



Venture Access Alliance Portfolio Diversity Report

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New York City Economic
Development Corporation

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Public Affairs

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2024

Venture Access Alliance Portfolio Diversity Report

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An analysis of access to capital in New York City's venture capital and startup ecosystem

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2024

Venture Access Alliance Portfolio Diversity Report

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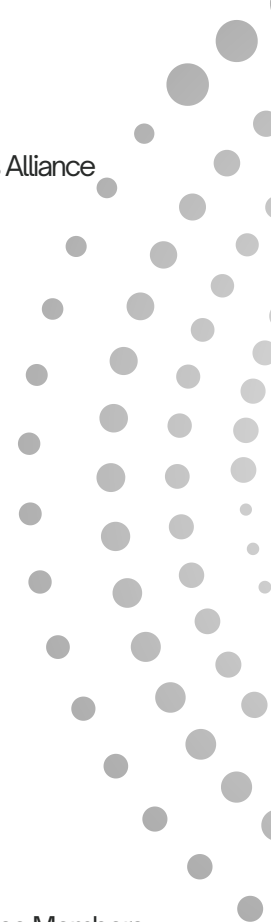
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WELCOME LETTER

Dear Venture Access Alliance Members,

I am thrilled to present the 2024 Venture Access Alliance Portfolio Diversity Report, a comprehensive analysis highlighting the significance of your collective efforts to expand access to and inclusion within the venture capital and startup ecosystems. As we navigate the dynamic landscape of New York City's entrepreneurial scene, initiatives like the Venture Access Alliance ("VAA") are crucial for ensuring that our diverse communities are not just included but celebrated and empowered.

This report provides an in-depth examination of VAA member firms' investment practices throughout 2023. Key findings reveal both points of considerable pride for VAA members and areas needing further attention. VAA members lead the way compared to national trends, investing in women and founders of color, who constitute nearly 40% of the 2023 portfolio. However, the data also highlights persistent challenges, such as the underrepresentation of Black and Latinx/e founders and the significant gender disparities in funding. Notably, while women founders represent 24% of the VAA portfolio, only 7% of the total invested dollars went to companies with a woman founder.

Our report also uncovers an impressive commitment to NYC-based founders and geographic disparities within New York City. We find disproportionate funding concentrated in Manhattan, leaving the outer boroughs significantly underserved. Additionally, there is a clear drop-off in later-stage funding support for underrepresented minority (URM) and women-only teams, underscoring the need for sustained efforts beyond accelerator/incubator and seed investments.

With this inaugural Portfolio Diversity Report, I recognize that this is just the beginning. With the launch of VAA, New York has demonstrated its commitment to continuously improving its efforts and outcomes. Your collective efforts are transforming the venture landscape and setting a powerful example for the tech industry nationwide. In closing, I want to thank all VAA members for their commitment to building a more inclusive and equitable venture ecosystem. Together, we can continue to drive forward the principles of equity, diversity, and inclusion, ensuring every entrepreneur can thrive.

Sincerely,

Dr. Jasmine Hill
Assistant Professor of Public Policy and Sociology
Research Expert on Racial Equity and Social Justice in the Workplace



METHODOLOGY

Towards taking tangible action around diversity, equity, and inclusion, Annenberg Foundation commissioned a team of researchers from the UCLA Luskin School of Public Affairs to code and analyze data for Venture Access Alliance (VAA), an initiative of New York City Economic Development Corporation (NYEDC). This includes collecting 2023 demographic data on 72 venture capital (VC) firms in the VAA membership, and their 323 portfolio companies, led by over 540 founders.

Our data collection process uses proprietary industry data from Pitchbook to learn more about VC portfolios. This cross-section of data allowed us a holistic look at the New York tech industry - including the investments in inclusion from institutional funders to the foundations of company culture, as well as the demographic makeup of start-up founders.

Pitchbook is an online platform that provides information on private and public companies, including investments, funding information, founding members, and industry news. Using data-scraping tools, we collected publicly available data on the investments of all Venture Access Alliance VC members. We established a complete list of companies those members invested in from January 1, 2023, to December 31, 2023. Some firms had no investments during this time and thus were excluded from the analysis,

leading to a final data set of **72 VAA member firms with investments in 2023**. We then gathered information on each portfolio company, including their headquarters location and the names of their founding team members.

We utilized two sources to assess the diversity of each portfolio company's founding team. First, as part of its growing efforts to evaluate representation in tech, Pitchbook provided demographic data of many founders, including their gender and the university they attended. However, since Pitchbook lacks diversity data for some founders and does not include information on founders' race, we employed a second technique: algorithmic imputation.

For this, we used the NAMSOR API, a peer-reviewed tool that analyzes first and last names against decades of sociolinguistic data to infer the likely cultural origin of these names. Additionally, a trained researcher from Luskin reviewed the data to resolve discrepancies between Pitchbook and NAMSOR and to address any other irregularities. While self-report is the most accurate methodology, our vetted approach is a commonly used and reliable process replicated by top academics to impute demographics in peer-reviewed research. We are confident in the reliability of our estimates within a 90% confidence interval.

THE RESEARCH TEAM

Jasmine D. Hill, Ph. D.

Assistant Professor of Public Policy, Sociology



Dr. Jasmine Hill is a Professor of Public Policy and Sociology at the University of California, Los Angeles. Her research and teaching focus on issues of racial equity in the workplace, economic development, and social change. She uses quantitative and qualitative methods to study how Black, Latinx/e, and other communities of color might achieve economic justice.

Isabella Marshall

Master's student in public policy



Isabella Marshall is a first-year Master in Public Policy student at the Luskin School of Public Affairs with a focus in tech, racial equity and workforce development.

ABOUT VENTURE ACCESS ALLIANCE

Venture Access Alliance (VAA) is a coalition of startup investors who believe NYC's diversity is its greatest strength and opportunity for growth. Alliance members work together with New York City Economic Development Corporation ("NYCEDC") to achieve diversity throughout the startup value chain and build the world's best, most inclusive tech and venture ecosystem in New York City.

VAA is part of Venture Access NYC, an NYCEDC initiative to build a more diverse and equitable tech ecosystem in NYC for startup founders and funders. It is inspired by successful public-private initiatives like PledgeLA, launched by the Annenberg Foundation and the City of Los Angeles. The Alliance is co-chaired by Fred Wilson of Union Square Ventures and Jarrod Tingle of Harlem Capital Partners and supported by the Ford Foundation and Annenberg Foundation.

The Alliance is centered around three core goals:

- **Building Community:** VAA provides a forum for NYC's VC firms and industry partners to connect, co-invest, and promote greater access within the venture industry.
- **Tracking Diversity:** VAA tracks metrics to assess and report on representation within VC firm leadership and their portfolio companies.
- **Committing to Action:** VAA empowers VC firms to work together on co-designing and scaling high-impact initiatives that expand diversity within NYC's innovation economy, address gaps in access and inclusion, and position NYC as the global leader for equitable tech and venture capital activity.



Executive Summary

INVESTOR INSIGHTS

- Among the 72 VC firms in the Venture Access Alliance that made investments in 2023, 29% are URM-led, 32% have a diversity thesis, and 44% have a woman general or managing partner. It's important to note that these categories are not mutually exclusive. For example, a URM-led firm can also have a diversity thesis and be women-led.
- Among VAA members, traditional VCs dominated the scene with a total of \$15.2 billion in assets under management (AUM). URM-led and diversity thesis VCs held comparatively less, with \$8.28 billion, while women-led VCs had \$8.38 billion in 2023.
- Women-only teams are significantly more likely to receive investment from VCs with a diversity thesis or URM-led VCs (25.2%) and women-led VCs (22.2%) compared to Traditional VCs (8.9%).
- VAA investors demonstrate a strong commitment to investing in NYC-based companies, with nearly half their 2023 dollars invested in Manhattan-based companies.



Executive Summary

FOUNDER DEMOGRAPHICS

In our review of investment practices across the 72 Venture Access Alliance member VC firms that made investments in 2023, we found that:

- Compared to national trends, Venture Access Alliance members are more likely to invest in women and founders of color. Across the 2023 VAA portfolio, 40% of founders are people of color, and 24% are women founders.
- However, examining the racial demographics of founding teams reveals that only 17% of all companies that received a deal from a VAA investor in 2023 had a Black or Latinx/e founder. 50% of companies that received investment from VAA members had only white founders.
- The Venture Access Alliance member portfolios highlight significant gender inequality among founders. While women of color are starkly underrepresented, white men make up 47% of all VAA portfolio company founders.
- VAA members show an impressive commitment to investing in companies within New York City, with over 60% of all investments going to NYC-based companies.
- When considering deal stage, while early-stage opportunities are more accessible for women-only teams and those companies with POC founders, there is a notable drop-off in later-stage investment support, highlighting a potential barrier to growth and scaling for historically underrepresented teams.



