

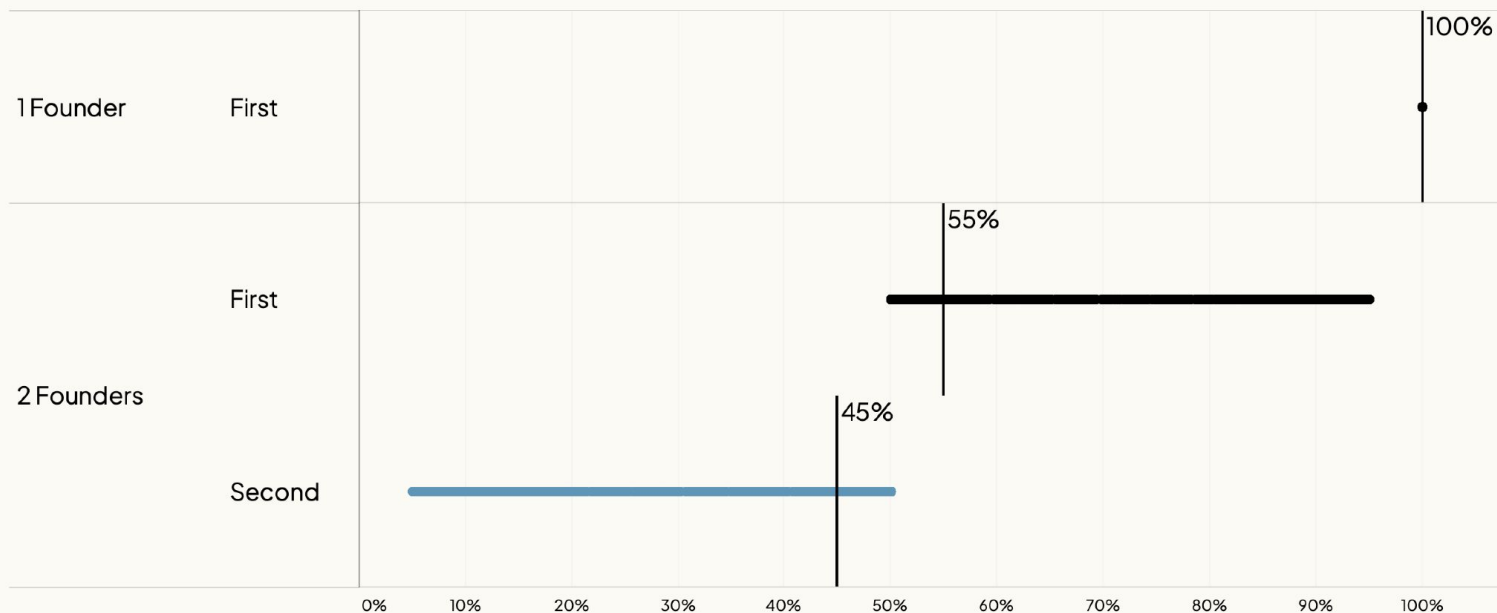
# Venture Round Dilution: From Pre-Seed to IPO

Peter Walker, Carta | SaaSOpen 2024

# Before Dilution – Founder Equity

In companies with 2 cofounders, the median split is 55% to 45% (before investors, employees, etc)

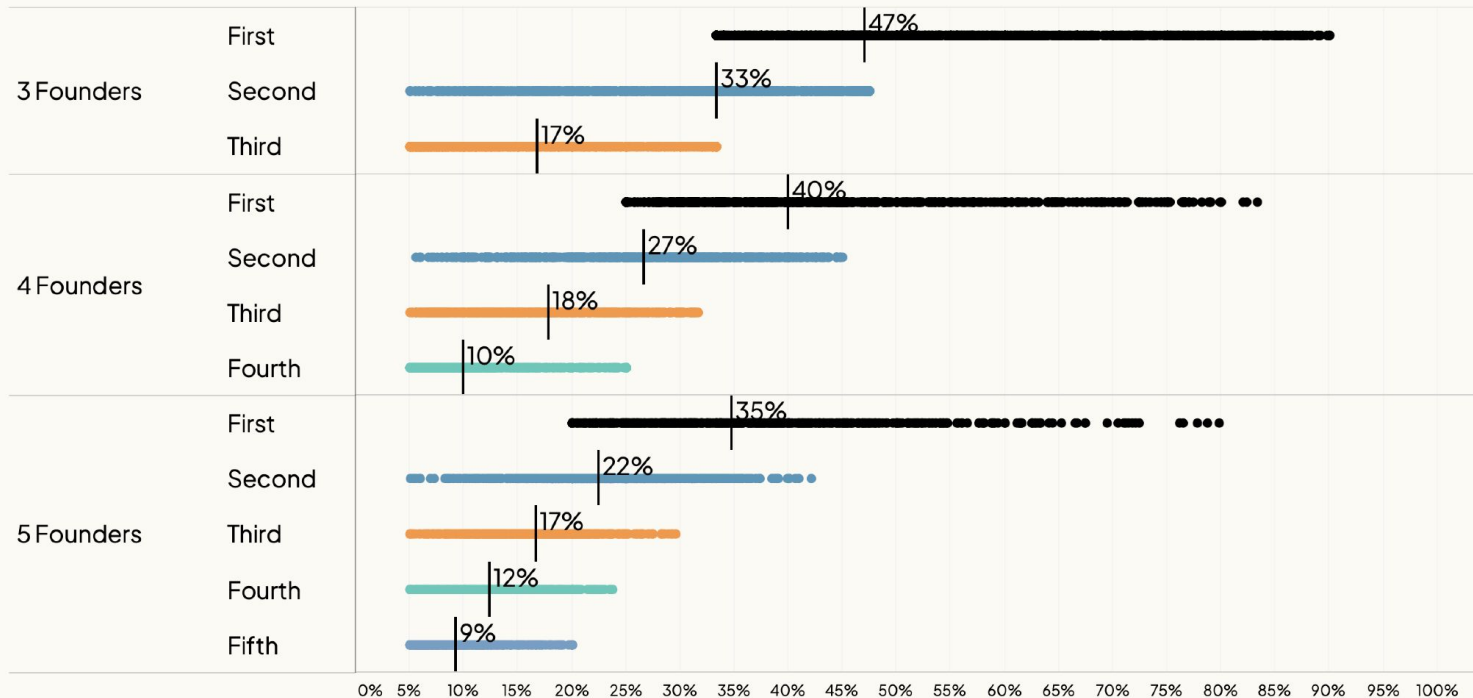
Median equity by founder for each founding team size



