

1,128 Black & Latino Startups That Have Raised \$1M+

2022 Diverse Founder Report

“The Return to the Mean”

February 2023



Harlem Capital

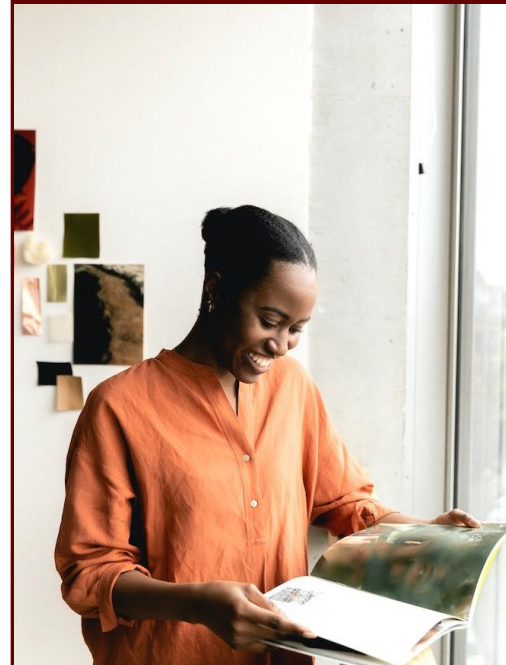
crunchbase

Introduction

This is our 2022 Diverse Founder Report, which tracks Black and Latino US based founders that have raised \$1M+ in venture funding.

This year the report expanded from 870 companies to 1,128 companies. We also now show top industries by year and investor & founder spotlights.

The full list of 1,128 companies can be found in [airtable](#).



Key Findings

- 1) The 1,128 companies raised \$43.7B of capital with a median raise of \$6.0M
- 2) Women-led companies represent 33% of total companies, but only 20% of capital raised
- 3) Seed rounds represent 35% of total companies, but only 4% of capital raised
- 4) Software, Fintech and Healthcare represent 33% of companies, but 39% of capital raised
- 5) California and New York represent 58% of companies, but 63% of capital raised
- 6) There have been 38 unicorns and 93 companies that have raised \$100mm+
- 7) 2022 saw a 36% decrease in rounds, with the largest percentage decline seen in Series C+



Overview Of Companies In The Report

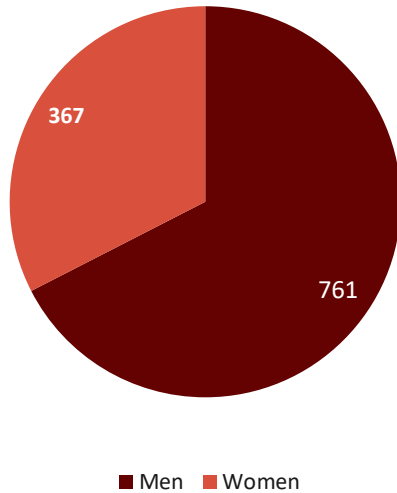
1,128
Companies

\$43.7B
Total Raised

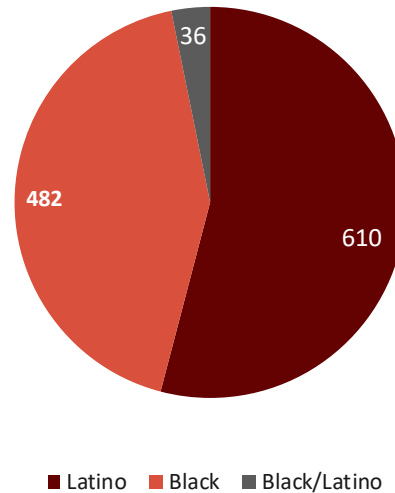
\$6.0M
Median Raised

2015
Median Year Founded

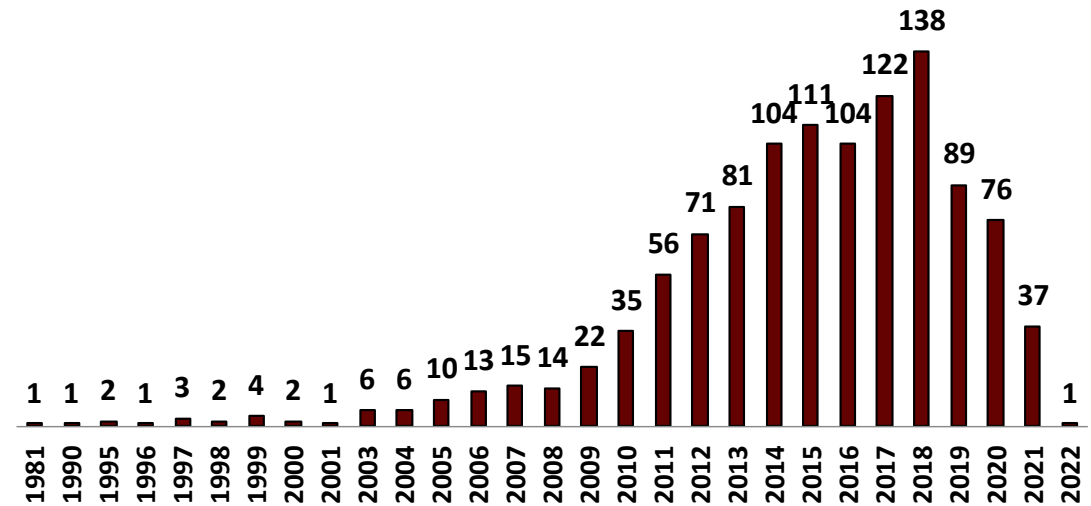
Companies By Gender



Companies By Race



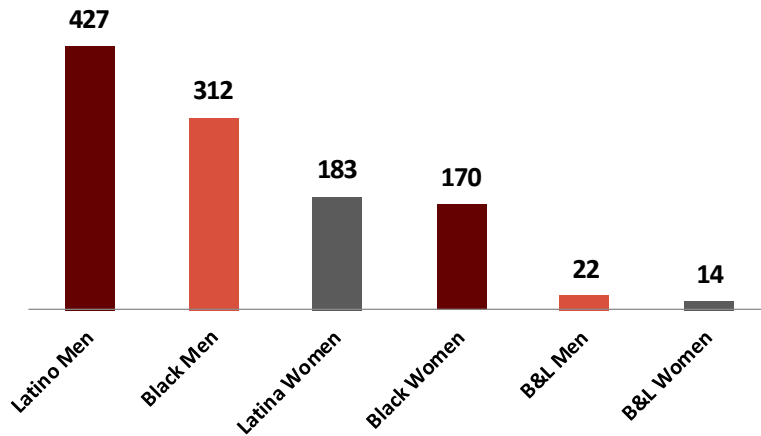
Founding Years



1,128 Companies Represented

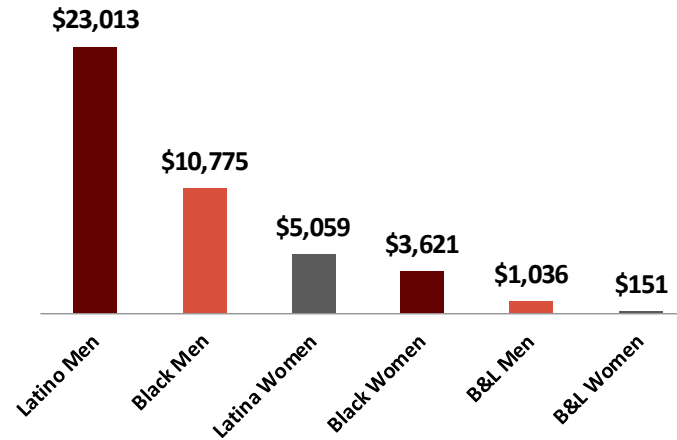
Number of Companies

Latino Men are 2.3x to Latina Women, and Black Men Are 1.8x to Black Women



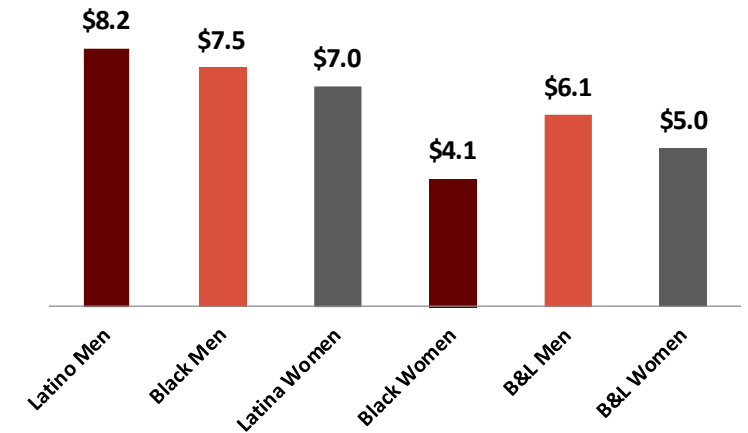
Total Capital Raised

Men Represent 80% of Capital Raised Compared to 67% of Companies



Median Capital Raised

Men raised 1.6x more than Women, but Black Men raised 1.9x more than Black Women

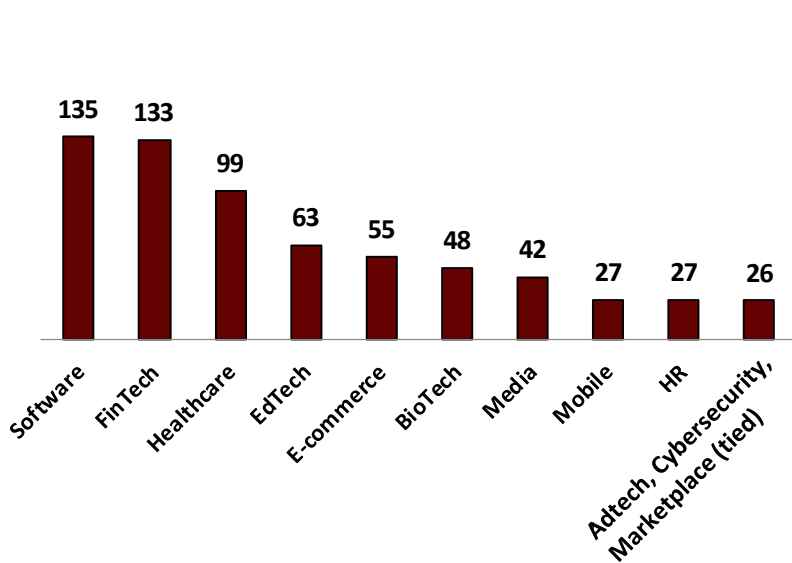


Note: Dollars in millions.

