
Israeli Tech Gender Analysis 2023

Major Themes





Methodology

The data for this report is based on the ecosystem of Israeli entrepreneurs and tech companies.

To understand the representation of gender in the industry, we examined the data from two perspectives: women as entrepreneurs and women as company leaders, with the assumption that the dynamics in the industry with regard to each is different.

We define leadership roles as strategic positions that lead capital allocation – CEOs, CFOs, CTOs, Presidents and Chairs.

The report examines statistics from 2002–2022, of ~17,500 startup companies; ~9700 funding rounds; and ~27,000 entrepreneurs, of whom 10% are women.



Highlights

As in previous years, this report highlights the immense gender gap in the Israeli tech ecosystem. In this year's report, we tried to stress the importance of gender diversity in a startup's ability to survive in turbulent times.

Our analysis studies startup founding and management teams that are made of different gender groups (women only; men only; both genders) and the findings emphasize the negative consequences when women are not taking a bigger part in founding/management teams:

It turns out that having a woman on the founding team makes a startup company more resilient in terms of the survivability rate – the chance of the company remaining active after several years. While this rate reaches 53% in startups founded by women only, and 56% in startups formed by women and men together, it only reaches 51% in companies where the founding teams consist of men only (and the difference is statistically significant).

Companies with women on the leadership team also tend to raise more funds. Over the last decade, it had been shown consistently that management teams made of men and women raise higher median amounts than raised by teams that consist exclusively of men or women. (The median amount for funding rounds in management teams of both genders from 2012–2022 is twice that of male-only teams). This is true for both earlier funding rounds (Seed + A rounds) and Mega rounds (>\$50M).

As regards Unicorn funding, the population was too small to produce a significant result, with not enough women-only groups included to perform a robust analysis. This is the only instance where a male-only team seemed favorable to a mixed-gender team.

A letter by Yuval Passov, Head of Google for Startups Israel



Despite making up 50% of the population, women continue to face barriers when it comes to launching a startup in Israel today. Last year, only 22% of startups founded in Israel had at least one woman on the founding team.

How does this impact the Israeli startup ecosystem?

Not surprisingly, this report reveals that gender diversity in the startup ecosystem leads to better business results: where women's voices are heard, stronger companies are built. Ultimately, we learn that gender diversity is key to a stronger, more resilient startup ecosystem in Israel – a lesson that seems more important today than ever.

We are publishing this report during our 10-year celebration of Google for Startups. In the past decade, we have worked to promote gender diversity in the ecosystem by running dedicated programs and initiatives (such as Growth Academy – Women Founders), empowering bottom-up, community-driven initiatives (such as sheCodes, which held their first cohort in our campus), and most importantly, by ensuring that there is always an equal opportunity for women founders in each and every program we build.

We are happy to collaborate with IVC on crafting this important report, and look forward to continuing our efforts towards a more diversified and resilient ecosystem in Israel.

