

Irish women founders surpass €100m funding milestone

Even though Irish women have [surpassed the €100m funding level](#) for the first time there's a long way to go. Meaningful change will only occur if we focus on leadership.

In a crowded room at Croke Park during an Enterprise Ireland Start-up Showcase event three years ago, former CEO of TechIreland Niamh Bushnell [spoke to me](#) in hushed tones about a goal to see Irish women-led start-ups surpass the €100m level.

A year later in 2019 the level fell just shy of that target. Today, on International Women's Day 2021 (8 March) the goal has been surpassed as 50 Irish tech start-up and scale-up companies with a female founder or co-founder raised a total of €105m through venture capital, grants, equity finance and angel investment in the past year, according to a new TechIreland report.

But this is just 10pc of the overall pie with the remainder of funding in Ireland raised by male-led businesses.

To get perspective, recent Irish Venture Capital Association figures show that there is still a long way to go for parity when you consider some €925m in venture capital alone was raised in the past year. That is some gap to close, and close it must.

Now that the €100m figure has been passed, it's time to step it up and see funding for women-led businesses go to €200m and beyond.

Recent Enterprise Ireland High Potential Start-up (HPSU) and Competitive Start Fund figures offer some cause for hope as 38 women-led start-up companies accounted for 23pc of companies backed, but are once again a poignant reminder that parity is a long way off.

Why TechIreland.org's data matters

A goal without a plan is just a wish, as they say, and what is measured gets managed. The TechIreland data needs to be an important bellwether for the years ahead.

According to the latest research, the increase in funding was particularly driven by later-stage companies, compared to early-stage investments of less than €1m which were slightly above 2019 levels. However, the resilience of early-stage investments was due to the strong performance of Enterprise Ireland, which doubled its funding for tech start-ups last year. Without this increased funding from the state agency, funding to early-stage start-ups run by female founders would have been severely impacted.

The €105m figure is a significant increase in funding compared to 2019, which is in contrast to international trends as Global VC funding to female founders decreased dramatically during the pandemic last year.

The companies with female founders that attracted the most funding operated in healthtech, enterprise solutions, agritech and edtech. This profile contrasts with male founders, who also successfully secured significant funding in the fintech and cleantech sectors.

According to TechIreland:

- 60pc of the funding secured by female founders went to healthtech companies.
- 2pc of the funding went to fintech (it was 16pc for all companies)
- 1pc of the funding went to cleantech (it was 16pc for all companies)
- Female-founded businesses were stronger in edtech (education), whereas male founders dominated in the security and telecoms space.

The TechIreland report also shows that Dublin based female-founded companies received more than 46pc (€48m) of the total funding. However, the report also shows that there were significant investments in female-founded companies across the country, with some large investments in companies located in Kildare, Tipperary, Waterford, Mayo and Cork. While smaller levels of investment were recorded in female-founded companies in several other counties.

The report also reveals that only six female-founded companies in Northern Ireland were successful in securing funding last year. The total raised by female-founded companies in Northern Ireland represents around 4pc of the total funding raised on the island.

Uncomfortable truths

“The €105 million figure is an important milestone and a great tribute to the female founders of the fifty companies that raised this record figure,” said John O’Dea, CEO of TechIreland.

“It also means that Ireland is on par with the UK and is performing better than most EU countries in terms of funding for female tech businesses.”

However, John O’Dea showed just how far women founders need to go before we’ll ever achieve any kind of parity.

“The uncomfortable fact is that female-founded tech companies are still underrepresented with female founders accounting for just 10pc of the total funding raised last year, while only 18pc of the tech companies that raised funding had a female founder.

“There is an urgent need for greater support for female entrepreneurs to create tech businesses and also for the continued promotion of STEM subjects for girls in our educational system.”

And that’s the kicker. Over the past year, as Ireland like many other nations fought to keep its businesses alive in the teeth of a pandemic, some of the most strident voices and some of the bravest acts of entrepreneurship from these shores were women-led.

Ireland boasts some of the [most vibrant voices in women entrepreneurship today](#), whether it is Nora Khaldi of Nuritas, Soapbox Labs’ Patricia Scanlon or Axonista’s Claire McHugh driving technological advances. In recent weeks we wrote about how [Chupi Sweetman is plotting 200 new jobs through a hybrid digital/jewellery business](#), and there are many others whose ambitions are worth noting, such as Fidelma McGuirk of fintech firm Payslip operating out of Mayo and a strong voice for the regions in this regard.

“The record level of funding will encourage and inspire more women to pursue their ambitions and build their own tech companies,” said [Martina Fitzgerald, CEO of Scale Ireland](#). “However, the overall picture is stark in terms of the total number of female founders and the level of funding they are receiving. This highlights the need for additional support and training for women to develop their own tech business.”

The strong supports from Enterprise Ireland are making a difference. “Enterprise Ireland’s strategy is to increase the diversity of founders as diverse management leads to better decision making, helps attract and retain talent and ultimately increases profitability. While this is much broader than gender, we continue to work to deliver our target of 30pc of HPSUs led by female founders by 2025.”

Important programmes such as ACORNS and Going for Growth are also definitely playing their part but we more than likely need something more and ambitious. You can’t manufacture entrepreneurs, but you can help people to believe in themselves.

“I founded Payslip in 2016 in Westport,” Fidelma McGuirk pointed out. “If you develop an innovative solution for an unserved market with courage and conviction, you can base your technology business anywhere in Ireland. Whether you are in Mayo or Dublin, male or female, there are strong supports and funding available, to help you achieve your ambitions.”

Time to invest in leadership as well as ideas

A kernel of truth in the numbers lies around the words “women-led” or “co-founded by women.” How many Irish companies can honestly say they are elevating sufficient numbers of women to senior management and board roles?

There is an opportunity here to examine the role women play in established companies, not just promising new companies. When we think of scale-ups we can include established businesses that want grow to the next level across a variety of areas, not just in exports and job numbers, but also in terms of management expertise and professionalism.

Yes, you can inspire people to start businesses. But within existing businesses, what can we do to help them prepare the next generations of leaders. Can the State play a greater role in helping businesses to invest in training and educating their future leaders and grasp the thorny subject of succession?

Elaine Coughlan, managing partner and founder of Atlantic Bridge VC makes a valid point: “40pc of our senior investment team at Atlantic Bridge are women. So, it’s perhaps no coincidence that 40pc of our portfolio companies also have a female in a leadership position. We recognise that diversity in the management team leads to better decision making, helps attract and retain talent and ultimately increases profitability.”

As Ireland emerges from the pandemic, the spotlight will no longer be solely on hot new start-ups, but on competent and assured high-performing businesses with scale-up ambitions and potential. Anyone who watches the funding situation knows that there is a dearth of funding for early-stage companies but an abundance of funding for scaling, established players.

Gender diversity across funding is just one measure of how business needs to change in an economy like that of Ireland. We need to look at the management and boardroom situation.

It’s not just about the number of women-led start-ups that attain funding, but increasing diversity in leadership at established and scaling companies that will play a more decisive role in moving the dial.

Invest in people and the picture will surely change.

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