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Thrive Capital Raises \$5 Billion for Venture Funds on Heels of OpenAI Bet

The fundraising reflects optimism over artificial intelligence despite the startup sector's broader struggles

By *Berber Jin* Follow

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Founder Josh Kushner has overseen Thrive Capital as it has endeared itself to many Silicon Valley startups. PHOTO: JAMIE MCCARTHY/GETTY IMAGES

Thrive Capital raised \$5 billion for its largest-ever pair of venture-capital funds, a sign of how the AI boom is encouraging some startup investors to go big again after a period of retrenchment.

On Sunday, Thrive told its investors that it had received commitments for the full amount, which marks its biggest-ever fundraising and is among the largest completed this year by a venture firm. The New York-based firm last raised \$3 billion two years ago.

Thrive, founded 15 years ago by Josh Kushner, has gained greater prominence in Silicon Valley startup circles thanks to its close relationship with OpenAI, the ChatGPT maker helmed by CEO Sam Altman that kicked off the AI boom. Thrive first backed OpenAI in April 2023 and has invested hundreds of millions of dollars into the startup. Thrive also has invested in other AI startups recently, including Scale AI, and non-AI firms such as the movie studio A24.

The venture firm's new fundraising haul is a bet on the future of the venture-capital industry, which is still reeling from the tech crash of two years ago. At the time, interest rate increases dried up the funding that had propelled a long bull run in startup valuations, which caused many startups to scale back or close shop.

Few companies in the past two years have managed the kind of successful exits that deliver returns to venture investors, because of a sluggish IPO market and antitrust scrutiny that has dampened acquisitions. Some venture firms scaled back the size of their funds after struggling to garner interest from investors.



OpenAI, led by CEO Sam Altman, seen here addressing a summit audience, counts Thrive as a backer.
PHOTO: FABRICE COFFRINI/AGENCE FRANCE-PRESSE/GETTY IMAGES

Venture capitalists lately have been focusing their attention on AI, a technology that they overwhelmingly say will produce a transformation at least as important as the internet. The excitement fueled an investment frenzy, with AI startups often getting funding before they had a business plan or formal name. Earlier this year, top venture firms including Andreessen Horowitz and

Benchmark rebranded some of their funds to signal a renewed focus on the technology.

So far, the costs required to train generative AI models have vastly exceeded the revenue coming from the technology. Once-leading AI startups, including Inflection and Adept, have also resorted to bailouts from big tech firms after struggling to find a market for their products.

Led by Kushner, Thrive made AI a focus of its fundraising pitch. The firm touted its close relationship with OpenAI to investors and said the company helped it win a recent investment into the robotics startup Physical Intelligence.

Since Kushner, now 39 years old, founded Thrive, the firm has backed technology companies including Instagram, GitHub, and Spotify. Thrive was the first investor in Oscar Health, a health insurance firm co-founded by Kushner that went public in 2021. Oscar's stock is up sharply this year but is still less than half its peak value soon after its debut.

In 2023, Thrive raised around \$1.8 billion to invest into Stripe at a \$50 billion valuation—the largest check the firm has ever written. The payments provider is the third-most valuable U.S. startup after Elon Musk's SpaceX and OpenAI. Thrive first backed Stripe in 2014.

Beyond technology, Kushner has close connections to the entertainment and finance industries. He led the firm's 2020 investment in Skims, Kim Kardashian's shapewear brand. In January 2023, a group of investors including Walt Disney CEO Bob Iger and KKR co-founder Henry Kravis bought a minority stake in Thrive in a deal valuing the venture firm at \$5.3 billion, The Wall Street Journal reported.

Kushner is married to model Karlie Kloss and is the younger brother of Jared Kushner, the private-equity investor who previously served as a senior White House adviser under former President Donald Trump. Josh Kushner and Kloss purchased Life magazine in March and intend to release its first issue next year.

Thrive's newest fundraising will be split between a \$1 billion early-stage venture fund and a \$4 billion fund dedicated to later-stage investments. The firm is a generalist investor, meaning it doesn't limit itself to backing specific industries.

Thrive's investors have credited the approach for helping the firm steer clear of the crypto startup boom that eventually came crashing down a few years later.

“The technological breakthroughs that will occur over the next years will be unlike anything we have ever experienced before,” Kushner wrote in a letter to announce the funds to Thrive's investors.

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