Venture Milestones

What milestones are VCs looking for at each round?

Series E

Series D

$100M

Series C

Series B
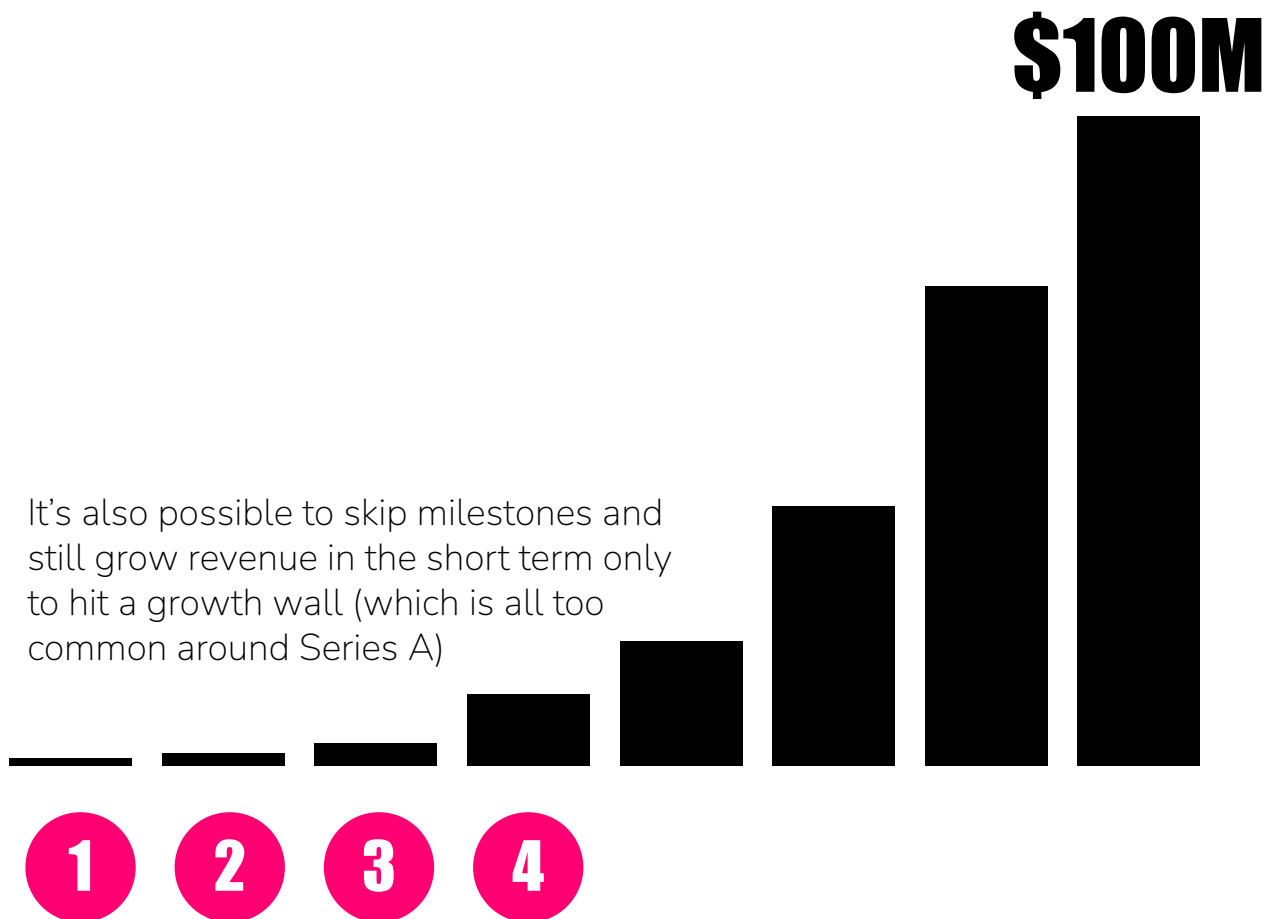
Series A

Seed

Pre

1 2 3 4
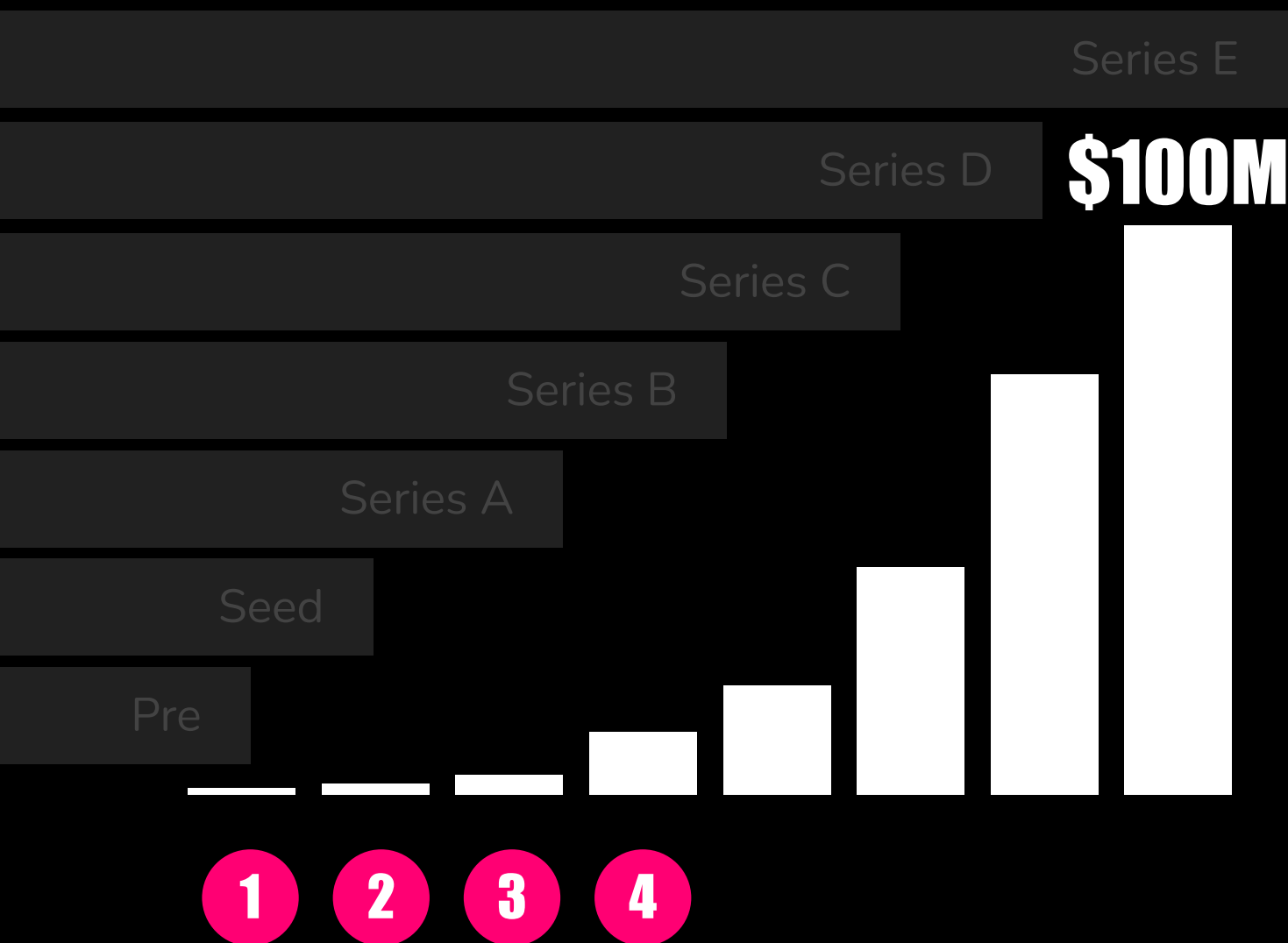
Okay, let's take a look stage by stage...
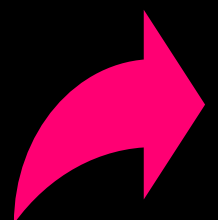
👍

Revenue?

For each stage, I'm going to start by showing my views on the ideal stage to revenue to milestones mapping. But every startup is different and so I'll also go through the revenue variations common at that stage.

$100M

It's also possible to skip milestones and still grow revenue in the short term only to hit a growth wall (which is all too common around Series A)

① ② ③ ④

So I recommend focusing on one milestone at a time 👍

Pre-Seed
Milestones

Pre-Seed