# Founder Equity (continued)

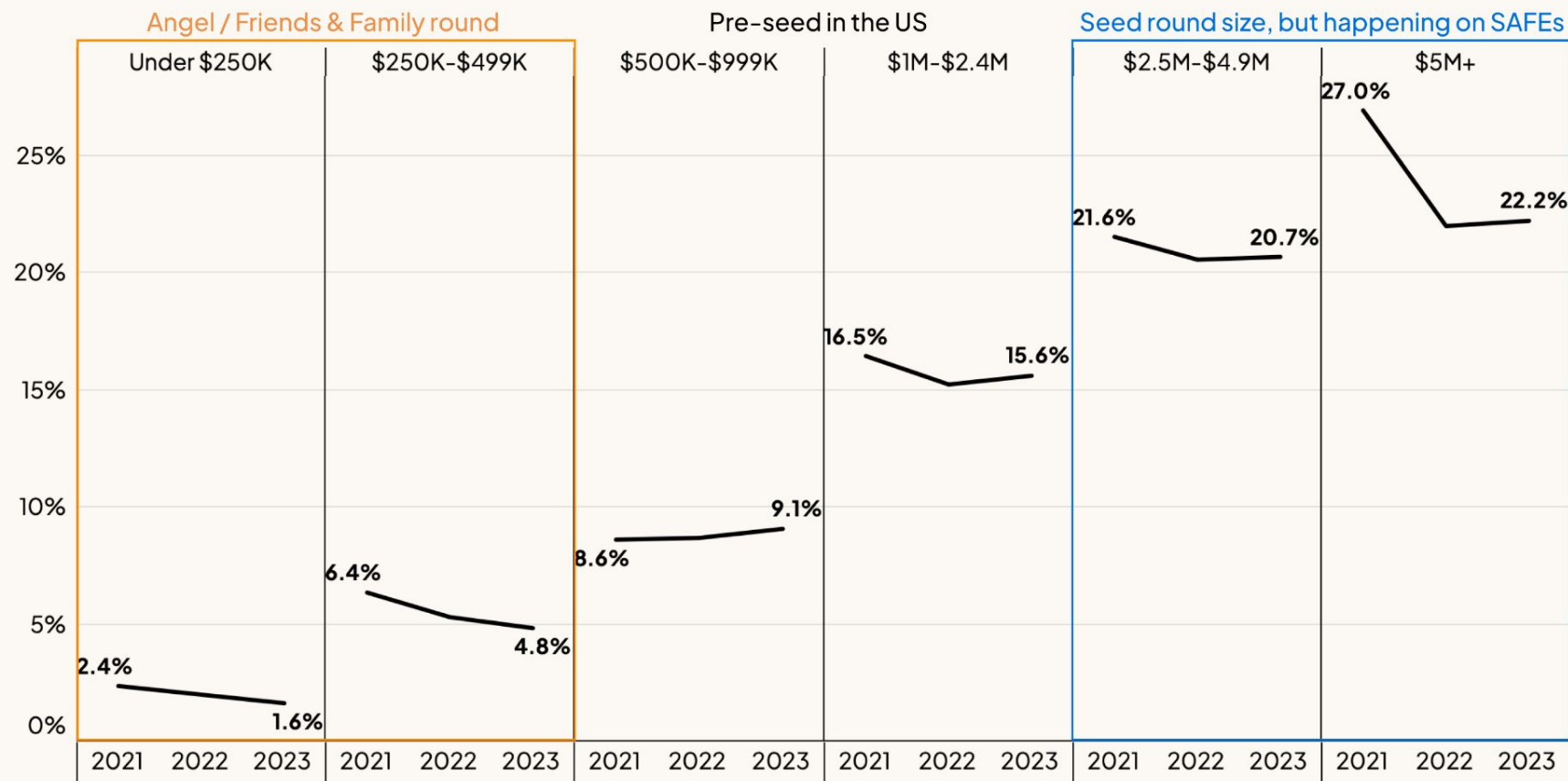
There tends to be a “lead” founder in large founding teams

