



PLEDGELA VENTURE DATA REPORT 2023

JASMINE D. HILL, PHD
JOLEEN CHIU
SYDNEY SMANPONGSE
JUNE PANIOUCHKINE

PLEDGELA VENTURE DATA REPORT

.....

AN ANALYSIS OF ACCESS TO CAPITAL IN THE LOS ANGELES
VENTURE CAPITAL AND TECH ECOSYSTEMS

2023

Authors:

Jasmine D. Hill, PhD
Joleen Chiu
Sydney Smanpongse
June Paniouchkine

.....

Copyright 2023 by the University of California Regents
All rights reserved. Except for use in any review, the reproduction or utilization of this work in whole or in part in any form by electronic, mechanical, or other means, now known or thereafter invented, including retrieval system, is forbidden without the permission of the University of California, Los Angeles, Luskin School of Public Affairs, 3250 School of Public Affairs Building, Box 951656, Los Angeles, California 90095-1656

TABLE OF CONTENTS



04

GLOSSARY & KEY TERMS

05

METHODOLOGY

06

THE RESEARCH
TEAM

07

ABOUT PLEDGELA

08

EXECUTIVE SUMMARY

11

FINDINGS

22

CONCLUSION

23

PLEDGELA VC FIRMS

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, or 4) American Indian.
- **URM:** Under-represented Minority; a founder or team of founders identifying as 1) Black/African American, 2) Hispanic/Latinx, 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.
- **VCs led by URM:** A venture capital firm with a founder or managing general partner identifying as 1) Black/African American, 2) Hispanic/Latinx, 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.
- **South Asian:** Includes a person or people with ethnic origin from Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.
- **East Asian:** Includes a person or people with ethnic origin from China, Japan, Mongolia, North Korea, South Korea, and Taiwan.
- **Southeast Asian:** Includes a person or people with ethnic origin from Cambodia, Laos, Myanmar, Peninsular Malaysia, Thailand, Indonesia, Singapore, and Vietnam.
- **Pacific Islander:** Includes a person or people with ethnic origin from the Philippines, Native Hawaiian, Melanesia, Micronesia, and Polynesia.

METHODOLOGY

Towards taking tangible action around diversity, equity, and inclusion, **PledgeLA** commissioned a team of researchers from the UCLA Luskin School of Public Affairs to code and analyze demographic data on more than **1,663 company founders** in 2022, representing **884 companies** and **75 venture capital firms**. PledgeLA is the only effort of its kind that annually monitors the advancement of regional tech equity, holding accountable an industry vital to the future of all Angelenos.

Our data collection uses proprietary industry data from Pitchbook to learn more about VC portfolios. This cross-section of data allows us a holistic look at the Los Angeles tech industry - including the investments in inclusion from institutional funders to the foundations of company culture, and 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 information on the investments of all 80+ of PledgeLA's VC members to establish a complete list of companies they'd invested in from January 1, 2016 to December 31, 2022. Some firms had no investments during this time horizon and

were excluded from the analysis, leading to a final data set of 75 firms. We then retrieved information on each portfolio company, including their headquarters location and the names of their founding team.

We used two sources to assess the diversity of each portfolio company's founding team. First, Pitchbook offers demographic data (gender and university) on many founders in a growing effort to assess representation in tech. Because Pitchbook does not have diversity data on every founder and lacks information about the founder's race, we used a second technique to assess diversity: algorithmic imputation.

We used the [NAMSOR API](#), which is a peer-reviewed instrument that compares first and last names to decades of sociolinguistic data to recognize the likely cultural origin of first and last names. Finally, a trained Luskin researcher combed through the data to reconcile discrepancies between Pitchbook and NAMSOR and correct any other irregularities in the data. While not as perfect as self-reporting, as a methodology vetted and commonly used also by top academics to impute demographics, we are confident in the reliability of our estimates.

THE RESEARCH TEAM

JASMINE D. HILL, PHD

ASSISTANT PROFESSOR OF
PUBLIC POLICY, SOCIOLOGY



SYDNEY SMANPONGSE

MASTER'S STUDENT IN
PUBLIC POLICY



JOLEEN CHIU

MASTER'S STUDENT IN ECONOMICS,
BACHELOR'S STUDENT IN
ECONOMICS & MATHEMATICS



JUNE PANIOUCHKINE

BACHELOR'S STUDENT IN
PUBLIC AFFAIRS &
POLITICAL SCIENCE



ABOUT PLEDGELA

[PledgeLA](#) is a groundbreaking coalition of 200+ venture capital firms and tech companies initiated by the Annenberg Foundation and former Mayor Eric Garcetti that is working to advance access and opportunity for all Angelenos.

PledgeLA is fostering the growth of a region-wide culture of accountability in diversity and equity work by deploying our annual company and staff-level surveys to help track LA's progress and challenges.

In many cases, these data have never been collected, and certainly not on an annual basis. Each year, PledgeLA anonymizes this data and presents it at the regional level, highlighting pain points and areas of success for LA tech.

Beyond accountability work, PledgeLA also connects civic, private sector, and non-profit partners to increase access to jobs and capital for underrepresented founders, offering members aligned community engagement experiences and vetted resources to help them set and achieve goals around diversity and social impact.

EXECUTIVE SUMMARY

FOUNDER DEMOGRAPHICS

This year, we reviewed the investment practices of 75 venture capital firms who signed a commitment to increasing diversity, equity and inclusion. In our review of all 2022 investments, we find:

- **White founders received a larger share of investments compared to previous years:** In 2022, the majority (50%) of companies that received investment from a PledgeLA VC were led by an all-white founding team, compared to 48% the previous year (page 11).
- Meanwhile, companies with all Black or Latinx founding teams made up only 9% of PledgeLA investments.
- Across all PledgeLA VC firms, women, Black, and Latinx founders make up 30% of all 2022 investments (page 21).
- **Loss of founders based in LA:** Companies with an LA headquarters only made up 15% of PledgeLA investments - the lowest representation of LA companies in the collective PledgeLA portfolio in four years (page 20).

EXECUTIVE SUMMARY

FUNDRAISING DISPARITIES

- We find troubling disparities in who receives investment and how much: **the median team led by white founders received a check for \$7.5M in 2022, while the median team led by Black or Latinx founders received \$3.6M** (page 12).
- **Of the \$139 billion invested in 2022, only \$6.4B (or 4.6%) went to companies with a founder identifying as a woman, Black, or Latinx** (page 13).
- **74% of companies that received investment from a PledgeLA VC in 2022 were led by an entirely male founding team,** compared to 11% of investments led by all-female teams (page 15).
- Like race, gender impacts not only if you receive investment but determines how much: **The median deal size for women-led teams in 2022 was \$4M, \$3.77M less than teams led entirely by men** (page 16).