To unlock your pre-seed round, you'll want to start by having unique knowledge about a problem customers are willing to pay to solve

$100M

With one experiment that could hit venture scale

1 **Discovery / Experiments**

Pre-Seed

One problem is that those "experiments" can range anywhere from pre-revenue all the way up to $1M in revenue according to a 2024 survey by Right Side Capital to pre-seed and seed stage VCs

What typical revenue would you need to see for a $1.5M Pre-Seed Round?

Pre-Revenue 46.3%	27.4%	14.7%	9.5%	1.1%	1.1%
$0	$150K	$500K	$1M	$2M	
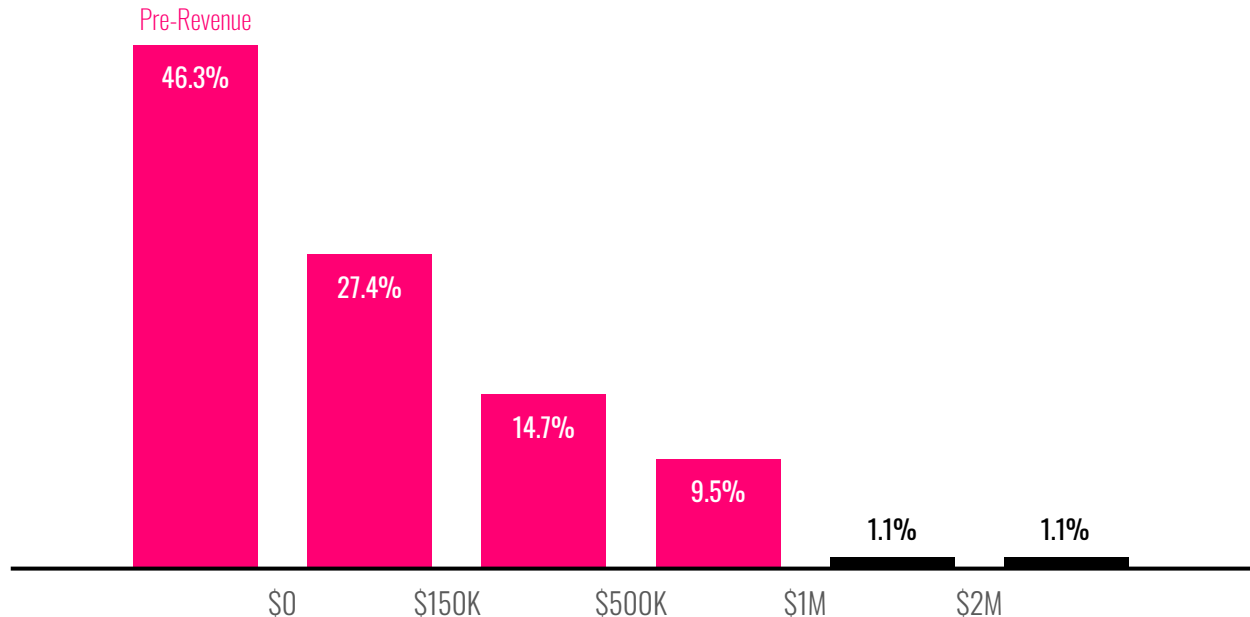
Because the cost to get a product to market is so much lower, many more pre-seed VCs want to see some level of revenue these days
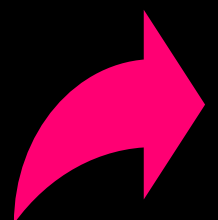But VCs aren't the only source of capital at the pre-seed stage

