DIGITAL ADVISORY

Venture Stage Strategies for Tech Companies to Achieve Success

The venture stage is a critical period for tech startups—roughly 0.05% of startups receive venture capital funding, according to data from Fundable. While this stage has its challenges, having the right strategy and support can better prepare your business for future success.

By this point, your business has progressed through the pre-seed and seed stages and is ready to undergo the first venture capital (VC) round. In addition to fundraising, a primary focus of this stage includes building a strong infrastructure and scaling your product pipeline. As you scale, it is essential to have the correct tax structures in place, along with an effective management team and sales function. Building a sustainable operating infrastructure will help your business successfully navigate through the venture stage and beyond.

Cherry Bekaert
Your Guide Forward

Venture Stage Key Elements

- Typically occurs when the company is between $2M to $5M annual recurring revenue (ARR)
- Can last anywhere from six months to three or four years
- Length and success are heavily influenced by market conditions
- Primarily focuses on raising venture capital, scaling product pipelines, and leveling up the company's systems

To learn more about each stage of a tech startup, read our previous article, From Inception to Exit: Navigating the Lifecycle of a Tech Startup Company.

Understanding the Ins and Outs of a Capital Raise

The cornerstone of a capital raise involves proving to investors that there is a market for your product, clients will purchase your product and showing how you plan to grow your business. To do this successfully requires a deep understanding of your business plan and go-to-market strategy, including financial projections and data on your addressable market.

When approaching potential investors, displaying customer demand and showing ARR are two vital components to prove that your company is ready for VC and will continue to grow as a profitable business. In this phase of growth, it is important to provide a complete financial package that provides some type of professional financial statement, which may include:

- Financial key performance indicator (KPI) data
- Customer churn data
- Cash flow forecasting

Also known as Series A funding, success at this stage often centers around solidifying market positions and displaying a scalable revenue model. Partnering with experienced financial planning and analysis professionals can help you sort through customer-level data and provide comprehensive financial projections that incorporate numerous components, including:

- Sales Planning and Analysis
- Customer feedback
- Pipeline health and visibility
- Research and development cost visibility
- Marketing process and spend
- Business Development effectiveness

Undergoing multiple rounds of VC funding is common in the venture stage, which is highly influenced by economic conditions. When money was cheap, startups could justify high spending in an attempt to grow rapidly. Now, it is more common to have a lower cash burn while growing 30% as opposed to a hypothetical 3000%.

Building Your Business Infrastructure

As your company scales, it is essential to have a strong business structure in place that can support that growth. A well-thought-out organizational structure enables your startup to run smoothly and clearly outlines how tasks are coordinated among teams. Components of an efficient infrastructure often include:

Sales: A strong sales function sustains revenue growth and market share, from exceeding quotas and understanding consumer behavior.

Technology: The tech team helps deploy technology tools-including the tech stack and security measures to meet a startup's goals and support growth.

R&D buildout: Product research and development will allow your business to continue delivering a competitive product, allowing you to improve on existing services and develop new products.

Marketing: The right marketing tools and investments will help elevate your brand, working in tandem with the sales force to reach customers faster, drive growth and improve retention.

Each department in your growing startup will have an impact on your bottom line, making it essential to understand how scaling this infrastructure will impact margins—both now and in the future.

Tip: Use the Rule of 40 to evaluate the financial health of your organization. The rule states that a company's revenue growth rate, plus its profit margin, should equal or exceed 40%.

Rule of 40 = Revenue Growth Rate + Profit Margin (EBITDA)

Building Your Tax and Finance Infrastructure

Another element of building out a strong business infrastructure is organizing your company's accounting and tax arm, from ensuring the business is in the correct tax structure to analyzing sales tax requirements. Having stable systems in place will also enable your company to support expansion while simultaneously pursuing funding.

As your company grows, navigating financial complexities and streamlining tax strategies can help you avoid pitfalls. A few main considerations include:

- **Multi-state income tax:** A commonly overlooked tax implication when startups are hiring remote employees across the nation, and failing to file for state income tax in certain places can have a direct impact on your financials.
- **Research and development (R&D) tax credits:** Businesses involved in the development of new or improved products, processes, computer software or formulas may be eligible to claim R&D credit, which can help offset income tax liability.
- **Job creation tax credits:** Rewards companies for the creation of jobs in the state by offering a dollar-for-dollar reduction in a business's state tax bill.
- **Sales tax:** Each business has its own unique sales tax liability, and you will need to determine if your company should charge sales tax in multiple states and what rates apply to your product.

Being Smart About Cybersecurity, Compliance, Privacy and Trust

During the venture stage of your company's growth, safeguarding your investment means more than hitting financial milestones — it means embedding cybersecurity, compliance and trust into your operating DNA from day one, whether your model is business-to-business (B2B) or business-to-consumer (B2C).

Strong security and compliance practices are not just risk mitigators; they can materially increase your attractiveness to investors during funding rounds. This is especially true for software- or AI-driven businesses, where venture capital firms will conduct deep technical and governance diligence before committing capital.

Cybersecurity is no longer just a technical necessity — it's a core business risk with direct implications for brand reputation, valuation and customer confidence. A single breach can undo years of market momentum, invite regulatory penalties and jeopardize strategic outcomes. By treating security as a proactive value driver rather than a reactive cost, you position your company to operate with resilience in a volatile and competitive environment.

Compliance is equally critical, particularly in the B2B space, where customers and partners expect demonstrable governance and operational maturity. You can send a clear signal to the market that your business takes data protection seriously by aligning with industry frameworks, such as:

- Service Organization Control (SOC) 2
- International Organization for Standardization (ISO) 27001
- Cybersecurity Maturity Model Certification (CMMC)

A well-run compliance program not only reduces legal exposure but also accelerates due diligence, unlocks new markets and strengthens your exit options. Ultimately, trust — earned through secure systems, transparent communication and accountable leadership — is the currency that fuels growth. Building that trust early is not just smart; it's essential to scaling with confidence.

The Cherry Bekaert Difference

Regardless of your tech company's current stage, Cherry Bekaert provides a comprehensive suite of solutions for your digital, tax, cybersecurity, compliance, AI governance, and finance accounting needs. We understand that each startup has unique needs, which is why we take a hands-on, relational approach with each client to help them navigate all steps of their journey effectively. Our experienced professionals will handle the back-end operations, allowing you to focus on your core mission—developing a competitive product and scaling your business.

From our Outsourced Accounting Services and Technology Industry practice to guidance from our International Tax team, Cherry Bekaert has a breadth of industry knowledge to support your organization throughout your growth journey. With various specialized service areas, working with us means you will no longer need to manage multiple vendors as you build your organization.

Related Insights

- **Article:** From Inception To Exit: Navigating the Lifecycle of a Tech Startup Company
- **Video:** Tech Lending and Investing: Annual Recurring Revenue Transaction Considerations
- **Case Study:** Scaling Smart: Talent Solutions for Rapid International Growth
- **Podcast:** Bridging Accounting, Finance and People

Contact us today to discuss how we can support the growth of your business

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