47 Industries Represented

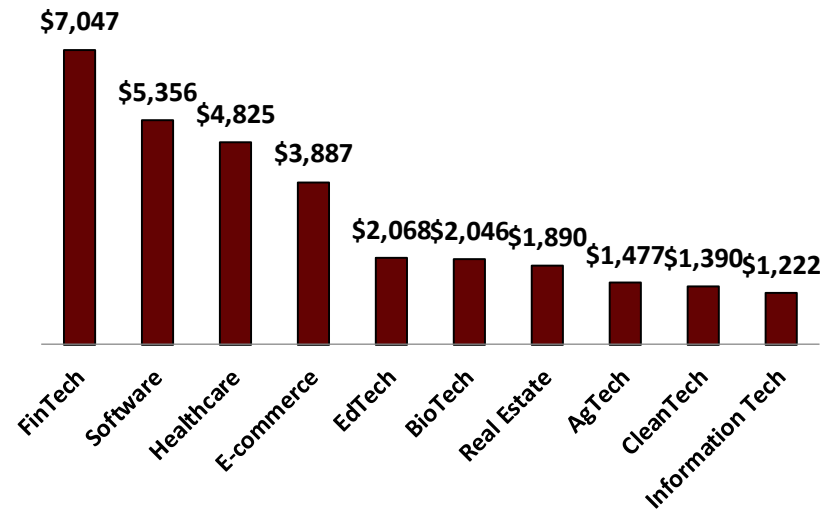
Number of Companies

Software, Fintech, and Healthcare represent 33% of Companies.



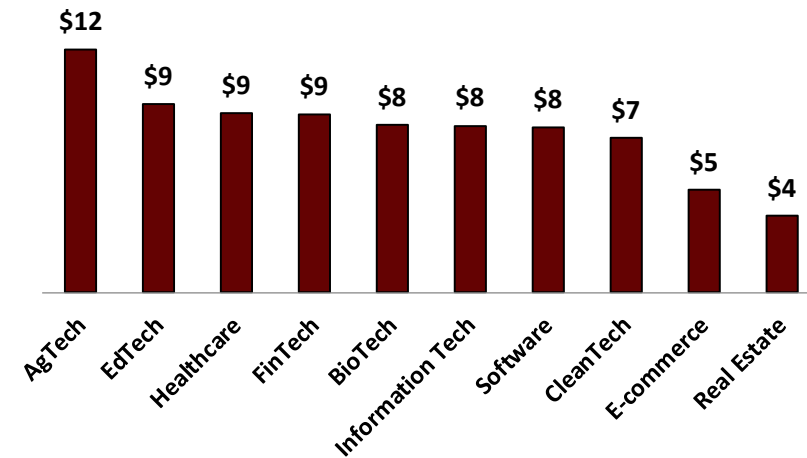
Total Capital Raised

Capital Raised is Largely in Line with Number of Companies



Median Capital Raised

AgTech is an Outlier in the Top 10 Industries

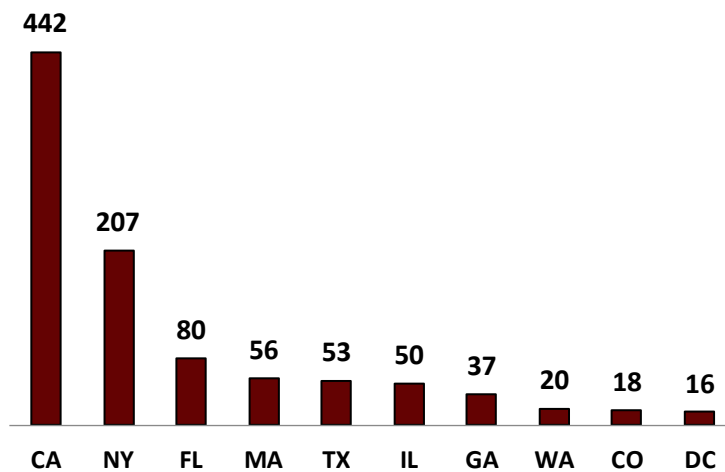


Note: Dollars in millions.

40 Headquarter States Represented

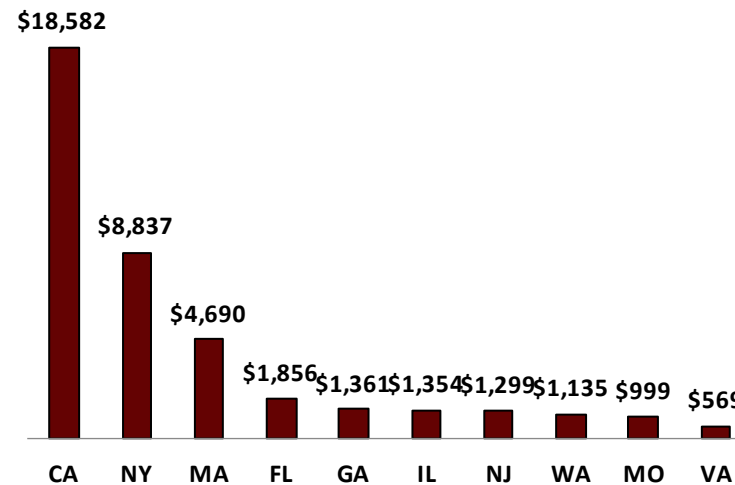
Number of Companies

California and New York
Represent 58% of Companies



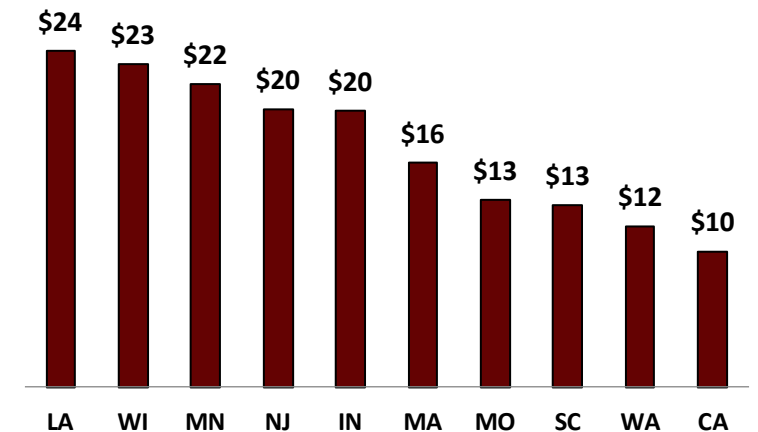
Total Capital Raised

California and New York
Represent 63% of Total Capital Raised



Median Capital Raised

Louisiana, Wisconsin and Minnesota are Outliers
in the Top 10 States

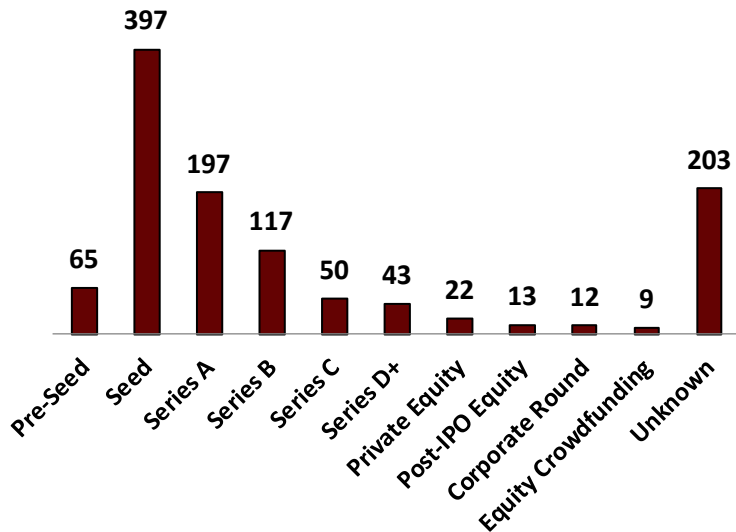


Note: Dollars in millions.

11 Latest Round Stages Represented

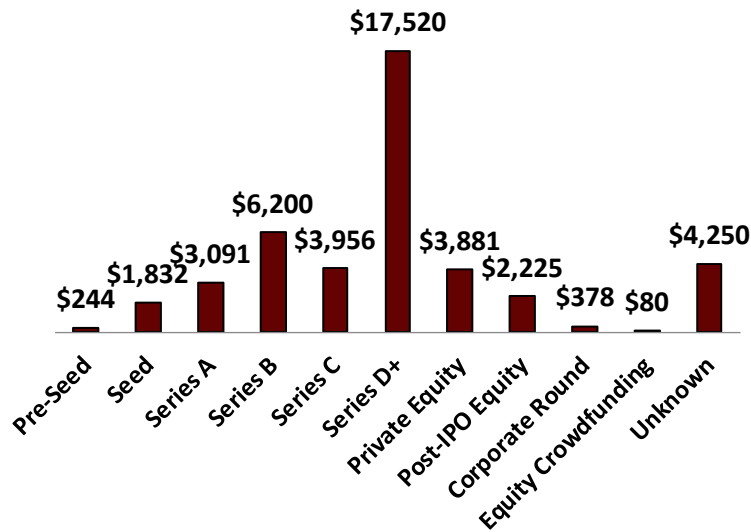
Number of Companies

22% of the companies have raised a Series A+ round



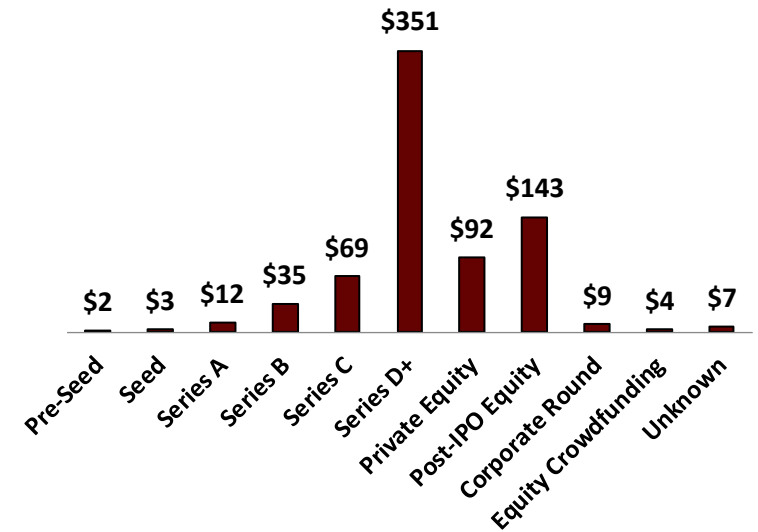
Total Capital Raised

Series D+ rounds represent 40% of Total Capital Raised



Median Capital Raised

Median Capital Raised mirrors closely to Total Capital Raised



Note: Dollars in millions.