So revenue at pre-Seed will depend on your background, your market, the investor and maybe other factors...

But no matter what you'll need to have some unique perspective on the market

Which is commonly called Founder Market Fit

Seed
Milestones

Seed

To unlock your seed round, you'll want to start by proving that you can make customers happy (which is harder than getting customers to pay)
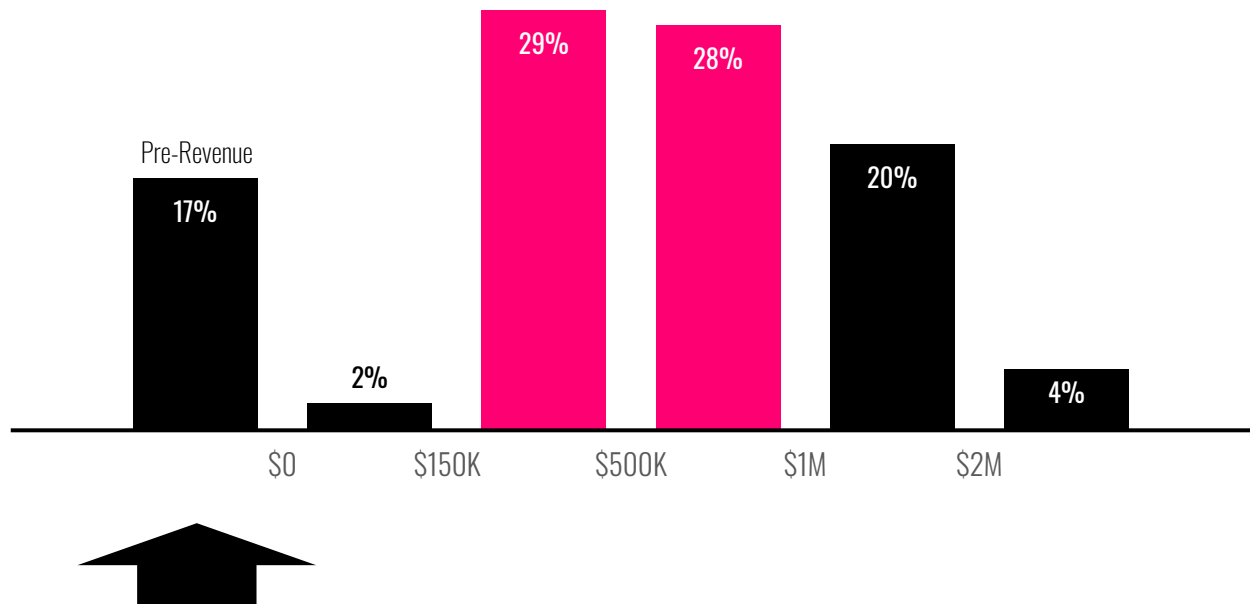
$100M

