

THE GET DILIGENCE READY SERIES

The Readiness Ladder

What investors actually look for at every round, from the first angel check to Series B, why the bar changes with whose money it is, and how founders can be diligence ready before the first meeting.

~1 in 100

deals a median VC firm considers for every deal it closes¹

118 hrs

average VC due diligence per deal, over an average 83 days to close²

<30%

of seed companies in any cohort since Q3 2021 reached Series A within two years³

~20 hrs

median diligence by angel-group investors; returns rose with more⁴

EXECUTIVE SUMMARY

There is no single bar. There is a ladder.

Founders often hear “investors back great teams” and “investors want traction” as if both were always true. The evidence says both are true, at different rungs, for different kinds of money. This paper maps what each investor type weighs at each round size, how deep their diligence goes, and what founders can have ready before anyone asks.

Key findings

- 1 The funnel is steep.** The median VC firm considers about 100 opportunities for every deal it closes, and only about 10% of deals arrive inbound from founders.^{2,1}
- 2 Team is the first filter.** 95% of VC firms rank the team as important and 47% rank it most important.² In a field experiment with thousands of angels, team information drew investor interest; traction did not.⁵
- 3 Diligence depth follows whose money it is.** Angel-group investors spent a median ~20 hours per deal.⁴ VC firms average 118 hours, 83 days and 10 reference calls.²
- 4 The bar rises every round.** Median software raises go from \$4.1M at seed to \$25M at Series B,⁶ and no seed cohort since Q3 2021 has seen 30% of its companies reach Series A within two years.³
- 5 Fund math explains VC behavior.** About 65% of VC financings return less than 1x; a few outliers carry the returns.^{7,8} VCs are screening for the outlier, not the safe bet.
- 6 Most rounds slow down on fixable paperwork.** Cap tables that don’t match signed documents, missing 83(b) elections and unassigned IP are among the red flags that most often slow seed rounds.⁹
- 7 2026 is concentrated.** 87.5% of H1 US venture dollars went to \$100M+ rounds,¹⁰ and 2025 saw the fewest priced rounds on Carta in at least six years.¹¹ Everyone else competes for less attention.

01	The 2026 market	3
02	How investors decide	4
03	Why the bar is so high	6
04	Angels vs venture capital	7
05	The wider investor map	9
06	The ladder, round by round	10
07	What diligence checks	12
08	The raise by the numbers	14
09	A 30-day readiness plan	15
	Methodology & sources	16

01 · THE 2026 MARKET

A record year for dollars. A thin year for rounds.

Headline venture totals are at record levels, but they are driven by a small number of very large AI rounds. For most founders raising their first or second round, the market is more selective than the headlines suggest.

\$412.7B

US venture deal value in H1 2026¹⁰

87.5%

of that value went to rounds of \$100M or more¹⁰

4,859

priced rounds on Carta in 2025, the lowest in at least six years¹¹

29%

of 2025 seed and Series A deals on Carta were bridge rounds¹¹

What the concentration means

Sub-\$100M deals drew about \$51.4B in H1 2026, or 12.5% of the total.¹⁰ AI companies took roughly 86% of dollars in the same period, though Carta and Fenwick put AI's Q1 2026 share at about 61%, on samples that include fewer of the very largest rounds.^{12,10} The difference is itself the story: the very top of the market is pulling the averages.

Meanwhile, the number of companies getting funded has fallen. Carta counted \$119.5B across 4,859 rounds in 2025, up 16.9% in dollars on the lowest round count in at least six years.¹¹ More money is going into fewer companies.

What it means for founders

When fewer rounds get done, investors can afford to be choosier, and the time between rounds stretches. The median gap from seed to Series A was about two years in 2025 and early 2026; Series A to B was 2.1 to 2.5 years depending on the period measured.^{11,12}

Valuations tell the same split story. Median seed valuations rose to \$24M in Q4 2025,¹¹ yet the 95th-percentile seed valuation hit \$200.4M in Q2 2026, nearly triple a year earlier.¹³ Medians hide a wide spread. Where a company lands depends heavily on the evidence it can put in front of investors.

ABOUT THIS PAPER

Every statistic is footnoted to its source, listed in full on pages 16–17. Where sources measure different samples (for example Carta's broad platform data versus law-firm deal reports, which skew toward larger rounds), we use Carta as the market median and name the sample. Where no primary data exists, and the stage-by-stage frameworks in sections 06 and 07 are the main example, we say the view is Rubicon's synthesis.