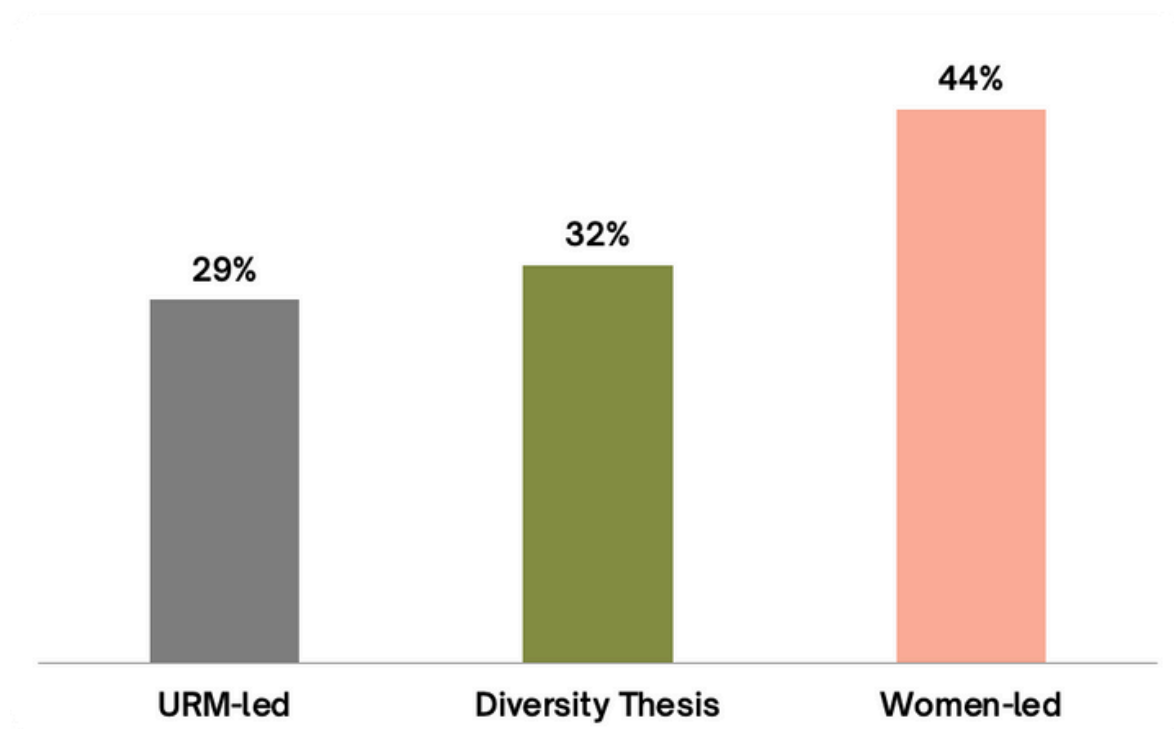
Executive Summary

FUNDING DISPARITIES

- While \$2.9 billion (83% of all deals) went to founders identifying as men, only \$258.2 million (7%) went to companies with a founder identifying as a woman.
- Of the \$3.5 billion invested in 2023 by VAA investors, teams composed entirely of white founders received \$1.8 billion (more than half of all invested dollars).
- 60.4% of traditional VC funding went to all-white teams. In contrast, VCs with a diversity thesis or URM-led VCs allocated 52.1% of their funding to all-white teams, and women-led VCs allocated 45.5% to all-white teams.
- In 2023, Manhattan received the highest amount of VC funding across all boroughs at \$1.81 billion. For comparison, founders outside NYC's five boroughs (e.g. in other parts of the U.S.) received \$1.49 billion.

FINDINGS | Investor Insights

VAA Investor Profile



In analyzing the types of venture capital member firms within the Venture Access Alliance as of December 31, 2023, we observed 72 VC members who made investments. Among the 72 total VC firms, 29% are URM-led, while 32% have a diversity thesis. It's important to note that these categories are not mutually exclusive; for instance, a URM-led firm can also have a diversity thesis. Additionally, 44% of VAA VCs have a woman as a Managing Partner, highlighting the diverse leadership within the investment community.

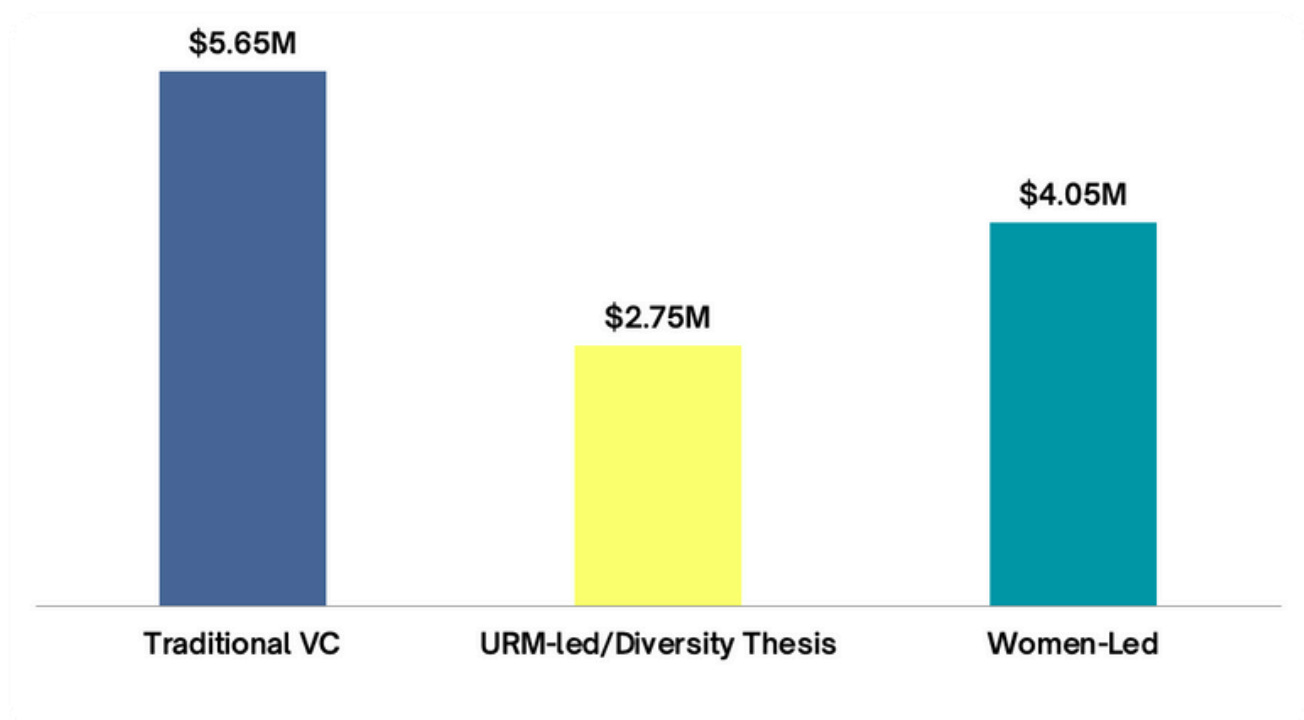
FINDINGS | Investor Insights

Median Round Amount, by VC

The median round amount, which reflects what amount most companies raised from an investor, varied significantly among different types of VCs. Traditional VCs gave the highest median round amount at \$5.65 million. URM-led and diversity thesis VCs gave a median round of \$2.75 million, while women-led VCs gave a median round amount of \$4.05 million, reflecting disparities in funding capacity.

Compared to other VC collectives, like [PledgeLA](#), NYC URM-led and diversity thesis firms issued significantly smaller median rounds (\$2.75M for VAA URM-vs. \$4.6M for PledgeLA).

This inequality in median round amount may disadvantage URM-led VCs and those with a diversity thesis in sourcing the best deals; founders often opt to work with investors who can provide more capital, leading to potential disparities in cap table representation.

