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# The 2025 Fundraising Guide - Backed by Research, Facts & Figures

Synthesizing Insights From the Data

ANDRE RETTERATH AND JEROME JAGGI

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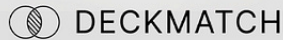
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Hi there!

We hope you enjoyed the first day of our [Virtual DDVC Summit](#) as much as we did. If you missed some of the sessions, you'll be able to access the recordings until next week. Before we get started with the second conference day, let's dive into a frequently and oftentimes controversially discussed topic: Fundraising.

## Why is fundraising such a pain?

Raising capital is one of the toughest decisions for founders as it's not only a financial decision but also a strategic one. It's not just about the money but also about the relationships you build along the way.

directional for your future equity story and path to success but also - in most cases - very time-consuming. Getting it wrong can cost you money and momentum.

But what do you actually need to get right? Components include timing, balancing supply (=round size) and demand (=investor interest) to maximize capital raised while minimizing dilution, as much as getting the right partner and investment firm backing you.

What's important to keep in mind: **Not all capital is created equal.**

There are predatory investors, shifting market conditions, and evolving expectations as your startup grows. Early-stage founders need to focus on vision and storytelling, while later-stage startups must emphasize traction and efficiency. Understanding these nuances can mean the difference between securing a fair deal and giving up more control than necessary.

In this episode we will examine fundraising by stage, helping founders navigate investor expectations, negotiate better terms, and raise the right amount at the right time.

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## Fundraising requirements per stage

Fundraising is not (only) about securing capital. It's about **aligning your financial strategy with the expectations of investors** at each stage.

The amount you raise, whom you raise it from, and how you justify it will evolve as your startup grows. Here's a **science-backed summary** of how funding needs to shift from seed to late-stage rounds.

### **Seed Stage: Building the Foundation (Kanayo et al., 2023; Dat, 2021; Bernstein et al., 2017)**

Startups in the seed stage typically raise between \$10k and \$2M, with angel investors and seed funds being the primary sources of capital. At this point, funding is used for completion of your founding team, product development, and market validation. Investors in this stage focus on three main factors:

- One or more founders with unique insights into the market: founder-market fit.
- A clear problem to solve with sufficient market potential.
- A unique product differentiation that is not yet served.

Angel-backed startups tend to have higher survival rates and better access to future funding, making it crucial to secure investors who bring not just capital but also strategic guidance.

### **Early Stage: Scaling Operations (Miyamoto et al., 2022; Bernstein et al., 2017; Spiegel et al., 2015)**

Once a startup has validated its market and developed an initial product, it moves into the early stage, where typical funding rounds range from \$2M to \$10M. The primary goal shifts toward market entry and operational scaling, requiring larger investments from institutional VCs. To attract funding at this stage, startups need to demonstrate:

- A capable and complete founding team.
- Early traction and user adoption: product-market fit.
- A proven market opportunity with high growth potential.

Investors in this stage are looking for startups that can prove they have more

than just an idea—they need to see market demand, initial revenue, and a path to profitability.

### **Growth Stage: Expanding Market Presence (Ewens & Farre-Mensa, 2021; Honore & Ganco, 2020; Singh & Subrahmanya, 2020)**

Funding rounds in the growth stage typically range from \$10M to \$30M. The focus shifts to aggressive scaling, expanding into new markets, hiring key executives, and refining operational efficiencies. Investors here are primarily large venture capital firms and private equity players, who prioritize:

- A scalable go-to-market motion.
- Strong non-founder leadership team.
- A competitive edge and sustainable differentiation.

By this point, investors are less concerned with vision and more focused on measurable performance and metrics like ARR, relative growth, NDR, cohorts, CAC, LTV, and profitability trends.

### **Late Stage: Prepping for an Exit (Ewens & Farre-Mensa, 2019)**

For startups reaching the late stage, funding rounds typically exceed \$30M. At this point, capital is raised for IPO preparation, acquisitions, or major expansion efforts. Investors (often late-stage VCs, institutional investors, and (cross-over) hedge funds) are looking for:

- Strong governance structures.
- High revenue growth with proven profitability.
- A clear path to public markets or acquisition.

