



Funding Triggers: **Navigating Startup Capital in Biotech**

By Susan Ganje and Karl R. LaPan

Designing the Funding Strategy

A funding strategy is the foundation layer of every IP-backed startup. It impacts the product, the people, and the plans as capital fuels innovation and commercialization.

Startup funding models vary widely across sectors and business models and are ever-evolving. The performance metrics that excited investors in the past may fall flat today. Furthermore, what one capital provider may discount, another may value. There are also factors outside the founder's control, such as macroeconomic conditions, targeted industries, market concentration, regulatory changes, and technological disruption, that can affect access to capital and force founders to explore alternative pathways and lengthen their runways.

At its core, capital deployment tends to follow the intentional management and reduction of risk. Each de-risking milestone can unlock the next tranche of funding. These are the lab-to-market 'funding triggers' we explore in this series. We map out indicative funding pathways and common triggers to help orient and focus your early planning.

This is not an exhaustive guide to the funding landscape. Instead, this series offers a high-level, curated overview of typical funding pathways for development, regulatory, and commercial milestones by subsector. This guide serves as an introduction to the series; detailed subsector guides will follow as standalone installments accompanied by a bibliography for further research. Biotech funding ecosystems are complex and constantly evolving - this is intended as a logical starting point.

This booklet contains:

1. Navigating Startup Capital in Biotech

Future installments in this series will explore:

2. Therapeutics & Drug Development

3. Industrial Biomanufacturing

4. Diagnostics, Devices & Precision Medicine

5. Digital Health & Computational Biotechnology

6. Tools, Platforms & Enabling Technologies

7. Agricultural and Environmental Biotechnology

Before Delving Into Detail, Consider These Five Broad Questions

- 1 Design with Intention: What does success look like?**

Success – and impact – come in different shapes and sizes. Behind the business plan lies the founder’s vision and the startup’s implied business model (‘every strategy leaves a financial footprint’). That’s the starting point for the funding strategy. A founder with a compelling purpose to introduce novel sustainable biomanufacturing process will likely require significant funds across dilutive and non-dilutive forms such as grants, equity, partnerships, government funding, and, at later stages, if building the infrastructure, also debt, project financing. A founder with a vision of carefree summers at the family cabin may be better suited to a lifestyle business, where a shorter path to profitability is possible and maintaining control is more important than outside capital. Both paths are valid; the key is to connect your aspiration with your purpose.
- 2 R&D, Regulatory & IP Roadmap: Where are you in development?**

A medicine discovery project with a long R&D cycle and regulatory hurdles will need a different funding model than a digital AI tool with early-paying customers. For the medicine discovery startup, grants, family offices connected to the disease, and philanthropic donations play a vital role. A fully commercialized product with regulatory approvals may align with Series A or Series B. Key factors include proof points (commercial, regulatory, clinical, etc.), data quality, execution capability, and market opportunity. For university spinouts, securing an option or exclusive license to core IP is often the first decision trigger for startup capital.
- 3 Path to Commercialization: How close are you to revenue?**

If product–market fit (PMF) is still emerging, patient (early-stage) capital is a better fit than a short-term, repayable loan. Seeking out business incubators and seed accelerators may help both overcome product-market fit issues and determine which sources of capital on the capital continuum make the most sense. PMF is often an ongoing and iterative process of refinement and learning; it is rarely a static, standalone win. The extent to which you are close to recurring revenue and sustainable profitability determines your funding mix – grants, convertible loan notes (CLNs), simple agreement for future equity (SAFEs), equity, debt, or alternatives such as revenue-based financing, prepayments, or crowdfunding.
- 4 Funding & Investor Fit: Who should you target?**

Funders think ‘right startup, right time, right structure’ – and they have their own theses and frameworks. Founders evaluate the amount and type of capital they have access to, as well as the triggers that would unlock additional capital. Doing your due diligence and vetting potential capital sources will help to unlock the best fit and alignment between your business stage, model, and investment requirements and a suitable partner. Venture debt, when combined with equity, can be rocket fuel for a growth-stage company with a proven PMF, or it can be a time bomb for a pre-revenue startup without a clear route to market. A revenue-generating company may prefer to self-fund (bootstrap) or access more flexible capital structures, such as working capital finance. Beyond capital, consider what you want from the broader entrepreneurial ecosystem: incubation and/or acceleration, facilities, governance, networks, technical and/or market expertise, and follow-on capital. Please familiarize yourself with their investment theses and identify funders with aligned goals.
- 5 Milestones: What will this funding achieve?**

As your venture evolves, continue to evaluate and develop scenarios for the likely capital stack, delivering a plan that incorporates cushions for potential delays and surprises. Be clear on expected outcomes. Which milestones will you achieve with this capital? Where do these milestones sit within your longer-term funding strategy: will this raise take you to sustained profitability, or position you to access additional funding?

Founder Reflection: Funding Readiness Check



Success & Intent: What does success look like for me and for this venture, and does my funding strategy reflect that reality?



Risk Reduction: Which risks am I actively de-risking, and which remain unaddressed?



Funding Triggers: What concrete proof points must I demonstrate to unlock the next round of capital?



Milestones & Control: Are my milestones, burn rate, and runway aligned, and do I have clear triggers to persist, pause, or pivot?



Signals to Investors: Do our metrics and priorities demonstrate credible progress, or just sustained activity?



