Underinvested:

Strategies for Supporting Diversity, Equity, and Inclusion in Health Care Venture Investment

DECEMBER 2020

AUTHORS
Kathryne Cooper, MBA; Charlotte Cramer; Solome Tibebu;
Mónica O'Malley de Castillo; and Juan Espinoza, MD

Contents

About the Authors

The West Coast Consortium for Technology & Innovation in Pediatrics is an FDA-funded pediatric MedTech accelerator centered at Children's Hospital Los Angeles. Our goal is to facilitate the development, production, and distribution of pediatric medical devices by identifying companies working in the space and providing advice, networking, and direct and indirect financial support on the road to commercialization.
www.westcoastctip.org

Children's Hospital Los Angeles' Innovation Studio brings internal and external communities together to incubate and accelerate processes and technologies that can solve complex problems and transform pediatric care.
www.chlainnovationstudio.com

About the Foundation

The California Health Care Foundation is dedicated to advancing meaningful, measurable improvements in the way the health care delivery system provides care to the people of California, particularly those with low incomes and those whose needs are not well served by the status quo.

CHCF's Health Innovation Fund invests in emerging companies to bring the best innovations and technology to the providers, health systems, and payers serving Californians in the safety net.
www.chcf.org

Improving diversity among entrepreneurs receiving venture capital in the health care sector has potential benefits for people served by the safety-net delivery system, as well as for innovators and investors themselves. In July 2020, the California Health Care Foundation Health Innovation Fund engaged The West Coast Consortium for Technology & Innovation in Pediatrics and the Children's Hospital Los Angeles Innovation Studio to identify existing initiatives to increase diversity, specifically focusing on Black, Latinx, and female founders.

Background

The venture capital industry invested $136.5 billion in US-based companies in 2019, creating a wealth of opportunities for new products and services to solve problems and improve lives.[1] How that capital is allocated has critical implications — from whose problems get deemed worthy of solving to who profits from successful ventures.

Data show that when diverse investors and founders receive that capital, they generate strong returns. According to research from First Round Capital, companies with a female founder performed 63% better than its investments with all-male founding teams. Another study (PDF) shows that for every 10% increase in racial and ethnic diversity on a company's senior-executive team, earnings before interest and taxes rise 0.8%. These outsized returns are true for fund managers too — when diverse fund managers have access to capital, they tend to outperform average benchmarks (PDF).

When it comes to health care investing and innovation in particular, financial health is not the only thing at stake — improved physical and mental health are too. Yet those seeking to diversify the people in charge of vital health care investments and innovations face the same challenges that exist in the larger venture capital ecosystem. This report examines the dynamics and disparities present in that ecosystem — particularly with regard to Black, Latinx, and female founders — and discusses implications for health care investing.

About This Research

The research team conducted an extensive search using online tools as well as academic resources to identify relevant literature, white papers, interviews, websites, and news coverage. Search results were supplemented with key informant interviews and the authors' existing knowledge of diversity, equity, and inclusion (DEI) interventions. An electronic data capture form was used to collect standardized details from sources.

Rising Investment Opportunities

Awareness of opportunities to invest in diverse founders has been increasing sharply in recent years, upending a persistent "pipeline myth" that such entrepreneurs are rare and hard to find. Crunchbase reports that the overall number of start-ups founded by women quadrupled between 2009 and 2014. According to American Express's *State of Women-Owned Businesses Report* (PDF), Black women represent 42% of the net new women-owned businesses started in the last year — three times their share of the female population (14%). Black women are also much more likely to start a business in the "health care and social assistance" sector, compared to women overall, according to a study (PDF) by the Federal Reserve Bank of Kansas City. Additionally, growth in the number of Latinx-owned businesses has vastly outpaced the growth of US businesses overall.[2]

Recommended Reading and Resources

For further reading about the underlying case for increasing diversity in the venture capital ecosystem, and the barriers to doing so, here are some suggested resources:

- "Anti-Racist Resource Guide for the Tech & VC Community," Female Founders Fund
- "Deconstructing the Pipeline Myth and the Case for More Diverse Fund Managers," Kauffman Fellows
- *Delivering Through Diversity*, McKinsey
- "Nine Charts About Wealth Inequality in America (Updated)," Urban Institute
- *The Growing Market Investors Are Missing* (PDF), Morgan Stanley
- "The Other Diversity Dividend," *Harvard Business Review*