Yuval Passov, Head of Google for Startups Israel

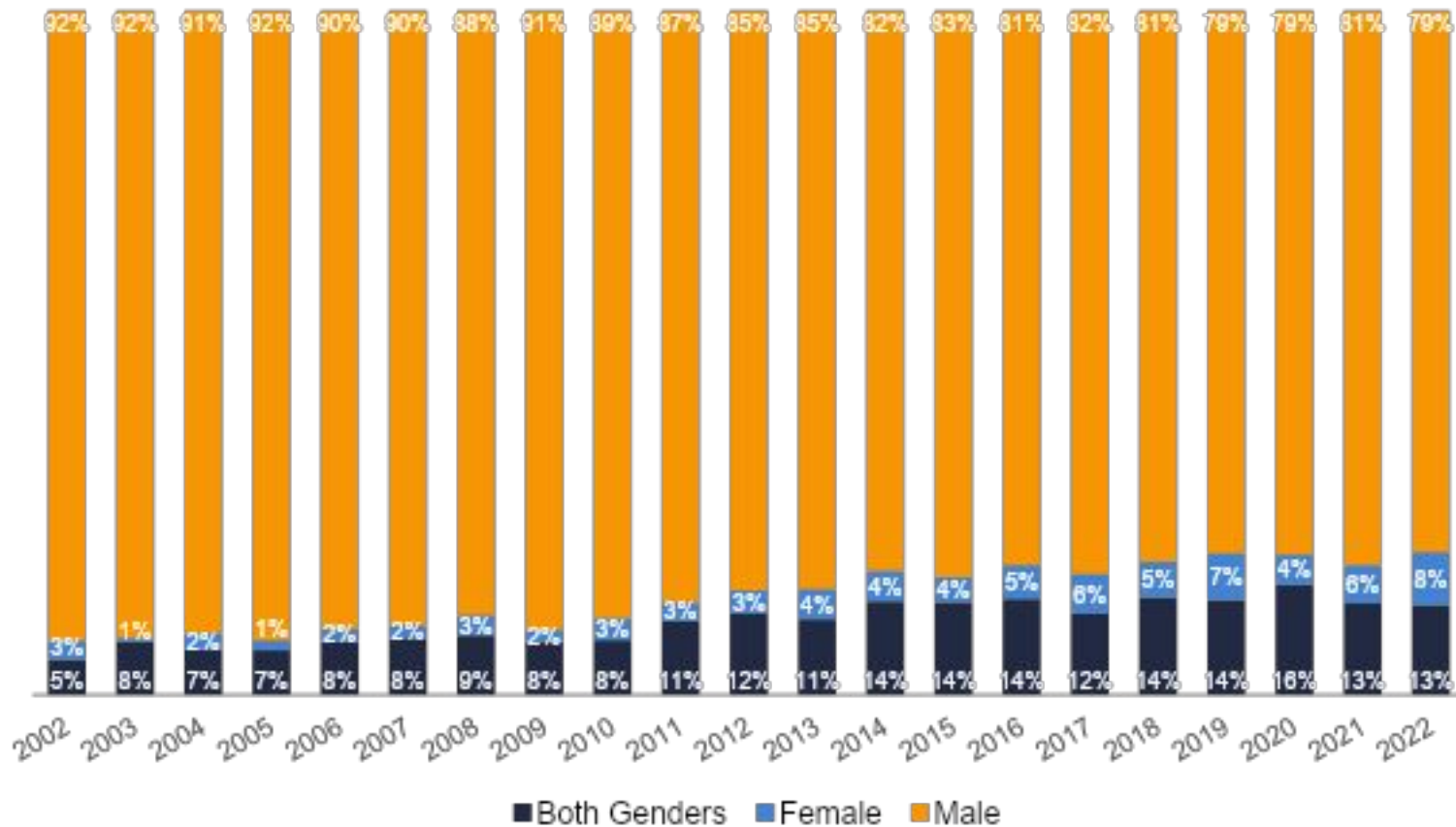
More companies have a woman on the founding team yet still only 21% last year

The percentage of companies that were established by females rises every year and is on pace to reach 25% by 2025.

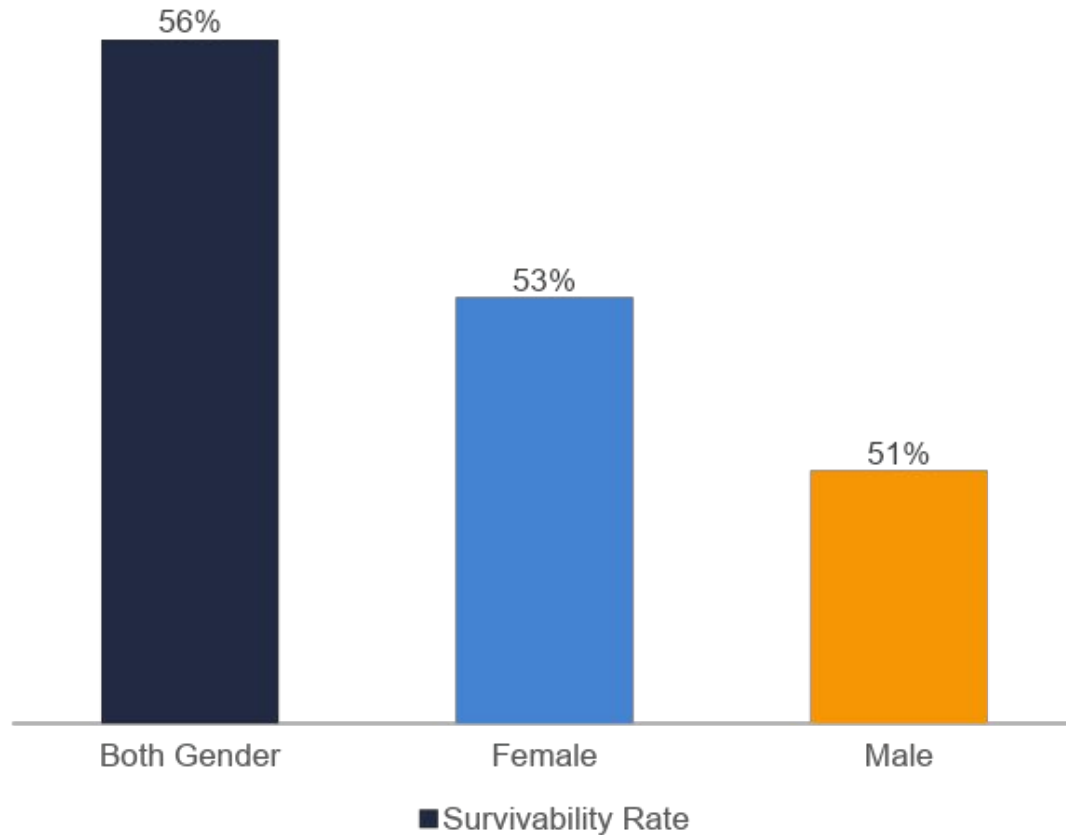
However, the gender gap in startup entrepreneurial teams has a long way to go before an equilibrium is reached.

