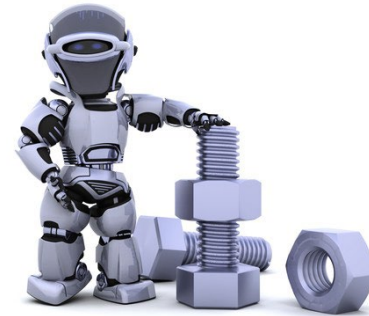
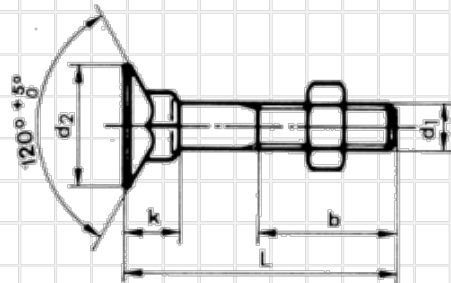


The Nuts and Bolts of New Ventures

MIT Course 15.393



Joe Hadzima

(MIT S.B., M.S. in Management; J.D. Harvard Law)
Senior Lecturer, MIT Sloan School
jgh@mit.edu

Financing Sources Overview

nutsandbolts.mit.edu

Where Do Companies Get Money?



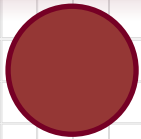
Brad Feld: feld.com

<https://www.youtube.com/embed/U470xXKfDyE>

Financing Sources

- **Different Sources for Different Types and Stages of Ventures**
- **Angel, Venture Capital, Corporate VC (Our Panel)**
- **Other Sources**
 - **Kickstarter – for products**
 - **Crowdsourcing – for financing (SEC regulations)**
 - **SBIR Grants – [Small Business Innovation Research](#)**
 - **Customers - Consulting**
 - **NRE (non-recurring engineering)**
 - **Advance Against Royalties – Innovation Gap**
 - **Entrepreneurship Competition Prizes**

Stage of Development Definitions



Pre-seed Stage. (The "Ideation" Phase) The earliest stage of external funding for a startup. It occurs when a company is little more than an idea or a prototype, often before there is a fully working product or any customers.



Seed Stage. (The "Validation" Phase) The first official institutional funding round for a startup. It is the capital raised to prove "Product-Market Fit"—demonstrating that you have a working product and a customer base that wants to buy it.



Early Stage. (The "Traction" Phase) A broad category of venture capital that encompasses the "formative" years of a startup's life. This is the phase where a company transitions from "survival" (will this product work?) to "viability" (can we sell this profitably?).

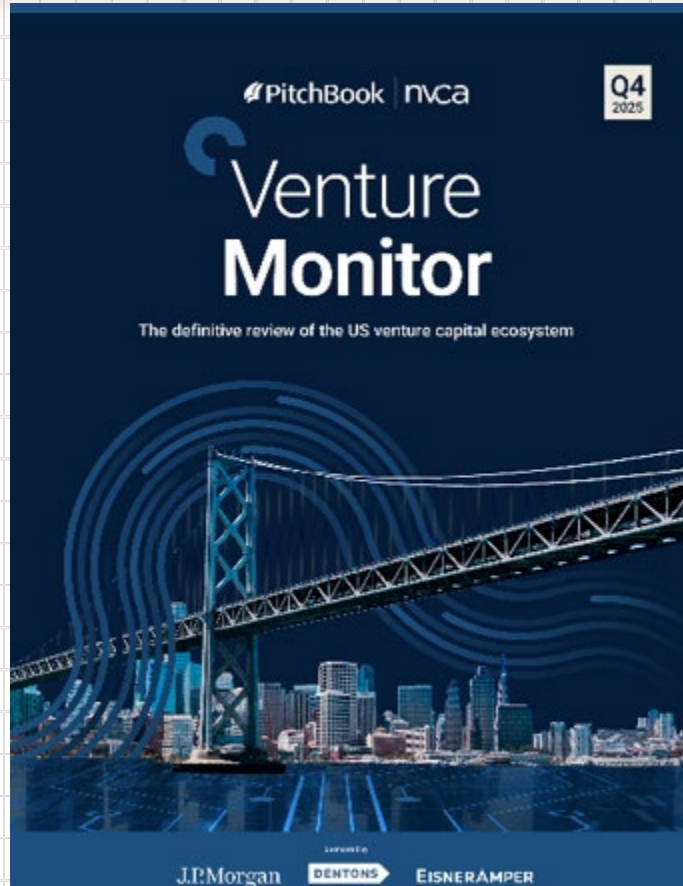


Expansion Stage. Product or service is in production and commercially available. Demonstrates significant revenue growth but may or may not be showing a profit.