Sobering Statistics

Unfortunately, the gender and racial identity of both those investing and the founders receiving funding do not currently reflect the makeup of the US population. In 2019, 83% of venture capital (VC) dollars went to all-male-founded businesses.[3] Other statistics are equally lopsided:

- 2.7% of VC funding in 2019 went to companies with all-female founding teams[4]
- 1% of VC-backed founders are Black[5]
- 0.04% of VC funding went to Latinx female founders between 2009 and 2017[6]
- 0.06% of all tech venture funding raised since 2009 went to Black female founders[7]

Perhaps not surprisingly, the venture capitalists making those investments are similarly homogenous:

- 93% of VC firms have no Black investment partners[8]
- <10% of decisionmakers at VC firms in the US are women[9]
- 1.3% of senior VCs are Latinx[10]
- 1.3% of the investment industry's $69 trillion in assets under management are managed by diverse- and women-owned firms[11]

The macro-level economic consequences of these missed investment opportunities are significant. A Center for Global Policy Solutions study (PDF) estimated that a lack of accessible capital has caused the US to miss out on 1.1 million businesses that would have been owned by people of color; together, those missing businesses could have produced an estimated 9 million more jobs and boosted national income by $300 billion.

Mismatch in Health-Tech

Despite women making 90% of household health care purchasing decisions — and sometimes being colloquially referred to as the family's "chief medical officer" — investment disparities are just as pervasive in the health care technology (health-tech) sector.[12] In fact:

- 14% of digital health investment deals in 2019 went to companies led by women[13]
- 17% of health care start-ups are led by women[14]
- The majority of firms (61%) investing in health-tech have no female partners[15]

Increasing diversity among health-tech founders has the potential to improve companies' effectiveness in meeting the needs of the health care safety net. Among nonelderly adults enrolled nationally in Medicaid, nearly 60% are women and the same proportion identify as a race/ethnicity other than White.[16] In California's state Medicaid program, Medi-Cal, just 20% of enrollees identify as White.[17] Whether a company is aiming to serve a safety-net health plan, provider, or patient, its founders must intimately understand the ways that living in challenging economic and social circumstances affect health.

Having a deep understanding of the populations they seek to serve can also help founders develop products that are culturally responsive to different beliefs and languages. Further, there is evidence that technology-based solutions could alleviate costs and long wait times that users with low incomes experience.[18]

How We Got Here: Problematic Cycles

The median White family in the US has 41 times more wealth than the median Black family and 22 times more wealth than the median Latinx family.[19] These stark disparities, rooted in society's long history of structural and systemic racism, manifest today as both lack of personal capital and bias among gatekeepers of other forms of capital.

These facts strongly affect the initial stages of raising money for a venture, in which many entrepreneurs rely on a "friends-and-family round" to cover the average $30,000 start-up cost.[20] (For definitions of this and other investing terms, see Appendix A.) Wealth inequalities make it harder for founders of color to access that early, more informal capital, thus disadvantaging them from the outset.

Further, when someone wishes to seek outside funding in lieu of a friends-and-family round, additional barriers present themselves. Venture capitalists rely on "warm introductions" to make the majority of deals, with some VC firms even stating that they do not accept cold calls. Industry-wide, VC firms are 13 times more likely to fund a start-up they find via a warm introduction than one that comes to their attention via a "cold" pitch-deck submission.[21] Given the tight, closed-door circles that venture capitalists typically inhabit, it is no surprise that their reliance on warm introductions compounds diversity disparities and produces venture-backed teams that are largely demographically homogenous.

According to the 2019 National Venture Capital Association-Deloitte Human Capital Survey, less than one-third of VC firms have a diversity strategy (32%) or an inclusion strategy (31%).