Median equity by founder for each founding team size



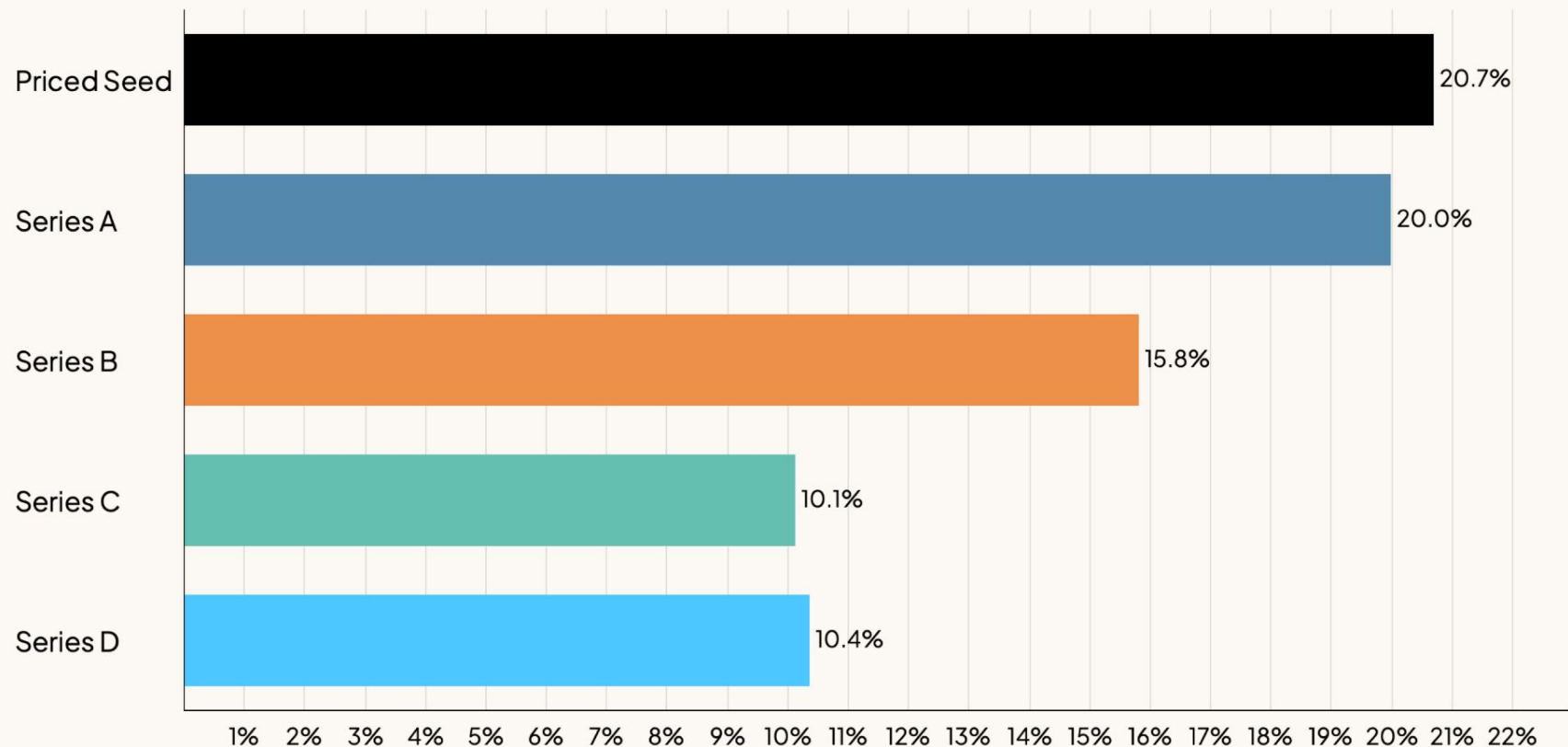
# Dilution begins for the founding team in the SAFE rounds