< $1M
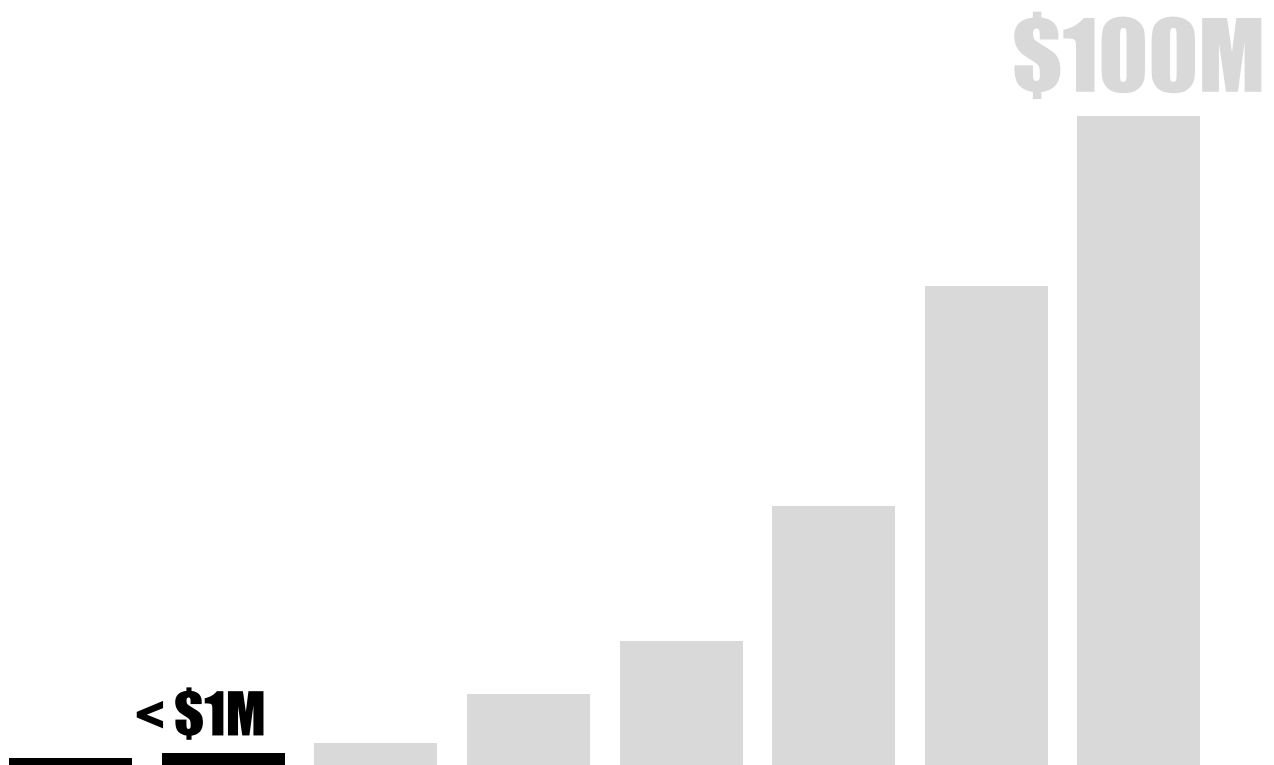
② Problem Solution Fit

Seed

Like the pre-seed stage, the typical revenue range for seed varies quite a bit according the Right Side Capital Survey

What typical revenue would you need to see for a $4M Seed Round?

Pre-Revenue

17%   2%   29%   28%   20%   4%

$0 $150K $500K $1M $2M

My view is that pre-revenue at the seed stage are VCs focusing on second time founders and/or deep tech type startups and not the norm

Again revenue at Seed will depend on your background, your market, the investor and maybe other factors...

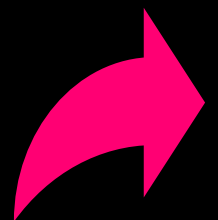But no matter what you'll want to show investors that you can produce happy and engaged customers

And remember that paying customers aren't the same thing as happy customers

In one well defined ICP

Series A
Milestones
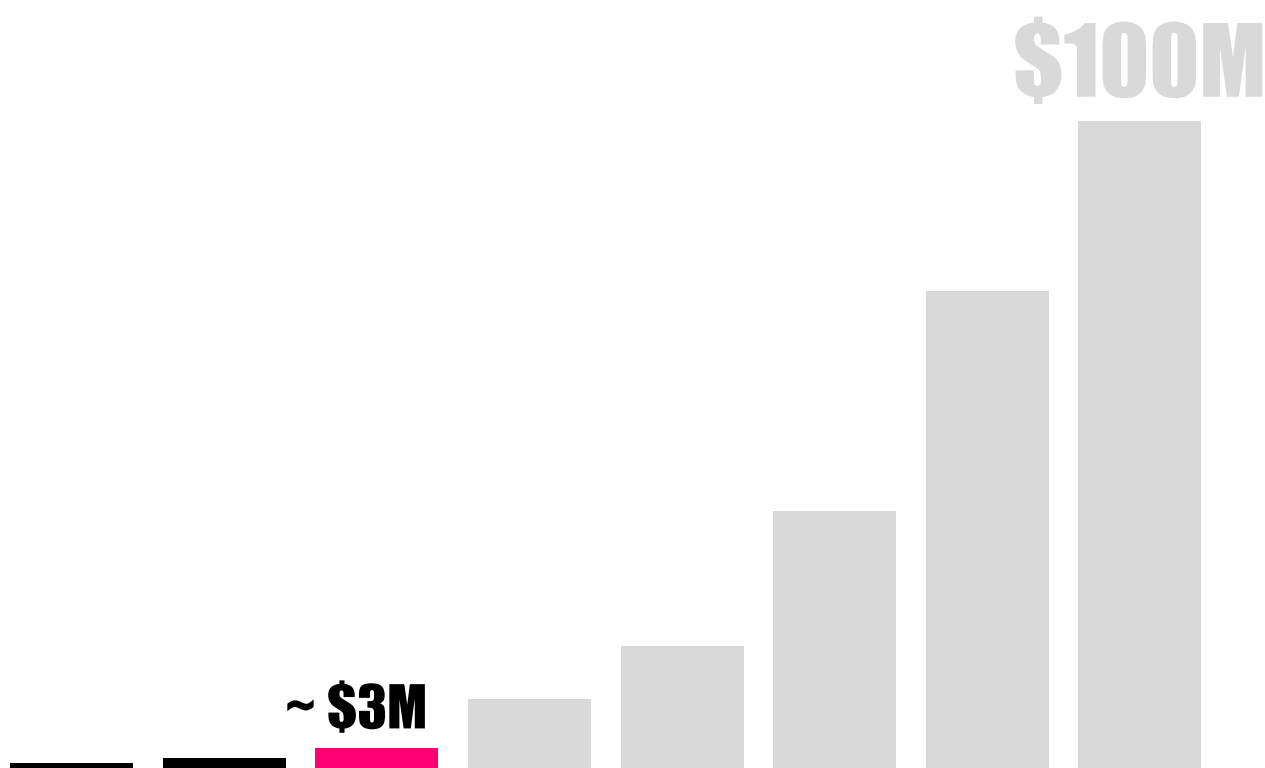
Series A

By the time you get to your Series A, it's not really about the $3M in revenue - it's more about whether you have a repeatable & scalable factory that can find & win a lot of happy customers

$100M

~ $3M

3 **Go to Market Fit**

Series A

While it's a little dated, YCs previous Series A guide echoed the same thing - that it's not about the (at the time) $1M ARR metric - it's way more about the leading indicators to that revenue

Y Series A Guide

Founders often want clean and concrete answers as to when they're ready to raise. This is why the idea that VCs filter exclusively on metrics is attractive. For instance: Saas companies are ready for an A when they cross $1m in ARR. This sounds good, but we've seen As happen for Saas companies with ARR between $200k and $9m with plenty of companies failing all along that range. Clearly VCs don't care that much about this rule.
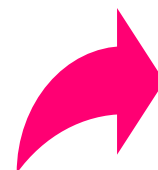
Series A

Even though it's not what I recommend focusing on, why did the common thinking go from a $1M ARR = Series A to $3M ARR?