> *"[Venture capitalists] and founders tend to back/hire people who are in their existing network who most likely share the same views as them, went to the same school as them, and shared similar life experiences as them."*
>
> — Kyle Lui, DCM Ventures, in TechCrunch

Based on an analysis of 4,750 VC-backed start-ups (PDF), the typical founding team is a two-person, "all-male," "all-White," US university–educated team residing in Silicon Valley. This homogeneity begets further homogeneity due to a common behavior among VCs known as "pattern-matching" — using the demographic traits of previously successful founders to decide where to invest new dollars. If only White, male, Northern Californians are invested in, it will naturally seem like only White, male, Northern Californian businesses are likely to be successful. Investors who rely on such pattern-matching to dictate future investments further perpetuate this problematic cycle.

Another pattern of investor behavior may underlie decisions. "In-group bias" is a powerful influence that leads people to perceive those with similar traits to themselves as superior to others. This may help explain why venture capitalists are largely from the same gender and share educational, ethnic, and geographic backgrounds with the founders in which they invest.

Finally, investors, as part of society, are surrounded by common archetypes of women and Black people perpetuated by popular culture and media that create a negative frame of analysis and interpretation. Ibram X. Kendi, PhD, a renowned author and scholar of race and discriminatory policy, explained: "We [are] drenched in racist ideas and the racist ideas prevent [us] from knowing [we] are drenched, prevent [us] from knowing racist power is raining racist ideas on [our] heads." Kendi contends that the decisions and analyses people make are rooted, sometimes subconsciously, in these racist ideas. Scholars like Kendi call for a commitment to actively identify and dismantle them. This approach, known as anti-racism, has recently gained traction,[22] replacing older ideals, like simply striving to be "colorblind," that have proved ineffective at creating change.

Impetus for Change

Set against the backdrop of recent US and global protests against police brutality, systemic inequalities, and institutional racism, industries and organizations have been working to identify and change policies and processes that perpetuate bias. The investment world, plagued by its own share of significant gender and racial inequalities, is one of those industries.

For those who have witnessed the race- and gender-based inequities of the investment ecosystem for years, these new conversations are both welcome and frustratingly familiar. Hopes were high, for example, in 2015, when President Obama hosted the inaugural White House Demo Day at which over 40 venture capital firms with more than $100 billion under management committed to invest in underrepresented minorities (PDF). Yet the numbers have changed little in the ensuing years.

A core challenge of these repeated efforts is that many investors and founders believe that because the topic has arisen in the past, it was remedied and thus no longer worthy of attention. This is not the case: Between 2007 and 2017 in the United Kingdom, for example, the number of deals for mixed-gender teams increased by only 5% and for all-female teams by just 2%. "At this rate," said one report, "even reaching 10% of all deals [for all-female teams] would take until 2045."

"We're past the window dressing stage and now it's time to talk about accountability, consequences, promotions, and retention."

— Karla Monterroso, CEO, Code2040 in TechCrunch

On a similar note, Elliot Robinson, general partner at Bessemer Venture Partners, observed, "Venture capital needs to move past 'diversity theater.'"[23]

Nevertheless, the various efforts to reduce race- and gender-based inequities have contributed insights into the ways in which the VC world has fallen short — and what promising initiatives might look like.

Existing Interventions and Solutions

The authors of this report scanned a broad landscape of programs and initiatives for increasing diversity, from interventions aiming to build the capacity of aspiring investors of color to those directing dollars to founders for successive rounds and exits. The research included activity among health-tech investors and start-ups, although very little is devoted entirely to health care.

Among the myriad efforts identified, the kinds of approaches with the greatest potential for impact can be grouped into the following categories:

- *Capital.* Getting more capital into the hands of diverse investors and founders
- *Networks.* Broadening the traditional closed networks that perpetuate lack of diversity
- *Metrics.* Tracking relevant data to measure progress

Some examples in these three categories are highlighted below. Many more examples of these and other types of approaches can be found in an online database that the authors created to accompany this report.

Putting Capital in the Hands of Diverse Founders and Investors

The two most potent strategies for increasing the number of diverse founders receiving funding are directly investing in underrepresented founders and putting more capital in the hands of more diverse investors. Tiffani Ashley Bell, the founder and executive director of the nonprofit The Human Utility, captured this notion in a phrase that has now become ubiquitous: "Make the hire, send the wire." The researchers for this report found a burgeoning array of capital-focused strategies at work throughout the venture ecosystem.