Top 13 Largest Raises in 2022

Represent \$3.1B of capital or 69.9% of total capital raised in 2022

 <p>\$500 Amount raised</p> <p>Information Tech Industry</p>	 <p>\$450 Amount raised</p> <p>CleanTech Industry</p>	 <p>\$416 Amount raised</p> <p>E-commerce Industry</p>	 <p>\$325 Amount raised</p> <p>Healthcare Industry</p>	 <p>\$250 Amount raised</p> <p>FinTech Industry</p>
 <p>\$200 Amount raised</p> <p>Logistics Industry</p>	 <p>\$196 Amount raised</p> <p>Software Industry</p>	 <p>\$140 Amount raised</p> <p>FinTech Industry</p>	 <p>\$130 Amount raised</p> <p>FinTech Industry</p>	 <p>\$130 Amount raised</p> <p>CleanTech Industry</p>
 <p>\$125 Amount raised</p> <p>E-Commerce Industry</p>	 <p>\$100 Amount raised</p> <p>Other Industry</p>	 <p>\$100 Amount raised</p> <p>Big Data Industry</p>		



Note: Dollars in millions.

There Have Been 38 Unicorns To Date

Raising \$19B of capital and totaling \$109B in value




































Company	Valuation (\$mm)	Total Raised (\$mm)	Latest Round	Industry	State	Founding Year	Race	Gender
1 Faire	\$12,590.0	\$1,708.2	Series G	E-commerce	CA	2017	Latino	Men
2 Brex	\$12,300.0	\$1,157.1	Series D	FinTech	CA	2017	Latino	Men
3 Auth0	\$6,500.0	\$332.3	Series F	Software	WA	2013	Latino	Men
4 Cityblock Health	\$6,300.0	\$891.3	Series D	Healthcare	NY	2017	Black	Women
5 Hinge Health	\$6,200.0	\$826.1	Series E	Healthcare	CA	2015	Latino	Men
6 BlockFi	\$4,750.0	\$956.2	Series E	FinTech	NJ	2017	Latino	Women
7 BetterUp	\$4,700.0	\$566.9	Series E	EdTech	CA	2013	Latino	Men
8 Outreach	\$4,400.0	\$489.0	Series G	Software	WA	2014	Latino	Men
9 Indigo	\$3,950.0	\$1,144.0	Series F	AgTech	MA	2014	Latino	Men
10 Duolingo	\$3,210.0 ⁽¹⁾	\$183.3	Series H	FinTech	PA	2011	Latino	Men
11 Flutterwave	\$3,050.0	\$474.5	Series D	FinTech	CA	2016	Black	Men
12 Calendly	\$3,000.0	\$350.6	Series B	Software	GA	2013	Black	Men
13 Somatus	\$2,560.0	\$462.1	Series E	Healthcare	VA	2016	Black	Men
14 Flywire	\$2,290.0 ⁽¹⁾	\$323.2	Series F	FinTech	MA	2011	Latino	Men
15 Zume	\$2,250.0	\$423.6	Unknown	FoodTech	CA	2015	Black	Women
16 Chipper Cash	\$2,220.0	\$337.2	Private Equity	FinTech	CA	2018	Black	Men
17 Gympass	\$2,200.0	\$520.0	Series E	Health & Wellness	NY	2012	Latino	Men
18 Compass	\$2,070.0 ⁽¹⁾	\$1,478.0	Series G	Real Estate	NY	2012	Black	Men
19 Letgo	\$2,000.0	\$875.5	Series E	E-commerce	NY	2015	Latino	Men
20 MURAL	\$2,000.0	\$192.3	Series C	HR	CA	2011	Latino	Men
21 Devo	\$2,000.0	\$481.0	Series F	Big Data	MA	2011	Latino	Men
22 Form Energy	\$1,950.0	\$815.0	Series E	CleanTech	MA	2017	Latino	Men
23 Incredible Health	\$1,650.0	\$97.3	Series B	Healthcare	CA	2017	Black	Men
24 Andela	\$1,500.0	\$381.0	Series E	HR	NY	2014	Black	Men
25 Papa	\$1,400.0	\$241.2	Series D	Other	FL	2017	Latino	Men
26 Carbon Health	\$1,400.0	\$522.5	Series D	Healthcare	CA	2015	Latino	Men
27 Loadsmart	\$1,300.0	\$343.6	Series D	Logistics	IL	2014	Black/Latino	Men
28 Copado	\$1,200.0	\$270.8	Series C	Software	IL	2013	Latino	Men
29 Chief	\$1,100.0	\$140.0	Series B	Other	NY	2019	Latino	Women
30 Esusu Financial	\$1,000.0	\$145.0	Series B	FinTech	NY	2016	Black	Men
31 InvestCloud	\$1,000.0	\$56.5	Private Equity	Software	CA	2010	Latino	Women
32 Savage x Fenty	\$1,000.0	\$292.0	Series C	E-commerce	CA	2017	Black	Women
33 SmartAsset	\$1,000.0	\$157.6	Series D	FinTech	NY	2012	Black	Men
34 Twitch	\$1,000.0	\$35.0	Series C	Social Media	CA	2007	Black	Men
35 Pat McGrath Labs	\$1,000.0	\$60.0	Private Equity	Fashion	NY	2015	Black	Women
36 Arcus Biosciences	\$541.0 ⁽¹⁾	\$647.1	Post-IPO Equity	BioTech	CA	2015	Latino	Men
37 The Honest Company	\$277.0 ⁽¹⁾	\$503.0	Private Equity	E-commerce	CA	2011	Latino	Women
38 Stoke Therapeutics	\$113.0 ⁽¹⁾	\$130.5	Post-IPO Equity	Healthcare	MA	2014	Latino	Women
Total	\$108,971.0	\$19,010.4						

Note: Dollars in millions. ⁽¹⁾ Enterprise value as of 2/21/23. All companies crossed \$1B valuation at some point.



35 Harlem Capital Companies On The List

Represent 3.1% of all companies and \$253mm of capital raised











						
						
						
						
						













Note: Organized by raise amount

20 Investors Have Made 25+ Investments

They have made 864 investments in total

Investor	HQ	Select Investments
 Combinator	California	Faire, Brex, Flutterwave
	Colorado	Sendgrid, Wisesystems, CareAcademy
	California	Chipper Cash, Kin Insurance, BacklotCars
	Brazil	Worthix, Wonderschool, 54gene
	New Hampshire	Adventr, Compass, BlockFi
	Japan	Esusu, Loadsmart, Zume
	California	Fixt, Encantos, Goodr
	Vermont	Eight Sleep, Capchase, Career Karma
	California	Uncharted, ShearShare, Healthy Roots Dolls
	California	Goodr, ModernTax, CareAcademy

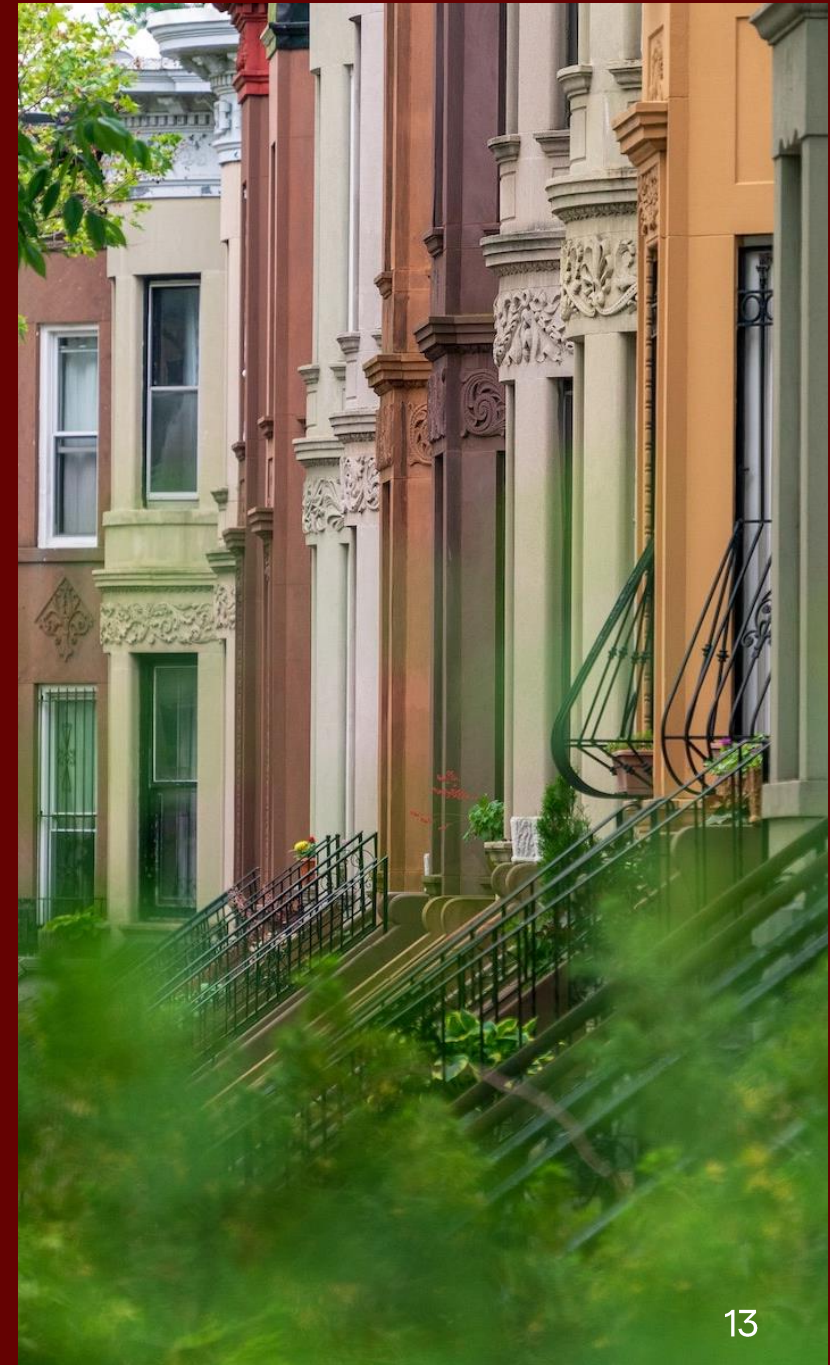
Investor	HQ	Select Investments
 Harlem Capital	New York	Poolit, Agape, Assemble
	California	Bitwise Industries, Promise, Encantos
	California	Betty Labs, Pasito, CareMessage
	District of Columbia	Rheaply, Mozaic, Decide
	New York	Scalefast, Ripio, Securitize
	California	Wonderschool, Mayvenn, Sote
	California	Hey Jane, WellBeam, Ugami
	California	Pigeon, VOIQ, Eight Sleep
	California	Embark Trucks, Faire, Fuzzy
	California	Faire, BetterUp, The Honest Company