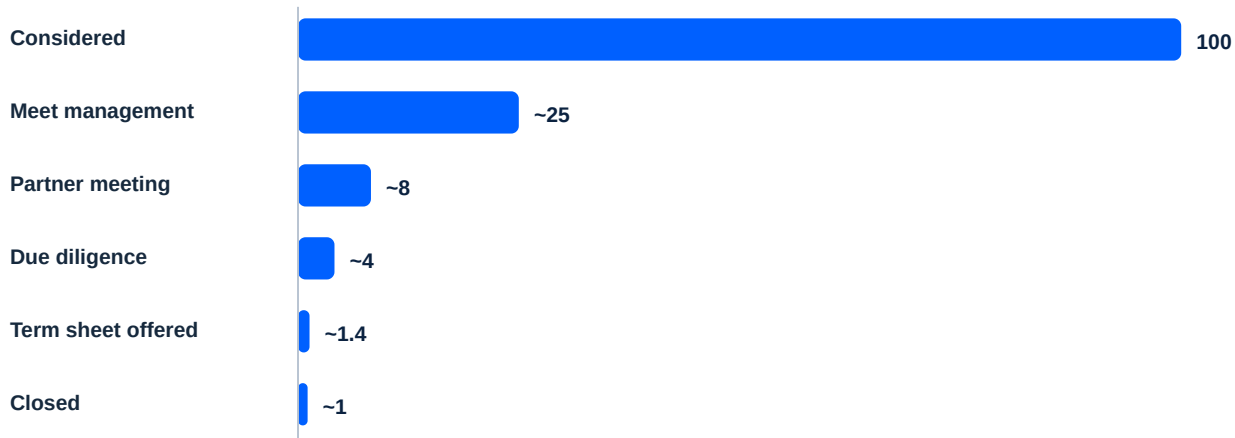
02 · HOW INVESTORS DECIDE

The funnel comes before the pitch.

The largest study of how venture capitalists make decisions surveyed 885 institutional VCs at 681 firms.² Its findings describe a process that starts well before a founder’s first meeting and filters out most companies along the way.

Figure 1. The VC deal funnel

Approximate number of opportunities remaining at each stage, per 100 considered (median firm)



Source: Gompers, Gornall, Kaplan & Strebulaev (2020). Stage ratios as reported: one in four opportunities leads to a management meeting, one-third of those reach a partner meeting, about half of those go to diligence, and about a third of diligenced deals receive a term sheet. The median firm closes about one deal per 100 considered; firms also report offering about 1.7 term sheets per closed deal.^{2,1}

Most deals are not found through cold inbound

Over 30% of deals came from the VCs’ professional networks, about 30% were self-generated, 20% were referred by other investors and 8% by portfolio companies. Only about 10% came inbound from company management.¹

Diligence is a real time commitment

“The average deal takes 83 days to close; the average firm spends 118 hours on due diligence over that period and the average firm calls 10 references.”² Firms offer about 1.7 term sheets for every deal that closes, so roughly 40% of term sheets do not end in a close.²

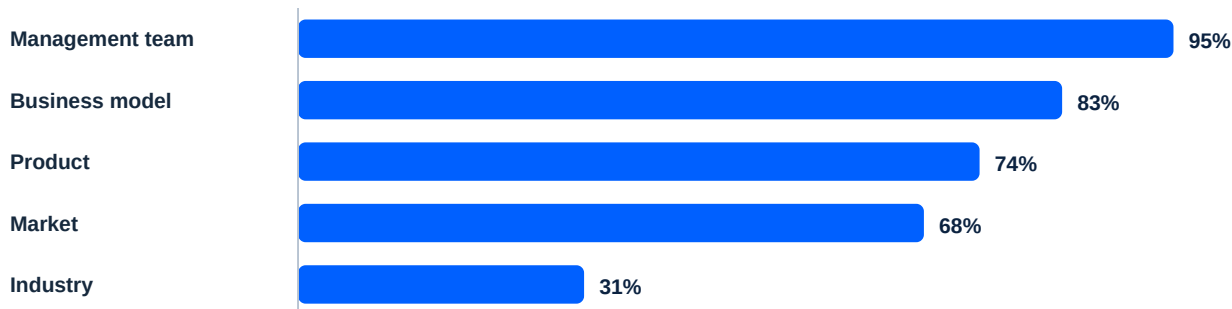
02 · HOW INVESTORS DECIDE

Team first. Then the business.

When VCs were asked which factors matter when choosing investments, the management team came first by a wide margin. It was named as important by 95% of firms and as *the* most important factor by 47%.² Business factors combined (business model, product, market and industry) were the most important factor for 37%.²

Figure 2. Share of VC firms rating each factor as important

Survey of 885 institutional VCs



Source: Gompers, Gornall, Kaplan & Strebulaev (2020), ECGI working-paper version.²

Stage changes the weighting

The same study found the team is more likely to be the most important factor for early-stage investors, while business factors are more likely to be most important for late-stage and healthcare investors. Valuation moves up the list in later-stage deals.²

VCs also credit and blame the team for outcomes: 96% named the team as an important factor in their successes, and 92% in their failures.²

The numbers are less formal than founders assume

31% of early-stage VCs say they do not forecast cash flows at all, compared with 7% of late-stage funds. Only 22% use NPV methods.² Instead, VCs report a required return: an average multiple of 5.5x (median 5x) and an average required IRR of 31%, higher for early-stage and smaller funds.²

WHAT THIS MEANS FOR FOUNDERS

Early investors are judging whether this team can plausibly produce a very large outcome. Your materials should make the team's edge, and the size of the prize, easy to verify. A projection model matters less at seed than a credible, sourced account of why this market and this team.

03 · WHY THE BAR IS SO HIGH

Investors are not looking for safe bets. They are looking for outliers.