One approach investors can take is committing more capital to diverse general partners (GPs), which in turn makes investment in diverse founders more likely, since GPs often rely on in-network decisions and are highly influenced by in-group bias. By committing $2.5 million to diverse GPs, Alpaca VC (formerly Corigin) aims to indirectly broaden the diversity of funded teams. Such investments may also support the notion that GPs of color might better understand the challenges that diverse founders face, and as a result, provide more useful business development advice to investees.

Committing capital to diverse general partners makes investment in diverse founders more likely, since GPs often rely on in-network decisions and are highly influenced by in-group bias.

Some other investor-side efforts focus on limited partners, which hold a unique position in the landscape because they generate the capital that finances VC firms and are in a position to influence diversity at both the firm level and the entrepreneur level. For example, a limited partner such as a pension fund or a university endowment can choose to put that money in funds run by diverse general partners. In turn, as discussed, those GPs are more likely to make diverse investments. Firms like VC Include and GCM Grosvenor connect diverse institutional investors with diverse fund managers.

A limited partner such as a pension fund or a university endowment can choose to put that money in funds run by diverse general partners.

When it comes to increasing opportunities for diverse entrepreneurs to access capital, a number of firms are deploying earmarked funds and diversity-informed investment theses. Companies such as SoftBank, PayPal, and AT&T have committed or promised to commit millions of dollars to support Black businesses and communities.[24] Intel Capital initiated its Diversity and Inclusion Investing Initiative in 2015, with a five-year goal of investing $125 million in technology companies led by women and other underrepresented founders. Intel is ahead of schedule; so far, the initiative has invested more than $400 million in diverse teams.

Andreesen Horowitz created the Talent x Opportunity Fund, which invests in exchange for equity; 100% of the returns remain in the fund to finance future underrepresented entrepreneurs. Each cohort of founders joins a 10-month training program during which the firm provides mentorship and online instruction from experienced operators in its network.

"Black founders are often over-mentored and under-invested."

— Monique Woodard, VC, at BLCK VC's "We Won't Wait"

Techstars Foundation, a VC-adjacent business, has invested more than $1 million since 2015 in 30 nonprofits whose services aim to benefit underrepresented communities. So far in 2020, Techstars Foundation has given more than $325,000 in grants to organizations such as HBCUvc, Re-Coded, and Digital Citizen Fund, which are then able to support a larger number of underrepresented entrepreneurs.

Other organizations are focusing on pre-seed rounds, so-called micro VC, and pitch competitions to help as many underrepresented entrepreneurs as possible get off the ground. For example, HBCUvc makes equity-free micro-investments, and the New Voices Foundation hosts an annual $100,000 pitch competition designed to provide valuable capital and access not readily available to diverse founders. All Raise runs founder bootcamps, offering guidance on topics like starting a company, fundraising, and scaling, and then follows through with access to capital.

Governmental entities, including some large cities and the Minority Business Development Agency of the US Department of Commerce, also have initiatives of their own. For example, San Francisco launched the African American Revolving Loan Fund, making no-interest loans available to Black entrepreneurs.

Broadening Networks

Widening VC networks is critical to breaking down the long-held habits that funnel investments to an artificially narrow band of entrepreneurs. Traditional one-off approaches, such as conferences, have proven insufficient. Longer-term commitment is required.

Some investors are choosing to hire outside firms to broker relationships and fast-track the network-building process. For example, Rock Health has partnered with Onboard Health, a specialized executive recruiting firm dedicated to building inclusivity, to help it diversify its internal investment hires and widen its network of diverse health care entrepreneurs. Transparent Collective offers to connect investors with diverse founders vetted for strong performance indicators of future success.

Other investors are focusing on diversifying their own firms to add partners who bring their own more diverse networks. To help diversify their hiring processes, firms like Greenspring Associates and Scale Venture Partners have committed to interviewing specified numbers of female and underrepresented candidates for all open positions — a practice sometimes known as the Rooney Rule or Murray Mandate.[25]

In a number of VC firms, the traditional "warm introduction" is also being intentionally sidelined or made more diverse. Alpaca VC explicitly organizes its sourcing such that 30% of its deals are so-called "cold inbounds." In conjunction with becoming more open to cold inbounds, some VC firms are also broadening their networks to allow for more diverse sources of warm introductions.

