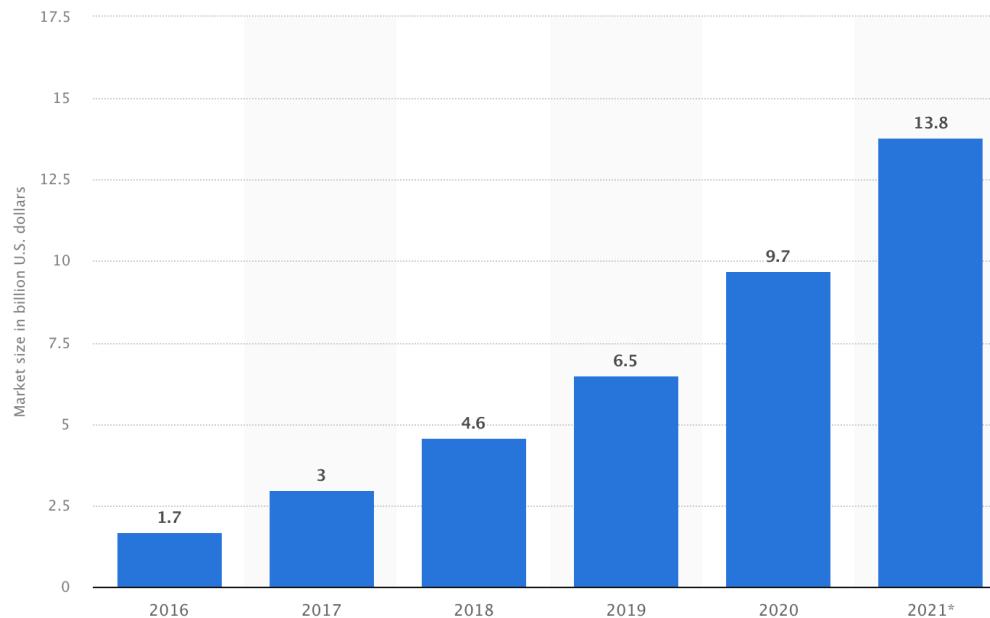
Updated privacy settings on iOS

Apple's September 2021 privacy update to iOS 15 made it more difficult to measure the success of email campaigns. Open rate metrics, which were once available through third-party marketing platforms, have become much harder to track. As a result of Apple's move, all emails sent to iPhones are now marked as "read," inflating open rates across the board. Given this change, digital teams will not be able to easily determine which voters need to be reached via other platforms or through more personal outreach. Apple's update also poses risks for campaigns that use email metrics to formulate messaging strategy on other platforms.²

Influencers take center stage

As social media platforms placed new restrictions on political advertising, and as young Americans continue to gravitated to streaming services and away from live TV, influencer marketing emerged as a notable strategy for reaching certain voters where they are. According to a study conducted by [VoteSimple](#) throughout the 2020 election, influencer posts on Facebook, Instagram, and Tiktok outperformed paid digital ads 6-to-1 for driving voter registrations amongst unregistered Texans. These posts were not labeled as "sponsored content," largely did not reference a specific candidate, and came from messengers known for authentically speaking on social issues³. Following this model, a number of companies are developing influencer discovery platforms to help campaigns find the influencers that best match their target demographic, location, and policy positions. In addition, companies

Influencer marketing market size worldwide from 2016 to 2021 (in billion U.S. dollars)



[Additional Information](#)

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Show source

such as [Greenfly](#), [Vocal](#) and [Impactful](#) are building out relevant infrastructure for scaling influencer marketing in the political space.

However, only the best-resourced campaigns and organizations have invested in influencer marketing to-date. Our research shows that very few mid-size campaigns and organizations intend

to invest in influencer marketing in 2022. Given the new body of evidence that speaks to the power of influencer-driven content, the progressive ecosystem should consider incorporating it into their broader messaging strategy.

EMERGING TRENDS

TikTok ascendant

Some campaigns and organizations began investing more in TikTok as part of their larger digital strategy, due to TikTok's notable video and editing tools available to creators, the strength of its algorithm, and the younger voter base that frequents its platform. Digital strategists are beginning to unearth best practices for amplifying the reach of content on TikTok. One example, Vocal, an influencer-centric creative agency, developed a two-pronged approach to TikTok targeting, through which both the campaign and the influencer tag each other on their related content. This creates a "triangulation" effect and helps uplift relevant messages to the appropriate audiences.

Music-based influencer campaigns on TikTok could play a bigger role in the midterms. Several

pilots conducted over the past few years illustrate the potential of this medium. As reported by the Analyst Institute in 2020, Songs For Good, together with Rock the Vote, ran a small pilot program that demonstrated the efficacy of this type of content for persuading younger voters. Ahead of the midterms, Headcount and Up to Us are partnering with celebrities like Ariana Grande on Tiktok and Instagram to drive voter registrations, building off their success running a similar program in 2020.⁴ Unfortunately, campaigns and organizations are still not able to access conversion metrics on TikTok, making it difficult to measure the success of their programs. However, the growing popularity and reach of TikTok makes it too powerful for the progressive ecosystem to ignore.

Political ad bans impact down-ballot campaigns

A Duke University study suggested that the moratorium on political advertising surrounding the 2020 election not only failed to stop disinformation but also made it harder for political groups to respond to false claims. Well-funded campaigns were less affected by these bans, highlighting the challenges that down-ballot campaigns could face ahead of the midterms. The study ultimately recommended that any changes to a social media platform's algorithm should be tested among small publishers and audiences in the run-up to elections, with an impact report made available to advertisers prior to implementation.⁵

AREAS OF NEED, OPPORTUNITY, AND INNOVATION

Experimenting with new messaging strategies

In the wake of Meta's restrictions on targeted advertising and its declining engagement rates, campaigns are either relying on individual level ad targeting or broader organic content strategies. In 2021, data providers like TargetSmart and Catalist invested heavily in matching their files with digital data to prepare for the midterms. At the same time, campaigns and organizations need to promote organic content and experiment with influencer-marketing strategies to best reach their voters where

