Year End
2024

The State of Venture 2.0 Worldwide

Decile Group

Overview

Emerging Managers Transforming Venture Capital in 2024

The year 2024 was an exciting period of transformation in venture capital, particularly among new and emerging managers. This end-of-year report combines findings from both quantitative and qualitative data, which capture notable shifts in emerging managers' profiles, fund structures, and key success factors. Understanding these changes happening at the emerging manager level provides valuable insights into the future of the venture capital industry as a whole, as well as its trajectory in 2025.

The report explores four key questions driving industry change:
1) Who are the emerging managers entering venture capital?
2) How do new managers approach firm-building and fundraising?
3) What are indicators of success and failure amongst emerging funds?
4) What sectors define current investment trends?

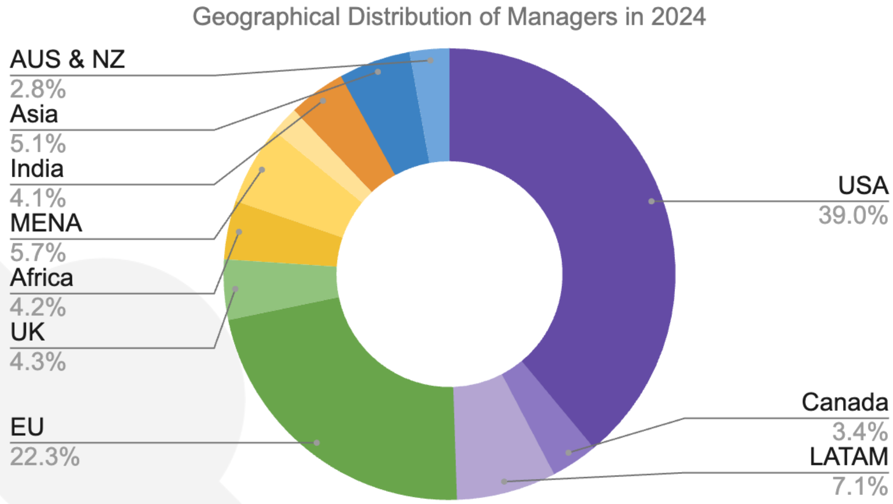
The data comes from Decile Group's VC Lab program, which provides a representative sample of new and emerging managers in the venture capital industry. On average, 850 new and emerging VC firms participate annually, and approximately half of all VC firms that launch worldwide take part in VC Lab. Therefore, insights from this data serve as a reliable indicator of how a new generation of managers is reshaping the industry and what this means for 2025.

The Managers

Geography

A More Global Landscape

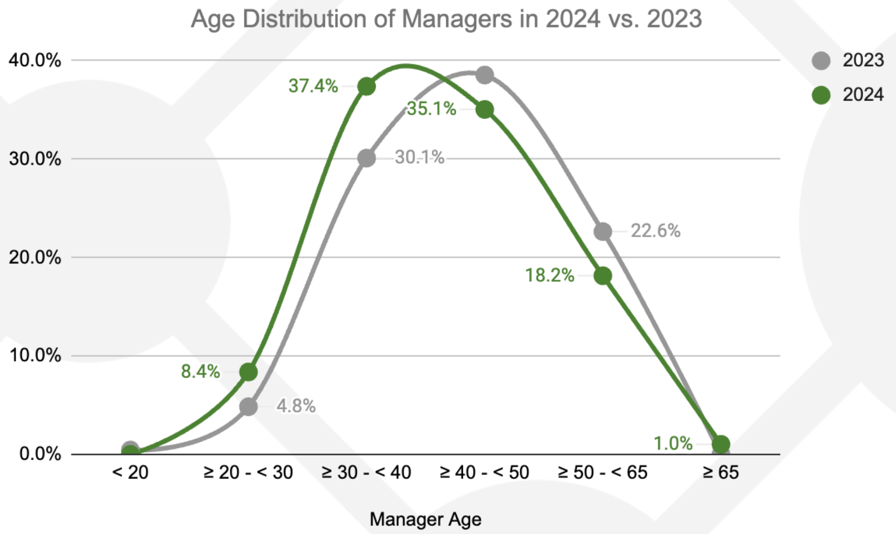
New and emerging managers in venture capital demonstrated increasing geographic diversity, representing at least **97 different countries in 2024**. While US (39.0%) and EU (22.3%) managers lead in fund creation, other regions, including MENA and Africa (combined ~10%), show meaningful presence. This shift in regional representation indicates venture capital's expanding global reach and suggests increasing opportunities for new and emerging managers across diverse markets.



Demographics

The Surge of Younger Managers

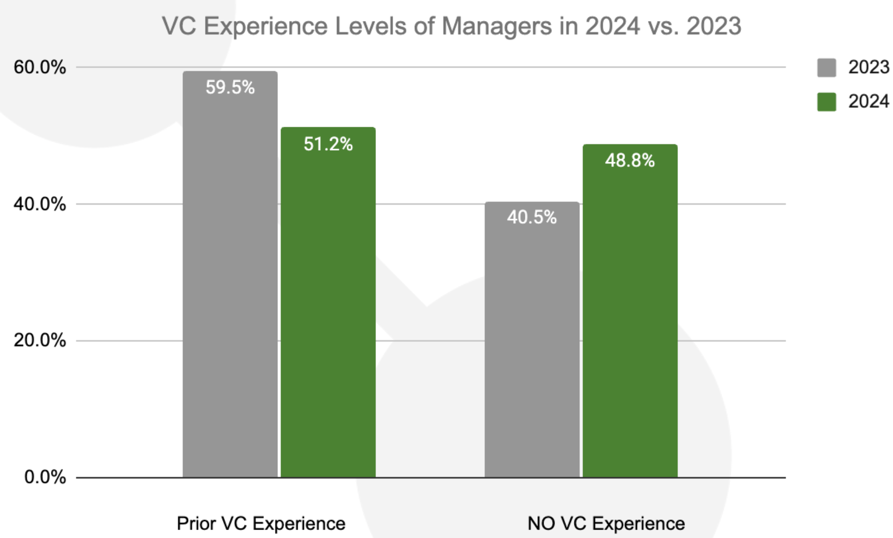
The venture capital industry continues to diversify from its traditionally male-dominated structure, with **female and non-binary managers** increasing from 25% in 2023 to **27% in 2024**, reflecting sustained efforts to improve inclusivity across the sector. The industry is simultaneously experiencing a significant shift in age demographics, with **managers under 40** growing from 35% in 2023 to **46% in 2024**. This surge in younger leadership indicates both lower barriers to entry and a broader transformation in how new funds are being created and managed.