Venture returns are extremely concentrated. Understanding the math behind a fund explains questions that can otherwise feel unreasonable: “How big can this get?” and “Why not a smaller round?”

Figure 3. Distribution of VC financing outcomes

Share of 21,000+ US venture financings, 2004–2013, by multiple of invested capital returned



Source: Correlation Ventures data as reported by Seth Levine (2014): 65% of financings failed to return 1x, 10% returned 5x or more, 4% returned 10x or more. The 1–5x and 5–10x bands are derived from those figures. A 2019 update found similar results.⁷

~6%

of investments, representing 4.5% of dollars invested, generated ~60% of total returns in Horsley Bridge data since 1985⁸

5x

median multiple VCs say they require on an investment (average 5.5x)²

2.6x

overall multiple for angel-group investors, with about half of individual exits returning less than 1x⁴

For VCs, one company has to be able to return the fund

If most financings return less than the capital invested, the fund’s performance depends on the few that return 10x or more. A VC evaluating your company is asking whether it could plausibly be one of those. That is why market size, growth rate and ownership matter so much in venture conversations. It is also why a good business that caps out at a modest size can struggle to raise venture money.

Angels face the same skew with their own money

In the Angel Investor Performance Project, 539 angels reporting 1,137 exits produced an overall 2.6x multiple over an average 3.5-year hold. Only about 48% of individual exits returned the full investment.^{4,14} Angels who invest in many companies and do more homework tend to do better, which brings us to how angels and VCs differ.

04 · ANGELS VS VENTURE CAPITAL

Same questions. Different money, different depth.

The most useful single distinction between investor types is **whose money it is**. An angel invests their own money and answers to no one. A VC invests limited partners' money, owes them a fiduciary duty and has to defend each decision to a partnership. The rest follows from that.

	ANGEL INVESTORS	VENTURE CAPITAL FIRMS
Whose money	Their own. Most must be accredited: \$200K income (\$300K joint) or \$1M net worth excluding home. ¹⁵ About 18.5% of US households qualified in 2022. ¹⁶	Limited partners' capital, managed under a fund with a fixed life, a required return (average 5.5x, 31% IRR) ² and typically 20% carry. ¹⁷
Typical check	Angel groups: average \$267K per deal, median \$22K per member; 78% of group investments are under \$300K. ¹⁸	Median seed round \$4.1M; Series A \$14.4M (software, H1 2026). ⁶ The median lead now takes just over 60% of a seed or Series A round. ¹⁹
Stage	60% of angel-group dollars go to pre-revenue companies; 49% to seed or earlier. ¹⁸	Seed onward. The team matters most early; business factors and valuation matter more later. ²
Instrument	Mostly the post-money SAFE with a valuation cap and no discount; convertible notes were a record-low 7% of pre-seed rounds in Q1 2026. ^{20,21}	Priced preferred equity on NVCA-style documents. In Q2 2026, 95.8% of deals carried a 1x liquidation preference and 96.4% were non-participating. ²²
How they decide	Individually, or through a group process: screening, pitch, diligence, term sheet, close. Documents take about three weeks from draft to closing. ²³	Funnel of management meetings, partner review and diligence; an average of 83 days to close. ²
What moves them	In a randomized study of ~4,500 AngelList investors, team information drew responses; traction and existing lead investors did not. ⁵ Gut feel about the founder plays a large role. ²⁴	Team important to 95% and most important to 47%. Business model 83%, product 74%, market 68%. ²
Diligence depth	Median ~20 hours per deal in angel groups; about a third of angel investments get under 10 hours. ^{4,14}	Average 118 hours and 10 reference calls per deal. ²

Accredited-investor figures: SEC. Carry figure: Carta fund economics data. "Angel groups" refers to organized networks reporting to the Angel Capital Association; individual angels vary widely.

04 · ANGELS VS VENTURE CAPITAL

What the research says about angels

\$17.9B

US angel investment in 2024, down 3.1%²⁵

445,535

active US angel investors in 2024²⁵

55,346

ventures funded by angels in 2024²⁵

22.6%

yield rate: share of opportunities presented to angels that got funded²⁵

Angels bet on people, and the character read matters

In a randomized experiment sending about 17,000 emails to AngelList investors, “the average investor responds strongly to information about the founding team, but not to either firm traction or existing lead investors.” Experienced investors responded only to team information.⁵

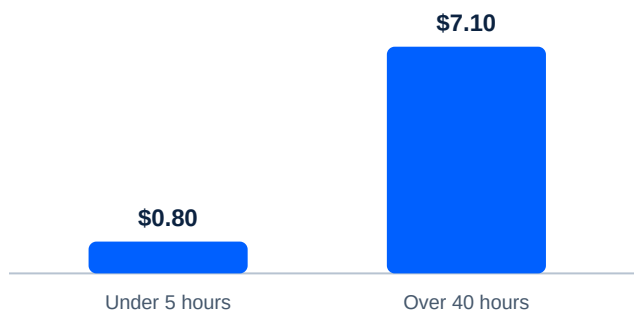
Fieldwork with angels found they combine formal analysis with gut feel, and gut feel dominates. Their read of the entrepreneur predicted very profitable outcomes years later.²⁴ A later study found charm cues were used irrationally, and that investment experience reduced the effect.²⁶

Angel funding matters beyond the check

Companies funded by two established angel groups were 27% more likely to survive at least four years, and angel funding was associated with a 44% higher likelihood of later venture investment, though the authors’ causal test did not confirm that second effect.²⁷

Figure 4. Angel returns by hours of due diligence

Dollars returned per \$1 invested



Source: re-analysis of the Angel Investor Performance Project dataset, published by the Angel Capital Association.¹⁴ The original study reported 5.9x for high-diligence vs 1.1x for low-diligence investments.⁴ Correlation, not proof of cause.

