

STARTUP FUNDING STAGES

Raksha Agarwal and Associates

A person's hand is pointing at a laptop screen. The screen displays a presentation slide with the title 'Use relevant charts and graphs' and a bulleted list. The background shows a wooden desk with a laptop, a blue notebook, a mouse, a cup, and a pen.

FIRST ROUND:

PRE SEED FUNDING

Use
relevant
charts
and
graphs

- ▶ Makes data more memorable

- ▶ Add more context to the data

- ▶ Support your claims



- THIS STAGE TYPICALLY REFERS TO THE PERIOD IN WHICH A COMPANY'S FOUNDERS ARE FIRST GETTING THEIR OPERATIONS OFF THE GROUND.
- THE MOST COMMON "PRE-SEED" FUNDERS ARE THE FOUNDERS THEMSELVES, AS WELL AS CLOSE FRIENDS, SUPPORTERS AND FAMILY.
- IT'S ALSO LIKELY THAT INVESTORS AT THIS STAGE ARE NOT MAKING AN INVESTMENT IN EXCHANGE FOR EQUITY IN THE COMPANY.

SECOND ROUND:

SEED FUNDING



- 
- IT IS THE FIRST OFFICIAL EQUITY FUNDING STAGE.HIS EARLY FINANCIAL SUPPORT IS IDEALLY THE "SEED" WHICH WILL HELP TO GROW THE BUSINESS.
 - SEED FUNDING HELPS A COMPANY TO FINANCE ITS FIRST STEPS, INCLUDING THINGS LIKE MARKET RESEARCH AND PRODUCT DEVELOPMENT.WITH SEED FUNDING, A COMPANY HAS ASSISTANCE IN DETERMINING WHAT ITS FINAL PRODUCTS WILL BE AND WHO ITS TARGET DEMOGRAPHIC IS.
 - THERE ARE MANY POTENTIAL INVESTORS IN THIS SITUATION: FOUNDERS, FRIENDS, FAMILY, INCUBATORS, VENTURE CAPITAL COMPANIES AND MORE.


THIRD ROUND

SERIES A FUNDING



- ONCE A BUSINESS HAS DEVELOPED A TRACK RECORD (AN ESTABLISHED USER BASE, CONSISTENT REVENUE FIGURES, OR SOME OTHER KEY PERFORMANCE INDICATOR), THAT COMPANY MAY OPT FOR SERIES A FUNDING IN ORDER TO FURTHER OPTIMIZE ITS USER BASE AND PRODUCT OFFERINGS.
- HERE INVESTORS ARE NOT JUST LOOKING FOR GREAT IDEAS. RATHER, THEY ARE LOOKING FOR COMPANIES WITH GREAT IDEAS AS WELL AS A STRONG STRATEGY FOR TURNING THAT IDEA INTO A SUCCESSFUL, MONEY-MAKING BUSINESS.



- 
- THE INVESTORS INVOLVED IN THE SERIES A ROUND COME FROM MORE TRADITIONAL VENTURE CAPITAL FIRMS. BY THIS STAGE, IT'S ALSO COMMON FOR INVESTORS TO TAKE PART IN A SOMEWHAT MORE POLITICAL PROCESS. IT'S COMMON FOR A FEW VENTURE CAPITAL FIRMS TO LEAD THE FIRM. IN FACT, A SINGLE INVESTOR MAY SERVE AS AN "ANCHOR."
 - OTHER FUND GIVERS AT THIS STAGE ARE EQUITY CROWDFUNDING AND EVEN ANGEL INVESTORS MAY PUT ON SOME MONEY AS ADDITIONAL CAPITAL.



FOURTH ROUND

SERIES B FUNDING


- NOW THAT YOU HAVE CROSSED THE SERIES A FUNDING AS WELL, YOU HAVE PROVED TO INVESTORS THAT YOU ARE READY TO TAKE YOUR SUCCESS TO NEXT LEVEL. SO COMES THE NEED OF SERIES B FUNDING.
- COMPANIES UNDERGOING A SERIES B FUNDING ROUND ARE WELL-ESTABLISHED, AND THEIR VALUATIONS TEND TO REFLECT THAT.
- SERIES B APPEARS SIMILAR TO SERIES A IN TERMS OF THE PROCESSES AND KEY PLAYERS. SERIES B IS OFTEN LED BY MANY OF THE SAME CHARACTERS AS THE EARLIER ROUND, INCLUDING A KEY ANCHOR INVESTOR THAT HELPS TO DRAW IN OTHER INVESTORS.
- THE DIFFERENCE WITH SERIES B IS THE ADDITION OF A NEW WAVE OF OTHER VENTURE CAPITAL FIRMS THAT SPECIALIZE IN LATER-STAGE INVESTING.





FIFTH ROUND

SERIES C FUNDING

- 
- THESE COMPANIES LOOK FOR ADDITIONAL FUNDING IN ORDER TO HELP THEM DEVELOP NEW PRODUCTS, EXPAND INTO NEW MARKETS, OR EVEN TO ACQUIRE OTHER COMPANIES.
 - HERE INVESTORS INJECT CAPITAL TO GET DOUBLE THEIR CAPITAL BACK.
 - HERE COMPANIES TEND TO ACQUIRE OR MERGE WITH OTHER COMPANIES WHICH CAN PROVIDE MUTUAL SYNERGY FOR BUSINESS.
 - INVESTORS LIKE HEDGE FUNDS, INVESTMENT BANKS, PRIVATE EQUITY FIRMS AND LARGE MARKET GROUPS COME INTO PICTURE.

- MOSTLY EQUITY FUNDING INVESTMENT ROUND ENDS WITH SERIES C BUT FEW FIRMS ALSO GO FOR SERIES D,E AND FURTHER AS THEY ARE IN SEARCH FOR A FINAL PUST BEFORE IPO



RAKSHA AGARWAL AND ASSOCIATES

CONTACT DETAILS

+91 9749751644

AUDIT@RAKSHAAGARWAL.IN

A-12, MAHENDRA COMPLEX, OPP. HOTEL
GATEWAY, SEVOKEE ROAD, SILIGURI-734001