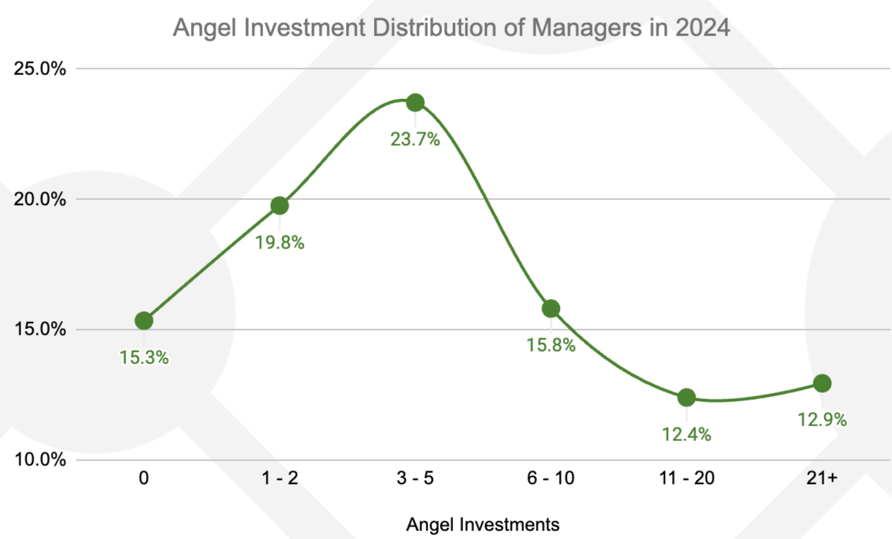


Backgrounds

The Rising Trend of Cross-Industry Experience

The percentage of managers transitioning into venture capital from other industries increased from 40.5% in 2023 to 48.8% in 2024. Additionally, to underscore their diverse professional backgrounds, 60% of new managers in 2024 reported having made five or fewer angel investments before launching their funds. This data reflects a **broadening of pathways into venture capital**, bringing fresh perspectives and skill sets into the industry.



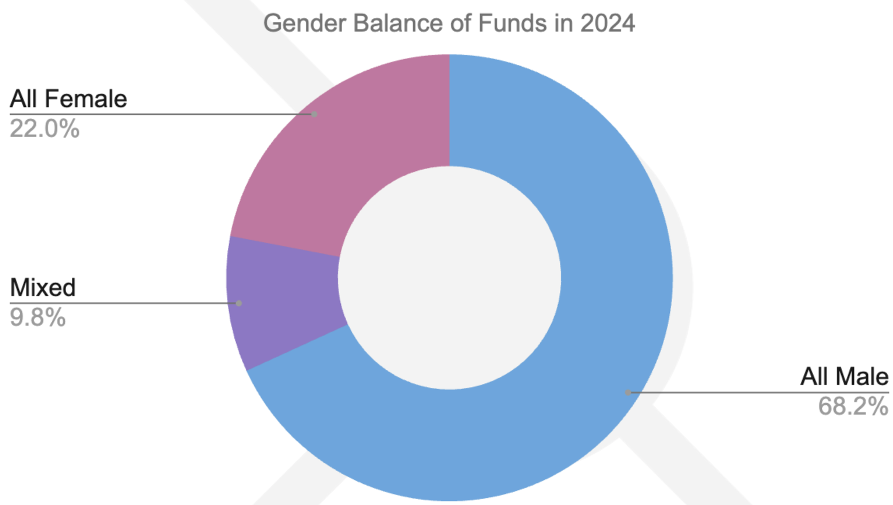


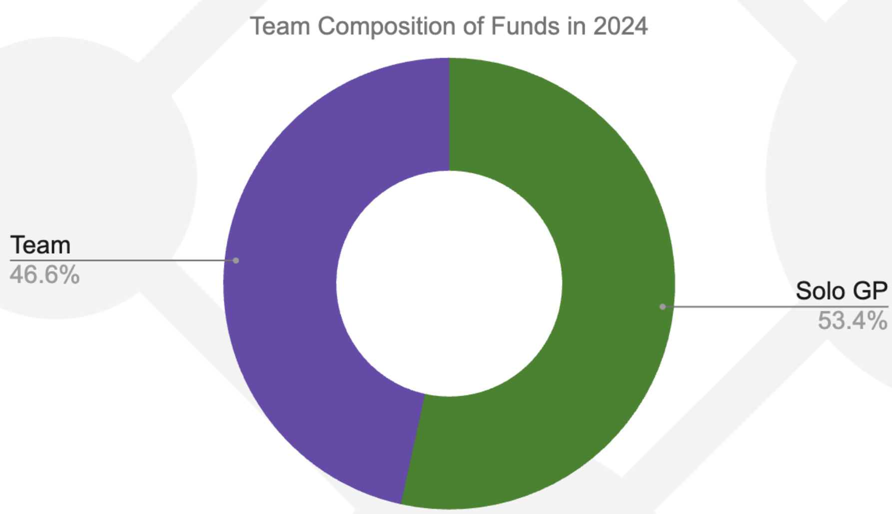
The Funds

Fund Composition

Solo GPs and Smaller Fund Targets are the New Norm

Solo GPs now represent a significant portion of fund structures with **53.4% in 2024**, comparable to team-led funds with 46.6%, indicating both models are viable paths in modern venture capital. This balanced distribution, along with the increase in **women-led and mixed-gender teams** from 27% in 2023 to **32% in 2024**, signals growing industry accessibility. The reduced operational complexity of modern fund management and institutional investors' increasing acceptance of diverse team setups suggest a transformation toward a more inclusive venture ecosystem.