THE FOUNDER TAKEAWAY

More diligence tends to mean better angel outcomes, and experienced angels know it. The founders who make that work easy, with a tidy record and sourced claims, give the angel a reason to say yes faster.

UNH figures cover the full US angel market; the ACA figures on the previous page cover organized angel groups only.

05 · THE WIDER INVESTOR MAP

Beyond angels and VCs

Founders increasingly raise from a mix of sources. Each answers to someone different, and that shapes what it checks.

INVESTOR TYPE	TYPICAL TERMS / CHECK	WHOSE MONEY & WHAT THEY WEIGH	DILIGENCE DEPTH
Accelerators	Y Combinator: \$500K (\$125K post-money SAFE for 7% + \$375K uncapped MFN SAFE). ²⁸ Techstars: \$220K, as \$20K for 5% common plus a \$200K uncapped MFN SAFE. ²⁹	Fund capital. Weigh team and speed of progress; commit on acceptance.	Application and interview; light legal review.
Angel groups	Average \$267K per deal across members. ¹⁸	Members' own money. A lead member drives diligence, ideally with domain experience. ³⁰	Formal checklist: management, market, IP, financials, references.
Syndicates / SPVs	AngelList SPVs: minimum \$80K raise per deal. ³¹	Backers' money, pooled by a lead. The lead's conviction and reputation carry the deal.	Done mainly by the lead; backers rely on it.
Pre-seed & seed funds	Median seed \$4.1M. ⁶ Fewer than 10% of priced software seed rounds sell 30%+ of the company. ³²	LP capital. Team, market size, early pull, ownership.	Moderate; lighter documents than Series A.
Multi-stage VC	Series A median \$14.4M; Series B \$25M (software). ⁶	LP capital. Repeatable growth, efficiency, path to scale.	Deepest: full legal, financial and commercial review.
Corporate VC	Participated in 23.4% of US deals by count in Q1 2026. ³³	Corporate balance sheet. Strategic fit plus financial return; an investment committee approves initial checks at 89% of CVCs. ³⁴	Strategic and technical review on top of financial diligence.
Family offices	VC was 31% of family-office deals in H1 2025; about 69% of their investments are club deals. ³⁵	Family capital. Often co-invest alongside a lead rather than lead.	Varies widely; often leans on the lead's work.
Equity crowdfunding (Reg CF)	Up to \$5M per 12 months. ³⁶ Average raise ~\$359K (2016–2025). ³⁷	Many small investors under SEC per-investor limits.	Required financial statements scale with raise size (certified, reviewed or audited). ³⁶
State programs (SSBCI)	Nearly \$10B federal program; ≥\$1 private per \$1 public; transactions capped at \$20M. ³⁸	Public money deployed with private co-investors, pari passu or junior.	Program eligibility checks plus the private lead's diligence.

WHY THE LEAD MATTERS

Most rounds need one investor to set terms and do the heavy diligence that others rely on. The median lead's share of seed and Series A rounds rose from just over 50% in 2020 to just over 60% in 2025.¹⁹ Your readiness work is, in practice, preparation for the lead's diligence.

Diligence-depth descriptions for syndicates, multi-stage funds, family offices and CVCs are Rubicon's synthesis from the sources cited; no primary survey measures them directly.

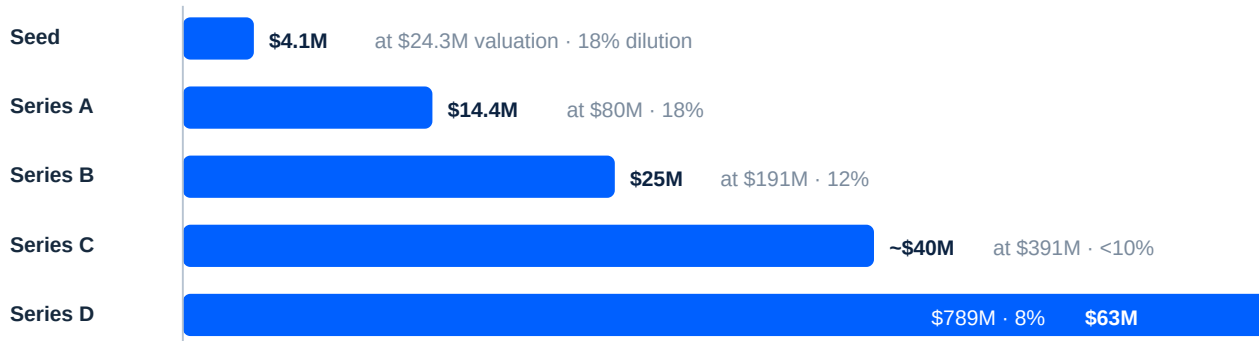
06 · THE LADDER, ROUND BY ROUND

Round size sets the evidence standard.