Late-stage funding is about fine-tuning the business for an exit strategy. Missteps in governance or financial planning at this stage can cost founders control or dilute their stake significantly.

Next, we'll break down how to quantify capital needs at each stage, ensuring

that fundraising aligns with operational realities and industry benchmarks.

### **KEY INSIGHTS**

*Startup fundraising evolves at each stage, from securing early angel investments for team completion and early product development (\$10K–\$2M) to attracting institutional VCs for finding product-market fit and scaling operations (\$2M–\$10M).*

*Growth-stage startups (\$10M–\$30M) need to demonstrate traction, industry positioning, and financial efficiency, while late-stage companies (\$30M+) focus on governance, profitability, and IPO readiness.*

*Understanding these shifts helps founders raise the right amount, justify their ask, and negotiate better terms.*

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## Quantify your funding needs

Determining the right amount of capital to raise is critical for a startup's success. A structured approach ensures you secure enough funding without excessive dilution or unnecessary financial strain.

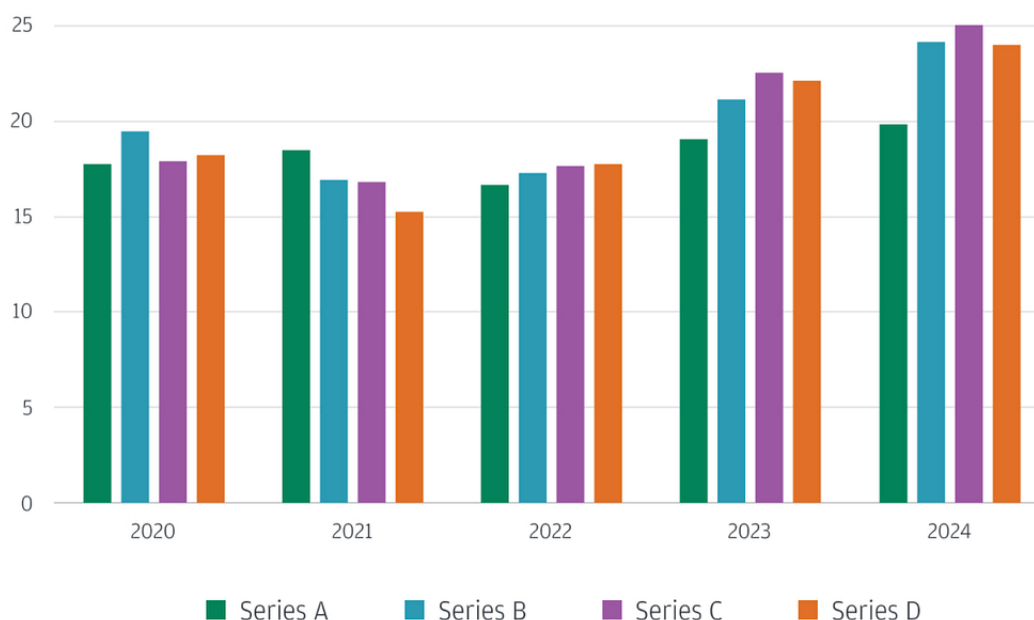
Here's a step-by-step guide to accurately assess your funding requirements.

### 1. Define Your Milestones

Your funding should align with specific, measurable goals for the next 18-24 months, such as product development, customer acquisition, or market expansion. According to the Harvard Startup Guide (2021), breaking these objectives into actionable steps helps estimate the associated costs.

### 2. Evaluate Your Current Financial Position

A thorough assessment of your cash reserves, monthly burn rate, revenue (if any), and existing debt is crucial. This financial snapshot helps determine the exact funding gap you need to fill. Understanding your startup's runway is key to financial sustainability (JPMorgan, 2024).