Median dilution in SaaS post-money SAFE rounds, split by round size | 2021-2023



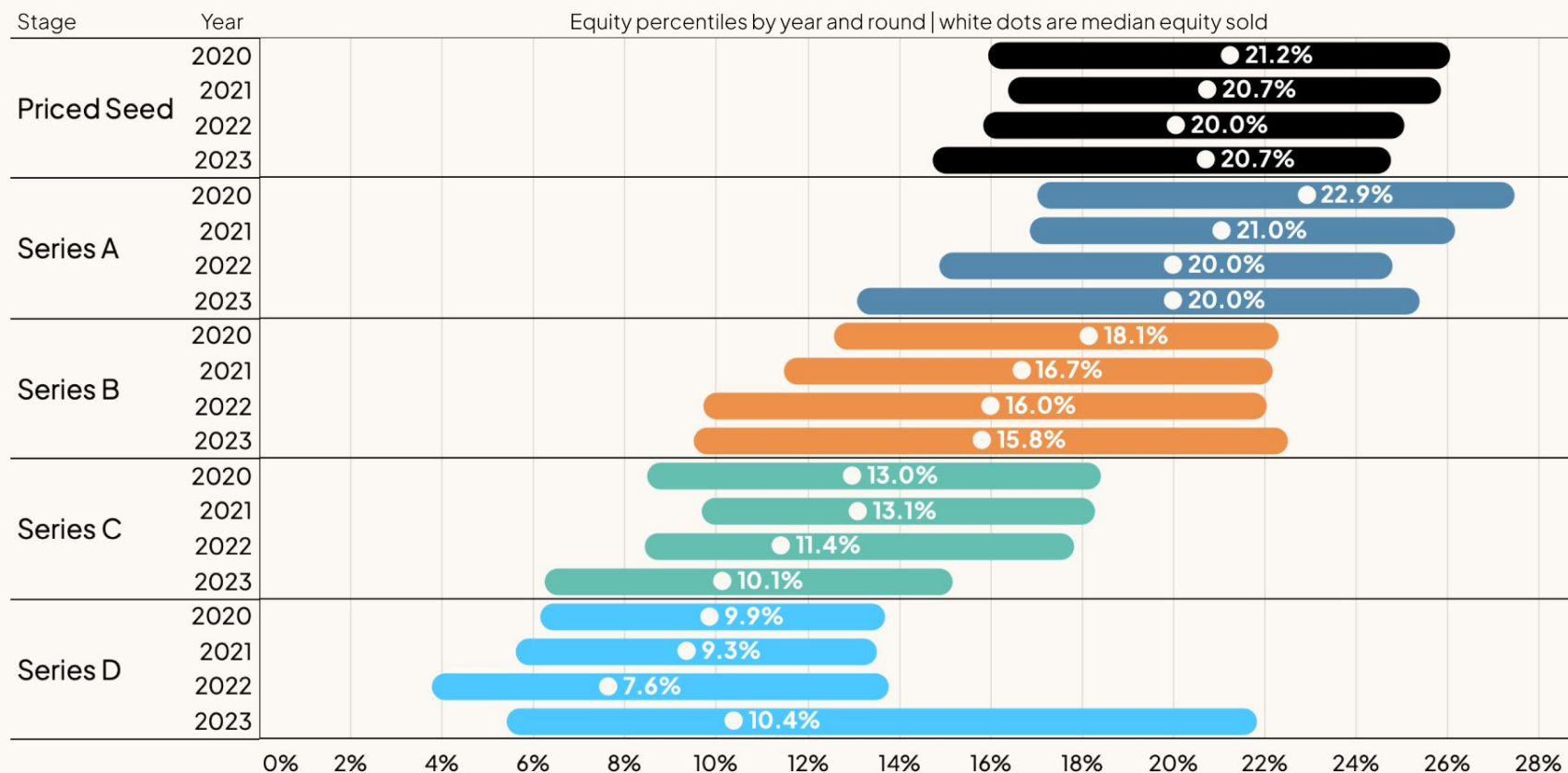
# 20% rule of thumb in early-stage venture? True.

Median equity sold to investors in primary rounds | US startups on Carta in 2023



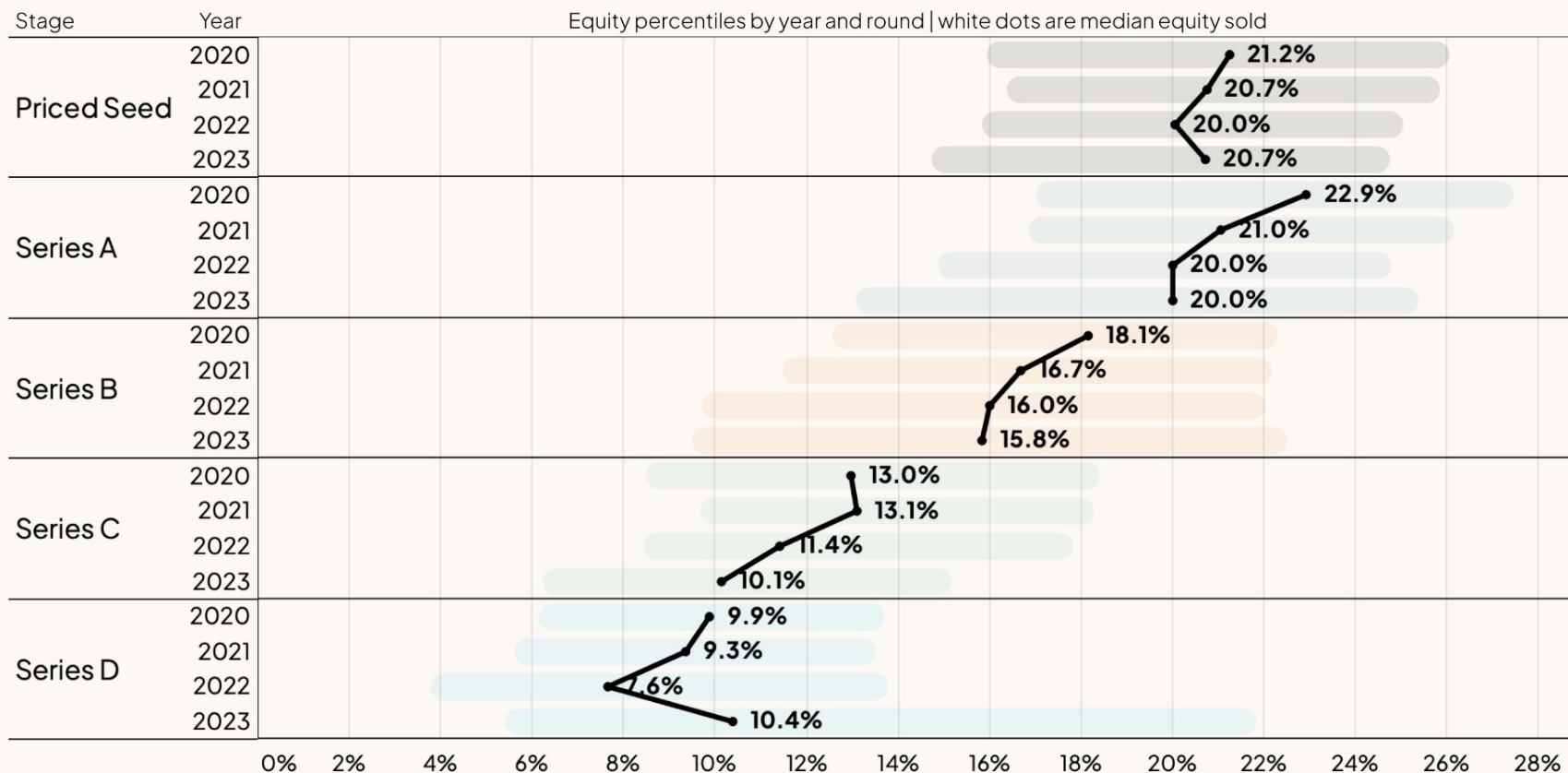
# Strong downward trend across most stages in recent years

