



CONNECTS
Entrepreneurship Seminar Series


Illuminate
VENTURES

Today's MBA Student is Tomorrow's Entrepreneur

CINDY PADNOS, FOUNDER & MANAGING PARTNER
OCTOBER 2021

Agenda

10-13-21

Carnegie Mellon CONNECTS

- 1 Who is Illuminate Ventures?
- 2 Research Results: MBA Views of VC and Entrepreneurship
- 3 Gender Impacts: Scottie Ventures - Research Across Illuminate Historical Deal Flow

How We Source, Select, Win and Support Is Different

OUR MODEL CREATES A DIFFERENTIATED POOL & OUR PORTFOLIO BENEFITS FROM OUR BROAD PLATFORM

100% B2B/ENTERPRISE SOFTWARE

3 Funds undermanagement

SEED STAGE investors in “further along” companies

Setting our **APERTURE WIDER**

Lead/initial board role **>80%**

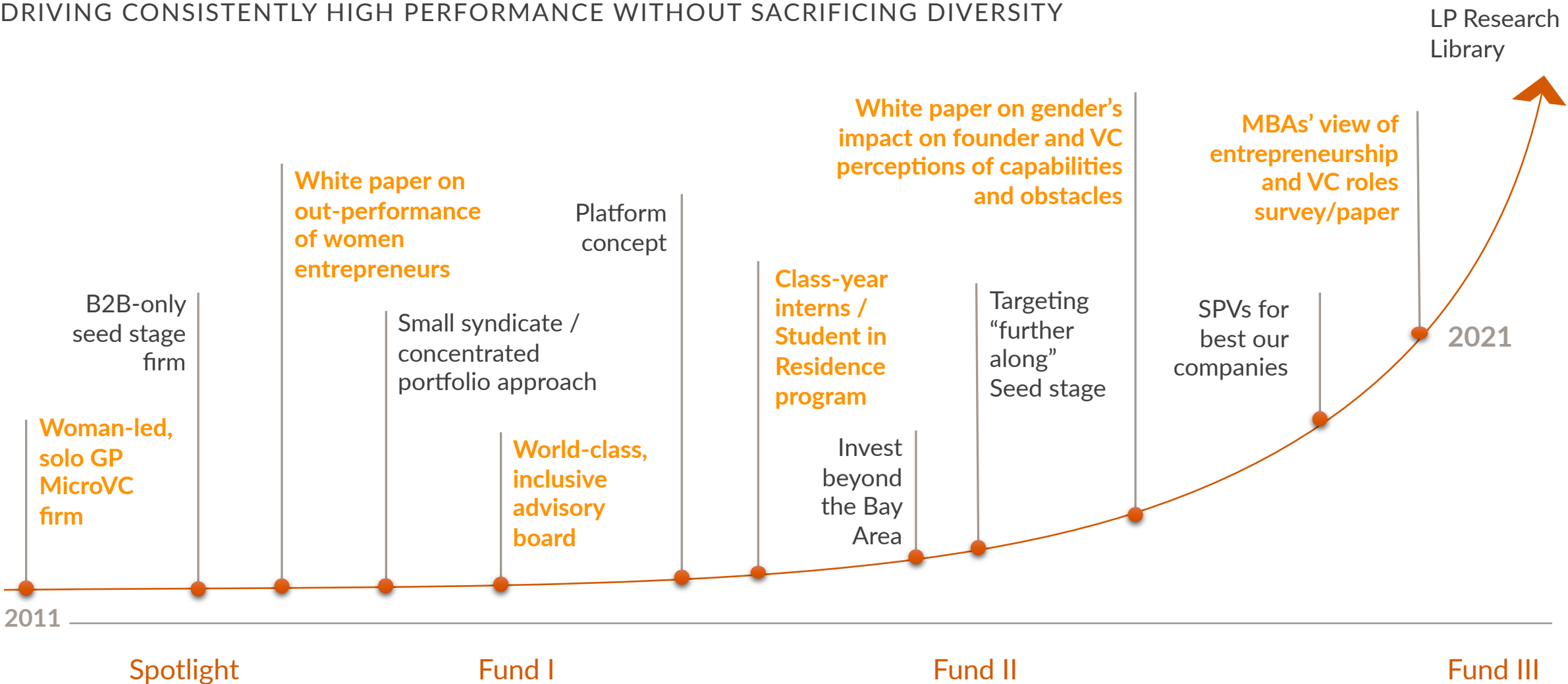
THOUGHT LEADERS

PLATFORM of world-class B2B execs and >100 MBA intern grads

Our founding teams **>70% diverse/45% female**

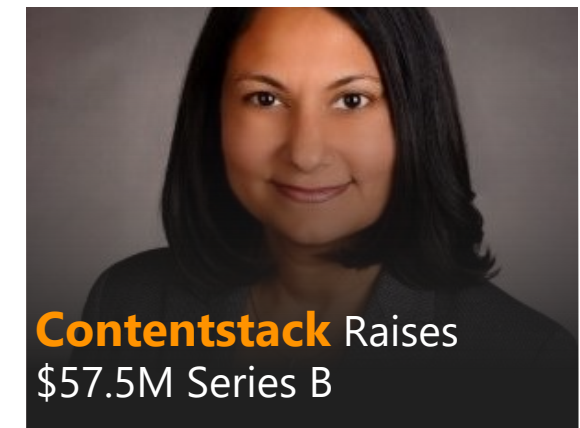
Continuous Innovations Support Our Strategy

DRIVING CONSISTENTLY HIGH PERFORMANCE WITHOUT SACRIFICING DIVERSITY



We Help Teams Transform Startups into Market Leaders

WITH 2 IPOs, 7 M&A EXITS - AND OVER \$4 BILLION IN VC \$\$ FOLLOWING ILLUMINATE



Our Diversity Track Record

MUCH HIGHER PERCENTAGE OF DIVERSE, FEMALE, NON-US BORN CO-FOUNDERS

Diverse Founder

~70%

Illuminate
Portfolio

~20%

US VC
Benchmark

Female Founder

~45%

Illuminate
Portfolio

~15%

US VC
Benchmark

Non-US Born Founder

~66%

Illuminate
Portfolio

~20%

US VC
Benchmark

Whitepaper: Today's MBA Student is Tomorrow's Entrepreneur

Gender's Impact on Career Choices

History of Collaboration with Tepper Interns on Research-based White Papers

High Performance Entrepreneurs: Women in High Tech



Mona Kishore
Head of Partnerships and Operations,
Togo Group

- **Focus:** Dispelling the pipeline and performance myths surrounding entrepreneurial women in high-tech
- **Approach:** Reviewed >600 prior research reports, collected primary data via interviews and web data

