

# Women in Russian Venture Capital 2021

A report by Zerno Ventures



ZERNO<sup>•</sup>VC

DSIGHT crunchbase

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” Entrepreneurs create new products and play a significant role in economic growth. They develop their companies based on their unique vision and understanding of the market. Therefore, as consumers, **we benefit from having the greatest diversity of knowledge, experience and skills among company founders.**

**One of the important drivers for diverse and innovative solutions is a greater involvement of women in the venture capital industry.** The topic of gender balance in the tech sector has been actively studied and discussed around the world. I'm delighted that Zerno Ventures has carried out the first survey on women in the Russian venture capital market.

This survey is an important contribution to understanding the opportunities and barriers for female entrepreneurs in our country. I hope it will push all the market participants to initiate a discussion of how to reduce the existing barriers for women and support their development.

**Today is the right time to support women in the VC market:** according to the survey findings, more than 70% of female founders have just raised their first investments, which is a very big share of early startups compared to the rest of the world. I am sure that many of them have a great potential and that they will be the ones to address the challenges of tomorrow.



**Xenia Frank**  
Member of the Advisory  
Board Zerno Ventures

ZERNO VC



# Introduction and Executive Summary



# About the survey

Venture capital plays a key role in developing an innovation-based economy. The Russian venture capital market is still young, but it has completed its first evolution stage.

The issue of gender diversity in the venture capital industry has been actively studied and discussed all over the world. We were curious to understand how relevant this is for Russia.



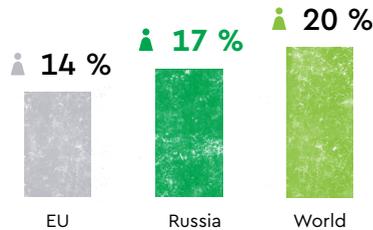
## Women in Russian Venture Capital 2021

Women in Russian Venture Capital 2021 is the first survey in Russia that focuses on the role of women in the venture capital ecosystem. The purpose of the survey is to identify the existing opportunities and limitations faced by the Russian female founders of VC-backed companies.

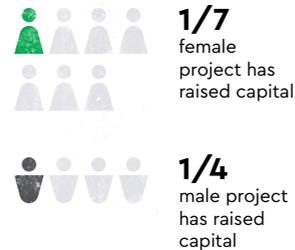
We hope that this survey will be of interest to a wide range of entrepreneurs and venture capitalists in Russia and **might have the following impact:**

01. \_\_\_\_\_  
Inspire women who are just thinking about creating their own startup or have already founded their business to move forward and scale their projects.
02. \_\_\_\_\_  
Engage the participants in the venture capital ecosystem in addressing the gender imbalance in the industry, including:
  - Founders
  - Business angels and professional venture capitalists
  - Incubators and accelerators
  - Corporate venture funds
  - Development institutions

# The ratio of female startups in Russia is comparable to global numbers, but their projects attract less investment ...



The share of Russian female-founded projects is 17%, which is slightly below the global figure of 20% yet above the European one (14 %).



In Russia, **only 1 out of 7 female projects has attracted investments**, but 1 out of 4 among male ones.

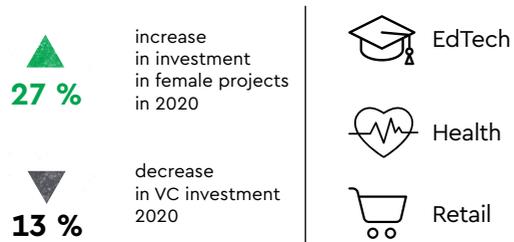
Over 2016 – 2020 in Russia, a **little more than 30 venture capital deals with female projects** worth about \$ 30 million were executed annually.

Over 2016 – 2020, every year, **only 1 out of 9 venture capital deals involved a female-founded startup** (11 % of the deals), where in total 23 times less money was invested in female startups (4 % of invested funds) than in male ones.



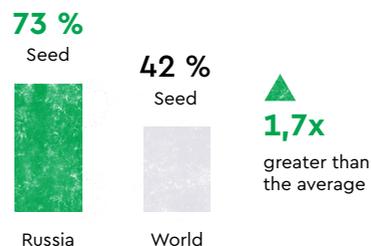
The average amount of investment in 2016 – 2020 in a female-founded startup is **3 times less** than the average investment in men-founded startups and totals \$ 0.9 million.

# ... at the same time, they are crisis-resilient and have potential for growth



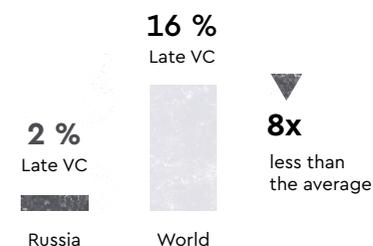
Russian female-founded companies, in contrast to the global trend, have demonstrated **resilience to the crisis** and even a **27 % increase in investment** amid a general decline in venture capital investments in Russia by 13 %.

The largest share of female-founded startups (in terms of deal count and funds raised) falls on **EdTech** (17 %, 13 %), **Health, Medicine & Wellness** (13 %, 16 %) and **Retail/E-commerce/Marketplace** (11 %, 19 %), respectively.



In today's Russia, the **majority of women's projects** attracting investment (73 % of the deals) **are in their early development stages**, which is 1.7 times higher than the global average and may indicate a growing interest of women in founding their own VC-backed projects.

Russian women are interested in building a career in IT.



At the same time, **the problem of female startup underfunding in the late VC stages is especially acute**, where the deals with female founders account for only 2 % of all late-stage deals, which is 8 times lower than the global average. Difficulties in raising funds certainly hold back the potential for scaling businesses.

# Scope of our study <sup>1</sup>

## Several data sources were selected for the survey:

- Survey of men and women who are founders and/or CEOs of Russian startups
- Survey of Russian investors from accelerator and venture funds
- Expert interviews with female founders/CEOs and investors
- Dsight: data on the number of deals and the volume of venture financing in Russia
- Pitchbook, Crunchbase: aggregated data on the number of deals and the volume of venture capital financing around the world (the research methodology has been aligned with the methodologies of information resources to enable adequate comparison).
- Open sources <sup>2</sup>

## Scope of the report

**5,404**

Russian startups

**934**

Russian female-founded startups

**1,454**

Venture deals with 1,203 Russian startups

**150**

Questionnaires from respondents (founders, startup CEOs and investors)

<sup>1</sup> The methodology is detailed at the end of the survey in the *Methodology* section

<sup>2</sup> See section *Sources*

# Information Partners

We want to thank our colleagues who helped improve this survey:

**Alexander Frolov**

Founder and CEO of Target Global

**Alexey Goryachev**

Investor, Alumni Program Director of the Skolkovo Moscow School of Management, YPO Moscow

**Victor Orlovski**

Managing Partner at Fort Ross Ventures

**Dina Karakash**

IIDF portfolio manager

**Evgeny Kuznetsov**

Partner and CEO at Orbita Capital

**Elena Morozova**

Head of Open Innovations at Kirov Plant, Partner at Kirov Group Ventures

**Gené Teare**

Senior Data Journalist for Crunchbase, Research Lead on the Role of Women in Technology and Venture

**Irina Gaida**

Director of the Energy Center at the Skolkovo Moscow School of Management, member of the Council of the Eurasian Women's Forum

**Natalya Magidey**

Managing Director of SberX (Ecosystem Development Unit), Head of Accelerator Programs

**Natallia Chykina**

Partner at iTech Capital, co-founder of AIRR

**Oleg Sazhin**

Head of the Acceleration Department, Skolkovo Foundation

**Sergey Dashkov**

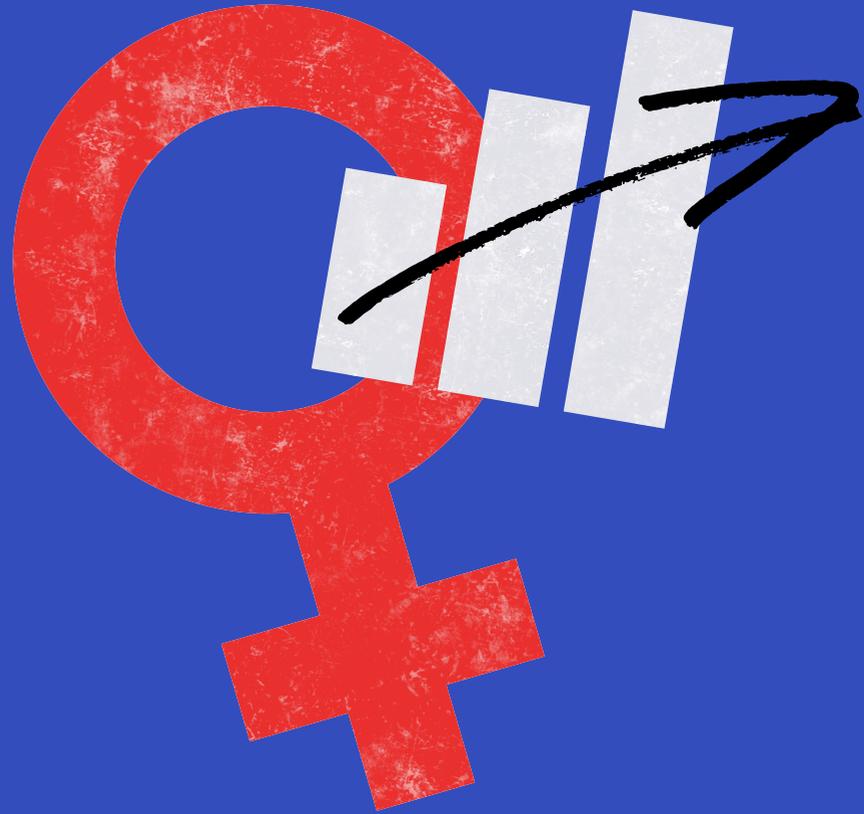
Investor, co-founder of the AngelsDeck investors club

**Sergey Toporov**

Partner at Leta Capital

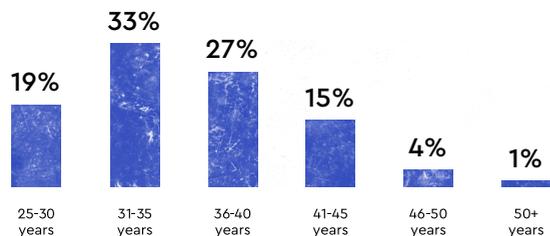


# Portrait of a Russian female founder



# Portrait of a Russian female founder

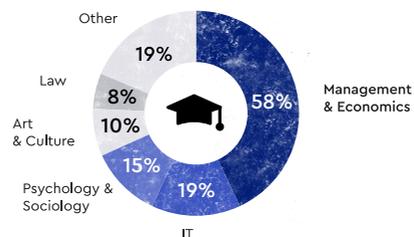
## Age Breakdown



**36** is the average age for female founders, same as the average age for male founders.

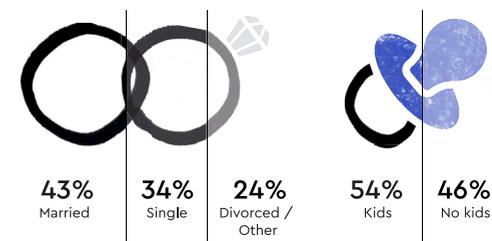
**Women are more likely to do projects alone:** of the women we interviewed, 60 % are sole founders. In general, in the Russian venture capital market, the number of single-founder startups is much lower at 38 %<sup>3</sup>.