Later/Growth Stage. Product or service widely available. Continued revenue growth, probably cash flow positive. More likely to be, but not necessarily, profitable.

2025 – Financing Data

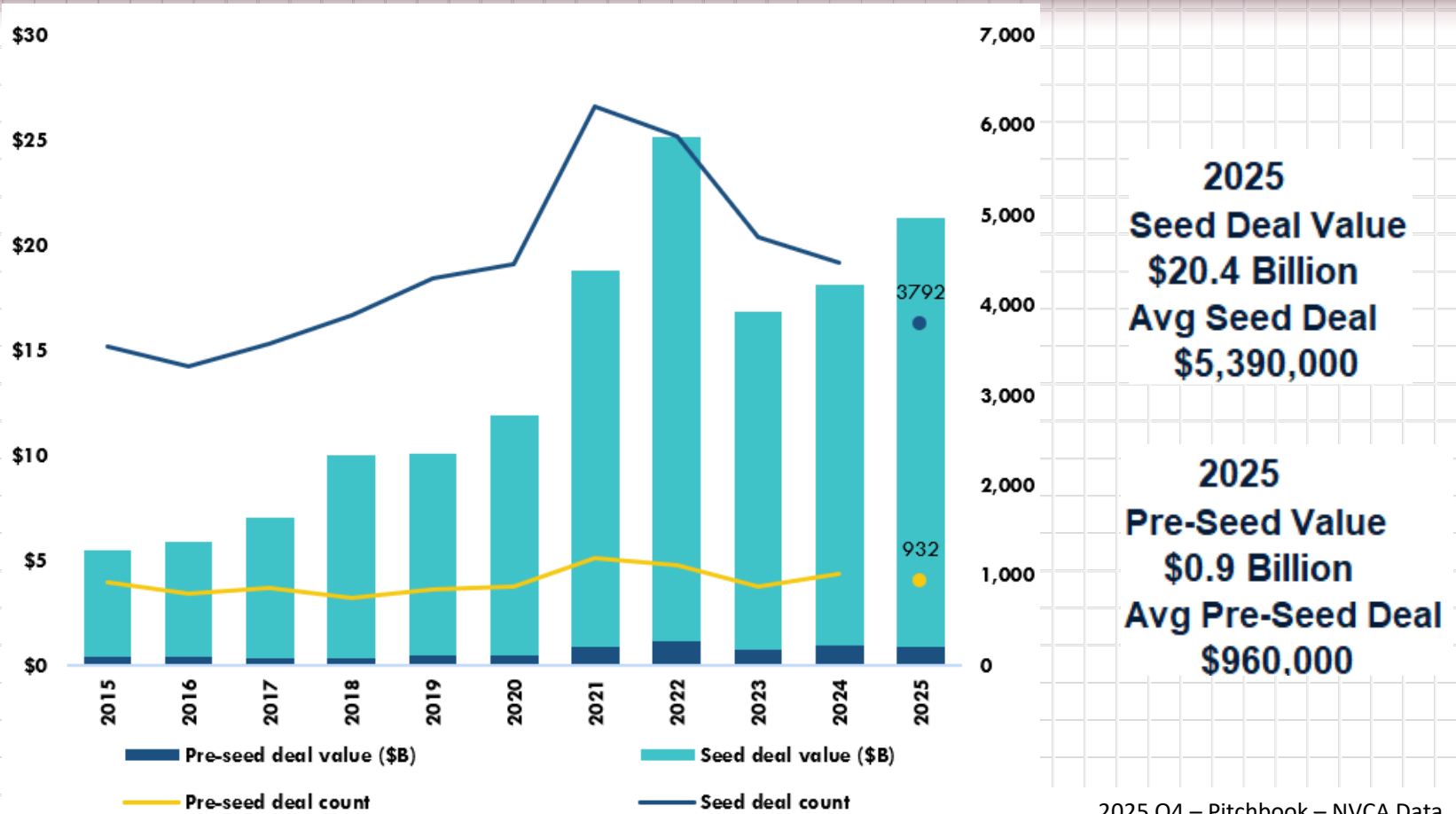


- **Pitchbook and the National Venture Capital Association (NVCA) “Venture Monitor”**
- **Published quarterly**
- <https://nvca.org/pitchbook-nvca-venture-monitor/>