Median number of months between funding rounds, by stage (JPMorgan, 2024)

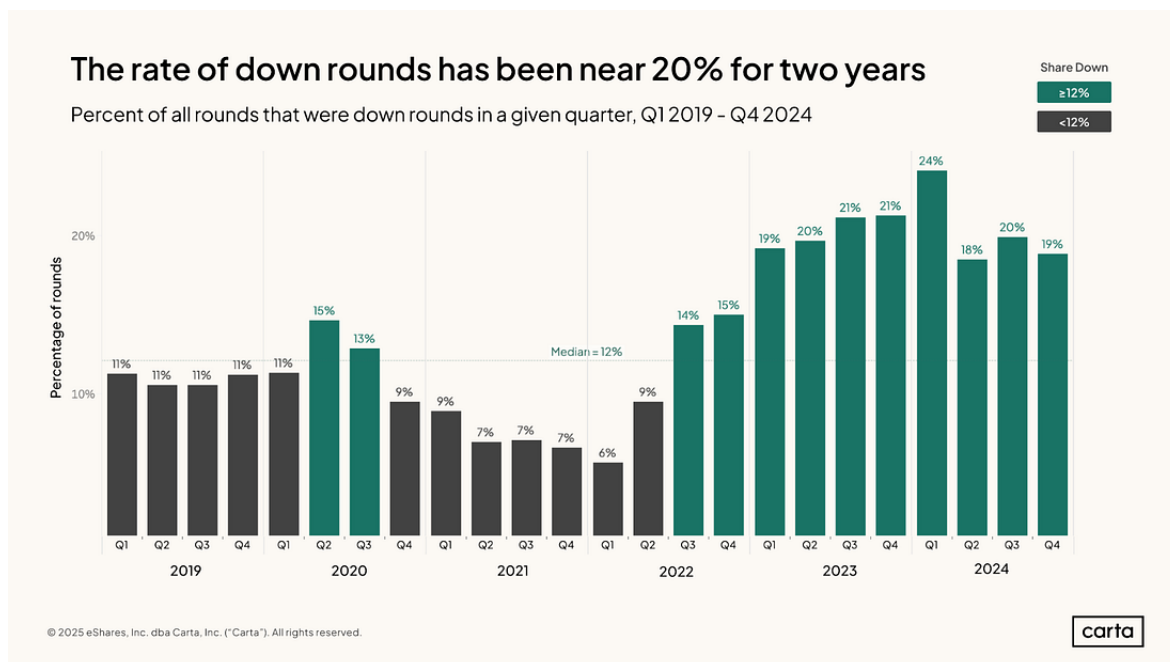
### 3. Estimate Operational Costs

Your fundraising plan should account for all operational expenses, including salaries, marketing, and infrastructure. Using frameworks can help you approximate your operational cost more closely, especially in the earlier stages, when there isn't yet sufficient financial data. Something like the SBA's OpsCost calculation framework comes in handy (SBA, 2024).

### 4. Include a Contingency Buffer

Unexpected challenges can arise, making it wise to include a financial buffer of 10–20%. Loncar (2025) shows that this cushion helps startups navigate

unforeseen expenses without disrupting operations - a crucial precaution to stop you from having to fundraise when your momentum isn't right. We are currently seeing this in effect as time between rounds gets longer and startups have to resort to down rounds at increasing rates (see illustration below).