1

Evolution of venture round cash

Median amount raised has grown significantly in early-stage venture

Data: 21,320 rounds raised by US software startups on Carta | 2019–June 2024

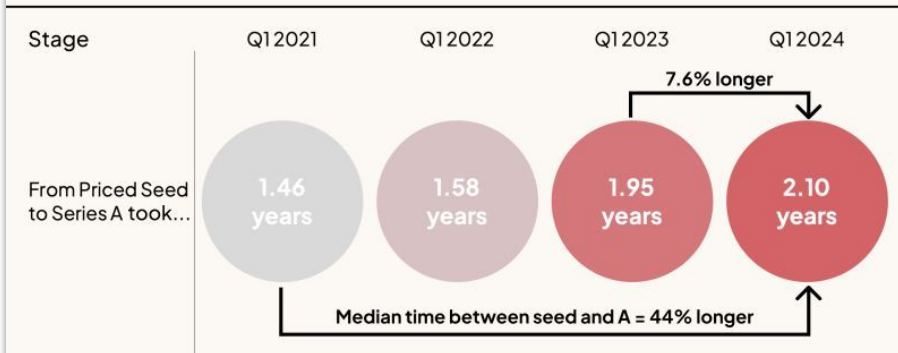| Stage	Type	2019	2020	2021	2022	2023	H1 2024	% change from 2019
Seed	Primary	$2.2M	$2.2M	$3.0M	$3.5M	$3.2M	$3.5M	54%
	Bridge	$2.4M	$2.1M	$3.0M	$3.1M	$2.8M	$2.7M	12%

carta

Both are pushing out most Series A's

2

Time between early rounds is rising

Extended timelines mean cash must last much longer than before

Data: Median time between primary VC round fundraises for companies on Carta

carta

Stage	Q1 2021	Q1 2022	Q1 2023	Q1 2024

7.6% longer

From Priced Seed to Series A took... 1.46 years 1.58 years 1.95 years 2.10 years

Median time between seed and A = 44% longer

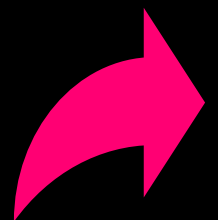**Again revenue at Series A can vary dramatically and will depend on how repeatable and scalable your GTM is...**

So make sure your seed funding lasts until you've proven that you have a repeatable and scalable GTM motion

And remember that it's possible to get to $3M ARR without a repeatable & scalable GTM motion
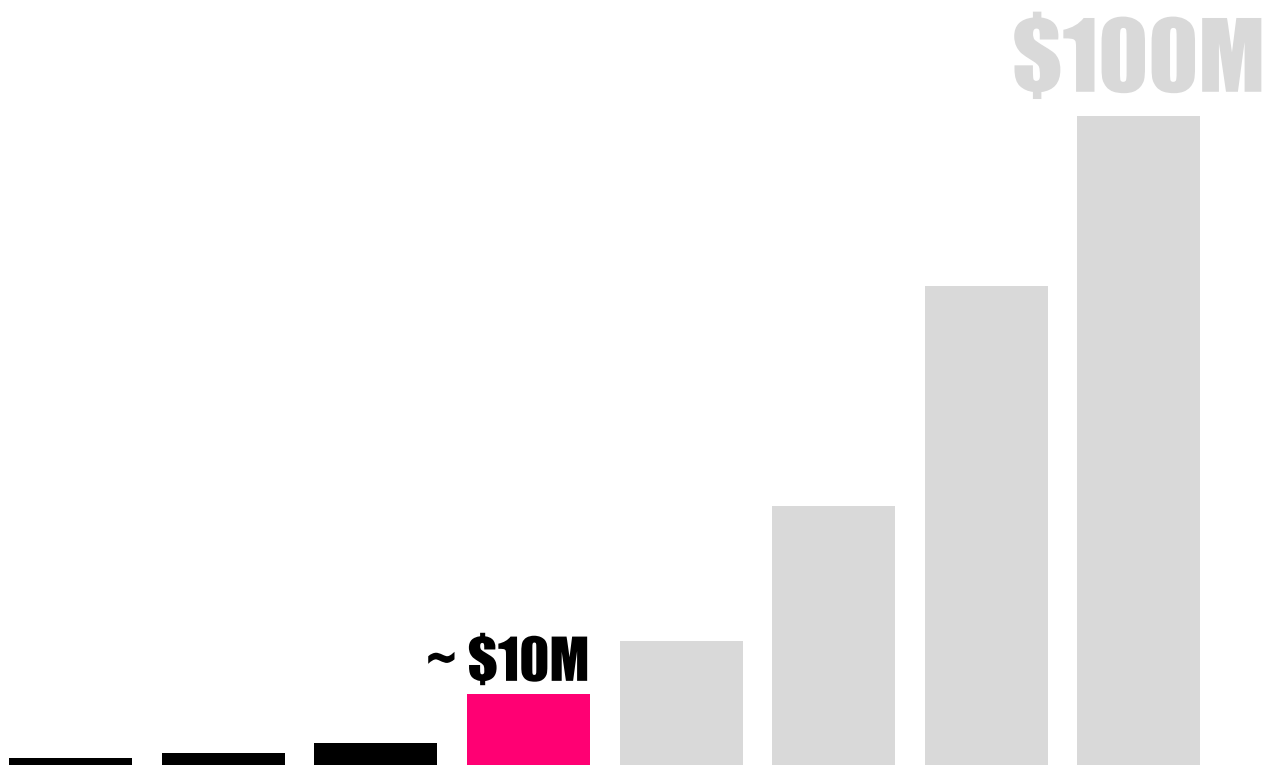
Series B
Milestones