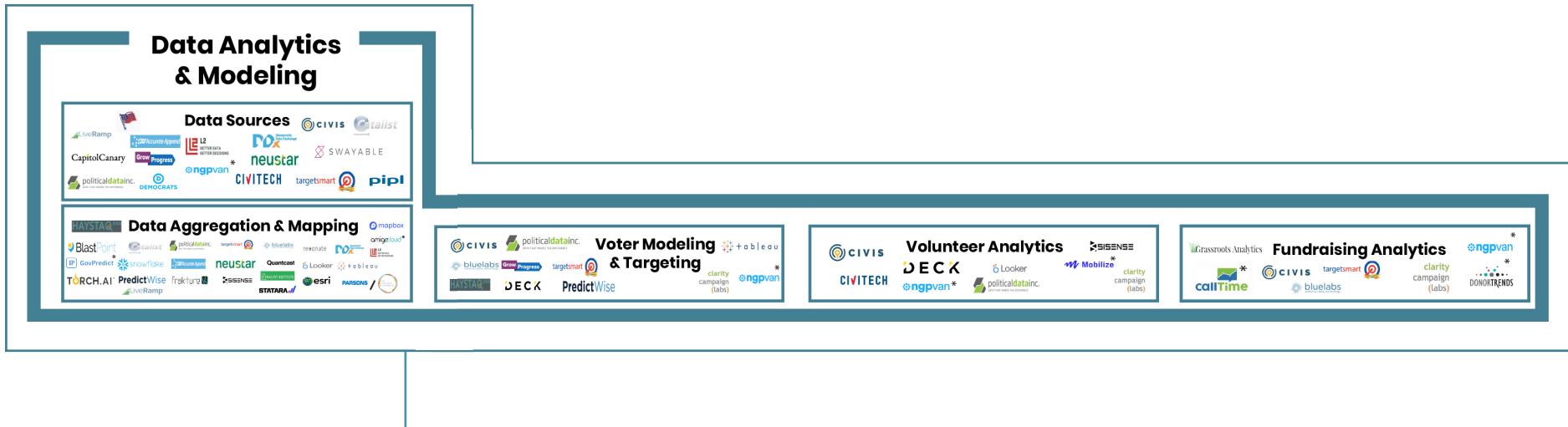
they are and through whom they are most likely to listen. Without political ads, campaigns will need to rely on influencers and organic engagement through memes, shareable videos, and posts in closed groups.

Delivering compelling short-form video content to older audiences

TikTok has been able to capture the attention of younger audiences due its impressive algorithm and well-designed platform that make viral, short-form

video content highly accessible. Facebook Reels and Instagram Stories offer campaigns the opportunity to bring similar short-form video content to older audiences. Given the overwhelming presence of older Americans on Facebook (and Instagram), additional video content on those platforms could enable campaigns to generate TikTok-esque virality amongst older audiences.⁶

Data Analytics and Modeling



NOTABLE TRANSACTIONS AND ENTRANTS

- Civitech acquires Bluelink after the latter launches a no-code integration service that connects data pipelines across tools
 - The DNC makes Deck's suite of tools free to all Democratic campaigns and committees, as Deck enhances its offerings by incorporating campaign field data into support scores, launching a fundraising app called Polaris, and piloting a version of its core tools for soft-side organizations
 - Measure Studio launches its all-in-one social content analytics platform

CATEGORY UPDATE

- ✓ The DNC and Democratic Data Exchange (DDx) prepare for their first full campaign cycle under their data-sharing agreement
 - ✓ The DNC's Blueprint tool continues to make strides in reducing hurdles and lowering costs for analyzing voter file data
 - ✓ TargetSmart launches an updated analytics file with new data suppliers and higher match rates for individual voters.

EMERGING TRENDS

New data sources improve models industry wide

Data providers continued their efforts to add depth to and improve the accuracy of the voter file by incorporating additional sources of data to voter profiles. Providers like [TargetSmart](#), [Catalist](#), the DNC and others are pairing digital data with voter records, expanding efforts to acquire accurate cell phone data, incorporating new metrics surrounding small-dollar donors, and even using consumer behavior like merchandise sales to better predict voting behavior. Further, after the completion of the 2020 Census, providers also began including updated redistricting and census-driven demographic data to enhance their offerings. These sources should improve every model across the ecosystem and ultimately equip voter contact programs with the data necessary to improve their operations across every medium.

Reducing state data expenses for cash-strapped campaigns

Ahead of the 2024 presidential election, the DNC is proposing new rules that limit the amount state Democratic parties can charge for voter files to \$5,000 per candidate. This is in stark contrast to the price of voter files in early-2020 primary states, such as Iowa and New Hampshire, which was in the six figures. While the voter files available at the \$5,000 price point should include core data needed to launch a campaign, under the DNC's new rules, parties would still be allowed to charge higher rates for proprietary data sets and analyses. While the rule change is expected to help less-well-funded campaigns access voter data, it creates second-order effects by shrinking the market opportunity for third-party vendors.⁷

AREAS OF NEED, OPPORTUNITY, AND INNOVATION

AI-driven ad targeting

New limitations on ad targeting have raised the question of whether individual demographic and metadata targeting will be a viable practice moving forward. While these data points can help make ads more personalized, users are increasingly choosing to opt out from data sharing when given the option. Consequently, campaigns must explore both personalized and universal strategies when developing ads to reach more privacy-conscious voters.

Artificial intelligence tools help shape digital strategies for campaigns and play a role in reaching voters who've opted out of tracking. Throughout the 2021 Election in Virginia, [New Virginia Majority](#) and [Rising Tide Interactive](#) tested the reach of ads run through YouTube's Max Lift algorithm as compared to other methods. As reported by the Analyst Institute, they found that these targeted ads outperformed all others, demonstrating the value of AI-driven targeting as an alternative to data tracking-based approaches. This experiment also underscored the importance of developing ads with messenger diversity across age, gender, and ethnicity.



Research

Research

Polling

Social Listening & Sentiment Research

Opposition Research & Media Monitoring

Policy Research & Legislative Tracking

The slide displays four categories of research tools: Polling, Social Listening & Sentiment Research, Opposition Research & Media Monitoring, and Policy Research & Legislative Tracking. Each category contains a grid of logos for various companies.

