

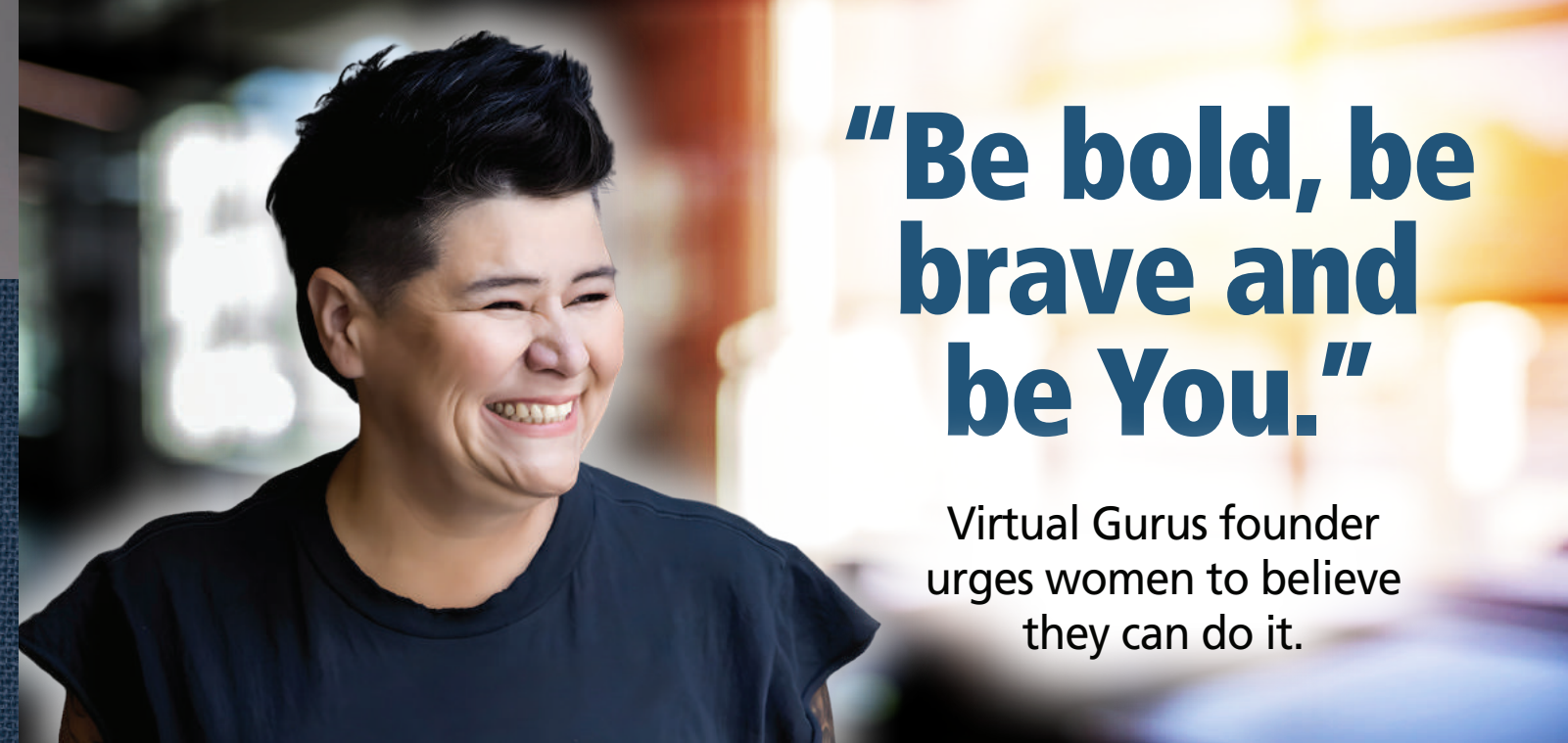


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“Be bold, be brave and be You.”

Virtual Gurus founder urges women to believe they can do it.

When Calgary’s Bobbie Racette says that “resilience and passion” are essential for women entrepreneurs, you can believe her.

That’s because the founder and CEO of Calgary’s Virtual Gurus faced 170 rejections from the male-dominated venture capital sector when she tried to fund her fledgling HR tech firm. Fortunately, as an LGBTQ+, Cree Metis woman, Racette was passionate about building an inclusive virtual talent marketplace for everyone, from single mothers to disabled veterans to transgender persons.

And now, as the first Indigenous woman in Canada to close Series A VC funding – with the support of Roynat Capital, a wholly owned subsidiary of Scotiabank that provides creative financial solutions to mid market companies, Racette advises women to, “Be bold, be brave, and be yourself. If you have all three things, nothing will break through your armour, and you can power through it.”

FROM LAID-OFF TO LIFTING UP OTHERS

Today at the helm of a tech company that has achieved nearly 300 percent year-over-year revenue growth, Racette admits that she never anticipated such success: “I didn’t fathom that I would be an entrepreneur, since I left home at 18.” Raised by two hard-working moms – including a Residential School survivor who became Regina’s first female house builder – Racette roamed the world before establishing herself as a safety foreman in Calgary’s oil and gas industry.

She only decided to start her own company after being laid off from the oil fields and cobbling together an income as a virtual assistant for administrative outsourcing companies. “The only reason I created Virtual Gurus was to make a job for myself, but I realized that I could build this into a massive platform and give meaningful work-from-home

opportunities to others like me,” recalls Racette. “As an LGBT Indigenous woman, everyone would say ‘no’ to me even though my skill set was really good.”