Financing Environment 2025

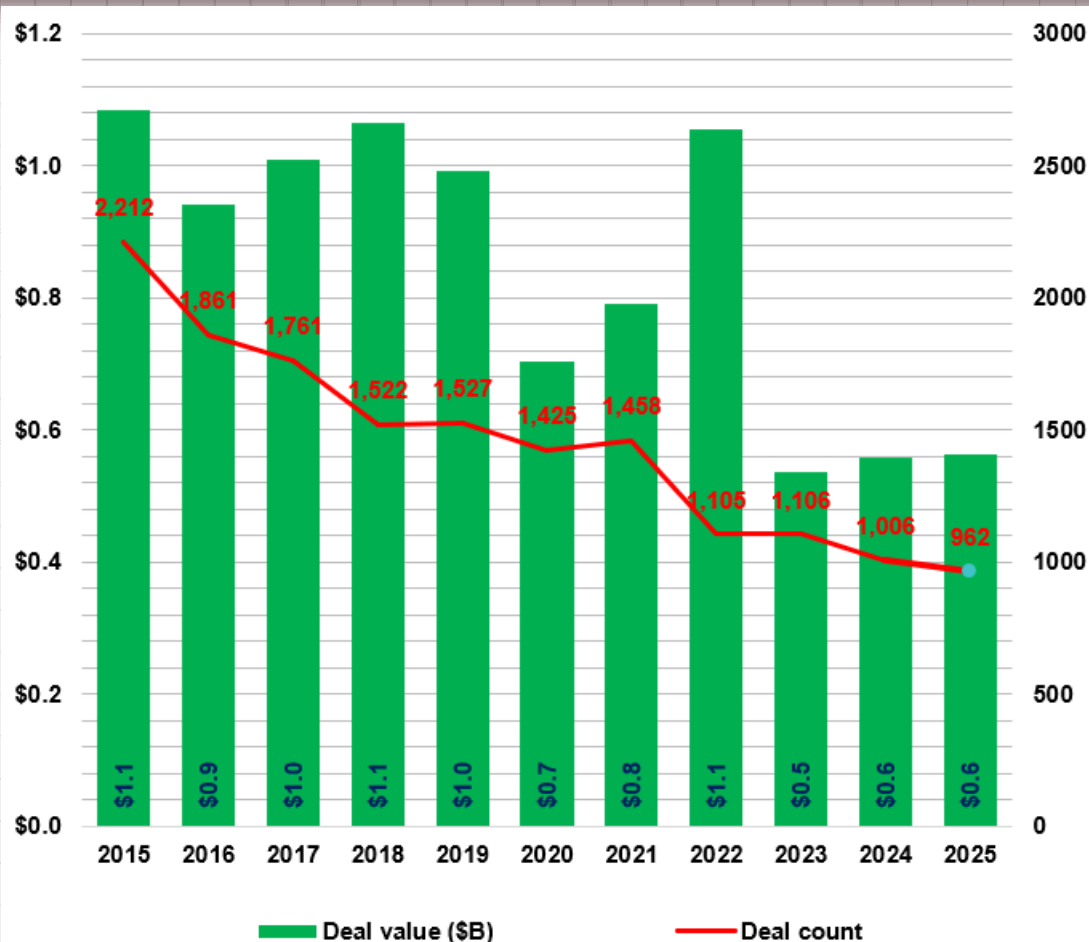
- IPO (Initial Public Market) activity has been slow, meaning
 - Fewer IPO Exits
 - More Companies Being Funded Privately
 - As companies stay private, unicorn market value balloons past \$3.7 trillion
- Huge \$\$\$ Investments in AI have skewed the numbers across all Financing Stages