## Education \*



**Almost all female founders (97 %) have one or more university degrees** (on average, 87 % in the venture capital market<sup>4</sup>). More than half of the women have received/are receiving their higher education degree in **Economics and Management**.

## Marital status and children



Approximately half of the female founders are married and/or have children.

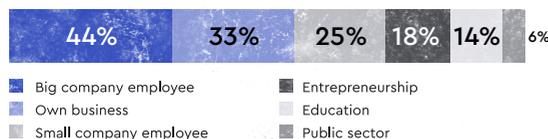
Source: founder survey

\* Respondents were given multiple choice

<sup>3,4</sup> Startup Barometer. Survey of the Russian startup market. [Electronic resource] // 2021.

# Portrait of a Russian female founder (continued)

## Occupation Prior to Startup\*



## Funding stage \*\*



Many female founders (44 %) have been employed by a large company before starting their current business. Among male founders, only 27 % are former employees of corporations.

At the same time, the majority of male founders (41 %) have been developing their own business before starting their current project.

\*Source: founder survey  
Respondents were given multiple choice

## Work in various industry sectors for well over one year\*



## Industry sectors of own startups \*\*

” From what I see, women very often start their own business after having worked in a large company, where they built a good career. From the investor's point of view, this is very valuable, because in this case the founder knows her market from the inside and clearly understands their client's needs.”

**Evgeny Kuznetsov**  
Partner and CEO at Orbita Capital

\*\* Source: Dsight

## Team size\*



## Sales channels\*



The majority (63 %) of female projects are small teams with up to 10 people employed full-time. A little over 10 % of female founders work full-time alone.

Women founders are more likely than men to use the **B2C/D2C** business model (56 % women vs 43 % men).

# Female-founded VC projects in Russia



” This survey is insightful for both entrepreneurs and investors in early-stage startups as well as those who are interested in the gender agenda of the Russian business environment.

*For the first time, the figures show the difference in the amount of funding received, motivation, and the features of business development between men and women.*

*To enable successful economic growth in our country, it is important to develop social elevators for both women and men. Overcoming the gender stereotypes of investors in relation to female entrepreneurs, and raising the awareness of female entrepreneurs themselves in formulating the strategic goals and struggling to obtain financial and other support from their investors will be an important step in the development of the most essential social elevator in the economy, i.e. innovation-based.”*

**Irina Gaida**

Director of the Energy Center at the Skolkovo Moscow School of Management, member of the Council of the Eurasian Women's Forum

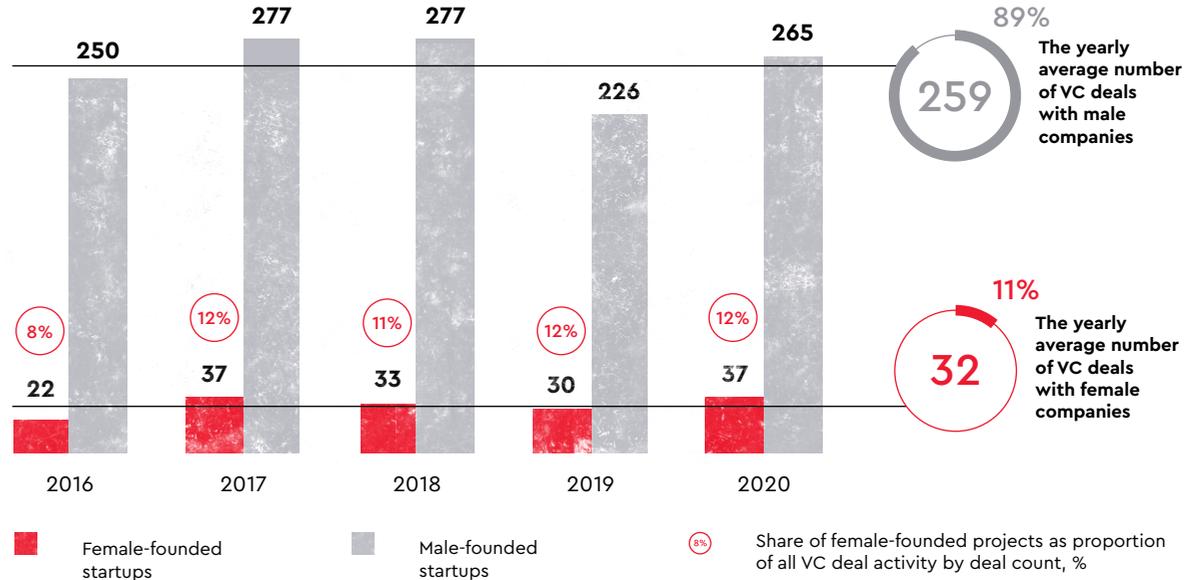


# There are 8 times fewer deals with female founders than with male ones

In Russia, the number of startups in which at least one of the founders is a woman is 934, or 17 % of all startups.

On average, during the past 5 years in Russia, a **little over 30 deals** with female founders have been made annually. This is **8 times less** than with male founders. Also, **only 1 out of 7 female startups attracted external investments**, while with projects led by men, it's **1 out of 4**.

VC deal activity, number of deals (Russia)

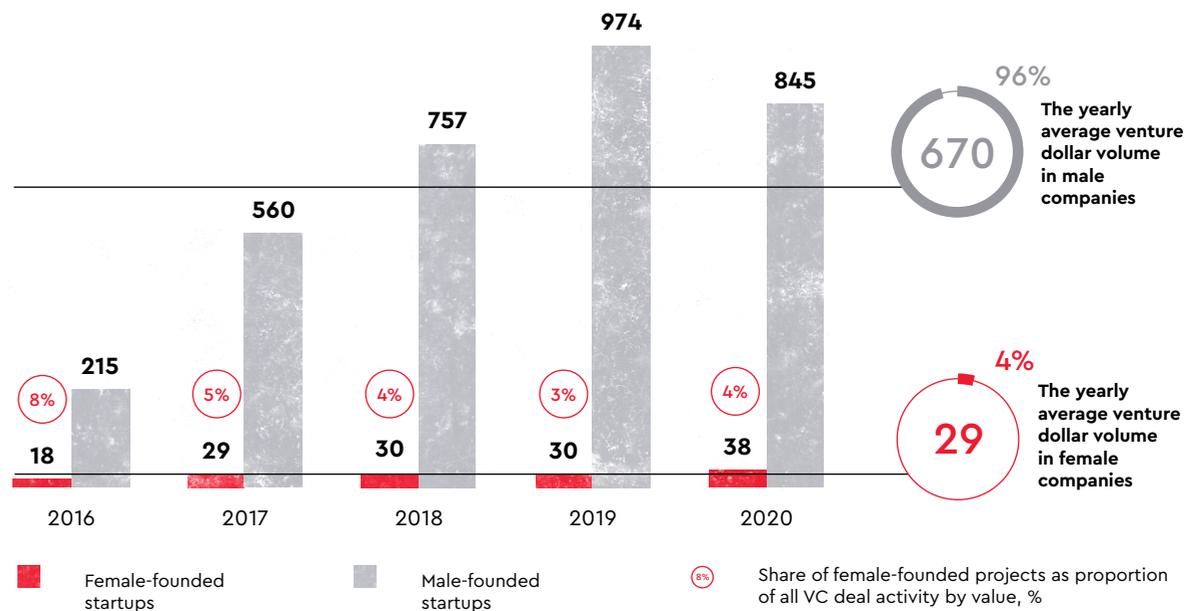


Source: Dsight

# Annual investment in female startups is 23 times less than in male ones

In terms of amounts raised, the gender gap is even wider: in total, companies founded by women annually raised about \$ 30 million in 2016 – 2020, or **4% of all venture capital investments in the Russian market**. In other words, over the past 5 years, Russian female founders received **23 times less** capital than male founders.

VC deal activity, \$ million (Russia)



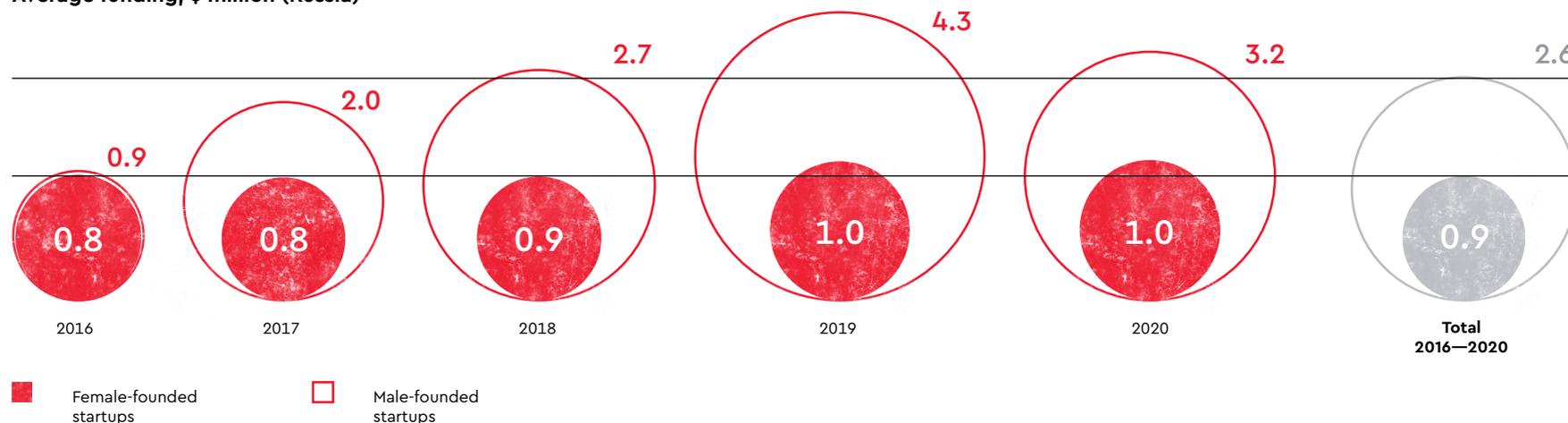
Source: Dsight

# The average investment in female founders is 3 times less than in male founders

**Average investment** in 2016 – 2020 in female founders is **\$ 0.9 million**, which is almost **3 times less** the amount invested in the male-founded projects.

It is worth noting that the gap in investment between male and female founders has been increasing since 2017, in particular, as founders attracted new rounds of financing.