Note: Only includes investments in \$1M+ rounds



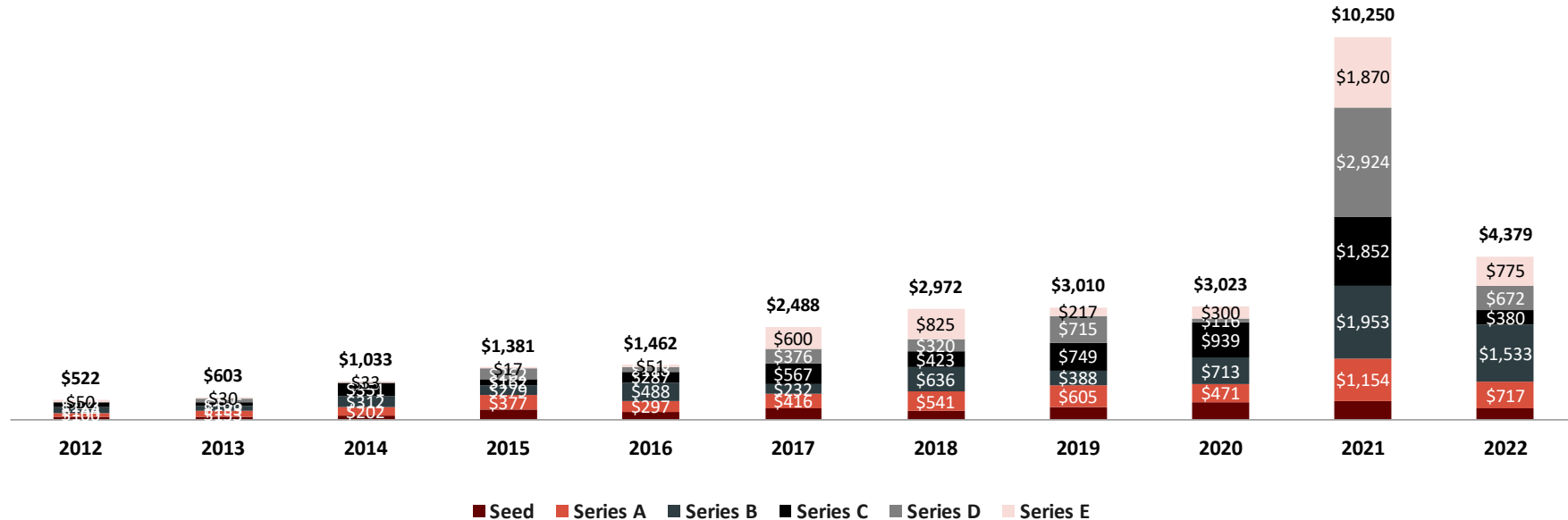
Annual Trends By Rounds and Dollars



Dollars Raised Decreased 57% in 2022

Compared to a 25% CAGR since 2013

In 2022, Series D rounds declined the most at 77%, while Series B rounds only declined by 21%



Total Dollars Raised	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Seed	\$93	\$84	\$121	\$284	\$220	\$296	\$227	\$335	\$483	\$497	\$301
Series A	\$100	\$153	\$202	\$377	\$297	\$416	\$541	\$605	\$471	\$1,154	\$717
Series B	\$144	\$133	\$312	\$279	\$488	\$232	\$636	\$388	\$713	\$1,953	\$1,533
Series C	\$123	\$106	\$351	\$162	\$287	\$567	\$423	\$749	\$939	\$1,852	\$380
Series D	\$12	\$97	\$13	\$262	\$118	\$376	\$320	\$715	\$116	\$2,924	\$672
Series E	\$50	\$30	\$33	\$17	\$51	\$600	\$825	\$217	\$300	\$1,870	\$775
Total Raised	\$522	\$603	\$1,033	\$1,381	\$1,462	\$2,488	\$2,972	\$3,010	\$3,023	\$10,250	\$4,379

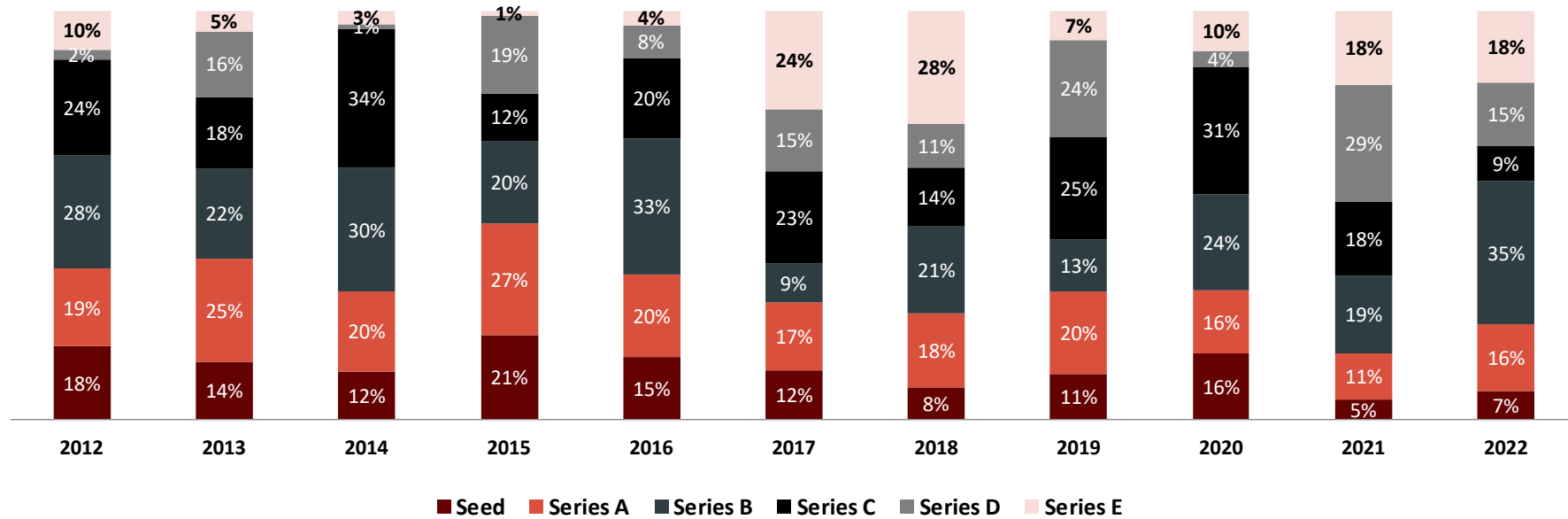


Note: Dollars in millions.

Seed And Series A Rounds Represent 23% Of Capital

Their second lowest percentage since 2012, declining from its peak of 48% of capital

Series B+ rounds now represent 77% of capital raised



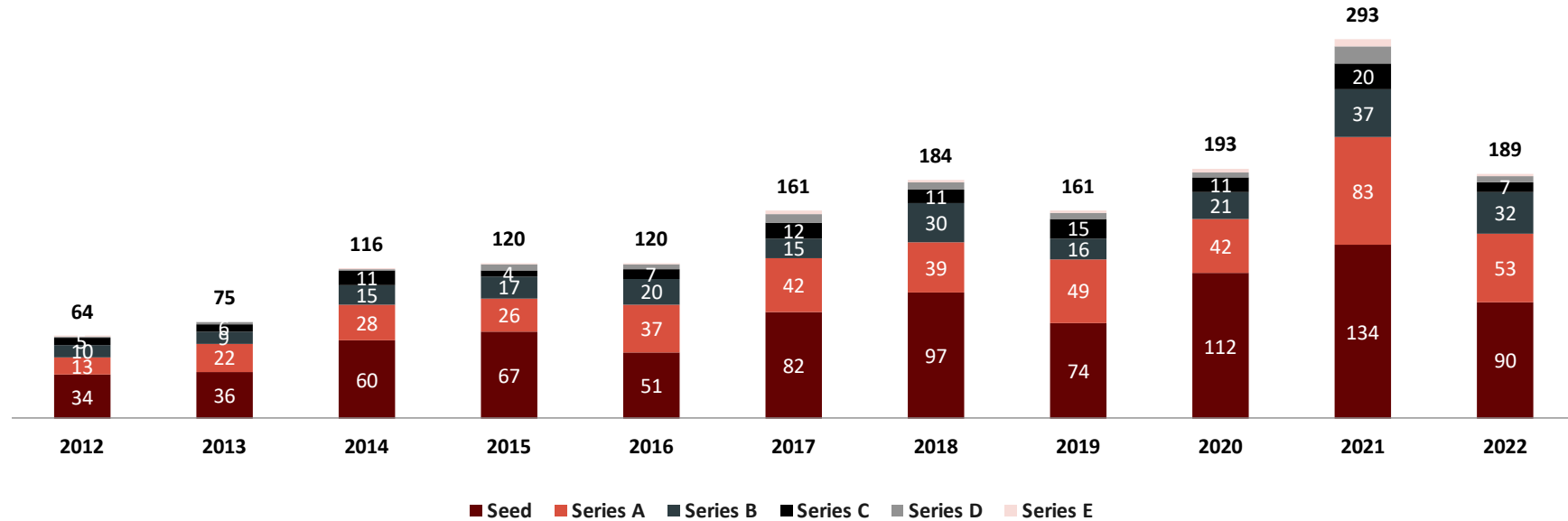
% of Total Dollars Raised	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Seed	18%	14%	12%	21%	15%	12%	8%	11%	16%	5%	7%
Series A	19%	25%	20%	27%	20%	17%	18%	20%	16%	11%	16%
Series B	28%	22%	30%	20%	33%	9%	21%	13%	24%	19%	35%
Series C	24%	18%	34%	12%	20%	23%	14%	25%	31%	18%	9%
Series D	2%	16%	1%	19%	8%	15%	11%	24%	4%	29%	15%
Series E	10%	5%	3%	1%	4%	24%	28%	7%	10%	18%	18%
Total Raised	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