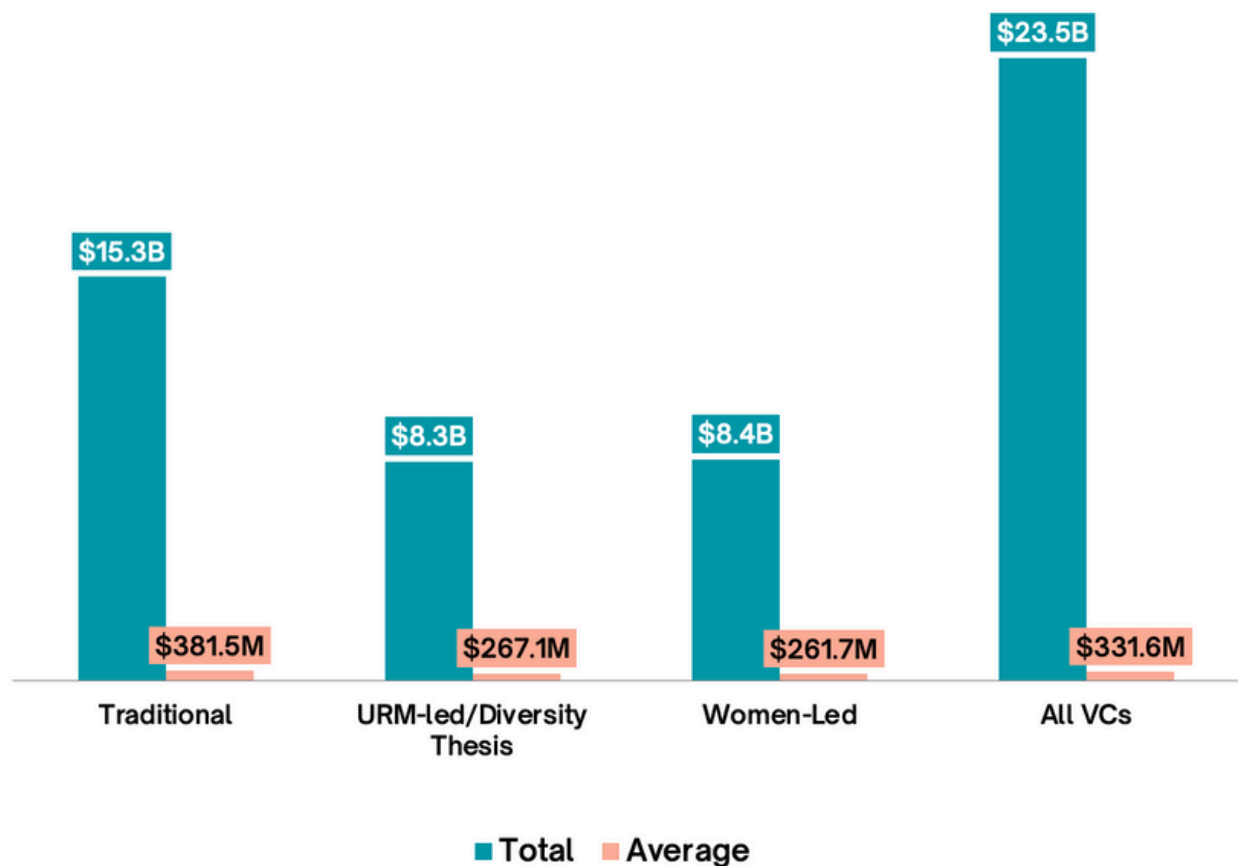


FINDINGS | Investor Insights

Assets Under Management, by VC

Traditional VCs can often offer larger rounds because they often hold social capital and institutional connections, allowing them to raise more capital than URM or Women-led VC firms.

Among VAA members, traditional VCs dominated the scene with an average assets under management (AUM) of \$381.5 million and a total of \$15.2 billion across all traditional firms. URM-led and diversity thesis VCs had an average AUM of \$267.1 million, totaling \$8.28 billion. Women-led VCs had a similar average AUM of \$261.7 million, totaling \$8.38 billion, indicating significant yet lower resources compared to traditional VCs.

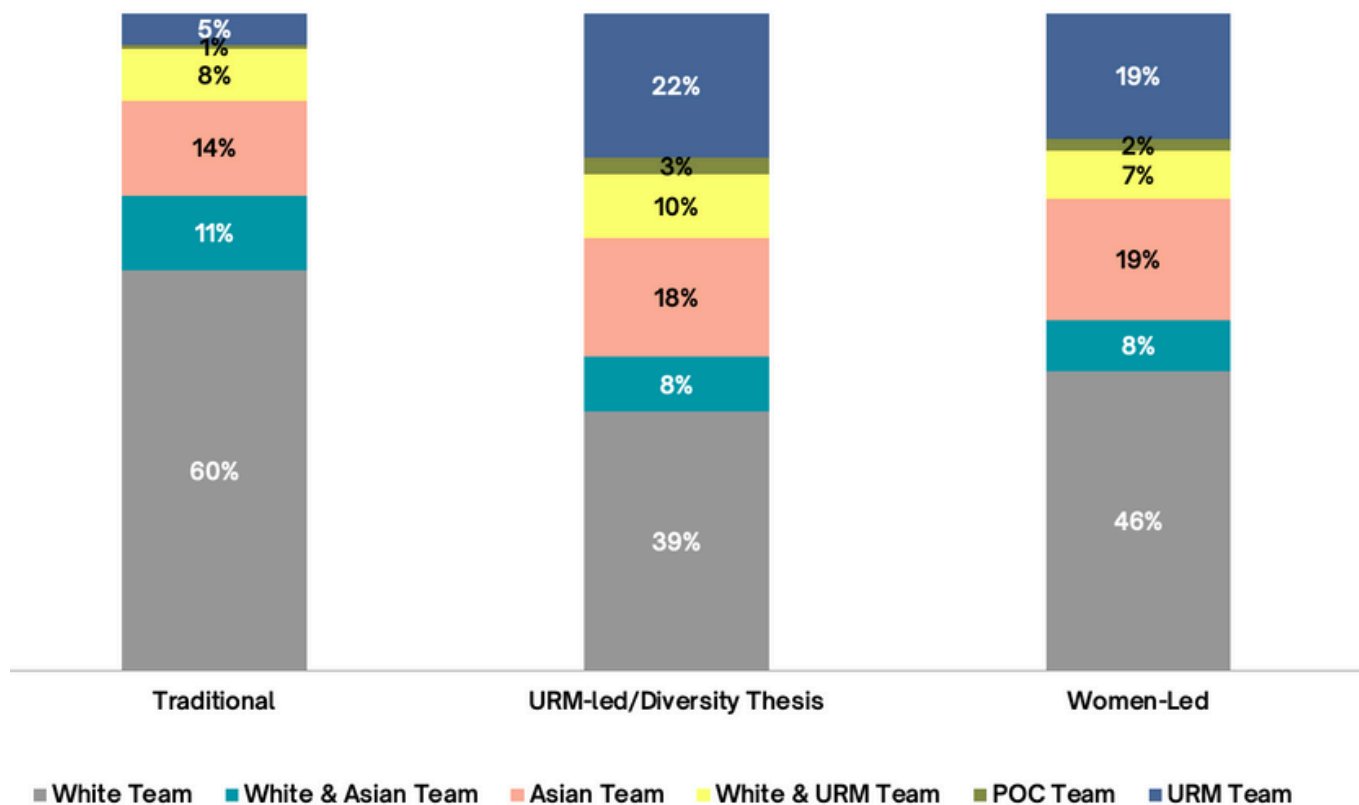


FINDINGS | Investor Insights

Race: Diversity of Founder Team by VC

60.4% of traditional VC investments went to all-white teams. In contrast, VCs with a diversity thesis or URM VCs allocated 52.1% of their investments to all-white teams, and women-led VCs allocated 45.5% to all-white teams.

This indicates that URM-led and women-led VCs are more likely to invest in non-white or mixed teams than traditional VCs. For founders, this meant that just 11% of deals to URM teams came from traditional VCs, suggesting VCs with a diversity thesis, URM and women-led do the vast majority of investing in underrepresented founders.

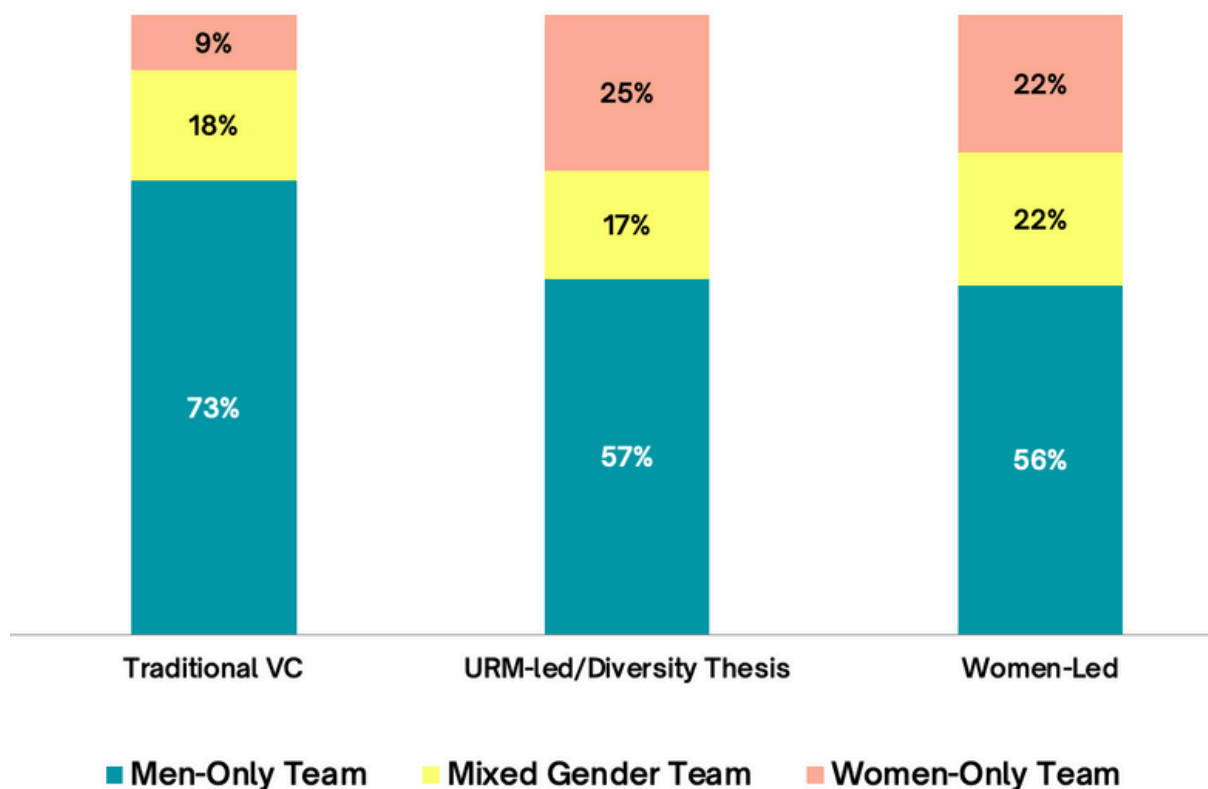


FINDINGS | Investor Insights

Gender: Diversity of Founder Team by VC

Diversity-thesis or BIPOC-led VCs and Woman-led VCs are more likely to invest in mixed gender teams compared to traditional VCs. **All-women teams are significantly more likely to receive investment from VCs with a diversity thesis or URM-led VCs (25.2%) and women-led VCs (22.2%) compared to traditional VCs (8.9%).**

On the other hand, 40% of deals to men-only teams come from traditional VCs, highlighting a potential challenge for mixed gender teams in accessing capital from larger, and more well-resourced firms.