**Average funding, \$ million (Russia)**



Source: Dsight

# Most female startups in EdTech, Health, Medicine & Wellness, and Retail / E-commerce / Marketplace

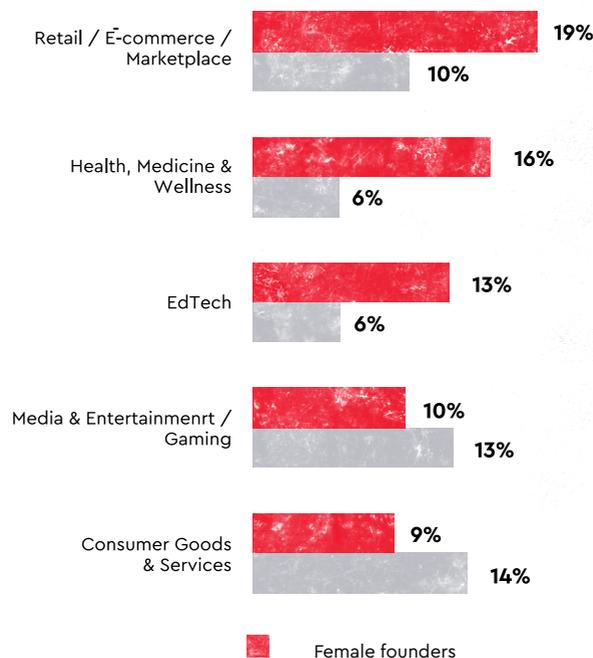
” Based on our observations, speaking of IT, the biggest number of female entrepreneurs is in the fashion and beauty industries, as well as education and retail, while the smallest share is in fintech, hardware and enterprise software. The hypothesis here is quite simple: businesses are started in the industry where one has most relevant experience.”

**Sergey Toporov**  
Partner at Leta Capital

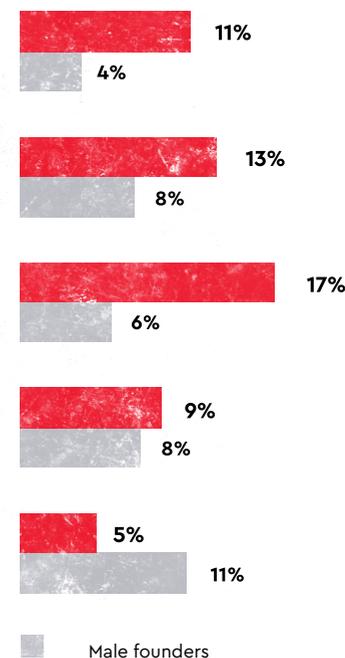
” From the array of startups we can see, women-founded businesses most often emerge in HRTech, MedTech & Pharma, FinTech, Beauty & Wellness, as well as kids-related sphere or AI-assisted optimization processes.”

**Dina Karakash**  
IIDF portfolio manager

**Funding by sector in total funding to female and male founders, % (2016–2020, Russia)**



**Deals by sector in total count of deals with female and male founders, % (2016–2020, Russia)**



Source: Dsight

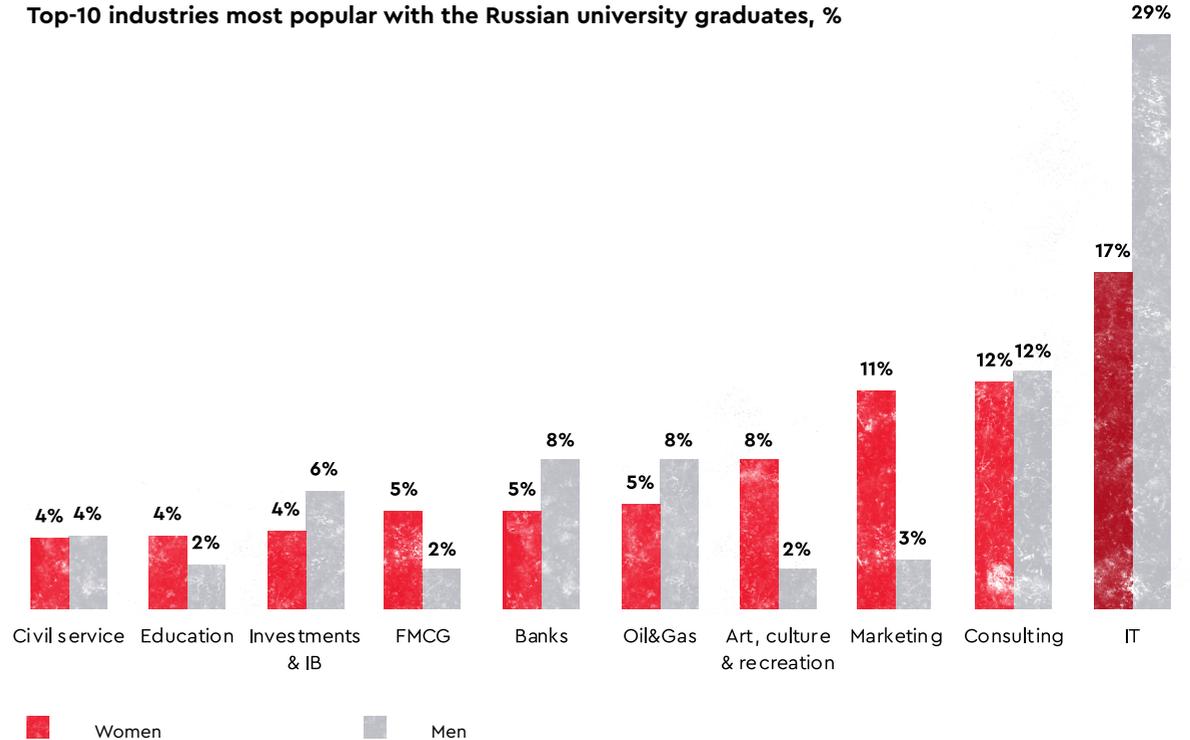


# The presence of women in IT will expand

According to the survey of the Russian students' career preferences <sup>5</sup>, **IT is the most popular area among young professionals of both sexes.**

At the moment, the majority of female startups are represented in sectors where there are historically more women; however, there is a clear tendency towards more and more women in the IT sector in the near future in Russia.

Top-10 industries most popular with the Russian university graduates, %



Source: The Bell

<sup>5</sup> Where do university graduates in Russia want to work? Research. [Electronic resource] // The Bell. 2021.

# Top-10 deals with female startups

Company	Investor	Year	Industry	Project overview	Transaction value
Grabr	Foundation Capital	2018	Retail / E-commerce / Marketplace	Deliveries from overseas by travelers	8.0 \$ mln
Bookinna	Anatoly Zakharov	2018	TravelTech	Online package deals: accommodation + flight	7.1 \$ mln
Replika.AI	Khosla Ventures, Sherpa Capital, Phil Libin, Richard Socher	2017	Media & Entertainment / Gaming	An application creating a chatbot replica of a person	6.5 \$ mln
XOR.AI	SignalFire, Gurtin Ventures, TwinVC	2019	HR	Recruitment chatbots	6.2 \$ mln
Elementaree	RDIF, Bonduelle	2020	Food	Delivery of meal kits with recipes	5.0 \$ mln
Cinemood	GamesBoost42	2020	Consumer Goods & Services	Manufacturer of mini-projectors	5.0 \$ mln
ExoAtlet	Cosmo and Company Co.	2018	Health, Medicine & Wellness	Exoskeleton developer	5.0 \$ mln
Nanosemantics	NTI Fund	2019	IT	Business chatbots	4.6 \$ mln
B2B-Export	Isaac Kwaku Fokuo	2019	Retail / E-commerce / Marketplace	Online platform for exporting Russiangoods	4.0 \$ mln
Cinemood	Russian-Belarusian Venture Investment Fund, IIDF	2018	Consumer Goods & Services	Manufacturer of mini-projectors	4.0 \$ mln



**5.5**  
mln

**The average funding** for female startups from the top 10 deals is \$ 5.5 million.



**18x**  
greater

**The average funding for a male startup** from the top 10 deals is almost 18 times larger and reaches \$ 98 million.



More than half of the largest deals with women's projects **involved foreign investment.**

# Role models

When asked about the powerful Russian startups founded by women, the respondent investors most often recall the **Wildberries** marketplace (founder and CEO: Tatyana Bakalchuk) and the **Elementaree** a meal-kit delivery service (founder and CEO: Olga Zinovieva).

The founder of the largest e-commerce company Wildberries, Tatyana Bakalchuk, together with her husband came up with the idea of the project in 2004. It all started with a small online clothing store and an office in their own apartment. The key contributor to the company's success was the Try Before You Buy option. Prior to this, a customer could not try the clothes first in special fitting rooms. In 2012, the retailer expanded their coverage outside Russia: first in Belarus, then two years later in Kazakhstan, and in 2019 they entered the European market. That same year, the company was recognized as the world's most popular online clothing retailer.

There is no public information regarding Wildberries valuation, but **market capitalization of its closest peer Ozon (IPO in 2020) is over \$12 billion with 2x times less GMW in 2020**

” *Most of all, future female entrepreneurs lack role models: you have to be very brave to start your own business when you don't know a single successful startup founded by a woman. All market participants need to talk more about successful female founders and investors. It is important to show girls who are just thinking about starting their own business that they are not alone.*”

### Natalya Magidey

Managing Director of SberX (Ecosystem Development Unit),  
Head of Accelerator Programs



**WILDBERRIES**

”

*I cannot say that I am that ascetic, but it was never a goal for me to become the second female billionaire. And if there comes a time when instead of saying Bakalchuk people start saying Wildberries, it'll be a sign that we are doing everything right.”<sup>6</sup>*

### Tatiana Bakalchuk

Founder and CEO of Wildberries

<sup>6</sup> It was like being smashed with a slab: billionaire Tatiana Bakalchuk talks about how money has changed the life of the richest woman in the country. [Electronic resource] // FORBES WOMAN. 2020

# Role models

## Elementaree is a meal kit delivery service and a smart and healthy menu designer.

The Founder Olga Zinovieva came up with the business idea in 2013 while studying at Harvard Business School, which was preceded by a successful career in consulting.

In 2014, Zinovieva attracted investment from a jury member of an American Startup Competition, who believed in her as a founder but also believed in the food market. The project was later launched in Moscow. Since then, the Elementaree team has grown to 100+ people.

In May 2020, the company raised \$ 5 million from the French Bonduelle, the RDIF and other investors. In 2020 Elementaree increased in 2 times in Revenue.