Series B

To unlock your Series B you'll need to prove that you can now actually scale your first version of Product/Market Fit at meaningful revenue

$100M

~ $10M

4 **Scale Product Market Fit**

Series B

You can see that the 2023 SaaS Funding napkin from Point9 capital also shows revenue at a meaningful level of scale by Series B

SaaS Funding in 2023

	Pre-seed	Seed	Series A	Series B
ARR	–	~ $0-1.5M	~ $1-5M	~ $6-12M
ARR Growth (y/y)	–	n/a if pre-revenue, otherwise ~2-3x	~ 2-3x (occasionally 1.5-2x)	~ 1.5-3x
Valuation	~ $5-15M	~ $8-20M	~ $20-60M	~ $80-200M
Round size	~ $750k-1.5M	~ $2-5M	~ $5-15M	~ $10-40M
Team	Special insights into a problem based on industry/domain expertise Product/tech expertise to build the product Founder pedigree matters a LOT (too much, if you ask us)	Team has shown that it can build fast with a small team and can iterate quickly based on new insights Strong product vision Can get people on their side (pot. customers, employees, partners...)	Built a high-performing tech team Recruited 2-3 excellent ICs in product/marketing/sales Team has strong reason why they will win	Proven ability to recruit and lead Hired at least 1-2 proven VPs Can handle 20x the size of today Excellent understanding of the key drivers of the business
Product/Market	Strong indications of a large opportunity, e.g. based on user interviews	Product is loved by early users Strong engagement + stickiness Compelling strategy to get into a large TAM over time	Clear evidence of PMF (high usage, low churn, high NPS) Strong customer references Convincing "why now" Large TAM	Evidence of strong PMF in a multi-billion dollar market with $300M+ ARR potential
Sales/Marketing	–	Organic traction Success with founder-led sales	Success with at least one acquisition channel Early evidence of a repeatable, efficient sales motion beyond founder sales	Strong evidence of scalable, profitable customer acquisition Short sales cycles relative to ACV >110-120% NDR <15 months CAC payback
Capital efficiency	–	Resourcefulness, ability to get a lot done with a small team	Burn Multiple < 3-4x	Burn Multiple <2x
Moat	Great ideas :-)		Increasing conviction that you can create defensibility e.g. by leveraging proprietary data or network effects	
AI strategy	Expect AI to come up in (almost) every VC conversation. Things to think about: – How well do you understand the customer problems you're trying to solve with AI? – How deeply are your AI features integrated with your product?	– Do you have access to proprietary data that improves your model performance? – What makes you win vs. incumbents?	– Impact on CoGS and pricing? – Do you consider AI to be a differentiator or is it just a building block?	The amount of proof you're expected to have depends on whether AI is a central part of your pitch or icing on the cake

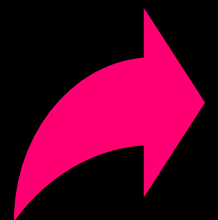**Finally revenue at Series B will also vary dramatically according to the SaaS Napkin anywhere from $6M to $12M...**

And it's all about showing that the Product/Market Fit that you've de risked so far will actually scale

Remember that just because something works at lower scale doesn't mean it'll work at a $10M+ scale

Series B,C,D,E+
# Milestones

But nothing lasts forever...

Series B, C, D, E+ is all about continuing on the venture scale curve and most likely you'll also need to repeat the 1 to 4 milestones again for a new product and/or a new market

Just because you have something that works doesn't mean that your next thing will...
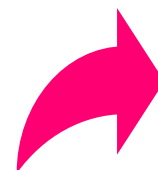
Series B, C, D, E+

