



The Funding Gap: Challenges for Scaling Start-Ups

Early-stage funding is common, but many start-ups hit a funding gap when scaling. Here's how this challenge impacts growth and what can bridge the gap.

The Lifecycle of Start-Up Funding

SEED FUNDING

- **Early investment** for concept validation

SERIES A

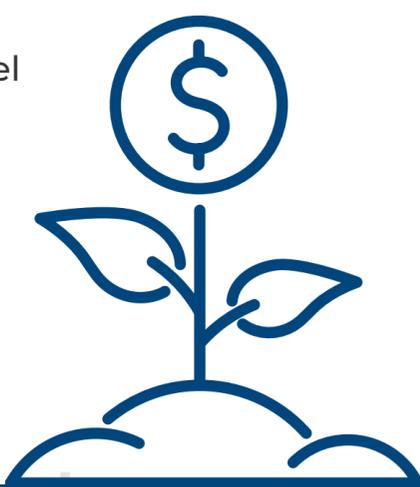
- **Funding** to refine business model

SERIES B & C

- **Capital** for scaling operations

LATE-STAGE & IPO

- **Expansion** or public offering



Identifying the Mid-Stage Funding Gap

THE CHALLENGE:

- Start-ups struggle to secure Series B & C funding

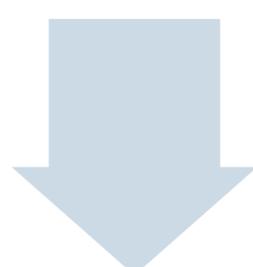
DATA INSIGHTS:

- 9% of start-ups raising Series A in 2022 secured Series B, down from 25% in 2018¹
- Mid-stage VC funding dropped 30% in recent years²
- Start-ups without funding in 24 months have a 70% higher failure rate³



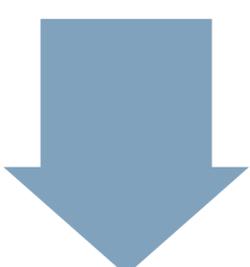
Impact on Start-Up Growth

SLOWER EXPANSION



Limited ability to scale operations

COMPETITIVE DISADVANTAGE



Rivals with funding grow faster

TALENT RETENTION CHALLENGES



Hiring slows, key staff lost

Bridging the Gap: Solutions for Sustainable Growth

DIVERSIFIED FUNDING MODELS

- Crowdfunding, revenue-based financing

GOVERNMENT & INSTITUTIONAL SUPPORT

- Grants, SME-focused funding

INVESTOR CONFIDENCE INITIATIVES

- Risk-sharing, co-investments



Resources: 1. <https://angelcapitalassociation.org/blog/getting-from-series-a-to-series-b-is-a-tall-task/>
2. <https://www.wipo.int/en/web/global-innovation-index/w/blogs/2024/2024-venture-capital>
3. <https://explodingtopics.com/blog/startup-failure-stats>