EXECUTIVE SUMMARY

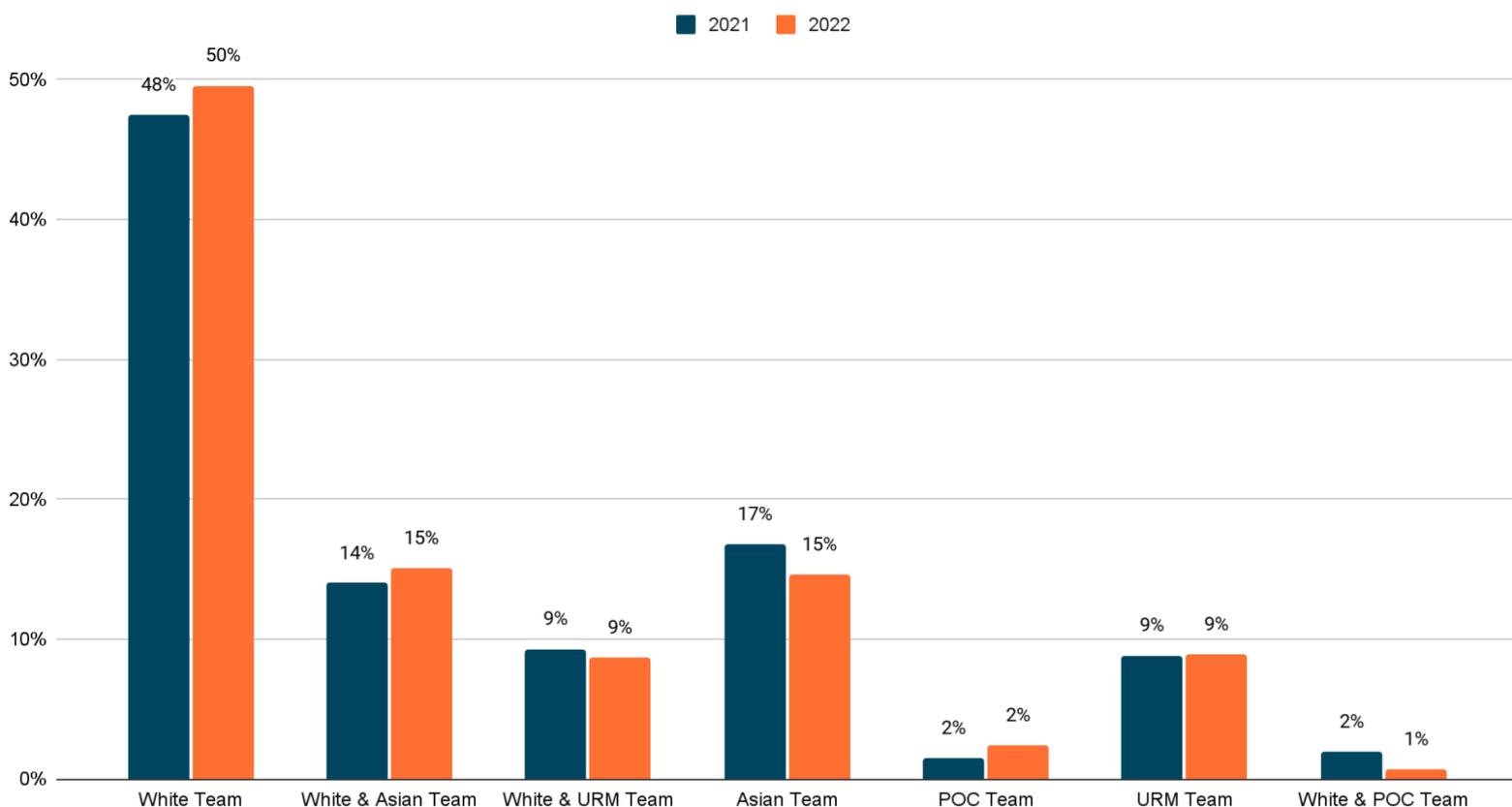
VC FIRM CHARACTERISTICS

- **VCs with a diversity thesis and VCs led by people of color are almost twice as likely to invest in Latinx and female founders, and four times more likely to invest in Black founders than traditional VC firms** (page 17).
- However, the VC firms that drive racial and gender equity have significantly fewer resources to drive change: **traditional VCs have an average of \$335.2M assets under management (AUM)**, while the average VC led by women or with a diversity thesis has less than \$17.2M and \$33.0M AUM. (page 18).
- On average, rounds raised from traditional VCs are about \$3M more than VCs led by underrepresented groups or with a diversity thesis (page 19).

FINDINGS

White founders received a larger share of investments compared to previous years: In 2022, the majority (50%) of companies that received investment from a PledgeLA VC were led by an all-white founding team, compared to 48% the previous year. Meanwhile, companies with all Black or Latinx founding teams (or "URM team") made up only 9% of PledgeLA investments.