As rounds grow, investors put more money at risk, own less per dollar and need more proof that the company can reach the next rung. The medians below come from a single Carta dataset of software rounds, so they are comparable across stages.

Figure 5. Median amount raised by stage (US software, H1 2026)

\$ millions



Source: Carta VC Fundraising Benchmarks, July 2026 (software companies, prior six months).⁶ Valuation basis as published by Carta.

\$276K

average pre-seed SAFE or note in Q2 2026, up 27% year over year³⁹

~2 yrs

median time from seed to Series A (2025–Q1 2026)^{11,12}

~\$3M

median ARR at Series A in 2024, vs \$1.3M in 2021⁴⁰

~15%

of post-2021 seed companies
Carta estimates may reach Series B, vs ~32% in boom-era cohorts⁴¹

Other datasets show higher medians for the same period (for example, law-firm reports whose deal samples skew larger).⁴² Pre-seed on Carta covers unpriced instruments only; median SAFE caps in 2025 were about \$10M for \$250K–\$1M rounds and \$15M for \$1M–\$2.5M rounds.²⁰

06 · THE LADDER, ROUND BY ROUND

The Readiness Ladder

Rubicon's synthesis of the evidence: at each rung, investors are buying a different kind of confidence, looking for a different kind of proof, and checking a wider slice of the record.

Rung 1

Belief in the team

PRE-SEED

Angels, accelerators, pre-seed funds

WHAT THEY'RE BUYING

A founder with an unusual insight into a real problem, and the ability to execute on it.

PROOF THAT HELPS

Founder-market fit, customer conversations, a first prototype. Team information draws the most angel interest.⁵

WHAT GETS CHECKED

Founder backgrounds and references, incorporation, the SAFE stack and cap table, IP assignment, 83(b) elections.

Rung 2

Early signal of pull

SEED

Seed funds, angel groups, syndicates

WHAT THEY'RE BUYING

Evidence that customers want this, and that the market is big enough to matter to a fund.

PROOF THAT HELPS

Usage, pilots or early revenue; a market size built bottom-up from sources an investor can check.

WHAT GETS CHECKED

Everything above, plus customer calls, market claims, trademarks, registry records and a clean conversion picture.

Rung 3

Repeatability

SERIES A

Lead VC, often multi-stage

WHAT THEY'RE BUYING

A go-to-market motion that works and can absorb more capital.

PROOF THAT HELPS

Revenue near the ~\$3M ARR median at Series A,⁴⁰ growth, retention and cohort data with clear metric definitions.

WHAT GETS CHECKED

A full legal request list, monthly financials, material contracts, employee and contractor agreements, and the public record.

Rung 4

Efficient scale

SERIES B+

Growth and multi-stage VC, CVC

WHAT THEY'RE BUYING

A business that turns capital into growth efficiently and predictably.

PROOF THAT HELPS

Unit economics and growth against benchmarks. Median growth at \$5–20M ARR was about 30% for classic B2B SaaS and 90% for AI-native companies.⁴³

WHAT GETS CHECKED

Reviewed or audited financials, deep customer diligence, security and compliance, and valuation against comparables.

THE PATTERN

Each rung adds to the one below it; nothing drops off. Loose ends from pre-seed, such as an unsigned IP assignment or a missing 83(b), are still there at Series A, just with more money and more lawyers looking at them.

07 · WHAT DILIGENCE CHECKS

What investors ask for, and when

Law firms publish standard VC due-diligence request lists. Cooley’s, for example, covers board actions and minutes, charter documents, capital stock, legal and regulatory matters, intellectual property, management and employees, debt, other agreements and financial statements.⁴⁴ The depth of the review scales with the round. Y Combinator’s seed guidance, for example, warns founders not to over-invest in diligence documents at seed.⁴⁵

Figure 6. Typical diligence depth by category and stage

○ light ● standard ● deep · Rubicon synthesis based on the sources cited in this section

CATEGORY	PRE-SEED	SEED	SERIES A	SERIES B+
Founders & team (backgrounds, references)	●	●	●	●
Corporate records (charter, good standing, board consents)	○	●	●	●
Cap table & equity (SAFEs, options, 83(b)s)	●	●	●	●
IP ownership (assignments, trademarks)	○	●	●	●
Market size & competitive claims	●	●	●	●
Customers & commercial contracts	○	●	●	●
Financials & metrics	○	○	●	●
Employees, contractors & advisors	○	●	●	●
External record (registries, liens, sanctions, filings)	○	●	●	●
Security, privacy & regulatory compliance	○	○	●	●

Where rounds slow down

A Techstars guide by startup counsel Hunter Haines (SR NEXT) lists the legal red flags that most often create friction in seed rounds:⁹

- Cap tables that don’t match signed equity records
- Founder stock issues and missing 83(b) elections
- Gaps in IP ownership
- Informal advisor and contractor arrangements
- Problems with prior financing documents and securities filings
- Missing board or stockholder approvals

Cooley’s request list asks directly for “a list of any employees or consultants who have not signed Proprietary Information and Invention Agreements.”⁴⁴ None of these are hard to fix before a raise, and all of them are harder to fix during one.