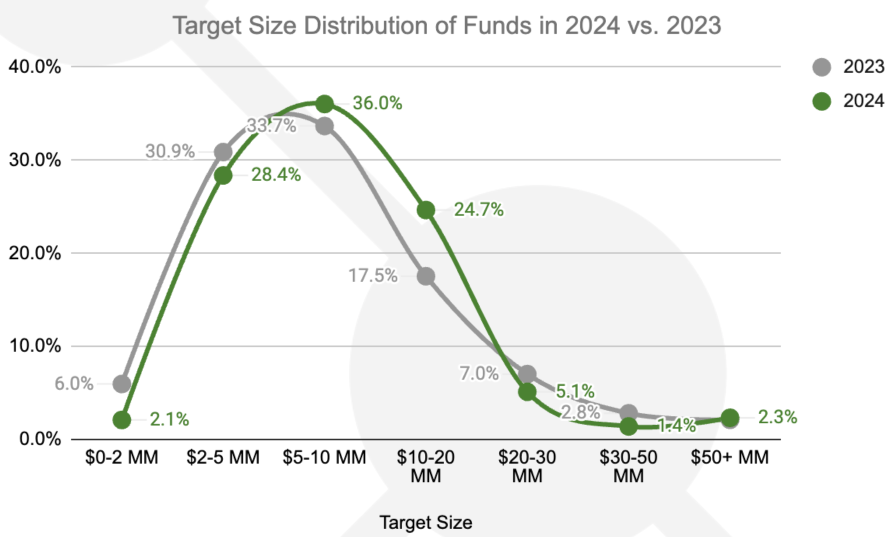




Target Size

Low Fund Target Sizes Prevail

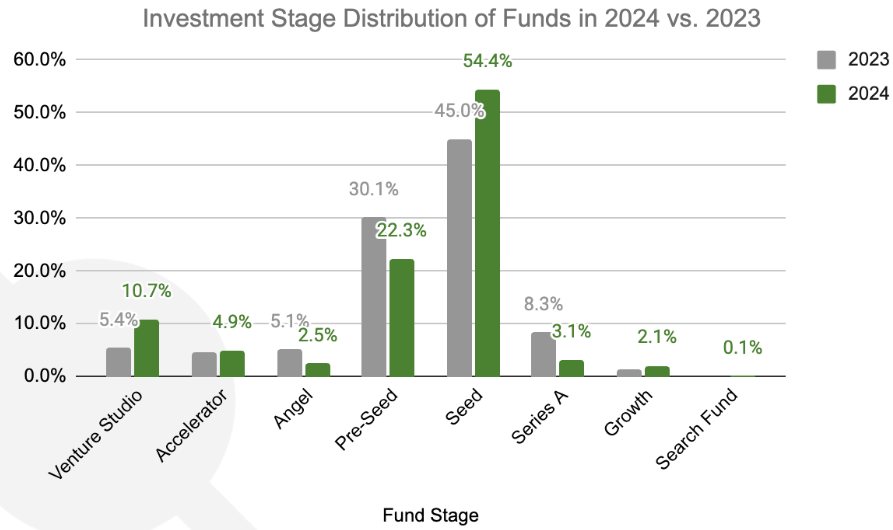
In 2024 managers targeted equally small minimum target fund sizes, with **67% of new funds targeting under $10 million in 2024** compared to 71% in 2023. Echoing Decile Group's advice for first-time managers launching proof-of-concept funds, the concentration in the $2-10 million range aligns with the strategy of keeping initial fund size targets lower while aiming to oversubscribe by at least 2x. This approach enables new managers to establish a track record faster by raising capital, deploying it, and generating markups more quickly before going out to the market and raising a subsequent fund.



Fund Stage

Early-Stage Focus Continues with a Shift Toward Seed Funding

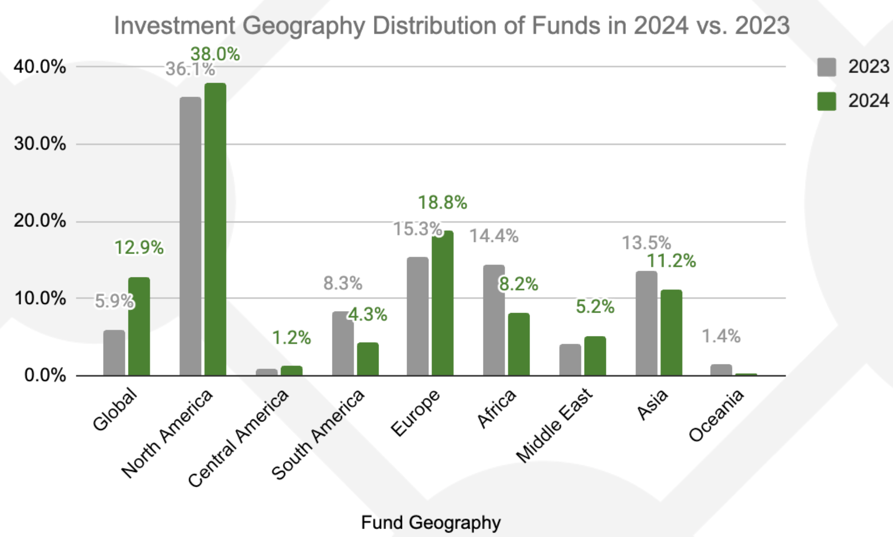
Early-stage investing remains central to emerging manager strategies, with **94.7% of firms focusing on seed stage or earlier in 2024**. Within this early stage bracket, the data shows a shift toward slightly later entry points, with seed-stage funds increasing from 45% in 2023 to 54.4% in 2024, while pre-seed focus decreased from 30.1% in 2023 to 22.3% in 2024. Notably, **venture studio models doubled to 10.7% in 2024**, suggesting that venture studio operators seek deeper involvement in startup formation and early value creation.