In 2022, 21% of newly opened startup companies had at least one women on the founding team – 8% were women-only teams and 13% included both genders.

of Companies by Established Year and Founders Gender



Survivability Percentage of Companies
by Founders Gender | 2002 – 2021



Female entrepreneurs make startups more resilient

The Survivability rate of companies (the share of companies which are still active) is a major indicator of the quality of the ecosystem.

When studying the differences in the survivability rate through the lens of the founders' gender, it is clear that companies with at least one female founder tend to survive more than male-only founding teams.

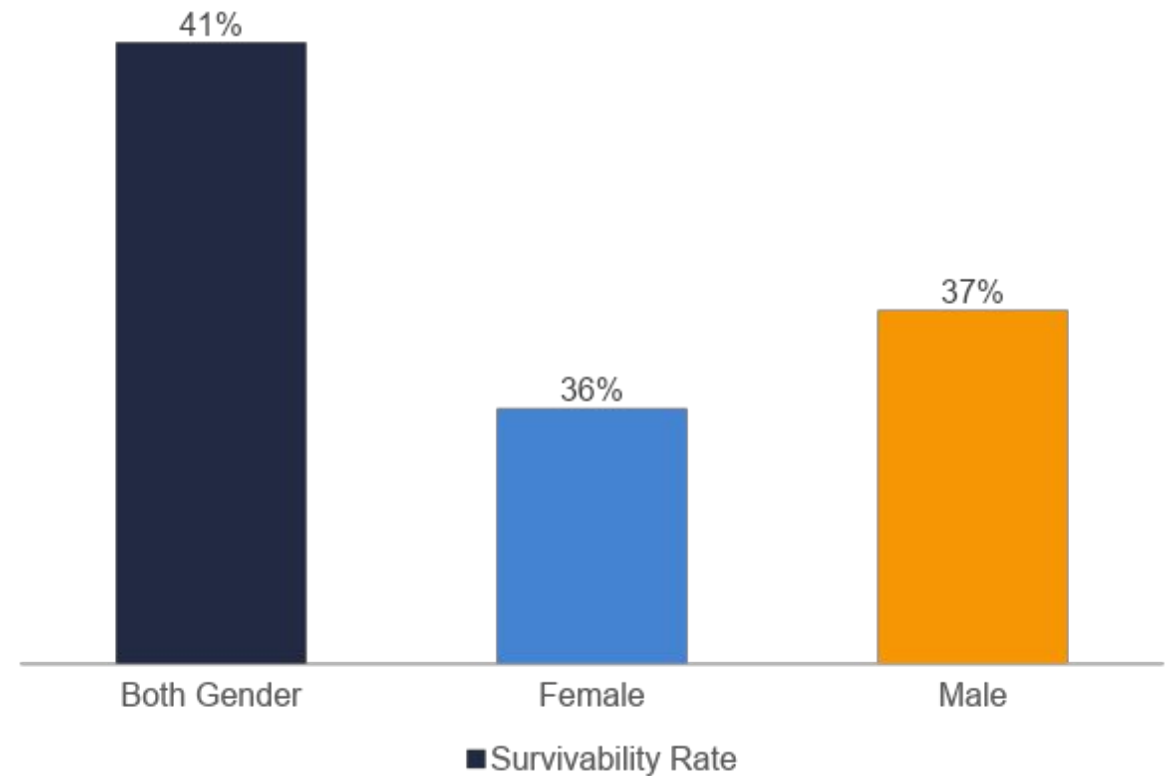
While this rate reaches 53% in startups that were founded by women only, and 56% in startups formed by women and men together, it only reaches 51% in companies where the founding teams consists of men only (and the difference is statistically significant).