NOTABLE TRANSACTIONS AND ENTRANTS

Cision acquires market research firm Brandwatch for \$450 million⁸

Change Research announces that Nicole Bare will succeed co-founder Mike Greenfield as CEO. Greenfield, who has served as Change Research's CEO since its founding in 2017, will serve as its Chair of the Board following the transition

CATEGORY UPDATE

- ✓ Repeated misses by traditional and newer polling firms drive innovation to supplement polling data with alternative methods for measuring voter preferences and candidate enthusiasm
- ✓ Experts focus on trying to understand the Latinx voter base and its heterogeneous voting trends

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EMERGING TRENDS

Understanding Latinx voter preferences

Following the 2020 election, researchers have worked to understand the rightward shift of certain Latinx populations that had previously voted for Democrats. Districts in South Florida and the Rio Grande Valley, for example, shifted 8 points towards the GOP, according to a [Catalist report](#).⁹

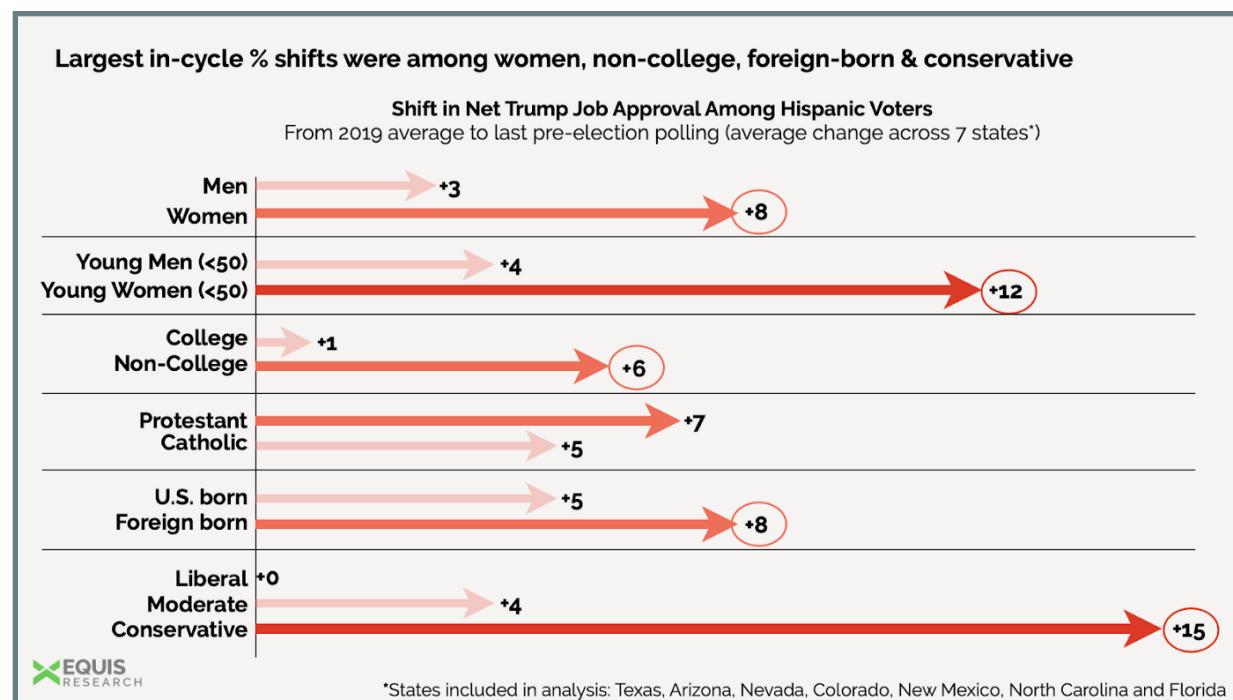
[Equis Research](#) conducted more than 40,000 interviews and focus groups with Latinx voters to better understand the root causes of Democratic candidates' recent underperformance. Their research uncovered that Latinx voters who shifted towards Republican candidates during 2020 tended to identify

as less partisan and lacked the same enthusiasm for rejecting Trump as progressive Latinos. Declining coverage of immigration issues in the months leading up to the election encouraged many of these voters to focus more on economic issues, including small business shutdowns, where Democrats had less of a messaging advantage. These findings underscore the importance of targeting Latinx voters as persuadable communities rather than mobilization targets composed of homogeneous ethnic groups. Equis Research's study also highlights the need to update predictive models based on demographics and ideology to avoid assuming that every non-voter is Democratic-leaning.¹⁰

Catalist also noted their concerns surrounding drawing generalized conclusions on demographic-based voter preference data, and that context clues and extenuating factors must be considered in addition to hard data.

Mainstream adoption of digital polling

Per [FiveThirtyEight](#), only 14% of presidential polls in 2020 utilized live telephone interviews. 86% of polls used an alternative method, including digital polling, as part of their overall strategy.¹¹ None of the pollsters with the lowest average error in 2020 used live calls as their primary method.¹²



AREAS OF NEED, OPPORTUNITY, AND INNOVATION

Accounting for polling error

Opinion polling ahead of the 2021 elections suffered the same undercounting of GOP support as in 2016 and 2020, even without Trump on the ballot. In New Jersey, polling averages overestimated Gov. Phil Murphy's margin of victory by 9 percentage points, leading Monmouth University Polling Institute's director to comment that he "blew it."¹³

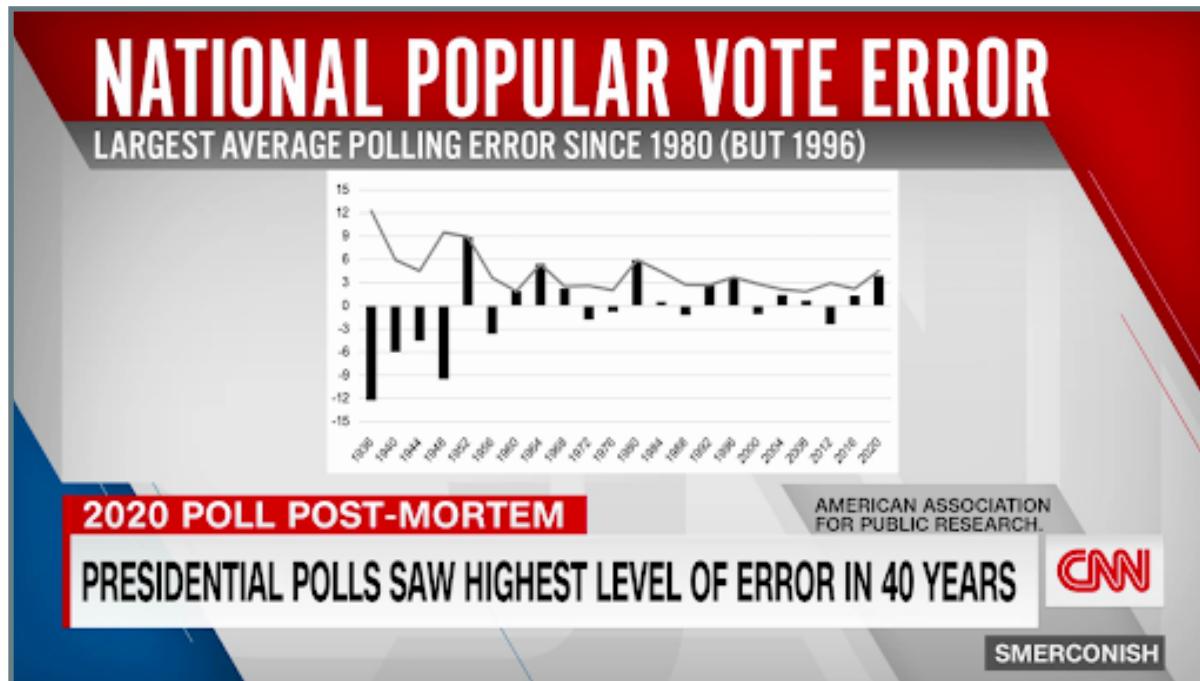
This systemic undercounting is driven by a few factors. According to [Pew Research](#), landlines have become increasingly unreliable for reaching voters while spam filters reduce engagement over mobile. Further, Trump supporters distrust pollsters and view them as "the establishment." Focus groups

