



OpenAI CEO Sam Altman, second from left, and Thrive Capital founder Josh Kushner, far right, at the Sun Valley conference in July. Photo by Getty.

Why Josh Kushner Became OpenAI's Fundraising Sherpa

Thrive Capital's repeat investments in OpenAI establish Kushner as “the guy you call in AI” while further tying his reputation—and fund returns—to OpenAI's success.



By Kate Clark and Natasha Mascarenhas

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In mid-July, OpenAI CEO Sam Altman flew into Idaho to mingle with entertainment and tech elites at the annual Sun Valley retreat. Among those by Altman's side was Josh Kushner, founder of Thrive Capital, the New York venture capital firm that had led a recent share sale valuing the ChatGPT maker at \$86 billion.

Less than a month later, Altman publicly gave Kushner a pat on the back. Replying to news that Thrive had just raised \$5 billion in new funds, Altman posted on X that among the “many great investors” he's worked with, “there is no one I'd recommend more highly than Josh.”

The Takeaway

- New OpenAI round will deepen Thrive's strategy of doubling down on favorite startups
- Kushner may go further and help secure other investors

- High costs of AI development have pushed other VC firms into similar arrangements

Altman had every reason to cheer on Kushner. Thrive is expected to be one of the largest investors in a new funding round for OpenAI that's likely to value it over \$120 billion, say existing OpenAI investors.

Thrive's investment would cement its strategy of taking big swings on a small number of companies, bucking the traditional VC playbook of buying stakes in numerous startups in the hope that one takes off like a rocket ship.

Kushner, who is 39, is "waving a flag and saying we are not afraid of making very large investments in capital-intensive industries," said Andrew Borovsky, a longtime Kushner friend and CEO of Visible, a Thrive-backed fintech startup.

"Do you bother making 10 small investments, which are probably all built [using OpenAI technology,] or do you go for the monopoly—the elephant in the room—and place your stake there?" added Borovsky, who said he didn't have knowledge of the OpenAI round.

Kushner, through a spokesperson, declined to comment. OpenAI declined to comment.

Thrive is not the first VC firm to try this approach. [Andreessen Horowitz](#) and [Tiger Global Management](#) also famously doubled down on favorite startups during the low-interest-rate funding boom, leading multiple rounds and adding to positions by buying shares from other holders. But they also placed bets on many more startups compared to Thrive, which has backed only 165 since 2020, estimates PitchBook, compared to Andreessen Horowitz's 200 investments in 2023 alone.

It's also rare for venture capitalists to hitch so much of their reputations—and their firm's capital—to a single company and set of founders. Some such investments, such as Founders Fund's [\\$875 million investment](#) in Anduril, have yet to fully play out. Others, such as SoftBank's [\\$18 billion bet](#) on WeWork, have backfired.

The possible size of the OpenAI investment would similarly bind Thrive's fortunes to OpenAI's. Thrive has committed to investing \$1 billion in OpenAI as part of the multibillion-dollar funding round, according to The Wall Street Journal, which also reported that Apple and Nvidia could invest.

Microsoft, which has already invested \$13 billion in OpenAI, is involved in the deal talks and is expected to participate in the round, according to a person familiar with the matter. Microsoft is still discussing whether the investment would be through credits for its cloud computing service, cash or a mix of both, the person said.

OpenAI, which is [on pace to lose billions of dollars this year](#), requires so much capital that Kushner could play a key role in arranging funding as well, OpenAI investors say. That's a contrast with most venture capitalists, who typically don't spend much time raising additional money on behalf of startups after their initial investments.

But cash-hungry companies like OpenAI require near-constant fundraising at this stage.

"The amounts that are going into these AI startups are so huge that it is becoming difficult for any one entity to commit that much capital," said Mike Kubzansky, CEO of Omidyar Network, a [small investor](#) in Anthropic.

Any new investors have to accept OpenAI's unusual structure as a for-profit unit of a nonprofit organization in which investors don't get traditional equity for their cash. Instead, they receive units that promise a slice of the company's profits—once it starts to generate them. That structure has turned away [some would-be](#) OpenAI investors, though [Altman and his board of directors are planning to change it to a for-profit business](#).