Rounds Decreased 36% in 2022

Compared to a 11% CAGR since 2013

All rounds declined in 2022, with the largest percentage decline seen in Series C+



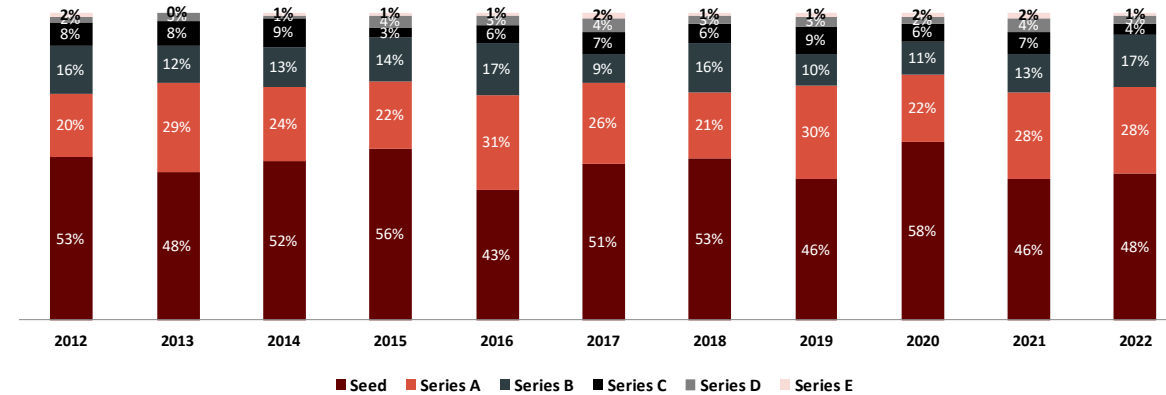
Total Rounds	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Seed	34	36	60	67	51	82	97	74	112	134	90
Series A	13	22	28	26	37	42	39	49	42	83	53
Series B	10	9	15	17	20	15	30	16	21	37	32
Series C	5	6	11	4	7	12	11	15	11	20	7
Series D	1	2	1	5	4	7	5	5	4	13	5
Series E	1	0	1	1	1	3	2	2	3	6	2
Total Rounds	64	75	116	120	120	161	184	161	193	293	189



Seed Rounds Represent 48% of Total Rounds

While Series A+ make up 25%

Seed to Series B rounds remained flat or increased in 2022, while Series C+ rounds decreased



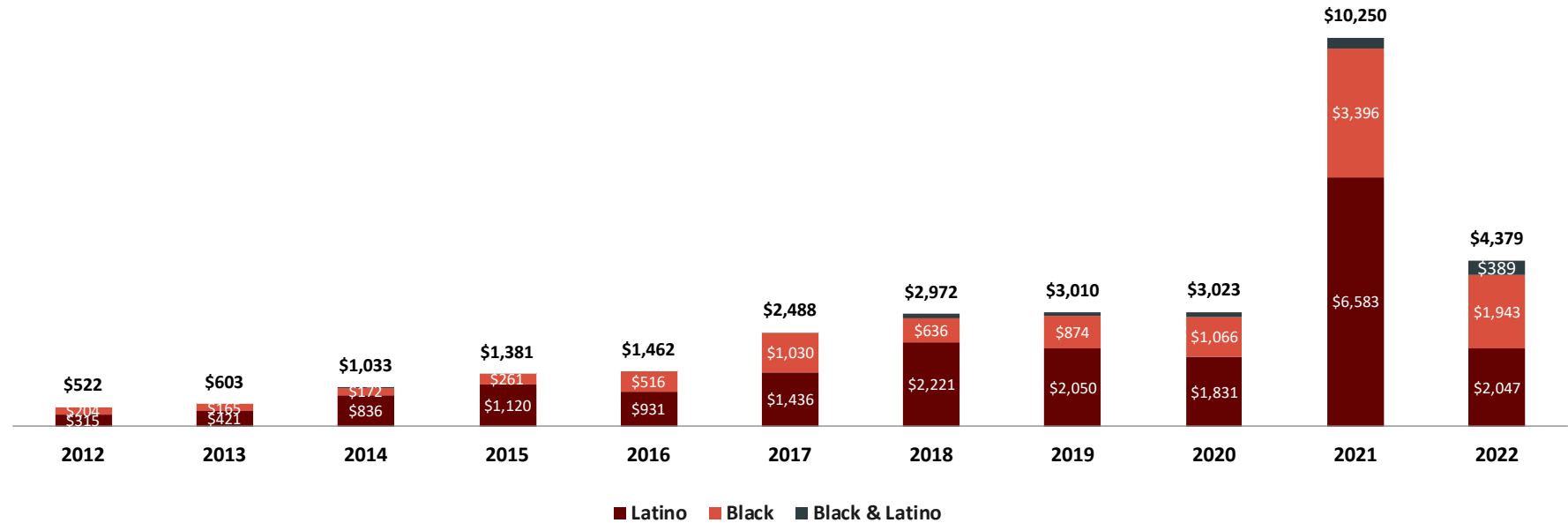
% of Total Rounds	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Seed	53%	48%	52%	56%	43%	51%	53%	46%	58%	46%	48%
Series A	20%	29%	24%	22%	31%	26%	21%	30%	22%	28%	28%
Series B	16%	12%	13%	14%	17%	9%	16%	10%	11%	13%	17%
Series C	8%	8%	9%	3%	6%	7%	6%	9%	6%	7%	4%
Series D	2%	3%	1%	4%	3%	4%	3%	3%	2%	4%	3%
Series E	2%	0%	1%	1%	1%	2%	1%	1%	2%	2%	1%
Total Rounds	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



Latino Led Companies Raised 69% Less in 2022

While Black led companies raised 43% less

Latino led and Black led companies only raised 0.4x what they raised in 2021



Total Raised By Race	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Latino	\$315	\$421	\$836	\$1,120	\$931	\$1,436	\$2,221	\$2,050	\$1,831	\$6,583	\$2,047
Black	\$204	\$165	\$172	\$261	\$516	\$1,030	\$636	\$874	\$1,066	\$3,396	\$1,943
Black & Latino	\$4	\$17	\$25	\$0	\$15	\$21	\$114	\$86	\$125	\$271	\$389
Total	\$522	\$603	\$1,033	\$1,381	\$1,462	\$2,488	\$2,972	\$3,010	\$3,023	\$10,250	\$4,379

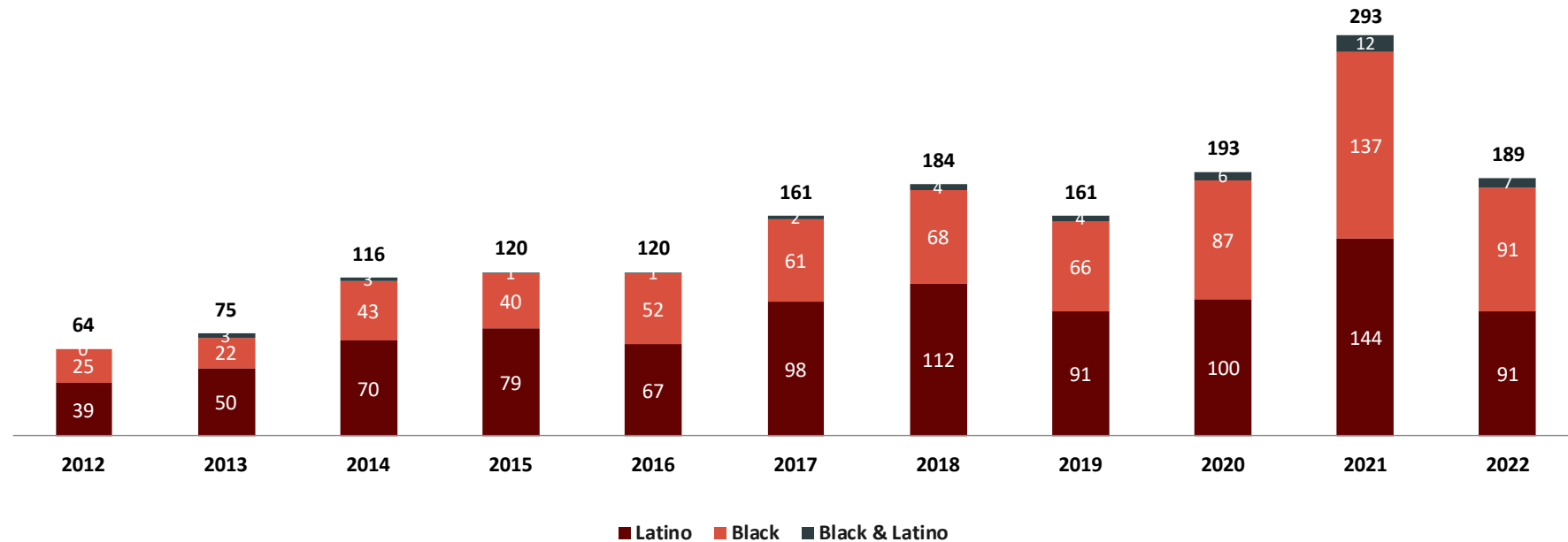


Note: Dollars in millions.

