



# 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

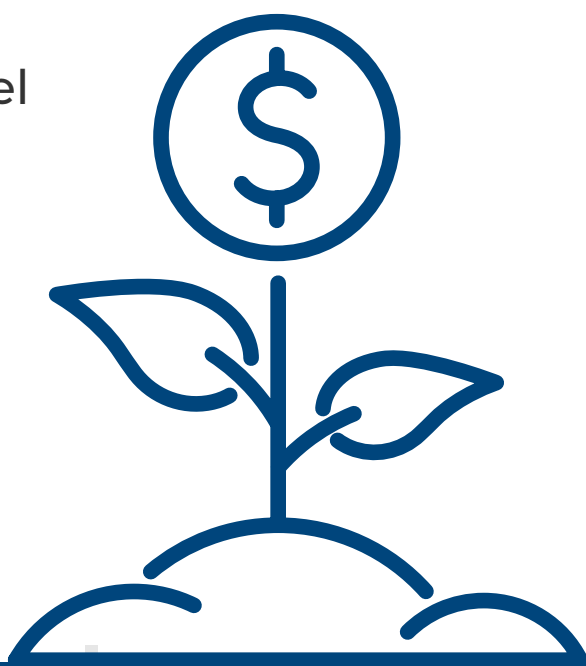
- **Funding** to refine business model

### 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 2018<sup>1</sup>
- Mid-stage VC funding dropped 30% in recent years<sup>2</sup>
- Start-ups without funding in 24 months have a 70% higher failure rate<sup>3</sup>



## 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