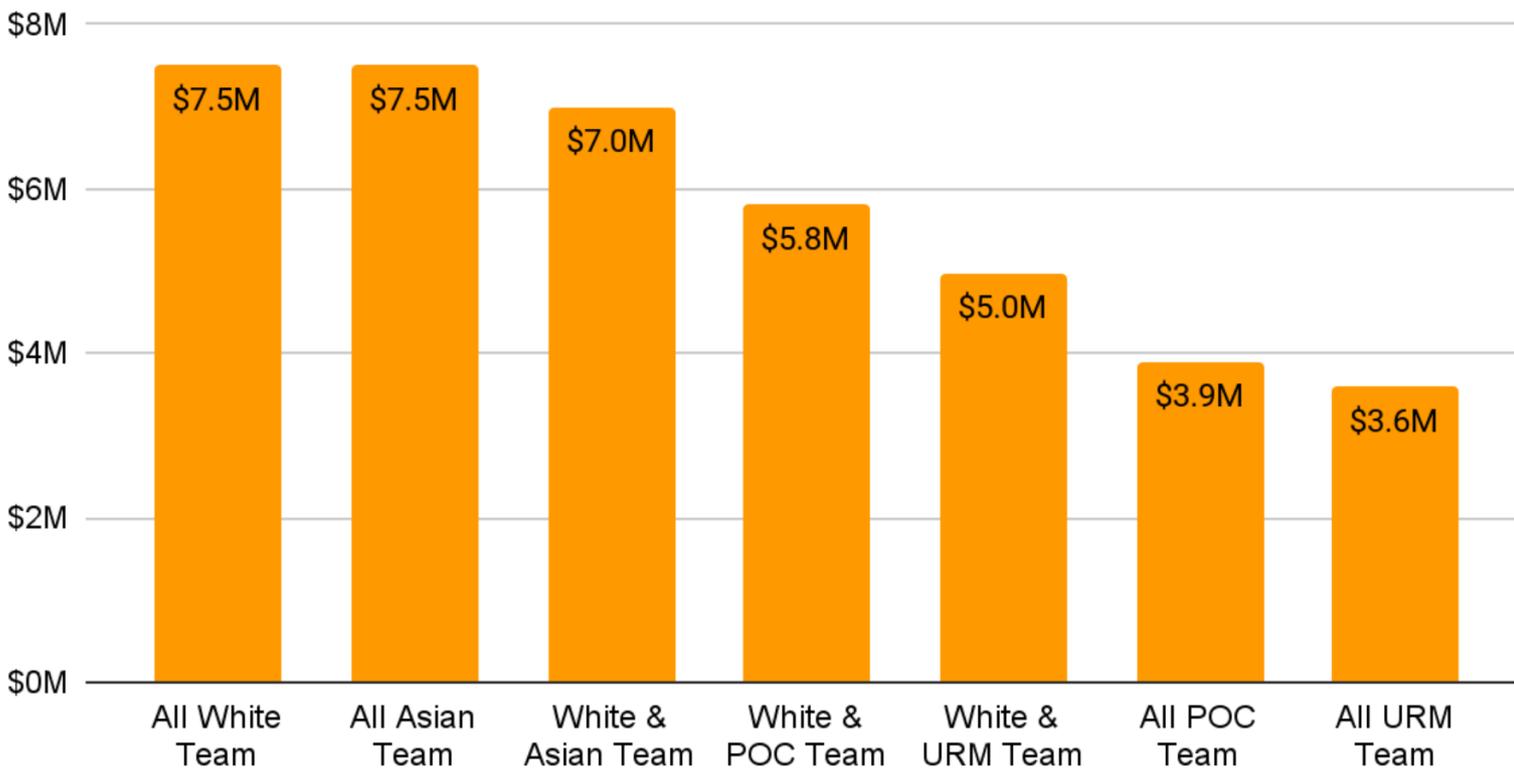
Race: Diversity of Founder Teams



FINDINGS

This disparity translates to who receives investment and how much: the median team led by white founders received a check for \$7.5M in 2022, while the median team led by Black or Latinx founders (or, "All URM teams") received \$3.6M.

Race: Median Deal Size

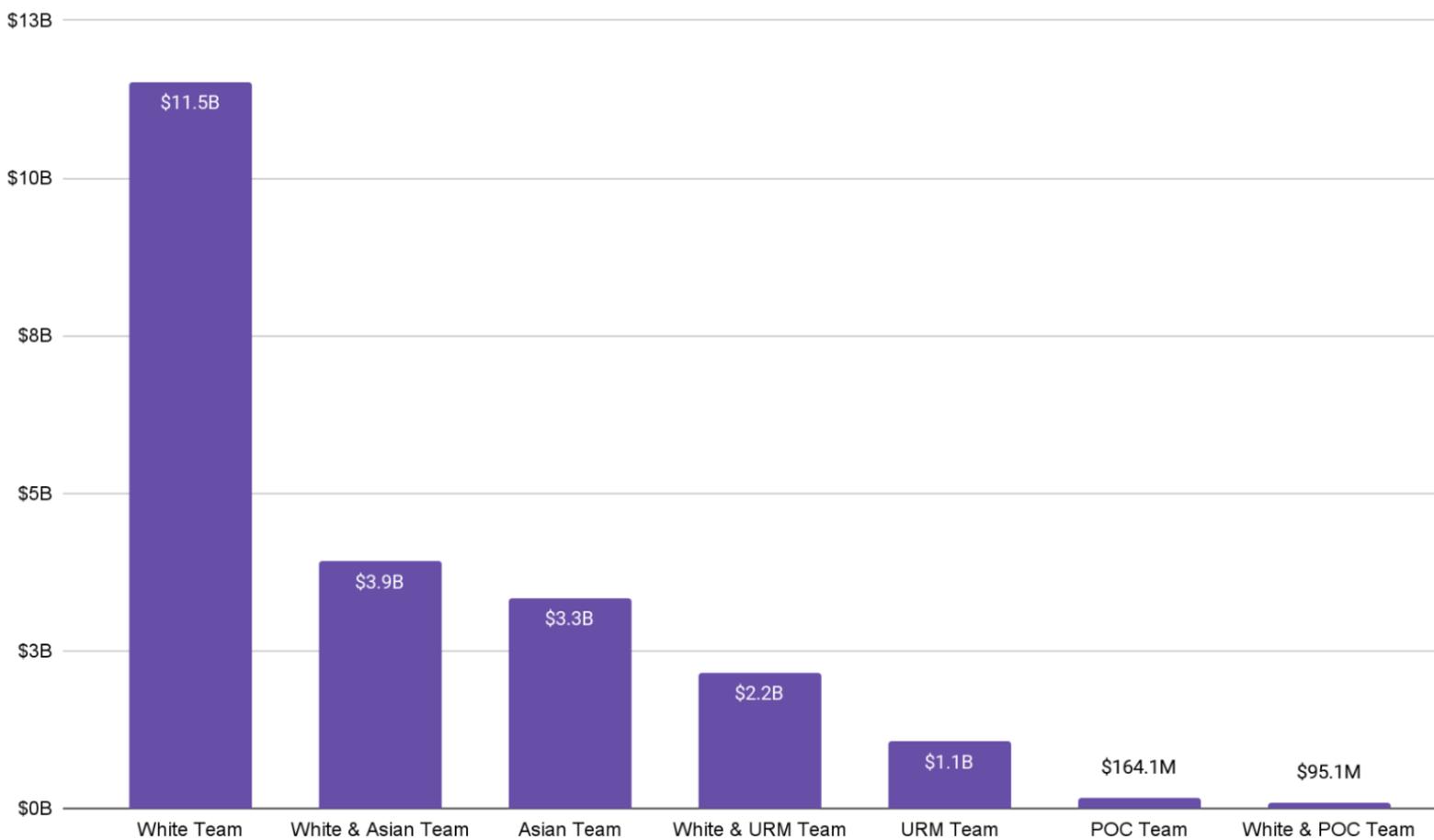


Note: Given the significant variance in average (mean) deal values and in deals relating to particular verticals (ex: AI), this analysis centers on the median deal size typically awarded to founding teams.

FINDINGS

Of the \$139 billion invested in 2022, only \$6.4B (or 4.6%) went to companies with a founder identifying as a woman, Black, or Latinx.