and panels disproportionately include "never Trump" Republicans when measuring GOP voter attitudes. Lastly, as partisan bias exists within every demographic category, reweighting solely based on demographic benchmarks, such as education, does not correct the bias. Even though polls remain directionally accurate, these dynamics create roadblocks for campaigns that require updated and accurate information to inform their fundraising and mobilization strategies.¹⁴

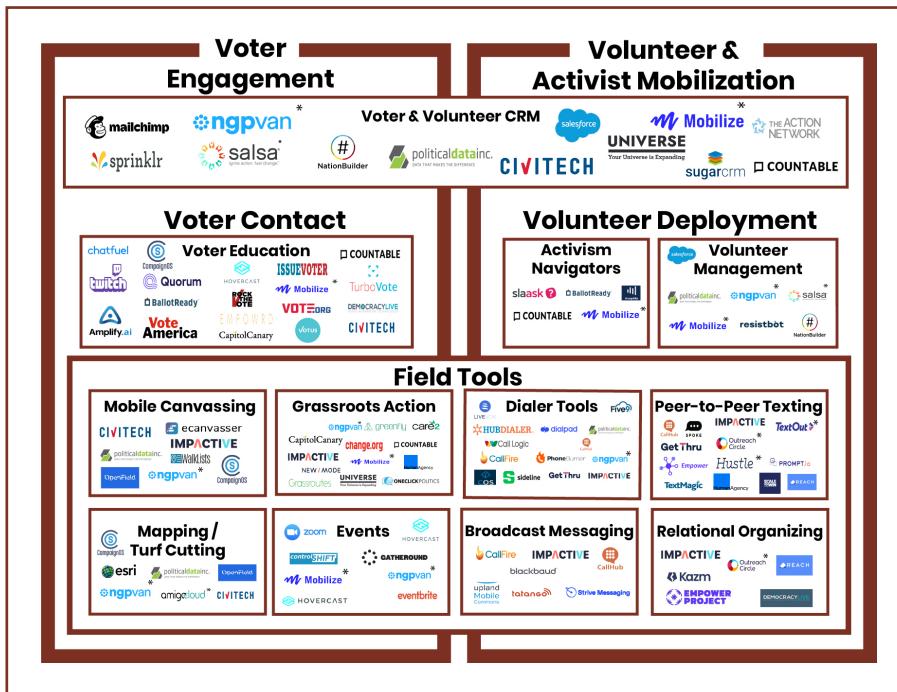
Catalist, which has cultivated a comprehensive set of voter file data across 16 years of operation, has spent time conducting "research on research," namely identifying ways that surveys and pollsters

can improve their accuracy given multiple cycles of sub-par performances. For example, [Data for Progress](#) and Catalist have both explored proprietary methods for estimating voters' likelihoods to respond to a given survey, through analyzing data surrounding their political engagement, donation history, and preferred voting method. Catalist has also experimented with how voter file data can be utilized to calculate the probability that each survey respondent will turn out to vote.¹⁵

Notably, [Deck](#)'s predictive analytics were highly accurate in 2021 races in Virginia and New Jersey with a mean absolute error of just 2 points.¹⁶



Volunteer & Activist Mobilization + Voter Engagement



CATEGORY UPDATE

- ✓ Several high-impact acquisitions drive further innovation in mobilization and engagement tools
 - ✓ 10DLC's Peer-to-peer texting rules impact voter outreach programs
 - ✓ The pandemic continues to present challenges for reaching voters, given varying levels of risk tolerance for door-to-door outreach and in-person events
 - ✓ Republican-led legislatures pass new laws that restrict ballot access and force progressive organizers to rethink GOTV strategies

NOTABLE TRANSACTIONS AND ENTRANTS

- Apax Funds acquires EveryAction for over \$2 billion, following EveryAction's acquisition of Salsa Labs¹⁷
 - Political Data Inc. acquires CallTime.AI, expanding its suite of products into the fundraising and voter mobilization verticals¹⁹
 - Peer-to-peer texting platform Hustle acquires mobile video stories company Tape in an all-cash transaction¹⁸
 - Scale to Win enters the market, led by a team of Presidential campaign veterans
 - Civitech raises \$10M at a \$50M valuation in a Higher Ground Labs-led series A round and acquires texting company KnockCo and its TextOut product, combining data, texting, voter registration and candidate recruitment features in one shop²¹
 - Helm, which acquired Tuesday Company in 2020, decommissions the TEAM relational organizing app in February 2022
 - Impactive launches a predictive dialer in December 2021
 - NationBuilder acquires Speakable, developer of the ActionButton, and sets a goal of 22 million social actions in 2022²⁰

EMERGING TRENDS

New texting rules threaten peer-to-peer outreach

In response to significant increases in SMS traffic and pseudonymous spam texts, mobile carriers in 2021 implemented 10DLC rules that restrict the ability to send mass peer-to-peer (P2P) text messages without registration. These rules limit the number of messages organizations are permitted to send per day based on the type of organization and purpose of the outreach. Fees are imposed on texters who fail to disclose this information.²²