” *The low share of female founders is rooted in the socio-cultural context and gender roles adopted during childhood: there are inherently fewer women in technology than men because most girls do not pursue technical degrees but choose humanities or natural science. Perhaps, in some cases, women simply have no faith in themselves thinking they are bound to fail, so they don't even dare to try. Another point is the lack of role models among successful female entrepreneurs, although, I have to admit, the situation has been changing for the better lately.*

### Sergey Toporov

Partner at Leta Capital



”

*Women founders face multiple challenges, and I think that one of the biggest barriers comes from within. Women often underestimate themselves, while their background is just as good as men's. There is a noticeable tendency for female founders to unite: various women's communities are being established and success stories are emerging. It is very important as younger girls get to see that there are more opportunities.*

### Olga Zinovieva

Founder and CEO at Elementaree

# Only 1 out of 7 female startups attracted external investment

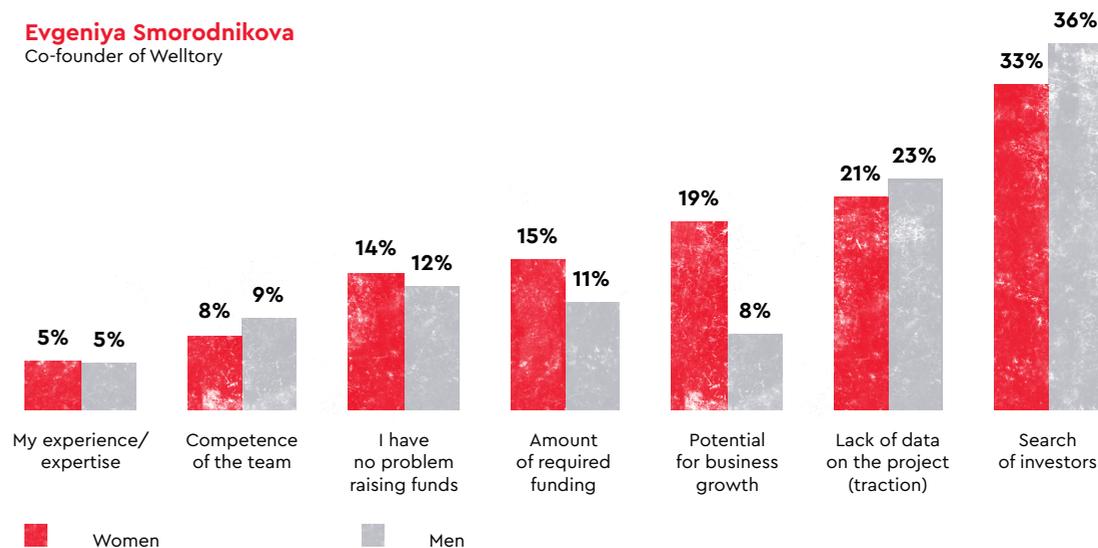
In Russia, **women in general raise less capital to develop their startups**: since 2016, only 1 out of 7 female startups attracted external investment, compared to 1 out of 4 male ones. Timely access to financial resources can be critical for scaling the business and surviving the "valley of death".

According to our survey results, most founders call **finding investors** the main fundraising challenge. The second most popular answer is the **lack of data on the project**. Compared to men, women much more often name **the growth potential of their business** as a barrier to attracting investment. Women are also more likely to disagree with the **amount of investment** proposed by the investors.

*"Finding investors is the biggest challenge in raising funds for most startups. There was a funny story how two girls had made up a male CEO in order to raise investment."*

**Evgeniya Smorodnikova**  
Co-founder of Welltory

**What challenges do you face when raising funds?**



Source: founder survey  
Respondents were given multiple choice

# 3/4 of female founders have only attracted their seed investment

To date, female-founded projects that have attracted investment are **primarily at Angel/Seed investment stage** (see diagram Female-Founded Startups by Stage,%).

As in the rest of the world, **female startups in Russia are underfunded at later stages**, but in our country this problem is especially notable. In Russia, over 2016 – 2020, in the total amount of investment, **only 2 % of female-founded startups reached their Late VC stage** (the world's average is 8 times higher).

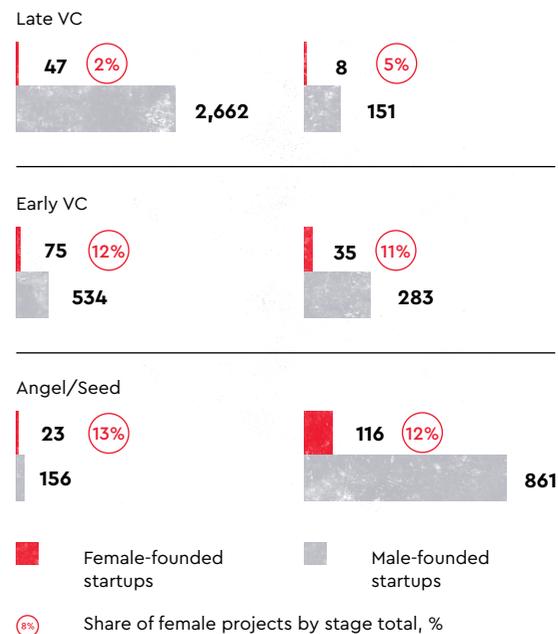
Such an extremely small number is an issue that requires further study. Maybe the businesses cannot overcome the "valley of death" due to difficulties in financing, or perhaps, the pay-back period is shorter with female founders so they decide not to attract new rounds of financing. Or maybe it's because significantly more female projects are started today.

” *The majority of the iTech Capital team today is comprised of women. Nevertheless, our portfolio companies are mostly founded by men, which is probably due to the fact that we invest at later stages, when the companies have already passed the “valley of death”, and with the figures presented in the survey, it is obvious that statistically, there will be much fewer female entrepreneurs among the survivors. I would like to see more women among business founders. After all, the more diverse projects there are, the higher the competition driving faster market development, which is good for all of us.*

**Natallia Chykina**

Partner at iTech Capital, co-founder of AIRR

**Funding by stage, \$ million (2016–2020, Russia)**



# Top exists for female-founded projects

Company	Investor	Year	Industry	Project overview	Transaction value
Delivery Club	Mail.Ru Group	2016	Food	Food delivery service	100 \$ mln
Pixonix	Mail.Ru Group	2016	Media & Entertainment / Gaming	Mobile game developer	30 \$ mln
Timepad	Sergey Solonin	2018	Consumer Goods & Services	Event planning application	10 \$ mln
Edadeal	Yandex	2018	Retail/E-commerce/Marketplace	Discount service	10 \$ mln
JungleJobs	Severgroup	2017	HR	AI-assisted recruitment	6 \$ mln
Brandspotter	Youscan	2018	Advertising, Sales & Marketing	Social media monitoring service	3 \$ mln
Toplivo v Bak (Fuel to the Tank)	Yandex.Drive	2018	Transport & Logistics	Mobile gas station	3 \$ mln
Shustry Zayats (Nimble Hare)	Maxipost	2018	Transport & Logistics	Courier delivery service for online stores	3 \$ mln
Aizel	Genom Venture	2018	Retail/E-commerce/Marketplace	Online brand apparel store	2 \$ mln

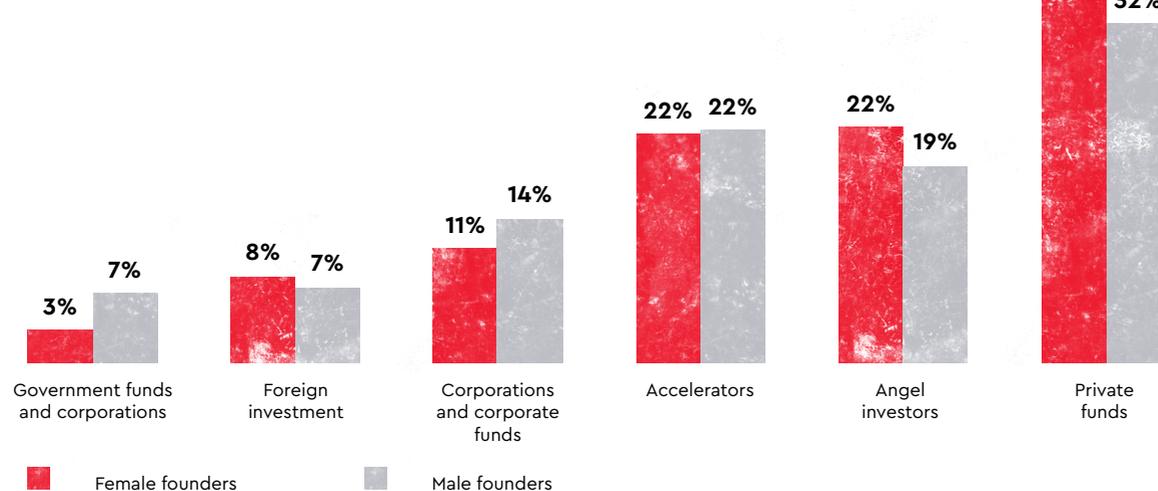


**3-10x**  
greater

Based on the analysis of the exit transaction amounts between male and female startups, it was identified that **men-founded projects are valued 3 – 10 times higher than female ones.**

# Sources of male vs. female startup financing are the same

Over the past 5 years, the sources of financing for female and male startups have been almost identical. Female founders tend to team up with business angels and private VC funds a bit more often, and less frequently with government and corporate funds.



Source: Dsight

” In my opinion, the number of female entrepreneurs is growing, but among the portfolio companies, the statistics on women's involvement are still modest. Only 12 % of portfolio companies have women on the founding team. Unfortunately, women do not participate in investment decisions today, but I would love to invite a woman having experience in the VC industry to our investment committee meetings, it would be insightful. I think that in the near future women will prove themselves to have a high potential in entrepreneurship. It's just the beginning.”

**Sergey Dashkov**

Investor, co-founder of the AngelsDeck investors club

# Female investors are twice as likely to invest in female startups <sup>7</sup>

An Increasing share of women making investment decisions would probably shrink the gender imbalance in venture capital financing.

 **2x**  
likely

According to PitchBook Research <sup>8</sup>, in the US, **female partners of VC funds are twice as likely to invest in women's startups**, but their share among decision-makers, even in the United States, is still scarce and totals 12% (as of August 2019). At the same time, 69,2 % <sup>9</sup> of American funds and business angels with the best financial performance have women partners. When venture capital firms raise the share of female partners, exit profits <sup>10</sup> by 9.7 % and the overall return for the fund goes up by 1.5 % per year.

The closed nature of the venture capital industry has negative effects not only on women who want to develop their own VC-backed projects, but the VC funds themselves who could have earned extra income.

According to our survey of Russian investors, **9 out of 10 women** working in investment companies with female projects in their portfolio say that women are involved in investment decisions in these companies. The interviewed **men who work in investment companies with no female-founded projects in their portfolio, claim that these companies have no women engaged in making investment decisions either.**

*” The role of women in the venture capital business is just beginning to mature. Venture capital business is dominated by men: as more women join the startup movement, in the VC business these changes have not yet become a trend. We are delighted that Fort Ross Ventures is heading in the right direction. In 2020, our partner in Israel, Sharin Fisher, joined us, and now 25 % of our partners are women. We have to admit that diversity, including gender diversity, is very important for making informed investment decisions.”*

**Victor Orlovski**

Managing Partner at Fort Ross Ventures

<sup>7,8</sup> All In. Women in the VC Ecosystem. [Electronic resource] // PitchBook and All Raise. 2019.