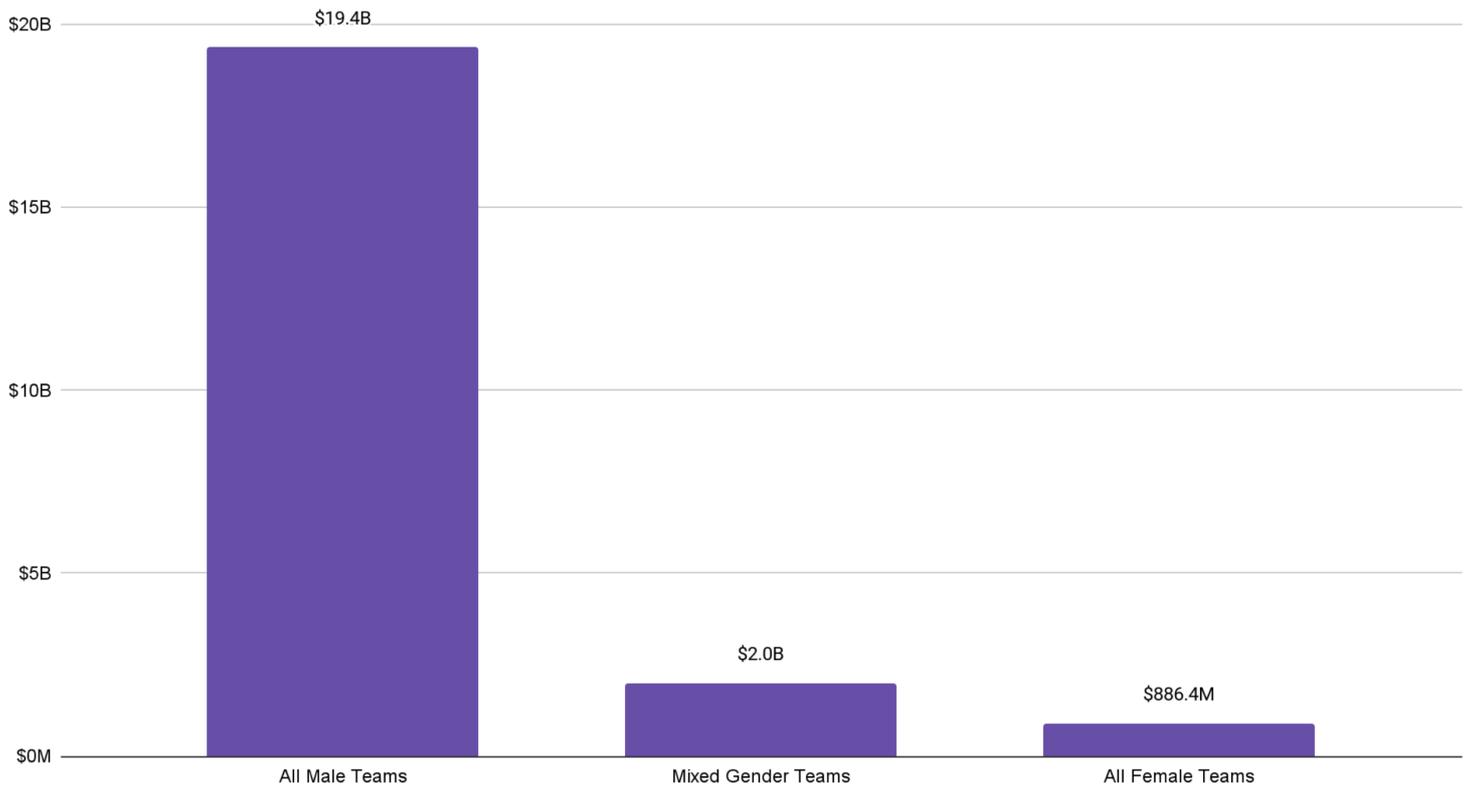
Race: Total Amount Invested by PledgeLA VCs



FINDINGS

Of the \$139 billion invested in 2022, only \$6.4B (or 4.6%) went to companies with a founder identifying as a woman, Black, or Latinx.

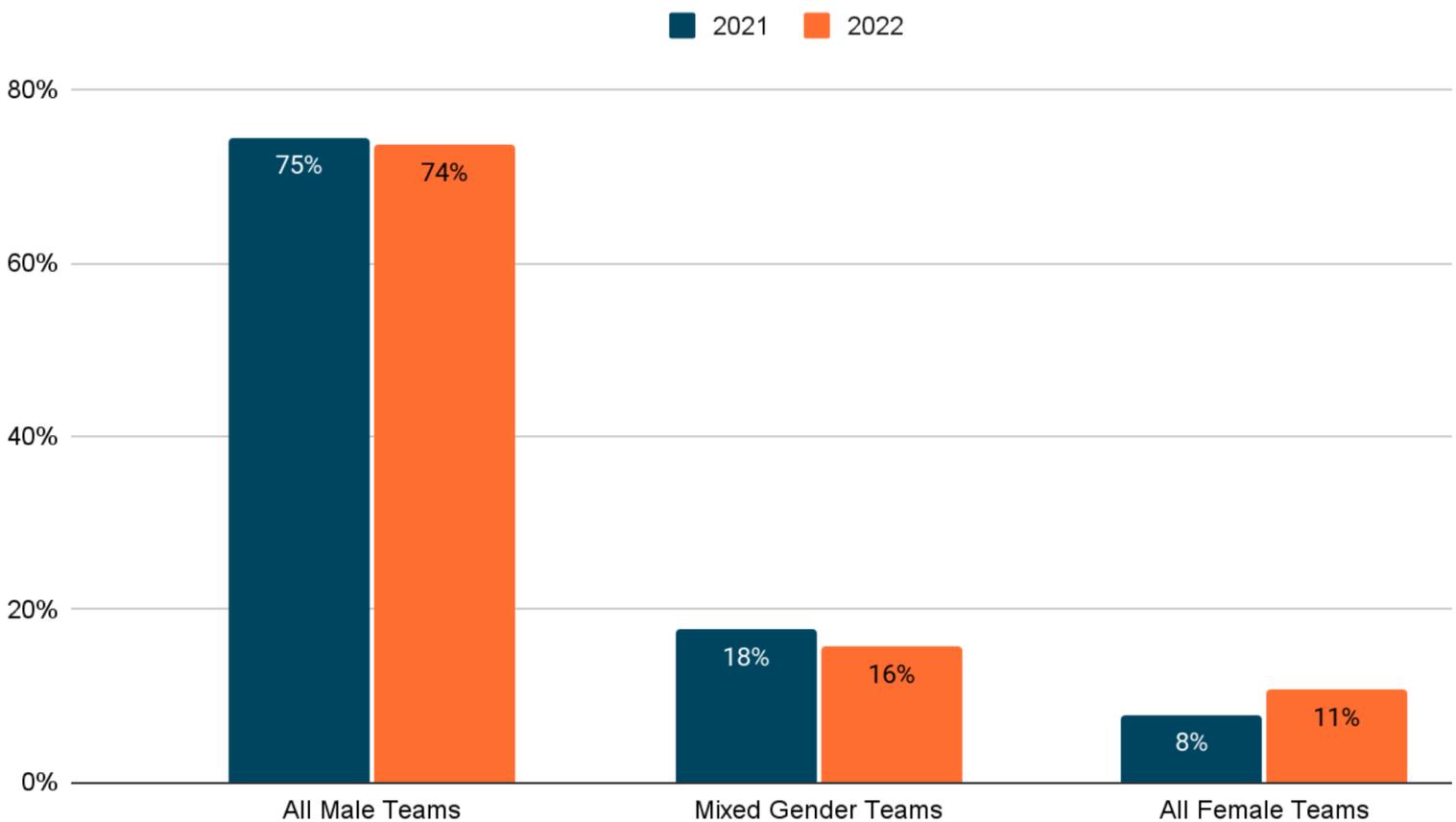
Gender: Total Amount Invested by PledgeLA VCs