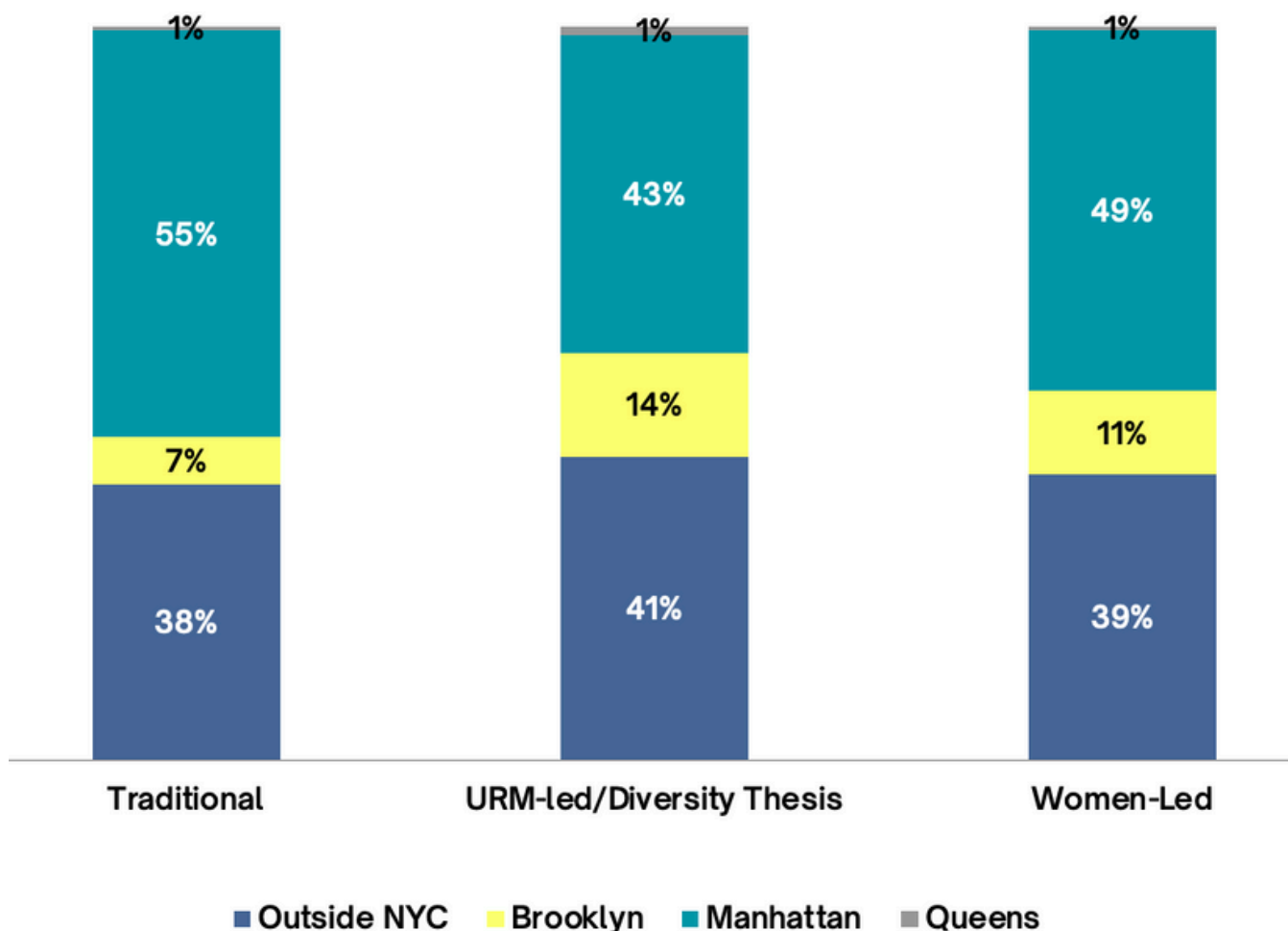


FINDINGS | Investor Insights

Borough: Diversity of Founder Team by VC Type

While the majority of investment went towards companies based in Manhattan, URM-led VCs and VCs with a diversity thesis were most likely to invest in founders based in Brooklyn.

Notably, zero Bronx or Staten Island-based companies received funds from VAA members in 2023.

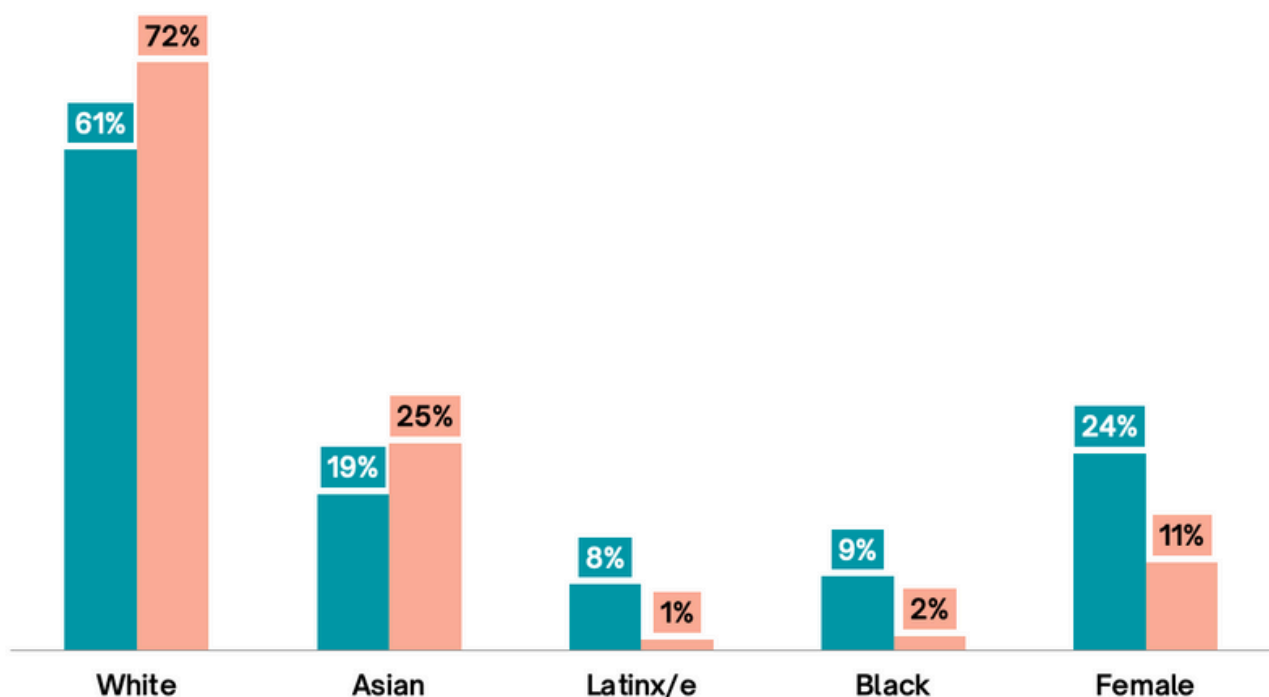


FINDINGS | Founder Demographics

Composition of VAA Portfolio companies, compared to national venture data

To measure the level of racial and gender diversity within the Venture Access Alliance member portfolios, we concluded the racial background of each of the 540 founders who received investment from a VAA member firm in 2023. Note that these percentages refer to the share of VAA portfolio founders rather than the share of capital invested in VAA portfolio companies (reported later).

According to a national study of VC investments, **VAA member portfolios reflect greater racial diversity than the national average across all US VC firms.** White founders were most represented, with the VAA portfolio being 60.93% white, compared to the US average of 71.6%. **VAA member firms were also more likely to invest in women, Asian, Latinx/e, and Black founders than national trends suggest.** Women founders represent 24% of the VAA portfolio overall as compared to the 11% average among all US VC firms.