In the long run, companies with mixed-gender founding teams tend to survive more

The long-run outlook is crucial when looking at company survivability rates. Before reaching their 8-year anniversary, and regardless of their founders' gender, less than 50% of companies cease operation – compared to 60%–70% of companies older than 8.

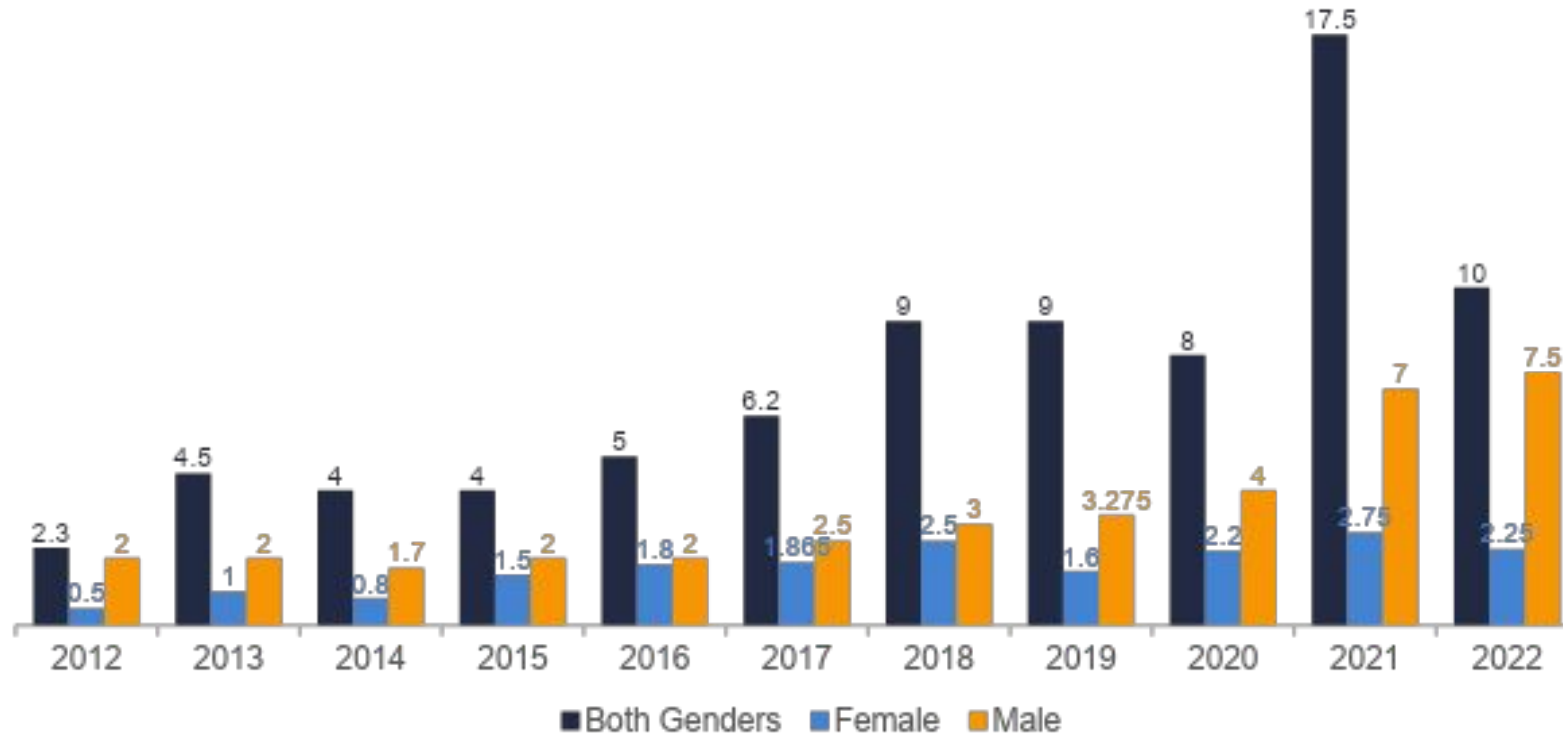
To make sure our analysis doesn't suffer from a positivity bias that can lead to false causality, we removed companies operating for less than 8 years. We found that the survivability probability holds: The probability of survival of companies that were established by groups from both genders is 4% higher (significant by statistical tests) than those established by males.