<sup>9</sup> Diversity As Superpower: The (Well-Known) Data Against Homogeneous Teams In Venture Capital. [Electronic resource] // Forbes. 2020.

<sup>10</sup> The Other Diversity Dividend. [Electronic resource] // Harvard Business Review. 2018.

# Women are less likely to find investors through acquaintances

According to our survey of startup founders, **women are more likely than men to join accelerators and professional conferences to find investors.** At the same time, the main way for a founder to approach an investor is through acquaintances; however, women find investors this way less often than men.

*“If a woman entrepreneur has courage, there would be no problem looking for investors using the five, three or two handshakes rule. You can start with business communities, get to know each other, ask questions, read articles, get to know these people after all, and basically prepare your business to raise investment.”*

*“It is not so hard to get access to investors, there are multiple events where one can communicate with them. Of course, it becomes clear once you’ve already spent some time in this environment.”*

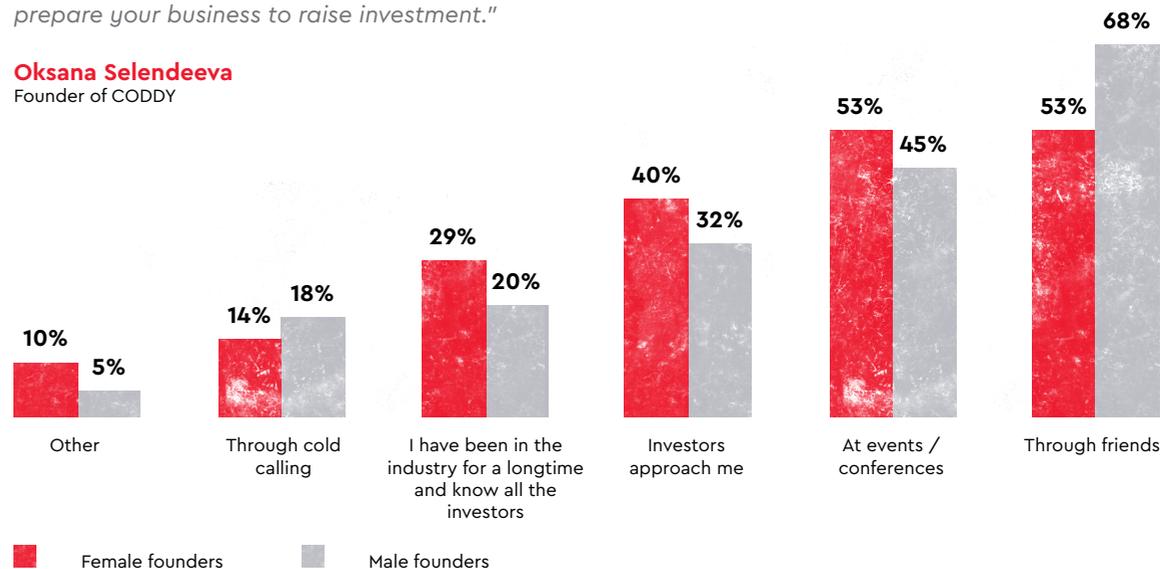
**Ekaterina Goncharova**  
Co-founder of Airspecter

*“The lack of networking may to some extent hold women back from founding their own project.”*

**Diana Sorina**  
Co-founder of Pilgrim XXI

## How do you meet investors?

**Oksana Selendeeva**  
Founder of CODDY

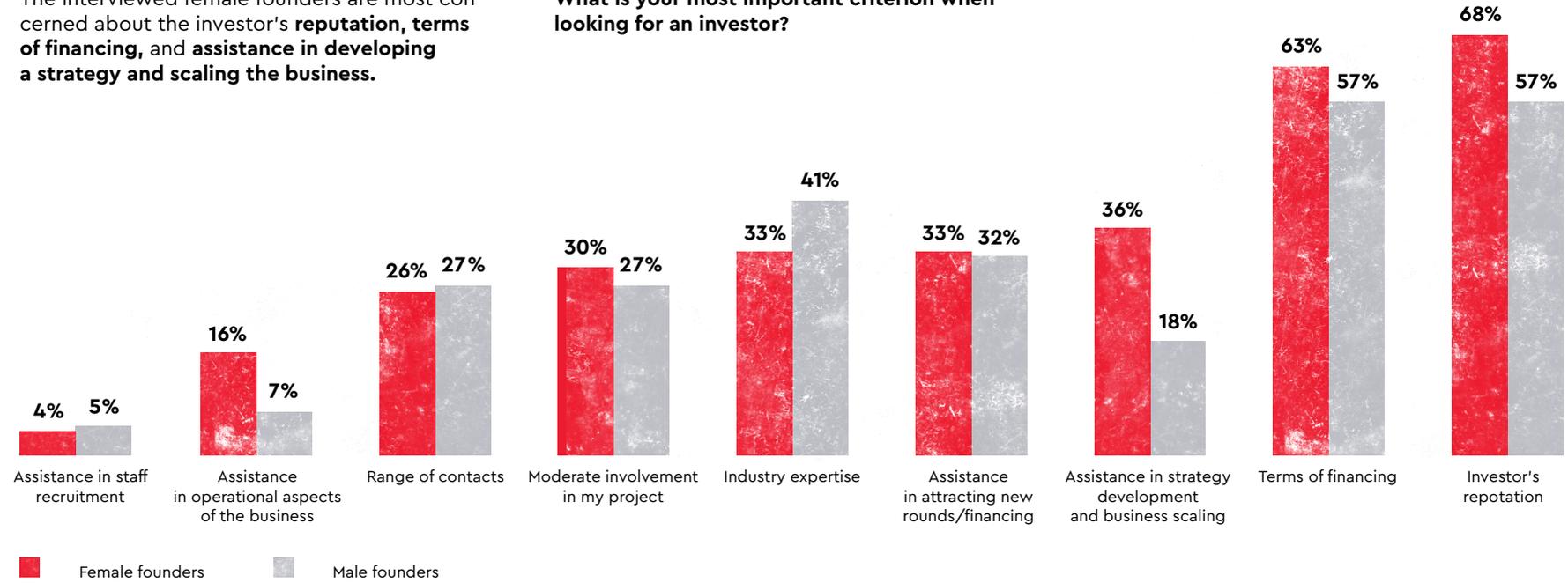


Source: founder survey  
Respondents were given multiple choice

# Investor support in developing a business scaling strategy is very valuable for female founders

The interviewed female founders are most concerned about the investor's **reputation, terms of financing, and assistance in developing a strategy and scaling the business.**

What is your most important criterion when looking for an investor?



Source: founder survey  
 Respondents were given multiple choice

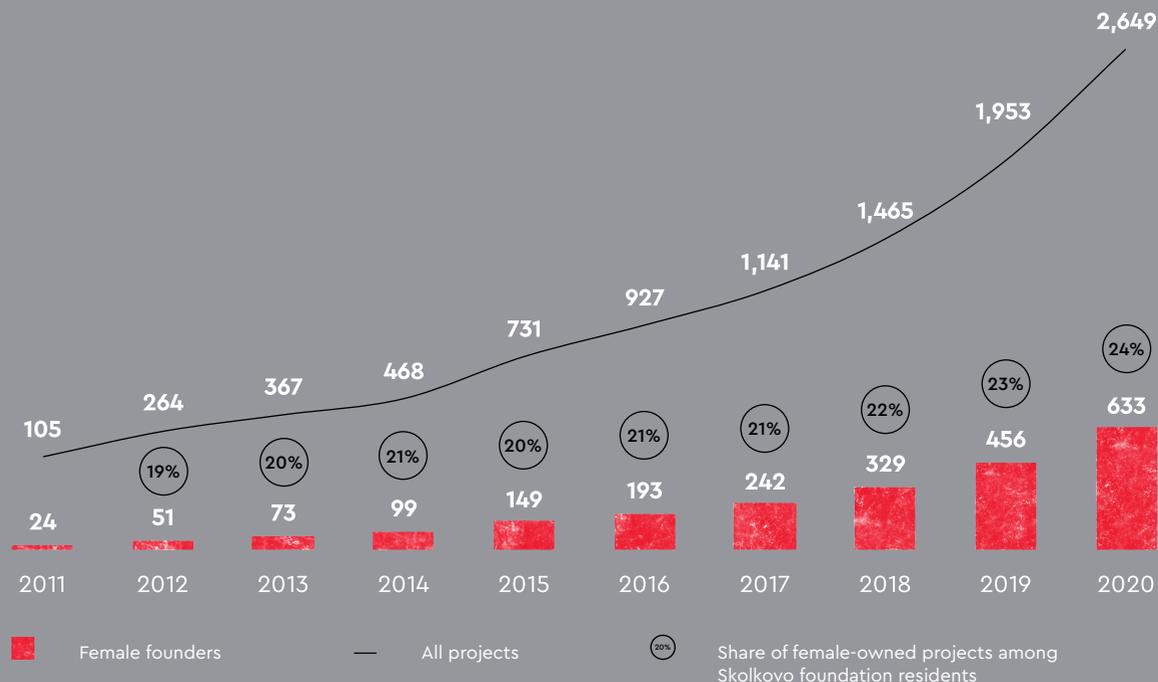
# Skolkovo Foundation: dynamics of female-owned projects among residents

In ten years (2011 – 2020), the number of new female-founded projects that received the Skolkovo resident status increased **more than sevenfold**.

As of early 2021, the share of female-founded projects among the Skolkovo residents was **24 %** which is above the market average (17 %). Over the past 6 years, this indicator has been steadily rising. The largest number of women's resident companies is in Skolkovo's IT (38 %) and biomedical technologies (29 %) clusters.

Most female-founded residents are in IT (38 %) and BioTech (29 %) clusters.

