

# Navigating from Seed to Series A: Insights from Founders and Investors

May 2023



**Harlem Capital**



# Key Takeaways



# Be Strategic and Methodical when Targeting New Investors

## Advice from Founders and Investors

“It is really important for founders to look at qualitative factors when evaluating the right investors for Series A. **Don’t waste time talking to investors who aren’t aligned with your thesis or company.**”  
- Harsh Vathsangam, CEO & Co-founder of Moving Analytics

“I wish I had spoken to funds earlier on to have better intel on investors. Similarly, I wish I would have spoken to founders who have gotten money from those investors to understand how they add value. **More homework upfront could’ve saved us some time during the fundraising process.**”  
- Harsh Vathsangam, CEO & Co-founder of Moving Analytics

“Before I did a road show in San Francisco, I purchased a Pitchbook membership and did research on which VCs in the San Francisco area had made consumer investments in the last 6-12 months. **The \$15,000 for the Pitchbook membership was expensive, but it was definitely worth it.**”  
- Katharine Lau, CEO & Founder of Stuf

“The advice I’d give now is different than a year ago, but my general advice is to **find opportunities to authentically build relationships with investors.** Once you have those relationships locked in, take them along for your story because VCs invest in lines, not dots.”  
- Javaughn Lawrence, CEO & Founder of Drip

## Representative Lead Investor Funnels



50+ initial convos

10 serious DD

2 leads



38 initial convos

10 serious DD

2 leads



Founders may speak to tens or hundreds of VCs before finding their Series A lead. Be strategic about what types of investors you want on your cap table and how to leverage your network to access them. If applicable, consider inviting future investors as customers for your product to align their incentive with the success of your company.

# Start Marketing Your Series A Early

## Advice from Founders and Investors

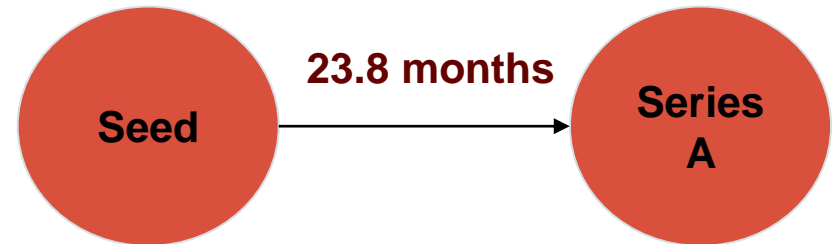
**“Make sure investors are familiar with your business ahead of time.** They shouldn’t be learning about your company for the first time when you are asking for capital. We started relationships 12-18 months before raising capital and **made sure to keep in touch every month for 18 months.**” - *Harsh Vathsangam, CEO & Co-founder of Moving Analytics*

“You started your own business to control your own destiny, so why would you quit your job and take all this risk to then have a new boss? **If you run out of money, you won’t be able to control your destiny** because the investors will be in charge.” - *Ho Nam, Managing Director at Altos Ventures*

**“Start planning your raise 9-12 months out** of when you’re going to run out of runway so you don’t end up scrambling.” - *Katharine Lau, CEO & Founder of Stuf*

“Start early! **You should never not be thinking about fundraising.** There is no next round guaranteed, but that being said, there is capital available.” - *Frederik Groce, Investor at Wellington*

## Average Seed to Series A Timeline



For Harlem Capital portfolio companies, the median time between a seed round and Series A round is 23.8 months.

Although it may seem like a lot of time, you don’t want to wait until you’re running out of money to raise a Series A.

You should start planning and marketing your Series A 9-12 months before you run out of runway and solicit buy-in from existing investors before speaking to new VCs.