Survivability Percentage of Companies Long Run | 2002 -2014



Leadership teams with gender diversity raise twice as much as male-only teams

Median Amount raised by Gender Group (\$m)

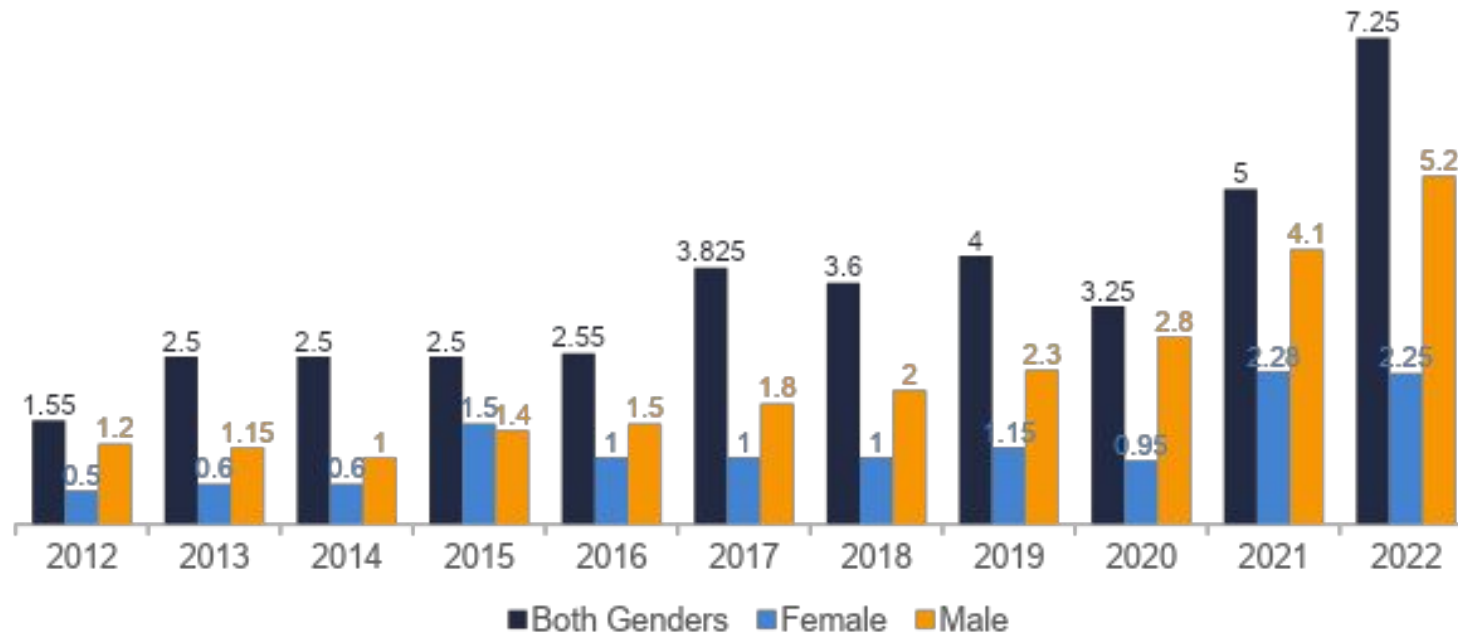


Management team members in strategic positions – CEO/CTO/CFO/President – tend to be more directly connected to investors and the gender mix of a team may reflect the investor sentiment towards the gender group.

The median amounts raised by gender diverse management teams is much higher than male-only management teams. Note that the lower amounts raised by female only teams is due to the lower number of participants from this group that take part in later rounds deals (with higher amounts).

Early Rounds: mixed-gender management teams raised 43% more

Median Amount raised by Management Gender
Early Rounds (Seed + A)