Residents of Skolkovo Foundation, units



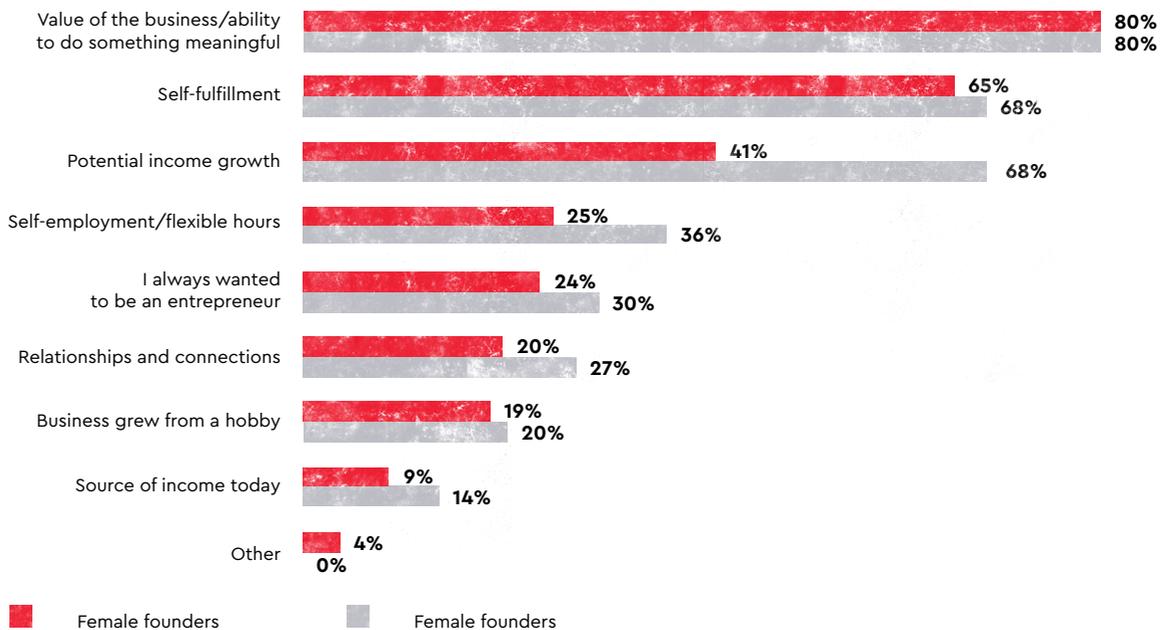
Source: Skolkovo Foundation

# Business value and self-fulfillment motivate women more than potential income

Most of the founders we interviewed, regardless of their gender, name the **value of the business / an opportunity to do something meaningful** and **self-fulfillment** among the main drivers pushing them to start their own business.

For men, self-fulfillment (68 %) and bigger income (68 %) are equally important. For women, self-fulfillment (68 %) is much more important than bigger income in the future (41 %). Of course, this cannot but affect the ambitiousness of the business strategy and requirement for investment. Not surprisingly, there are **significantly more women in social impact businesses**.

## What encouraged you to start your own business?



Respondents could choose multiple options

# International Comparison



” Research Lead  
on the Role of Women  
in Technology  
and Venture

We are seeing more progress in funding to female founders on a global scale. According to Crunchbase data, more than 4,500 startups with sole female founders have raised funding from 2016 to 2020. A further 8,500 have been co-founded by both female and male founders. These numbers represent an 82% increase for female-only founded companies and more than a 65% increase for female/male co-founded startups from 2011 to 2015.

With more private companies receiving funding in the past few years, the percentage of funding to sole-female founders and male and female co-founders has also increased. Funding to female only founders over the past five years is at 3.9% and companies with male and female co-founders is at 10.9% to companies on a global basis. Both of these percentages are up by 1.7% compared to the last five years.”

**Gené Teare**  
Senior Data Journalist,  
Crunchbase

**crunchbase**

# In Russia, the share of female startups is higher than in Europe, but they attract less investment

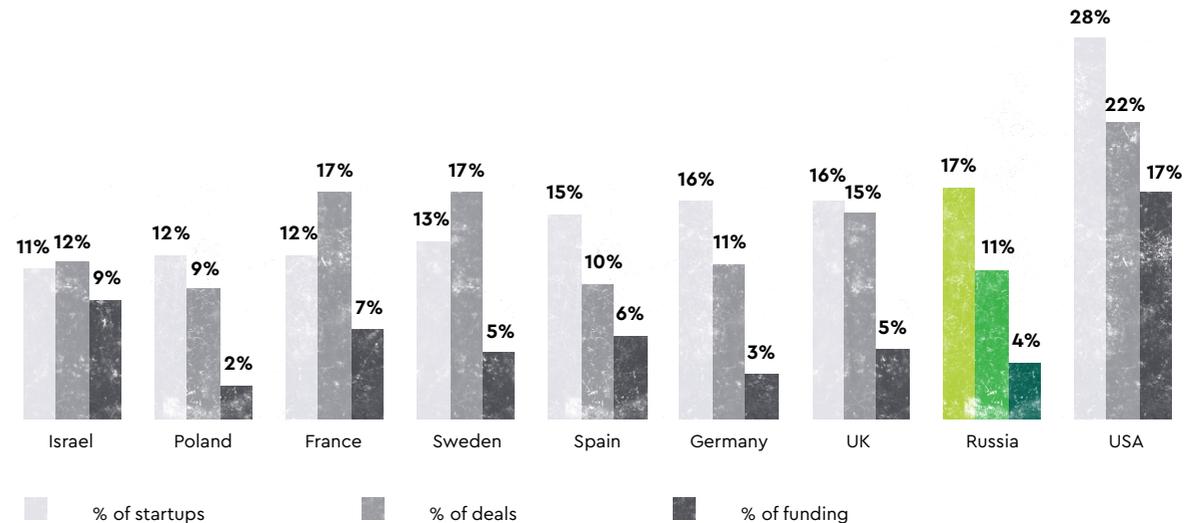
Globally, female-founded tech projects still account for only a small fraction of all startups. Internationally, the share of startups in which at least one of the founders is a woman is 20 %<sup>11</sup>. The United States is the country with the biggest share of female-founded startups (28 %).

It is noteworthy that **Russia is seeing more female startups (17 %) than Europe on average (14 %)**; yet financing of female-founded startups has room for improvement.

From the comparative analysis of the share of female-founded projects, deals with women's projects and investment in them by country<sup>12, 13</sup>, it is evident that **in Russia, the number of female-founded projects is big, the number of deals with them is moderate, and investment is small.**

In terms of deal count, the data for France, Sweden and Israel stand out: the share of deals with female founders exceeds that of projects in the region. In terms of investment, the largest shares go to the US and Israel.

**Female-founded startups in total startups, deals and funding, % (2016–2020)**



Sources: Dsight, PitchBook

\* Calculation of the share of female projects (in volume and number of deals) was made on 2016–2020 total

<sup>11</sup> Jeniffer Rudden. Female startup founders worldwide. [Electronic resource] // Statista. 2021.

<sup>12</sup> The European VC Female Founders Dashboard. [Electronic resource] // Pitchbook. 2021.

<sup>13</sup> The US VC Female Founders Dashboard. [Electronic resource] // Pitchbook. 2021.

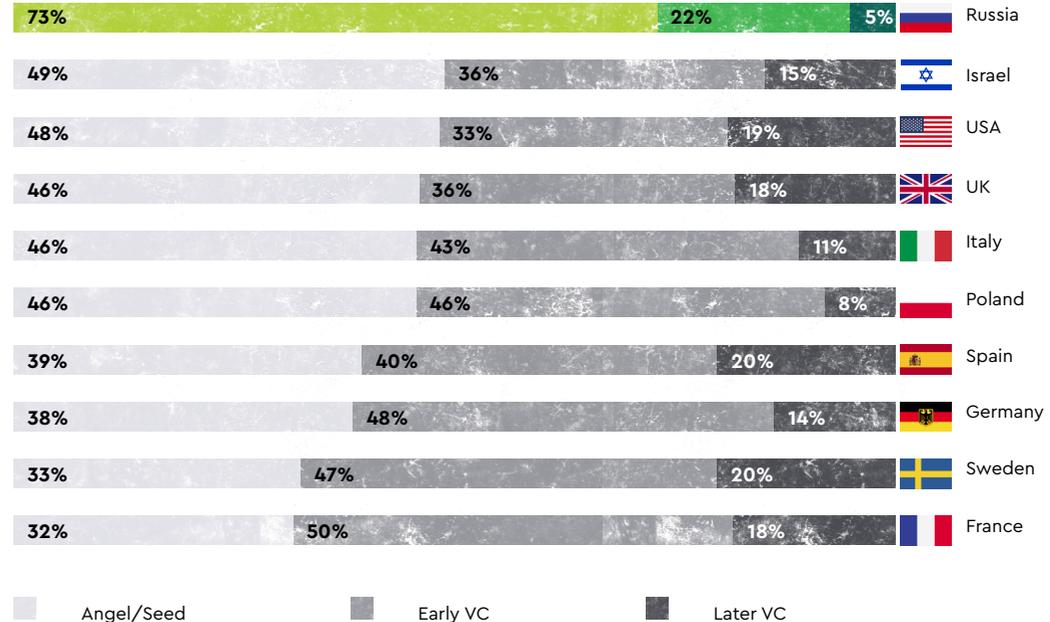
# In Russia, there is a particularly large share of early-stage female-founded projects

Russia noticeably surpasses other countries in the share of deals with women-founded projects at Angel/Seed stage (73 % of all female startup deals). This could indicate a growing interest of women in starting their own VC-backed projects.

” We work with many female founders both in Russia and abroad. It's always a very inspiring and interesting collaboration. We'd love to invest more in startups founded by women.”

**Alexander Frolov**  
 Founder and CEO at Target Global

Distribution of deals with female-founded startups by stage, %

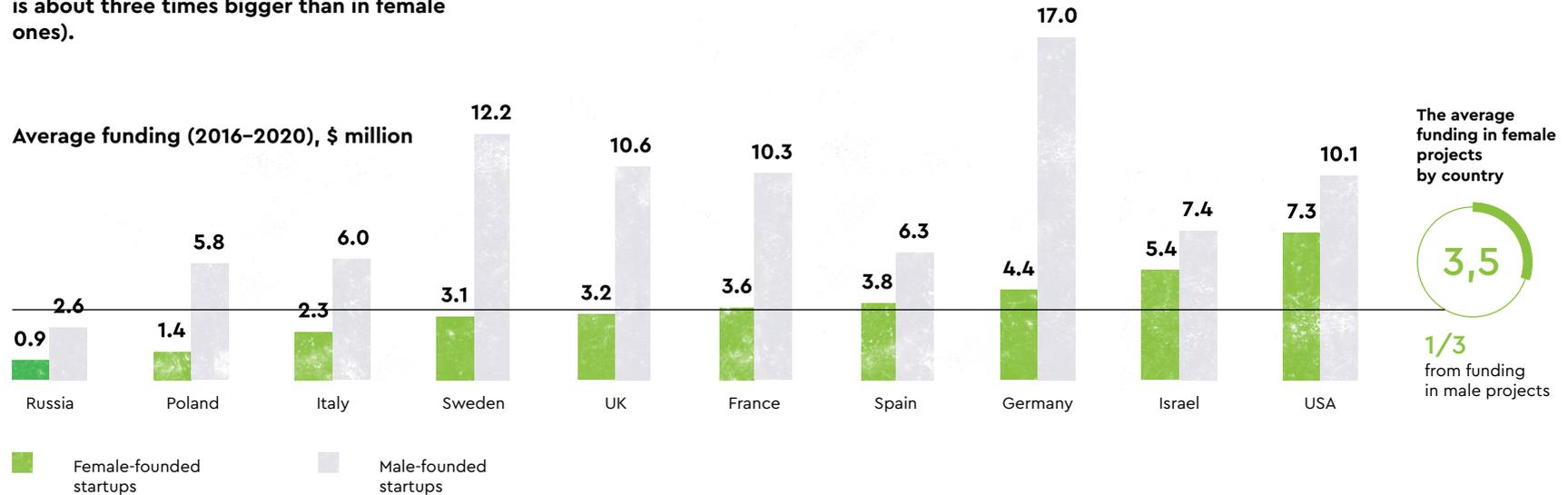


Sources: Dsight, PitchBook

# In Russia, like in Europe, women receive 3 times less VC funding on average than men

In Russia, the average investment in women-owned companies is lower than in other countries, and totals \$ 0.9 million. The men vs. women gap is the same as in Europe **(the average investment in male startups is about three times bigger than in female ones).**

This outranks Israel and the United States and could be attributed, among other things, to the small share of late VC female-founded projects.