Somewhere between $10M and $100M that first product/market fit growth will typically start to slow faster than the venture scale path
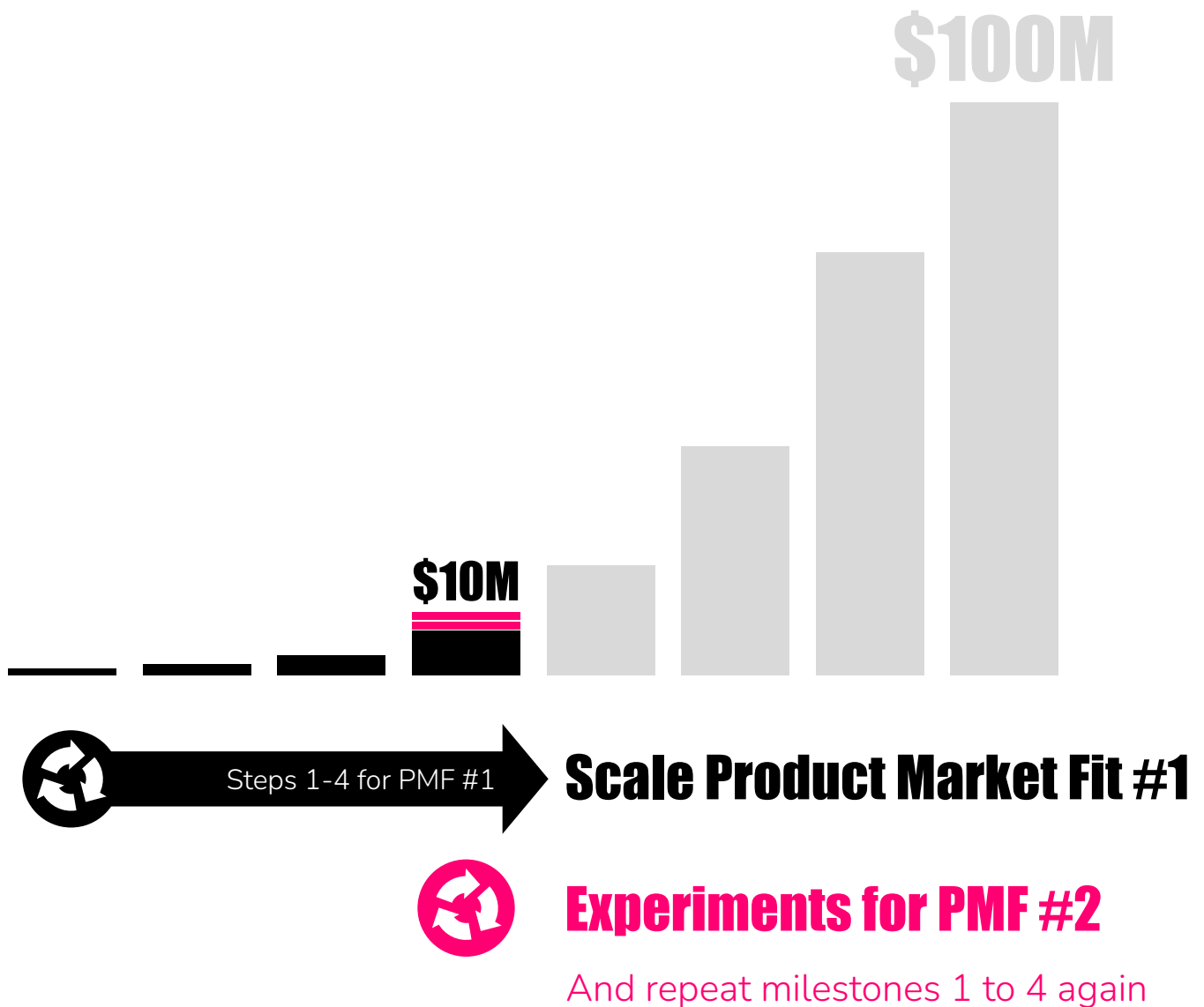
$100M?