Gender Differences in Entrepreneurship: Voices of Founders and Funders



Lauren D'Souza
Founder at Ujjo



Anna Fuller
Co-founder & CEO at
SightSeek

- **Focus:** Founder motivations and the barriers entrepreneurs face - and how they may differ by gender
- **Approach:** Surveyed more than 1200 individuals across active founders, and current VCs (>1/3 female)

2020-2021 Survey of MBA Students

MOTIVATED BY OUR OWN INTERNS TO BETTER UNDERSTAND MOTIVATIONS AND BARRIERS

Approach:

- Apply the same questions answered in prior survey of founders and VCs + others
- Assisted by Poets & Quants (> 2M month visitors reaching 85% of MBA population)
- Target the top-20 MBA programs in the US

Who:

>500 MBAs,
from 30 top
programs

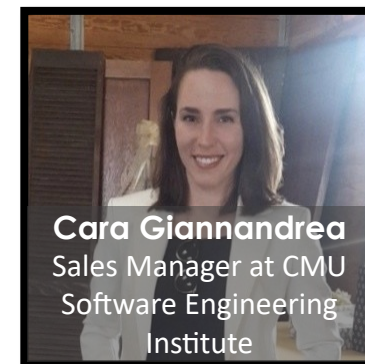
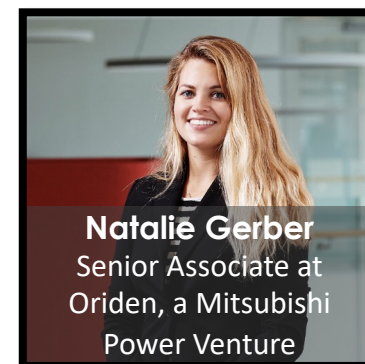
What:

Views on
Entrepreneur
ship &
Venture
Capital

Why:

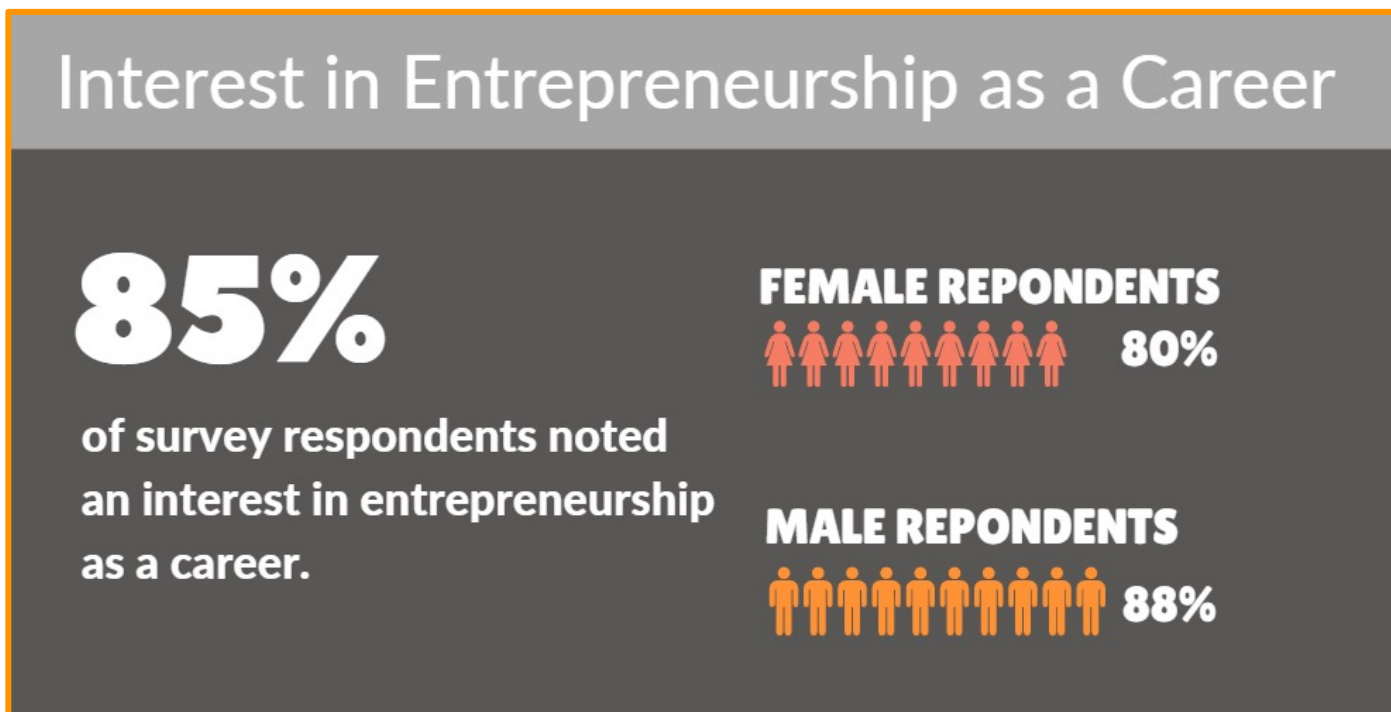
Evaluate &
identify
obstacles –
How do we
increase
diversity?

Tepper Interns



Very High Student Interest in Entrepreneurship

- THE TOP SELECTED REASONS **NOT** TO HAVE INTEREST IN ENTREPRENEURSHIP POST GRADUATION WERE FINANCIAL IN NATURE
- BUT MEN ALSO VOICED HIGH CONCERN RELATED TO NOT HAVING THE RIGHT NETWORKS