FINDINGS

74% of companies that received investment from a PledgeLA VC in 2022 were led by an entirely male founding team, compared to 11% of investments led by all-female teams.

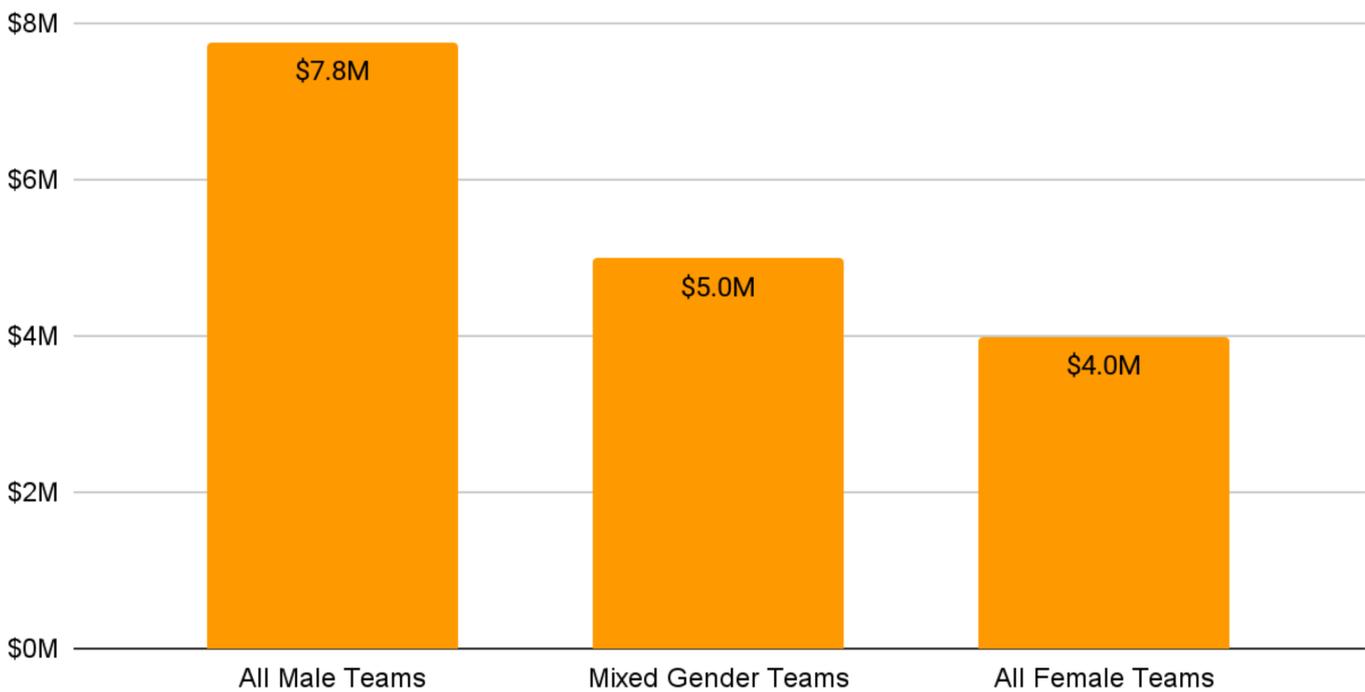
Gender: Diversity of Founder Teams



FINDINGS

Like race, gender impacts not only if you receive investment but determines how much: **The median deal size for women-led teams in 2022 was \$4M, \$3.77M less than teams led entirely by men.**