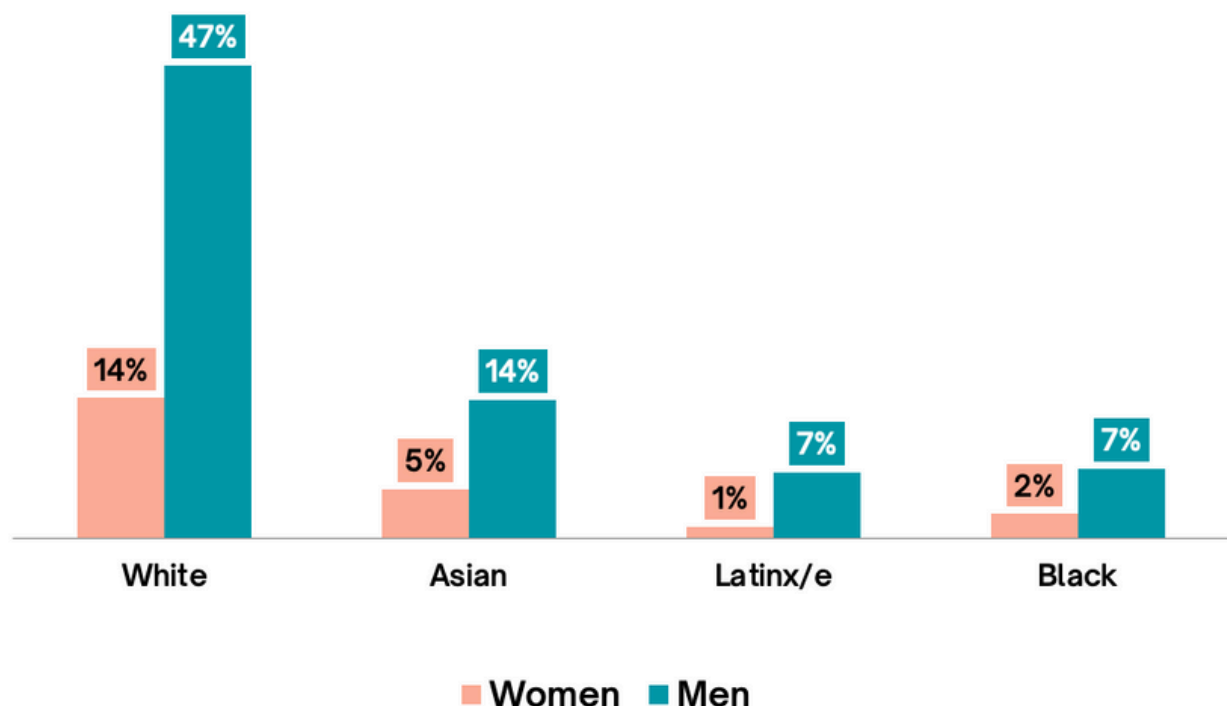


FINDINGS | Founder Demographics

Race & Gender: Composition of VAA Portfolios

The Venture Access Alliance member portfolios highlight significant gender inequality among founders. While men dominate the portfolio, **white men alone make up 47% of the VAA portfolio.**

Women of color are starkly underrepresented. In 2023, Asian women represented only 5% of founders who received VAA investment, Black women 2%, and Latina women a mere 1% of the overall portfolio.

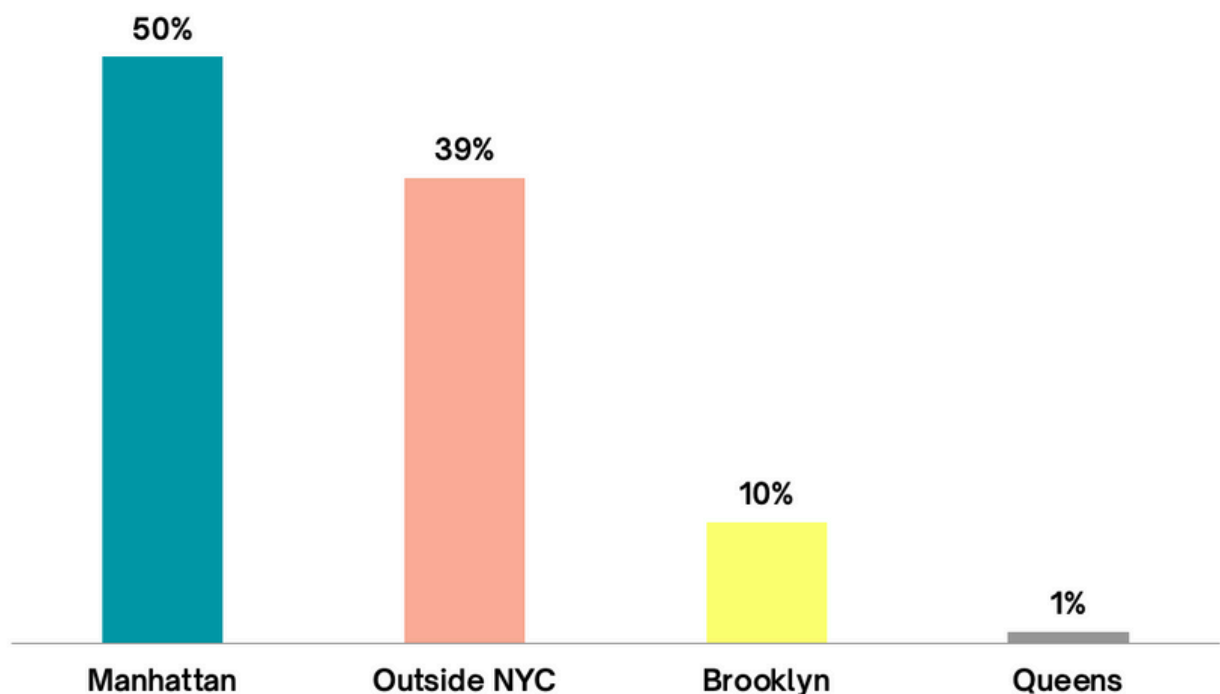


FINDINGS | Founder Demographics

Borough: Composition of VAA Portfolios

VAA shows an impressive commitment to investing in companies within New York City, **with over 60% of all investments going to NYC-based companies.**

Of those investments, 50% of the companies were located within Manhattan. Only 11% of NYC companies receiving VAA investment in 2023 were headquartered in either Brooklyn or Queens. **Notably, no companies were headquartered in the Bronx or Staten Island.**

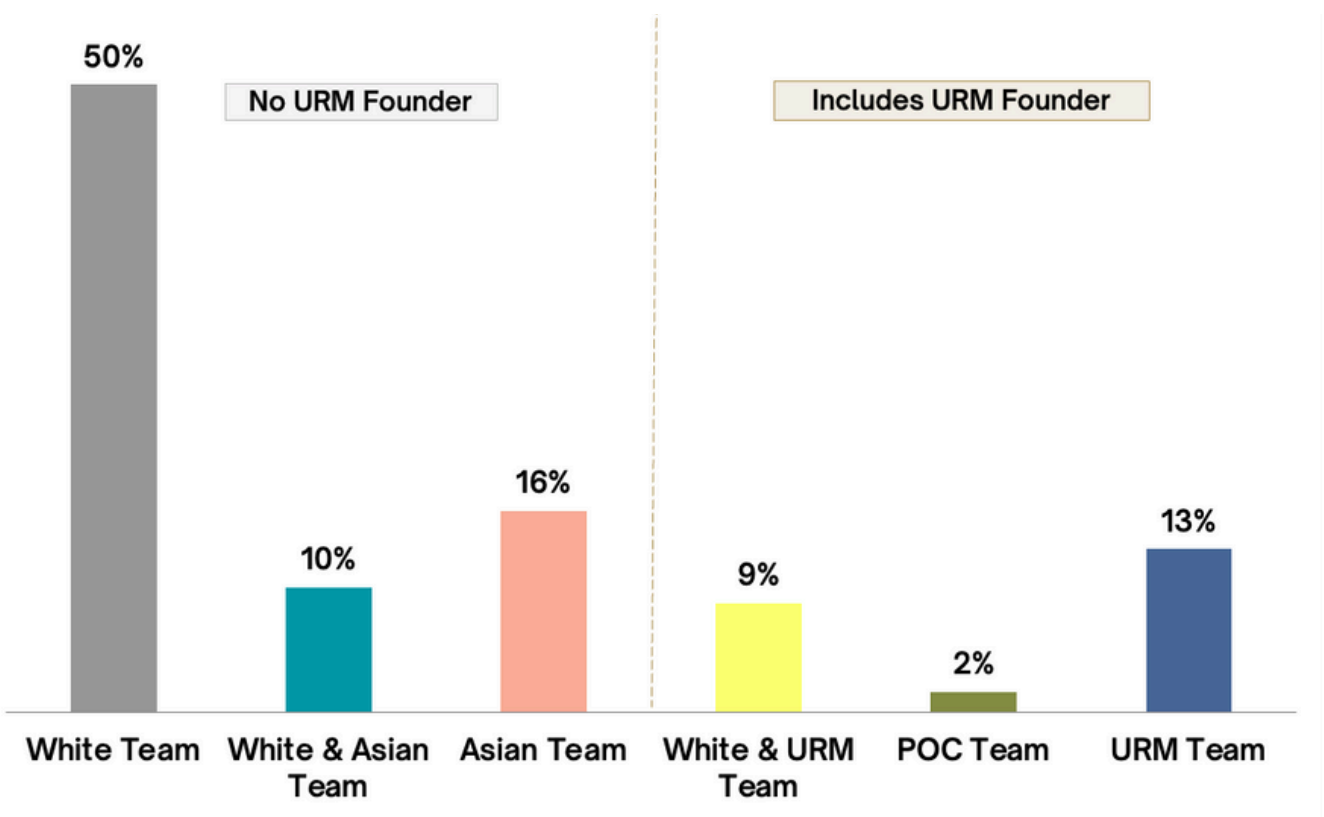


FINDINGS | Founder Demographics

Race: Diversity of Founding Teams

Of all companies that received investment from VAA members, **50% were founded entirely by white founders**. 76% of companies had no URM founders on their teams.

Teams with white and Asian founders account for 10%, while those teams with white and underrepresented minority (URM) members make up 9%. **Just 22% of all companies that received a deal from a VAA investor had at least one Black or Latinx/e founder**, while 69% of those teams had at least one white founder.