U.S. VC Pre-Seed and Seed 2025



2025 Q4 – Pitchbook – NVCA Data

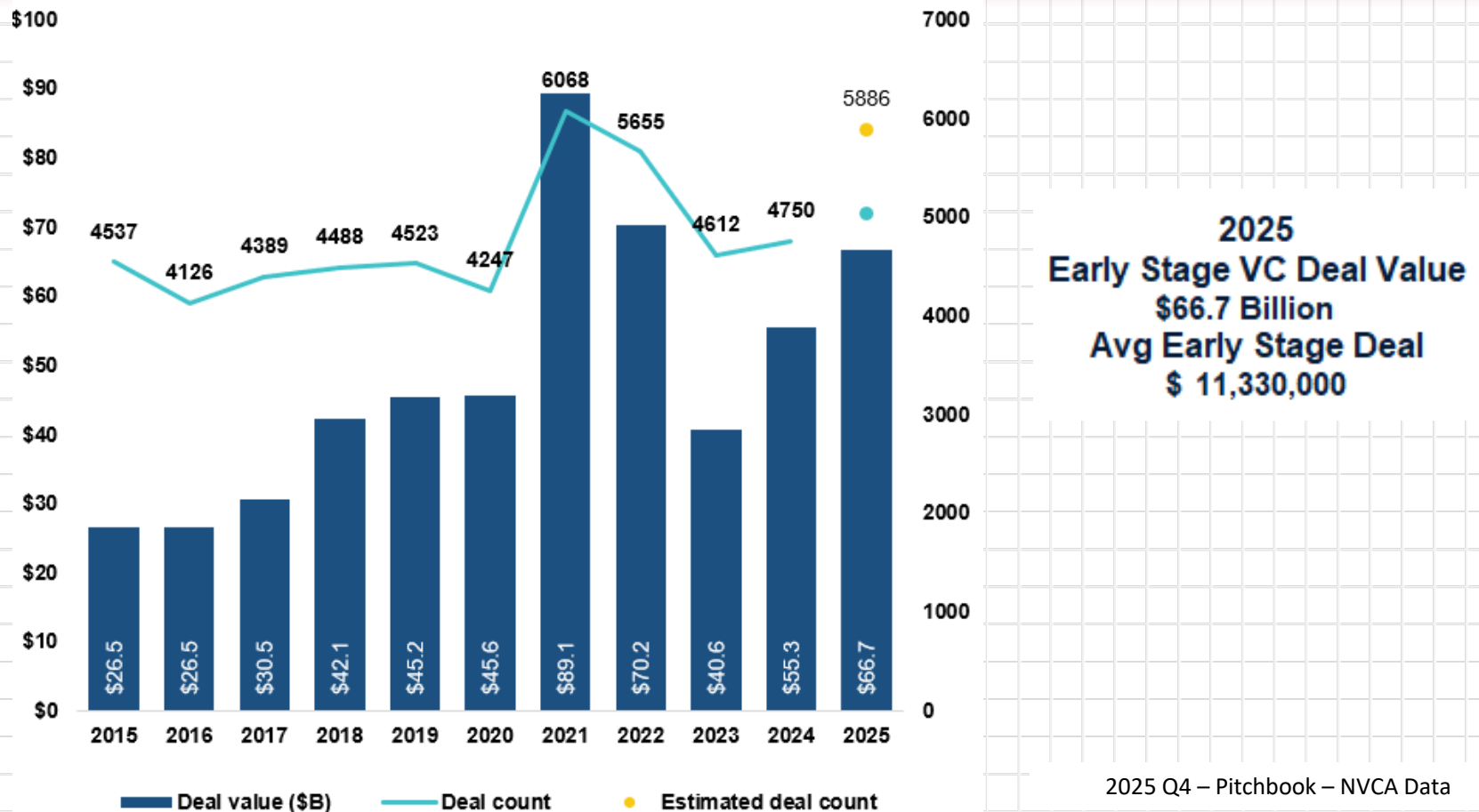
U.S. Angel 2025