Visualization by Carta ([2025](#))

## 5. Avoid Overfunding

Raising too much capital can lead to unnecessary equity dilution and increased pressure to meet inflated investor expectations. Overfunding can result in inefficient capital allocation, making it harder to raise future rounds (SVB, [2024](#))

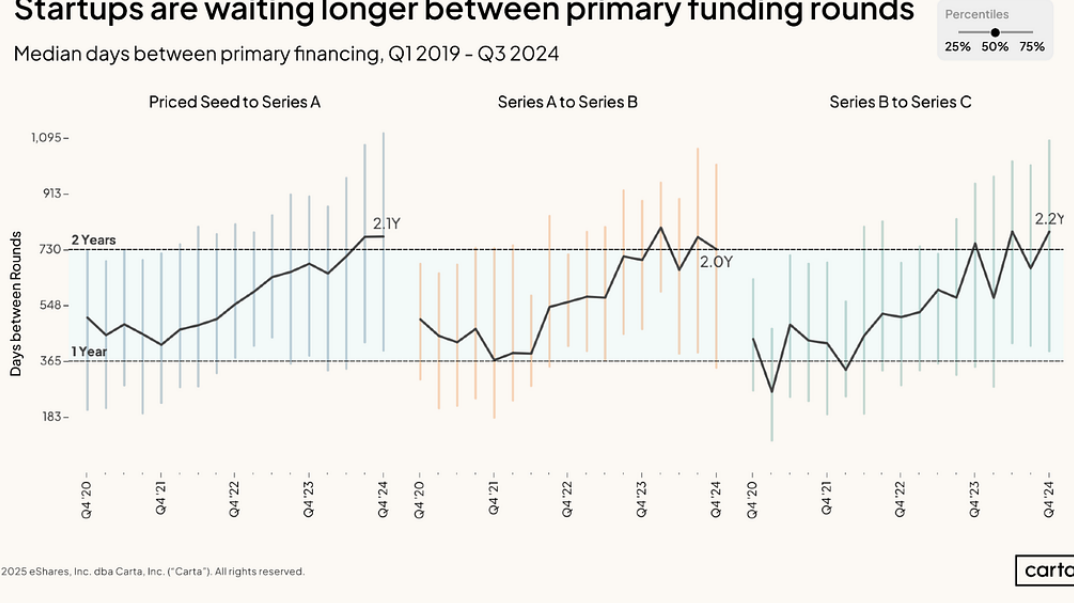
## 6. Plan for at least 18-24 Months of Runway

To avoid the distraction of constant fundraising, your funding should cover at least 24 months of expenses. According to Carta ([2025](#)), the time between rounds is ever-increasing and currently around or above 2 years!



## Startups are waiting longer between primary funding rounds

Median days between primary financing, Q1 2019 – Q3 2024



Visualization of time between funding rounds over time by Carta ([2025](#))

### KEY INSIGHTS

*Startups should raise capital based on clear milestones, ensuring funds cover product development, market expansion, and operational costs. A financial buffer helps manage unexpected challenges, while avoiding overfunding prevents dilution and inefficient capital use. Since the time between funding rounds is increasing, founders should plan for at least 18-24 months of runway.*





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## Conclusion

Oftentimes, investors don't fund ideas, but momentum.

Startups that demonstrate rapid revenue growth, user traction, or key partnerships **significantly** improve their chances of raising capital. An analysis by Crunchbase (2024) of 100+ seed-funded startups found that those who successfully raised a Series A were growing revenue **4x faster** on average than those who failed. This highlights a clear trend: high growth rates strongly correlate with the ability to secure the next round of funding.

But momentum alone isn't enough to stand out.