Fund Geography

North America and Europe Continue to Dominate

The data highlights **North America and Europe** as the leading regions for new managers, collectively accounting for **56.7% in 2024**, up from 51.4% in 2023. This concentration on established markets aligns with the infrastructure needs of AI and DeepTech development, particularly access to specialized talent pools and research institutions. Meanwhile, focus on emerging markets has declined to 13.7% in 2024 from 23.6% in 2023, reflecting current risk-averse fundraising conditions and investor preference for regions with proven venture ecosystems and exit pathways.

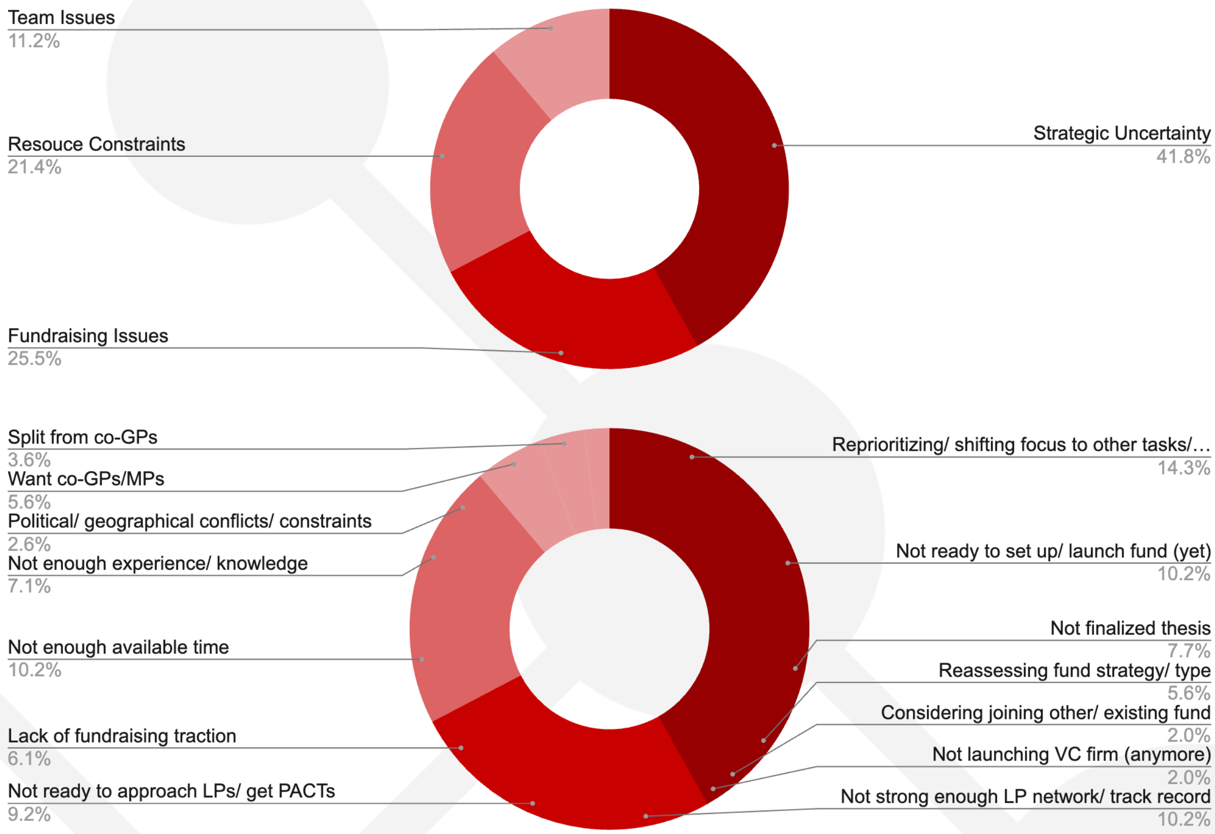


Launching a New VC Fund

Learning from Successes and Failures

Reasons for Failure

Discontinuation Reasons by Managers in 2023-2024



Across the last 5 cohorts of Decile Group's VC Lab program, a qualitative analysis of the reasons why participants discontinued their participation reveals a number of barriers to entry into venture capital and suggests that emerging managers require a certain level of prior preparation across four critical areas to launch their VC funds:

Strategic Uncertainty (41.8%)

