
Rebalancing Innovation: Women, AI and Venture Capital

Venture Capital spurs technological innovation and diversity within investment firms results in better performance.¹ Encouraging inclusion in the investment workforce fosters a more innovative and agile economy. The **Women in Data Science and AI** project at The Alan Turing Institute, the UK's National Institute for Data Science and AI, is exploring gender (dis)parity in AI-focused Venture Capital (VC) investment. As VC investors have a disproportionate impact on the culture, products and services of the companies in which they invest, at a time when AI development is exponential, this has never been more important.

In the UK, women comprise 20% of investment roles in the VC labour force.² However, today only 12% of senior investors are women.³ This has downstream consequences as firms with female investment partners are more likely to invest in female founders.⁴ Even though women are starting twice the number of companies than four years ago, investment into startups with at least one female founder remains at only 11%.⁵ Most VC deals (83%) in 2017 involved founding teams that did not include any women.⁶

Building upon PitchBook's extensive data, we are investigating how the lack of diversity in both the VC and start-up ecosystem shapes AI and machine learning technologies and the innovation landscape. While there are several exciting initiatives to promote equity in the space, such as Investing in Women Code, the women-led high-growth enterprise taskforce and the Rose Review, there is limited work specifically on investments in AI. A focus on diversity in innovation is in its infancy in the USA but is unexplored in the UK.⁷ This project aims to address this gap.

As part of the Turing Institute's **Public Policy programme** the project works alongside policy makers and industry stakeholders. We offer actionable insights and recommendations to support and strengthen the UK's ambition to lead on science and technology within a thriving investment, startup and innovation ecosystem. For further information about the project see our website **Women in Data Science and AI** or contact Dr Erin Young (eyoung@turing.ac.uk)

¹ Calder-Wang, S. and Gompers, P. A. (2021) And the children shall lead: Gender diversity and performance in venture capital. *Journal of Financial Economics*, 142 (1-22).

² Diversity VC (2019) Diversity in UK Venture Capital 2019. *Sponsored by SVB*.

³ British Venture Capital Association (2023) Diversity & Inclusion Report. *In collaboration with: Level 20*.

⁴ Kauffman Fellows (2020) Venture Capital Needs More Women.

⁵ Tech Nation (2023) How to build a scale-up: our ten year target for UK tech.

⁶ British Business Bank (2017) UK VC & Female Founders. *In collaboration with: Diversity VC and BVCA*.

⁷ PitchBook (2022) All In: Female Founders in the US VC Ecosystem.