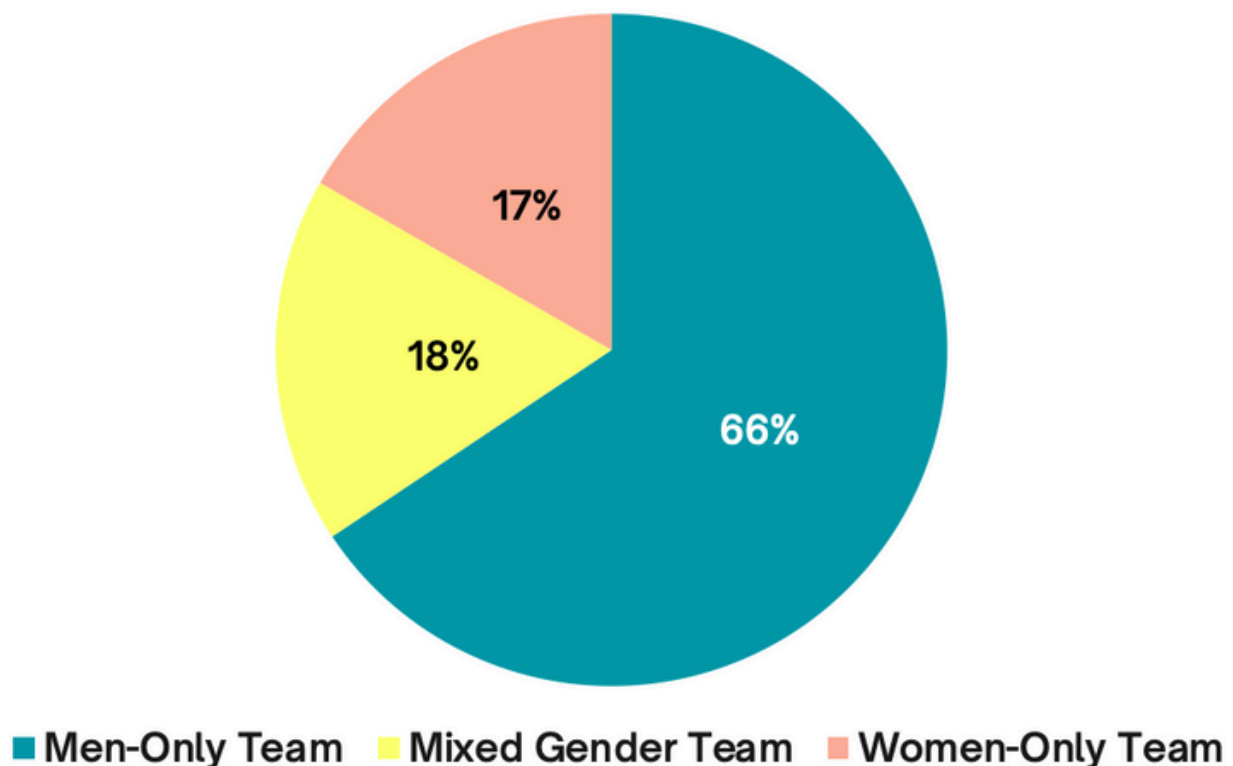


FINDINGS | Founder Demographics

Gender: Diversity of Founder Teams

When considering gender diversity among founder teams, there is a significant gender imbalance. **65.6% of founding teams are composed entirely of men**, underscoring the underrepresentation of women in founding roles. All-women teams comprise only 16.7% of the portfolio, while mixed-gender teams account for 17.6%.

Still compared to national trends, where women-only teams (7%) and mixed-gender teams (19%) reflect a small share of the total deal count, VAA-NYC members exceed the U.S. average.

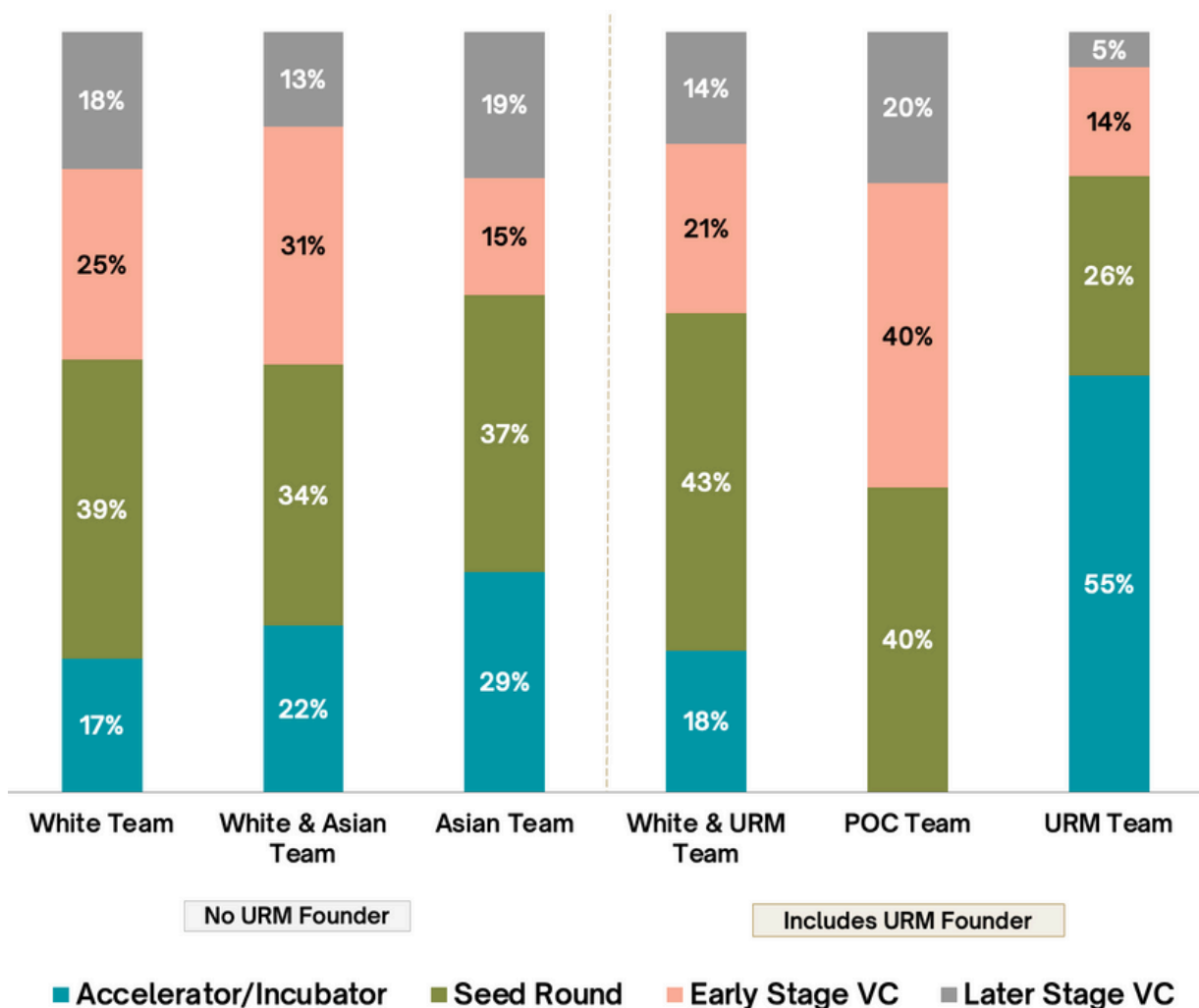


FINDINGS | Founder Demographics

Race: Founder Team Diversity by Deal Stage

In venture capital, “deal stage” refers to the various growth phases a startup undergoes when fundraising, from the initial seed round to later-stage investments as the company grows and matures. Often, before the seed round, accelerators and incubators are programs that provide early-stage startups with funding, mentorship, and resources to help them grow. Considering a company’s deal stage alongside race and gender, it is important to see if historically underrepresented founders have a harder time gaining access to capital at particular points in their company’s journey.

Our analysis reveals that early-stage investments are more likely to be diverse compared to later stages. For instance, most URM teams received early-stage Accelerator/Incubator funding from VAA VCs in 2023. This disparity highlights the challenges diverse teams face in securing continued funding as they grow, emphasizing the need for sustained support beyond the initial stages to foster long-term equity in venture capital.