07 · WHAT DILIGENCE CHECKS

The record outside the data room

Founders control the deck and the data room. They don't control the public record, and investors check it. Much of what a lead's counsel or analyst will look at is available to anyone who searches.

PUBLIC SOURCE	WHAT AN INVESTOR CAN SEE	COMMON LOOSE ENDS
Secretary of State registries	Entity status, good standing, officers, registered agents, related entities	A dissolved entity still listed as active; an old LLC never wound down; a lapsed annual report
USPTO trademark records	Who owns the marks, and their status	A mark filed in a founder's own name; a lapsed or abandoned registration
UCC lien filings	Secured creditors and collateral	A loan repaid years ago with the lien never terminated
Sanctions and watchlists	Screening of the company, founders and counterparties	Name matches that need a documented clearance
SEC Form D filings	Past exempt offerings, amounts and related persons, filed within 15 days of first sale ⁴⁶	A prior round never filed, or amounts that don't match the cap table
Market and competitor data	Independent market sizing, competitor funding and positioning	A market-size figure with no source, or a competitor missing from the landscape slide

Fix, explain or clear

Every finding in a readiness review falls into one of three categories.

FIX

Clean up before the first meeting: file the lien termination, renew the mark, get the missing IP assignment signed.

EXPLAIN

Fine, but it will raise a question. Write the one-paragraph answer now and put it in the data room.

CLEAR

Checked and clean. Keep the evidence so you can show it when asked.

WHY THIS MATTERS MORE THAN IT SEEMS

VCs call an average of 10 references per deal² and angels are strongly influenced by their read of the founder.²⁴ A surprise in the record doesn't just raise a legal question. It changes how the investor reads the team, which is the factor they weigh most.

08 · THE RAISE BY THE NUMBERS

A raise is a process, not a meeting.

77

investors contacted, on average, by founders who closed a seed round⁴⁷

~40

investor meetings held to close a successful seed round, vs about 15 for unsuccessful raises⁴⁷

~2.5 min

average time an investor spent reading a pitch deck (DocSend, 2024)⁴⁸

15 days

deadline to file Form D after the first sale in a Reg D round⁴⁶

Plan for the length of the process

Founders who raised successfully in DocSend's data didn't contact many more investors than those who failed (77 vs 70). They got many more meetings (about 40 vs 15).⁴⁷ An earlier DocSend and Harvard Business School study found rounds took about 40 meetings and a little over 12 weeks to close.⁴⁹ Add that to the VC's own 83-day average from engagement to close,² and readiness has to be done before the process starts, not during it.

Warm paths beat cold ones

Only about 10% of VC deals come inbound from founders.¹ Introductions from other investors, portfolio founders and professional networks carry most deal flow. A clean, well-sourced company is easier for someone to vouch for.

Know which offering rules you are using

- **Rule 506(b):** no general solicitation; up to 35 non-accredited investors in any 90-day period.⁵⁰
- **Rule 506(c):** general solicitation is allowed, but every purchaser must be accredited and verified. SEC staff guidance in 2025 accepted high minimum investments (\$200K individuals, \$1M entities) plus written representations as reasonable verification steps.⁵¹
- **Regulation CF:** up to \$5M in 12 months through a registered portal, with per-investor limits and financial-statement requirements that scale with the raise.³⁶

READ TIME IS SHORT. DILIGENCE TIME IS LONG.

A deck gets about two and a half minutes.⁴⁸

Diligence gets 118 hours.² The deck earns the meeting; the record earns the close.

Securities rules summarized for orientation only; confirm specifics with counsel.

09 · A 30-DAY READINESS PLAN

Be diligence ready before the first meeting.

A practical sequence drawn from the evidence above. Scale the depth to your rung on the ladder: a pre-seed company can do week one and week two in a few days; a company preparing for Series A should do all four in full.

WEEK 1 · SEE WHAT THEY'LL SEE

- ☐ Pull your entity records in every state you've registered, including old entities
- ☐ Search USPTO for your marks and confirm the company owns them
- ☐ Search UCC filings for open liens against the company
- ☐ Screen the company, founders and key counterparties against sanctions lists
- ☐ Review your own Form D history on EDGAR

WEEK 2 · RECONCILE THE PAPERWORK

- ☐ Tie every cap-table line to a signed document
- ☐ Confirm every founder has a filed 83(b), where applicable
- ☐ Collect IP assignment agreements from every founder, employee and contractor
- ☐ Paper any informal advisor equity promises
- ☐ Confirm board and stockholder approvals exist for past financings

WEEK 3 · SOURCE EVERY CLAIM

- ☐ Rebuild the market size bottom-up, with a citation for each input
- ☐ Check the competitor slide against current funding and product data
- ☐ Write down how each metric is defined and calculated
- ☐ Organize the data room to match what investors at your stage request