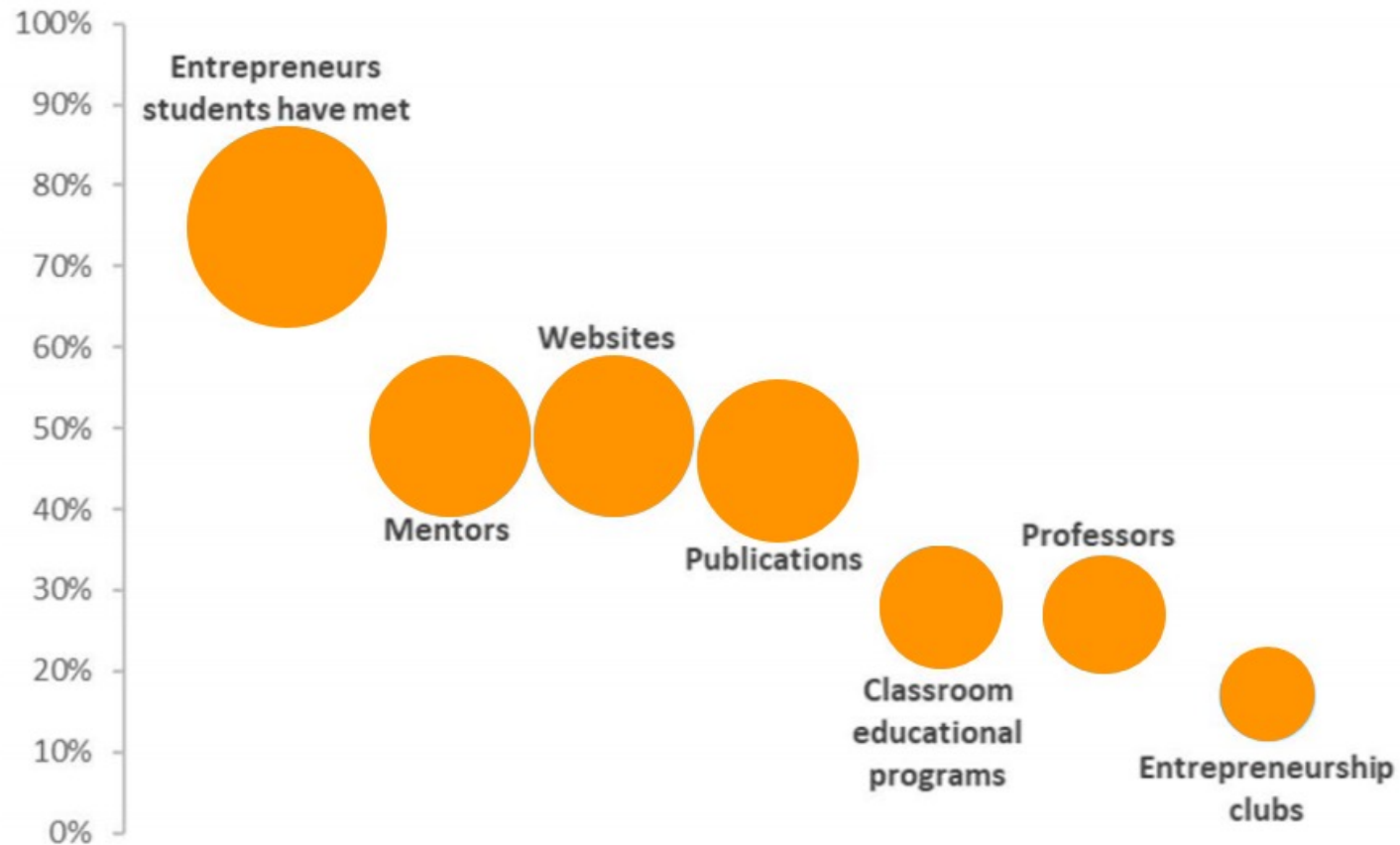
Note: Likely some bias due to leveraging access to student clubs for a portion of response