25th / 50th / 75th percentile equity sold to investors in primary rounds | US startups on Carta



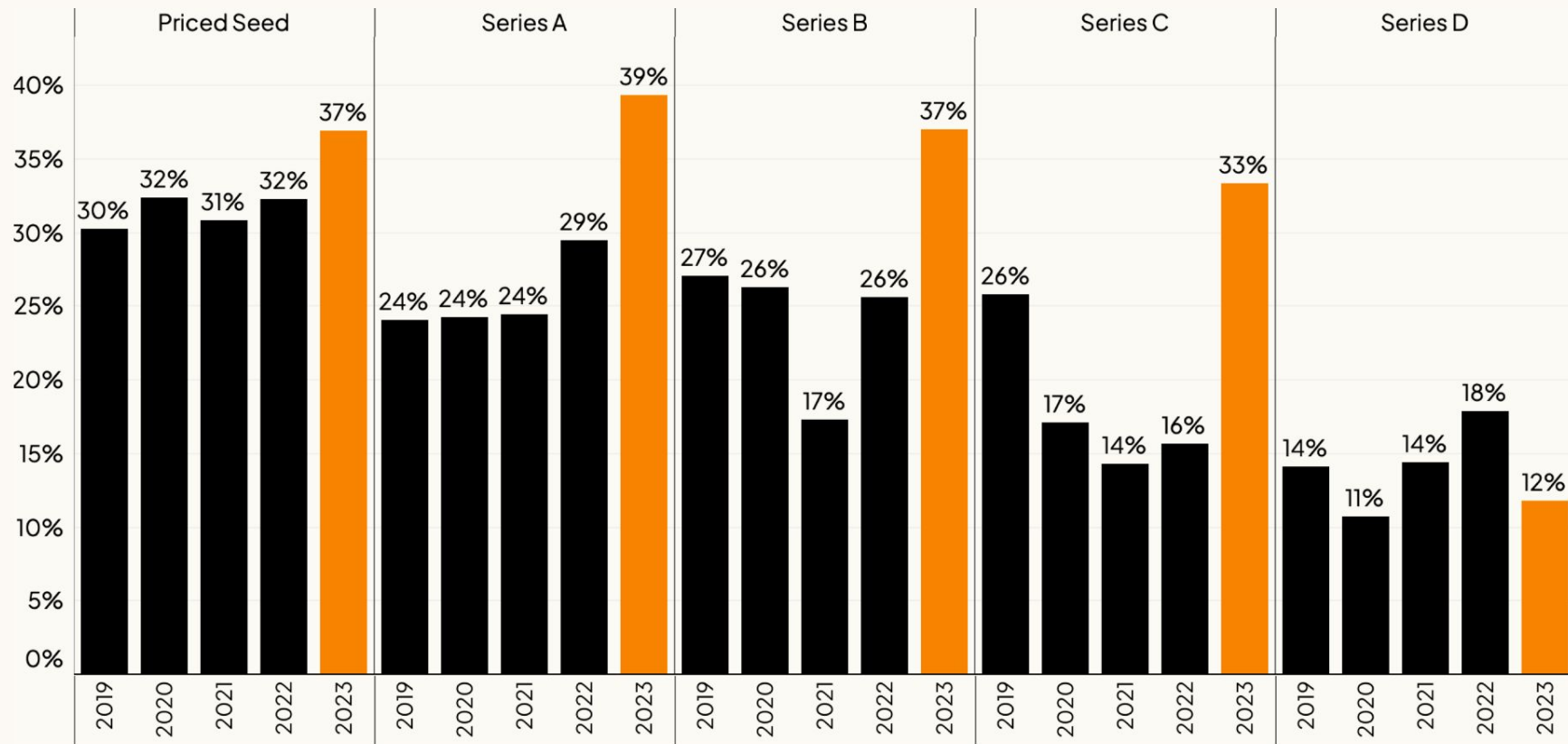
# Strong downward trend across most stages in recent years

25th / 50th / 75th percentile equity sold to investors in primary rounds | US startups on Carta