Approaches like accelerators and demo days can also help investors expand their networks by making diverse entrepreneurs more visible and easier to find. For example, JPMorgan Chase & Co. partnered with the Morehouse College Entrepreneurship Center and TechSquare Labs to create Ascend Atlanta, a support ecosystem for minority-led companies throughout Metropolitan Atlanta that also runs showcase events.

Accelerator-type programs can also help to build capacity and community for underrepresented entrepreneurs. For example, digitalundivided offers a virtual training program for those getting started as entrepreneurs and a fast-paced incubator program for high-potential Black and Latinx women-led start-ups. Nex Cubed works within the existing networks found in historically Black colleges and universities to support students and recent alumni interested in pursuing entrepreneurship through virtual workshops and panel discussions with industry experts. Following these activities, students are invited to pitch their business concepts during ideation and hackathon sessions.

Using Metrics and Benchmarking

One simple and effective first step a firm can take is to more rigorously measure the diversity of its own organization as well as the investments it makes. Firms can track their own progress, as well as how their progress compares to their peers. A nonprofit accelerating access and social mobility for Angelenos in the tech and VC sector, PledgeLA created tools enabling VC firms to view their benchmarks, set annual goals, and implement strategies to address strengths and weaknesses.

CEO Ellen Pao of Project Include, a community for building enduring diversity and inclusion into tech companies, advises firms to set 10-10-5-45 targets. The first two targets aim for 10% Black and 10% Latinx employees initially. From there, Project Include advises that those targets increase to 13% and 17%. The "5" and "45" refer to gender-identity targets: At least 5% of the employees identify as gender nonbinary, and at least 45% identify as women. They also suggest that organizations track specific metrics (see Appendix B).

Conclusion

The current moment has brought renewed public scrutiny of inequities in the start-up and investment communities as well as high interest in interventions to level the playing field and to take advantage of rising opportunities. A growing body of financial data shows that diverse founders and diverse fund managers continue to produce outsized investment returns.

Although the scope of this research included both health care and analogous industries, few examples of interventions specific to the health-tech sector surfaced. More research would be helpful in uncovering sector-specific dynamics and data. Nevertheless, most of the strategies identified in this report focus on common processes, policies, and operations found in firms and companies across all start-up sectors. Investors can maximize their impact by becoming familiar with existing interventions, by connecting directly with the underrepresented communities they wish to support, and by seeking out collaborations with subject matter experts.

Every organization in the health care innovation and investment world has a role to play in improving the system, including those that cannot directly invest in underrepresented founders. Organizations can make a meaningful difference by focusing efforts in areas under their control, in which they have domain expertise, and that result in direct capital deployment or that promote movement toward that goal.

The initiatives described in this landscape range widely — from education and mentorship programs to completely revamping the scouting, due diligence, and investment processes. Many aim directly at putting more capital in the hands of diverse founders and diverse funders, as research suggests and decision-makers increasingly recognize that inclusivity is a basic requirement for robust deal flow, and continued reliance on old assumptions and practices is unlikely to produce the best investment decisions.

Appendix A. Glossary of Terms

Assets under management (AUM). The amount of funding a venture capital (VC) fund manages at a given time, sourced from multiple limited partners.

Demo day. An event that features start-up entrepreneurs presenting their companies to investors to attract investment capital. Investors attend demo days as casual events to find start-up investment opportunities that match their funds' approaches.

Diverse/underrepresented founders. This report uses these two terms interchangeably to mean those with demographic identities underrepresented among venture capital recipients — namely Black, Latinx, and female founders.

Diversity, equity, and inclusion (DEI). A catch-all term that seeks to go beyond the limited scope of "diversity and inclusion" efforts to emphasize the ultimate goal of achieving equity between groups.

Friends-and-family round. A pre-seed financing round for an early-stage start-up with the investors known to the start-up's founders.

Growth equity capital. A later-stage segment of venture capital between early-stage venture capital (higher risk, higher returns) and private equity (lower risk, higher dollar amounts, more mature companies). Growth equity capital is typically raised by proven companies during Series C–G rounds to scale a business.