Whitepaper Media Coverage



Most Trusted Data Sources Regarding Entrepreneurship

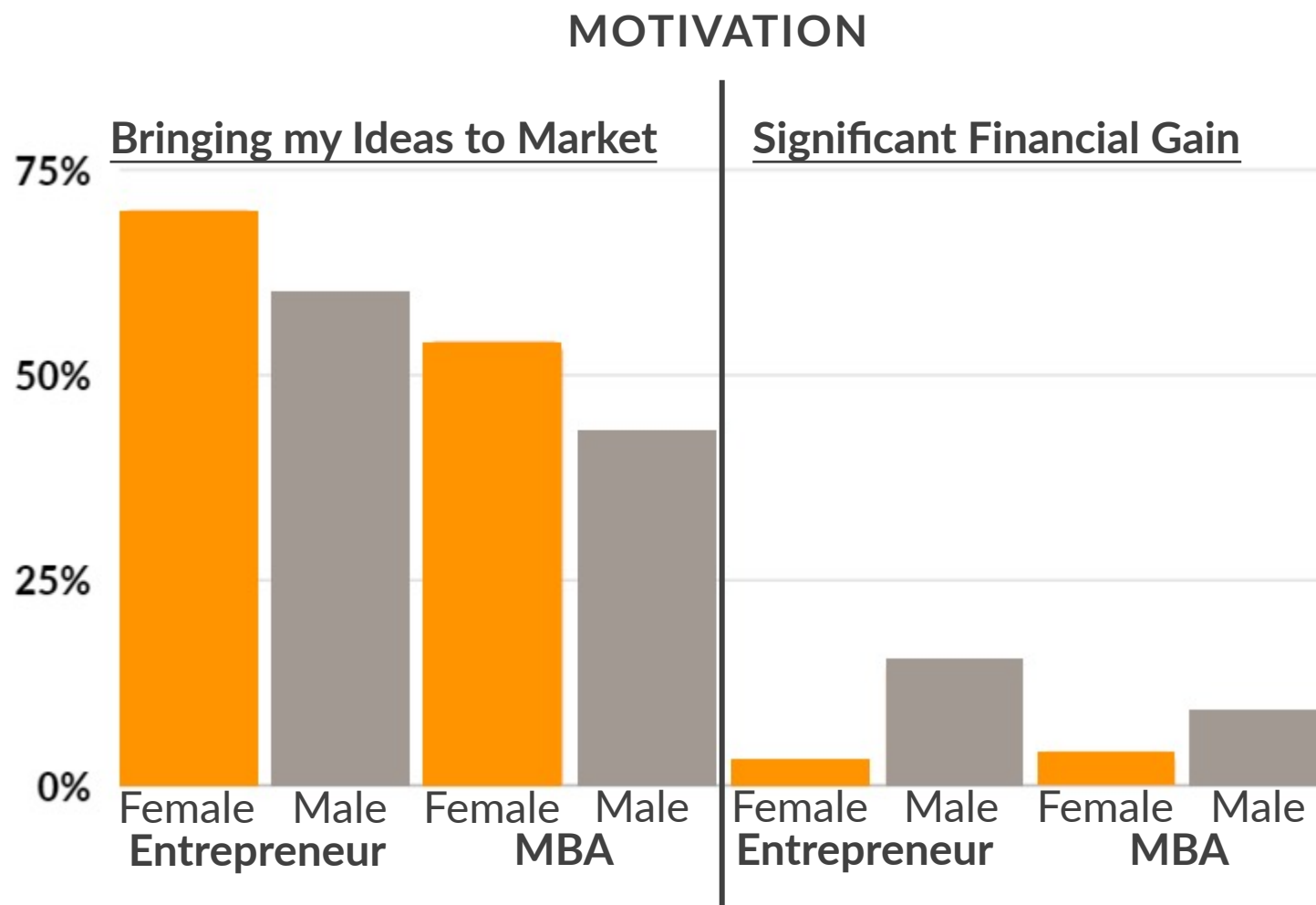
ACCESS TO ENTREPRENEURS IS LIMITED UNLESS YOU HAVE A PERSONAL CONNECTION



Source: Illuminate Ventures, 2021

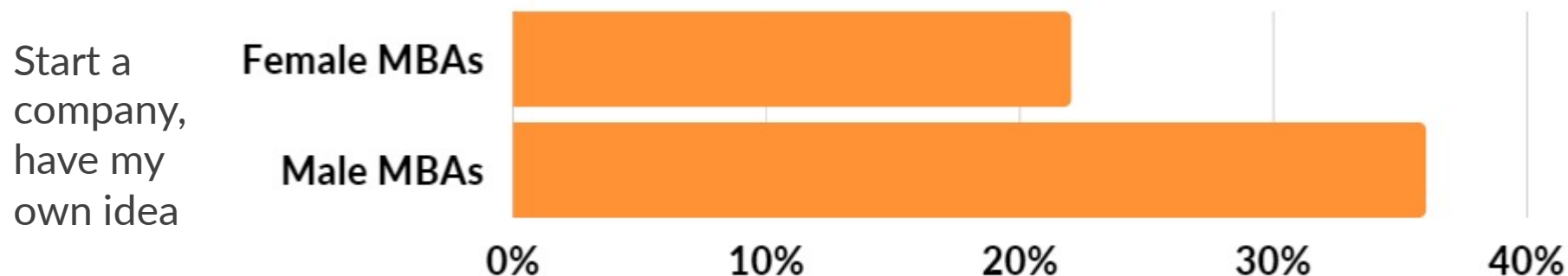
Student Motivations Vary Only Slightly by Gender

- Bringing ideas to market is **#1 motivation**.
- Same first choice selected by MBAs and seasoned entrepreneurs.
- Significant financial gain ranked low – but was more important to male MBAs & male entrepreneurs.



Many Students Already Have a Startup Idea

MALE MBAS ARE FARTHER ALONG IN THE ENTREPRENEURIAL PROCESS - >50% MORE HAVE A STARTUP CONCEPT



Yet the most often selected way to get involved in entrepreneurship after graduation was to join an existing startup.

There Are Differences in Views of Barriers to Success

LOOKING AT 16 POSSIBLE BARRIERS TO ENTREPRENEURIAL SUCCESS

Top 2

Both male and female students and founders selected “Financial security & Access to startup capital” (but much lower ranked by VCs)

Zero

Not a single student ranked “Having a Unique Idea” in their top 5 barriers, yet it was in the top 2 for both male and female VCs and high for entrepreneurs as well

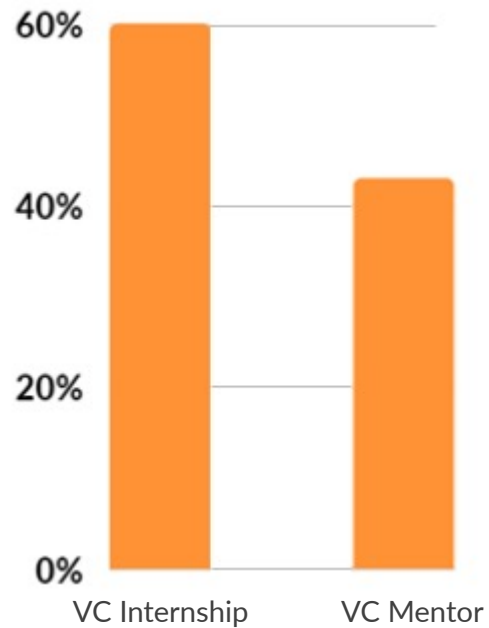
100%

Female and male MBAs ranked “Access to the right networks” as their #3 barrier, but very few entrepreneurs or VCs chose that in their top 5

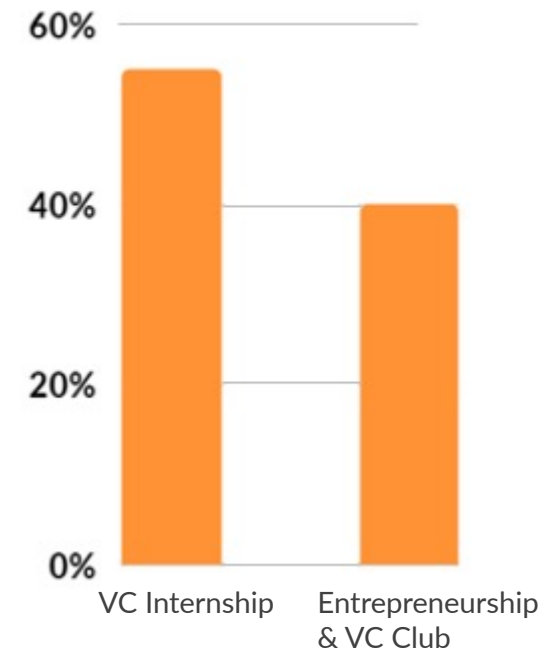
#1 Desired Exposure to VC is Via Internship

BUT STUDENTS FEEL THAT ACCESS IS EXTREMELY LIMITED

What Influences their Interest in VC



How Students try to Learn about VC



Illuminate Has Proactively Addressed The Need/Opportunity

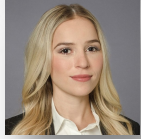
DIVERSE NETWORK BUILT OVER A DECADE IS NOW A “SUPERPOWER”



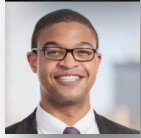
BerkeleyHaas



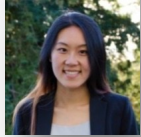
Carnegie Mellon
Tepper
SCHOOL OF BUSINESS



CHICAGO BOOTH
The University of Chicago Booth School of Business



Stanford Law School



STANFORD
BUSINESS
GRADUATE SCHOOL OF



Wharton
UNIVERSITY of PENNSYLVANIA



TRIEMT



> 100 intern grads



UNION
SQUARE
ADVISORS



In roles across 100s of companies

DTCP



Diligence support & scouting



Our 2021-22 CMU Tepper Students-in-Residence

CLASS-YEAR INTERNSHIP DESIGNED TO OFFER EXPOSURE TO BOTH VC AND B2B ENTREPRENEURSHIP



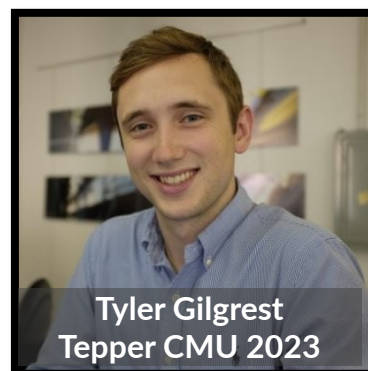
- Senior Consultant, Point B
- Univ. of Idaho, BS Ops and Finance