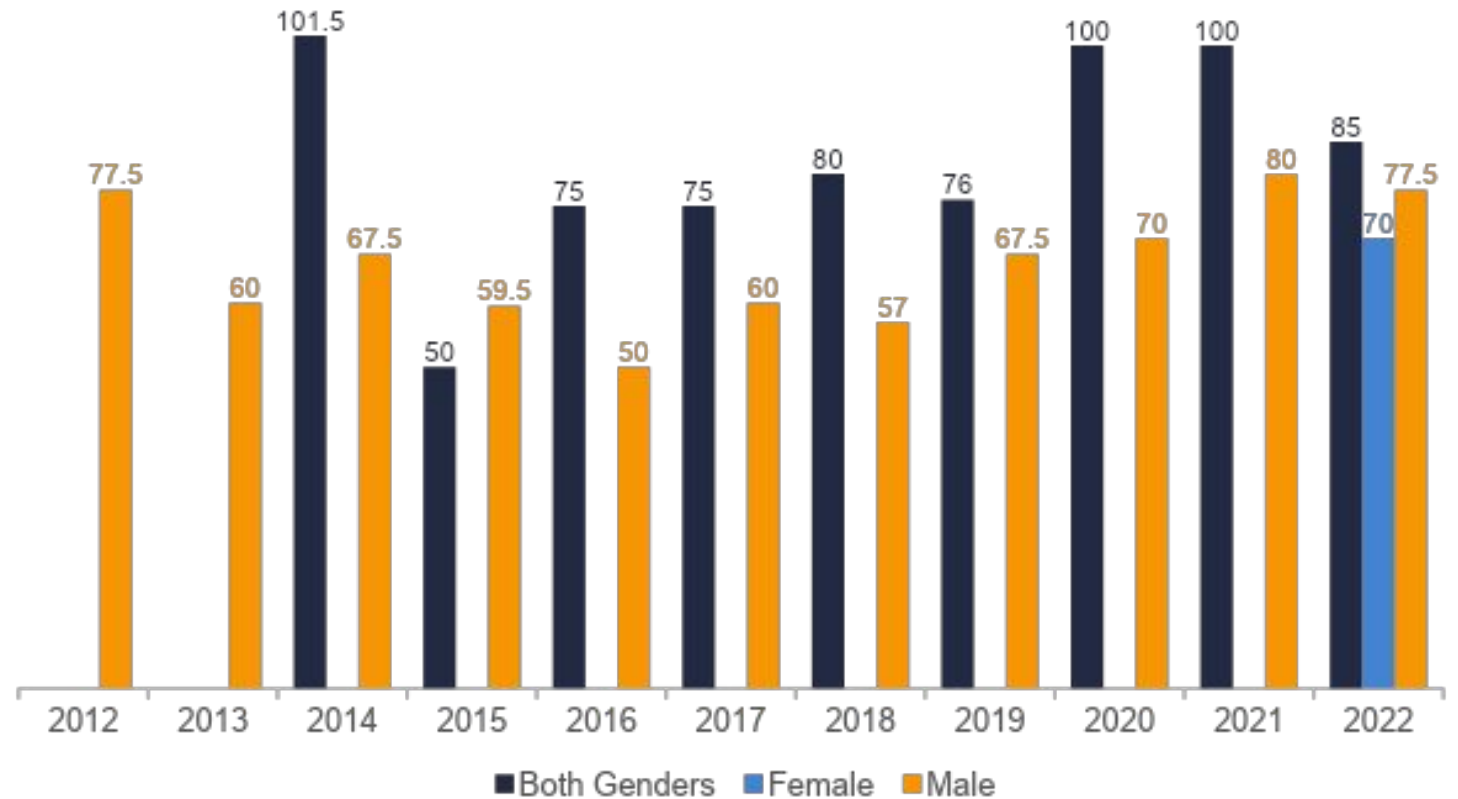
The median amounts in early rounds that were raised over the last decade favor companies that include both genders in strategic positions.

Mega Rounds: management teams with gender diversity raised 17%

When looking at mega rounds – deals with higher amounts (> \$50m), it is also clear that management groups that include both genders in strategic positions secure higher median amounts than male-only management teams.