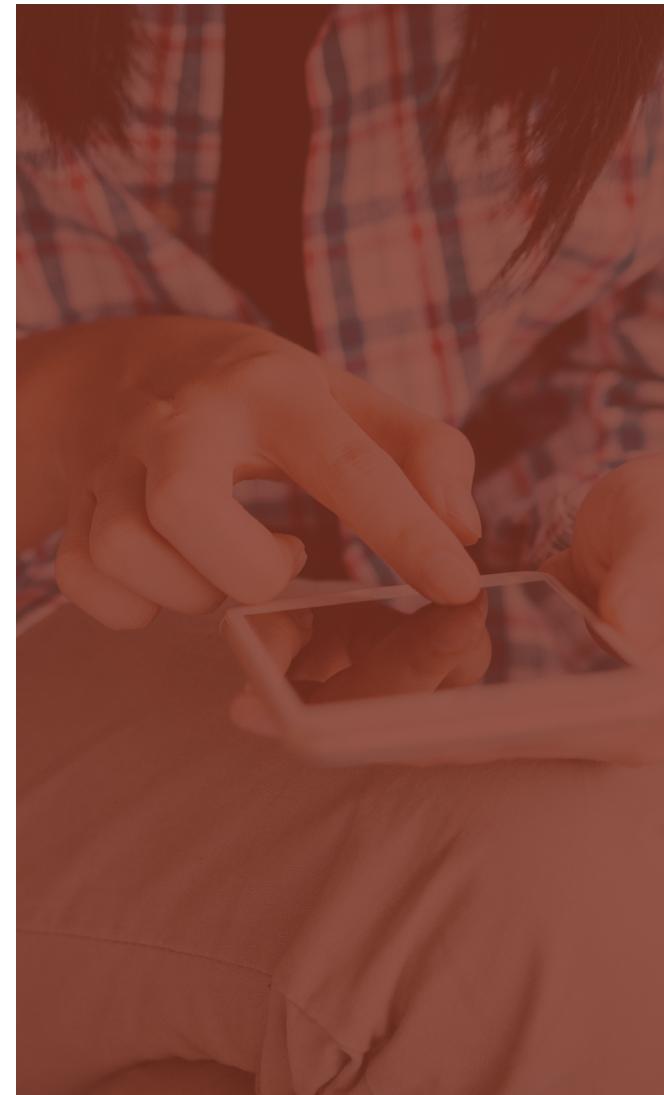
10DLC also includes express written consent (opt-in) requirements, meaning recipients must proactively join a community or mailing list to be texted. While P2P vendors, such as [ThruText](#) and [Hustle](#), now adhere to 10DLC rules, broadcast texting and dialers are largely unaffected. Consultants in the space anticipate enforcement to be primarily driven by complaints from SMS recipients. Campaigns should reach out to their vendors to help prepare and better understand the standards for both Campaign Registry and carrier compliance.

Relational organizing shines through in Georgia

The Jon Ossoff campaign released an analysis of the successful relational voter contact program that it ran throughout the 2021 Georgia Senate runoff elections. The campaign mobilized 5,200 volunteer

and paid canvassers, who they recruited from within the populations they hoped to reach, to contact over 160,000 voters. This effort resulted in a 3.8 percentage point increase in turnout for those in this relational network. The individuals that the Ossoff campaigns targeted through this initiative were disproportionately low-propensity and younger voters, key targets for driving up progressive margins. Relational contact spanned virtual and physical channels, including texts, Instagram DMs, Facebook groups, in-person events, and nightly virtual “Friendbanks.”

Compared to previous relational efforts, many of which struggled with adoption, the Ossoff campaign gamified the process to build enthusiasm and competitiveness amongst canvassers. Progress bars and leaderboards displayed on the campaign’s in-house, open source relational phone bank tool, Outreach, helped volunteers create a personalized set of goals and track their friends’ achievements. Outreach’s custom tags feature allowed the campaign to indicate when a volunteer had the strongest relationship with a certain voter, enabling them to ensure they were matching targets with their most trusted messenger. Over 17,000 voters were reached by relational contacts in the final 2 days of the campaign.²³



AREAS OF NEED, OPPORTUNITY, AND INNOVATION

Investment in core voter outreach infrastructure

The pandemic continues to present unique challenges for in-person GOTV efforts. We expect digital outreach to play a sustained role as a key tool for voter contact throughout the midterms, as volunteers still have various levels of comfort with in-person activities. To support hybrid voter contact efforts in an election where the pandemic still looms large, we should prioritize investment in volunteer CRMs and digital outreach tools.

CRMs have been a long-standing pain point for progressive campaigns, as immense data challenges persist across the ecosystem. Inaccurate phone data and emerging tools' inability to integrate with each other makes it difficult for campaigns to develop and maintain accurate insights about their target audiences. Despite these challenges, existing CRM infrastructure is highly trusted and faithfully used by campaigns.

The first billion-dollar acquisition²⁴ of the leading Democratic CRM, at a higher multiple than industry precedent, may open the funnel for additional capital to be directed at improving these platforms ahead of upcoming election cycles.

Campaigning in the metaverse

Emerging metaverse platforms, such as Decentraland and Sandbox, prompt an interesting conversation surrounding meeting previously disengaged voters where they are. While it might seem far-fetched that candidates would want to build up a presence on new virtual, interactive platforms, notable candidates have already taken

first steps. As noted in the 2020 Higher Ground Labs Landscape Report, Alexandria Ocasio-Cortez experimented with live-streams on Twitch, where she engaged with new audiences while playing the popular game Among Us. Ahead of Election Day in 2020, the Biden for President Campaign launched a headquarters in Animal Crossing, where players could visit to sign-up for voter contact shifts and get more information about their mail-in ballots and polling locations.²⁵

As virtual worlds continue to take shape, candidates should consider authentic ways to engage with their target audiences on emerging platforms.

Tech to combat the crackdown on voting rights

In 2021, 18 states passed laws that restricted ballot access, spanning voter ID requirements, reduced availability for early, mail-in, and absentee voting, and mandates for signature matching against often outdated voter rolls. These GOP-led efforts in battleground states could impact outcomes in 2022 and 2024, creating a sense of urgency for groups that aim to educate and mobilize voters. In the near term, these new rules risk depressing turnout in swing districts, as voters with discrepancies in their identification data risk having their votes challenged. In one of the first tests of these laws, the March 2022 Texas primary saw comparable turnout to the 2018 cycle, but more than 27,000 ballots were flagged statewide for rejection, a rate significantly higher than past elections.²⁶

Political tech can play a crucial role in educating voters, and companies are already rising to the

"No matter what the restrictions are, we need to show voters the accurate rules and give them confidence whether they vote by mail or in person."

BALLOTREADY CEO ALEX NIEMCZEWSKI

challenge. BallotReady's elections database has been updated to account for these new rules and is available for use in GOTV efforts. BallotReady intends to restore trust among voters who are affected by these changes and worried that their ballots won't be counted. "No matter what the restrictions are, we need to show them the accurate rules and give them confidence whether they vote by mail or in person," said BallotReady CEO Alex Niemczewski.