- EY, Assurance Acting Manager
- Boston University, BS Acctg. & Finance



- Senior Analyst, Compass Lexicon
- Univ. of Illinois, BS Statistics



- Product Manager, Azavea
- Vanderbilt Univ. BA Chemistry



- Product Manager, Reliance Jio
- IIT Gandhinagar B. Tech EE

Illuminate's Interns Seek Ongoing Engagement

SURVEYED OUR INTERN GRADS AND 100% OF RESPONDENTS WISH TO CONTINUE TO ENGAGE

About our Intern alums

Top reasons for continued engagement

- **Network** with Illuminate Advisors and portfolio companies
- **Network** with each other

Highly relevant work experience



Tech expertise highly aligned with our sectors of interest



Where Can We Go From Here?

Internships #1 Opportunity for Impact - but gaining access is likely even more of an obstacle for people from diverse backgrounds than others.



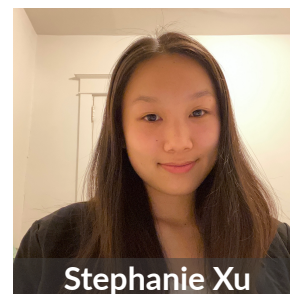
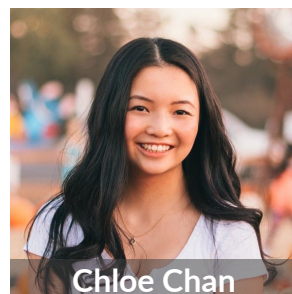
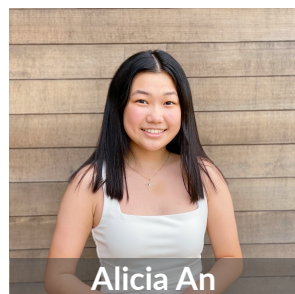
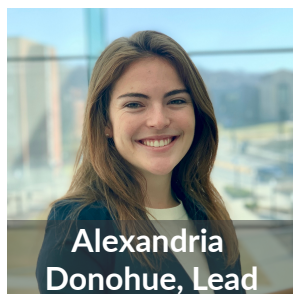
How can we expand access to internships to impact future diversity?

Findings From our CMU Scottie Ventures Team

ANALYSIS OF ILLUMINATE'S HISTORICAL DEAL FLOW YIELDED NEW INSIGHTS ABOUT FOUNDER DIVERSITY IMPACT

- Created sample of ~400 companies of the ~4500 total companies in Illuminate database 2015-20
- Researched current status including capital raised and exits
- Analyzed start-ups by sector (16 chosen) and gender - against capital raised and failure rate
- Compared companies that Illuminate did and did not invest in

