

Female-founded AI startups win just 2% of funding deals in UK

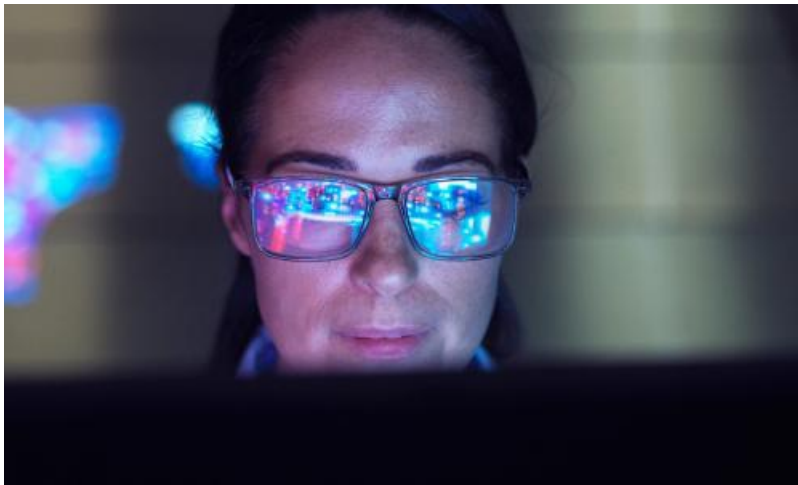
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An “urgent issue” of gender imbalance in artificial intelligence investment must be addressed according to a government-backed body which has found that female-founded companies accounted for just 2% of AI startup deals over the past decade. The report by the Alan Turing Institute found that when female-founded companies have secured funding, they raise on average £1.3m a deal compared with £8.6m raised by all-male founder teams. In the last year, investment in AI software has grown considerably. A report by Goldman Sachs predicts that AI investment will approach \$200bn (£166bn) globally by 2025, while a recent report from Bloomberg found that generative AI could become a \$1.3tn market by 2032. “The recent explosion in interest and investment in AI, especially generative AI, means that there is an urgent need for women and minorities to have equal access in the tech and venture space,” said Dr Erin Young, a research fellow at the Alan Turing Institute. She added: “Venture capital firms impact the business models of the startups in which they invest, and VCs tend to invest in companies that reflect their own networks and value systems, in turn shaping the technologies developed. Encouraging inclusion in the VC space can help promote responsible AI design, tackle AI biases and foster innovation.” The report suggests improving recruitment, monitoring investment practices and diversifying the ecosystem as recommendations to improve gender balance. There is growing demand for generative AI products, with leading tech companies investing heavily. Microsoft has reportedly invested \$10bn in OpenAI’s ChatGPT, after first investing in OpenAI in 2019. There are gender diversity gaps across the investment space and uneven rates of progress for ethnic and racial groups across firms. AI products have seen recent biases from passport checkers working less efficiently with darker skin to tools being developed in ways that reinforce gender stereotypes in society. In 2019, a UN agency found that assigning female genders to digital assistants such as Apple’s Siri and Amazon’s Alexa helped entrench harmful gender biases. The two companies have since offered alternatives.