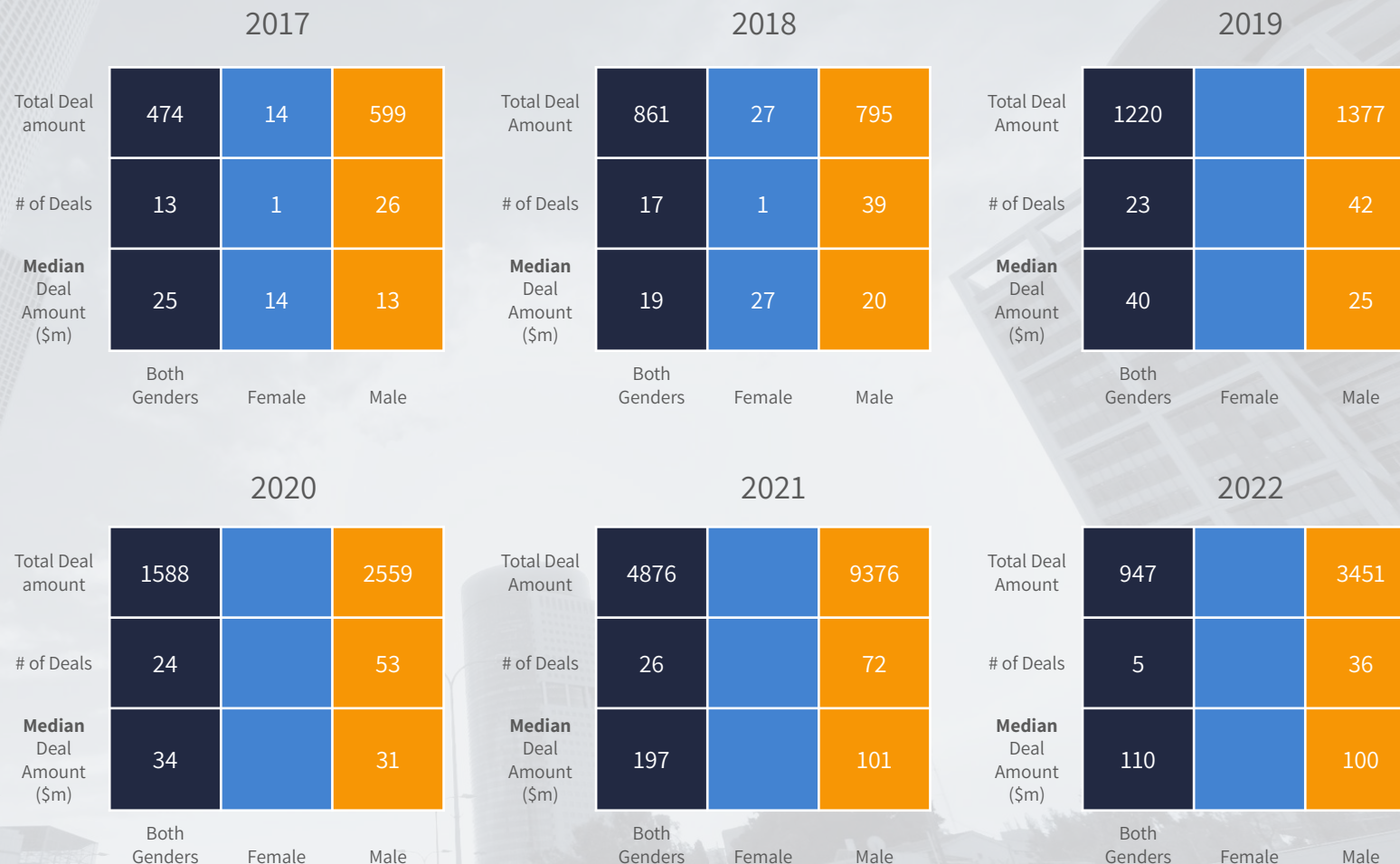
Unfortunately, Female-only teams in our analysis did not secure funding in those amounts, and hence, were almost excluded from the analysis. In one exception (2022) a female-only management team successfully joined this esteemed list with a deal of \$70m.

Median Amount raised by Management Gender
Mega Rounds (>\$50m)



Gender differences in unicorn capital raising

Unicorn funding is the only place male-led companies have an advantage. From every aspect, if you want to raise money for your unicorn, a male-only management team would probably deliver better results. However, the unicorn population over the years is still too small (70 – 90 companies) for these results to have any significance. There was only one Unicorn with only women in the management team, which also makes the comparison irrelevant