# But wait – dilution doesn't just happen in primary rounds

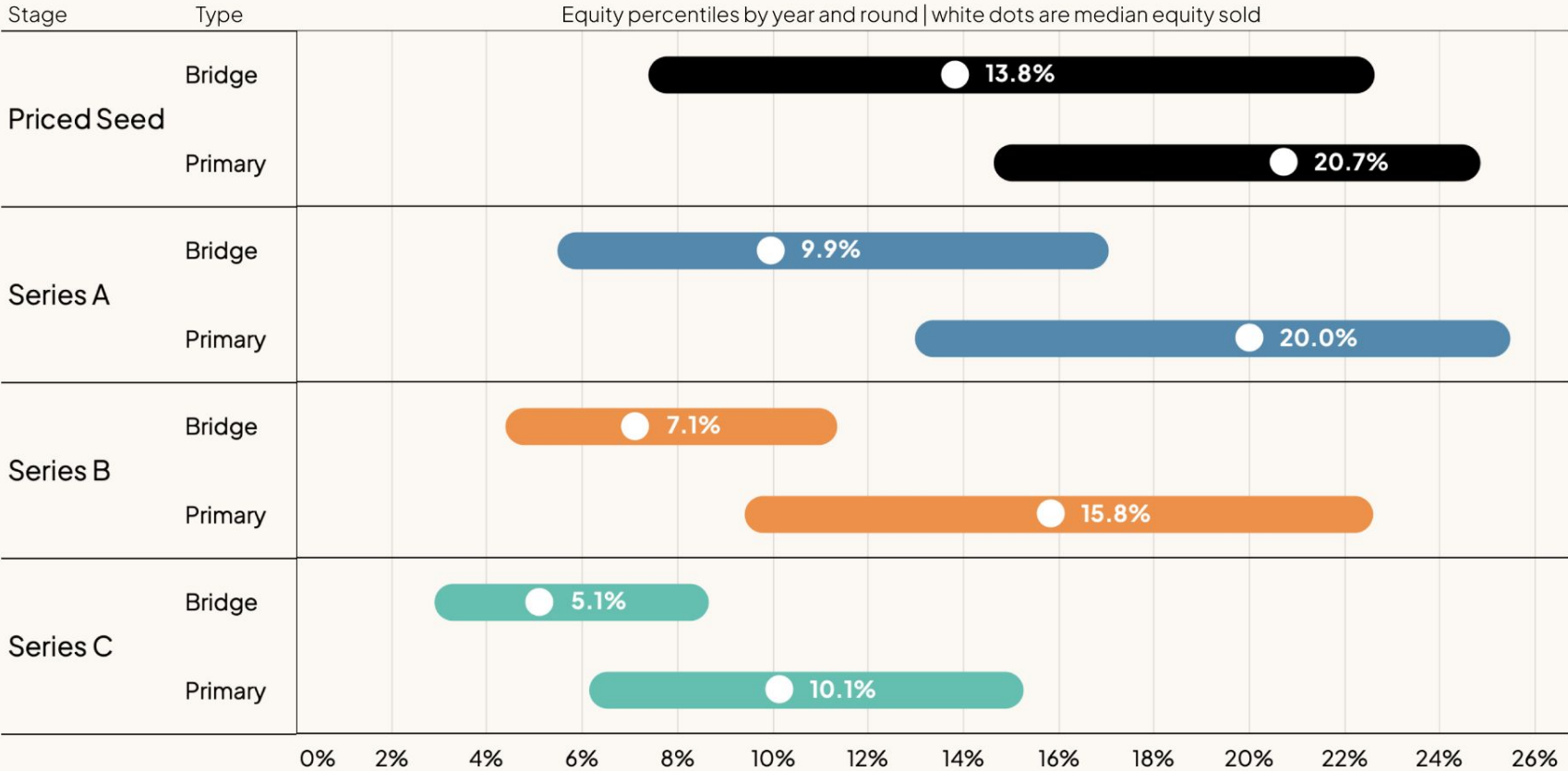
Percent of all rounds in a given series that were bridge rounds | US companies on Carta, 2019–2023