Institutional investor. A type of investor drawing funds from a large institution — typically, endowments, pension plans, family offices, banks, corporations, or other money managers or trusts.

Limited partner. A fund or individual that provides capital for a venture capital firm to invest — a venture capital fund's funder.

Managing director / general partner. The executive leadership at a venture capital fund, typically having a direct financial interest in the returns of the fund.

Micro VC. A category of venture capital firm that typically has fewer assets under management than a larger fund — typically, less than $50 million, is managed by a single general partner, and invests comparatively smaller amounts at a time.

Pre-seed. Typically the first infusion of outside capital beyond the founders' personal contributions to a start-up's financing. Often, the start-up's product or service has not yet been deployed or proven, requiring the founders to sell the concept of the business and its potential. Commonly, an overall pre-seed round seeks to raise less than $1 million from multiple sources.

Return. The profit share a company generates for investors with an ownership stake. An original investor makes an "outsized return" when an investment grows exponentially and then liquidates, allowing for large profits.

Safety net. The health care delivery system that serves people with low incomes, those enrolled in public programs such as Medicaid, and people without health insurance.

Scout. Typically a nonstaff representative of a venture capital fund who sources investment leads using their own networks and connections to entrepreneurs. In addition to the possibility of compensation for a successful referral, scouts are motivated by a desire to develop an investing track record that can help them advance toward becoming a general partner. Some VC firms utilize scouts to gain access to new entrepreneur networks.

Seed round. After pre-seed, the seed round is the next start-up fundraising stage that typically provides working capital to develop the product or service. Seed rounds often finance launch-related costs like personnel, technology, and marketing. This may be the first time a founder seeks venture capital funding from VC firms, which tend to focus on the seed stage. An overall seed round tends to seek $1 million to $3 million from multiple sources.

Venture capital. A category of private equity investment that focuses on financing early-stage start-ups with high growth potential. Venture capitalists take an ownership stake in the business.

Warm introduction. A connection that investors typically make for a founder, or vice versa, by a mutual, trusted contact of both parties. Warm introductions are a well-documented hallmark of how venture capitalists meet their investees.

Appendix B. Metrics

Project Include offers one example of a set of metrics that firms can collect in order to comprehensively assess and track diversity over time.

- Employees overall, by function, seniority, and tenure, cut by demographics
- Employee status (full-time/part-time/contractor), cut by demographics
- Management and leadership, cut by demographics
  - Employees reporting to female managers
  - Employees reporting to managers from underrepresented groups
- Salary, cut by demographics
  - Raises and bonuses, cut by demographics
- Equity, for all-time and 12 months trailing, cut by demographics
  - Employee equity pool, for all-time and 12 months trailing, cut by gender and race
  - Investor equity pool, cut by gender and race
  - Vesting rates, cut by gender and race
- Board of directors, cut by demographics
- Candidate pools and hiring funnels, by role, cut by demographics
- Voluntary and involuntary attrition rates, cut by demographics
- Promotion rates, cut by demographics
- Complaints (formal and informal), cut by demographics
  - Complaint resolution status

USE INCLUSIVE DEMOGRAPHIC BREAKDOWNS

- Race/ethnicity, with affordance for multiracial identity
  - African American / Black
  - East Asian (including Chinese, Japanese, Korean, Mongolian, Taiwanese, and Tibetan)
  - Hispanic/Latinx
  - Middle Eastern
  - Native American / Alaska Native / First Nations
  - Pacific Islander
  - South Asian (including Bangladeshi, Bhutanese, Indian, Nepali, Pakistani, and Sri Lankan)
  - Southeast Asian (including Burmese, Cambodian, Filipino, Hmong, Indonesian, Laotian, Malaysian, Mien, Singaporean, Thai, and Vietnamese)
  - White
  - Prefer not to answer
- Gender
- Disability status
- Sexual orientation
- Family status
  - Children in the home part-time or full-time
  - Responsibility for the care of other people
- Immigration status
- Religious background
- Veteran status
- English proficiency
  - Languages spoken
- Age
- Tenure at organization
- Educational attainment
  - Highest degree
  - Highest degree of parents
- College attended: public/private/any
- Criminal background