# Balance Being An Aspirational and Inspirational Storyteller

## Advice from Founders and Investors

“Great companies get built when great founders have the opportunity to build something that is **truly their life mission and their life’s work.**” - *Ho Nam, Managing Director at Altos Ventures*

“One area where we struggled was achieving balance in our business model forecast, especially as a younger company we had **needed to balance being realistic and being ambitious.**” - *Harsh Vathsangam, CEO & Co-founder of Moving Analytics*

“Wagmo’s diligence process was smooth because they had a clean data room, were open with data, and had **a strong narrative, even if they didn’t have the data at the time.**” - *Clara Sieg, Investor at Revolution*

“When pitching, you want to invoke a feeling in your investors, so try to keep you initial pitch short and **force yourself to be an effective storyteller.**” - *Katharine Lau, CEO & Founder of Stuf*

## Tips for Effective Storytelling

- ♥ **Values**  
What do you believe in, and why does your company exist? Share your values and your “reason why” to attract your ideal customer.
- 🕒 **History**  
How did your company come to be? Show the problems you saw in the market and why you felt they were important to solve.
- 👥 **People**  
Who are the people behind your brand? Champion those who make your business a success as much as possible.
- 📍 **Journey**  
Where did you come from and where are you going? Share a peek behind-the-scenes within your content.

Make sure you understand and can convey the **values, history, people, and journey** that makes your company an exciting investment opportunity.

Focus on the long-term vision while also conveying where your current progress fits in and how you plan to reach your destination.

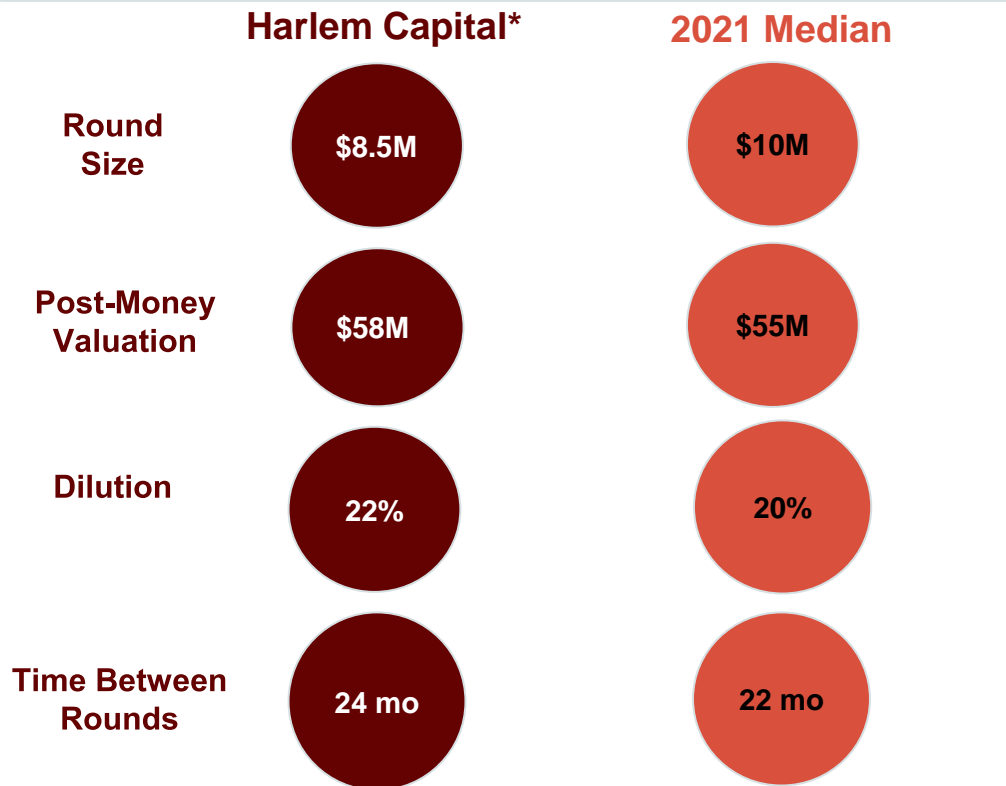
Storytelling is a skill, so don’t be afraid to leverage resources like [Tide’s Business Storytelling Blog](#) and practice your pitch before getting in front of investors.