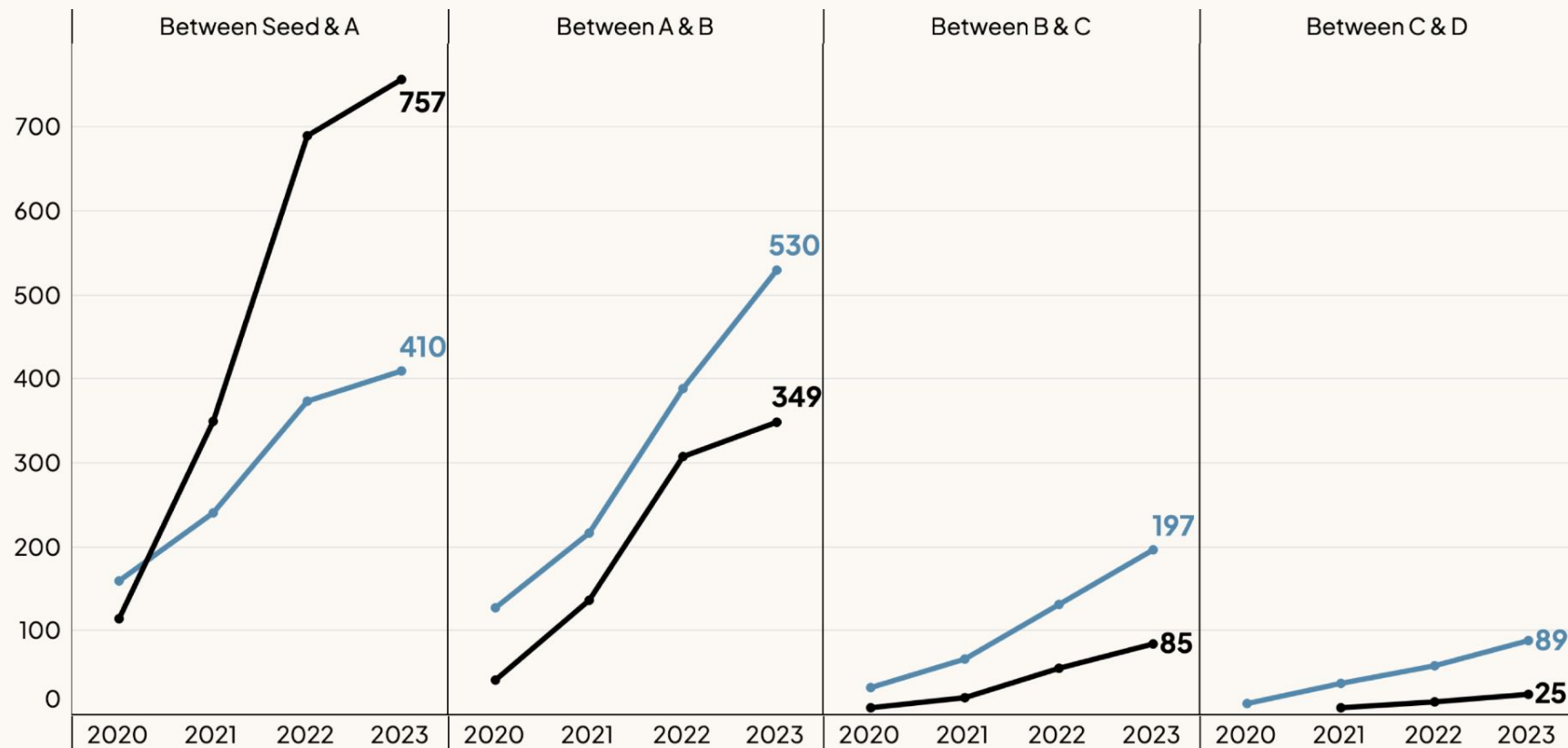
# Bridge round dilution settles around half of primary rounds

25th / 50th / 75th percentile equity sold to investors in primary & bridge rounds | US startups on Carta in 2023



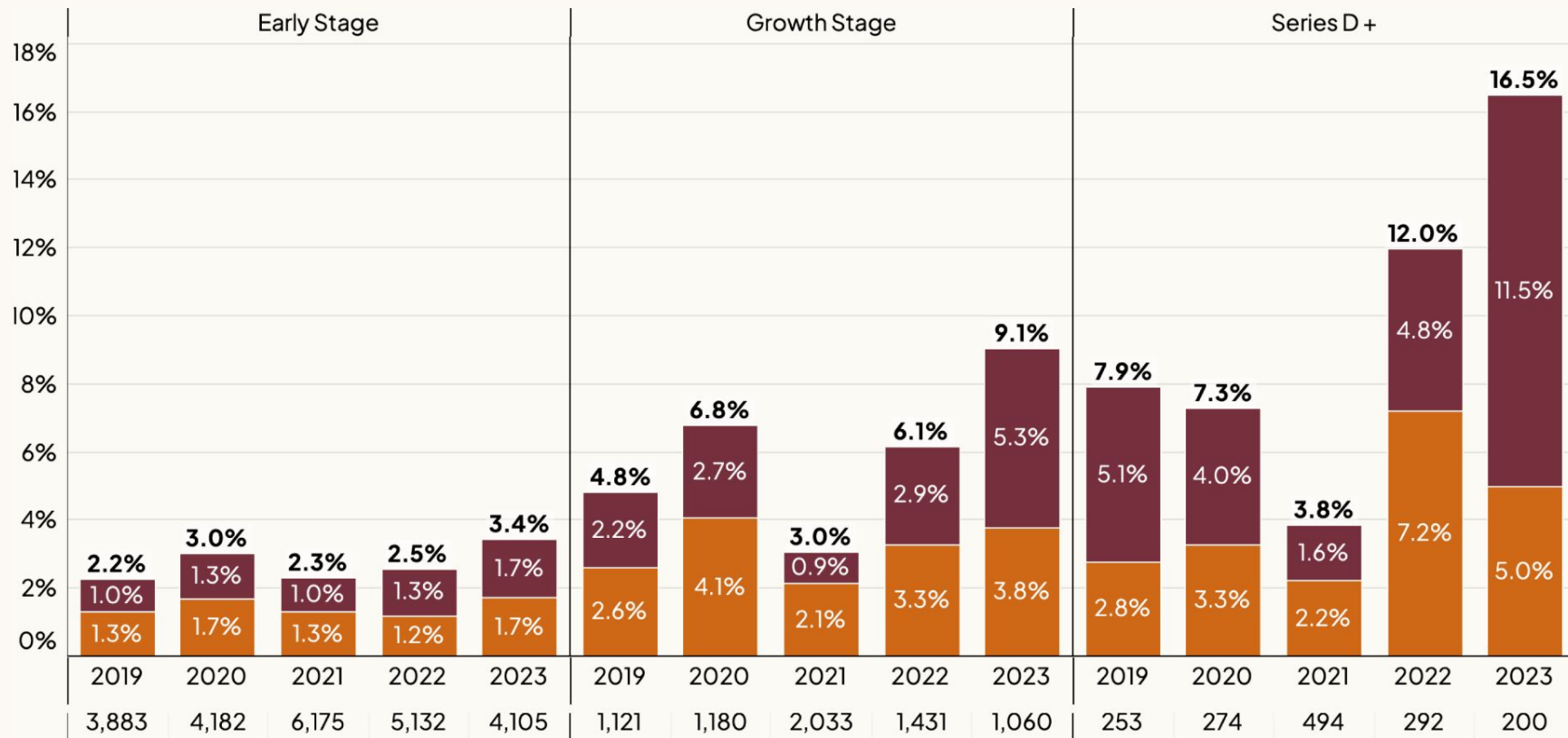
# Convertibles are sneaking in between priced rounds