Managing Uncertainty

Bringing something novel to market will inevitably entail setbacks and challenges as innovation and uncertainty are intrinsically linked. The outcome of scientific breakthroughs may not be fully controllable, but operational and financial discipline is. The key is to focus on the work, understand the risks, stay agile, curious, and cultivate both personal and company-wide resilience.

Resilience begins with people: the conviction to weather obstacles and the creativity and courage to build new paths when circumstances demand it. Across biotech domains, the team's scientific and R&D capabilities are paramount, alongside the ability to execute with discipline, while adapting to regulatory, technical, and operational hurdles that inevitably arise. Founders should proactively identify capability gaps and develop credible risk-mitigation plans, including a customer and partner discovery process through early collaborative projects/awards, pilots, letters of intent, engagement with key opinion leaders/advisors and so on.

Data, operational, and financial rigor also contribute to resilience. Doing the work and accessing high-quality data (and, where relevant, compute resources) help founders understand risk, gain clarity on relevant clinical and regulatory pathways, and define routes to market - supported by strong controls, systems, and reporting. The startup's overarching OKRs (Objectives and Key Results) should translate into specific KPIs for the team and be communicated regularly to investors. For example, an OKR to complete Phase I trials aligns with KPIs such as subject enrollment and cohort completion milestones. For the fundraising startup, the OKRs should reflect the de-risking milestones that demonstrate progress towards the funding triggers.

Of course, requirements change as the startup matures. At the investment-ready stage, you'll develop your business plan and a financial model with sensitivity analysis. With funding in place, it is crucial to have the appropriate accounting software, operating systems, processes, reporting, and governance to support informed decision-making. Values, culture, and team incentivization also matter.

If you deviate from the plan, how does that change the spending and scaling decisions? Have you set triggers or funding gateways? Do you keep the foot on the accelerator for marketing and expansion if PMF is taking longer? With clear visibility into data and consequences (milestones vs. runway) and pre-determined gateways to unlock spend, decision-making becomes more controllable.

Signals That It's Time to Recalibrate and Regain Control

Periods of rapid learning, uncertainty, and transition are normal in innovation-driven startups. The following signals don't indicate failure - but they *do* suggest it may be time to pause, reassess, and strengthen alignment:

- **Runway is compressing faster than milestones are being achieved**, indicating a need to revisit scope, sequencing, or burn assumptions.
- **Decision triggers for persist, pause, pivot, or stop are unclear or not being used**, reducing the team's ability to act decisively as conditions change.
- **Teams are busy but not fully aligned around shared KPIs or priorities**, signaling an opportunity to sharpen focus and clarify success metrics.
- **Targets are repeatedly missed without corresponding changes in strategy or execution**, suggesting that assumptions may need to be tested or updated.
- **Leadership roles or responsibilities are changing frequently**, often a sign that governance, capacity, or role clarity needs reinforcement.
- **Communication with stakeholders lacks transparency about what is and isn't working**, limiting trust and the ability to course-correct collaboratively.

Noticing one or more of these signals is an invitation to reassert discipline, reset expectations, and make more intentional choices about capital, milestones, and momentum.

Conclusion

Your funding journey won't follow a straight line – it never does. But clarity of milestones and resilience can help you navigate uncertainty. Prepare well and find the partners who believe in where you're going. Through thick and thin, remember the vision and mission.

Supporters of innovation, resources, and a vibrant entrepreneurial community are here to help. Find your tribe – and thrive!

Founder Takeaways: Funding with Intention

Successful funding strategies are not about chasing capital, they are about intentionally reducing risk in service of a clearly defined vision.



Define success first. Your personal and venture goals determine the right funding path. Venture-scale ambition and lifestyle outcomes demand fundamentally different capital strategies.



Capital follows de-risking. Funding unlocks when specific scientific, technical, regulatory, commercial, or execution risks are reduced, not when effort alone is expended.



Know your funding triggers. Be explicit about the proof points required to unlock the next tranche of capital, and design milestones to demonstrate them.



Align runway, milestones, and discipline. Burning cash without hitting milestones is a signal. Clear pause, pivot, or stop triggers preserve control.



Measure credibility, not activity. OKRs, KPIs, and team priorities should translate directly into investor-relevant progress toward the next funding decision.



Susan Ganje is a CFO at **The CFO Centre**, providing fractional CFO support to biotech and deep tech startups from pre-seed to the growth stage. With over 20 years of experience, she has facilitated funding from \$100K to \$1B, led risk management initiatives, and supported high-growth startups and scaleups at the UK's national innovation agency and as a CFO in the US and UK. She also built the financial operations from the ground up for a pioneering deep tech company and created the credit execution team for BNP Paribas' commodity finance group in New York. Susan is passionate about helping entrepreneurs build resilient businesses that empower them to live the life they envision.



Karl R. LaPan has led **UF Innovate | Accelerate** since May 2021, steering its award-winning incubation and commercialization programs. Under his direction, the organization drives entrepreneurial growth across two state-of-the-art facilities (over 130,000 sq ft of innovation space), supports more than 90 client companies, has facilitated \$11.9B in client capital investment, and generated over \$26.8B in economic impact, thereby amplifying UF's statewide footprint.

Disclaimer: The information in this publication is provided in good faith and is believed to be accurate and current at the time of publication. It is for informational purposes only and does not constitute financial, legal, or investment advice. Opinions expressed are solely those of the authors and not their respective employers or affiliated organizations.