# Series A Observations and Takeaways

Harlem Capital portfolio companies raised a median of \$8.5M at a median valuation of \$58M, representing average dilution of 22%. Median time between seed and Series A rounds was 23.8 months, slightly higher than the industry median of 22.3 months. The top lead investor in Series A rounds for HCP portcos is Battery Ventures, which invested in .

## HCP Series A Economics vs. Industry Averages



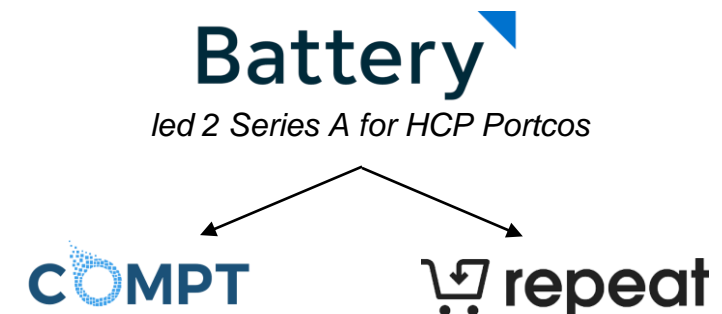
\* all but 2 of HCP Series A were completed pre Q12022  
 Source: [Carta State of Private Market Report Q2 2021](#)

## Median Timeline from Seed to Series A



Source: [Carta State of Private Markets: Q1 2023](#)