Scottie Ventures Team

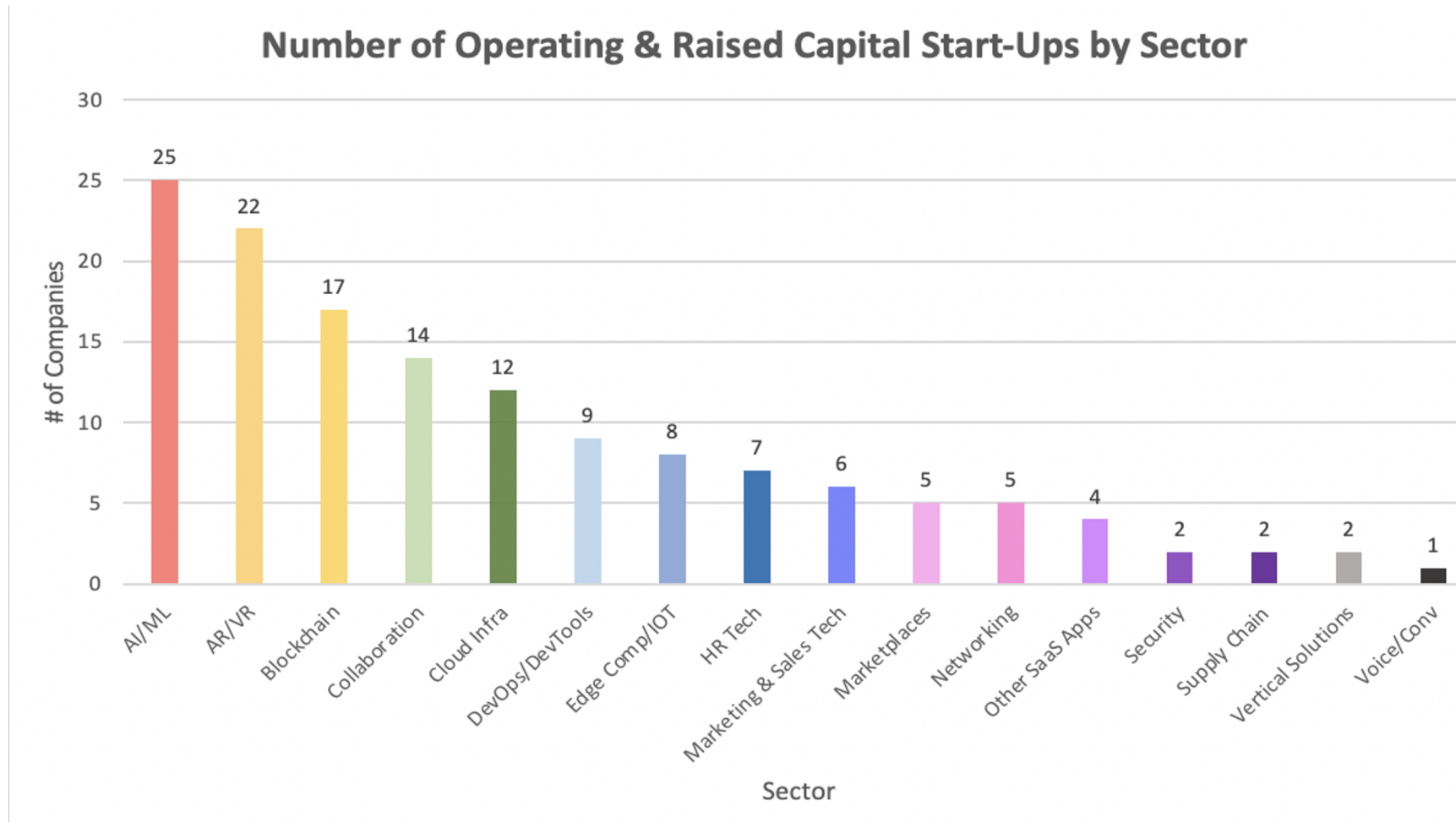


and

Shubhi Jain

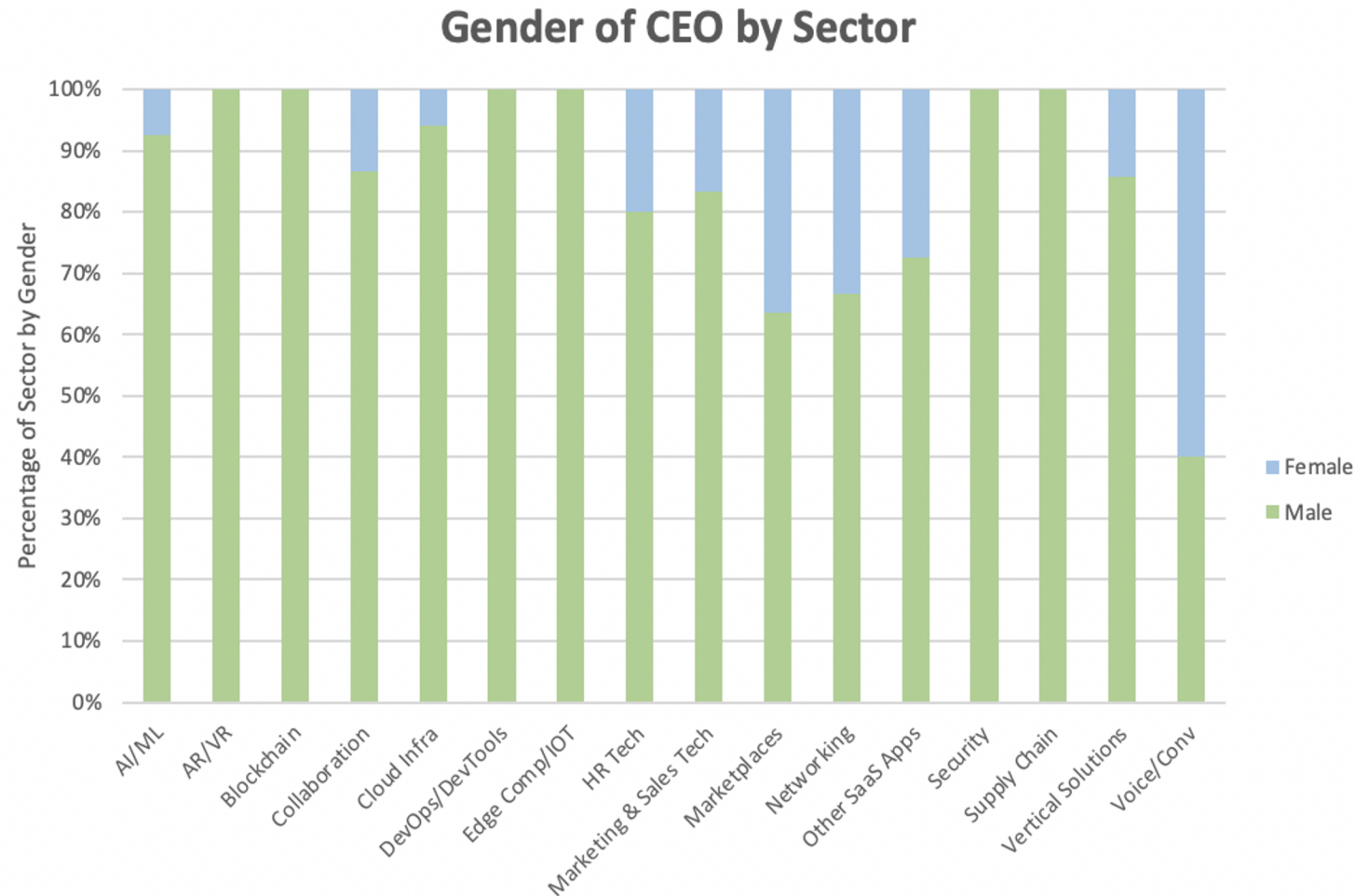
Analysis by Sector Showed Strong Survival Bias

OF THE ~140 COMPANIES THAT HAD SURVIVED – OVER 1/3RD FELL INTO JUST 2 SECTORS



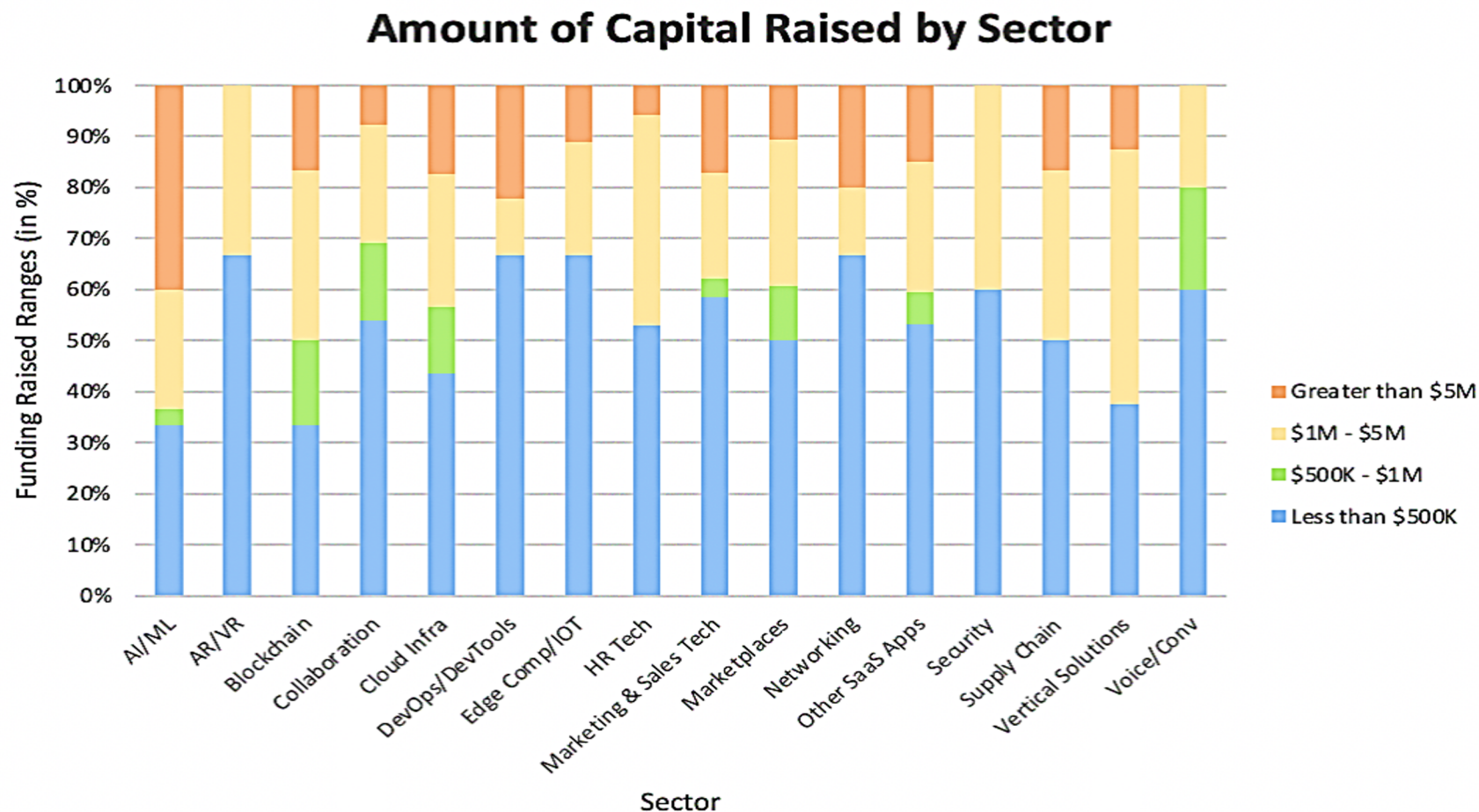
Women Led Roughly 25% of The Companies Evaluated