Democratic state parties are also stepping up to educate campaigns on these new rules and train them on how to obtain IDs or mail-in ballots. Nationally, the DNC is spending \$25 million on its I Will Vote registration and turnout campaign and can continue to invest in marketing these rule changes to voters. Political tech practitioners can support these efforts by providing low cost outreach tools and APIs to down ballot campaigns in states affected by this legislation.²⁷

AREAS OF NEED, OPPORTUNITY, AND INNOVATION

Reducing canvassing costs

Given the importance of voter education this cycle, reducing canvassing costs should be a priority. Throughout the 2021 Virginia state elections, the Analyst Institute found that [Vote Pro Choice](#) successfully reduced “deep canvassing” expenses by 87%, to \$25 per canvas, through using a blended SMS and phone campaign. Vote Pro Choice prompted its volunteers to follow-up on initial text outreach with deeper phone conversations. They screened voters based on perceived persuadability on women’s health issues. This method proved most effective

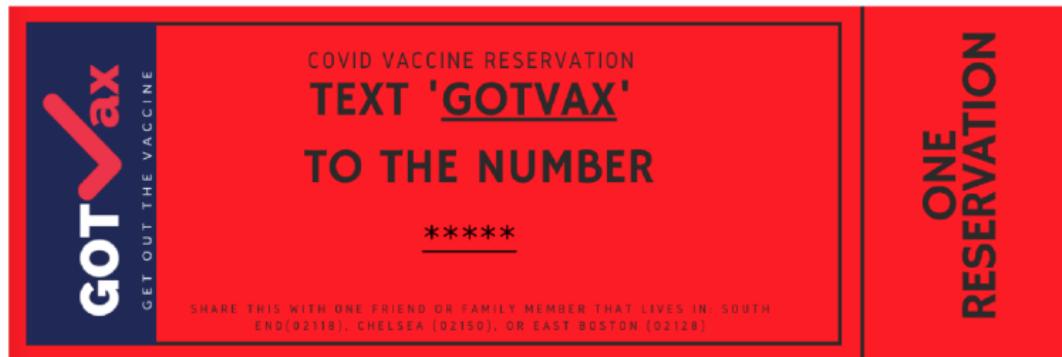
when a phone conversation immediately followed text outreach, illustrating the benefits of holding voters’ attention through multiple channels within a single interaction.

Applying GOTV strategies to vaccination campaigns

Throughout the past year of the pandemic, organizers across the country employed GOTV strategies to tackle vaccine hesitancy. [Made to Save](#), a national campaign backed by [Civic Nation](#), utilized campaign organizing and messaging strategies to

encourage vaccination in communities with lower than average vaccination rates. Another Get-Out-the-Vaccine campaign, called [GOTVax](#), encouraged Covid-19 vaccination among Boston residents with limited access to healthcare providers. The effort was led by Harvard Medical School students and resulted in nearly 4,800 vaccinations at pop-up clinics located in predominantly Black and Latinx neighborhoods. Organizers recruited volunteers to knock on doors, make phone calls, and send texts within their communities (and personal networks) to reach patients and inform them of their options.

Vaccine Tickets Were Distributed to all Clinic Participants to Receive Their Referral Links.



Source: The authors/GOTVax

NEJM Catalyst (catalyst.nejm.org) © Massachusetts Medical Society

Fundraising

Fundraising

Donor CRM    

Fundraising Process    

Donor Experience      

Payment Processing     

Regulatory Compliance & Reporting        

NOTABLE TRANSACTIONS AND ENTRANTS

- ✓ Apax Funds, following its acquisition of EveryAction, acquires CyberGrants and Social Solutions, two non-political fundraising organizations, and rebrands as Bonterra
- ✓ EveryAction acquires non-profit giving company GiveGab
- ✓ Shift4 acquires The Giving Block to drive nonprofit innovation and mainstream crypto adoption
- ✓ HODLpac launches as one of the first community-governed PACs, contributing to pro-crypto candidates on both sides of the aisle

CATEGORY UPDATES

- ✓ Fundraising companies continue their expansion into the nonprofit and philanthropic space
- ✓ 2021 sets fundraising records for a year that immediately followed a Presidential election. ActBlue reported donations from 4.5 million unique donors (2x as in 2017) that totalled \$1.3 billion, with 55% of all donations occurring via mobile device
- ✓ ActBlue begins accepting Venmo donations
- ✓ A small number of Democratic campaigns begin accepting crypto donations

EMERGING TRENDS

ActBlue remains the most essential piece of progressive fundraising infrastructure

Despite the development of new non-partisan payment processing and crowdfunding platforms, ActBlue remains the most dominant player in progressive fundraising. The platform added support for Venmo donations²⁸ in 2021, tapping into a \$61 billion payment volume network. ActBlue maintains that recurring donations are the lifeblood of any campaign and that building donor lists should remain a priority for down ballot candidates.

Web3 begins to permeate the political space

In 2021, the total market capitalization for cryptocurrencies exceeded \$3 trillion. Non-Fungible Token (NFT) sales also dramatically increased worldwide, amounting to a staggering \$17.7 billion (~200x from 2020).²⁹ While many in the political space are rightly focused on Web3 from a policy and regulatory standpoint, some candidates are beginning to grapple with what these technologies could mean for their campaigns.

Crypto donations are not a new concept for candidates, as Jared Polis accepted Bitcoin in 2014, Rand Paul in 2016, and Eric Swalwell and Andrew Yang in 2020. But ahead of the midterms, more candidates up-and-down the ballot are now using BitPay to accept digital currencies, despite the lack of clear FEC guidelines. While crypto donations currently account for a tiny percentage of all political giving, it's clear that a growing and diverse portion of Americans are purchasing and holding various cryptocurrencies.³⁰ As crypto continues to permeate

the mainstream, candidates will increasingly be faced with the questions of whether they should accept crypto donations and how they should do so.

Further, some campaigns have begun to design and sell custom NFT collections to raise money and build community amongst their supporter base. NFTs, which are unique digital tokens stored on a blockchain, allow campaigns to reward supporters for their contributions with digital memorabilia that can serve as their profile or banner image on social media platforms (think: a next gen campaign button). In addition to NFTs' social signaling, brand visibility,

and network amplification effects, they can be also useful for building community; campaigns can provide exclusive benefits, such as access to content or special events, to supporters who purchase their NFTs. Campaign NFT collections also give candidates the opportunity to explore new messaging strategies surrounding their donor outreach efforts.

Shrina Kurani, a Democratic California House candidate, has launched multiple NFT collections on marketplaces SolSea and Abris that match the tech-forward, environmentally-conscious ethos of her campaign. Blake Masters, a Republican Arizona

2021 total annual sales in U.S. dollars in the art NFT market as of November 2021



 cointelegraph.com

source: Nonfungible

Senate candidate, launched an NFT collection representative of the book he co-wrote with Peter Thiel. His collection netted nearly \$575,000.