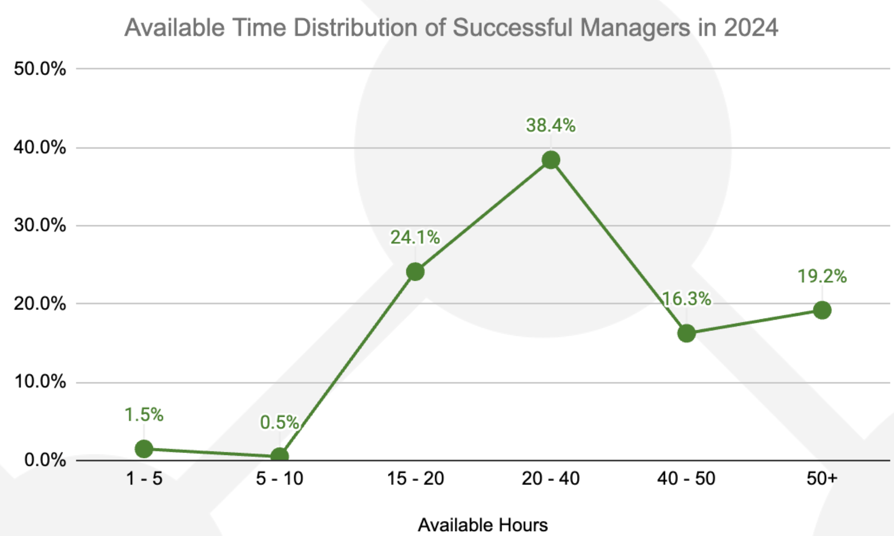
The data indicates that strategic uncertainty is the most significant challenge for new and emerging managers. About 14% of managers reprioritized other professional opportunities, while 10.2% were not ready to launch. Another 7.7% hadn't finalized their investment thesis, 5.6% were reassessing their fund strategy or type, and 2% were considering joining existing funds. This pattern indicates that aspiring managers could benefit from clarifying their vision and goals, and deciding on their desired fund type and focus before the fund launch process.

Fundraising Issues (25.5%)

The second most common challenge appears to be related to fundraising issues. Approximately 10% of managers cited insufficient LP networks as the primary reason for putting an end to their firm-launching efforts. Approximately 9% weren't prepared to approach LPs, while 6.1% mentioned they were not generating the required fundraising traction. These numbers suggest that building relationships with potential investors and gauging their interest before fund formation could be beneficial.

Resource Constraints (21.4%)

Resource constraints emerged as a notable challenge for emerging managers. Lack of time availability affected 10.2% of managers. These findings highlight the challenges of firm-building, with nearly 40% of successful managers dedicating at least 20 hours per week to launching their funds. Geographical and political constraints impacted 2.6%, while financial limitations affected 1.5%, showing the importance of geopolitical shifts and resource planning for new and emerging fund managers.



Team Issues (11.2%)

While representing the smallest category, team dynamics presented notable challenges. Approximately 5.6% wanted to find co-GPs, 3.6% experienced splits from existing partners, and 2% faced disagreements among fund managers. This might indicate that careful consideration of team structure and alignment, or alternatively, a deliberate solo GP strategy, could be valuable in the fund formation process.

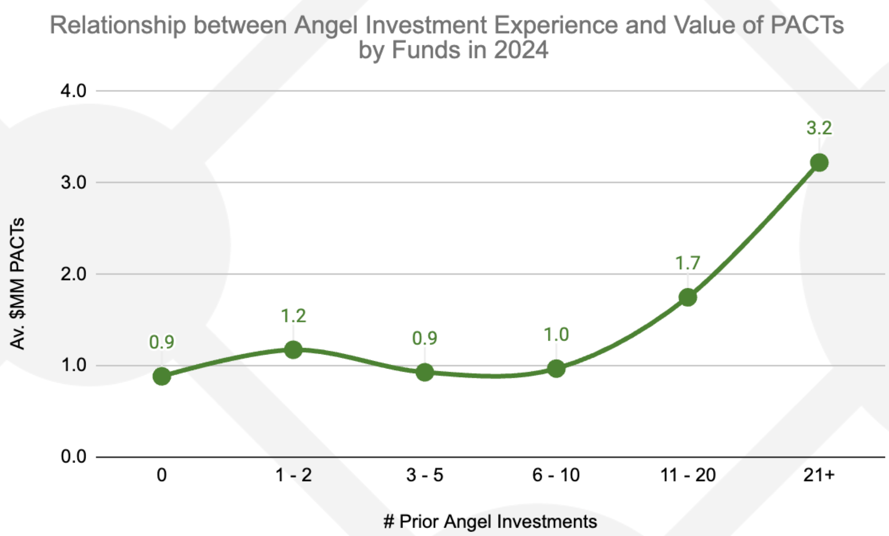
Key Success Factors

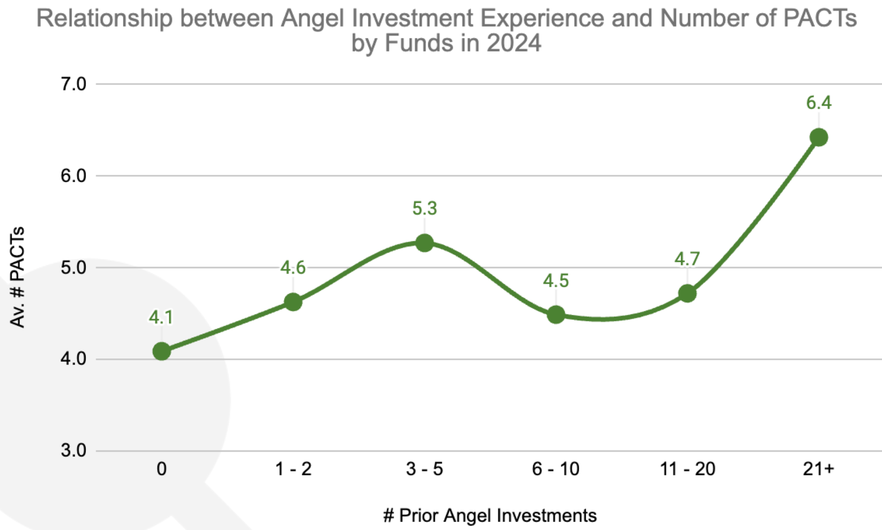
Using data from the latest 4 cohorts of Decile Group's VC Lab program that concluded in 2024, a quantitative analysis was conducted to identify potential predictors of fundraising success. The performance metrics used were the number and value of PACTs, which are non-binding letters of intent signed by investors to indicate their desire to invest a specific amount of money into a venture capital fund. The following 5 success indicators were identified:

Angel Investments

The data from 2024 shows that GPs with prior investment experience tended to be more successful in securing LP commitments. This trend was supported by a separate statistical analysis of data from 2022-2023, which found significant positive correlations (r = .11 to .17, p < .001) between prior investment experience and success metrics, including the number and value of signed PACTs during fundraising, as well as the volume of closed capital.