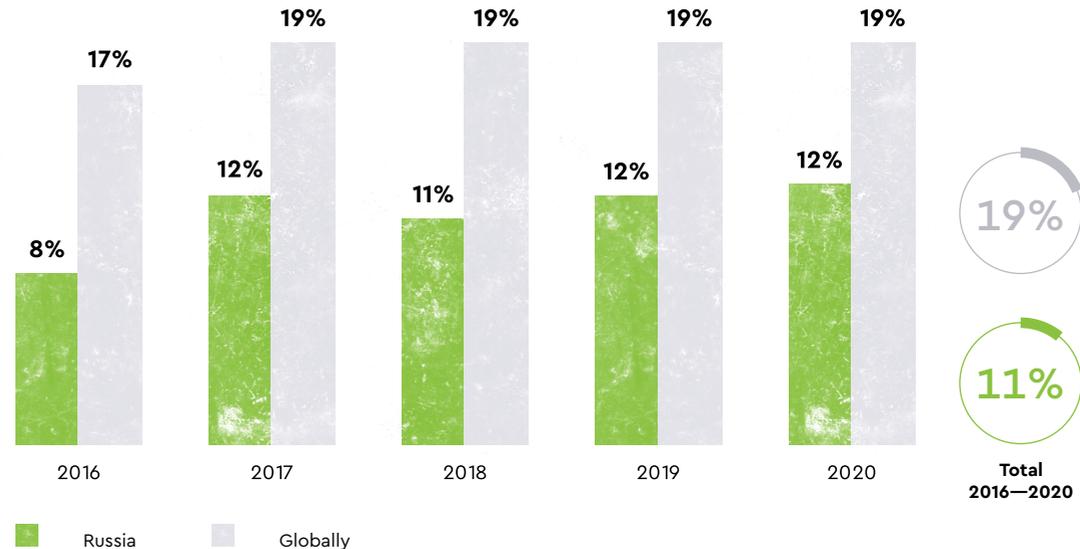


Sources: Dsight, PitchBook

# In Russia, and globally, the share of deals with female projects have hit a plateau

Since 2017, the global share of deals involving women companies has reached a plateau and remained at 19%<sup>14</sup> (at the same time, over the past 10 years, the share of deals with female-founded startups has doubled<sup>15</sup>). Russia experienced a similar trend over the past 5 years: the **share of deals with female founders has reached a plateau and remained at 12%**.

Female-founded deal count, %



Sources: Dsight, Crunchbase

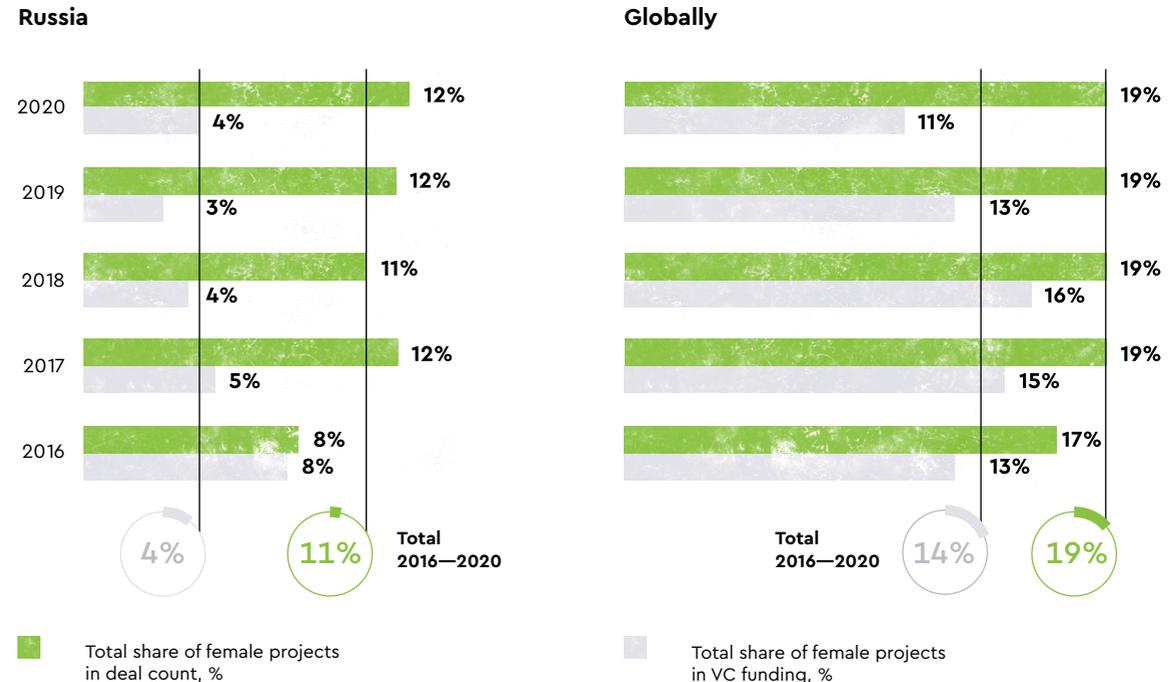
<sup>14</sup> Gené Teare. Global VC Funding To Female Founders Dropped Dramatically This Year. [Electronic source] // Crunchbase. 2020.

<sup>15</sup> Funding to the Female Founders. [Electronic source] // Crunchbase. 2020.

# The investment gap between female and male startups in Russia is wider than the world average

The global dynamics of investment in female startups are different. According to Crunchbase<sup>16</sup>, in 2016 – 2020, the average share of women-owned companies in total VC funding was 14 %. What's interesting, in 2016 – 2018, this percentage was rising steadily, reaching a maximum of 16 %, and then dropped dramatically in 2019 – 2020.

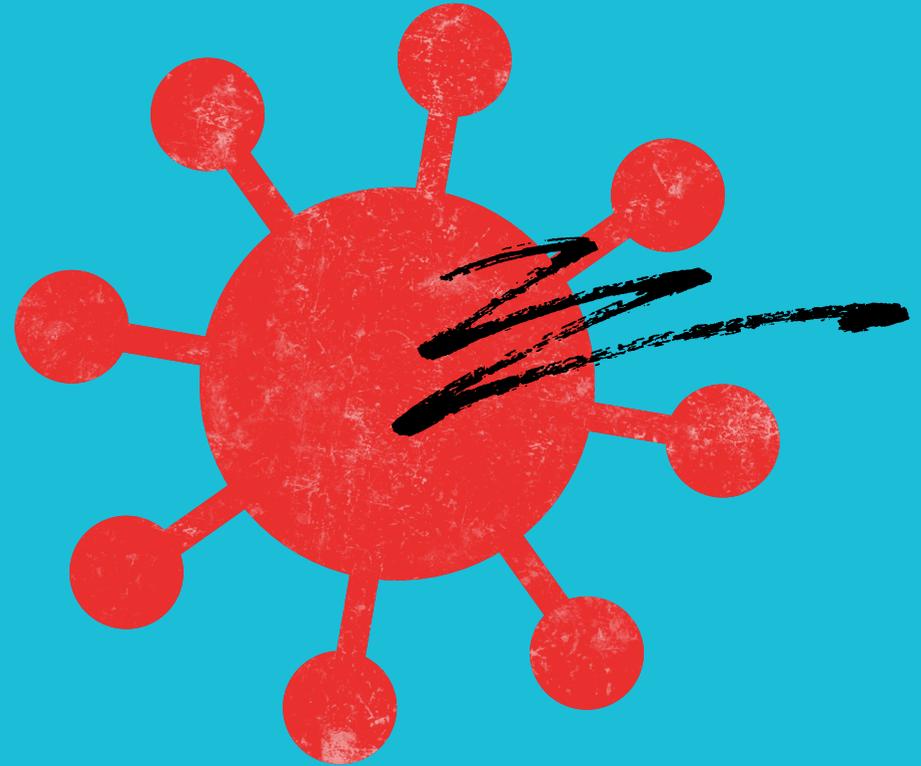
In Russia, over the past four years, the **share of funding for female startups in total VC investment has remained at the level of 4 %**. On the one hand, the share of investment in women startups is stable; however, the **men vs. women gap in Russia is more significant** (share in total investment and deal count in 2020: globally: 19 % vs 11 %, in Russia: 12 % vs 4 %, respectively).



Sources: Dsight, Crunchbase

<sup>16</sup> Gené Teare. Global VC Funding To Female Founders Dropped Dramatically This Year. [Electronic source] // Crunchbase. 2020.

# Impact of COVID-19 on female-founded VC projects



# In 2020, global VC investment in female-founded companies dropped dramatically

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In 2020, global VC investment in female-founded companies dropped dramatically. Even though investors and entrepreneurs are not sure that the decline is 100 % linked to COVID-19, the **pandemic had an extremely adverse impact on investment in female projects around the world**, as well as the number of new unicorns founded by women.

Out of 120 companies who received a unicorn status in 2020, only 10 were founded by women. For comparison: in 2019, this figure was 21, and the list of unicorns included such companies as Glossier, Rent the Runway, RealReal, Away, Guild Education and Coursera.

Thus, female founders kept their share in the deal count but received less investment: this indicates the growing global gender gap in the volume of investment during the crisis.

According to research carried out by PwC<sup>17</sup>, consequences of the COVID-19 pandemic have strongly affected women in Russia in a disproportional manner. The unemployment rate increased faster than the total unemployment rate during the pandemic.

<sup>17</sup> PwC described the damage inflicted on employed women because of the COVID-19 pandemic. [Electronic source] // PwC. 2021.