Democratic-aligned firms have identified opportunities to scale NFTs' political use cases. Numerø is building an NFT fundraising platform for Democrats, called Electables, that already has over 300 campaigns³¹ on its waiting list. Its website reads "Even your compliance team will love Electables." Front Row, another early-stage NFT marketplace for Democratic campaigns and organizations, launched last year with an NFT collection designed in partnership with, and to raise money for, the Texas Democratic Party. Marketplaces, campaigns, and consultants must continue to identify accessible

mechanisms for selling NFTs to typical campaign supporters that may still be unfamiliar with the technology and lack the basic Web3 infrastructure. Custodial platform solutions and fiat on-ramps are critical for lowering the adoption curve.

While it remains unclear what role Web3 technologies will play in campaign fundraising in 2022, the infrastructure is beginning to come together to allow for campaigns to accept crypto donations and sell NFTs.

A Higher Ground Labs-convened working group is collecting expert opinions to understand needs and practical pro/con evaluation criteria to support campaigns considering exploring these new possibilities.



AREAS OF NEED, OPPORTUNITY, AND INNOVATION

FEC clarity on crypto donations

Concerns remain regarding the lack of well-defined campaign finance regulations surrounding crypto donations. The key FEC precedent regarding accepting crypto contributions is an Advisory Opinion from 2014, which only explicitly permitted campaigns to accept Bitcoin contributions up to \$100 per individual. At that time, Bitcoin was the only widely accepted cryptocurrency, and the market as a whole was valued at less than 1% of its current capitalization. In the years that followed, and as cryptocurrencies reached the mainstream, campaigns have handled these contributions differently, given the questions left unanswered by the FEC. In the face of the dispute among FEC commissioners regarding whether it is permissible to accept crypto contributions in amounts over \$100, many campaigns have decided to accept such contributions up to the normal, maximum contribution limit (e.g., currently \$2,900 for campaigns from an individual) and to accept contributions in cryptocurrencies beyond Bitcoin, including Ethereum, USDC, and Solana.

This policy vacuum presents a chance for thoughtful leadership among those in the crypto community to work with regulatory agencies to develop guidelines that mitigate fraud while easing the adoption curve for political organizations. President Biden recently signed an Executive Order on digital assets that called for a whole-of-government strategy that protects consumers, American national security, and our environment – without hindering innovation in this growing space. This suggests that regulatory clarity could be coming soon on multiple fronts.

Movement-Wide & Organizational Infrastructure

Movement-Wide

Information Integrity

- Discourse
- our.news
- yonder
- mainstreet.one
- VINESIGHT
- MarvelousAI
- Factbase
- FACTMATA
- Klip
- unitary

Electoral Admin & Voter Resources

- CIVITECH
- Votem
- DEMOCRACY.LIVE
- followmyvote.com
- TurboVote
- Voatz

Internal Comms & Productivity

- BallotReady
- Gather
- Signal
- Slack
- monday.com
- zoom
- Basecamp
- asana
- fb360

IT Infrastructure & Security

- DATADOQ
- wick
- InfraDigital Digital Democracy
- BetterCloud
- 1Password
- zapier
- PagerDuty
- tresorit
- DigDems
- fastly
- BLUELINK
- Signal
- GitHub
- CLOUDFLARE

Campaign Strategy & Management

- DEMOCRATIC
- PLANET HUMAN
- ALL POWER

NOTABLE TRANSACTIONS AND ENTRANTS

- ✓ The House Digital Service launches to help lawmakers choose vendors and apps for engaging constituents³²
- ✓ Following a successful bug bounty program during the presidential cycle, the Uptime 2020 task force formalizes into Trestle Collaborative for long-term movement tech product & security sprints
- ✓ Security firm LangleyCyber offers unified cyber protection to the progressive ecosystem

CATEGORY UPDATE

- ✓ Redistricting initiatives lead to better-than-expected maps for Democrats
- ✓ Disinformation surrounding subjects like the January 6 riot, right-wing ballot “audits,” and anti-vaccine movements drives social media platforms to impose stricter content moderation controls
- ✓ BallotReady and Snapchat partner to recruit younger, first-time Democratic candidates

EMERGING TRENDS

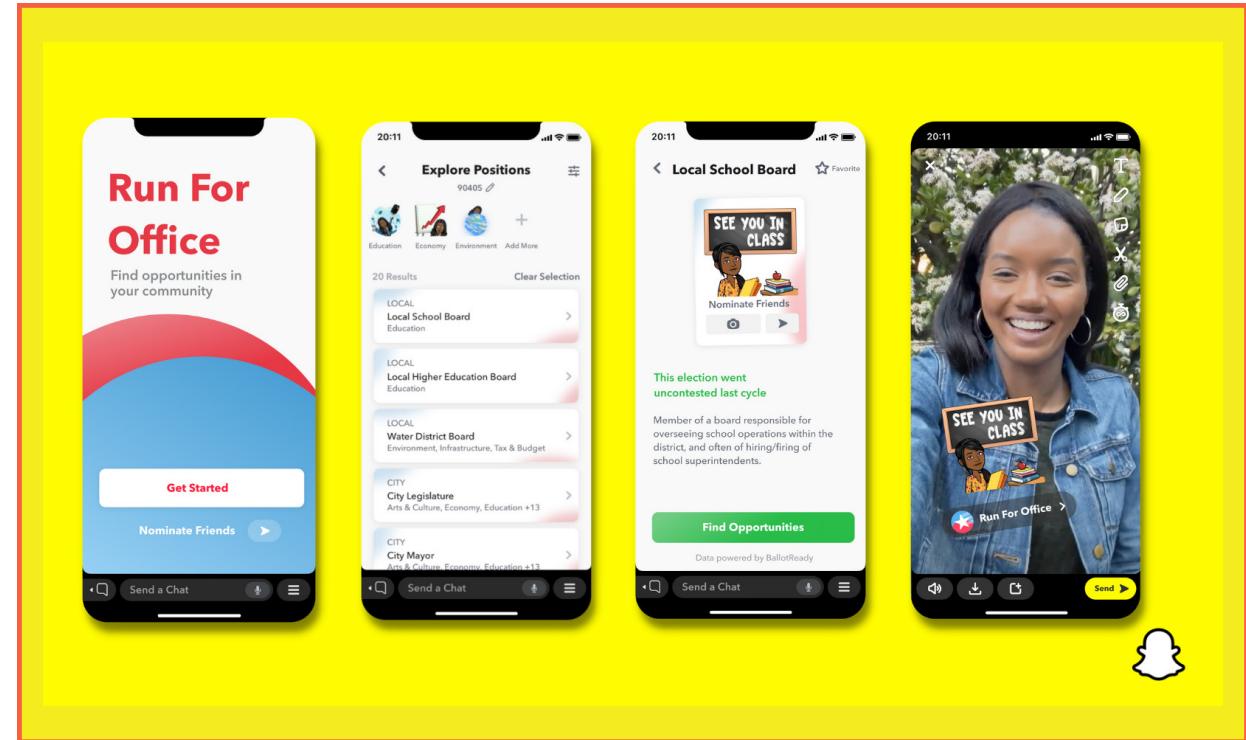
Corporate partnerships bolster candidate recruitment