BUT FOUNDED ONLY 10% OF THE COMPANIES IN THE TOP TWO PERFORMING SECTORS



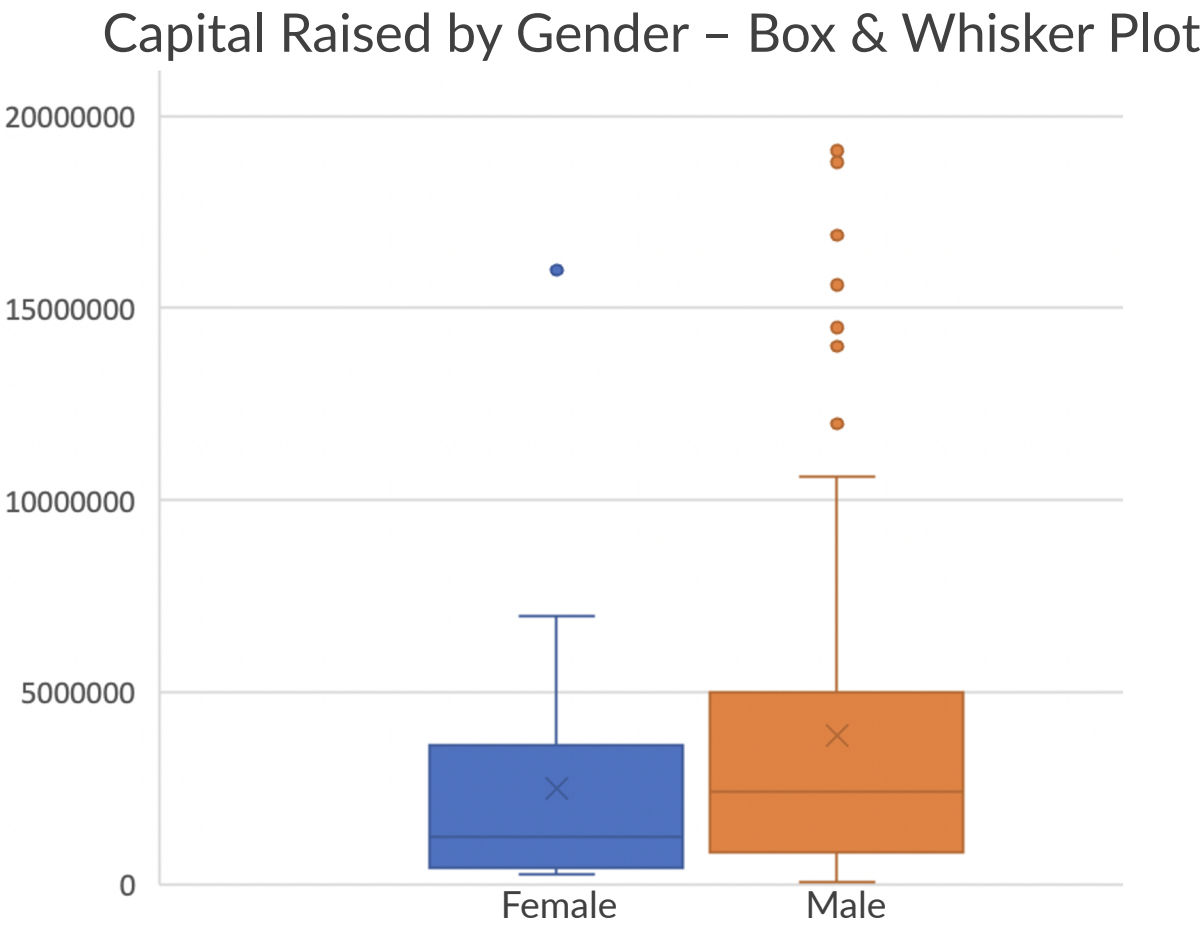
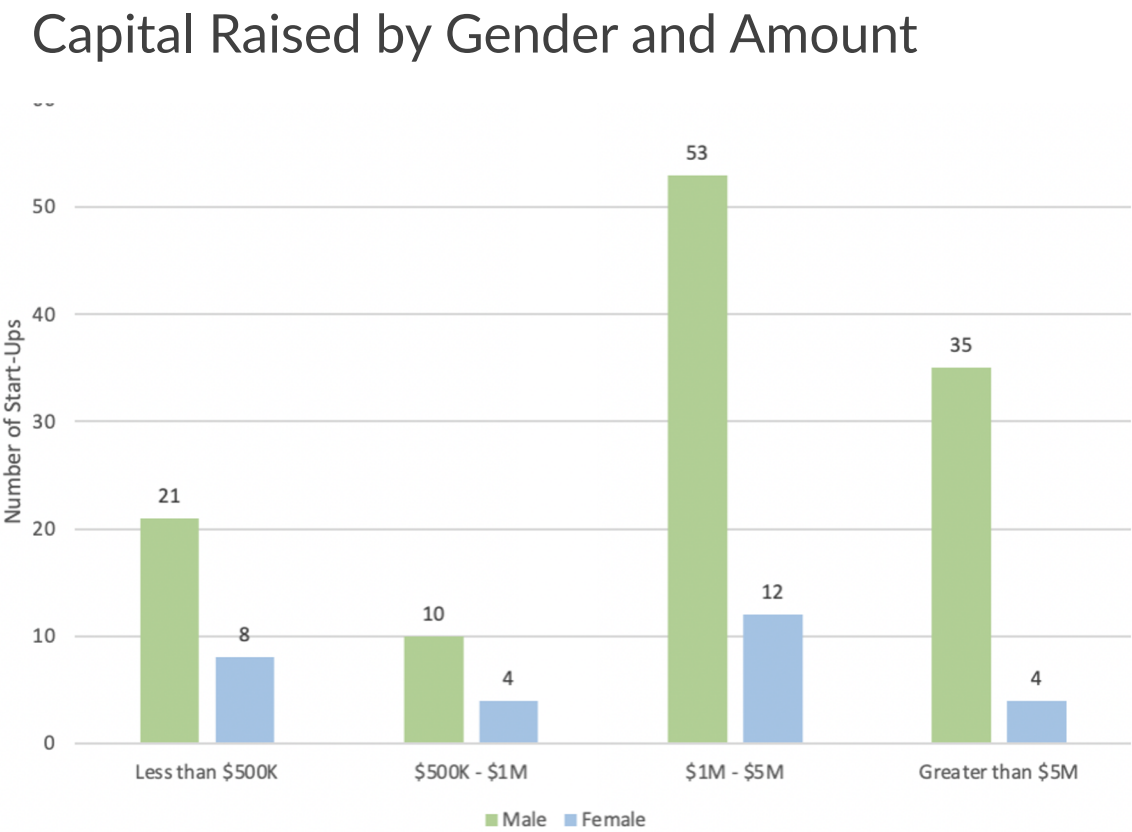
A Majority of Companies Had Not Attracted VC-level \$\$