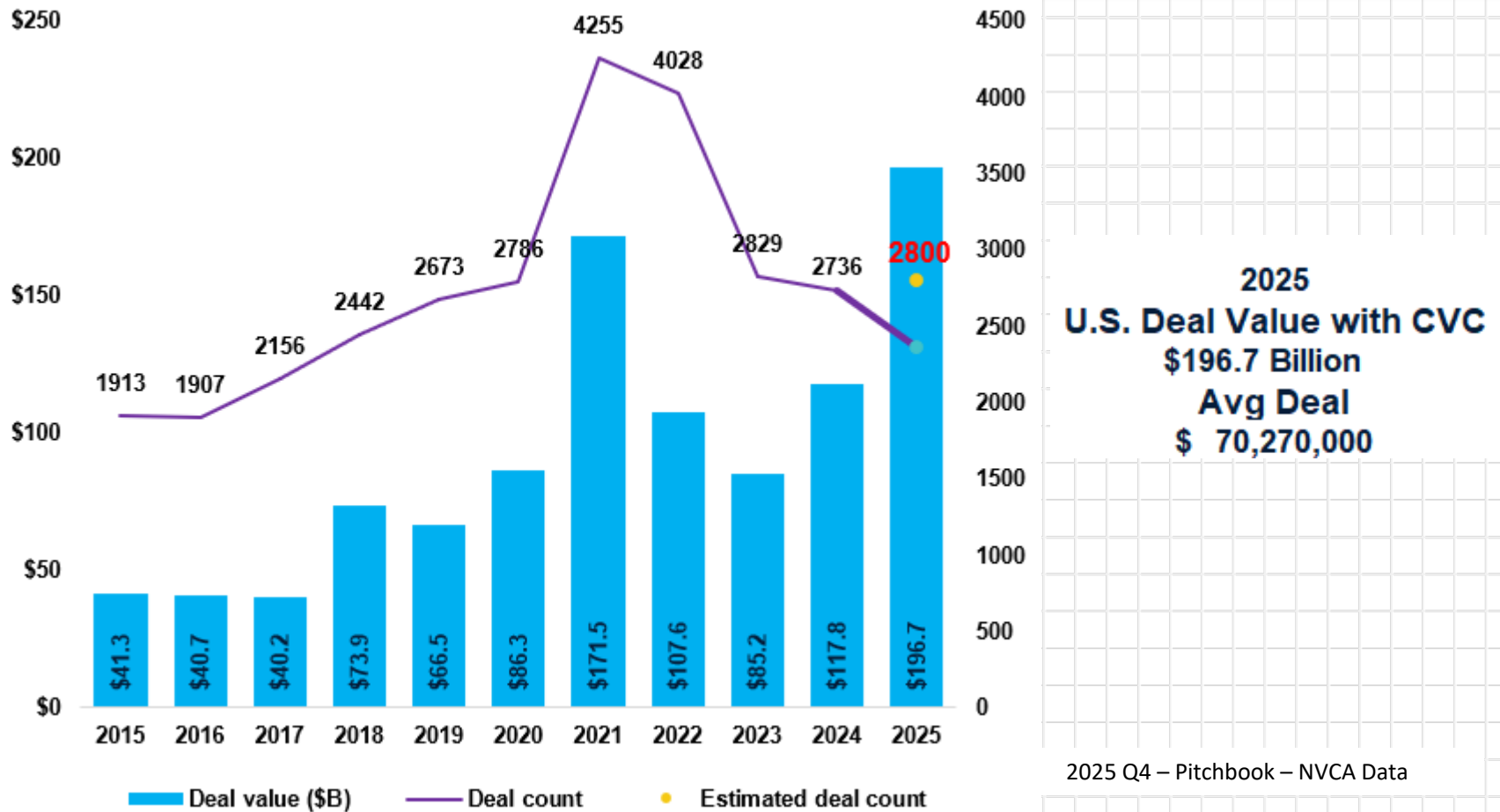
2025
U.S. Angel Deal Value
\$0.6 Billion
Avg Angel Deal
\$ 590,000