$10M
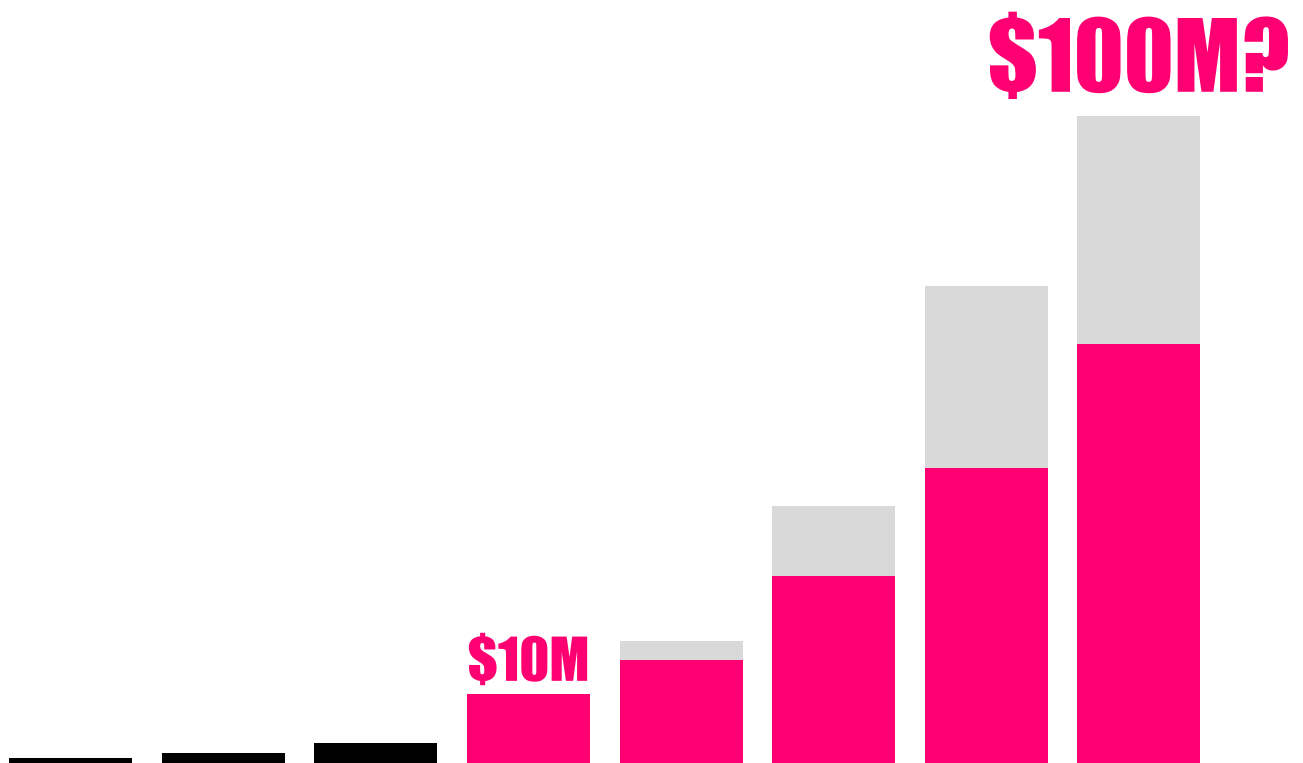
And it'll take time to experiment to find a new product or new market that'll also scale and pickup the growth curve at $10M or more
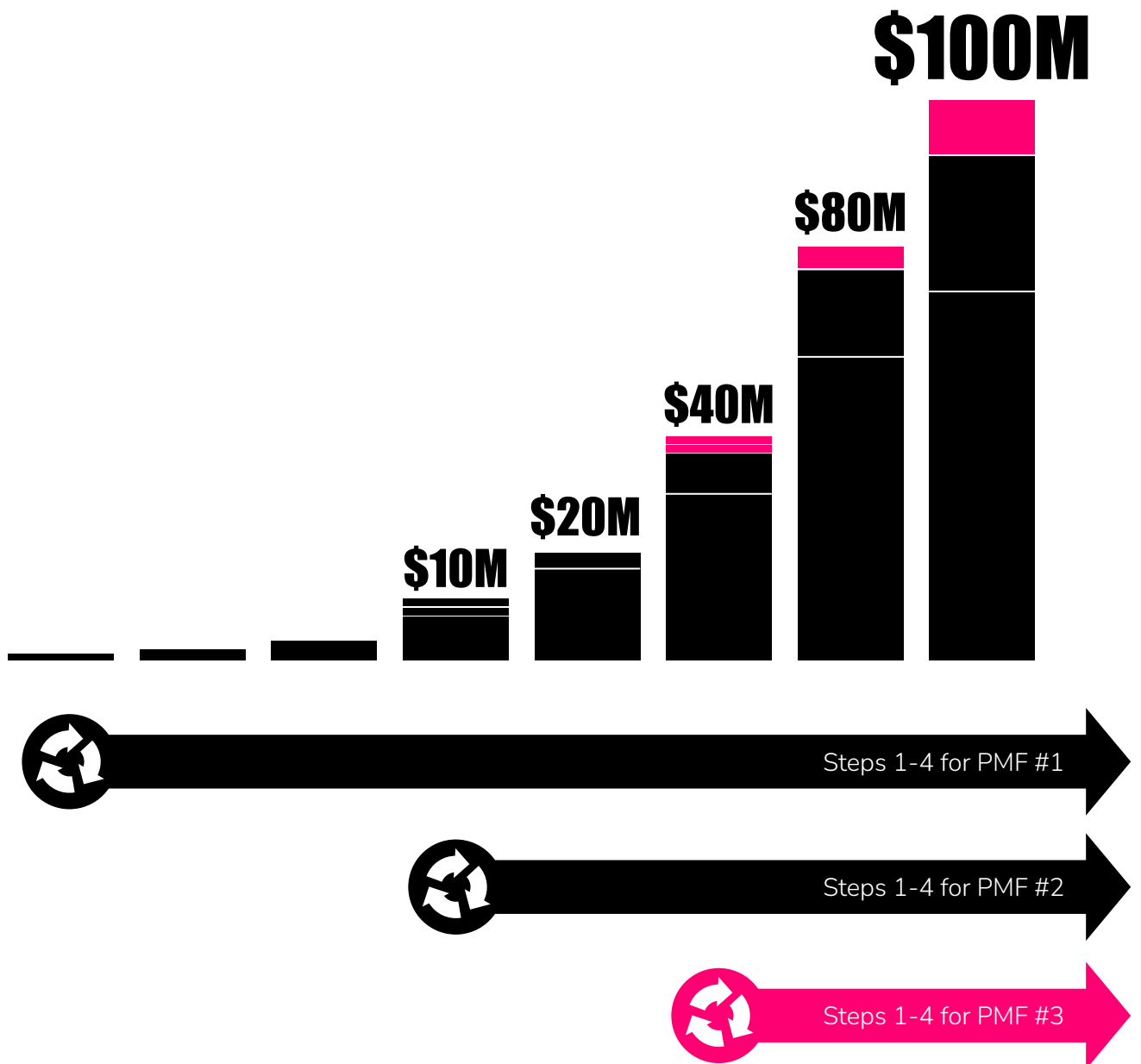
Series B, C, D, E+

So ideally closer to Series B you'll start experimenting with either the same product but different market or same market but different product

$100M

$10M

Steps 1-4 for PMF #1

Scale Product Market Fit #1

Experiments for PMF #2

And repeat milestones 1 to 4 again

Series B, C, D, E+

And somewhere around $40M in revenue, you may need to experiment again with another new market or new product to keep fueling growth

$100M

$80M

$40M

$10M $20M

Steps 1-4 for PMF #1

Steps 1-4 for PMF #2

Steps 1-4 for PMF #3

For more fundraising tips, follow Michael Ho **Repost** this to help a founder in your network

But the nice thing is...

That for each new product and/or new market, it's the same
4 milestones repeated each and every time 👍

Venture Milestones

Unfortunately there's no perfect mapping of revenue to rounds and it'll be different for everyone. Instead, I think it's much better to simply focus on one milestone at a time because it'll help you create real exit value along the way

$100M

1 2 3 4

Scale PMF

Go to Market Fit

Problem Solution Fit

Discovery/Experiments