CERTAIN SECTORS LIKE AI/ML, DEV OPS, CLOUD INFRASTRUCTURE AND NETWORKING OUTPACED OTHERS



Clear Differences In Capital Raised By Gender

MALE-LED STARTUPS RAISED MORE CAPITAL ON AVERAGE AND GAP WIDENS AS ROUND SIZE GROWS

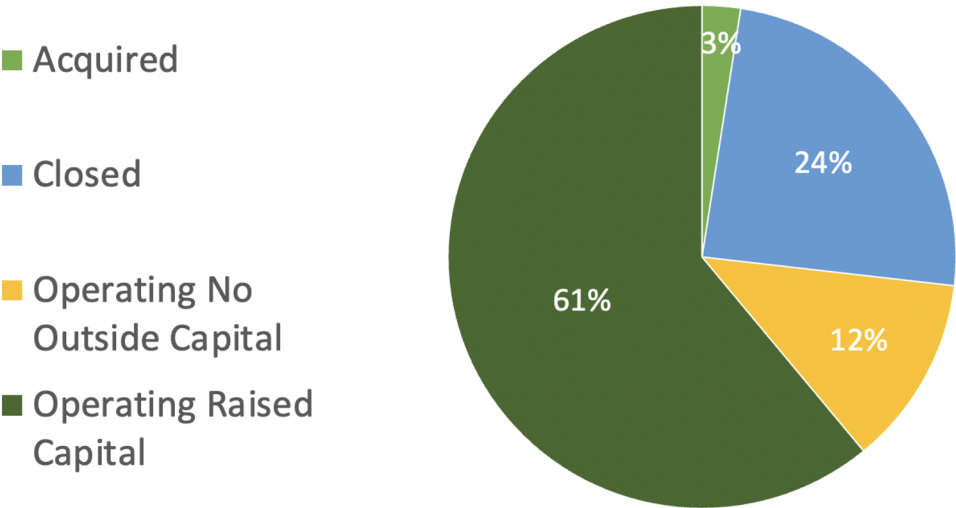


Box plot: The five-number summary is the minimum, first quartile, median, third quartile, and maximum.

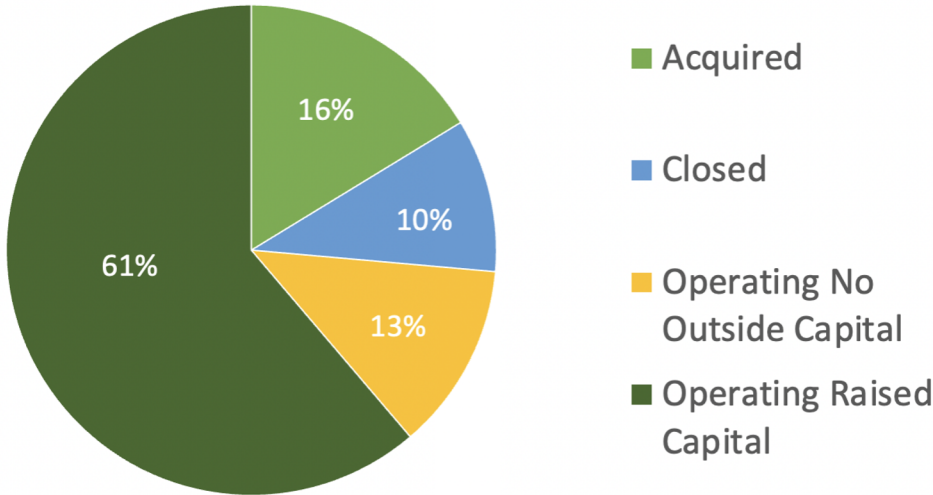
Clear Differences In Startup Outcome By Gender

FEMALE-LED STARTUPS HAVE LOWER ACQUISITION RATES AND CLOSE MORE OFTEN

Status Of Companies w/ Female CEOs



Status Of Companies w/ Male CEOs



Women led ~25% of the companies evaluated

What Does It All Mean

WE STILL HAVE A LONG WAY TO GO TO ESTABLISH A LEVEL PLAYING FIELD

- Illuminate invests in a disproportionate share of woman-led companies versus the norm
- The ability to raise capital impacts ANY entrepreneur's ability to succeed
- Women-led companies still find it more difficult to raise capital – and when they do it's lesser amounts
- Women may be starting companies in areas that receive less venture backing and are where it may be more challenging to succeed