## HCP Top Series A Co-Investor





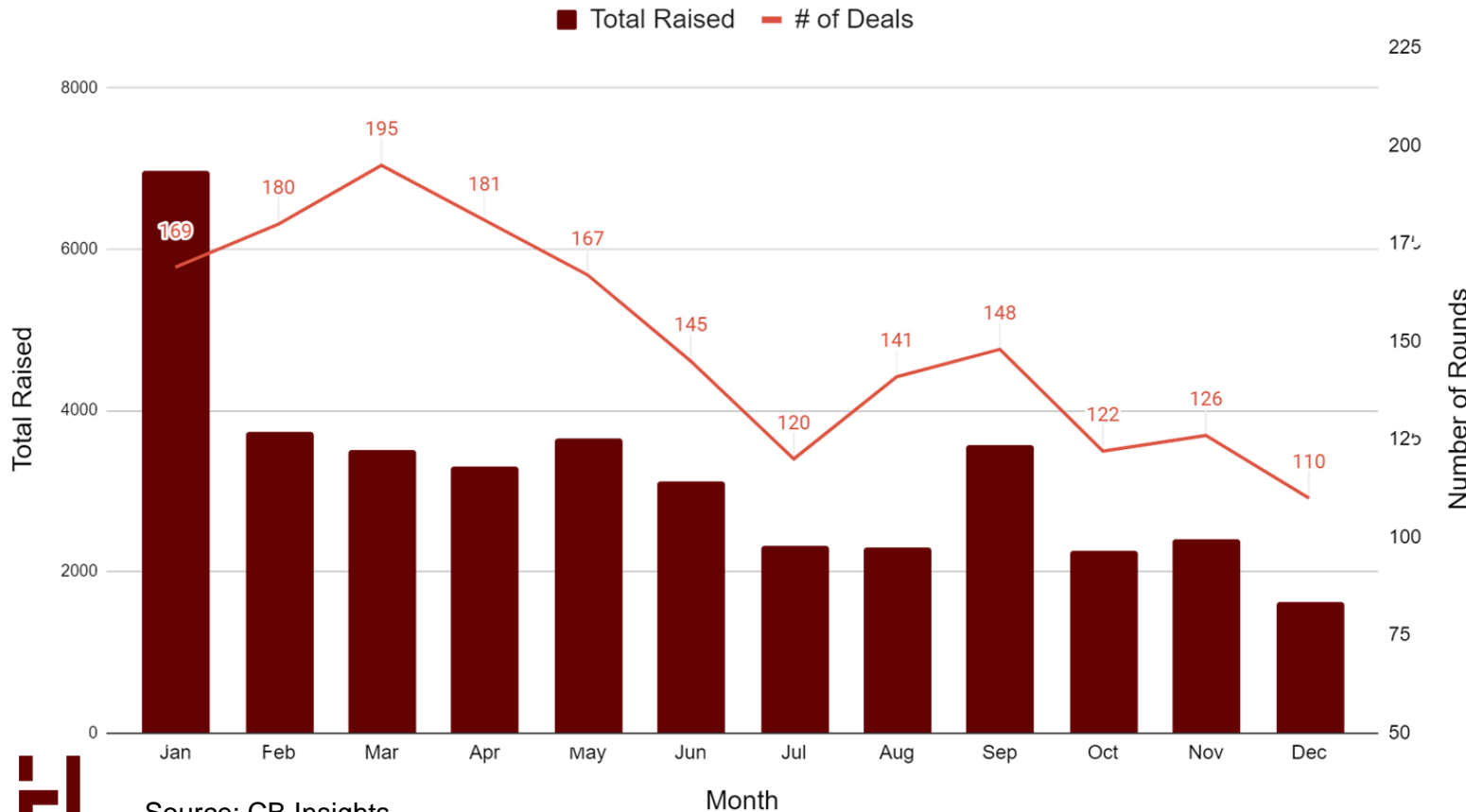
# Series A Investment Landscape



# Series A Investment Landscape 2022

In the US, \$38.8B was invested across 1,804 Series A rounds in 2022. There was a steep drop off in funding from January (\$7B raised across 169 rounds) to December (\$1.8B raised across 110 rounds). Average Series A round size was \$15M with a post-money valuation of \$65M.

## 2022 Series A Investment Overview



## Average Series A Deal Terms

Round Size

\$15M

Post-Money Valuation

\$65M

Dilution

23%

Source: [Fundz](#)





# Diverse Founders Series A Landscape 2022

## Black/African American Founded

In 2022, black founders raised **\$131M in Series A** funding across **18 rounds**.

Black founders received only **0.34% of all Series A** funding in 2022.

The **average round size was only \$7.3M** for black founders, almost 50% less than the industry average of \$15M.

The largest Series A round with a black founder was **Nice Healthcare's \$30M Series A** led by Brown Venture Group.

The most active investor for Series A rounds with black founders was **Google for Startups** with 3 investments. **Techstars, HCP, Comcast, Morgan Stanley, Alumni Ventures, Precursor Ventures, Right Side Capital Management, Elemental Exclerator, and Serena Ventures** all participated in 2 Series A rounds.

## Hispanic/Latino Founded

In 2022, Latino founders raised **\$441M in Series A** funding across **31 rounds**.

Latino founders received only **1.1% of all Series A** funding in 2022.

The **average round size was \$14.2M** for Latine founders, slightly less than the industry average of \$15M.

The largest Series A round with a Latino founder was **Endpoint Health's \$52M Series A** led by Y Combinator.

The most active investor for Series A rounds with Latine founders was **Y Combinator** with 12 investments. **Techstars and Alumni Ventures** both completed 5 investments in Series A rounds with Hispanic or Latine founders.

## Women Founded

In 2022, teams with at least 1 female founder raised **\$2.5B in Series A** funding across **183 rounds**.

Teams with 1 female founder received **6.5% of all Series A** funding in 2022.

The **average round size was \$13.9M**, slightly less than the industry average of \$15M.

The largest Series A round with a woman founder was **Seismic Therapeutics \$101M Series A** led by Lightspeed Venture Partners.

The most active investor for Series A rounds with female founders was **Techstars**, with 18 investments, **Alumni Ventures**, with 14 investments, **Y Combinator**, with 11 investments, **8VC**, with 9 investments, and **Right Side Capital**, with 8 investments.



Let's change the face  
of entrepreneurship, together.