WEEK 4 · PREPARE THE ANSWERS

- ☐ Sort every finding into fix, explain or clear
- ☐ Write a short explanation for each "explain" item
- ☐ Line up references who can speak to the team; VCs average 10 calls²
- ☐ Map target investors by type and stage, and find warm introductions

GET DILIGENCE READY

Rubicon runs the external check an investor will run on you: company registries, trademarks, liens, sanctions and watchlists, ownership filings and your market claims. Every finding is sorted into fix, explain or clear, and every one links to the record behind it. **Get Diligence Ready → rubiconos.com**

METHODOLOGY

How we built this paper

We reviewed peer-reviewed research on investor decision-making, industry datasets on round sizes, valuations and timelines, regulatory sources from the SEC and US Treasury, and practitioner guidance from law firms and accelerators. We used the most recent data available as of September 30, 2026 and opened each source directly. Statistics are quoted as published; derived figures are labelled.

Limitations. Several key studies are from before 2020: Gompers et al. surveyed VCs in 2015–2016; the angel-return data comes from a 2007 study; the VC outcome data comes from industry sources rather than peer review. Market datasets differ by sample, so Carta and law-firm medians for the same period can differ materially. Diligence-depth comparisons across investor types and the Readiness Ladder are Rubicon’s synthesis. Nothing here is legal, tax or investment advice.

SOURCES

- 1 NBER Digest, “How Venture Capitalists Make Investment Decisions,” December 2016 (summary of NBER WP 22587). nber.org/digest/dec16/w22587.html
- 2 Gompers, P., Gornall, W., Kaplan, S. & Strebulaev, I. “How Do Venture Capitalists Make Decisions?” *Journal of Financial Economics* 135(1), 2020, 169–190; ECGI Finance Working Paper 477/2016. sciedirect.com/science/article/abs/pii/S0304405X19301680
- 3 Carta (P. Walker), “Seed to Series A is still an uphill battle,” February 10, 2026; 12,249 seed rounds. carta.com/data/linkedin-seed-to-series-a-still-uphill-battle
- 4 Wiltbank, R. & Boeker, W. “Returns to Angel Investors in Groups,” Kauffman Foundation / Angel Capital Education Foundation, November 2007; summary by SSTI (2007), ssti.org/node/11613.
- 5 Bernstein, S., Korteweg, A. & Laws, K. “Attracting Early-Stage Investors: Evidence from a Randomized Field Experiment,” *Journal of Finance* 72(2), 2017, 509–538.
- 6 Carta (P. Walker), “VC Fundraising Benchmarks,” July 10, 2026; US software companies, prior six months. carta.com/data/linkedin-vc-fundraising-benchmarks-2026
- 7 Correlation Ventures data (2004–2013, 21,000+ financings) as reported by S. Levine, “Venture outcomes are even more skewed than you think,” August 2014, and 2019 update. sethlevine.com
- 8 Horsley Bridge data as reported by C. Dixon, “Performance data and the ‘Babe Ruth effect’ in venture capital,” a16z, June 8, 2015. a16z.com
- 9 Haines, H. (SR NEXT), Techstars, “The legal red flags that can slow down your seed round,” August 2026. techstars.com/blog
- 10 PitchBook-NVCA Venture Monitor, Q2 2026 (July 2026). nvca.org/wp-content/uploads/2026/07/Q2-2026-PitchBook-NVCA-Venture-Monitor.pdf
- 11 Carta, “State of Private Markets: 2025 in Review,” February 18, 2026. carta.com/data/state-of-private-markets-q4-2025-full-report
- 12 Carta, “State of Private Markets: Q1 2026,” May 29, 2026. carta.com/data/state-of-private-markets-q1-2026-full-report. AI share also reported at 61% in Fenwick, “Q1 2026 Venture Beacon,” June 29, 2026.
- 13 Carta, “Top seed valuations,” July 8, 2026. carta.com/data/linkedin-seed-valuations-95th-percentile-2026
- 14 Angel Capital Association, “One factor that improves angel investment returns by 7x” (A.J. Watson re-analysis of Angel Investor Performance Project data). angelcapitalassociation.org/blog
- 15 US SEC, “Accredited Investors,” updated April 24, 2026. sec.gov/resources-small-businesses/capital-raising-building-blocks/accredited-investors
- 16 US SEC staff, “Review of the Definition of ‘Accredited Investor’,” December 2023 (2022 data); see also SEC, “Qualifying Households under Accredited Investor Financial Criteria,” August 12, 2025. sec.gov
- 17 Carta, “Small vs. large fund economics,” January 5, 2026. carta.com/data/small-vs-large-fund-economics-2025
- 18 Angel Capital Association, “2026 Angel Funders Report,” July 13, 2026 (2025 data, 66 groups); figures as summarized by SSTI, “Takeaways from the ACA angel capital report,” August 5, 2026. ssti.org/blog/takeaways-aca-angel-capital-report
- 19 Carta, “Lead investors taking 60% allocation,” October 20, 2025. carta.com/data/linkedin-lead-investor-taking-60-percent-allocation
- 20 Carta, “State of Pre-Seed: 2025 in Review,” February 19, 2026. carta.com/data/state-of-pre-seed-2025
- 21 Carta, “State of Pre-Seed: Q1 2026.” carta.com/data/state-of-pre-seed-q1-2026
- 22 Cooley, “Q2 2026 Venture Financing Report,” August 17, 2026. cooley.com/news/insight/2026/2026-08-17-q2-2026-venture-financing-report
- 23 Angel Capital Association (H. Lord & C. Mirabile), “Step Function: How the angel investing process works,” February 11, 2019. angelcapitalassociation.org/blog
- 24 Huang, L. & Pearce, J. “Managing the Unknowable: The Effectiveness of Early-Stage Investor Gut Feel in Entrepreneurial Investment Decisions,” *Administrative Science Quarterly* 60(4), 2015, 634–670.