Endnotes

1. *Q4 2019 PitchBook-NVCA Venture Monitor*, PitchBook, January 13, 2020.
2. "Hispanic Businesses & Entrepreneurs Drive Growth in the New Economy" (2015), Geoscape, 2015
3. *Q4 2019*, PitchBook.
4. *Q4 2019*, PitchBook.
5. Cheryl Campos, "14 Black and Latinx Emerging Fund Managers to Know (& Fund)," Medium, August 4, 2020.
6. Emma Hinchliffe, "Latinx Female Founders Receive Only 0.4% of Venture Capital Funding," *Fortune*, October 26, 2018.
7. "The State of Black Women Founders," digitalundivided, n.d.
8. Stephanie Overby, "VC Firms Make Limited Diversity, Inclusion Gains," *Wall Street Journal*, January 8, 2020.
9. Megan Rose Dickey, "The Future of Diversity and Inclusion in Tech: Where the Industry Needs to Go from Here," TechCrunch, June 17, 2019.
10. Peter Schulz, "Introducing the Information's Future List," *The Information*, October 6, 2015.
11. "NAIC Performance Study Shows Diverse Asset Managers Continue to Beat Benchmarks," National Assn. of Investment Companies, March 30, 2020.
12. Sabrina Matoff-Stepp et al., "Women as Health Care Decision-Makers: Implications for Health Care Coverage in the United States," *Journal of Health Care for the Poor and Underserved* 25, no. 4 (Nov. 2014): 1507–13, doi:10.1353/hpu.2014.0154.
13. Claire Liu, Megan Zweig, and Natalie Yu, "The State of Gender Equity at Healthcare Startups and VCs in 2019," Rock Health, n.d.
14. Halle Tecco, "Women in Healthcare 2017: How Does Our Industry Stack Up?," Rock Health, n.d.; and Algernon Austin, "The Color of Entrepreneurship: Why the Racial Gap Among Firms Costs the US Billions," *The Hill*, April 25, 2016.
15. Tecco, "Women in Healthcare."
16. "State Health Facts: Distribution of Nonelderly Adults with Medicaid by Sex" (2019), KFF (Kaiser Family Foundation), n.d.
17. "State Health Facts: Distribution of the Nonelderly with Medicaid by Race/Ethnicity" (2019), KFF, n.d.
18. Lisa Fitzpatrick, "The Time Is Now: The Case for Digital Health Innovation for the Poor and Underserved," Commonwealth Fund, December 18, 2018.
19. Matoff-Stepp et al., "Women as Health Care."
20. *Beyond the "Friends and Family Round": How to Help Diverse Founders Build Social Capital* (PDF), VC Pathways, August 2018.
21. *"UK VC & Female Founders,"* British Business Bank, n.d.
22. J. Nwando Olayiwola et al., "Making Anti-Racism a Core Value in Academic Medicine," *Health Affairs Blog*, August 25, 2020.
23. Nitasha Tiku, "Black Tech Founders Say Venture Capital Needs to Move Past 'Diversity Theater,'" *Washington Post*, June 10, 2020.

24. SoftBank has promised to invest at least $100 million in companies led by people of color — though that only represents 0.1% of its $100 billion Vision Fund (which has only invested in two companies with Black founders or cofounders since it was deployed in 2017). PayPal similarly announced a $530 million commitment to support Black businesses and communities. As part of that commitment, they are offering $10 million in grants for COVID-19 relief and $5 million in grants to nonprofits working to strengthen Black-owned businesses. AT&T has also committed $10 million in 2020 to create economic opportunities and foster upward mobility for Black and underserved communities.
25. Originating in the NFL in 2003, the so-called Rooney Rule "requires that all NFL clubs interview at least one person of color when seeking to fill a head coach opening" and has since been expanded to apply to general manager openings too. In the tech sector, this is sometimes referred to as the Murray Rule or Murray Mandate, after Intel senior vice president Patty Murray instituted a requirement that women must be interviewed for all open senior-level positions. When applied in venture capital, this intervention requires firms to interview an internally specified number of underrepresented candidates for all positions.