Black Led Rounds Equaled Latino Led Rounds

For the first time in the last 10 years

Both Black & Latino led rounds declined on average 35% since 2021

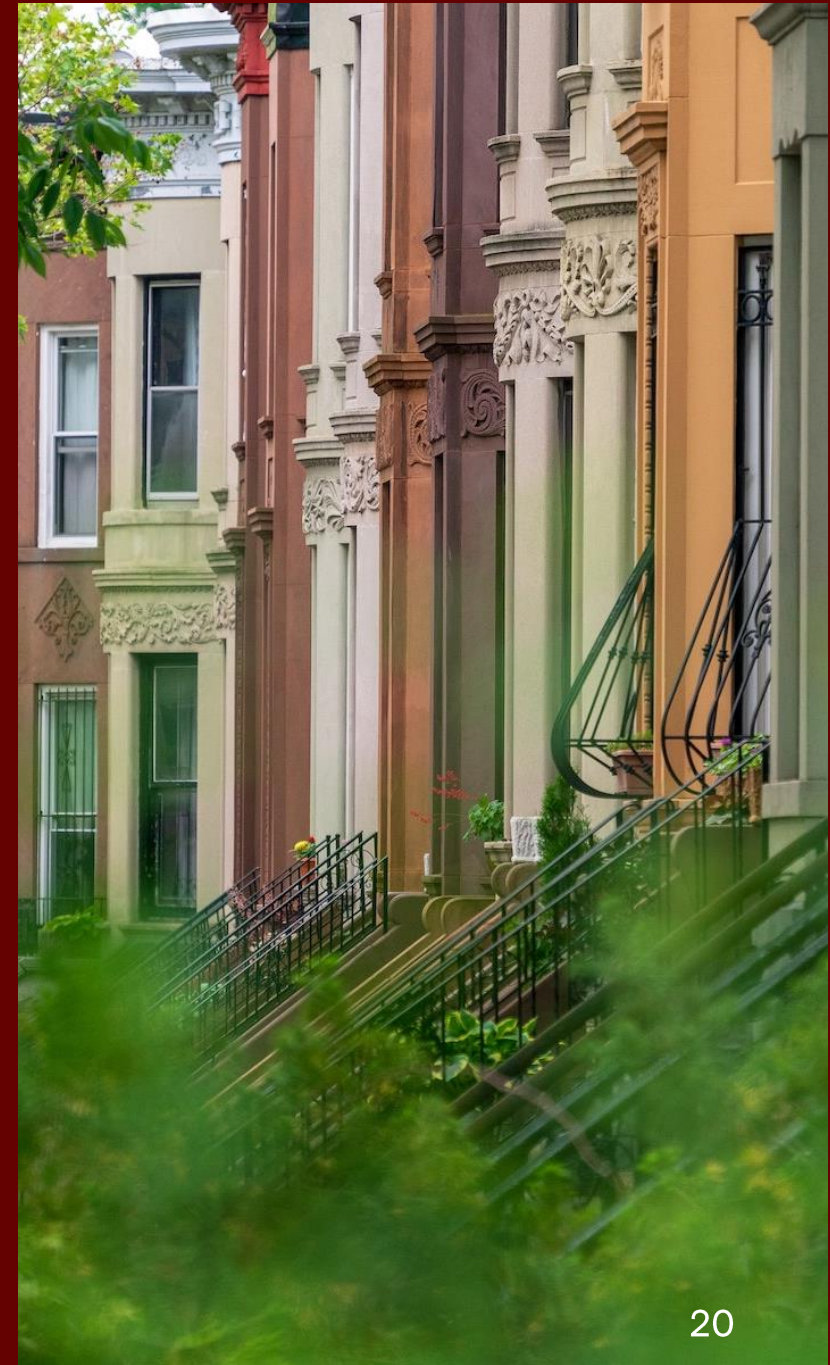


Rounds By Race	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Latino	39	50	70	79	67	98	112	91	100	144	91
Black	25	22	43	40	52	61	68	66	87	137	91
Black & Latino	0	3	3	1	1	2	4	4	6	12	7
Total	64	75	116	120	120	161	184	161	193	293	189





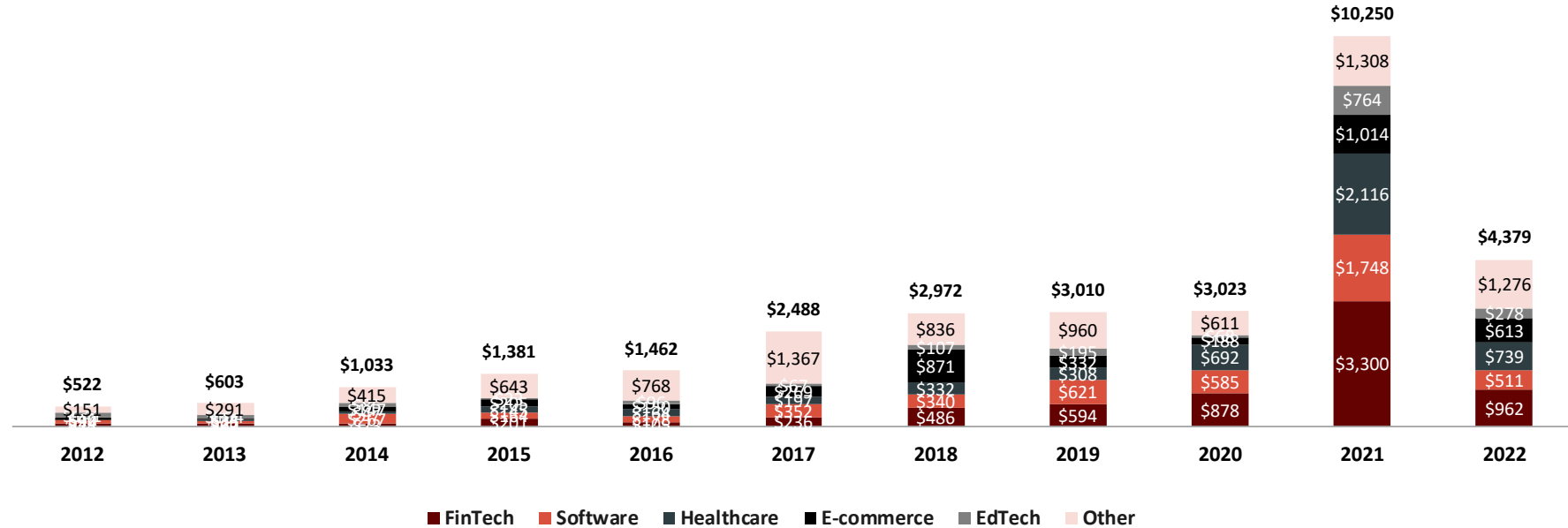
Annual Trends By Industry and Dollars



FinTech & Healthcare Raised the Most Capital in 2022

Similar to 2021

In 2022, E-commerce became the third industry by most capital raised, while in 2021 it was Software



Total Dollars Raised	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
FinTech	\$74	\$62	\$73	\$201	\$105	\$236	\$486	\$594	\$878	\$3,300	\$962
Software	\$94	\$76	\$267	\$164	\$178	\$352	\$340	\$621	\$585	\$1,748	\$511
Healthcare	\$20	\$35	\$47	\$145	\$164	\$197	\$332	\$308	\$692	\$2,116	\$739
E-commerce	\$42	\$34	\$147	\$205	\$150	\$269	\$871	\$332	\$188	\$1,014	\$613
EdTech	\$141	\$104	\$85	\$23	\$96	\$67	\$107	\$195	\$68	\$764	\$278
Other	\$151	\$291	\$415	\$643	\$768	\$1,367	\$836	\$960	\$611	\$1,308	\$1,276
Total Raised	\$522	\$603	\$1,033	\$1,381	\$1,462	\$2,488	\$2,972	\$3,010	\$3,023	\$10,250	\$4,379

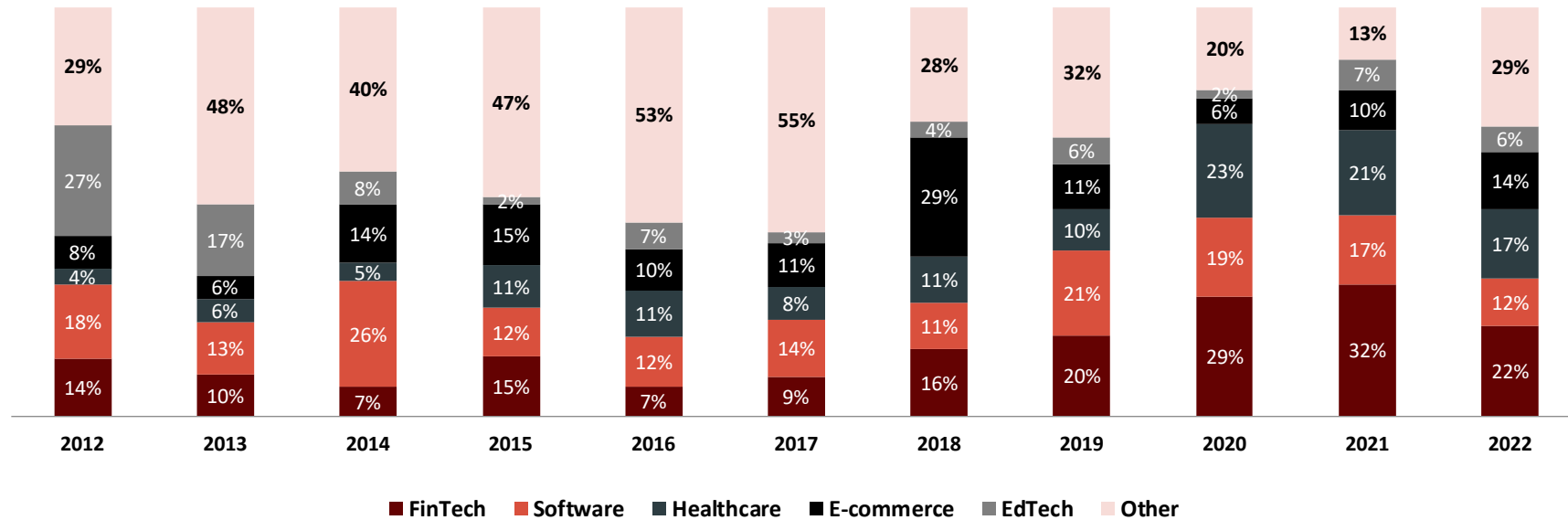


Note: Dollars in millions.