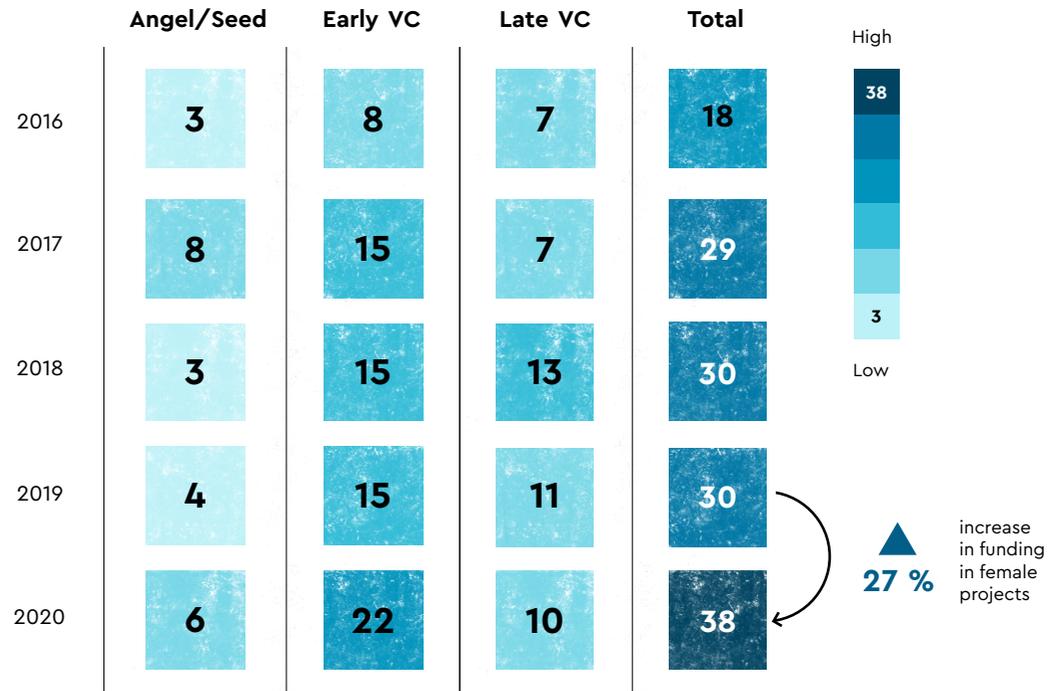
# Female startups in Russia proved to be more resilient to the crisis

In Russia, female-founded **startups proved to be more resilient to the crisis** and attracted more investment amid a general decline in VC financing. In 2020, despite a 13 % reduction in the total VC investment in Russia, the share of women-founded projects receiving VC financing rose by 26 % to \$ 38 million.

There were two major deals in 2020: the **Elementaree** meal kit delivery service raised **\$ 5 million** from a pool of investors including the Russian Direct Investment Fund (RDIF) and the French company Bonduelle; and the maker of mini cinema projectors **Cinemood** raised **\$ 5 million** via a future sales factoring model.

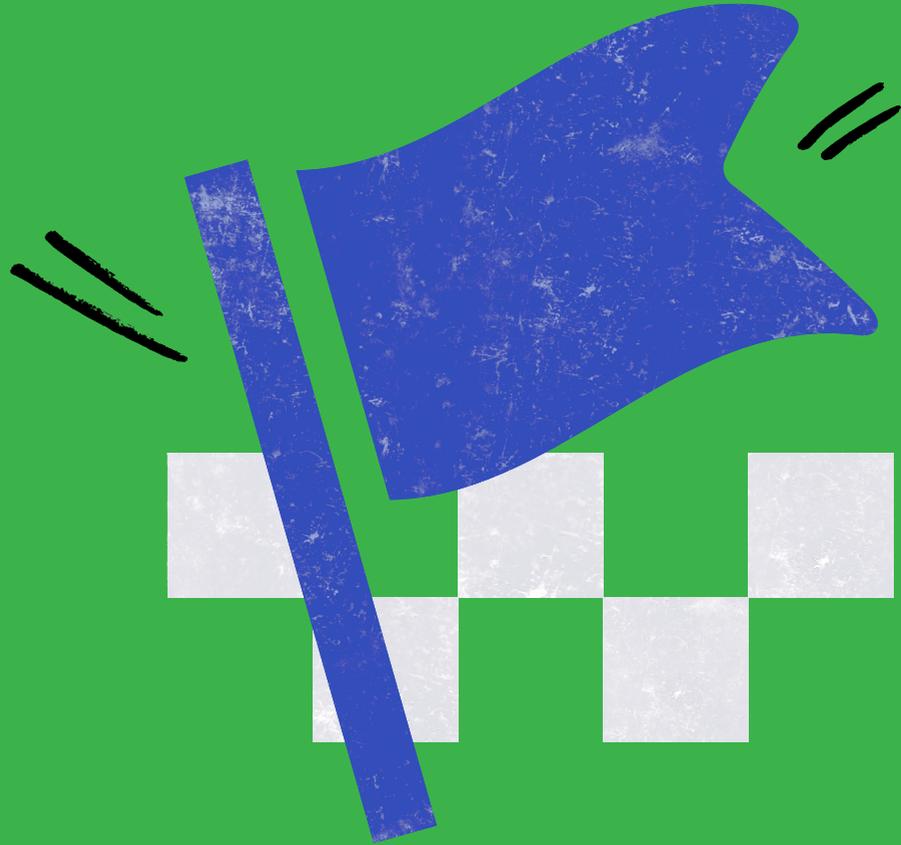
In 2020, **seed financing for female-founded startups grew almost 1.5 times** compared to the previous year: during the pandemic, investors opted for projects that successfully overcame the crisis, and women-owned projects had historically been present in the sectors that grew during the pandemic.

Funding to female founders by stage (Russia), \$ million



Sources: Dsight

# Conclusion



# Today is the right time to invest in female-founded startups in Russia

2020 brought many changes for everyone, including the VC market players. Innovation drives economic development, in particular through the ability to quickly adapt to a turbulent external environment.

According to the Global Innovation Index <sup>18</sup>, Russia is one of the countries with quite rapid innovative development (top 50 countries). Investment in innovations is one of the key parameters shaping the index.

The Russian venture capital market, measured by investment in startups, shrank by 13 % over the past year. At the same time, investment in female-founded projects grew by 26 %, proving their greater resilience during the crisis. Unfortunately, the share of investment in female-founded projects is extremely small and constitutes only 4 % of the total VC investments in Russia.

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## What can help female-owned projects overcome the gender-based gap in VC investment in Russia?

There is no definite answer. However, the more all stakeholders of the VC ecosystem consider this question, the better chances of changing this imbalance.

The majority of Russian female-founded startups (73 %) are in the early stages of Angel/Seed financing, which is 1.7 times higher than the global average, so today is the right time to get more involved in assisting female startups in scaling their business and overcoming the "valley of death". Female-owned projects have great potential.

According to research by the World Economic Forum 2021 <sup>19</sup>, unless effective measure is taken, it will take more than 260 years to remedy the gender imbalance in the economic system.

<sup>18</sup> The Global Innovation Index (GI) 2020. [Electronic resource] // 2020.

<sup>19</sup> Global Gender Gap Report 2021. [Electronic resource] // World Economic Forum. 2021.

# Methodology

This study included an assessment of the size and dynamics of the Russian venture capital market with a breakdown by project founders' gender. The analysis took into account only venture capital investments in companies that operate predominantly in Russia. Russian investors financing companies targeting overseas markets were not included in the assessment of the Russian venture capital market.

Venture investment is a type of investment up to \$ 150 million (at weighted average Central Bank exchange rate for Rouble transactions in force during the period under consideration) in technological high-risk and potentially high-return projects (with a target expected IRR of at least 15 %).

We include minority equity investments, as well as investments combined of both equity and debt, into startup companies from an outside source.

The Assessment of the total VC market did not include M&A, PE, exits, loans and investments in market infrastructure. Investments in market infrastructure are understood as investments in VC funds, business incubators and accelerators, technology parks and other institutions who operate in the venture capital market but are not venture capital firms.

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## We divided VC-backed companies / projects into two groups:

**Female** (or female-founded / owned) with at least one female founder, and

**Male** (or male-founded) with only male founders

Women-founded projects were selected based on the Pitchbook methodology detailed in the study *All In: Women in the VC Ecosystem* <sup>20</sup>.

<sup>20</sup> All In. Women in the VC Ecosystem. [Electronic resource] // PitchBook and All Raise. 2019.

# Methodology (continued)

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## We divided investors into six (6) groups:

**1. Private-equity funds** are legal entities registered in Russia or a foreign jurisdiction that have mobilized capital accumulated from more than one source to provide financing in the form of PE investment in non-public companies, and position themselves accordingly in the market.

**2. Accelerators** are companies that offer development programs for non-public companies, provide expert assessment of the market, help improve the product, bring the company to new markets and attract investment.

**3. Business angels** are private investors (individuals) who acquire a part of the equity/authorized capital in a non-public company (the recipient of the investment).

**4. Corporate venture capital (CVC):** include rounds that saw both firms investing via established CVC arms or corporations.

**5. Government funds and corporations** are non-public business entities and management companies with a Russian legal entity status, where the majority stake is owned by the Russian Government and/or government agencies.

**6. Foreign investors** are private investors, companies, funds incorporated, headquartered or having their main team based outside Russia and focusing regional investment on foreign non-public companies.

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## We divided the stages of project financing into three groups in accordance with the Pitchbook report methodology <sup>21</sup>:

**1. Seed/Angel** is the initial stage of venture capital funding targeting early-stage companies. Includes seed and angel funding rounds.

**2. Early VC** is the early stage of venture capital funding intended for companies in the development phase. Includes Series A and Series B rounds.

**3. Late VC** is late-stage venture funding designed for more mature companies that may or may not be profitable yet, but have proven growth and are generating revenue. Includes rounds from Series C, Series D and later rounds.

<sup>21</sup> PitchBook Report Methodologies. [Electronic resource] // PitchBook. 2018.

# Methodology (continued)

To compare Russia with the global market, we used Crunchbase findings<sup>22</sup>, published in late 2020. Crunchbase has been monitoring the dynamics of female companies since early 2015, when gender was included in the dataset. Under the Pitchbook report methodology, the share of Female Only Founders and Female/Male Co-Founders in the number and volume of investments in the Crunchbase analysis were added up.

To compare Russia with European countries and Israel, we used data from the Pitchbook platform: The European VC Female Founders Dashboard<sup>23</sup>, for the USA, we relied on the US VC Female Founders Dashboard<sup>24</sup>.

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crunchbase

 PitchBook

<sup>22</sup> Gené Teare. Global VC Funding To Female Founders Dropped Dramatically This Year. [Electronic source] // Crunchbase. 2020.

<sup>23</sup> The European VC Female Founders Dashboard. [Electronic source] // Pitchbook. 2021.

<sup>24</sup> The US VC Female Founders Dashboard. [Electronic source] // Pitchbook. 2021.





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**Zerno Ventures is the first VC impact fund in Russia with a gender lens.**

The goal of the fund is to form a venture project portfolio with at least 50% of female-founded projects.

We support projects that have both measurable social or environmental impact and attractive financial returns.

#### **Contacts**

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CEO

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Today we support  
the creators of Tomorrow

## Women in Russian Venture Capital 2021

A report by Zerno Ventures

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