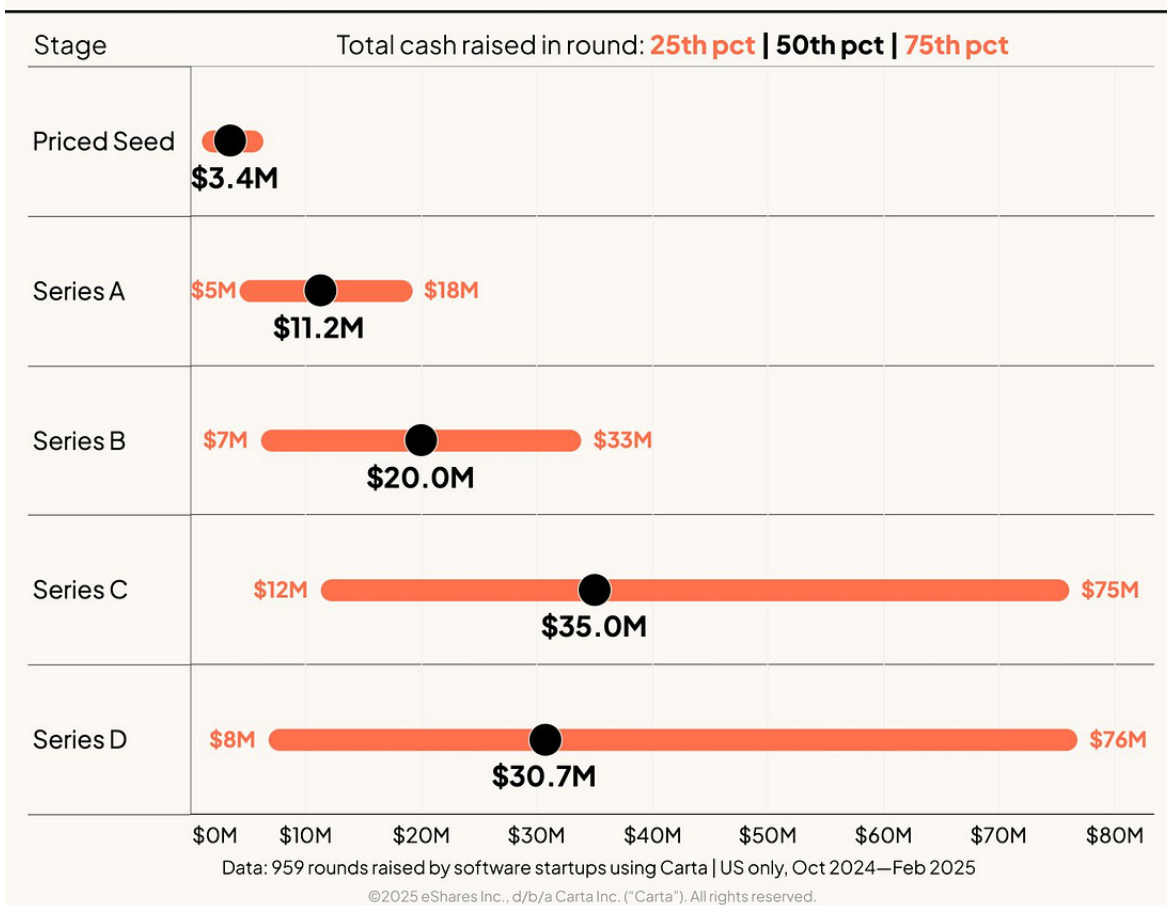
Investors are increasingly scrutinizing **the quality of growth**. In 2023, **~90% of Series A-funded startups had gross margins above 50%**, with an average of **~80% gross margin** among successful companies. Startups that raised capital also had far lower **burn multiples (~3x) compared to ~10x for those that failed** (Crunchbase, 2024).

This means that while fast growth is crucial, it must be paired with healthy unit economics (high margins and sustainable spending) to attract investment.

**How much cash do VC startups need?**

carta

If you raised the median round from Seed thru Series D, you'd raise \$100M. But is that necessary in today's startup climate?



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Carta ([2025](#)) provides very up-to-date benchmarks on how much startups actually raise.

Looking ahead, **investor sentiment in 2025 reflects a “flight to quality” mindset.** According to PitchBook’s latest Venture Monitor, startups with strong, scalable growth are securing premium valuations, even in a tougher funding environment.

At the seed stage, competition for the most promising startups has driven valuations to record highs, with **median pre-money seed valuations hitting \$16M in Q4 2024** (PitchBook, [2024](#)).

In short, fast growth and traction remain key drivers of investor interest, but startups that can prove efficient, profitable momentum will secure the best

terms.

Thanks to [Jérôme Jaggi](#) for his help with this post.

*Stay driven,  
Andre*

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