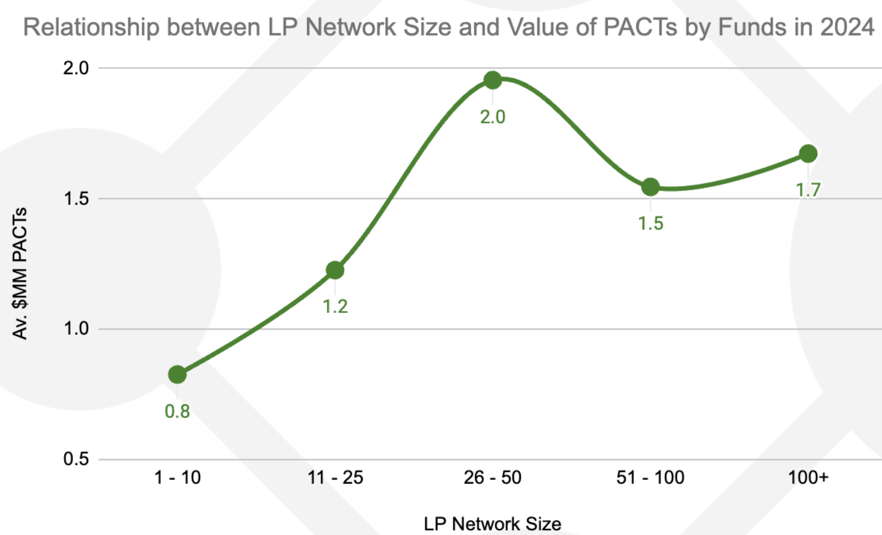
However, the 2024 data reveals that these relationships aren't perfectly linear. While PACT volumes per firm increased from an average of $900 thousand for those led by fund managers who had made zero angel investments to $3.2 million for managers who had made 21+ angel investments, and average numbers of signed PACTs rose from 4.1 to 6.4 respectively, the progressions show varying rates of increase. Coupled with the previously mentioned finding that 60% of new and emerging managers in 2024 had made five or fewer angel investments before launching their funds, these insights suggest that **while prior investment track record provides advantages in terms of practical experience, it's not a barrier to entry for less experienced managers**.





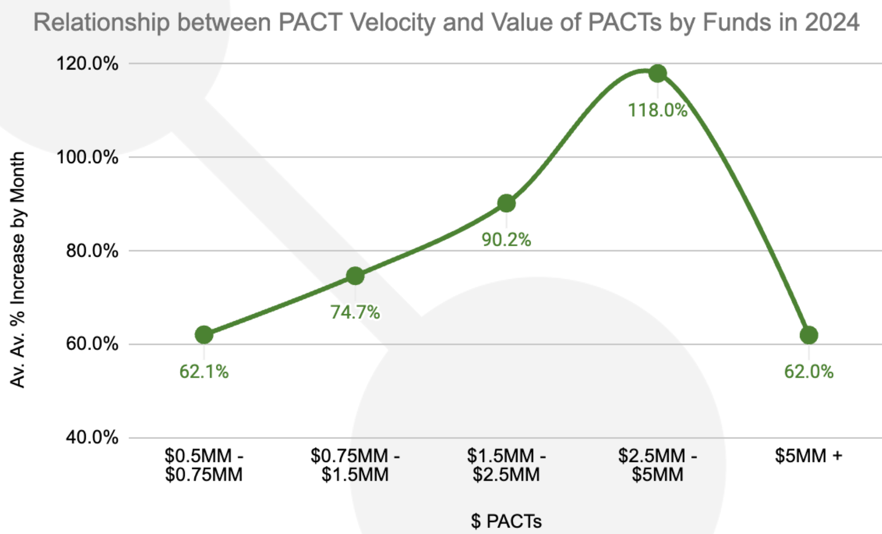
LP Network

Another positive relationship seems to exist between LP network size and PACT volume. However, the 2024 data indicates that **managers with 26-50 LPs in their networks achieved peak average commitment totals** during the early stages of firm building, securing an average of $2.0 million in PACTs per firm. In contrast, managers who reported LP network sizes beyond this range were overall slightly less successful in their fundraising. This pattern suggests that managers maintaining focused LP networks are able to engage more effectively with their LPs, maintain stronger communications, and convert interest into commitments more efficiently than those attempting to manage broader networks.



PACT Velocity

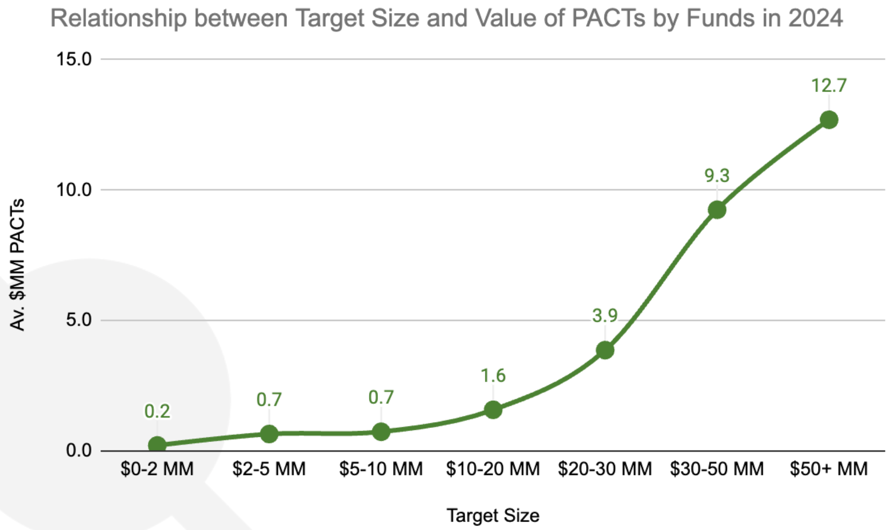
A similar positive relationship seems to exist between PACT velocity, measured as the average percentage increase in PACT volume by month in the early stages of fundraising, and the value of commitments obtained. Results show that **managers who doubled their hard commitments from LPs every month secured higher commitment totals** up to $2.5-5 million before their first closes. Beyond a total of $5 million in total commitments, monthly growth targets can be adjusted to approximately 60% to keep realistic momentum, as doubling may become less attainable at larger commitment levels.