FinTech Represents 22% of Total Capital Raised in 2022

Compared to a 32% in 2021

In 2022, FinTech & Software declined the most at 71%, followed by Healthcare at 65%



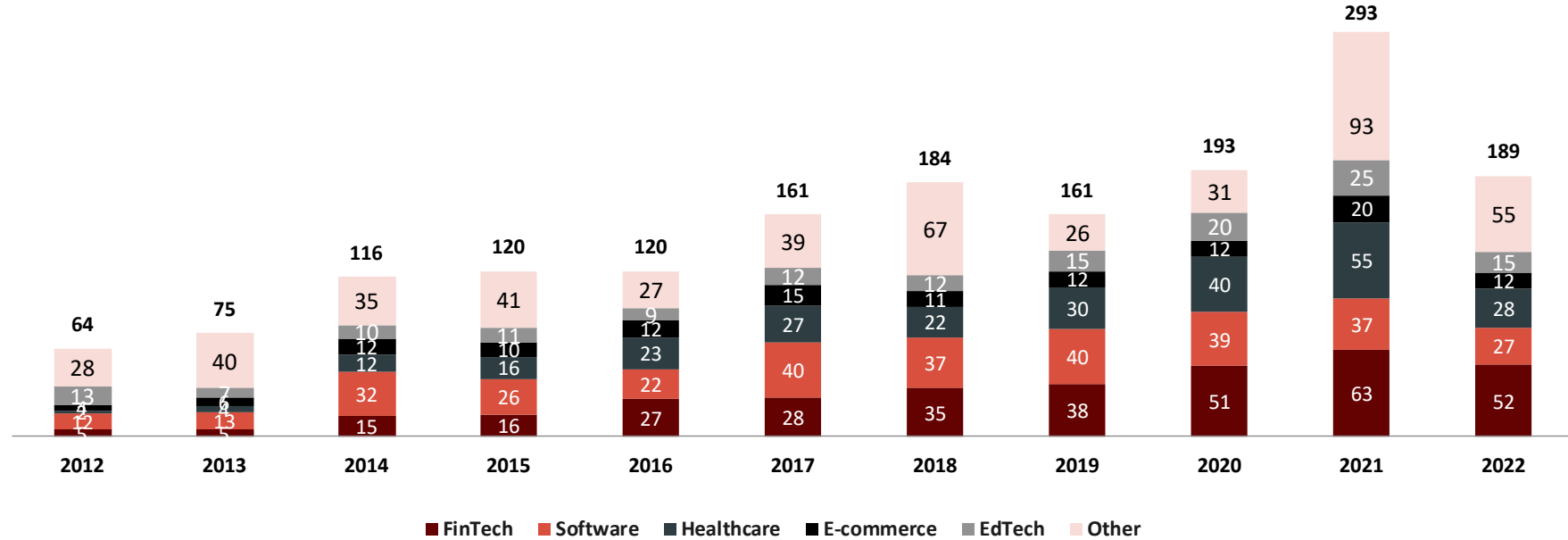
% of Total Dollars Raised	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
FinTech	14%	10%	7%	15%	7%	9%	16%	20%	29%	32%	22%
Software	18%	13%	26%	12%	12%	14%	11%	21%	19%	17%	12%
Healthcare	4%	6%	5%	11%	11%	8%	11%	10%	23%	21%	17%
E-commerce	8%	6%	14%	15%	10%	11%	29%	11%	6%	10%	14%
EdTech	27%	17%	8%	2%	7%	3%	4%	6%	2%	7%	6%
Other	29%	48%	40%	47%	53%	55%	28%	32%	20%	13%	29%
Total Raised	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%



FinTech & Healthcare Rounds Decreased 32% in 2022

Compared to a 27% CAGR since 2013

All industries saw a decline in 2022, with the largest percentage decline seen in Healthcare



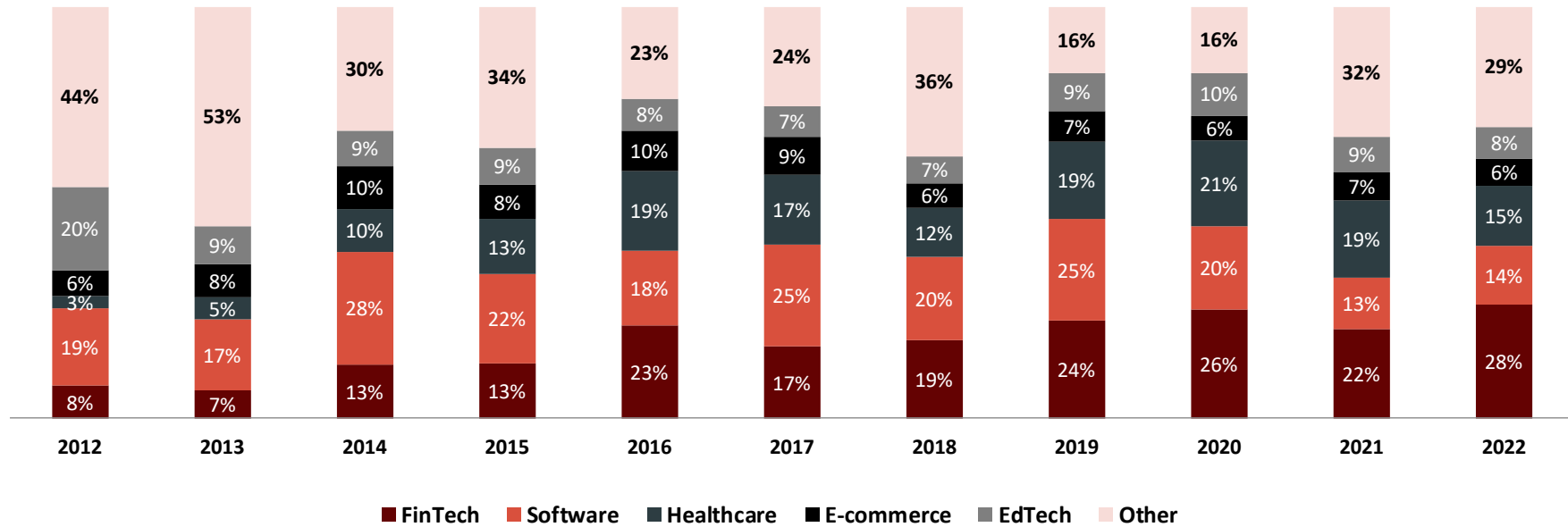
Total Rounds	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
FinTech	5	5	15	16	27	28	35	38	51	63	52
Software	12	13	32	26	22	40	37	40	39	37	27
Healthcare	2	4	12	16	23	27	22	30	40	55	28
E-commerce	4	6	12	10	12	15	11	12	12	20	12
EdTech	13	7	10	11	9	12	12	15	20	25	15
Other	28	40	35	41	27	39	67	26	31	93	55
Total Rounds	64	75	116	120	120	161	184	161	193	293	189



FinTech Rounds Represent 28%, the Highest in 10 Years

While Healthcare is at 15%, returning back to pre-2016 levels

FinTech & Software increased as a percentage of total relative to 2021

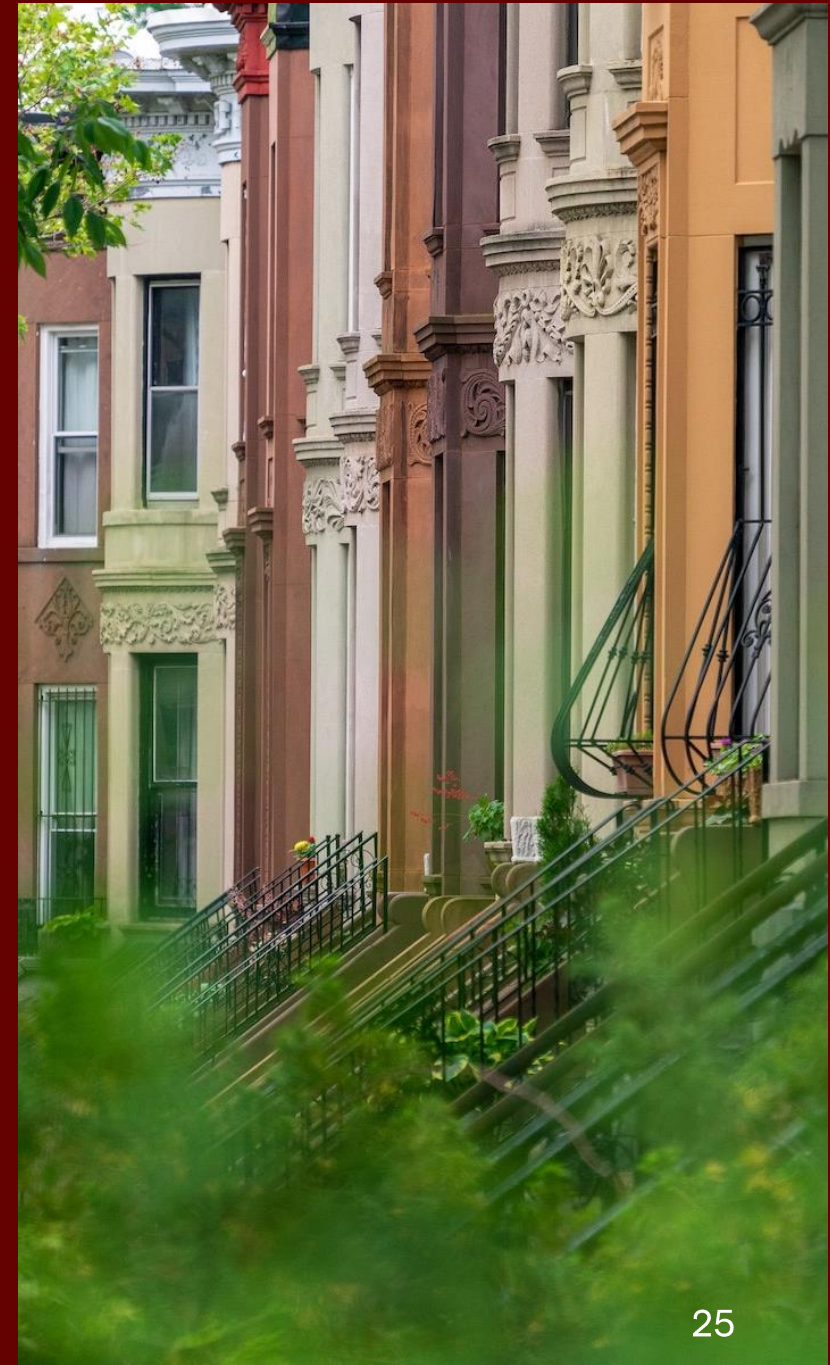


% of Total Rounds	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
FinTech	8%	7%	13%	13%	23%	17%	19%	24%	26%	22%	28%
Software	19%	17%	28%	22%	18%	25%	20%	25%	20%	13%	14%
Healthcare	3%	5%	10%	13%	19%	17%	12%	19%	21%	19%	15%
E-commerce	6%	8%	10%	8%	10%	9%	6%	7%	6%	7%	6%
EdTech	20%	9%	9%	9%	8%	7%	7%	9%	10%	9%	8%
Other	44%	53%	30%	34%	23%	24%	36%	16%	16%	32%	29%
Total Rounds	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%





Founder & Investor Spotlights



Wemimo Samson Abbey

Co-Founder & Co-CEO, Esusu Financial



Leading platform for
renter financial health



NEW YORK

Location



FINTECH

Industry



\$145M

Total Funding Raised



WEMIMO ABBEY
&
SAMIR GOEL

Founding Team



What was your experience raising capital for Esusu?