Gender: Median Deal Size

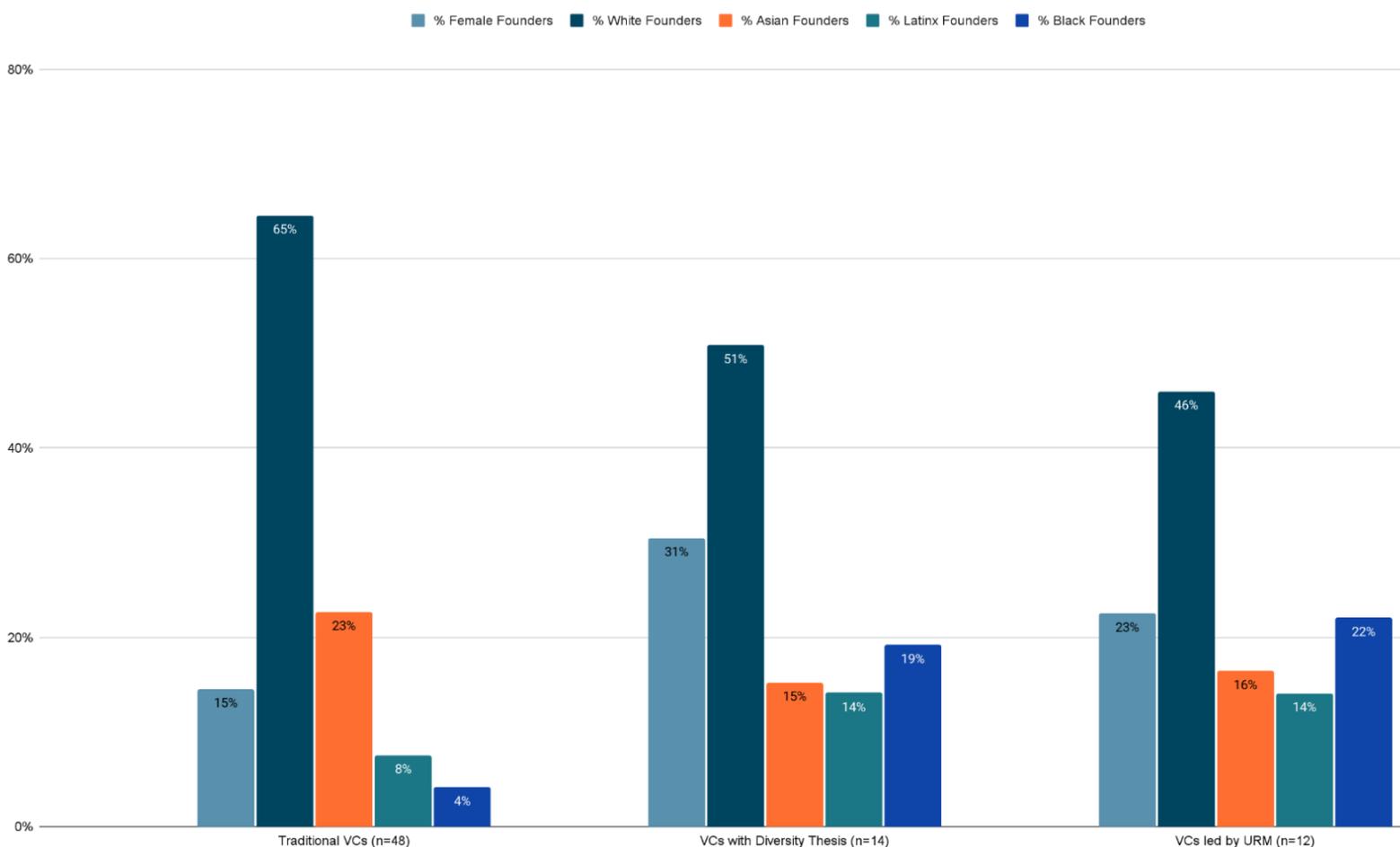


FINDINGS

VCs with a diversity thesis and VCs led by underrepresented minorities are almost **twice as likely to invest in Latinx and female founders, and four times more likely to invest in Black founders than traditional VC firms.**

Notably, compared to VCs with a diversity thesis, VCs led by URM are slightly less likely to invest in female founders (31% vs. 23%).

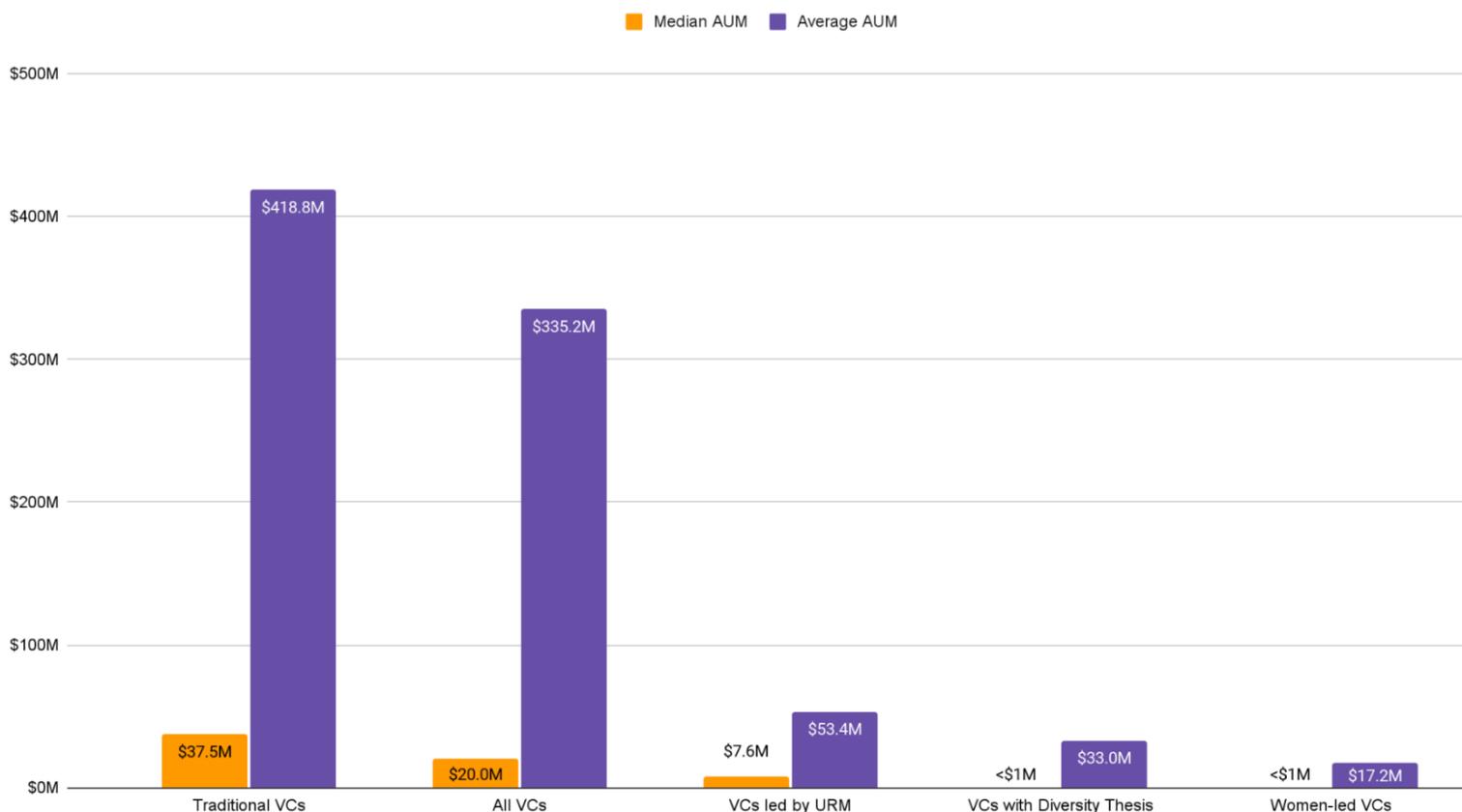
Comparison of Portfolio Diversity: VCs with Diversity Thesis vs. Traditional VCs



FINDINGS

However, the VC firms that drive racial and gender equity have significantly fewer resources to drive change: traditional VCs have an average of \$335.2M assets under management (AUM), while the average VC led by women or with a diversity thesis has less than \$17.2M and \$33.0M AUM.