Total companies raising **SAFEs** or **Convertible Notes** in between priced rounds by year



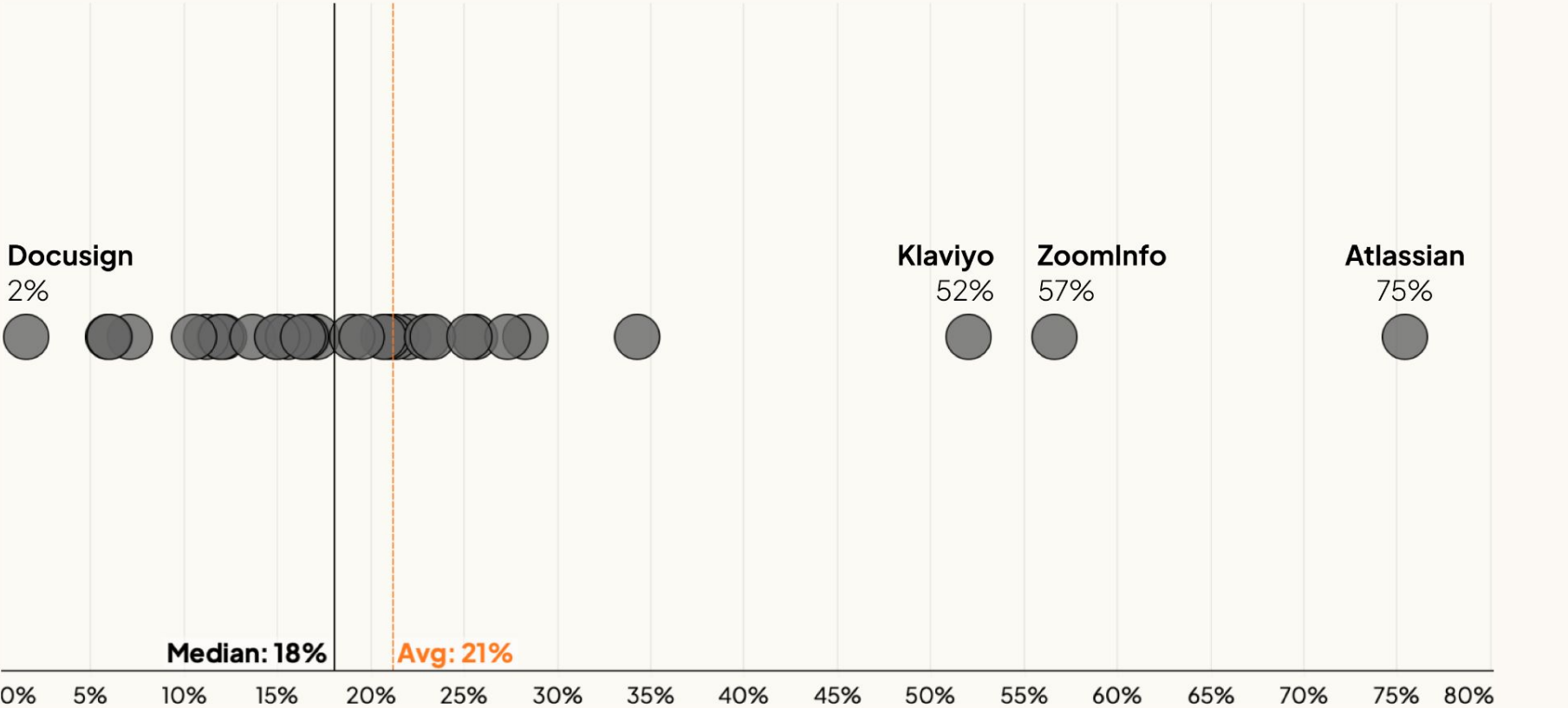
# Round liquidation preferences are rising

Percent of all deals by stage with liquidation preferences of **1.1x–1.9x** or **>2x**



# SaaS founding team ownership at IPO is all over the place

Data from Jason Lemkin's SaaStr post on founder ownership at IPO | each dot is total ownership at IPO by company



# Lessons

- SAFEs aren't free money - and stacking SAFE rounds adds up.
- 20% in your primary Seed and Series A is still “market”.
- Bridge rounds are more common than ever - and structure often follows bridges.
- Comparison remains the thief of joy.

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