Target Size

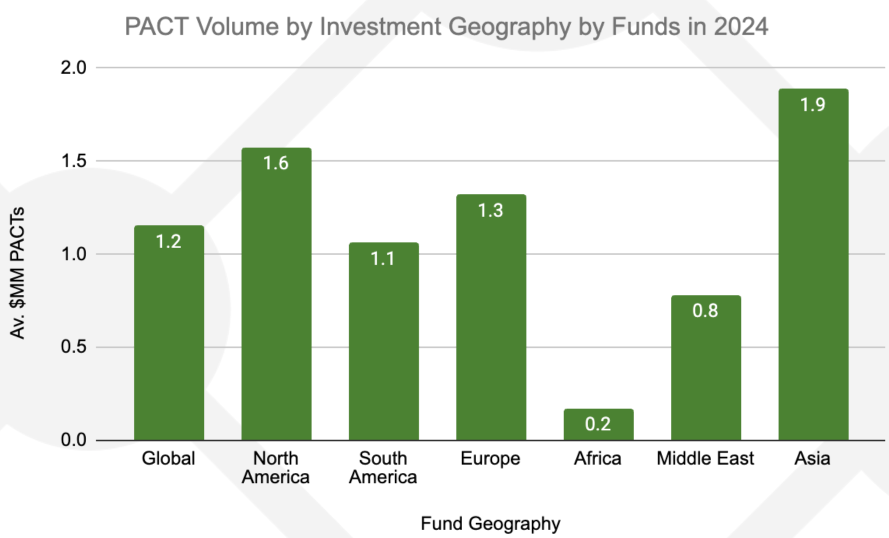
The 2024 data further reveals that larger funds attract higher PACT volumes during the first 3 months of fundraising. However, in the given sample, only 8% of fund managers targeted fund sizes beyond $20 million and most of them were launching their second or later funds. Therefore, this apparent trend is likely more attributable to these managers being more experienced and further along in their fundraising, enabling them to approach larger LPs, rather than a direct relationship between fund size and PACT volume in the first 3 months.

The data only shows a slight upward trend in PACT volume as fund sizes increase towards $10 million, suggesting funds with larger fund sizes in this range may have only somewhat more traction with investors. Therefore, **first-time managers should prioritize successful launch over fund size**, targeting smaller fund sizes below $10 million and treating these as pilot funds. This strategy should allow new managers to build a track record and LP relationships before pursuing larger funds in subsequent raises.



Fund Geography

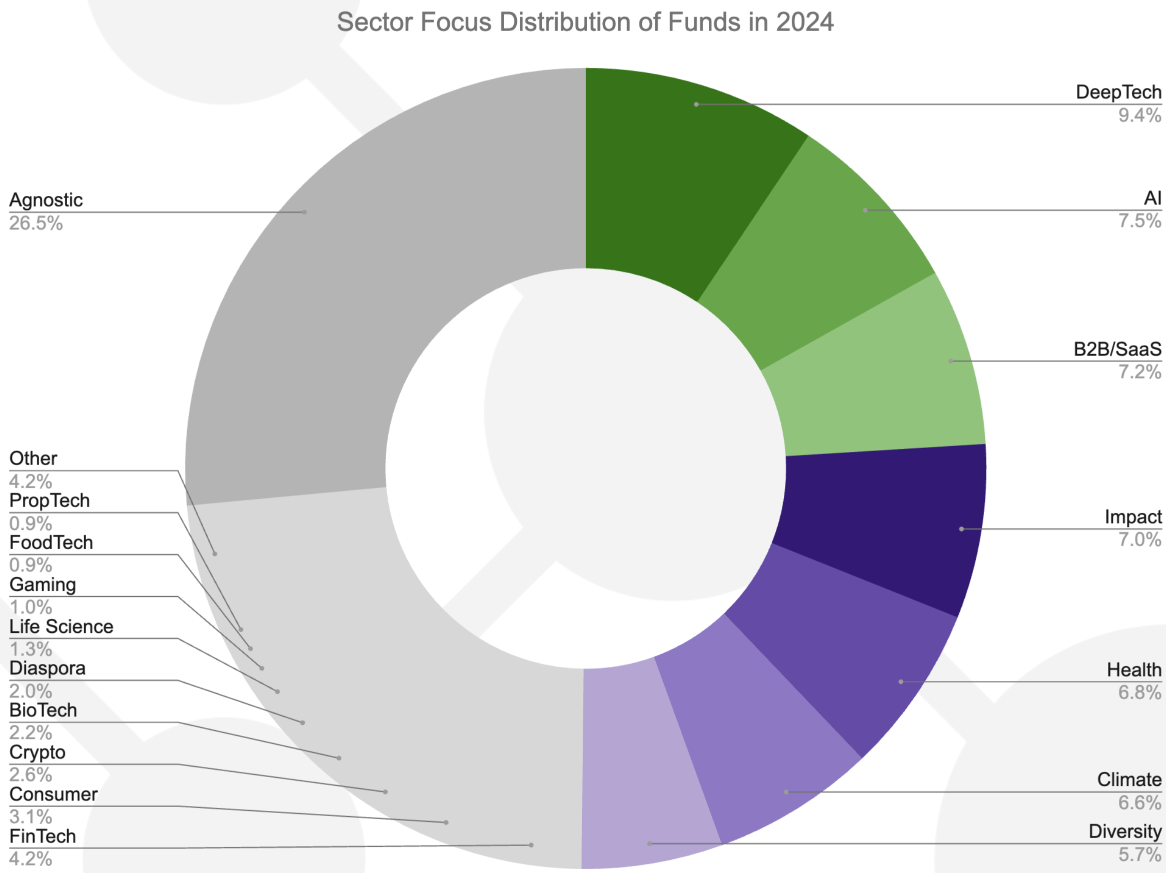
Although fund managers showed increased interest in established venture markets in 2024, as shown by earlier results, LP interest in funds focusing on certain regions outside North America and Europe remains robust. The 2024 data shows **comparable PACT volumes for funds targeting South America (average $ PACTs = $1.1MM) and Asia ($1.9MM) versus North America ($1.6MM) and Europe ($1.3MM)**. In 2025, this sustained LP interest in geographical diversification could encourage more emerging managers to explore these high-potential markets despite current risk-averse conditions.



