

VC funds fail to get women on partner track



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Reporter

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Local venture capital funds are struggling to improve the diversity of their investment teams, with the majority of funds having none or only one female partner and most citing issues with getting women to apply for roles.

A survey by *The Australian Financial Review* of 13 of the biggest VC funds in the country revealed that of 50 VC partners at these funds, only 11 were women, representing 22 per cent.



Dr Michelle Dealer is one of a small group of female VC partners in the country. Yiamil Aspradakis

The numbers were even worse six months ago, with [Square Peg announcing its first female partner in Amanda Hjorring earlier this year](#) and Reinventure promoting Lauren Capelin to partner just last month.

Speaking to *The Australian Financial Review*, Alum Capital partner Rajeev Gupta said the the fund had no female partners and admitted there was work to do to improve, but he was confident the tide was turning.

"One of the inherent problems is many people in our industry are out of investment banking or tech companies and in the past in those segments the representation of women hasn't been 50/50 it's been 95 to five," he said.

"That's starting to change quite rapidly... and as we grow and add more partners and analysts to the organisation, our representation will improve."

Funds surveyed were [Square Peg Capital](#), [Blackbird Ventures](#), [AirTree Ventures](#), Main Sequence Ventures, Alum Capital, [Artesian Ventures](#), Rampersand, OneVentures, Uniseed, NAB Ventures, [Brandon Capital](#), Carthona Capital and Reinventure.

Fund	Female VC partners	Number of investments in the last 12 mths	Investments in the last 12 mths with a female co-founder	Portfolio co's with non-Western founding team member
Square Peg Capital	1	6	1	15
Blackbird Ventures	1	21	7	n/a
Main Sequence Ventures	0	10	2	3
Alum Capital	0	10	0	7
Artesian Ventures	2	69	31	114
Rampersand	1	10	5	7
OneVentures	2	4	2	3
AirTree Ventures	1	16	6	15
Uniseed	1	5	2	n/a
NAB Ventures	1	7	2	3
Brandon Capital	0	3	1	3
Carthona Capital	0	12	3	8
Reinventure	1	7	1	6

SOURCE: FINANCIAL REVIEW

Female numbers on the rise

In a positive sign for the sector, more women are starting their own funds, with Kim Jackson leading private investment fund Skip Capital and Andrea Gardiner co-founding and leading Jelix Ventures.

Equally, funds are actively hiring more women into their investment teams, which means in the coming years there should be more women becoming partners. At Brandon Capital, while there are no female partners, 54 per cent of its 13 person investment team are women and everyone has carry in its fund.

It also runs an intern program to give people from different backgrounds a chance to enter the industry, as does university fund Uniseed and Blackbird Ventures.

Other initiatives underway include scouting for women with different career backgrounds, hiring more women into entry level roles and showcasing more female leaders in the industry at conferences.

However, the lack of diversity in VC is still resulting in start-ups which are solving problems that are mostly experienced by women often struggling to attract funding.

In April, women and children-focused ridesharing start-up [Shebah set a crowd-sourced equity funding record of \\$3 million, having previously been knocked back by VC funds](#). Of Ms McEnroe's 2100 investors, 94 per cent were women.

"The logistics and tech investors were mostly fellas ... they struggled to relate

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to what we were selling," Ms McEnroe said at the time. "Safety is like Viagra for women. It has value."

'Very challenging'

Similarly, [OneVentures \(which is a rarity in the sector in that its investment team has 50/50 male female representation\)](#) managing partner Dr Michelle Deaker said she also experienced this when she ran her business E Com Industries, raising \$6.5 million through high net worth individuals in the early 2000s, but not managing to attract any VC investment.

[It's] not for the sake of ... diversity, but because female founders have a better understanding of cost containment and risk management.

— Rajeev Gupta

Now running her own fund with \$400 million under management, [OneVentures last year backed a start-up called Madorra](#), which makes a non-invasive device to treat vaginal dryness in post-menopausal. The fund invested \$4 million, but Dr Deaker said it had struggled to get traction with other funds because of the nature of the problem it was tackling.

"The topic wasn't something that men would warm to, but it's a big female problem," she said.

Dr Deaker began investing in start-ups as an angel investor after selling her electronic voucher business in 2005. Originally the fund started out as her own family office, but in 2008 she decided to turn it into a venture capital fund and to get experience she began volunteering three days a week at an established fund.

Thanks to a government program which meant if she raised \$20 million, the government would match it, she was able to raise her first fund (which she labels as "borderline self-sustaining"), but it wasn't without challenges.

"Trying to get it off the ground in the global financial crisis as a female managing partner was very challenging," she told *The Australian Financial Review*.

"At the time there were almost no investment roles in PE and only a few in VC. I would turn up at industry events and... I only ever met two women in the industry. I'd walk in and the room was full of testosterone.

"But an investor in my previous company wrote me my first cheque... they believed I could raise and manage a fund."

Diversity of investments

Despite the lack of female investors, the local VC funds have made major strides in the last three years in backing more diverse founders and have significantly outpaced their global counterparts in making progress in this area.

Of the 180 investments made in the last 12 months by the 13 funds surveyed, out of 180, 35 per cent had a female co-founder and 32 per cent had a non-western or non-Caucasian founder.

Looking at the overall portfolios of these funds, of the 613 active portfolio companies (not including ones the exits), 29 per cent of the investments (183 companies) had a female co-founder while more than 30 per cent had a non-western or non-Caucasian founder.

In comparison, [in 2017 only 26 per cent of VC portfolio companies had a female co-founder](#), while a CrunchBase study looking at investments globally between 2010 and 2015 showed only 12 per cent of investments went to a founding team with a woman.

Once again, the top funds for the highest levels of diversity of portfolio companies were Brandon Capital, Rampersand, and Artesian Ventures.

While there are more female co-founders receiving backing now than even two years ago, some funds still have a substantial skew towards investment opportunities with male founders.

[Of the 600 deals that crossed Alium Capital's desk in the last 12 months](#), only eight had a female co-founder.

Mr Gupta said he believed this was the case because many of the great deals with female founders were receiving backing so quickly that other funds did not get a look in.

"When you find them, you do a deal quickly so no one else sees them because they're better run businesses," he said.

"They're being funded not for the sake of supporting diversity, but because female founders have a better understanding of cost containment and risk management."

Research from the Boston Consulting Group for the Cherie Blair Foundation published last month indicated that if women and men participated equally as entrepreneurs, the global economy would get a \$2.5-5 trillion boost.

Ariane Barker, chief executive of Scale Investors (a female-focused angel investor network), said it had been tough to attract more female VC talent because the typical skillset required comes from experience in more male-dominated industries.

"To become a partner in a VC firm you typically have to have the relationships, the technical ability, and exposure to a range of industries have built experience around a lot of deals," she said.

"The economic opportunity for Australia through more female participation is massive and we get that, but challenges still exist and there needs to be unconscious bias training, the ability for women to be in technical teams and not be the minority, flexible working arrangements and being proactively included on deals."

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