With that inspiration, Racette drafted the Virtual Gurus business model, by which the company finds and trains skilled ‘Virtual Assistants’ across North America and, with its proprietary software, matches them with client companies, ranging from small businesses to large corporations seeking third-party support, from book-keeping and data entry to marketing and customer service. “We prime our Virtual Assistants for success, by helping them create their own home businesses, connecting them with their own clients, and offering them an online community to support each other,” says Racette.

Virtual Gurus’ key differentiator is its focus on creating employment for under-represented individuals. Currently, 80 per cent of its all-onshore talent are persons who identify as women. And, among those team-members who identify as male, approximately 60 per cent are Black, Indigenous or persons of colour.

PIVOTING IN THE PANDEMIC

While Virtual Gurus’ noble mandate helped Racette grow her business over the past six years, she had to pivot during the COVID-19 pandemic, when many of her B2B clients faced financial uncertainty. “We decided that the most important thing was to keep our Virtual Assistants working even if we had to lose money,” recalls Racette. “We launched our ‘People over Profit’ program and gave free Virtual Gurus services to more than 100 start-ups, so they could keep operating without worrying about their back-office support.”

The pandemic proved to be an opportune time for Virtual Gurus to target the many companies that had laid off their own admin staff but still needed remote workers to perform those tasks. "We did experience a dip in revenue at first, but once companies realized they needed to keep their businesses going, we grew substantially during that economic downturn. Even today, as many tech companies are struggling, we have an advantage because we provide back-office support that all companies still need," points out Racette.

KNOCKING BOLDLY ON VENTURE CAPITAL DOORS

It shouldn't surprise anyone that Virtual Gurus overcame the pandemic since Racette was seasoned at surmounting crushing challenges. After all, she had spent the previous two years struggling to raise capital to keep her company going and growing.

Racette recalls how she tirelessly pitched her company to investors across North America: "I was turned down 170 times and told that my business was not 'scalable', even though I had so many clients coming to my site, and so much talent applying for work. I turned those criticisms around to put 'fuel on my fire.' I said, 'It's not true, we are scalable. I just needed to build the technology and the team to prove it.'"

Such determination was essential in the face of significant, subtle resistance. In particular, many potential investors doubted that Virtual Gurus could source an adequate talent workforce from under-represented communities. And, the investor community appeared to overlook entrepreneurs who were not white and male.

Recalling how her funding proposals resulted in polite but vague declines, or unreturned messages, Racette observes that, "My greatest challenge was having people believe in me because – when you look at someone like me, an Indigenous LGBT woman – a lot of people don't grasp what we can do. Among those 170 'no's I received, 80 per cent of them were from men. That shows how there's a lot of work to do to diversify the tech community and the investment portfolios that everybody invests in."

Racette's sentiments are backed up by statistics indicating that, while 51 per cent of the Canadian population is female, only 1.9 per cent of venture capital goes to women-led businesses. And, since 2014, only 10 per cent of all Canadian venture capital investment deals involved a female-run company. That trend is noteworthy when you consider that in Alberta alone, 30 per cent of the province's technology start-ups are founded or co-founded by women. In speaking with clients, Scotiabank has learned that Women face unconscious gender bias when trying to build and manage business and there is a resulting gender gap in venture capital funding. For example, a 2020 proprietary study showed when it came to venture capital, women received less than men – 2.3% for women versus 97.7% for men.

Fortunately, Racette persisted, and through word of mouth she heard of Vancouver's Raven Indigenous Capital Partners

(Raven), provided lead support for Virtual Gurus' seed funding round, of roughly \$1 million in 2020.

Racette admits how that funding came at a critical moment: "I was interviewed by a Calgary radio station and one of the listeners was a transgender person whose boss insisted that she come to work dressed as a man. This person couldn't be herself at work, and feared that she would never be able to be herself. She heard the radio interview of me and instead, she drove straight to Virtual Gurus, cried in my office, and became one of our Virtual Assistants. This incident reminded me why I started the company and that we had to keep going."

FIND BELIEVERS WHO REALLY SEE YOU

Virtual Gurus has continued to rack up believers, business, and investors ever since, and today Racette proudly states that it is the largest virtual assistant platform in Canada, and the fourth largest in the US.

In fact, amid the market uncertainty posed by the pandemic, Virtual Gurus closed its Later Stage Series A VC funding of more than \$7 million in March 2022, to help it expand its technology platform and stretch its services into the US. By doing so, Racette became the first known Indigenous woman in Canada to close a Series A funding round. She credits the support from a variety of eager investors, including The51, a Financial Feminist™ platform where current and aspiring investors provide capital to women and gender-diverse founders.

Racette also praises Roynat Capital for helping Virtual Gurus reach its \$10 million funding target: "We looked at a number of major financial institutions to help close our funding round, but we chose Roynat because they actually welcomed the diversity element of our company and our vision of changing people's lives." Today, Roynat and Scotiabank provide Virtual Gurus with steady, flexible lending and business banking support, through a dedicated Technology & Innovation Banking group. "We work hard to structure founder-friendly capital for high potential entrepreneurs like Racette. It's our mission to fuel start-ups with thoughtfully structured capital to support their aspirations. Recognizing the imbalances which exists in Technology and the broader economy regarding access to capital, we are proud to have been chosen to support Bobbie and the team at Virtual Gurus." Says Neelam. Virtual Gurus is currently in the process of raising Series B VC funding of \$15 million.

Racette notes that conditions are improving for entrepreneurs who are women or who come from diverse backgrounds: "There is much more support than five years ago, so surround yourself with those incubator platforms that have so many resources to help you succeed."

Racette herself mentors aspiring founders at Platform Calgary, a non-profit with connections across Calgary's tech ecosystem: "I tell them that you must be resilient, to push through challenges, but you can do it if you are passionate about your vision."



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