Kushner is pursuing an all-in approach at a fraught time for OpenAI. While OpenAI quickly doubled monthly revenue to more than \$280 million as of June compared to late last year, it's grappling with steep costs and mounting competition. An exodus of key leaders lately has also been a concern for OpenAI investors.

Thrive could lower that risk by raising part of the capital for OpenAI through a special purpose vehicle, a fund that pools money to invest in a specific startup. VC firms have increasingly been using them to avoid overweighting their general funds with one company's shares and as a way to give limited partners direct exposure to a company.

Thrive last year raised over \$700 million for an SPV to buy Stripe shares with participation from pension fund giant California Public Employees' Retirement System, The Information reported. Later, after agreeing to lead the OpenAI sale of existing shares that valued the company at \$86 billion, Thrive formed an SPV to allow its LPs more exposure in OpenAI.

Thrive's OpenAI Stakes

Thrive has repeatedly increased its investments as OpenAI's valuation has surged.

Date	Valuation	Primary/Secondary
Early 2023	\$27B	Secondary
Early 2024	\$86B	Secondary
Late 2024	\$120B*	Primary

* Expected

Source: The Information reporting

VC firms can also earn lucrative fees on such SPVs, though in some cases, such as Thrive's Stripe SPV, they waive them. Thrive's LPs, or backers, include the endowment for Princeton University, General Catalyst and CalPERS.

Assisting in the fundraise by helping Altman secure the billions in capital that OpenAI needs would give Kushner more sway with its CEO. It could also get Thrive earlier access to future Altman projects, such as a chip or data center business he's discussed starting separately from OpenAI, say people who know him.

"This gives you the greatest beachhead from which you can go and attack the rest of the industry," said Borovsky.

A Few Big Bets

Founded in 2010, Thrive gained a reputation for an early stake in Instagram that quickly doubled its investment. As Thrive grew, it made investments in consumer startups like Warby Parker and Glossier.

More recently, it's focused on writing large checks for high-profile companies, including Stripe and credit card startup Ramp. Thrive led a March 2023 financing that valued Stripe at \$50 billion. The same year, it co-led a Ramp financing that valued the company at \$5.8 billion, then reinvested in Ramp this year at \$7.7 billion.

The firm's check sizes have swelled as it has raised larger funds, pushing Kushner, the quiet and reserved brother of Donald Trump's son-in-law, Jared Kushner, further into the spotlight.

Raising large funds helps Thrive compete for deals with blue-chip Silicon Valley firms such Sequoia Capital and Andreessen Horowitz, though Thrive has taken a different approach when it comes to artificial intelligence.

Thrive has led only three announced investments in generative AI companies over the last two years, according to [The Information's Generative AI Database](#). These include Essential AI, a startup founded by former Google researchers developing AI models for enterprises; Physical Intelligence, a startup building AI models for robotics; and OpenAI. Earlier this year, Thrive also participated in a \$1 billion investment in Scale AI, which valued the data-labeling startup at \$14 billion.

That's far less activity than the database shows for Sequoia and Andreessen Horowitz, which each have led more than 20 announced AI funding rounds in the last two years.

Thrive's massive investment in OpenAI is "Josh's effort to be the guy you call in AI," said a founder of a large VC firm. "It makes him very visible" and gives Thrive the appearance of having "unlimited check-writing power."

OpenAI rivals such as Anthropic, Mistral AI and Cohere have collectively raised billions of dollars to pay for computing costs to train their AI models. The intense capital needs have prompted other VC firms to use SPVs to gather enough cash for AI investments.

Late last year, [Menlo Ventures](#) agreed to lead an investment in OpenAI rival Anthropic that's risen to \$1 billion. In addition to investing fund capital, Menlo raised money from outside investors using an SPV, [The Information](#) previously [reported](#).

Matt Murphy, a partner at Menlo Ventures, said raising additional capital for Anthropic through an SPV enabled Menlo to lead the round and to "get a lot closer to the company and have a more active role," he said.

When venture capitalists raise large SPVs, "you're doing the company a little favor," as well as benefiting the LPs that choose to participate, he added. **T**

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