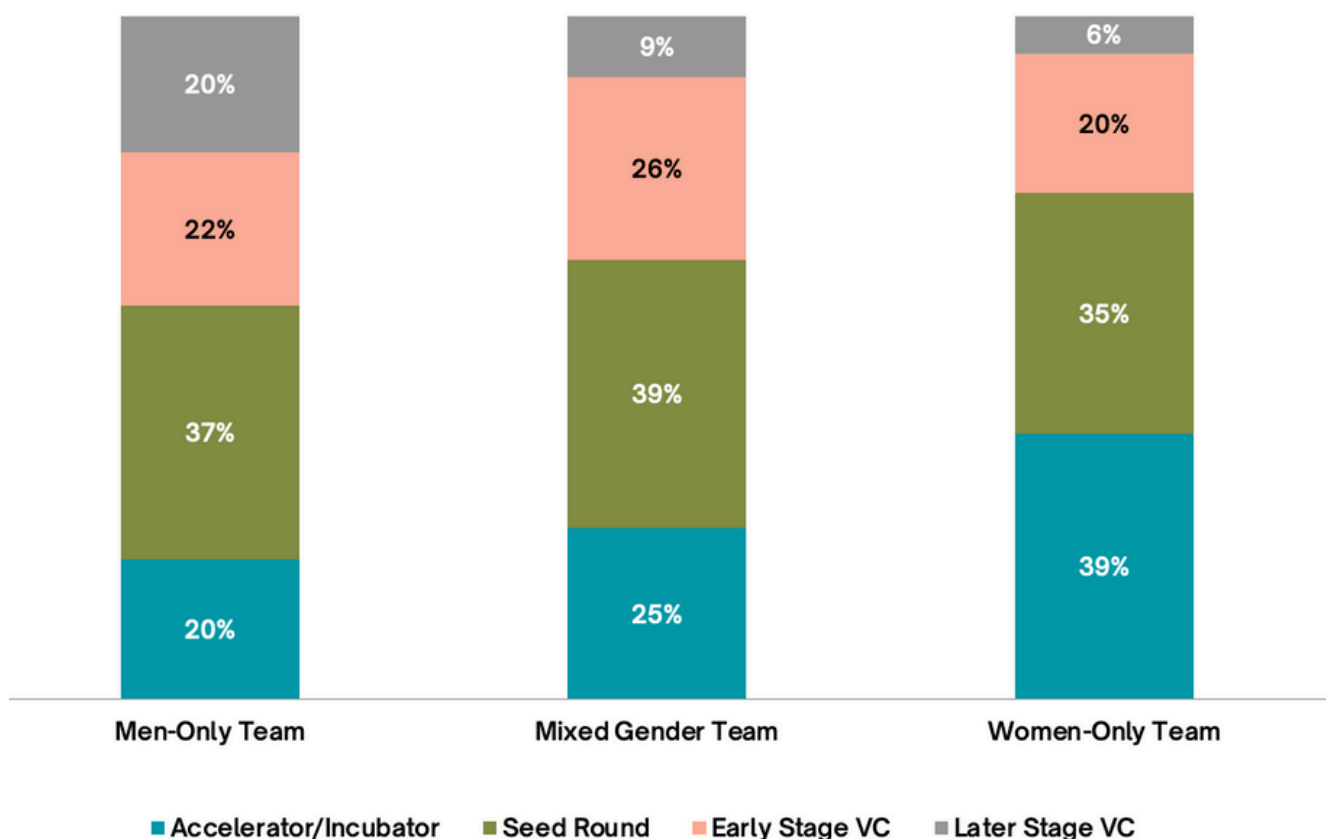


FINDINGS | Founder Demographics

Gender: Founder Team Diversity by Deal Stage

The data indicates that women-only teams are finding relatively more opportunities at the Accelerator/Incubator (38.9%) and Seed Round (35.2%) stages compared to mixed-gender and men-only teams. However, they face significant challenges in securing later-stage VC funding, with only 5.6% of their investments in this category. **This suggests that while early-stage opportunities are more accessible for women-only teams, there is a notable drop-off in later-stage investment support, highlighting a potential barrier to growth and scaling for these teams.**

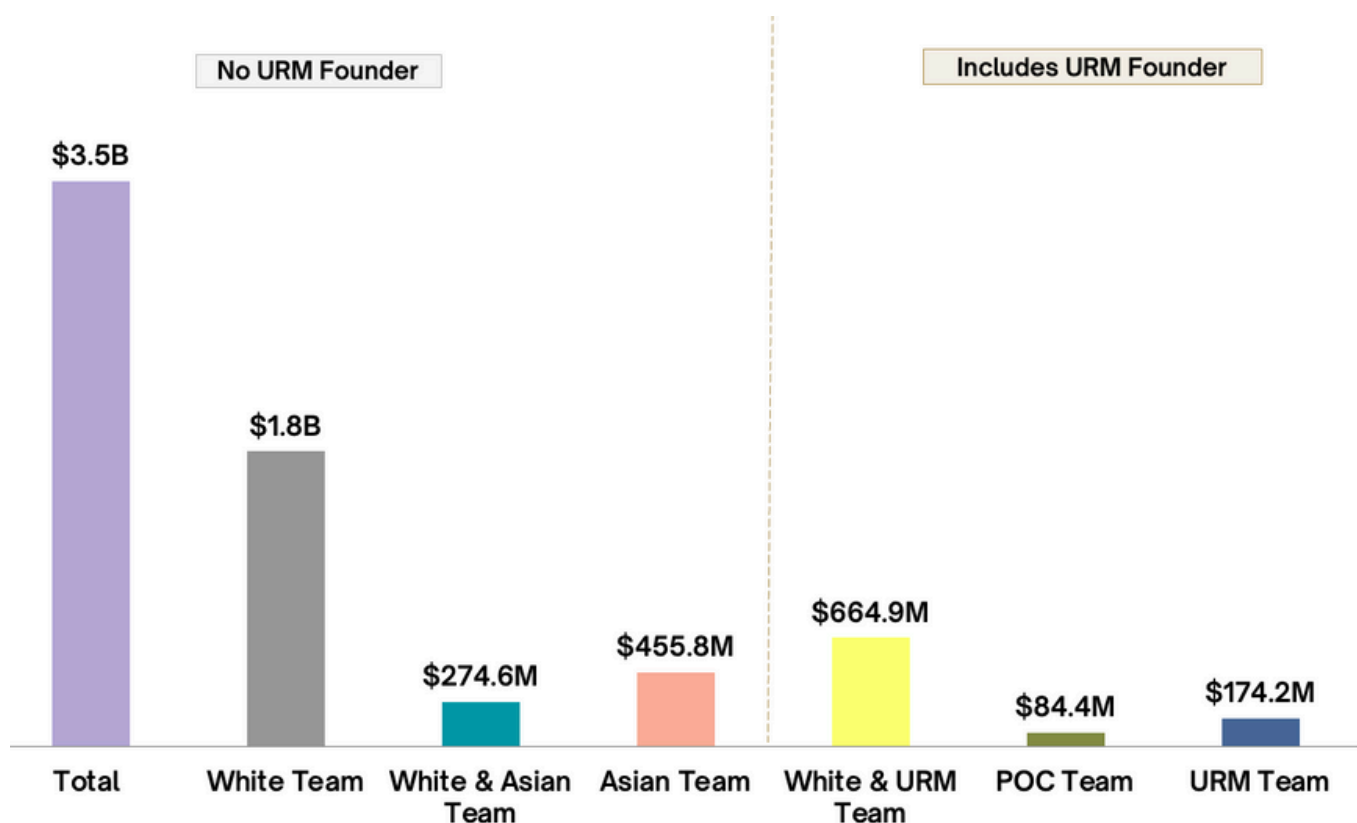
As a note, this may also reflect a limited number of VAA firms which invest in later stages at all.



FINDINGS | Funding Disparities

Race: Total Amount Raised by Founding Team Diversity

Of the \$3.5 billion invested in 2023 by VAA investors, teams composed entirely of white founders received \$1.8 billion – more than half of all invested dollars. Teams with both white and Asian founders received \$274.6 million, while teams with white and underrepresented minority (URM) founders earned \$664.9 million. Mixed teams involving white founders tend to receive more funding than teams consisting solely of POC or URM founders.

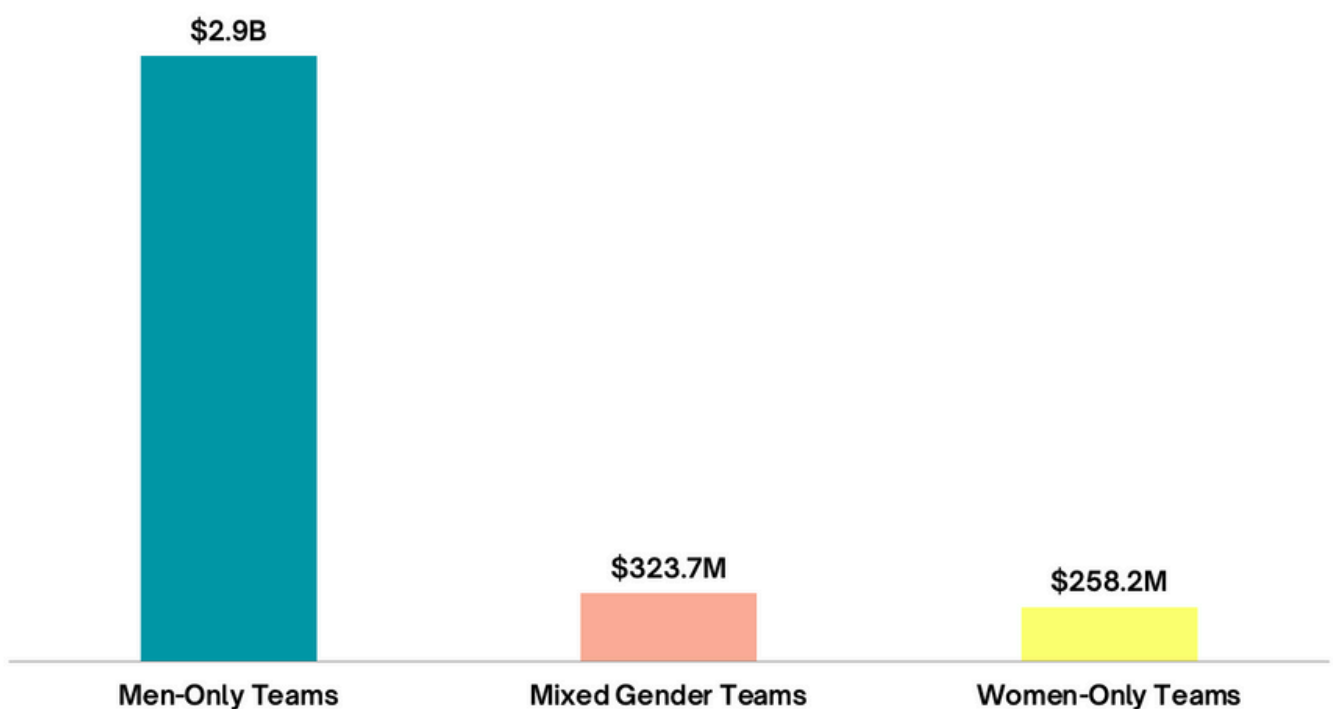


FINDINGS | Funding Disparities

Gender: Total Amount Raised by Founding Team Diversity

While \$2.9 billion (83% of all deals) went to founders identifying as men, only \$581.9 million (7%) went to companies with a founder identifying as a woman.