In October 2021, Snapchat and BallotReady launched “Run for Office,” a tool to encourage younger users to seek local elected office. The partnership aims to spur greater civic engagement among young people and address the disparity between the age of the voting population and the average elected official. This is all the more important given the slate of Democrats retiring from Congress this year. Over 3,000 users began registering for upcoming elections using Run for Office in the first 24 hours of launch.³³

New approaches to fighting disinformation

Disinformation continued to inflame political tensions in 2021. The January 6 Capitol riot served as the most prominent example of the drastic impact that a false narrative, justified by the right-wing media, can have on our political discourse and societal well-being. Disinformation, in the form of GOP-concocted lies surrounding the presence of racially and sexually charged curricula in public schools, also helped boost conservative turnout in off-cycle elections in Virginia and New Jersey.

Organizations have identified multiple approaches to limit the reach of misleading and false narratives. ACRONYM advocates for a tactic called “boosted news,” which entails using paid digital ads that target Republican voters to promote stories from sources trusted by swayable voters, such as a Tucker Carlson clip critical of Donald Trump. ACRONYM’s experiments found that these boosted videos with conservative messengers were better at driving disapproval of Trump than traditional ads,



particularly among low-information voters. They also suggested that this strategy could be less likely to trigger backlash since these boosted news posts wouldn’t be labeled as “political” content.³⁴

Boosted news can be an important tactic for persuading target voters in the wake of restrictions on overt political advertising. However, it can be quite costly in the long-term, as ACRONYM spent \$100 million in the 2020 election.

Another approach to fighting disinformation focuses on giving local newsrooms the resources to do on-the-ground reporting that refutes false national narratives. Good Information, Inc. was founded in October 2021 to combat the spread

of misinformation and restore trust in traditional media sources whose content is often hidden behind a paywall. Created by former ACRONYM CEO Tara McGowan and backed by investors familiar to progressive causes³⁵, Good Information Inc. invests in newsrooms deemed to serve the public good. Good Information is an explicitly non-partisan initiative that intends to reach as many voters across the political spectrum as possible.

The Company expects to fund newsrooms across the political spectrum based on editorial standards and their ability to scale new business models and distribution strategies that can break through information silos.³⁶

Down-ballot campaign tech

Several companies professionalized their offerings for down ballot campaigns in 2021. Local elections came into focus for Democrats nationwide as state laws around voting, abortion, and police reform were passed across the country. As a result, funders put more resources into local infrastructure and vendors developed their toolsets. Civitech rolled out an early

version of CampaignOS, their one stop shop for local campaigns. Universe launched a new platform for campaign operations. Speakeasy made their media and advertising platform even more accessible for local candidates and managers. You can view Higher Ground Labs' 2022 tech stack sample for down-ballot campaigns here:

[VIEW HGL'S DOWNBALLOT 2022 TECH STACK SAMPLES](#)



AREAS OF NEED, OPPORTUNITY, AND INNOVATION

A technology-driven approach to redistricting

Redistricting proved to be critical in 2021 as many progressive goals tied to legislation, such as Build Back Better, require continued control of the House and Senate. While many expected the GOP to emerge with large gains in the number of Republican-leaning seats, Democrats performed better than expected, due to a strategy focused on increasing the number of competitive Lean D districts by carving out territory in Safe D districts. As a result, FiveThirtyEight predicts Democrats are poised to gain two net seats from redistricting alone. Non-partisan commissions³⁷ also ended up producing favorable maps for Democrats.³⁸

As state legislatures, such as those in Illinois and New York, released multiple iterations of their proposed congressional maps, nonpartisan raters such as the Cook Political Report noted that initial maps created by the public using free tools like DistrictBuilder were often better optimized for maximizing House gains.

Moving forward, progressives have an opportunity to work with local officials on developing a tech-driven solution to the redistricting process that rates the competitiveness of districts based on precinct-level results.



HGL's 2022 Investment Thesis

[VIEW 2022 INVESTMENT THESIS →](#)

1 Generate a 360-degree view of voters and volunteers:

The tools we use to access voter data have evolved over the past year. As campaigns and organizations put more resources into data, we see an even greater desire to access, manipulate, and share that data across programs. We continue to see silos between field and digital data. We struggle with data portability between systems. And with new data warehousing infrastructure for our space, we can begin thinking more broadly about how to solve these challenges at scale.

2 Empower progressive content creators:

All large technology platforms will limit or outright ban paid political activities. We will need tools that allow campaigns and causes to reach their voters organically. The Internet is also getting smaller, as more communities are moving towards closed, trusted information ecosystems. Content and trusted messengers will be the superhighway to reaching those closed ecosystems. We have underinvested in combating misinformation and in supporting informative, fact-based, attention-winning media content. We need new ways of rewarding content creators for their impact.

3

Improve the direct-to-voter messaging experience:

In 2020, voters were flooded with calls and texts from political organizations. Yet the DNC reports that general contactability rates are plummeting, and we may be missing crucial voters. We have outgrown much of our current voter contact infrastructure. In order to maximize yield from our electorate, we must innovate on tools and centralized hubs that facilitate one to many communications. We must also reach voters on new platforms where they spend time and actively engage. Influencer marketing is playing an increasingly important role in voter outreach and we want to ensure it is an accessible tactic for all progressive campaigns.

4

Leverage the power of Web3 in progressive tech:

As blockchain technology brings Web3 to the forefront and crypto commands the dollars of investors across industries, we are beginning to explore what Web3 might mean for the political tech space. Whether accepting crypto as donations, using NFTs (non-fungible tokens) to reward donors and volunteers, or utilize DAO (decentralized autonomous organization) models to bolster distributed organizing operations, we are eager to explore solutions that put progressive campaigns and organizations at the cutting edge of this quickly evolving form of engagement.

5

Fintech innovations for the progressive ecosystem:

Political spending has increased at ~8% annually since 1980, an astounding compounded growth. Though campaigns are awash in money, they lack sophisticated enterprise-grade financial tools and innovations. These could include accepting crypto as donations, integrations with mobile transaction platforms, media rate forecasting and more automated compliance.

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Thank You

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