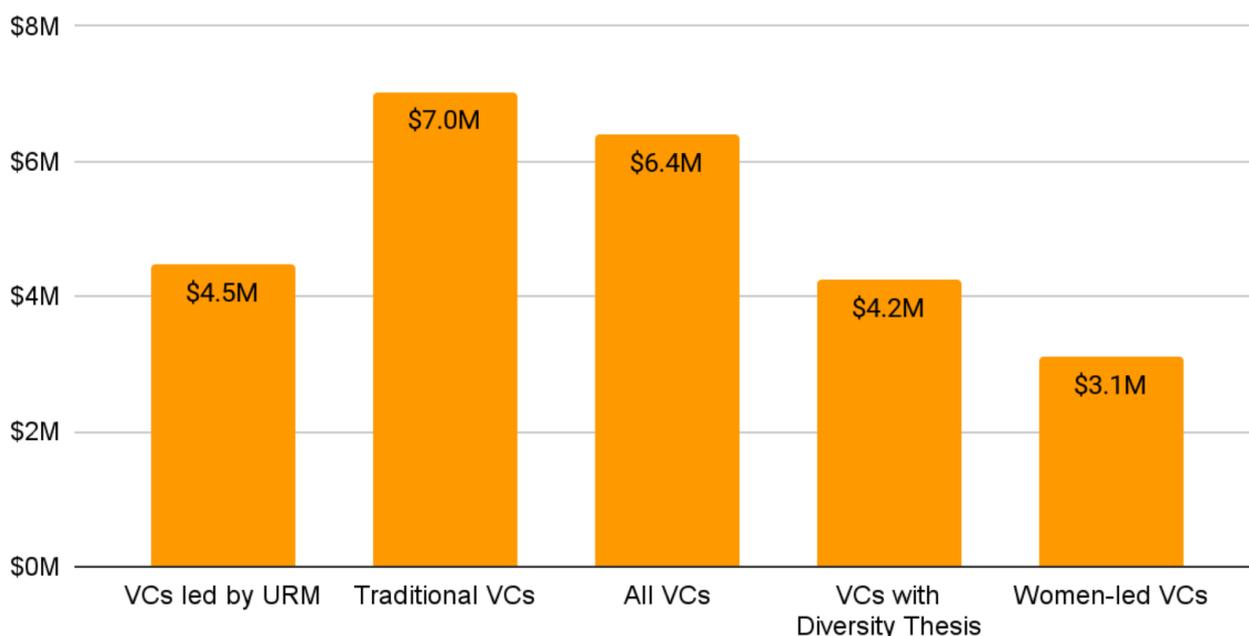
Assets Under Management, by VC Type



FINDINGS

It follows that inequalities in AUM harms the amount of money underrepresented VCs have to invest. While the **median** round between firms is quite similar (~\$4M across all firms), a deeper look into the data confirms subtle disparities. On **average**, rounds raised from traditional VCs are about \$3M more than VCs led by underrepresented groups or with a diversity thesis.

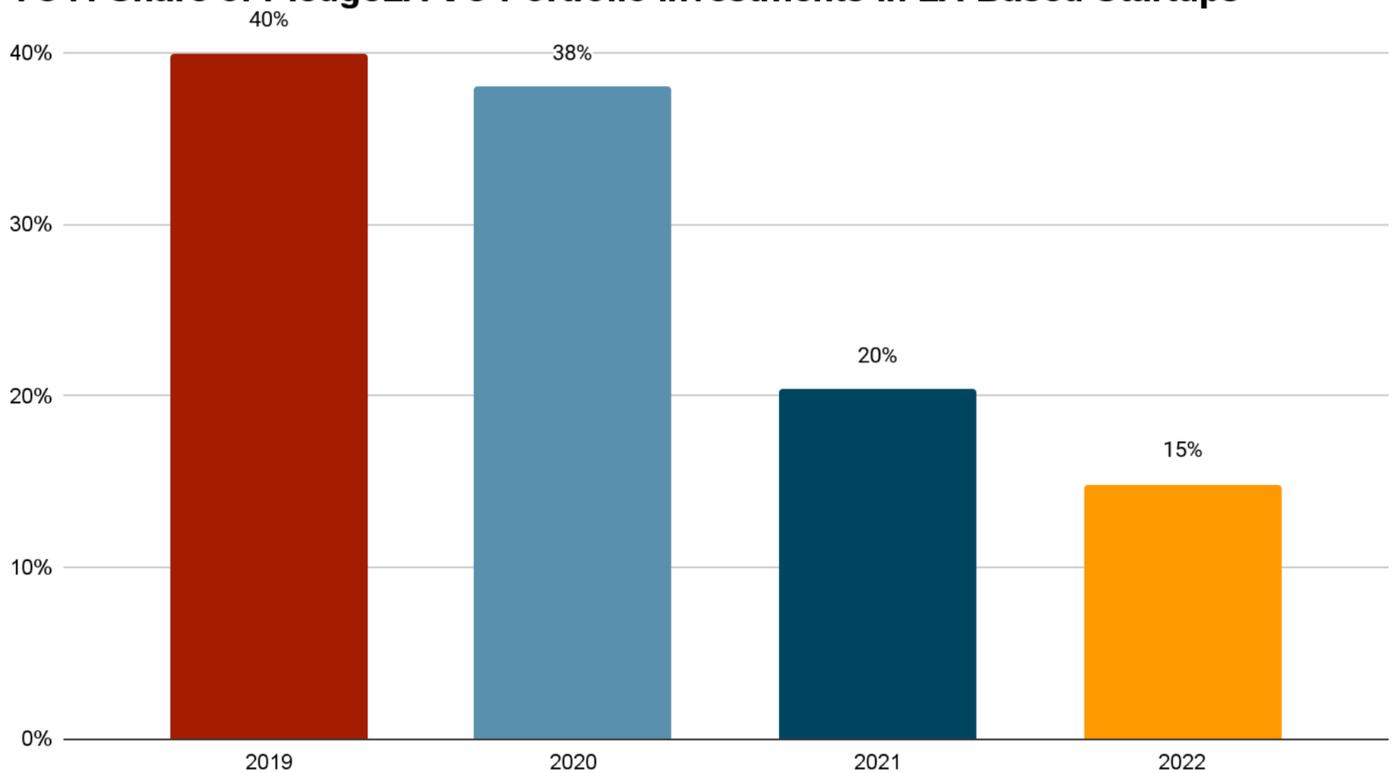
Average Round Amount, by VC Type



FINDINGS

Companies with an LA headquarters only made up 15% of PledgeLA investments - **the lowest representation of LA companies in the collective PledgeLA portfolio in four years.**