SOURCES (CONTINUED)

- 25 Sohl, J. "The Angel Market in 2024," Center for Venture Research, University of New Hampshire. paulcollege.unh.edu
- 26 Huang, X., Ivković, Z., Jiang, J.X. & Wang, I.Y. "Angel investment and first impressions," *Journal of Financial Economics* 149(2), 2023, 161–178.
- 27 Kerr, W., Lerner, J. & Schoar, A. "The Consequences of Entrepreneurial Finance: Evidence from Angel Financings," *Review of Financial Studies* 27(1), 2014, 20–55; NBER WP 15831.
- 28 Y Combinator, "The YC Standard Deal," accessed September 30, 2026. ycombinator.com/deal
- 29 Techstars, "Investment Terms," accessed September 30, 2026. techstars.com/investment-terms
- 30 Angel Capital Education Foundation, "Best Practices: Due Diligence." angelcapitalassociation.org
- 31 AngelList, "Syndicates," accessed September 30, 2026. angelist.com/funds/syndicates
- 32 Carta, "Less than 10% of seed rounds sell 30% or more," August 9, 2025; 5,118 priced seed rounds. carta.com/data/linkedin-seed-dilution-30-percent-under-10
- 33 PitchBook-NVCA Venture Monitor, Q1 2026 (April 2026).
- 34 Global Corporate Venturing, 2026 Keystone survey of CVC units, June 9, 2026. globalventuring.com
- 35 PwC, "Global Family Office Deals Study 2025," September 23, 2025. pwc.com
- 36 US SEC, "Regulation Crowdfunding: Guidance for Issuers," updated July 21, 2025. sec.gov
- 37 US SEC, "Regulation Crowdfunding (CF) Offerings" statistics, updated March 17, 2026 (May 2016–December 2025). sec.gov/data-research
- 38 US Treasury, SSBCI program overview and "SSBCI Capital Program Policy Guidelines," revised October 4, 2024. home.treasury.gov
- 39 Carta, "State of Pre-Seed: Q2 2026," August 13, 2026. carta.com/data/state-of-pre-seed-q2-2026
- 40 Carta, "ARR at Series A" (citing Silicon Valley Bank data), August 7, 2025. carta.com/data/newsletter-arr-at-series-a
- 41 Carta (P. Walker), "Seed to Series B graduation rates by cohort," May 26, 2025 (estimate for post-2021 cohorts). carta.com/data/linkedin-seed-to-series-b-graduation-rates-cohorts
- 42 Wilson Sonsini, "Entrepreneurs Report: Q2 2026" (firm deal sample). wsgr.com
- 43 High Alpha & K. Poyar, "2025 SaaS Benchmarks Report," November 12, 2025 (800+ companies). kylepoyar.substack.com
- 44 Cooley GO, "Sample VC Due Diligence Request List." cooleygo.com
- 45 Ralston, G. "A Guide to Seed Fundraising," Y Combinator, January 7, 2016. ycombinator.com/blog/how-to-raise-a-seed-round
- 46 US SEC, Form D General Instructions. sec.gov/about/forms/formd.pdf
- 47 DocSend, "A Brief Anatomy of a Successful Seed Raise," September 10, 2020. docsend.com/blog
- 48 DocSend, "Pitch Deck Metrics" (Q3 2024 data), accessed September 2026. docsend.com/pitch-deck-metrics
- 49 Cutler, K. "Lessons from a study of perfect pitch decks," TechCrunch, June 8, 2015 (DocSend and Harvard Business School's T. Eisenmann). techcrunch.com
- 50 US SEC, "Private placements: Rule 506(b)." sec.gov/resources-small-businesses/exempt-offerings
- 51 US SEC, "General solicitation: Rule 506(c)"; Division of Corporation Finance no-action letter to Latham & Watkins, March 12, 2025. sec.gov



About Rubicon. Rubicon is an AI diligence platform for investors and the companies they back. It checks what isn't in the data room, fact-checks claims, sizes markets and cites every finding. Rubicon Growth Co., LLC · Charleston, SC · www.rubiconos.com · hello@rubiconos.com

© 2026 Rubicon Growth Co., LLC. For general information only; not legal, tax or investment advice. Figures are as reported by the sources cited on the dates listed.