Trends

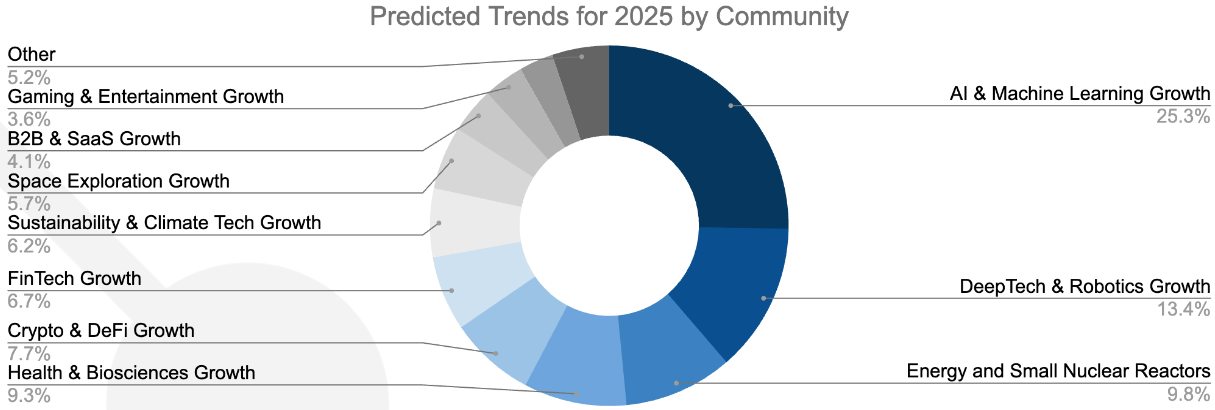
The Sectors Leading the Way

Further analysis of the 2024 data shows that 73.5% of new managers chose sector-specific investment strategies, while 26.5% preferred an agnostic focus. Among sector-focused funds, **DeepTech (9.4%), AI (7.5%), and B2B/SaaS (7.2%) collectively represented 24% in 2024**. Impact-focused investments maintained strong representation, with Impact (7%), Health (6.8%), Climate (6.6%), and Diversity (5.7%) collectively accounting for 26% of funds' investment foci, demonstrating continued commitment to mission-driven venture capital.



In addition, based on Decile Group's Q4 2024 Venture Trends survey, the venture community strongly projects **AI & Machine Learning to dominate 2025** investment focus at 25.3%, followed by DeepTech & Robotics (13.4%), and Energy & Small Nuclear Reactors (9.8%), collectively representing 48.5% of projected focus areas.

The following sectors show notably lower projected importance: Health & Biosciences (9.3%), Crypto & DeFi (7.7%), FinTech (6.7%), and ClimateTech (5.7%). This distribution indicates that while impact-related sectors maintain some interest, the community expects advanced technological innovation, particularly in AI and DeepTech, to be substantially more prominent in 2025.



Key Takeaways

Data from Decile Group's VC Lab program in 2024 reveals a venture capital industry undergoing significant transformation, with a more diverse pool of managers and evolving fund structures. New and emerging manager demographics show increased representation from a wide range of different countries, women and younger individuals, with nearly half transitioning into venture capital from other industries. Fund structures reflect this shift towards greater accessibility, featuring a balanced mix of solo GPs and team-led funds, with a third of teams including women. Most emerging managers target smaller initial fund sizes under $10 million, focusing on seed stage or earlier investments, with North America and Europe regaining traction as favored regions for fund launches.

The data also shows that new managers need to prepare for the challenges identified in the report when planning to launch their funds, including strategic uncertainty, fundraising difficulties, resource constraints, and team issues. However, success indicators suggest that while prior VC and angel investing experience is helpful, it is not a strict requirement. Most importantly, managers who have targeted LP networks of 26-50 LPs and are able to double their PACT volume on a monthly basis may achieve greater fundraising success.

Looking ahead to 2025, the Decile Group community projects that sector-specific funds will continue to dominate, with AI/ML, DeepTech/Robotics, and Energy/Small Nuclear Reactors accounting for nearly half of the investment focus. Impact sectors are expected to maintain some interest, but the emphasis will be on advanced technology and sustainable innovation. As the venture capital landscape evolves, emerging managers who aim for reasonable fund sizes, can build focused LP networks and maintain fundraising momentum will be well-positioned to capitalize on the opportunities presented by an increasingly diverse and dynamic industry.