YOY: Share of PledgeLA VC Portfolio Investments in LA-Based Startups

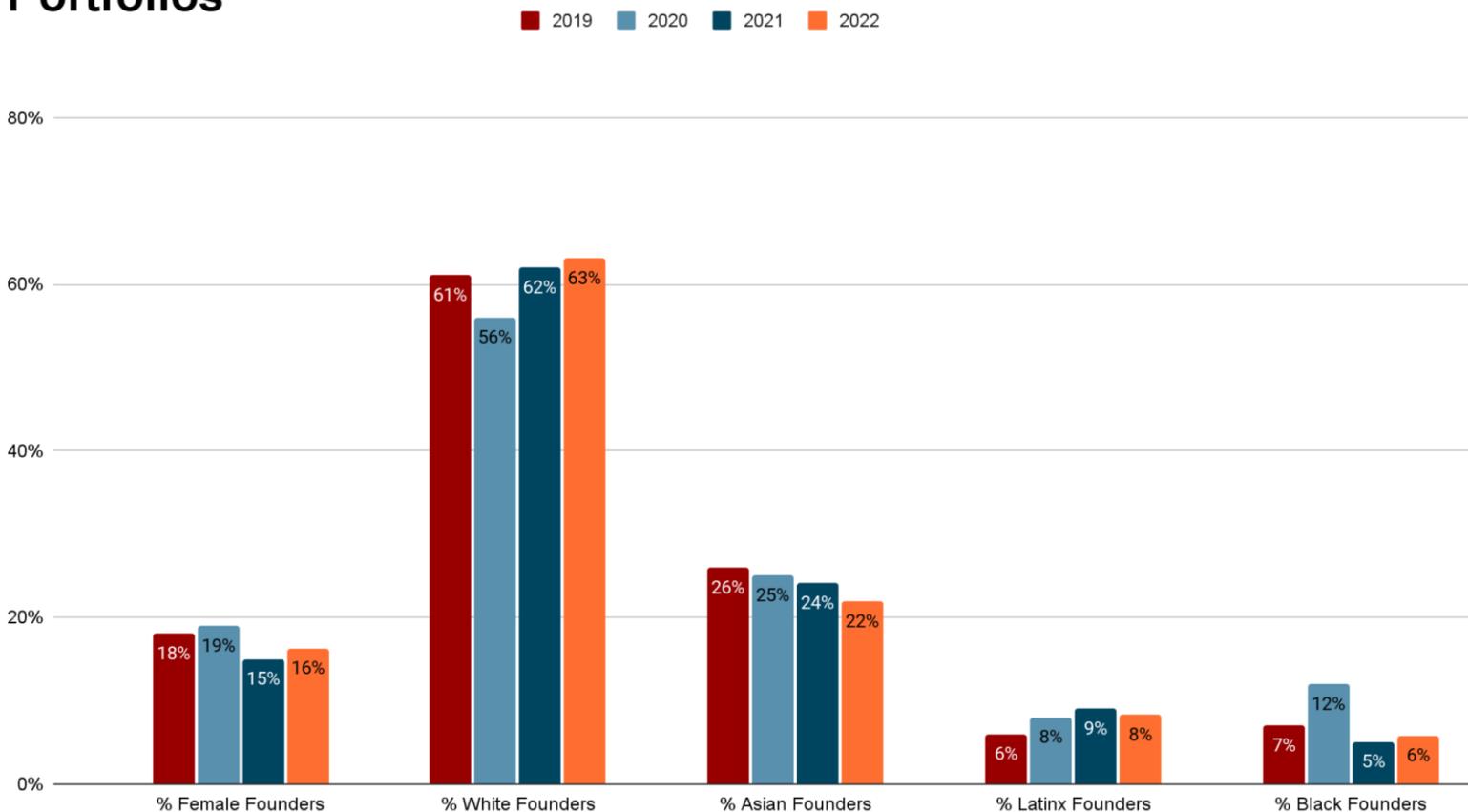


FINDINGS

In conclusion, across all PledgeLA VC firms, **women, Black, and Latinx founders made up 30% of all 2022 investments** - which is close to the share of investment from previous years.

Compared to other tech regions this figure is likely high; however, compared to the share of the population in Los Angeles County, PledgeLA VCs still have a considerable way to go towards reflecting the diversity of the region in their investments.

YOY: Share of Women and Founders of Color in PledgeLA VC Portfolios



CONCLUSION

Although Los Angeles has long surpassed the portfolio diversity typical of venture capital on the national level, there is a considerable journey ahead before PledgeLA VC firms reflect the region's diversity. Our findings reveal stagnating progress, deep inequalities in funding, and even striking reversals since the pandemic.

Based on these findings, the Los Angeles ecosystem must focus on:

- 1) Adding resources to the VC firms already leading efforts to enhance diversity and inclusion - funds led by women, people of color, and those with a diversity thesis.**
- 2) Setting goals and sharing best practices for increasing representation of Black, Latinx, and women founders backed by PledgeLA VC firms.**
- 3) Closing gaps in company funding round amounts to ensure that underrepresented founders have the same opportunity to flourish as white, Asian, and male teams.**

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

Many thanks to our presenting sponsor:



PLEDGELA VC FIRMS & ACCELERATORS

Act One Ventures
Amplify
Angeleno Group
Backstage Capital
BAM Ventures
Baron Davis Enterprises
BCG Digital Ventures
Blue Skies Ventures
Bonfire Ventures
Bryant Stibel
Clocktower Technology Ventures
Cooley
Core Innovation Capital
Crosscut Ventures
Diverse Communities Impact Fund
Embark Ventures
Emerging Ventures
Fifth Wall
Fika Ventures
Generational Partners
Greycroft
Grid110
Halogen Ventures
HMC INQ
LDR Ventures
List Ventures
Los Angeles Cleantech Incubator
Luma Launch
M13
March Capital
MarsBio Management
MaC Venture Capital
MiLA Capital
Moonshots Capital
Mucker Capital
Muse Capital
Navigate Ventures
Navitas Capital
Open Venture Capital
Okapi Venture Capital
PLG Ventures
Plus Capital
Pritzker Group Venture Capital
Progression Fund
Roadster Capital
Stubbs Alderton & Markiles Preccelerator
Sandbox Studios
Scopus Ventures
SVB Financial Group
Slauson & Co.
Sound Ventures
Stage Venture Partners
Starburst (Accelerator/Incubator)
Stat Zero
Steamwork Ventures
Stillmark
Supply Change Capital
Sutton Capital
Tale Venture Partners
Talino Venture Labs
Techstars
TenOneTen Ventures
The 22 Fund
Thin Line Capital
Troy Capital Partners
TYLT Ventures
Upfront Ventures
USC Marshall Venture Fund
VamosVentures
Vine Capital Management
Watertower Ventures
Wavemaker Partners
The West Coast Consortium for Technology & Innovation in Pediatrics
Women's Innovation Fund Accelerator
Wonder Ventures