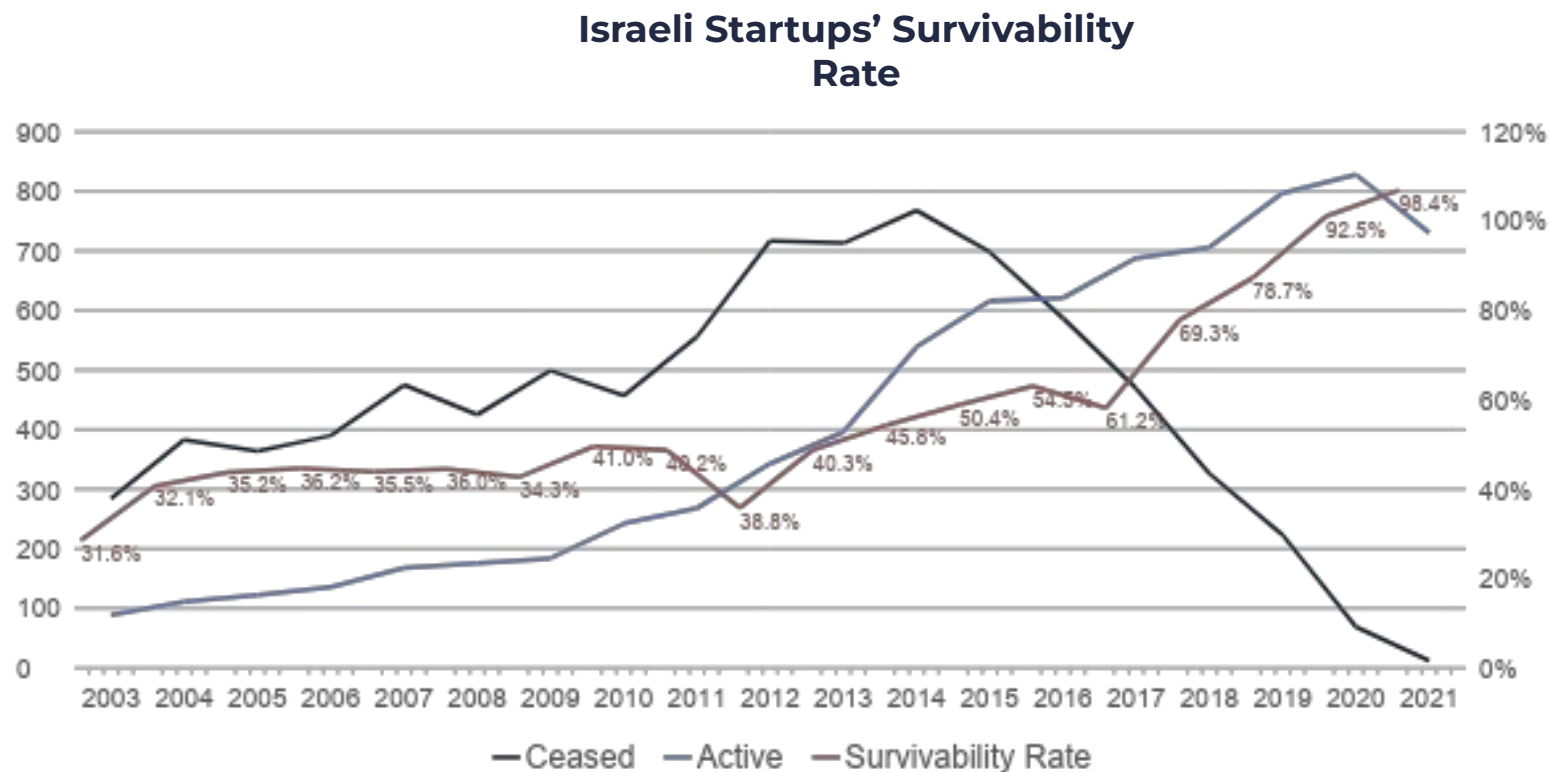


Appendix | Survivability Rate

The **Survivability Rate** serves as an indicator of the capability of a startup to operate in the long term, which is based mainly on the operational activity and less by fundraising.

Technically, the rate predicts the probability that a startup will stay active and is measured by dividing the active private and public companies and the acquired companies by the overall number of companies created in a specific year.

As the graph shows, in the long term (more than 8 years) the percentage of startups that are still active decreases to 30 %- 40% (see the red line for 2003- 2014).





Founded in 1997, IVC Research Center is the leading data source and business information company in Israel's high-tech industry.

We help our clients understand the market, make connections and identify opportunities with access to the latest news, trends and developments.

From venture capital and private equity funds to industry leading companies and emerging startups across Israel's varied high-tech sectors, we cater to the varied business information needs that make up the Israeli high-tech ecosystem. We bring more than 20 years of experience of gathering and analyzing data, serving the IVC community. Our dedicated team of industry researchers and analysts has deep knowledge and hands-on experience working with Israel's high-tech sector. Our management, professional sales and marketing teams drive IVC's commitment to excellence and client service. We enable a wide range of local and global clients, including entrepreneurs, local and foreign investors of all types and service providers such as lawyers and accountants, to get to know the Israeli high-tech ecosystem better.

(Registered Database #366723)

www.ivc-online.com



Google for Startups

Startups are solving the world's important challenges with agility, innovative technology, and determination. Google is proud to help.

So, whether you're starting out, building your startup, or scaling up to meet the needs of consumers, business, and society, we connect you with the right people, products, and best practices to help you thrive and grow.

Because if startups succeed, our communities and economies succeed. And Google does too.

Google for Startups is committed to leveling the playing field for all founders. Around the world, underrepresented founders face a disproportionate lack of access to capital and support networks. From the partners we choose to the founders we support; we are committed to fostering a global startup community for everyone.

<https://startup.google.com/>