2025 Q4 – Pitchbook – NVCA Data

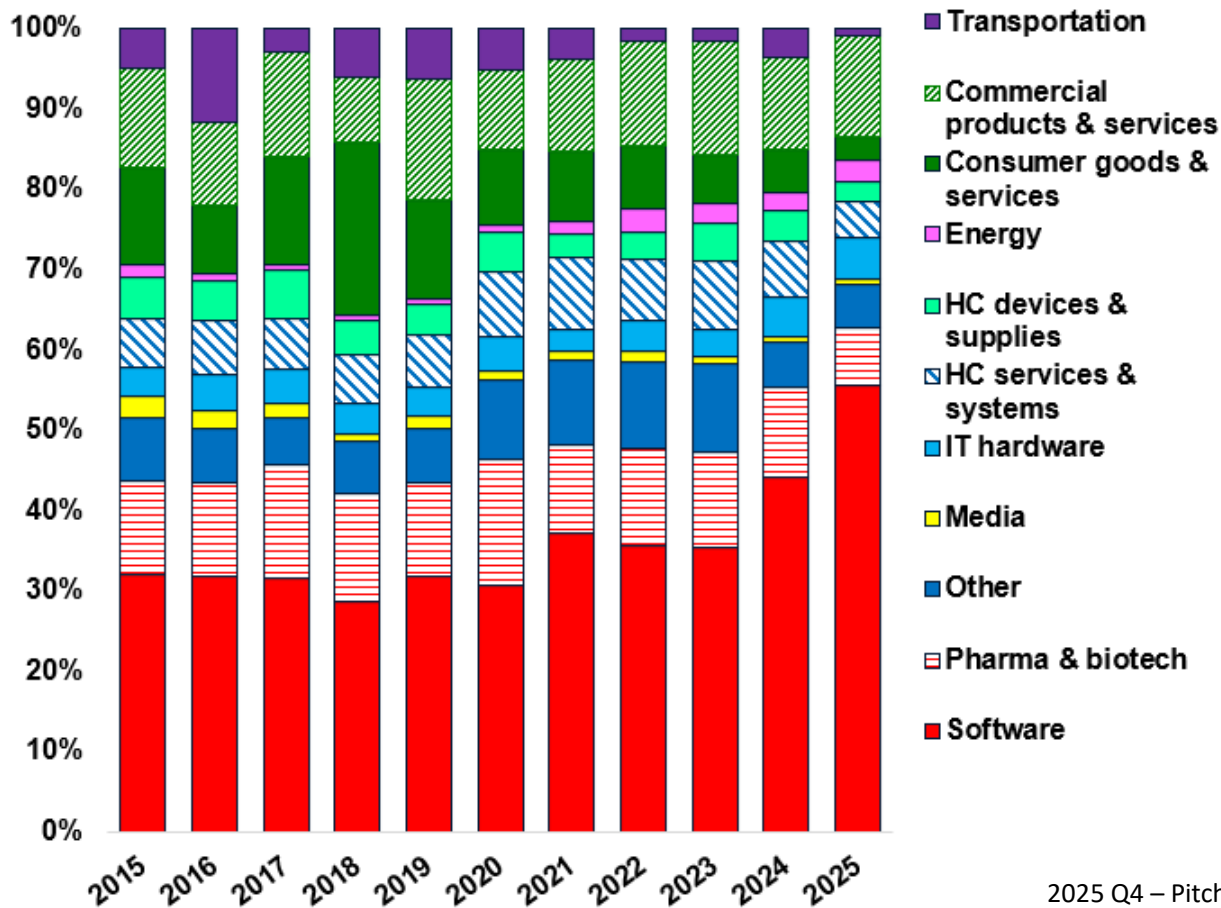
U.S. Early Stage VC 2025



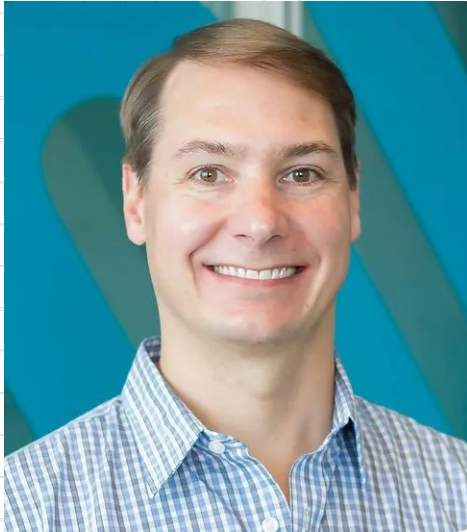
U.S. CVC Participation 2025



U.S. Sectors By Year



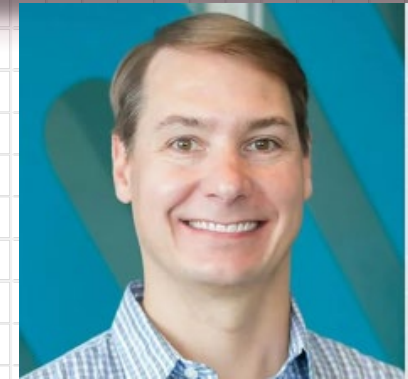
Financing Sources Panel



John Harthorne
Panel Moderator



Shereen Shermak
Angel Investor



John Harthorne
Pre-Seed and Seed – Two Lanterns VC



Lyman Missimer
Series A/Growth – Owl Ventures



Grace Mathis
Hitachi Ventures