My co-founder and co-CEO, Samir Goel and I, spoke with over 300 investors before we got the first 'yes.' When we began fundraising efforts for Esusu, we solicited our family and friends on LinkedIn, a rookie move that unintentionally broke many rules and took us months to rectify. Entrepreneurship is rarely an easy journey, especially for minorities, and the archetype of an immigrant founder does not exist in people's minds. I even testified before Congress on the challenges minority-owned firms face when seeking capital, emphasizing the importance of investing in diverse-owned fintechs.

When Samir and I finally closed our first contract, we were \$100,000 in debt and couldn't even afford a hotel room. In fact, we decided to crash at a Denny's and work there through the night, but we eventually were kicked out. This experience and the many other challenges we've faced as diverse entrepreneurs keep us humble and grounded and remind us where we started at the beginning of the Esusu journey.

Were there any pivotal moments in your journey that changed your trajectory as a founder or company?

Esusu's customers now have a reach of 3.5 million rental units across all 50 states, and the company has seen 600% growth year over year. Becoming one of the first Black-owned tech unicorns in the U.S after a \$130 million Series B funding round in early 2022 was a truly humbling moment and accomplishment since we founded the company in 2018.

What's one piece of advice you have for other founders?

We founded Esusu in 2018 to dismantle barriers to housing for working families and unleash the power of data to bridge the racial wealth gap. In the past four years, Esusu has grown from a community of 20 to a blended workforce of 200 people and reached unicorn status. For that, I am truly grateful. Staying true to your original vision and purpose while rapidly expanding is one of the very real challenges founders face. It can be tempting to shift those values as your company gains more customers, more funding, more esteem. But I always think back to the inspiration of what Esusu means to me and my co-founder: "If you want to go fast, go alone. If you want to go far, go together." It reminds me that our success is because of our commitment to our founding principles. We strive to support each other and our customers always. And we always remember to check our egos at the door.

Mercedes Bent

Partner, Lightspeed Venture Partners



What do you look for in founders?

I look for founders who have an X factor quality - some skillset that they're much better at than their peers (founders at their stage) by several magnitudes, who are top learners - I call it learning animals - people who use every opportunity available to extract as much information from others and instill a fast iterative learning approach with all team members inside their company. This slope of learning is the most important thing I look for. It's hard to assess in the short time I have to meet founders unfortunately but there are many tell tale signs - strong communication, curiosity, connecting seemingly unrelated topics and viewing other top tech leaders as people they expect to regularly be in touch with and need to go out of their way to get in front of.

What are your top predictions for 2023 as it relates to VC funding & specifically funding to diverse founders?

I expect we'll continue to have another low year of venture funding to diverse teams. I don't think we'll see as many diverse founders building in the hot spot area of AI immediately, there seems to be a lag of when top founders are funded in new breakout categories so that might delay until late 2023 or 2024. The same thing happened in crypto - diverse founders were showing up in funding in late 2021 and 2022, but not late 2020 and early 2021 when crypto was starting to surge.

What are some challenges you face as a VC who invests in diverse founders & how do you overcome them?

Silicon Valley likes to invest in founders that are "straight out of central casting" - the nerdy founder who's been coding since they're young, or that comes from an executive position at a top startup of the last decade. Many diverse founders don't fit this narrative and it can be difficult as a VC to get other investors to see their merit if they don't speak Silicon Valley's dialect fluently. I try to overcome this bias by investing in founders with a really steep learning slope and undeniable energy.

Is there a portfolio company with a diverse founder that you'd like to highlight? What made them stand out to you?

One we just announced is Beek a Spanish language media subscription company - the founder Pamela is a force of nature and a rare woman CEO who's also a YC alum and the first female Thiel fellow from Mexico. Another is Stori, a credit card neobank in Mexico. I invested at the Series B and when they became a unicorn last year in 2022, it made their cofounder Marlene the first woman to become a cofounder of a tech unicorn in Mexico. Both those stories make me really proud that I'm able to invest in women and Latinas who are making history.



Select Investments:



F A I R E



HONEST

Nancy Torres

Partner, Ulu Ventures



What do you look for in founders?

We look for several key things: domain expertise, a diverse team, signs of early traction and demonstrated commitment to learning and congruence of the founders with the idea. We believe founders with domain expertise often hold compelling insights into existing behaviors in their respective spaces and that they are more likely to develop new solutions with a high chance of adoption.

Second, diversity is an essential part of our investment thesis and we invest in all types and compositions of founding teams. Demonstrated commitment and congruence are assessed by looking at facts and circumstances. Sometimes a founder has been working on an idea in different ways: as an academic project, independent research, a family business, volunteer work, a prior startup. Something engages the founder's intellectual curiosity and passion that leads to compounded learning and generativity. Founder vesting is a signal that the founding team is committed to the long term and willing to align interests with investors. Congruence is more subjective, but it is created when the elements of a business and the founding team fit logically and harmoniously.

Lastly, we look for early signs of product-market fit that are often demonstrated by a pipeline of potential customers or some form of paid or engagement validation for the product or service.

What are some challenges you face as a VC who invests in diverse founders & how do you overcome them?

We often hear the claim that there's a dearth of potentially "qualified" diverse VCs or entrepreneurs and that diversity requires "lower standards" in venture capital. Not only does research show that diverse teams have a 30% higher MOIC at exit on average, but we've seen throughout Ulu's 15 years that companies with diverse founding teams financially outperform those without any gender or racial/ethnic diversity. Looking at our Funds I and II, we saw that investments with a diverse founder (woman, person of color, or immigrant) generated approximately a 5x MOIC, double that of investments without any diversity on the founding team.

Is there a portfolio company with a diverse founder that you'd like to highlight? What made them stand out to you?

Zum is reimagining student transportation, the nation's largest mass transit system. They provide contract transportation services to school districts across the U.S. via their application. Ritu Narayan, an Asian female immigrant from India, is the Founder and CEO. Ulu first invested in the company's seed in 2016. What stood out to Ulu about Ritu was her deep understanding of the customer journey, demonstrated by 100+ conversations Ritu had with parents. Through this, she arrived at key insights around how she could use technology-enabled features to deliver a safer, more reliable, and more efficient transportation service for students. She also accomplished significant traction with very little capital in a short amount of time, as compared to other players in the market at the time. Today, the company is valued at \$930M.



Select Investments:



Zūm

ugami



WellBeam
Connected Care

HeyJane

PRAXIS LABS

Brian Dixon

Managing Partner, Kapor Capital



How do you ensure your deal pipeline stays diverse?

- No warm intros, we were proud to be one of the first firms to eliminate barriers for founders by accepting pitches directly on our website, something we still do today
- Have specific events focused on underrepresented founders
- Build relationships with diverse communities, professors, and universities
- Seek out founder and tech affinity groups such as Black Girls Code, Founder Familia, Latinas in Tech, Goodie Nation, and Digital Undivided to name a few.
- Relationships with incubators at non-ivy league schools
- Current and former founder referrals (our current Fund III is composed of 83% diverse founders)

What are your top predictions for 2023 as it relates to VC funding & specifically funding to diverse founders?

- The pace of deployment will remain relatively slow as LPs pare back commitments to the asset class
- Diverse, underrepresented founders will find it increasingly challenging to fundraise in an environment where many investors will fall back on mental shortcuts (over-indexing on experience and multiple-time founders, traditional academic backgrounds, etc.)
- Pressures to demonstrate DPI will push VCs and founders to more frequently consider suboptimal exits, even for businesses that might still be performing fairly well
- Digital health tech infrastructure will thrive as one of the sectors that received a boost from the pandemic that will stick

Is there a portfolio company with a diverse founder that you'd like to highlight? What made them stand out to you?

Kameale Terry, founder of ChargerHelp!, stood out to us from the start. Her intelligence, drive and distance traveled sets her aside as one of the few black female founders in the sustainability industry. Kamele was born and raised in South Central, LA, and is building a distributed workforce for EV charger maintenance across the US while solving a workforce development issue. ChargerHelp! trains individuals to become technicians for EV charger maintenance, while at also giving society functional EV chargers which are typically offline 30% of the time. They recently raised a \$17.5M Series A round!

What are some challenges you face as a VC who invests in diverse founders & how do you overcome them?

- Defeating the bias that a diverse founder faces means concessionary return, we've proven this is not the case by releasing our returns for the first time in our 2019 and 2022 Impact Reports.
- Overcome By: Highlighting successful diverse founders and spreading the word about the importance of helping founders build diverse teams, which we've done since 2016 with our Founders Commitment.
- Belief from other investors that diverse founders do not exist in certain sectors and are concentrated in only a few
- Overcome By: Actively seeking out founders in those verticals and being proactive in facilitating intros for them to investors focused on those sectors



Select Investments:



Let's change the face of entrepreneurship, together.

[Airtable List of All 1,128 Companies](#)