There is a substantial disparity in funding based on the gender composition of founding teams, with men-only teams receiving the highest amount of investment by a wide margin.

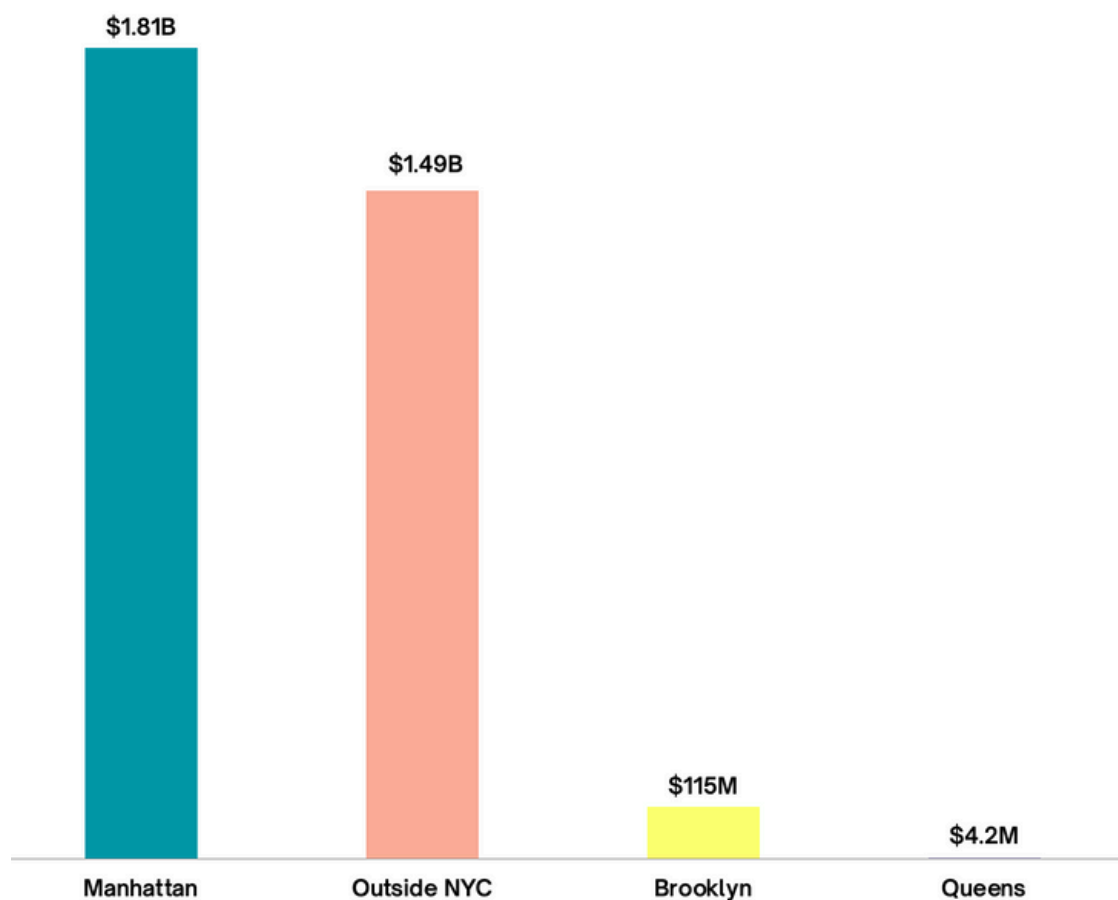


FINDINGS | Funding Disparities

Borough: Total Amount Invested by Founding Team Diversity

In 2023, Manhattan received the highest amount of VC funding across all boroughs at **\$1.81 billion**, followed by founders outside NYC with **\$1.49 billion**. Brooklyn receives significantly less at \$115 million, and Queens has the least funding at \$4.2 million. As described earlier, companies from Staten Island and the Bronx received \$0.

This disparity highlights both an impressive financial investment in NYC from VAA members, but also a stark concentration of financial resources in Manhattan compared to other boroughs.



RECOMMENDATIONS

From this inaugural report, we are pleased to share several recommendations that might expand diversity and inclusion among VAA members who have committed to advancing equity.

Targeted Later-Stage Support for Underrepresented Founders:

- To ensure underrepresented founders are not only reflected in the accelerator/incubator, seed, and early stages, future programs should implement targeted programs to support URM and women-led teams in securing later-stage funding. This could include mentorship, networking opportunities, and dedicated later-stage funds to bridge the gap.

Incentivize Diverse Investments:

- To build on the momentum and foundation of the VAA, NYEDC should continue to develop incentives for traditional VCs to invest in diverse teams. This could involve tax benefits or matching funds while continuing efforts like their Catalyst Fund and the public recognition for firms that demonstrate a commitment to diversity in their investment portfolios.
- **Expand Geographic Reach Throughout NYC:** While VAA investors already show a strong commitment to NYC, future efforts should encourage investments beyond Manhattan to support the growth of startups in Brooklyn, Queens, Staten Island, and the Bronx. This could involve creating localized funds or offering incentives for VCs to explore opportunities in these areas.

Address Funding Amount Inequities:

- VAA members should consider setting internal benchmarks for the total amount raised and median deal sizes for underrepresented founders. They should regularly review and adjust these benchmarks to ensure they meet equity goals.

Encourage and Support Diverse Investors:

- Increase funding and resources for URM-led and women-led VCs, as they are more likely to invest in diverse teams. This could involve public-private partnerships, grants, and increased visibility to attract capital.

Continuous Monitoring and Reporting:

- To expand and build on the findings of this report, maintain regular tracking and reporting of diversity metrics within the VAA VC ecosystem. Transparent reporting helps hold firms accountable and highlight successful practices that can be replicated.

For inquiries related to the data, research, or methodology, contact Jasmine D. Hill, Ph.D at jhill@luskin.ucla.edu.

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VENTURE ACCESS ALLIANCE MEMBERS

As of August 2024

125 Ventures	FullCircle	Techstars NYC
25madison	Funnder	The 98
A100X	Gold House Ventures	The Pearl Fund
Able Partners	Goodlight Capital	The Venture Collective
Achebe Capital	GreatCircle Ventures	Third Sphere
Adjuvant Capital	H/L Ventures	Thomson Reuters Ventures
AlleyCorp	Halogen Ventures	Union Square Ventures [co-chair]
Alpaca VC	Harlem Capital Partners [co-chair]	Vamos Ventures
Anthemis	Infinity Capital	Visible Hands
Antler	K50 Ventures	Zeal Capital Partners
Aspira Capital	Laconia Capital	Wocstar Capital
BBG Ventures	Lair East Labs	White Star Capital
Benchstrength	Level Up Ventures (a Hearst company)	Watershed Ventures
BK-XL Accelerator	LGBT+VC [non-investing]	Waterpoint Lane
Blisce	LionTree	Vita Vera Ventures
Bloomberg Beta	Lockstep Ventures	
Blue Ridge Labs @ Robin Hood	M13	
Bowery Capital	Manhattan Venture Partners	
BoxGroup	Max Ventures	
BoxOne	MetaProp Ventures	
Cathay Innovation	New System Ventures	
Centre Street Partners	NY Ventures (Empire State Development)	
Chai Ventures	Open Opportunity Fund	
Charge VC	Overton Venture Capital	
Chloe Capital	Partnership Fund for NYC	
Citi Impact Fund	Paypal Ventures	
City Light Capital	Planeteer Capital	
CityRock Venture Partners	Primary Ventures	
Collaborative Fund	Rebalance Capital	
Collide Capital	Red Bike Capital	
Commonweal Ventures	Reign Ventures	
Company Ventures	Rethink Education	
Divergent Capital	RRE Ventures	
Diversity VC [non-investing]	Samvid Ventures	
Elevate Capital	Seed to Harvest	
ERA	Social Impact Capital	
Era Funds	SOSV (IndieBio NY)	
Everywhere Ventures	Soundboard Venture	
Fairbridge Park	Springbank Collective	
Fin Capital	Starta Ventures	
FirstMark Capital	Story Ventures	
Flybridge Capital	Streetlife Ventures	

GLOSSARY & KEY TERMS

Throughout the report, we use the following terms:

- **POC:** People of Color; a founder or team of founders identifying as 1) Asian/Pacific Islander, 2) Black/African American, 3) Hispanic/Latinx/e, or 4) American Indian.
- **URM:** Under-represented Minority; a founder or team of founders identifying as 1) Black/African American, 2) Hispanic/Latinx/e, or 3) American Indian.
- **VC with a Diversity Thesis:** A venture capital firm with a stated commitment to invest the majority of its capital in women, people of color, LGBTQ+ founders, or other historically underrepresented groups. The firm may or may not be led by URM or POC investors.
- **URM-led VC:** A venture capital firm with a founder or managing general partner identifying as 1) Black/African American, 2) Hispanic/Latinx/e, or 3) American Indian. The firm may or may not have a diversity thesis.
- **Traditional VC:** A venture capital firm without a diversity thesis and not led by URM.
- **Mixed Gender Team:** A company whose founding team consists of more than one gender.